

CORPORATE GOVERNANCE REPORT

STOCK CODE : 1818
COMPANY NAME : Bursa Malaysia Berhad
FINANCIAL YEAR : December 31, 2018

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 PERSUANT 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.

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| 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 three Governance Committees (i.e. Audit Committee ("AC"), Risk Management Committee ("RMC"), Nomination and Remuneration Committee ("NRC")) and four 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 http://www.bursamalaysia.com/corporate/about-us/corporate-governance/governance-model/.</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. On 21 November 2018, Bursa Malaysia received three awards at the 2nd ASEAN Corporate Governance Awards Ceremony, for being the Top 3 Public Listed Companies ("PLCs") in Malaysia, Top 5 ASEAN PLCs and Top 50 ASEAN PLCs, with good CG practices based on an assessment using the ASEAN CG Scorecard criteria. This is a testament of the Board's commitment and continuous effort to uphold CG standards and values in the organisation and at the same time, 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</p> |

the Board's approval, and those which the Board may delegate to the Board Committees, the CEO and the Management.

- (2) The Board plays an active role in the development of the Company's strategy, and monitoring of its performance and implementation. In July 2018, the Board conducted a mid-year review of the 2018 Business Plan and Budget including financial performance, where the performance targets set by the Board in the 2018 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 July 2018. In August 2018, 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 in October 2018, considered the progress of the Group's strategy and initiatives against the targets set for 2018, 2019 and 2020. Taking stock of the current operating environment, the Board deliberated on the proposed focus areas required in view of achieving its vision to be ASEAN's leading, responsible and globally-connected market place.

The Board reviewed and deliberated on the Management's proposals and its own perspectives, as well as challenged the Management's views and assumptions for the proposed 2019 targets and corporate strategic plans. 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 2019, 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 2018 reviewed a total of 17 material sustainability risks and opportunities ("Material Matters"), as presented by an external consultant, Paia Consulting Pte Ltd. The consultant identified the Material Matters after undertaking an environmental scan of the relevant frameworks, rankings and indices, holding a series of focus group sessions and interviews and undertaking an online materiality

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| | <p>survey with various key internal and external stakeholders of Bursa Malaysia. The Material Matters were further mapped to selected United Nations Sustainable Development Goals (“SDGs”) where relevant.</p> <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 key stakeholders, the Board validated and approved the Material Matters for disclosure in the Sustainability Report 2018, which is available on Bursa Malaysia’s website.</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. 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 2018, the Board reviewed and approved the Annual Regulatory Report 2017 before it was submitted to the Securities Commission Malaysia 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</p> |
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| | <p>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 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.</p> <p>(7) The Board had in November 2018 reviewed and approved the Integrated Governance, Risk & Compliance Framework, being an overarching document with reference to the existing frameworks namely Strategic, Operational, Financial and Legal & Regulatory Risks as well as Business Continuity Management and Compliance Management. The Board also approved the Risk Management Framework on Outsourcing. The RMC assists the Board in overseeing the adherence of established risk appetite/tolerance at the enterprise wide level in the Enterprise Risk Management Principles and Framework. Risk & Compliance Division reports to the RMC on any breaches of thresholds in monitoring the risks.</p> <p>(8) The Board through the NRC is responsible to ensure that there is an effective and orderly succession planning in Bursa Malaysia Group. The Terms of Reference of the NRC 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 NRC receives succession management updates from Human Resources ("HR") Division in accordance with the approved succession management framework. The NRC reviews the regular updates from HR and provides its feedback for continuous improvement.</p> <p>The NRC is responsible to review candidates for key management positions and determine the remuneration for these appointments. In 2018, the NRC had considered the proposed appointment of several key management positions in the Bursa Malaysia Group including the Deputy CEO of Bursa Malaysia Derivatives Berhad, Director of HR, Director of Islamic Capital Market and Director of Market Operations. In the recruitment process, the NRC had assessed the shortlisted candidates based on their profiles, professional achievements and personality assessments, to ensure that they are of sufficient calibre. In the interim, the relevant vacant positions were held by personnel in acting capacities.</p> <p>In 2018, the NRC had also placed focus on the CEO succession and transition plan given that the former CEO and Executive Director,</p> |
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Datuk Seri Tajuddin Atan was due to retire in the first quarter of 2019. In this respect, the NRC had developed a structured plan to ensure an effective and smooth handover of the function to the new CEO. 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 Securities Commission's concurrence on this appointment was also obtained in accordance with Sections 10(1)(b) and 10(5) of the CMSA, and the announcement on the same was issued by the Company on 19 December 2018.

- (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.

Information on the engagements with stakeholders is available in Our Stakeholders on Page 38 of the Integrated Annual Report 2018.

- (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.

In this respect, the Board had in November 2018 approved the proposed Anti-Fraud, Bribery and Corruption Policy, after the RMC's review. This Policy was formulated in view of Anti-Fraud and Anti-Corruption being one of the top 15 material sustainability issues which must be adhered to, in view of achieving one of the SDGs, i.e. Peace, Justice and Strong Institutions.

Following a robust review in 2017, the current Governance Model Document and the Board Charters had been amended to be in line with the CG practices as enunciated in the Malaysian Code on Corporate Governance. In 2018, these documents were further amended to be consistent with the new Constitution of Bursa Malaysia which was duly

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| | approved by the shareholders at the 41 st Annual General Meeting held on 28 March 2018. | |
| Explanation for departure | : | |
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| <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 1.2

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

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| 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 http://www.bursamalaysia.com/corporate/about-us/corporate-governance/board-charter/.</p> <p>(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. In turn, the Board monitors the functions of the Board Committees in accordance with their respective Terms of Reference to ensure its own effectiveness.</p> <p>(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. Prior to each board meeting, the Chairman and CEO would have a session where the CEO will brief the Chairman on the papers to be presented by the Management. The Chairman leads the meeting pace and discussions in an effective manner.</p> <p>(3) 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.</p> <p>(4) During deliberations at Board meetings, the Chairman provides his objective views and decisions to resolve situations when there are differing views between the Board Members and the Management.</p> <p>(5) 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.</p> |

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| | (6) 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 | : | |
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| Measure | : | |
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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.

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| 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 http://www.bursamalaysia.com/corporate/about-us/corporate-governance/board-charter/.</p> <p>The positions of Chairman and CEO are held by two different individuals. The Chairman, Tan Sri Amirsham A Aziz leads and manages the Board by focusing on strategy, governance and compliance whereas the CEO, Datuk Seri Tajuddin Atan 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 | : | |
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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.

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| 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) Since the announcement via Bursa LINK was made on 19 December 2018 for the appointment of Datuk Muhamad Umar Swift as the new Chief Executive Officer ("CEO") and Executive Director of Bursa Malaysia effective 11 February 2019, the first session of the induction program was conducted on 8 January 2019 for the Company Secretaries to brