

CORPORATE GOVERNANCE REPORT

STOCK CODE : 1818
COMPANY NAME : Bursa Malaysia Berhad
FINANCIAL YEAR : December 31, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application :	Applied
Explanation on application of the practice :	<p>The Board is responsible for the oversight and overall management of the Company. In order to ensure the effective discharge of its functions and responsibilities, it has established a Governance Model for the Group where specific powers of the Board are delegated to the relevant Board Committees and the Chief Executive Officer ("CEO"). The Board Committees comprise four (4) Governance Committees (i.e. Audit Committee ("AC"), Risk Management Committee ("RMC"), Governance and Nomination Committee ("GNC"), and Remuneration Committee ("RC")), two (2) Development Committees (i.e. Technology and Cybersecurity Committee, and Market and Development Committee) and four (4) Regulatory Committees (i.e. Regulatory and Conflicts Committee ("RACC"), Appeals Committee, Market Participants Committee and Listing Committee) as set out in the Governance Model of Bursa Malaysia Berhad ("Bursa Malaysia") Group, which is available on Bursa Malaysia's website at https://www.bursamalaysia.com/about_bursa/about_us/corporate_governance/governance_model. The GNC and RC were established with effect from 1 July 2019 in place of the previous Nomination and Remuneration Committee ("NRC").</p> <p>(1) The Board, together with the Management, is committed to promoting good corporate governance ("CG") culture within the organisation which reinforces ethical, prudent and professional behaviour. As guided by the Malaysian Code on CG and ASEAN CG Scorecard criteria, the Board continuously upholds CG standards and values in the organisation and strives to lead by example in strengthening the competitiveness and investor confidence in our capital market.</p> <p>In discharging its duties and responsibilities, the Board is governed by the Governance Model Document which clearly delineates relevant matters and applicable limits, including those reserved for the Board's approval, and those which the Board may delegate to the Board Committees, the CEO and the Management.</p> <p>(2) The Board plays an active role in the development of the Company's strategy, and monitoring of its performance and implementation. In August 2019, the</p>

Board conducted a mid-year review of the 2019 Business Plan and Budget including financial performance, where the performance targets set by the Board in the 2019 Corporate Scorecard were compared against the actual performance for the year to date. The Board also considered a mid-year report on the Regulation Division's performance in August 2019. In August 2019, the Chief Regulatory Officer ("CRO") presented the Division's mid-year achievements against the 2018 Regulation Scorecard which comprised implementation of key regulatory initiatives for the RACC's review. The RACC is the Board Committee responsible for overseeing the regulatory functions of Bursa Malaysia.

The Board has in place an annual strategy session, whereby the Management presents to the Board its recommended strategy and proposed business and regulatory plans for the following year. The Board at its off-site strategy meeting held on 30 September 2019 and 1 October 2019, considered the progress of the Group's strategy and initiatives in 2019 against the targets set for 2019. Taking stock of the current operating environment, the Board deliberated on the proposed focus areas across the securities market, derivatives market and Islamic capital market (including Bursa Suq Al-Sila'), information services and market operations.

The Board reviewed and deliberated on the Management's proposals and its own perspectives, as well as challenged the Management's views and assumptions to achieve the proposed 2020 targets through corporate strategic plans in relation to trading revenue and non-trading revenue. The Board provided its guidance and feedback on the market, business and operational initiatives for the Management's takeaways to further refine its plan for 2020, bearing in mind the need to engage with the relevant authorities on certain policy issues, given the current and evolving economic climate, opportunities and risks. In view of the digital transformation, various initiatives through sustainability, innovation and technology were proposed with an aim to increase market vibrancy and liquidity, create opportunities and value for enhancing competitiveness.

- (3) In ensuring that the strategic plan of Bursa Malaysia supports long-term value creation, the Board had in November 2019 considered a total of 17 material sustainability risks and opportunities ("Material Matters") which were identified and recommended by the Management Corporate Sustainability Committee ("CSC"). These Material Matters represented significant priority issues across economic, environment, social and governance dimensions that have a strategic importance to Bursa Malaysia's business and stakeholders. In 2019, a stakeholder engagement process via online survey was conducted to validate the Material Matters. The previously identified Material Matters remained largely relevant and still play an integral role in guiding future sustainability initiatives and process-targets. Notwithstanding, the boundaries of the Materiality Matters have been refined and enhanced to ensure continued relevance in this ever-evolving business landscape. The Material Matters were further mapped to selected United Nations Sustainable Development Goals ("SDGs") where relevant.

	<p>Taking into consideration the current and potential impact of these Material Matters on Bursa Malaysia’s financial performance and reputation, and their relevance to keystakeholders, the Board validated and approved the Material Matters for disclosure in the Sustainability Report 2019, which is available on Bursa Malaysia’s website at https://www.bursamalaysia.com/about_bursa/sustainability/sustainability_reports.</p> <p>(4) The CEO is responsible for the day-to-day management of the business and operations of the Group. He is supported by a Management Committee and other committees established under the Group’s Management Governance Framework. One of them is the CSC, to oversee the formulation, implementation and effective management of Bursa Malaysia’s sustainability strategies. The Management’s performance under the leadership of the CEO is monitored by the Board through a status report which is tabled to the Board and includes a comprehensive summary of the Group’s operating drivers and financial performance during each reporting period. The Board is also kept informed of key strategic initiatives, significant operational issues and the Group’s performance based on the approved Key Performance Indicators in the Corporate Scorecard. The relevant members of the Management were in attendance at Board meetings to support the CEO in presenting the updates on the progress of key initiatives, business targets and achievements to date, and to provide clarification on the queries and issues raised by the Board. The CRO was also in attendance at the Board meetings to present updates and to respond to the enquiries by the Board on the regulatory activities of the Group.</p> <p>To ensure effective oversight and monitoring of the regulatory function, the CRO provides the RACC with a status report on a quarterly basis, to report on the progress of actions taken by the Regulation Division and to update on regulatory initiatives and activities. In the first quarter of each year, the Management reports to the Board on Bursa Malaysia’s compliance with its regulatory duties and obligations under the Capital Markets and Services Act 2007 (“CMSA”) in the previous year. In March 2019, the Board reviewed and approved the Annual Regulatory Report 2018 before it was submitted to the Securities Commission Malaysia (“SC”) in compliance with Section 16 of the CMSA.</p> <p>(5) Through the RMC, the Board oversees the risk management framework of the Group. The RMC advises the AC and the Board on areas of high risk and the adequacy of compliance and control procedures throughout the organisation.</p> <p>The RMC assists the Board to fulfil its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure of the Group. The AC reviews the internal controls of the Group to ensure, as far as possible, the safeguarding of its assets and its shareholders’ investment.</p> <p>(6) The RMC is responsible for overseeing the risk management matters relating to the activities of the Group. The RMC reviews and recommends for the Board’s approval the annual Corporate Risk Profile which specifies the key enterprise risks in light of the strategic objectives of the Group. The RMC then</p>
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monitors the key risks facing the business in order to stay current on governance practices relating to the risk, and also oversees the compliance with regulatory and statutory requirements.

(7) The Board had in December 2019 reviewed and approved the Enterprise Risk Management Principles and Framework (“ERMPPF”), which was revised in alignment with ISO 31000: 2018. It is also an overarching document which consolidated four (4) supplementary risk frameworks namely Strategic, Operational, Financial and Legal & Regulatory Risks as well as Business Continuity Management and Compliance Management. The RMC assists the Board in overseeing the adherence of established risk appetite/tolerance at the enterprise wide level in the ERMPPF. Risk & Compliance Division reports to the RMC on any breaches of thresholds in monitoring the risks.

(8) The Board through the former NRC/current GNC is responsible to ensure that there is an effective and orderly succession planning in Bursa Malaysia Group. In this respect, the NRC had developed a structured plan to ensure an effective and smooth handover of the function from the former CEO, Datuk Seri Tajuddin Atan to the new CEO, Datuk Muhamad Umar Swift. The steps undertaken by the NRC in implementing the plan include the review of the successor criteria, sourcing of potential candidates from internal and external sources, reviewing and shortlisting of potential candidates, evaluation of shortlisted candidates, engagement with relevant authorities and determination of the remuneration package of the successor CEO. Amongst the factors considered by the Board and NRC in assessing the potential candidates were their qualifications, age, relevant experience, leadership track and industry exposure. After due process, the Board approved the recommendation of the NRC for the appointment of Datuk Muhamad Umar Swift as the new CEO and Executive Director of the Company effective 11 February 2019. The SC’s concurrence on this appointment was also obtained in accordance with Sections 10(1)(b) and 10(5) of the CMSA.

The Terms of Reference (“TOR”) of the GNC provides that it is responsible for formulating the nomination, selection and succession policies for the Group’s key management positions including the CEO. In discharging its responsibility on succession planning, the GNC receives succession management updates from Human Resources (“HR”) Division in accordance with the approved succession management framework. The GNC had in September 2019 reviewed the updates from HR and provides its feedback on the need to assess the suitability and readiness of the potential successors as well as the criteria of Senior Critical Roles, Successor and Talent.

The GNC is responsible to review candidates for key management positions, whereas the RC is responsible to determine the remuneration for these appointments. In 2019, the GNC had considered the proposed appointment of several key management positions in the Bursa Malaysia Group including the renewal of the fixed term contract for these positions. The GNC also interviewed and reviewed their performances and deliverables of key management positions prior to approving their promotions.

	<p>(9) Bursa Malaysia actively builds and sustains a high level of investor trust in the market through maintaining robust CG practices and open lines of communication with its stakeholders. Its Investor Relations (“IR”) activities undertaken during the year were implemented in accordance with its IR Policy, and directed towards maximising shareholder value.</p> <p>Information on the engagements with stakeholders is available in Our Stakeholders on Page 37 of the Integrated Annual Report 2019 and Pages 76 to 80 of the Sustainability Report 2019.</p> <p>(10) In carrying out its governance oversight, the Board also emphasised the importance of embracing the integrity and ethical values across the organisation. The same applies to the Company’s financial and non-financial reporting to ensure reliability, timeliness, transparency and compliance with the relevant standards. With reference to the Anti-Fraud, Bribery and Corruption Policy which was put in place since November 2018, the Management had conducted the corruption risk assessment via the Risk Control Self-Assessment process.</p> <p>In view of the Guidelines on Adequate Procedures (“GAP”) and changes to the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) which require the anti-corruption policy to be made available publicly, the Management had in December 2019 presented the mapping of the various requirements under GAP, Corporate Integrity Pledge and FTSE4Good Bursa Malaysia (F4GBM) for the GNC’s consideration.</p> <p>Bursa Malaysia is committed to adopt the five (5) principles of the GAP pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009 and develop the Organisation Anti-Corruption Plan for Anti-Fraud, Bribery and Corruption being one of the top 10 material sustainability issues which should be embedded within its operations, in view of achieving one of the SDGs, i.e. Peace, Justice and Strong Institutions.</p>
Explanation : for departure	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	: Applied
Explanation on application of the practice	<p>The roles and responsibilities of the Chairman of the Board have been clearly specified in Paragraph 7 of the Board Charter, which is available on Bursa Malaysia's website at https://www.bursamalaysia.com/about_bursa/about_us/corporate_governance/board_charter.</p> <p>The Chairman of the Board is responsible for instilling good corporate governance ("CG") practices in the organisation and as such, the Chairman of Bursa Malaysia chairs the Governance and Nomination Committee ("GNC"), which is a Board Committee responsible for the oversight of CG matters in addition to the nomination matters. The CG matters under the GNC's purview include reviewing the CG Report for the Board's approval.</p> <ol style="list-style-type: none">(1) As a Public Interest Director, the non-executive Chairman leads the Board by setting the tone at the top, and managing the Board's effectiveness by focusing on strategy, governance and compliance having regard to public interest. In turn, the Board monitors the functions of the Board Committees in accordance with their respective TOR to ensure its own effectiveness.(2) The Chairman with the assistance of the Company Secretary sets the board agenda for each meeting based on the dates of scheduled Board meetings in the annual meeting calendar, and the same is circulated to the Board Members accordingly.(3) The Chairman leads the meeting pace and discussions in an effective manner. The Chairman promotes a Boardroom environment that allows for expression of views in the spirit of 'constructive challenge', effective debate and contribution from the Board members to facilitate informed decision-making by the Board.(4) The Chairman, besides the Senior Independent Director, is also one of the contact persons for reporting any complaints or improper conduct by the Directors. Stakeholders can provide their views on Bursa Malaysia to the Chairman or the Senior Independent Director, at any point of time.

	(5) The Chairman leads the Board by ensuring that Bursa Malaysia complies and adheres to all the relevant laws and regulations as well as corporate governance best practices.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The distinct and separate roles and responsibilities of the Chairman and CEO are provided in Paragraph 8 of the Board Charter, which is available on Bursa Malaysia's website at https://www.bursamalaysia.com/about_bursa/about_us/corporate_governance/board_charter.</p> <p>The positions of Chairman and CEO are held by two (2) different individuals. The Chairman, Datuk Shireen Ann Zaharah Muhiudeen leads and manages the Board by focusing on strategy, governance and compliance whereas the CEO, Datuk Muhamad Umar Swift manages the business and operations of the Company and implements the Board's decisions.</p> <p>The distinct and separate roles of the Chairman and CEO, with their clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered decision-making powers.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	: Applied
Explanation on application of the practice	<p>The Company Secretaries of Bursa Malaysia, Puan Yong Hazadurah Md Hashim and Ms. Suzanne Hong Soo Yong have legal qualifications, and are qualified to act as company secretaries under Section 235(2) of the Companies Act 2016. The former is licensed by the Registrar of Companies whilst the latter is also an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”).</p> <p>(1) The Company Secretaries manage the logistics of all Board and Board Committee meetings. Attendance and minutes of all Board and Board Committee meetings are properly recorded and kept by the Company Secretaries. The Company Secretaries ensure that deliberations at Board and Board Committee meetings are well documented, and subsequently communicated to the relevant Management personnel for appropriate actions.</p> <p>The Board is updated by the Company Secretaries on the follow-up of its decisions and recommendations by the Management. Action items would stay as matters arising in the minutes of meetings until they are resolved.</p> <p>(2) The Company Secretaries provide support to the Board in fulfilling its fiduciary duties and leadership role in shaping the corporate governance (“CG”) of Bursa Malaysia Group.</p> <p>In this respect, they play an advisory role to the Board, particularly with regard to the Company’s constitution, Board policies and procedures, CG best practices and its compliance with regulatory requirements, codes, guidelines and legislations. The Company Secretaries also support the Board in managing the Group’s Governance Model to ensure its relevance and effectiveness.</p> <p>(3) The Company Secretaries organise induction program for new Directors/Committee members. In this program, the Company Secretaries provide new Directors with background on the Governance Model of Bursa Malaysia as an Exchange Holding Company and the Directors’ fiduciary duties, public interest responsibilities and other regulatory obligations. In 2019, the Company Secretaries and the relevant Management team</p>

members gave briefings to familiarise the following Directors with the business and operations of Bursa Malaysia and its subsidiaries, on the dates as set out in the table:-

No.	Director	Date of Appointment	Date of Induction
1.	Datuk Muhamad Umar Swift	11 February 2019	8, 10 and 22 January 2019
2.	Chong Chye Neo	21 December 2018	10 and 22 January 2019
3.	Datuk Shireen Ann Zaharah binti Muhiudeen	1 March 2019	18 February 2019; 3, 9, 10, 11 and 24 April 2019.
4.	Uji Sherina Abdullah	18 November 2019	21 and 22 January 2020
5.	Professor Joseph Cherian	1 January 2020	13, 21 and 22 January 2020

Three (3) of the Directors of Bursa Malaysia have been first appointed as Directors of a listed issuer. Hence, Ms. Chong Chye Neo had attended the **Mandatory Accreditation Programme ("MAP")** on 26 & 27 February 2019, whilst Puan Uji Sherina Abdullah and Professor Joseph Cherian had attended the MAP on 13 & 14 January 2020.

Induction programmes were also held for the following newly appointed Committee members, to familiarise them with the information to enable them to discharge their responsibilities as Committee members:-

Board Committee	Director/ Committee Member	Date of Appointment	Date of Induction
Appeals Committee	Datuk Dr. Prasad Sandhosam Abraham	1 February 2019	20 February 2019
Technology and Cybersecurity Committee	Uji Sherina Abdullah	18 November 2019	4 December 2019
	Dr. Reto Gruenenfelder	1 December 2019	4 December 2019
Listing Committee	Datin Grace Yeoh Cheng Geok	1 January 2020	13 January 2020

(4) As the Board of Directors must on a continuous basis, evaluate and determine the training needs of its members [in accordance with **Paragraph 15.08(2)** of the MMLR of Bursa Securities], the Board

through the NRC/GNC had considered the areas/topics of training relating to business operations or capital market development as part of the Directors' continuing education programmes. In this respect, the Company Secretaries had organised the following development programmes in-house:-

(a) For Directors, to enable them to stay current on relevant laws and issues:-

- Board Risk Awareness Programs: Cyber Security and Resilience, Fighting Corruption - A New Era of CG and Implications and Compliance Requirements of Section 17A of the MACC Act 2009 on 26 August 2019;
- Malaysia Economic and Market Outlook on 30 September 2019;
- Including Low Latency Non-directional Traders, Market Makers and Liquidity Providers in an Exchange Ecosystem on 30 September 2019;
- Market Opportunities for Digital Assets in Asia on 30 September 2019;
- Enterprise Data Management on 6 December 2019.

(b) For Regulatory Committees, the MPC had its off-site meeting on 23 October 2019 to provide their members with updates on Bursa Malaysia's supervision approach and observations, proposed enforcement framework and policies, and other related issues and challenges. The MPC members were also kept abreast of global trends in the capital market, and kept updated with the gaps and the current state of the governance of intermediaries.

The LC had its off-site meeting on 14 November 2019, to discuss on specific topics which include outcome of the CG Monitor 2019 and sustainability disclosure review, related party transactions and recent key global developments, LEAP Market Framework and its recent developments, public shareholding spread under the MMLR of Bursa Securities.

(5) The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in CG through attendance at relevant conferences and training programmes. They have also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia or MAICSA for practising company secretaries.

In 2019, the Company Secretaries had assisted the Board in the review of the Board Charter and the Governance Model Document including the development of the TOR of the GNC, RC, TCC, MDC, Securities Market Consultative Panel and Derivatives Market Consultative Panel.

	<p>(6) For annual general meetings which are held at the end of March annually, the Company Secretaries play an important role in ensuring that the due processes and proceedings are in place and properly managed. During the meeting, the Company Secretaries will assist the Chairman and the Board to conduct the meeting and ensure the minutes are properly recorded, particularly the questions raised by the shareholders.</p> <p>(7) The Company Secretaries also monitor the developments in CG and assist the Board in applying best practices to meet the Board's needs and stakeholders' expectations. In July 2019, the Company Secretaries enlightened the GNC on Bursa's compliance with all 36 practices as envisaged in the Malaysian Code on Corporate Governance ("MCCG") and ASEAN CG Scorecard. Disclosure on targets and measures with regards to gender diversity policy for Bursa Malaysia Group requires enhancement as described under Practice 4.5 of the MCCG. There was no trading of Bursa Malaysia shares by the Directors and key senior management ("KSM") in 2019. The changes in the KSM's interests in Bursa Malaysia shares are due to the vesting of Plan Shares under the Share Grant Plan on 15 July 2019 as set out on Page 124 of the Integrated Annual Report 2019.</p> <p>(6) Whilst the Investor Relations unit is generally involved in communication and engagement with stakeholders, the Company Secretaries play an important role in advising the Board on principles and best practices in CG and ultimately serving as the focal point for stakeholders' communication or engagement on CG issues affecting Bursa Malaysia as a listed entity.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging its functions.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	: Applied
Explanation on application of the practice	<p>To facilitate the Directors' time planning, the annual meeting calendar is prepared and circulated in advance of each new year. The calendar provides Directors with scheduled dates for meetings of the Board and Board Committees, the Annual General Meeting and major conferences hosted by Bursa Malaysia, as well as the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results. This calendar is available on iPads provided to all Directors.</p> <p>It is provided in the Guidelines on Submission of Board Memoranda that the deadline for submission of meeting materials is five (5) working days prior to the dates of meetings. This is to ensure that the Directors have sufficient preparation time and information to make an informed decision at each Board meeting.</p> <p>Bursa Malaysia provides digital access to meeting materials of all Board and Board Committee meetings instead of distribution of hard copies. The customised solution provides various functionalities which enable Directors and committee members to access various Company documents, including Board policies, procedures, rules and guidelines, which are uploaded onto iPads for convenient reference. As a result, Directors and committee members are able to access meeting materials and relevant information in a timely and efficient manner, thus improving Board performance and overall effectiveness of decision-making.</p> <p>The Notice of Board meetings are sent to the Directors via e-mail at least seven (7) working days prior to a meeting. The same notification is sent to the Management, which includes the deadlines for submission of meeting materials for the Management's easy reference. Upon receipt from the Management, the Company Secretaries ensure that the meeting materials are uploaded on iPads as soon as practicable.</p> <p>The deliberations and decisions at Board and Board Committee meetings are well documented in the minutes, including matters where Directors abstained from voting or deliberation.</p> <p>The Company Secretaries will communicate to the relevant Management members the Board's decisions/recommendations via</p>

	circulation of draft minutes of meetings for appropriate actions to be taken. The Company Secretaries will also follow up with the Management on status of actions taken with reference to the previous minutes of meetings for updating the Board. Action items would stay as matters arising in the minutes of meetings until they are resolved.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application :	Applied
Explanation on application of the practice :	<p>The Board Charter serves as a primary reference for prospective and existing Board members of their fiduciary duties as directors of Bursa Malaysia being an Exchange Holding Company, and the functions of the Board Committees as well as the Boards of the respective subsidiary companies within the Group. It sets out amongst other things, the key values, principles and ethos of the Company.</p> <p>In accordance with Paragraph 16.1 of the Board Charter, the Board will review the Board Charter annually to keep it up to date and consistent with the Board's objectives and responsibilities as well as the Governance Model of Bursa Malaysia. The Board Charter is available on Bursa Malaysia's website at https://www.bursamalaysia.com/about_bursa/about_us/corporate_governance/board_charter.</p> <p>In December 2019, the Board reviewed and approved certain revisions to the Board Charter to reflect the changes to the Governance Model of Bursa Malaysia Group. With an aim to enhance the capital market development function, the two (2) new committees i.e. Technology and Cybersecurity Committee ("TCC"), and Market and Development Committee ("MDC") are established to comprise independent individuals with technology expertise and capital market expertise respectively. Hence, they are approved by the Board to be classified as Development Committees under the Governance Model.</p> <p>The Terms of Reference of the Board and the Board Committees are set out in the Governance Model Document. In this respect, the Governance Model of Bursa Malaysia Group is supported by the Group Corporate Authority Manual, which clearly delineates relevant matters and applicable limits, including those reserved for the Board's approval and those which the Board may delegate to the Board Committees i.e. Governance Committees, Development Committees and Regulatory Committees, the Chief Executive Officer ("CEO") and the Management. Key matters reserved for the Board's approval include the annual and quarterly financial results, annual business plan and budget, dividend policy, business continuity plan, new issues of securities, business restructuring, expenditure above a certain pre-determined limit, disposal of</p>

significant fixed assets and acquisition or disposal of companies within the Group.

The roles and responsibilities of the Board of Directors, Senior Independent Director, Chairman and CEO are clearly outlined in Paragraphs 5 to 8 of the Board Charter.

In this respect, the Board is also responsible to ensure continuing education/training for the Directors to update their knowledge and enhance their skills through attendance at relevant programs, so as to enable them to sustain their active participation in Board deliberations. In this respect, all Directors of Bursa Malaysia (except for one newly appointed Director) attended at least five (5) training programmes in 2019, of which at least three (3) programmes focused on capital market developments, and the following conferences on capital markets organised by the Company:-

- (i) 30th Annual Palm & Lauric Oils Conference on 5 & 6 March 2019; and
- (ii) Invest Malaysia Kuala Lumpur on 19 & 20 March 2019.

The newly appointed Director, Puan Uji Sherina had attended an in-house development programme i.e. Enterprise Data Management held on 6 December 2019 since her appointment on 18 November 2019.

To facilitate identification of appropriate training programmes based on the Board's assessment of the Directors' training needs [in accordance with **Paragraph 15.08(3)(a)** of the MMLR of Bursa Securities], the Directors were invited to attend a series of talks organised by Bursa Malaysia together with various professional associations and regulatory bodies, to update/deepen their knowledge and enhance their skills, according to their needs. The Directors may submit their request for attending the conferences in accordance with the training approval process, subject to the Board's training policy and availability of budget for each individual director.

In accordance with **Paragraph 15.08(3)(b)** of the MMLR of Bursa Securities, the Directors had attended various external programmes in 2019 which include the following:-

A. Corporate Governance (including audit, risk management, compliance and internal control)

- 8th Annual National Procurement Conference 2019: Cleaning Up Procurement – Lessons to Be Learnt, 2 April 2019 (attended by Datuk Shireen Ann Zaharah Muhiudeen)
- CIMB Tech Risk workshop, 3 April 2019 (attended by Datin Grace Yeoh Cheng Geok)
- Corporate Governance (“CG”) Watch: How Does Malaysia Rank, 3 May 2019 (attended by Datuk Shireen Ann Zaharah Muhiudeen, Datuk Muhamad Umar Swift and Ms. Chong Chye Neo)
- Launch of the CG Monitor 2019 and Panel Discussion on CG and Observation in the CG Monitor 2019, 6 May 2019 (attended by Datuk Muhamad Umar Swift)
- Etiqa Insurance & Takaful Board Risk Workshop, 29 May 2019 (attended by Datuk Karownikaran @ Karunikaran a/l Ramasamy)
- CG Advocacy: Demystifying the Diversity Conundrum - The Road to Business Excellence, 5 July 2019 (attended by Datin Grace Yeoh Cheng Geok)
- Maybank 2019 Annual Risk Workshop, 26 July 2019 (attended by Datuk Karownikaran @ Karunikaran a/l Ramasamy)

	<ul style="list-style-type: none"> • Risk Posture Workshop, 20 August 2019 (attended by Datin Grace Yeoh Cheng Geok) • Legal Risks Arising from Environmental Issues, 22 August 2019 (attended by Datin Grace Yeoh Cheng Geok) • Social and Environmental Risks and Opportunities for Financial Services Players, 22 August 2019 (attended by Datin Grace Yeoh Cheng Geok) • Board Effectiveness Assessment and the Malaysia Code of CG, 28 August 2019 (attended by Datuk Karownikaran @ Karunikaran a/l Ramasamy) • Transparency in Corporate Reporting 2019 – Assessing Malaysia’s Top 100 Public Listed Companies, 7 November 2019 (attended by Datuk Shireen Ann Zaharah Muhiudeen)
	<p>B. Information Technology</p> <ul style="list-style-type: none"> • MyFintech Week, 18 June 2019 (attended by Datin Grace Yeoh Cheng Geok and Ms. Chong Chye Neo) • Bank Negara Malaysia (“BNM”) Financial Institution Directors Education (“FIDE”) Forum: Masterclass on Cybersecurity - Unseen Threats, 18 June 2019 (attended by Ms. Chong Chye Neo) • BNM FIDE Forum: Dialogue on Innovation and Fintech, 19 September 2019 (attended by Ms. Chong Chye Neo) • Presentation by NASDAQ, Modernisation of Post Trade Infrastructure, 7 October 2019 (attended by Datin Mariam Prudence Yusof and Datuk Karownikaran @ Karunikaran a/l Ramasamy)
	<p>C. Leadership, Legal and Business Management</p> <ul style="list-style-type: none"> • Permodalan Nasional Berhad (“PNB”) Leadership Forum, 5 March 2019 (attended by Datuk Karownikaran @ Karunikaran a/l Ramasamy) • Ring The Bell For Gender Equality, 14 March 2019 (attended by Datuk Shireen Ann Zaharah Muhiudeen and Datuk Muhamad Umar Swift) • Release of the Securities Commission Annual Report 2018, 14 March 2019 (attended by Datin Grace Yeoh Cheng Geok) • Directors’ Duties and Powers: Recent Developments in the Law and How It Affects You, 26 March 2019 (attended by Ms. Chong Chye Neo) • Perdana Leadership Foundation Continuing Education Programme Forum: Accelerating the Fourth Industrial Revolution in Malaysia, 4 April 2019 (attended by Datuk Muhamad Umar Swift) • Chief Financial Officers (CFO) Conference 2019: Leading in The Digital Age, 13 June 2019 (attended by Datuk Shireen Ann Zaharah Muhiudeen) • Avoiding Competition Law Violations: Formulating an effective Compliance Policy, 17 July 2019 (attended by Mr. Pushpanathan a/l S.A. Kanagarayar) • National Council of Women’s Organisations Malaysia Seminar: Wanita dan Pelaburan, 24 August 2019 (attended by Datuk Shireen Ann Zaharah Muhiudeen) • Women’s Forum Asia 2019: Leading Asia’s future - Attract and retain capital, talent and investors, 18 & 19 September 2019 (attended by Datuk Shireen Ann Zaharah Muhiudeen) • Ageas Partnership Presentation: Thinking Globally, Acting Differently, the Key to Competitiveness; The Partnership with BNP Paribas Fortis; Open Banking at BNP Paribas Fortis; Why Business Experimentation is Essential for Competitive Advantage; and Responsible Technology, 18 & 19 September 2019 (attended by Datuk Karownikaran @ Karunikaran a/l Ramasamy) • Certified Public Accountant (“CPA”) Evening Talk: Data Science is sexy, but it is Science”, 5 August 2019 (attended by Datuk Muhamad Umar Swift) • CPA Congress 2019: Business As Unusual, 24 September 2019 (attended by Datuk Muhamad Umar Swift) • Islamic Jurisprudence and Islamic Law of Transactions, 3 October 2019 (attended by Ms. Chong Chye Neo) • FIDE Forum 4th Leadership Series: Digital to the Core, 4 October 2019 (attended by Ms. Chong Chye Neo) • Artificial Intelligence and the Law, 4 October 2019 (attended by Datin Grace Yeoh Cheng Geok) • Evolution and Innovation in Aviation, 8 October 2019 (attended by Datin Grace Yeoh Cheng Geok)

	<ul style="list-style-type: none"> • The International Directors Summit 2019: The Trust Compass - Resetting the Course, 14 October 2019 (attended by Datuk Shireen Ann Zaharah Muhiudeen) • PNB Corporate Summit 2019, 30 October 2019 (attended by Datuk Muhamad Umar Swift) • YTI Memorial Lecture: The Diverse Facets of Leadership, 18 November 2019 (attended by Datuk Karownikaran @ Karunikaran a/l Ramasamy)
	<p>D. Financial and Capital Markets</p> <ul style="list-style-type: none"> • Technical Analysis Series: Practical and Effective Trend Trading Strategy for Traders, 12 January 2019 (attended by Datin Mariam Prudence Yusof) • Reading the Signs: The next financial crisis and its potential impact on Asia Invest Malaysia 2019, 14 March 2019 (attended by Datin Grace Yeoh Cheng Geok) • 22nd Credit Suisse Asian Investment Conference, 26 March 2019 (attended by Datuk Muhamad Umar Swift) • Financial Industry Conference, 17 June 2019 (attended by Datuk Muhamad Umar Swift) • International Institutional Investor Series 2019, 25 June 2019 (attended by Datuk Muhamad Umar Swift) • Fresh Perspectives: Engineering the future of the Malaysian Bonds and Sukuk, 15 July 2019 (attended by Datin Mariam Prudence Yusof) • BNM Monetary Policy Conference: Policy Space Given Multifaceted Risks - Between A Rock and A Hard Place, 26 September 2019 (attended by Datuk Muhamad Umar Swift) • 59th General Assembly of the World Federation of Exchanges (WFE), 8 to 10 October 2019 (attended by Datuk Shireen Ann Zaharah Muhiudeen, Datuk Muhamad Umar Swift, Datin Mariam Prudence Yusof and Ms. Chong Chye Neo) • 11th International Conference on Financial Crime and Terrorism Financing (IFCTF): Building Trust and Transparency: Collaborate, Accelerate, Strengthen - The Importance of CG in Creating a New Culture for Disclosure, Transparency and Anti-Corruption, 5 November 2019 (attended by Datuk Shireen Ann Zaharah Muhiudeen) • Morgan Stanley Capital International (MSCI) Seminar on Investing Trends and Opportunities, 20 November 2019 (attended by Datuk Karownikaran @ Karunikaran a/l Ramasamy)
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	: Applied
Explanation on application of the practice	<p>Bursa Malaysia has in place a separate code of conduct for Directors and employees of the Company. The Code of Conduct and Ethics for Directors is available at https://www.bursamalaysia.com/about_bursa/about_us/corporate_governance/code_of_conduct_and_ethics_for_directors,</p> <p>whilst the Code of Conduct for Bursa Malaysia Group is available at https://www.bursamalaysia.com/about_bursa/sustainability/others/policies_codes_manuals</p> <p>In July 2017, the Board decided that the above Codes are to be reviewed every three (3) years to ensure relevancy and alignment with the prescribed requirements and best corporate governance ("CG") practices. The last review was done in November 2017 to reinforce ethical values as part of good CG culture under its leadership.</p> <p>The Code of Conduct and Ethics for Directors provides principles and standards relating to the Directors' duty to act in public interest and best interest of the Group, and covers the areas of transparency, integrity, accountability, sustainability, conflicts of interest ("COI"), anti-corruption/bribery, confidentiality, insider trading, fair dealing and anti-competition, proper use of company's assets, compliance with laws, rules and regulations. The reporting of unlawful or unethical behaviour is encouraged, particularly through the Whistleblower Policy and Procedures. The Board also adopted a "No Gift" policy since November 2017, as set out in the Code of Conduct and Ethics for Directors.</p> <p>The Code of Ethics for employees promotes integrity and ethical conduct/behaviour in all aspects of the Company's operations, including privacy and confidentiality of information, dealings in securities and COI. Accordingly, all employees of Bursa Malaysia Group are required to make annual declarations on their compliance with the policies and procedures as set out in the Code of Ethics. This declaration</p>

	<p>includes the confirmation by each employee to safeguard the confidentiality of information obtained in the course of employment, and uphold personal integrity in the workplace. This serves to maintain awareness amongst staff of the need to build and maintain a value-based culture beyond a culture that is merely driven by compliance.</p> <p>The Code of Ethics for employees also sets out the prohibited activities or misconduct involving gifts, gratuities, bribes, dishonest behaviour and sexual harassment. In this respect, Bursa Malaysia adopted a “No Gift” policy since July 2019, as set out in the Code of Ethics for employees. This policy provides that all Bursa Malaysia group employees, family members or agents acting for or on behalf of Bursa Malaysia are prohibited from, directly or indirectly, receiving or providing gifts, kickbacks or gratuities from/to third party.</p> <p>In conjunction with the introduction of the Anti-Fraud, Bribery and Corruption Policy as approved by the Board in November 2018, Bursa Malaysia had invited a solicitor to brief the staff in January and February 2019 to create awareness and instil business ethics practices as one of the key elements of business sustainability. This is to ensure commitment to conducting business dealings in an honest and ethical manner. Malaysian Anti-Corruption Commission officials were also invited to Bursa Malaysia to present on Anti-Fraud, Bribery and Corruption awareness to the Board and employees of Bursa Malaysia on 26 August 2019 and 6 November 2019 respectively.</p> <p>As the Guidelines on Adequate Procedures and changes to the MMLR of Bursa Securities require anti-corruption policy to be made available publicly, the Management had commenced the review, particularly on the specific provisions of the existing policies that relate to integrity, governance and anti-corruption for the purpose of enhancement. This is to help strengthen the integrity, governance and anti-corruption framework for Bursa Malaysia, and Organisational Anti-Corruption Plan will be developed accordingly.</p> <p>As an Exchange Holding Company and a frontline regulator, internal guidelines are in place requiring certain standards of practice for the employees of Bursa Malaysia, in carrying out their functions in the organisation having regard to public interest and the need to manage COI. To assist members of the Appeals Committee, Market Participants Committee and Listing Committee of Bursa Malaysia (“Regulatory Committees”) in managing any actual/potential COI which may affect the process as well as the integrity of decision making by the Regulatory Committees, the Guidance on Managing COI in Regulatory Decision Making serves as a reference document so as to ensure the decision making process is carried out fairly and impartially and that public confidence in Bursa Malaysia as a regulator is maintained at all times.</p>
<p>Explanation for departure</p>	<p>:</p>

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Whistleblower Policy and Procedures ("WPP") fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any violations or improper conduct or wrongdoing within the Group.</p> <p>The WPP provides an avenue for employees or any external party to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines, in a safe and confidential manner. An employee who makes a report of improper conduct in good faith shall not be subject to unfair dismissal, victimisation, demotion, suspension, intimidation or harassment, discrimination, any action causing injury, loss or damage or any other retaliatory actions by the Group. With regards to the WPP:-</p> <p>(a) The Board is responsible for overseeing the implementation of the WPP for Directors, and all whistle-blowing reports are addressed to the Non-Executive Chairman of the Board or Senior Independent Director ("SID") of Bursa Malaysia.</p> <p>(b) The Audit Committee ("AC") is responsible for overseeing the implementation of the WPP for the Group's employees, whilst duties relating to the day-to-day administration of the WPP are performed by the Director of Internal Audit. The SID is responsible for receiving whistleblower reports made by employees or external parties as prescribed under the WPP.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	: Applied
Explanation on application of the practice	<p>As at 1 January 2020, the Board of Bursa Malaysia comprises ten (10) Directors i.e. nine (9) Independent Non-Executive Directors (“INEDs”) and one (1) Executive Director, who also serves as the Chief Executive Officer.</p> <p>All the nine (9) INEDs satisfy the independence test under the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). They constitute 90% of the Board.</p> <p>Section 10(1)(a) of the Capital Markets and Services Act 2007 (“CMSA”) provides that one-third of the Board shall be Public Interest Directors (“PIDs”), including the Chairman. Their appointment by the Minister of Finance in consultation with the Securities Commission Malaysia is in line with the requirements of the CMSA for the Company to act in the public interest, having particular regard for investor protection in performing its duties as an Exchange Holding Company. In this respect, three (3) of the INEDs on the Board are PIDs including the Chairman.</p> <p>The PIDs upon their appointment, gave to Bursa Securities a letter of confirmation as an Independent Director as defined under Paragraph 1.01 of the MMLR of Bursa Securities [Paragraph 3.2.1 of the Board Charter].</p> <p>Each of the Directors had given confirmations on a quarterly basis, as to whether he/she has any family relationship with any director and/or major shareholder of Bursa Malaysia, any conflict of interest with Bursa Malaysia and any convictions for offences within the past five (5) years other than traffic offences. This is one of the criteria to enable the Board/Governance and Nomination Committee to assess the Directors’ independence as and when any new interest or relationship develops.</p> <p>In view of the fact that independent and objective judgement could be compromised by amongst others, familiarity or close relationships with other Board members, the Board recognised the importance to focus beyond the INEDs’ background, economic and family relationships, and consider whether the INEDs could continue to bring independent and objective judgement to Board deliberations.</p> <p>In addition, the assessments of independence of the INEDs are conducted on an annual basis via the following:-</p>

	<p>(a) Self and Peer Assessments under the Board Effectiveness Evaluation (“BEE”), to ensure that the INEDs were independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement or the ability to act in the best interests of the Company. Independence and objectivity is one of the INEDs’ performance criteria in accordance with Guidance 5.1 of the Malaysian Code on Corporate Governance.</p> <p>(b) Forms of declaration of independence, to facilitate the process of determining the Director’s independence on an annual basis by each INED.</p> <p>The outcome of the BEE 2018/2019 results indicated that the Directors have demonstrated independence and objectivity in the Board’s decision-making process, have given valuable feedback through sharing of knowledge and experience and have acted in the best interests of Bursa Malaysia, as well as in safeguarding the public interest. In the fourth quarter of 2019, the Directors had also declared that they are independent of management and free from any business or other relationship which could materially interfere with the exercise of their objective and independent judgements, decisions and reviews.</p> <p>In addition, the Board has also instituted a policy effective October 2015 that there shall be no Nominee Director on the Board of Bursa Malaysia, i.e. a Director who is nominated by a substantial shareholder to represent its interest on the Board of Bursa Malaysia. This is in line with the responsibility of Bursa Malaysia as an Exchange Holding Company under the CMSA to uphold public interest above its commercial or other interests, and also to avoid any perceived or potential conflict of interest with the unique role of the Board of Bursa Malaysia in ensuring orderly and fair markets.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - Step Up 4.3 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Adopted										
Explanation on adoption of the practice	:	<p>The Board has adopted a 9-year policy for Independent Non-Executive Directors (“NEDs”) and taking into account the need for progressive refreshing of the Board [Paragraph 4.2.3 of the Board Charter].</p> <p>All Independent NEDs have served the Board for less than nine (9) years. The Director’s years of service as at 31 January 2020 were set out in the profiles of the Board of Directors on Pages 80 to 85 of the Integrated Annual Report 2019 and summarised as follows:-</p> <table border="1"><thead><tr><th>Years of Service (#)</th><th>0 <# ≤ 1</th><th>1 <# ≤ 3</th><th>3 <# ≤ 6</th><th>6 <# ≤ 9</th></tr></thead><tbody><tr><td>Number of Directors</td><td>3</td><td>3</td><td>2</td><td>1</td></tr></tbody></table> <p>With the appointment of Professor Joseph Cherian as Independent NED of Bursa Malaysia with effect from 1 January 2020, the Board size is now 10.</p> <p>In implementing the 9-year policy for Independent NEDs, the Directors among the first batch of Independent NEDs of the demutualised Bursa Malaysia had already retired on a gradual basis at the 35th and 36th Annual General Meetings (“AGM”) in 2012 and 2013 respectively, to enable the progressive refreshing of the Board in line with best corporate governance practice.</p> <p>Encik Ghazali Hj Darman and Datuk Chay Wai Leong who retired by rotation in accordance with Article 18.4 of the Constitution of the Company did not seek re-election at the 42nd AGM held on 28 March 2019, after having served the Board for six (6) years.</p>	Years of Service (#)	0 <# ≤ 1	1 <# ≤ 3	3 <# ≤ 6	6 <# ≤ 9	Number of Directors	3	3	2	1
Years of Service (#)	0 <# ≤ 1	1 <# ≤ 3	3 <# ≤ 6	6 <# ≤ 9								
Number of Directors	3	3	2	1								

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application :	Applied																																							
Explanation on application of the practice :	<p>The Board and the Governance and Nomination Committee (“GNC”) take into account the current diversity in the skills, experience, age, race/ethnicity (cultural background) and nationality of the existing Board in seeking potential candidate(s). This helps to ensure an appropriate balance between the experience perspectives of the longer term directors and new perspectives that bring fresh insights to the Board.</p> <p>A Board’s Skill Matrix has also been developed based on the Directors’ self-assessment, and used as reference for the Board’s refreshment and succession planning to complement one another. The following Board’s Skill Matrix is based on the Board composition as at 1 January 2020:-</p> <table border="1"><thead><tr><th>No.</th><th>Areas of Practice/Experience/Skill/ Expertise*</th><th>Percentage</th></tr></thead><tbody><tr><td>1.</td><td>Capital Market Experience</td><td>73%</td></tr><tr><td>2.</td><td>International Business Experience</td><td>80%</td></tr><tr><td>3.</td><td>Other Exchange Experience</td><td>50%</td></tr><tr><td>4.</td><td>Corporate Chief Executive Officer/Managing Director</td><td>88%</td></tr><tr><td>5.</td><td>Breadth of Business Experience</td><td>88%</td></tr><tr><td>6.</td><td>Accounting/Financial Management</td><td>70%</td></tr><tr><td>7.</td><td>Human Capital Management Experience</td><td>88%</td></tr><tr><td>8.</td><td>Technology Strategy Experience</td><td>63%</td></tr><tr><td>9.</td><td>Technology Innovation Experience</td><td>60%</td></tr><tr><td>10.</td><td>Corporate Governance</td><td>88%</td></tr><tr><td>11.</td><td>Government Experience</td><td>65%</td></tr><tr><td>12.</td><td>Legal/Regulatory</td><td>65%</td></tr></tbody></table> <p>* Individual Directors may fall into one or more categories</p> <p>(a) Based on the review of the Board composition in 2019, the Board agreed to maintain the optimum Board size at 12. The optimal size would enable effective oversight, delegation of responsibilities and productive discussions amongst members of the Board, considering Bursa Malaysia’s unique composition comprising Public Interest Directors (“PIDs”) as required under Section 10(1)(a) of the Capital Markets and Services Act 2007 (“CMSA”), taking into account the governance and regulatory functions of an Exchange Holding Company, in pursuance of its regulatory and commercial objectives [Paragraph 3.1.6 of the Board Charter].</p> <p>(b) The diversity in the race/ethnicity (cultural background), nationality, age and gender of the existing Board as at 1 January 2020 is as follows:-</p>	No.	Areas of Practice/Experience/Skill/ Expertise*	Percentage	1.	Capital Market Experience	73%	2.	International Business Experience	80%	3.	Other Exchange Experience	50%	4.	Corporate Chief Executive Officer/Managing Director	88%	5.	Breadth of Business Experience	88%	6.	Accounting/Financial Management	70%	7.	Human Capital Management Experience	88%	8.	Technology Strategy Experience	63%	9.	Technology Innovation Experience	60%	10.	Corporate Governance	88%	11.	Government Experience	65%	12.	Legal/Regulatory	65%
No.	Areas of Practice/Experience/Skill/ Expertise*	Percentage																																						
1.	Capital Market Experience	73%																																						
2.	International Business Experience	80%																																						
3.	Other Exchange Experience	50%																																						
4.	Corporate Chief Executive Officer/Managing Director	88%																																						
5.	Breadth of Business Experience	88%																																						
6.	Accounting/Financial Management	70%																																						
7.	Human Capital Management Experience	88%																																						
8.	Technology Strategy Experience	63%																																						
9.	Technology Innovation Experience	60%																																						
10.	Corporate Governance	88%																																						
11.	Government Experience	65%																																						
12.	Legal/Regulatory	65%																																						

	Race/Ethnicity				Nationality	
	Malay	Chinese	Indian	Others	Malaysian	Foreigner
Number of Directors	3	2	3	2	9	1

	Age Group				Gender	
	51-55	56-60	61-65	66-70	Male	Female
Number of Directors	1	5	1	3	5	5

The Board strongly views that diversity of the Board's composition is important to facilitate optimal decision-making by harnessing different insights and perspectives. Whilst the capital market experience is of paramount importance to the Board, a high performance board should comprise directors with a wide variety of backgrounds, experiences and skills.

The Board has in place its Diversity Policy for Bursa Malaysia [as given under **Practice 4.5** of the **Malaysian Code on Corporate Governance**]. The Board has met its policy of at least 30% women representation. The Board now consists of five (5) women and five (5) men Directors as at 1 January 2020, having the combination of skills, experience and strength in qualities which are relevant to Bursa Malaysia.

The appointment of key senior management ("KSM") was also made with due regard for diversity in skills, experience, age, cultural background and gender.

(i) The diversity of the KSM as at 31 December 2019 referred to in Note 36(c) to the Financial Statements on Page 219 of the Integrated Annual Report 2019 are as set out in the table below:-

Race/Ethnicity			Age Group			Gender	
Malay	Chinese	Indian	46-50	51-55	56-60	Male	Female
3	2*	1	2	4	0	2	4

Note: * includes a Singaporean

(ii) Changes had taken place subsequent to the non-renewal of several KSM personnel's fixed term contracts. The particulars of the current KSM personnel are provided on Page 78 of the Integrated Annual Report 2019 and their diversities are summarised as follows:-

Race/Ethnicity				Age Group		Gender	
Malay	Chinese	Indian	Others	46-50	51-55	Male	Female
2	2*	1**	1	2	4	4	2

Note: * includes a Singaporean

** includes an Indian nationality

Explanation :
for
departure

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application :	Applied
Explanation on application of the practice :	<p>The Board had achieved its target of 30% women directors since the appointment of Ms. Chong Chye Neo as an Independent Non-Executive Director on 21 December 2018. As at 1 January 2020, the Board has 50% women directors.</p> <p>With respect to the Senior Management, Bursa Malaysia has maintained at least 30% women holding key positions in the organisation i.e. at least two (2) out of six (6) members are women as at 31 December 2019 to date.</p> <p>The Board has its Diversity Policy, as set out below [in accordance with Paragraph 15.08A(3) of the MMLR of Bursa Securities]:-</p> <div style="border: 1px solid black; padding: 10px;"><p style="text-align: center;">Board Diversity Policy</p><p>Bursa Malaysia's diversity policy is to ensure that the mix and profiles of our Board members in terms of age, ethnicity and gender, provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management. We believe that a truly diverse and inclusive Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity and gender, which will ensure that Bursa Malaysia retains its competitive advantage.</p><p>In this regard, the GNC is responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions. In reviewing the composition of the Board, the GNC will consider the benefits of diversity in order to maintain an optimum mix of skills, knowledge and experience on the Board. Diversity and its benefits underpinned by meritocracy will continue to be the focus of the GNC when identifying and recommending new candidates for Board memberships, as well as evaluating the performance of the Board and its individual members.</p><p>In connection with its efforts to create and maintain a diverse Board, the GNC will:</p><ul style="list-style-type: none">• Assess the appropriate mix of diversity (including gender, ethnicity and age), skills, experience and expertise required on the Board and address gaps if any;• Develop recruitment protocols that seek to include diverse candidates in any director search;• Make recommendations to the Board in relation to appointments, and maintain an appropriate mix of diversity, skills, experience, and expertise on the Board, etc;</div>

	<ul style="list-style-type: none"> Periodically review and report to the Board on requirements in relation to diversity on the Board, if any. <p>The GNC will discuss and agree annually on all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.</p> <p>The Board shall maintain at least 30% representation of women on boards.</p> <p>Various steps have been undertaken by the Governance and Nomination Committee (“GNC”) to ensure that suitable women candidates are sought from various sources as part of its recruitment exercise. Apart from the nominations which the GNC may receive from Directors and Committee members for the pool, potential candidates may also be sourced from relevant professional and advocacy bodies and/or the regulator(s), as well as other independent sources, to complement the Board’s Skill Matrix.</p> <p>Invitations were sent to the potential candidates to participate in the pool by providing their particulars and confirming certain personal information which would be relevant for the GNC’s reference in the process.</p> <p>Due diligence is also conducted on the identified candidates to ensure that they satisfy the independence test and conflict of interest assessment as envisaged under the MMLR of Bursa Securities as well as the other prescribed requirements.</p>
Explanation : for departure	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>The policies and procedures for recruitment and appointment (including re-election/re-appointment) of Directors are set out in a document approved by the Board referred to as the Protocol for Appointment of Directors and Board Committee Members of Bursa Malaysia (“the Protocol”).</p> <p>The Governance and Nomination Committee or the previous Nomination and Remuneration Committee (“GNC”) is guided by the Protocol in carrying out its responsibilities in respect of the nomination, selection and appointment process in Bursa Malaysia and its subsidiaries, which also provides the requirements under the relevant laws and regulations on the matter. In this respect, the Board has established a pool of potential Directors/Committee members of Bursa Malaysia, for its reference when considering new appointments, in line with the sourcing process and criteria for potential candidates as set out in the Protocol.</p> <p>The GNC had reviewed the profile of the potential candidates obtained from various sources furnished by members of the Board of Bursa Malaysia, Functional Board of Subsidiaries of Bursa Malaysia and Board Committees. As part of the recruitment exercise, the GNC had also utilised various independent sources to ensure that it is able to identify the most suitable candidates, for example; the NAM Institute for the Empowerment of Women Malaysia, Malaysian Investment Banking Association, Association of Stockbroking Companies of Malaysia (ASCM), Malaysian Futures Brokers Association (MFBA), LeadWomen Sdn Bhd, 30% Club, Federation of Public Listed Companies Berhad (FPLC) and Financial Institution Directors Education (FIDE) Forum.</p> <p>With reference to Paragraph 15.08A(3)(b) of the MMLR of Bursa Securities, the pool has been continuously refreshed with new potential candidates in 2019, having regard to the selection criteria, to ensure that the list of potential candidates remains relevant and offers the talent/skills required for the GNC/Board’s consideration.</p> <p>The GNC gave its feedback on their profiles, and shortlisted several candidates based on the proposed selection criteria for background checks, prior to having engagement sessions with them. In this exercise, the previous NRC/current GNC had selected some candidates for</p>

	<p>engagement sessions to review their suitability having regard to their qualifications and experience/skill sets with reference to the 'must have' and 'nice to have' criteria as determined by the Board. This was in view of filling the vacancy following the retirement of any Director in accordance with the 9-year policy. Apart from these criteria, the previous NRC/current GNC also considered the mix of skills, backgrounds, experiences, personality and time commitments.</p> <p>To ensure that Directors have sufficient time to fulfil their roles and responsibilities effectively, the criterion as agreed by the Board for determining candidates for the pool of potential Directors is that they must not hold directorships of more than five (5) public listed companies (as prescribed in Paragraph 15.06 of the MMLR of Bursa Securities).</p> <p>The proposed candidate will also be required to confirm that he/she meets the criteria for an independent director as prescribed in the MMLR of Bursa Securities and its Practice Note 13 prior to recommending to the Board for approval of his/her proposed appointment as an Independent Non-Executive Director.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied
Explanation on application of the practice	:	<p>The previous Nomination and Remuneration Committee (“NRC”) was chaired by the current Senior Independent Director (“SID”) Datuk Karownikaran @ Karunikaran a/l Ramasamy in accordance with its Terms of Reference until 30 June 2019.</p> <p>Since the establishment of the Governance and Nomination Committee (“GNC”) and the Remuneration Committee (“RC”) in place of the NRC with effect from 1 July 2019, the GNC is chaired by the Chairman of the Board who is an Independent Director, Datuk Shireen Ann Zaharah Muhiudeen in accordance with the membership classification as set out in the Terms of Reference of the GNC. The RC is chaired by the SID.</p> <p>The current SID is nominated amongst the Independent Non-Executive Directors [Paragraph 6.2 of the Board Charter].</p> <p>The SID remains as one of the members of the GNC. Datuk Karownikaran @ Karunikaran a/l Ramasamy’s term of appointment as SID has been extended for another two (2) years from 1 January 2020 to 31 December 2021.</p> <p>The specific responsibilities of the SID are as set out in Paragraph 6.4 of the Board Charter, which is available on Bursa Malaysia’s website.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The current Governance and Nomination Committee ("GNC") (in place of the previous Nomination and Remuneration Committee ("NRC")) with effect from 1 July 2019] carries out the Board Effectiveness Evaluation ("BEE") exercise annually [Paragraph 15.08A(3)(c) of the MMLR of Bursa Securities]. An external consultant is engaged once every three (3) years to assist the GNC to facilitate an objective and candid board evaluation as set out in the Board Charter [Paragraph 11.4 of the Board Charter].</p> <p>In May 2019, the NRC reviewed and approved the questionnaires for the BEE for the period from 1 July 2018 to 30 June 2019 ("2018/2019") exercise to be conducted internally, and facilitated by the Company Secretaries, similar as the BEE 2016/2017 exercise. An external consultant, Willis Towers Watson conducted the BEE 2015/2016 in 2017.</p> <p>(1) The BEE 2018/2019 was conducted by way of questionnaires which comprised the Board, Board Committee and Functional Boards of Subsidiaries Effectiveness Assessments, Directors and Board Committee members' Self and Peer Assessments ("SPA"), as well as a 360 Degrees Assessments by members of senior management.</p> <p>(a) The effectiveness of the Board is assessed in the areas of the Board's Responsibilities and Conduct, Composition, Process and Administration, as well as the effectiveness of the Chairman and the CEO.</p> <p>(b) The assessment of individual Directors' contributions and performance is conducted based on the performance criteria which are incorporated in the Directors' SPA questionnaires. They include the following:-</p> <p>(i) Will and ability to critically challenge and ask the right questions;</p> <p>(ii) Character and integrity in dealing with potential conflict of interest situations;</p>

	<ul style="list-style-type: none"> (iii) Commitment to serve the company, due diligence and integrity; (iv) Confidence to stand up for a point of view; (v) Fit and properness; (vi) Calibre and personality; (vii) Board dynamics and participation; (viii) Competency and capability; (ix) Independence and objectivity; and (x) Contribution and performance. <p>(c) The effectiveness of the Board Committees is assessed in terms of structure and processes, accountabilities and responsibilities, as well as the effectiveness of the Chairmen of the respective Board Committees.</p> <p>(d) The SPA for the Board Committee members is similar as the Directors' SPA, which is intended to assess their contribution, performance, calibre and personality in relation to the skills, experience and other qualities they bring to the Board/Board Committees. The SPA also examines the ability of each Board or Committee member to give input at meetings and to demonstrate a high level of professionalism and integrity in the decision-making process. It also takes into account the ability of each individual member to exercise independent judgement and demonstrate objectivity and clarity of thought on issues during deliberations at meetings, provide logical honest opinions, and offer practical and realistic advice to the discussions.</p> <p>(e) The feedback from the members of senior management was also being sought via the 360 Degrees Assessment questionnaires. The Management's feedback on the Board's role, and the extent of collaboration between the Board and Management in certain focus areas and in the review/decision-making processes are useful for the Board's consideration in enhancing its overall effectiveness.</p> <p>(2) The Company Secretaries had in September 2019 presented to the GNC the outcome of the BEE 2018/2019. The overall average ratings for areas of assessment was 3.42, based on a 4-scale rating assessment. The questions with the highest ratings indicated the strengths which the Board had demonstrated, and the questions with ratings of 2 and below indicated the weaknesses.</p> <p>In November 2019, the GNC considered the approach in developing the action plan in accordance with Guidance 5.1 of the Malaysian Code on Corporate Governance ("MCCG"), with the view to raise the bar on the Board's governance practices and overall effectiveness.</p>
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(3) In November 2019, the Board resolved to adopt the BEE 2018/2019 results after the GNC's review. The results generally reflected the Board's consensus that each of the Directors' level of performance was more than satisfactory (between 3.44 and 3.80), and that they had also met the performance criteria in the prescribed areas of assessments.

The Company Secretaries provided each Board member his/her own individual results of the Directors' SPA together with a peer average rating on each area of assessment for personal information and development. The Regulatory Committee members who are non-Directors of Bursa Malaysia were also provided with the results of their respective Committee Effectiveness Assessments including the Committee members' feedback, the individual results of the Committees' SPA together with a peer average rating on each area of assessment for personal information and development.

(4) The results of these assessments form the basis of the GNC's recommendations to the Board for the re-appointment of a Public Interest Director under the Capital Markets and Services Act 2007 and re-election of Directors at the forthcoming Annual General Meeting in 2020.

In addition to the SPA under the BEE 2018/2019, the Board is also satisfied with the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of Bursa Malaysia. The quorum of Board meetings had been met with full attendance for ten (10) Board meetings. Only two (2) Directors had attended twelve (12) out of fourteen (14) meetings i.e. 86% of the total number of Board meetings in 2019.

(5) As an effective practice to facilitate the discharge of their functions, the Non-Executive Directors had also convened their discussion sessions prior to five (5) Board meetings, and at the conclusion of five (5) Board meetings in 2019.

Their meeting attendance at Board and Board Committee meetings are evidenced by the attendance record in the CG Overview as set out on Page 90 of the Integrated Annual Report 2019.

(6) Based on the average ratings to the areas of assessment under the BEE 2018/2019, the key strengths were visible in the Responsibilities and Conduct, Composition, Process and Administration. The Board has demonstrated its commitment and accountability with its broad-based knowledge of Bursa Malaysia's core business and their competitive factors which may influence the business. The Board has also discharged its roles in ethics and governance oversight in ensuring legal and regulatory compliance of the Company.

	<p>The Board members provide comments from an independent and objective perspective especially in a decision-making process, including disclosure of interest and abstention in voting, where appropriate. The Board Committees are very effective in assisting the Board to carry out its duties, through their respective members who have brought with them the required functional knowledge and expertise.</p> <p>(7) In November 2019, the GNC considered the approach in developing the action plan in accordance with Guidance 5.1 of the MCCG. Even though there were no weaknesses identified (i.e. the area with rating of 2 and below) in the BEE 2018/2019, the GNC considered the items under the Board Effectiveness Assessment which were rated below 3 for possible enhancements, with the view to raise the bar on the Board's governance practices and overall effectiveness.</p> <p>(8) Arising from the BEE 2018/2019, the Board recognised that continued focus and priorities needs to be given to the following areas:-</p> <ul style="list-style-type: none"> • Innovation and product developments; • Human capital development and succession management; • Technology development; and • Investor relations / shareholders communication. <p>(9) During 2019, the Board had already initiated some actions for improvement to strengthen the Board and/or its process. They include the following:-</p> <ul style="list-style-type: none"> • Enhancement in quality of Board papers/ presentation to the Board for better utilisation of time and resources; and • Changes to the organisational structure to drive change culture and organisational development to the best interest of Bursa Malaysia.
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a formal and transparent process for approving the remuneration of the Board and Board Committees, Nominee Directors on the functional Board of the subsidiaries of Bursa Malaysia, the Chief Executive Officer ("CEO") and senior management.</p> <p>The remuneration policy is reviewed by the Remuneration Committee or the previous Nomination and Remuneration Committee ("RC") on an annual basis prior to making its recommendations to the Board for approval. In its review, the RC considers various factors including the Non-Executive Directors ("NEDs")' fiduciary duties, time commitments expected of them and the Company's performance.</p> <p>The fees of the NEDs and any benefits payable to the Directors shall from time to time be determined by an Ordinary Resolution of the Company in general meeting in accordance with Section 230 of the Companies Act ("CA") 2016.</p> <p>The RC reviews the remuneration policy for the members of the Board, Board Committees, Nominee Directors on the functional Board of the subsidiaries of Bursa Malaysia and the CEO, and recommends to the Board for approval.</p> <p>The Board is mindful that fair remuneration is critical to attract, retain and motivate the Directors of the Company as well as other individuals serving as members of the Board Regulatory Committees. In ensuring remuneration and incentives for Independent NEDs do not conflict with their obligations to bring objectivity and independent judgement, the RC may engage an external consultant to conduct the board remuneration review in conjunction with the engagement of an external consultant for the board effectiveness evaluation once every three (3) years [Paragraph 9.5 of the Board Charter].</p> <p>Following a Board remuneration review by an independent consultant, Korn Ferry/Hay Group ("KFHG") in June 2017, such review was</p>

	<p>conducted internally for two (2) consecutive years by the RC in November 2018 and November 2019 respectively.</p> <p>In its review conducted in 2019, the RC opined that the current Board remuneration policy remained competitive and relevant. Hence, the RC recommended to the Board in November 2019 for the Directors' fees and benefits payable to the Non-Executive Directors to remain the same as those duly approved by the shareholders at the 42nd Annual General Meeting on 28 March 2019.</p> <p>Bursa Malaysia's compensation strategy is based on two (2) main criteria i.e. Pay Positioning (External Comparison) and Pay Positioning (Internal Comparison). In 2019, the RC had considered the latest Aon Hewitt McLagan of Malaysia's survey data in its review process for determination of the key senior management's remuneration package.</p> <p>The RC is responsible to review the Group employees' compensation policy to ensure alignment of compensation to corporate performance. In January 2019, the RC approved the utilisation of the 2019 provision for annual salary increment and salary adjustment. The RC also considered the distribution of 2018 provision for performance bonuses, which took cognisance of the 2018 Corporate Scorecard results as well as individual performance for the year 2018.</p> <p>The RC is also responsible to implement and administer the Share Grant Plan ("SGP") in accordance with the SGP By-Laws which were approved by the shareholders since 26 May 2011 and as such, it is responsible for approving the employees share grants for each financial year. In this respect, the RC had in April 2019 considered the proposed 9th share grants under the 2019 Restricted Share Plan and Performance Share Plan of the SGP. The SGP will expire on 17 April 2021.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application :	Applied
Explanation on application of the practice :	<p>The Governance and Nomination Committee and Remuneration Committee ("RC") were established with effect from 1 July 2019 in place of the previous Nomination and Remuneration Committee ("NRC"). The Terms of Reference ("TOR") of the RC is available at https://www.bursamalaysia.com/about_bursa/about_us/corporate_governance/governance_model_document. The RC (and the previous NRC) comprises members who are Independent Non-Executive Directors of the Company.</p> <p>The Board is satisfied that the previous NRC/current RC has effectively and efficiently discharged its roles and responsibilities with respect to its remuneration function, which include amongst others, reviews of the remuneration policies for the Board, Board Committees, the Chief Executive Officer ("CEO") and key management personnel.</p> <p><u>For Board</u></p> <p>Section 230(1) of the Companies Act ("CA") 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 43rd Annual General Meeting ("AGM") on the Directors' remuneration in two (2) separate resolutions as follows:-</p> <ul style="list-style-type: none">• Resolution 5 on payment of Directors' fees in respect of the preceding year 2019; and• Resolution 6 on payment of Directors' benefits from 1 April 2020 to the next AGM in 2021. <p>(1) Board remuneration review</p> <p>A review of the Board remuneration policy was conducted internally by the RC in November 2019, to ascertain the competitiveness of the Board remuneration</p>

having regard to various factors including the Board remuneration framework of comparable public listed financial services companies and dominant provider companies in Malaysia as well as other comparable exchanges.

(2) Directors' fees

The Board had in November 2019 approved the RC's recommendation for the Directors' fees in respect of the financial ("FY") 2019 to remain unchanged i.e. same as the fees approved for the FY 2018, as they are still competitive and at par with the prevalent market rate.

The payment of the NEDs' fees in respect of the preceding FY 2019 will only be made if the proposed **Resolution 5** has been passed at the 43rd AGM pursuant to Article 19.1 of the Constitution and Section 230(1)(b) of the CA 2016.

(3) Benefits payable to the NEDs

The benefits payable to the NEDs comprise the allowances and other emoluments payable to the Chairman and members of the Board, Board of subsidiaries and Board Committees.

(a) At the 42nd AGM of the Company held on 28 March 2019, the benefits payable to the NEDs of the Company from 29 March 2019 until the 43rd AGM of the Company on 31 March 2020 was approved for an amount of up to RM2,200,000. The utilisation of this approved amount as at 31 December 2019 is RM1,448,150. Based on the schedule of meetings in the first quarter of 2020, an amount of RM520,000 is expected to be utilised for payment of meeting allowance and other benefits to the NEDs. Hence, the expected total utilised amount would be approximately 89% of the approved amount.

(b) Based on the Board Remuneration Review conducted by KFHG in 2017, the Directors' benefits for 2018 were revised to commensurate with the Directors' responsibilities, commitment and contribution with reference to their statutory duties, the complexity of the Group's businesses and the increased expectations from various stakeholders, given the unique nature of Bursa Malaysia being a regulator and a listed entity. The Directors' benefits payable to the NEDs were substantially the same for 2019 and are proposed to be maintained for 2020 as summarised in the table below:-

Description	Chairman	NEDs / Members
Meeting Allowance (per meeting)		
• Board of Bursa Malaysia	RM3,000	RM3,000
• Board of Functional Subsidiary	RM3,000	RM3,000
• Board Committee	RM3,000	RM3,000
Fixed Allowance		
• Board of Functional Subsidiary	RM20,000 per annum	RM12,000 per annum (RM1,000 per month)
• Board Committee	RM20,000 per annum	RM12,000 per annum (RM1,000 per month)
Monthly Fixed Allowance [Note 1]	RM52,000	Not Applicable
Other Benefits	Club membership, medical coverage, travel and other claimable benefits	Medical coverage, travel and other claimable benefits

	<p>Note 1: Monthly fixed allowance to the Chairman of Bursa Malaysia being an Exchange Holding Company and listed entity is made, in recognition of the significant roles in leadership and oversight, and the wide-ranging scope of responsibilities expected of her, as well as the fact that she does not serve on the boards of any other listed companies or market participants regulated by Bursa Malaysia.</p> <p>(c) The total amount of benefits payable to the NEDs is estimated to be up to RM2,200,000 from 1 April 2020 to the next AGM in 2021 (“Current Period”), based on the current Board Remuneration Policy and taking into account various factors including the number of scheduled meetings for the Board, Board of subsidiaries and Board Committees as well as the number of NEDs involved in these meetings. This amount is the same as the approved amount at the 42nd AGM.</p> <p>Payment of benefits to the NEDs will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred, if the proposed Resolution 6 has been passed at the 43rd AGM. The Board is of the view that it is just and equitable for the NEDs to be paid the Directors’ remuneration (excluding Directors’ fees) on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the Current Period.</p> <p><u>For CEO</u></p> <p>The Executive Director/CEO does not receive any Directors’ remuneration. The CEO, who also sits on the Board of subsidiary companies within the Group, is also not entitled to any Director’s fees or meeting allowance for attending those respective Board meetings.</p> <p>The CEO’s remuneration package is structured so as to link to corporate and individual performance measures which comprise fixed and variable components, determined based on the Key Performance Indicators in the Corporate Scorecard, as approved by the Board. Based on the 2018 Corporate Scorecard results, the former CEO’s performance bonus in respect of the FY 2018 performance was reviewed by the NRC, and was approved by the Board in January 2019.</p> <p>The current CEO of Bursa Malaysia is not eligible for any share grant under the SGP .</p> <p><u>For Employees</u></p> <p>In January 2019, the NRC assessed the performance of the key management personnel based on their performance with regard to the Corporate Scorecard and Divisional Scorecard results as well as competencies. To ensure consistency in their performance assessments, the final performance ratings as decided by the NRC is used for the purpose of determining their performance bonuses and annual increments.</p>
:	

Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application :	Applied																																																																									
Explanation : on application of the practice	<p>In line with best corporate governance practice, the disclosure of the Directors' remuneration on a named basis has been made in the Annual Audited Financial Statements over the years.</p> <p>The remuneration received by each of the Non-Executive Directors (NEDs) and Chief Executive Officer in 2019 is set out in the tables below:-</p> <p>(1) <u>NEDs</u></p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name of NEDs as at 31 December 2019</th> <th>Directors' Fees for FY 2019* (RM'000)</th> <th>Other Allowances (RM'000)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Datuk Shireen Ann Zaharah binti Muhiudeen</td> <td>250</td> <td>670</td> </tr> <tr> <td>2.</td> <td>Johari bin Abdul Muid</td> <td>200</td> <td>204</td> </tr> <tr> <td>3.</td> <td>Datin Mariam Prudence binti Yusof</td> <td>200</td> <td>181</td> </tr> <tr> <td>4.</td> <td>Datuk Karownikaran @ Karunakaran a/l Ramasamy</td> <td>200</td> <td>167</td> </tr> <tr> <td>5.</td> <td>Pushpanathan a/l S.A. Kanagarayar</td> <td>200</td> <td>156</td> </tr> <tr> <td>6.</td> <td>Datin Grace Yeoh Cheng Geok</td> <td>200</td> <td>180</td> </tr> <tr> <td>7.</td> <td>Chong Chye Neo</td> <td>200</td> <td>107</td> </tr> <tr> <td>8.</td> <td>Uji Sherina binti Abdullah</td> <td>24</td> <td>31</td> </tr> <tr> <td></td> <td>Name of Former NEDs</td> <td></td> <td></td> </tr> <tr> <td>9.</td> <td>Tan Sri Amirsham bin A Aziz</td> <td>50</td> <td>156</td> </tr> <tr> <td>10.</td> <td>Datuk Chay Wai Leong</td> <td>48</td> <td>34</td> </tr> <tr> <td>11.</td> <td>Ghazali bin Haji Darman</td> <td>48</td> <td>27</td> </tr> </tbody> </table> <p>* Subject to shareholders' approval at the 43rd Annual General Meeting</p> <p>(2) <u>Executive Director/Chief Executive Officer (Current and Former)</u></p> <table border="1"> <thead> <tr> <th></th> <th>Salary (RM'000)</th> <th>Bonus (RM'000)</th> <th>EPF (RM'000)</th> <th>Other emoluments (RM'000)</th> <th>Benefits-in-kind (RM'000)</th> <th>Total (RM'000)</th> </tr> </thead> <tbody> <tr> <td>Datuk Muhamad Umar Swift (Current)</td> <td>1,265</td> <td>-</td> <td>210</td> <td>7</td> <td>35</td> <td>1,517</td> </tr> <tr> <td>Datuk Seri Tajuddin bin Atan (Former)</td> <td>163</td> <td>-</td> <td>38</td> <td>563</td> <td>35</td> <td>799</td> </tr> </tbody> </table>	No.	Name of NEDs as at 31 December 2019	Directors' Fees for FY 2019* (RM'000)	Other Allowances (RM'000)	1.	Datuk Shireen Ann Zaharah binti Muhiudeen	250	670	2.	Johari bin Abdul Muid	200	204	3.	Datin Mariam Prudence binti Yusof	200	181	4.	Datuk Karownikaran @ Karunakaran a/l Ramasamy	200	167	5.	Pushpanathan a/l S.A. Kanagarayar	200	156	6.	Datin Grace Yeoh Cheng Geok	200	180	7.	Chong Chye Neo	200	107	8.	Uji Sherina binti Abdullah	24	31		Name of Former NEDs			9.	Tan Sri Amirsham bin A Aziz	50	156	10.	Datuk Chay Wai Leong	48	34	11.	Ghazali bin Haji Darman	48	27		Salary (RM'000)	Bonus (RM'000)	EPF (RM'000)	Other emoluments (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)	Datuk Muhamad Umar Swift (Current)	1,265	-	210	7	35	1,517	Datuk Seri Tajuddin bin Atan (Former)	163	-	38	563	35	799
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	Disclosures of the detailed remuneration breakdown for all Directors, including the Chief Executive Officer are as set out in Note 9 and Note 36(c) to the Financial Statements on Pages 181 and 219 of the Integrated Annual Report 2019 respectively.	
Explanation : for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Not applicable - Step Up 7.3 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Adopted																																																	
Explanation on adoption of the practice	:	<p>The disclosure of the remuneration of the key senior management (“KSM”) personnel is made on a named basis for the second time in the Audited Financial Statements for the previous financial year (“FY”) 2018. The total remuneration of the KSM personnel in respect of the FY 2019 as at 31 December 2019 are set out in the table below:-</p> <table border="1"><thead><tr><th>No.</th><th>Name of Personnel</th><th>Salary (RM'000)</th><th>Bonus (RM'000)</th><th>EPF (RM'000)</th><th>Other emoluments (RM'000)</th><th>Total (RM'000)</th></tr></thead><tbody><tr><td>1.</td><td>Selvarany Rasiah</td><td>886</td><td>192</td><td>189</td><td>295</td><td>1,562</td></tr><tr><td>2.</td><td>Datin Azalina binti Adham</td><td>634</td><td>137</td><td>139</td><td>266</td><td>1,176</td></tr><tr><td>3.</td><td>Yew Yee Tee</td><td>675</td><td>146</td><td>155</td><td>252</td><td>1,228</td></tr><tr><td>4.</td><td>Rosidah binti Baharom</td><td>593</td><td>129</td><td>132</td><td>249</td><td>1,103</td></tr><tr><td>5.</td><td>Samuel Ho Hock Guan</td><td>1,140</td><td>247</td><td>-</td><td>627</td><td>2,014</td></tr><tr><td>6.</td><td>Mahdzir bin Othman</td><td>540</td><td>117</td><td>121</td><td>217</td><td>995</td></tr></tbody></table> <p>Their remunerations are also set out in Note 36(c) to the Financial Statements on Page 219 of the Integrated Annual Report 2019.</p>	No.	Name of Personnel	Salary (RM'000)	Bonus (RM'000)	EPF (RM'000)	Other emoluments (RM'000)	Total (RM'000)	1.	Selvarany Rasiah	886	192	189	295	1,562	2.	Datin Azalina binti Adham	634	137	139	266	1,176	3.	Yew Yee Tee	675	146	155	252	1,228	4.	Rosidah binti Baharom	593	129	132	249	1,103	5.	Samuel Ho Hock Guan	1,140	247	-	627	2,014	6.	Mahdzir bin Othman	540	117	121	217	995
No.	Name of Personnel	Salary (RM'000)	Bonus (RM'000)	EPF (RM'000)	Other emoluments (RM'000)	Total (RM'000)																																													
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Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Audit Committee ("AC") comprises three (3) members who are Independent Non-Executive Directors ("NEDs"), one of whom is also a Public Interest Director.</p> <p>The AC Chairman, Mr. Pushpanathan a/I S.A. Kanagarayar is a member of the Institute of Chartered Accountants of Scotland (ICAS), Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accounts (MIA). He is not the Chairman of the Board.</p> <p>Mr. Pushpanathan a/I S.A. Kanagarayar is an Independent NED and was appointed as the AC Chairman since 23 June 2014. The Chairman of the Board of Bursa Malaysia is Datuk Shireen Ann Zaharah binti Muhiudeen with effect from 1 March 2019. Prior thereto, it was Tan Sri Amirsham bin A Aziz. This has always been the practice by Bursa Malaysia, in line with the requirements in Practice 8.1 of the Malaysian Code on Corporate Governance which had been reflected in the Terms of Reference of the AC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied
Explanation on application of the practice	:	<p>Bursa Malaysia has always recognised the need to uphold independence. None of the members of the Board were former key audit partners within the cooling-off period of two (2) years. Hence, there is no such person being appointed as a member of the AC.</p> <p>The requirements as to "Any former key audit partner must have observed a cooling-off period of at least 2 years before one is eligible for appointment as AC member" in Practice 8.1 of the Malaysian Code on Corporate Governance is also set out under the Terms of Reference of the AC.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>In the fourth quarter of 2019, the external auditors, Messrs. Ernst & Young ("EY") presented for the Audit Committee ("AC")'s review its 2019 Audit Plan which outlined its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matters with reference to the International Standard on Auditing 701. This formed part of the AC's assessment of the suitability, objectivity and independence of EY on an annual basis. Based on the outcome of its assessment, the AC decides whether or not to recommend to the Board for the shareholders' approval to be sought on the re-appointment of the external auditors at the forthcoming 43rd Annual General Meeting ("AGM").</p> <p>The above had been practised in accordance with the Auditor Independence ("AI") Policy. The AC at its meeting held on 22 October 2019 reviewed the proposed revisions to the AI Policy based on the following:-</p> <p>(1) Malaysian Institute of Accountants (MIA) By-Laws (<i>which were amended on 30 May 2019 and came into effect on 15 June 2019. It was substantially based on the Code of Ethics for professional accountants of the International Ethics Standard Board of Accountants (IESBA)</i>); and</p> <p>(2) Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>The revised AI Policy was subsequently approved by the Board at its meeting held on 28 November 2019. It provides that:-</p> <p>(a) The AC shall review the re-appointment of the external auditors based on the Management's annual performance evaluation of the external auditors and/or whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment.</p> <p>(b) A comprehensive review through a benchmarking exercise on the external auditors' fees shall be performed once every seven (7) years, otherwise upon request by the Board of Directors or the AC</p>

	<p>to conduct a formal tender process. When a formal tender process is being performed, the Management needs to consider amongst others the suitability and competence of the audit firm and the audit engagement team.</p> <p>With reference to the said revised AI Policy, the lead engagement partner and quality control review partner who are responsible for the financial statements of Bursa Malaysia Group will be subject to a seven-year rotation with a five-year cooling-off period. Dato' Megat Iskandar Shah bin Mohamad Nor became the lead engagement partner in 2015 and will be due for rotation in 2022. The quality control review partner, Mr. Yeo Beng Yean who was appointed in 2016 will be due for rotation in 2023.</p> <p>The AC had in January 2020 undertaken an annual assessment of the quality of audit which encompassed the performance of EY, the quality of EY's communications with the AC and Bursa Malaysia, and EY's independence, objectivity and professionalism.</p> <p>The AC considered the feedback obtained via assessment questionnaires from Bursa Malaysia personnel who had substantial contact with the external audit team and EY throughout the year. The AC also took into account the openness in communication and interaction with the lead engagement partner and engagement team through discussions at private meetings, which demonstrated their independence, objectivity and professionalism.</p> <p>In January 2020, EY in its presentation of the External Auditors' report to the AC provided a written assurance that they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of the Group for the FY 2019.</p> <p>The AC was satisfied with the suitability of EY based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The AC was also satisfied in its review that the provision of the non-audit services by EY to the Company for the FY 2019 did not in any way impair their objectivity and independence as external auditors of Bursa Malaysia.</p> <p>Having regard to the outcome of the annual assessment of external auditors, the Board had in January 2020 approved the AC's recommendation for the shareholders' approval to be sought at the 43rd AGM on the appointment of EY PLT as external auditors of the Company for the FY ending 31 December 2020.</p>
<p>Explanation for departure</p>	<p>:</p>

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted										
Explanation on adoption of the practice	:	<p>The Audit Committee ("AC") comprises wholly of Independent Non-Executive Directors ("NEDs"). A NED of the Company who satisfies the independence test under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is an Independent Director. This is provided in the Terms of Reference ("TOR") of the Board of Directors.</p> <p>The AC comprises three (3) Independent NEDs, one of whom is also a Public Interest Director in accordance with the membership classification under the TOR of the AC as set out below:-</p> <table border="1"><thead><tr><th>No.</th><th>Membership Classification of the AC</th></tr></thead><tbody><tr><td>1.</td><td>Independent Non-Executive Director (Chairman of the AC)</td></tr><tr><td>2.</td><td>Independent Non-Executive Director</td></tr><tr><td>3.</td><td>Independent Non-Executive Director</td></tr><tr><td>4.</td><td>Independent Non-Executive Director who is a Public Interest Director</td></tr></tbody></table> <p>The fourth member of the AC will be appointed in due course, when the Board size is increased to its optimum size.</p>	No.	Membership Classification of the AC	1.	Independent Non-Executive Director (Chairman of the AC)	2.	Independent Non-Executive Director	3.	Independent Non-Executive Director	4.	Independent Non-Executive Director who is a Public Interest Director
No.	Membership Classification of the AC											
1.	Independent Non-Executive Director (Chairman of the AC)											
2.	Independent Non-Executive Director											
3.	Independent Non-Executive Director											
4.	Independent Non-Executive Director who is a Public Interest Director											

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>The review of the composition of the Audit Committee ("AC") shall be conducted annually in accordance with Paragraph 15.20 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad. The AC members shall be appointed by the Board of Directors for a term of one (1) year, and the AC members may be eligible for re-appointment.</p> <p>The Board reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual Board Committee effectiveness evaluation.</p> <p>The AC members are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations.</p> <p>The Chairman and members of the AC are financially literate, and have carried out their duties in accordance with the Terms of Reference of the AC.</p> <p>Based on the outcome of the AC Effectiveness Assessment of the Board Effectiveness Evaluation 2018/2019, the Board is satisfied with the AC's performance as its Chairman and members possess the necessary knowledge, experience, expertise and skills which contributed to the overall effectiveness of the AC. The AC was involved in the following:-</p> <p>(1) Financial reporting process</p> <p>The AC reviewed the Company's financial statements with the presence of the external auditors and the Director of Internal Audit, prior to recommending them for approval by the Board and issuance to stakeholders. As part of the governance process in reviewing the quarterly and annual financial statements by the AC:-</p>

- (a) The Chief Financial Officer provided assurance to the AC on a quarterly basis that appropriate accounting policies had been adopted and applied consistently; that the going concern basis applied in the Condensed Consolidated Financial Statements (“CCFS”) and Annual Financial Statements was appropriate; that prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards (“IFRS”); that adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRS, IFRS, International Accounting Standards (“IAS”) and MMLR; and that the CCFS and Annual Financial Statements did not contain any material misstatement and gave a true and fair view of the financial position of the Group and the respective companies within the Group for 2019.
- (b) The Director of Internal Audit undertook an independent assessment on the internal control system on a quarterly basis and assured the AC that no material issue or major deficiency had been noted which would pose a high risk to the overall system of internal control under review.
- (c) The external auditors, EY confirmed that they had conducted their review on the quarterly CCFS in accordance with the International Standard on Review Engagements 2410, “*Review of Interim Financial Reporting Information Performed by the Independent Auditor of the Entity*”. All the quarterly financial statements were prepared in all material respects in accordance with MFRS 134 and IAS 34, as nothing had come to their attention which caused them to believe otherwise.
- (d) EY presented their Independent Auditors’ Report on the Annual Financial Statements for the financial year ended 31 December 2019 together with the key audit matters therein as well as their long form report covering their observations, findings and recommendations on certain process improvements noted during their course of the audit.
- (e) There had been co-ordination between internal and external auditors with regard to the use of work of internal audit by EY in 2019. Besides EY’s normal review and reliance on the internal audit reports issued during the year, two (2) internal auditors were assigned to the year-end financial audit under the supervision of EY based on consideration of their competence and objectivity.

The two (2) staff had been assigned to EY for the FY 2019 financial audit in compliance with EY’s independence requirements and appropriate safeguards were observed as to

	<p>the reporting protocol by the said staff during their assignment period to ensure the independence of the external audit function was not impaired.</p> <p>(2) Continuous education</p> <p>The AC members were invited to various training programmes to keep abreast of relevant industry developments including accounting and auditing standards, business practices and rules, to address any skills or knowledge gaps according to their needs. The AC members play a key role in the Public Interest Enterprise (“PIE”)’s governance structure and are responsible in overseeing the PIE’s financial reporting process.</p> <p>Amongst others, the AC Chairman, Mr. Pushpanathan S.A. Kanagarayar was appointed as the Chairman, MFRS Application & Implementation Committee (“MAIC”) of the Malaysian Accounting Standards Board (“MASB”), for an initial term of two (2) years from 1 March 2019 to 28 February 2021. MAIC is entrusted to look into issues relating to the existing and potential divergent practices to ensure consistent application and implementation of MFRSs for the benefit of the capital market. As MAIC Chairman, he had been actively involved in resolving pending and transitional practice issues in the implementation of the various extant MFRSs.</p> <p>Mr. Pushpanathan S.A. Kanagarayar also continues to serve as the Chairman of the Insurance Working Group of MASB in the rollout of MFRS 17 - Insurance Contracts, of which the latest implementation date of MFRS 17 is effective from 1 January 2022.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board affirms its overall responsibility for the Group's system of internal control and risk management and for reviewing the adequacy and integrity of the system. The system of internal control covers governance, risk management, financial, strategy, organisational, operational, regulatory and compliance control matters. The Board recognises that this system is designed to manage, rather than eliminate, the risks of not adhering to the Group's policies and achieving goals and objectives within the risk appetite and risk tolerance established by the Board and Management. Therefore, the system provides reasonable, but not absolute, assurance against the occurrence of any material misstatement, loss or fraud.</p> <p>As the Group's risk management framework which is based on the ISO 31000:2009 Risk Management – Principles and Guidelines, Securities Commission's Guidelines on Financial Market Infrastructures as well as the International Organisation of Securities Commissions (IOSCO) – Principles of Financial Market Infrastructures (PFMI), the Risk & Compliance Division had performed an assessment to align the principles, framework and processes based on ISO31000: 2018.</p> <p>The key enhancements in ISO 31000: 2018 include greater emphasis on the creation and protection of value, leadership and commitment in the integration of risk management in decision-making as well as open and active engagement for recording and reporting of risk.</p> <p>The Risk Management Committee ("RMC") at its meeting held in September 2019 reviewed the Enterprise Risk Management ("ERM") Principles and Framework together with four (4) supplementary frameworks i.e. Strategic, Operational Financial, Legal and Regulatory Risk Management Framework ("Supplementary Frameworks"), to align various sections to ISO 31000: 2018. The workflow was enhanced via Governance Risk & Compliance solution. The risk identification of potential fraud, bribery and corruption exposure was also included in the Risk Control Self-Assessment process. In addition, the Business Continuity Management Framework was also proposed to be aligned with the Securities Commission's Guiding Principles on Business Continuity.</p>

	<p>The RMC resolved to recommend to the Board for approval of the ERM Principles and Framework together with the consolidation of the Supplementary Frameworks. The same was approved by the Board in December 2019.</p> <p>Apart from the above, the ERM framework remains the same with a risk management structure comprising three (3) lines of defence with established and clear functional responsibilities and accountabilities for the management of risk. The Group's risk profile, risk appetite and risk tolerance define the overarching parameters of the Group for the management of risk. Clear risk treatment guidance is in place stipulating the actions to be taken for each type of risk.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board via the Risk Management Committee ("RMC") oversees the risk management matters of the Group, which include identifying, managing, monitoring, treating and mitigating significant risks across the Group. The RMC also assists the Board to fulfil its responsibilities with regard to risk governance and risk management in order to manage the overall risk exposure of the Group. The RMC is also responsible for overseeing the compliance and business continuity management of the Group.</p> <p>The RMC reviews and recommends for the Board's consideration and approval, the risk management principles, frameworks and policies for managing risks within the Group. The RMC also monitors and assesses the risk appetite and risk tolerance of the Group, so as to safeguard the shareholders' investments and the Group's assets.</p> <p>The Group has an established and structured process for the identification, assessment, communication, monitoring as well as continual review of risks and effectiveness of risk mitigation strategies and controls at the divisional and enterprise levels. The analysis and evaluation of risks are guided by approved risk criteria. The Group also has risk management tools to support the risk management process and reporting.</p> <p>In November 2019, the RMC reviewed and recommended the annual Corporate Risk Profile ("CRP") 2020 which specifies key enterprise risks, for approval by the Board. The Board at its meeting held in November 2019 considered the residual risk severity of the top 11 risks of the Group and took into consideration the potential impact from any foreseeable future event or situation which could adversely affect the strategic objectives of the Group. Eight (8) of the 11 risks were considered for the CRP 2020, and only one (1) of the eight (8) key risks is new i.e. Data Management.</p> <p>The RMC had also assessed the risk impact and likelihood of those key risks and determined the risk ratings accordingly for continuous risk mitigation actions. The RMC regularly monitors the key risks facing the</p>

	<p>business in order to stay current on governance practices relating to the risk.</p> <p>Further details on the management and reporting of eight (8) key risks of the CRP 2020, and the controls in place to mitigate and manage those risks are provided in the Statement on Internal Control and Risk Management on Pages 102 to 111 of the Integrated Annual Report 2019.</p>	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted										
Explanation on adoption of the practice	:	<p>The Risk Management Committee ("RMC") comprises wholly of Independent Non-Executive Directors ("NEDs"). A NED of the Company satisfies the independence test under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is an Independent Director. This is provided in the Terms of Reference ("TOR") of the Board of Directors.</p> <p>The RMC comprises four (4) Independent NEDs, one of whom is also a Public Interest Director, in accordance with the membership classification under the TOR of the RMC as set out below:-</p> <table border="1"><thead><tr><th>No.</th><th>Membership Classification of the RMC</th></tr></thead><tbody><tr><td>1.</td><td>Independent Non-Executive Director (Chairman of the RMC)</td></tr><tr><td>2.</td><td>Independent Non-Executive Director</td></tr><tr><td>3.</td><td>Independent Non-Executive Director</td></tr><tr><td>4.</td><td>Independent Non-Executive Director who is a Public Interest Director</td></tr></tbody></table>	No.	Membership Classification of the RMC	1.	Independent Non-Executive Director (Chairman of the RMC)	2.	Independent Non-Executive Director	3.	Independent Non-Executive Director	4.	Independent Non-Executive Director who is a Public Interest Director
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2.	Independent Non-Executive Director											
3.	Independent Non-Executive Director											
4.	Independent Non-Executive Director who is a Public Interest Director											

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	: Applied
Explanation on application of the practice	<p>The Board has established an in-house internal audit (“IA”) function for Bursa Malaysia Group, which is led by the Director of IA who reports directly to the Audit Committee (“AC”), and administratively to the Chief Executive Officer.</p> <p>In this respect, the Director of IA shall be accountable in reporting to the AC on the assessment of adequacy and effectiveness of the Group’s control processes. She has full access to the AC Chairman for consultation and clarification on audit scope and objectives as well as reporting purpose.</p> <p>As guided by the IA’s Audit Charter, IA must be independent of the activities and processes, which it appraises to ensure it is able to perform its duties in an objective manner and provide impartial advice to the AC.</p> <p>The IA function undertakes an independent assessment on the internal control system of the Group based on audit engagements carried out in the financial year and provides assurance to the AC that no material issue or major deficiency has been noted which would pose a high risk to the overall system of internal control under review.</p> <p>To ensure that the responsibilities of IA are fully discharged, the AC reviews:-</p> <ul style="list-style-type: none">(a) the appointment and removal of the Director of IA;(b) the adequacy of the IA’s scope, competency, experience and resources of the IA function; and(c) the appraisal or assessment of performance of the IA function and performance of the Director of IA. <p>The IA engagements were carried out based on the annual audit plan 2019 as approved by the AC in accordance with the International Professional Practices Framework by The Institute of Internal Auditors. IA provides recommendations to mitigate control weaknesses and enhanced the governance, risk management and control processes within the Group. The results of the audits as disclosed in the IA reports were reviewed by the AC. The relevant Management members were</p>

	<p>made responsible to ensure that corrective actions on the reported weaknesses were taken within the required timeframes. IA conducted follow-up reviews/audits to ensure that the corrective actions were implemented appropriately. The detailed activities carried out by the IA are provided in the AC Report on Pages 112 to 118 of the Integrated Annual Report 2019.</p> <p>In line with the Malaysian Code on Corporate Governance, the AC is responsible to determine the remit of and decide on the budget for the IA function under its Terms of Reference, to ensure that the IA function is effective and is able to perform independently.</p> <p>The AC had in November 2019 reviewed and approved the IA's Business Plan and Budget for the year 2020, which comprised the allocation of additional one (1) resource in view of the additional assurance requirements.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>In accordance with the Internal Audit (“IA”)’s Audit Charter [Section 4.0. Independence & Objectivity], IA is required to confirm to the Board (via the Audit Committee (“AC”)), at least annually, the organizational independence of the internal audit activity. This is also in accordance with Standard 1110 – “Organisational Independence” of the International Standards for Professional Practice of Internal Auditing.</p> <p>All auditing endeavours are conducted in compliance with the Institute of Internal Auditors’ (“IIA”) Definition of Internal Auditing, Code of Ethics and the International Standards for Professional Practice of Internal Auditing as set out in the Terms of Reference (“TOR”) of the AC.</p> <p>IA had in January 2020 confirmed its organisational independence to the AC, where the Director of IA and all the internal auditors had signed the annual declaration that they were and had been independent, objective and in compliance with the Code of Ethics of Bursa Malaysia and the professional standards laid down by the IIA in carrying out their duties for the financial year 2019.</p> <p>All the IA personnel confirmed via the annual declarations that they are free from any relationships or conflicts of interest, which could impair their objectivity and independence. They provided assurance to the AC that whilst carrying out their duties as internal auditors of Bursa Malaysia, they:-</p> <ol style="list-style-type: none"> (1) were independent of the process/ area/ division/ department that they are auditing; (2) applied and upheld the principles stated in the IIA’s Code of Ethics; and (3) complied with the requirements as stated in Bursa Malaysia’s Code of Ethics. <p>The IA function has 15 approved headcount, comprising the Director of IA, 13 internal auditors and a secretary. The Director of IA, Puan Mazliana binti Mohamad is a Member of the Malaysian Institute of</p>

	<p>Accountants (MIA), a Chartered Global Management Accountant from the Chartered Institute of Management Accountants (CIMA), Chartered Accountant Malaysia (C.A.(M)) and a Certified Internal Auditor by the Institute of Internal Auditors (IIA). She also acquired the Certification in Risk Management Assurance (CRMA) by the IIA.</p> <p>Seven (7) of the internal auditors have relevant certifications or professional qualifications such as C.A.(M), Chartered Islamic Finance Professionals (CIFP), Certified Internal Auditors and CRMS by the IIA, Certified Information Security Malaysia Standard (ISMS) Lead Auditor by BSI Group and Certified Information Systems Auditor (CISA).</p> <p>In accordance with the TOR of the AC, the AC had in January 2020 conducted an annual assessment of the performance of the IA function by reviewing the 2019 IA Scorecard results. The AC was satisfied with the competency, experience and resources of the IA function for discharging its role and responsibilities.</p> <p>The AC was also satisfied that the IA function is performed in accordance with the IIA's Definition of Internal Auditing and Code of Ethics and that it conforms to the International Standards for Professional Practice of Internal Auditing. This would enable the IA function to continuously deliver value-added assurance to Bursa Malaysia and to support Bursa Malaysia in achieving its corporate and strategic objectives.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>Bursa Malaysia ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure. Depending on stakeholder type and objective, Bursa Malaysia customises its engagement approaches and communicate with its stakeholders through appropriate platforms/methods.</p> <p>(1) Bursa Malaysia is committed to being accountable and responsive to the expectations and interests of its stakeholders. Amongst the Company's key stakeholders are as below:-</p> <ul style="list-style-type: none">(a) Public listed companies (PLCs) or potential PLCs (including advisers and secretarial firms that act on their behalf);(b) Investors;(c) Intermediaries (including brokers, clearing participants and depository agents);(d) Regulators and government agencies;(e) Employees;(f) Bursa Malaysia's shareholders and analysts;(g) Industry associations, professional bodies and industry experts;(h) Community groups (including non-profit organisations which are beneficiaries of our community initiatives). <p>(2) To facilitate the stakeholders' understanding of the Company with respect to the business of the company and its policies on governance, the Company has placed various documents pertaining to the organisation, Board and Management, corporate governance, policies, charters, terms of references as well as other corporate information on its website under 'About Bursa - About Us', for easy reference.</p> <p>The Company has also utilised information technology to broadly and effectively disseminate information with regard to the dates scheduled for release of its quarterly results. After the end of every quarter, the Company Secretary will announce these dates in advance via Bursa LINK.</p>

In 2019, the quarterly financial results were announced via Bursa LINK immediately after the Board's approval between 12.30 p.m. and 1.30 p.m. on the same day and analyst/media briefings were conducted for the second and fourth quarterly financial results. This is important in ensuring equal and fair access to information is provided to the investing public, so that they are able to make informed decisions.

- (3) Bursa Malaysia via its website under 'About Bursa - Investor Relations' provides all relevant information on the Company which is accessible to the public. They include all announcements made by Bursa Malaysia, share price information, annual reports, notices of general meetings, minutes of general meetings, slide presentations made at such meetings and webcasts for the benefit of shareholders who are unable to attend these meetings.

Bursa Malaysia's Investor Relations ("IR") function is responsible to ensure and facilitate continuous and effective communication between the Company and its stakeholders. The stakeholders are encouraged to channel their concerns to the Head of IR, Puan Rasmona Abdul Rahman. Her contact number and e-mail address - ir@bursamalaysia.com are provided on Bursa Malaysia's website, and on Page 87 of the Integrated Annual Report 2019.

- (4) Bursa Malaysia strives to maintain an open and two-way communication with its **employees** to discuss, among others, the Company's performance and growth strategies, Code of Ethics, training and development, performance evaluation and management, remuneration and benefits, occupational safety, health and wellbeing, collective bargaining and employee volunteerism. In 2019, Bursa Malaysia engaged with its employees primarily through its internal employee portal (i.e. MY1818), meetings, feedback sessions, training sessions, talks, surveys and campaigns. In addition to the above, employees can also relay their concerns via the grievance platform and whistleblowing channel.

- (5) Bursa Malaysia engages with its **local communities** (e.g. beneficiaries of Yayasan Bursa Malaysia, scholars) primarily on matters pertaining to Bursa Malaysia's community investment and Corporate Social Responsibility initiatives through meetings, phone calls, Bursa Malaysia's corporate website and events such as the Bursa Bull Charge.

The stakeholders are also encouraged to channel their concerns to the Director of Sustainability, Ms. Emilia Tee Yoke Hoong who leads the Sustainability Department and reports directly to the CEO of Bursa Malaysia. Her contact number and e-mail address are provided in Bursa Malaysia's annual sustainability reports.

- (6) Bursa Malaysia had in 2019 issued an online survey to its key stakeholders seeking input on matters that are important both to

	<p>Bursa Malaysia and its stakeholders (“Material Matters”) and how well Bursa Malaysia was managing each Material Matter. A total of 19 Material Matters were listed for validation in the survey. The result of the assessment indicated that all the Material Matters were relevant, and there was a high alignment between the perception of the internal and external stakeholders in these Material Matters.</p> <p>Details of the assessment of Material Matters and stakeholder engagement conducted in 2019 are provided in Chapter 12 of the Sustainability Report 2019.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>As part of our efforts to develop a strategic corporate reporting approach to better meet the needs of various stakeholders and achieve business benefits, Bursa Malaysia had in the 2016 Annual Report, embarked on its integrated reporting (<IR>) journey. Through the <IR> approach, Bursa Malaysia as a frontline regulator, a market operator, an influencer and a public listed company aims to tell a clear and comprehensive story about Bursa Malaysia, its business, strategies as well as how Bursa Malaysia creates values and shares them with all its stakeholders over the near, medium and long term.</p> <p>Underpinning Bursa Malaysia's commitment to sustainable and long-term value creation, Bursa Malaysia had issued its first Integrated Annual Report ("IAR") 2018 on 28 February 2019 based on the International Integrated Reporting Council's International Integrated Reporting Framework. The IAR 2019 will be the second as part of the <IR> journey to improve quality of information disclosures to stakeholders and promote greater transparency and accountability on Bursa Malaysia.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	<p>Bursa Malaysia dispatches the notice of its Annual General Meeting (“AGM”) to shareholders at least 28 days before the AGM, well in advance of the 21-day requirement under the Companies Act (“CA”) 2016 and Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The additional time given to shareholders allows them to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.</p> <p>Bursa Malaysia published on its website an Administrative Guide together with the Notice of the 42nd AGM, to provide the shareholders with the detailed procedures of the AGM, their entitlement to attend the AGM, their right to appoint a proxy and information as to who may count as a proxy. The Company allows a member to appoint a proxy who need not be a member of the Company.</p> <p>The notes to the Notice of the 42nd AGM dated 28 February 2019 had provided detailed explanations for each resolution proposed, e.g. re-election of Directors, Directors’ remuneration comprising the Directors’ fees and benefits, appointment of auditors, to enable shareholders to make informed decisions in exercising their voting rights.</p> <p>In 2019, the 42nd AGM was held on 28 March 2019 and the Notice of 42nd AGM was issued to shareholders on 28 February 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	<p>At the 42nd Annual General Meeting (“AGM”), all the ten (10) Directors including the Chairmen of the Audit Committee, Nomination and Remuneration Committee (“NRC”) and Risk Management Committee, were present in person to engage directly with shareholders, and be accountable for their stewardship of the Company.</p> <p>The proceedings of the 42nd AGM included the Chief Executive Officer (“CEO”)’s presentation of the Company’s operating and financial performance for 2018, the presentation of the external auditors’ unqualified report to the shareholders, and a Questions & Answers session during which the Chairman invited shareholders to raise questions pertaining to the Company’s financial statements and other items for adoption at the meeting, before putting a resolution to vote.</p> <p>Besides the Directors and CEO, the Management and external auditors were in attendance to respond to the shareholders’ queries. The CEO also shared with the shareholders in attendance, the Company’s responses to questions submitted in advance of the AGM by the Minority Shareholder Watch Group.</p> <p>To further encourage engagement between the Directors and shareholders, shareholders were also invited to submit any additional questions they might have had via an enquiry box placed at the venue of the 42nd AGM so that these could be responded to in writing after the meeting. Officers of the Company were present to handle other face-to-face enquiries from shareholders.</p> <p>At the 42nd AGM, the NRC Chairman, Datuk Karownikaran @ Karunikaran a/l Ramasamy briefed the shareholders on Resolution 4 - Directors’ fees and Resolution 5 - Payment of benefits payable to the Non-Executive Chairman and Non-Executive Directors (“NEDs”). Pursuant to Section 230(1) of the CA 2016 which came into effect on 31 January 2017, “the fees” of the directors and “any benefits” payable to the directors of a listed company and its subsidiaries are to be approved at a general meeting.</p> <p>In this respect, Datuk Karownikaran explained to the shareholders/proxies that the Board had established a formal and transparent remuneration policy and review process. The Board</p>

	<p>through the NRC reviewed the Board Remuneration Policy on an annual basis.</p> <p>Following an independent Board remuneration review conducted by an external consultant, Korn Ferry/Hay Group (KFHG) in 2017, the fees for the NEDs had been increased for the financial year (FY) 2017 to attract and retain individuals with strong credentials and high calibre to serve on the Board of the Company. Hence, a review of the Board remuneration policy was conducted internally by the NRC in November 2018, to ascertain the competitiveness of the Board remuneration, having regard to various factors in line with Guidance 6.1 of the Malaysian Code on Corporate Governance. They include amongst others the Board remuneration framework of comparable public listed financial services companies and dominant provider companies in Malaysia as well as other comparable exchanges.</p> <p>At the 42nd AGM, the NRC Chairman, Datuk Karunakaran informed the shareholders that the Directors' fees and benefits payable to the NEDs are still competitive and at par with the prevalent market rate. The Board recommended for the amount of benefits payable to the NEDs from 29 March 2019 to the next AGM in 2020, to be up to RM2,200,000, RM200,000 lower than the approved amount at the 41st AGM.</p> <p>The poll results showed that 99.985% and 99.776% were in favour of Resolutions 4 and 5 respectively, and they were duly passed at the 42nd AGM.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Applied
Explanation on application of the practice	:	<p>At its 39th AGM held on 31 March 2016, Bursa Malaysia had leveraged technology to facilitate electronic voting (“e-voting”) for the conduct of poll on all resolutions for the first time. Electronic voting devices were used to provide a more efficient and accurate outcome of the results. The voting at the 40th and 41st AGM held on 29 March 2017 and 28 March 2018 respectively were conducted on a poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p> <p>For the 42nd AGM held on 28 March 2019, Bursa Malaysia had appointed Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) as Poll Administrator to conduct the polling process, and Deloitte Risk Advisory Sdn Bhd (“Deloitte”) as Scrutineers to verify the poll results.</p> <p>Wristband(s) with personalised passcode(s) were issued by the Share Registrar upon registration for e-voting at the 42nd AGM. The polling process for the resolutions was conducted only upon completion of the deliberation of all items transacted at the 42nd AGM. Shareholders/proxies could download the Tricor e-Vote Application on their mobile devices. At the start of the voting process, the shareholder/proxy was required to connect to the WiFi network provided by Tricor, i.e. Network Name: <i>Tricor_eVote</i>, Password: <i>Bursa1818</i>. Once connected to the WiFi network, the shareholder/proxy could vote using the personalised passcode on his/her wristband, which was issued during registration for the 42nd AGM.</p> <p>The Tricor e-voting tutorial video on the e-voting process was played at the AGM prior to the commencement of the e-voting. The Tricor e-voting system was used where each of the e-voting counters was equipped with an iPad and a barcode reader. Those shareholders/proxies who did not have an appropriate mobile device to vote were directed to the e-voting counters to cast their votes with their personalised passcodes.</p> <p>The Scrutineers, Deloitte upon verification of the poll results, announced the results for each resolution, which include votes in favour and against, upon which the Chairman of the 42nd AGM declared</p>

	<p>whether the resolutions were carried. The poll results were also announced by Bursa Malaysia via Bursa LINK on the same day for the benefit of all shareholders. Minutes of the 42nd AGM were also made available on Bursa Malaysia’s website.</p> <p>Similar to the past two (2) past AGMs, the Company held its 42nd AGM was held at the Sime Darby Convention Centre (“SDCC”) in Kuala Lumpur, a venue that was easily accessible and familiar to most shareholders of the Company. The Company at its 42nd AGM held on 28 March 2019 had enabled remote shareholders’ participation and online remote voting by leveraging technology in accordance with Section 327(1) and (2) of the CA 2016 and Article 15.4 of the Constitution of the Company.</p> <p>(a) Remote shareholders’ participation at the 42nd AGM</p> <p>Shareholders (individuals only) who were not able to be physically present at the SDCC were given the option to participate and vote remotely at the 42nd AGM via the facility which is available on Tricor’s TIIH Online website at https://tiih.online. The registration for remote participation was opened from 10.00 a.m. Thursday, 28 February 2019 up to 10.00 a.m. Wednesday, 27 March 2019 at https://tiih.online to be submitted online. Detailed procedures were provided to shareholders in the Administrative Guide.</p> <p>After verification that one is a shareholder based on the General Meeting Record of Depositors as at 21 March 2019, the relevant shareholder was notified via e-mail that his registration for the remote participation at the 42nd AGM had been approved. A number of shareholders participated remotely through live streaming and submitted questions online during the 42nd AGM, to be responded by the Company.</p> <p>(b) Voting in absentia</p> <p>A shareholder who participated remotely via live streaming at the 42nd AGM had also logged on to https://tiih.online with the same username and password for casting his/her vote online, from 10.30 a.m. on 28 March 2019 until the close of the voting session at the venue of the 42nd AGM i.e. SDCC.</p>
<p>Explanation for departure</p>	<p>: Please provide an explanation for the departure.</p> <hr/> <p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>: Please explain the measure(s) the company has taken or intend to take to adopt the practice.</p>

Timeframe	:		
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**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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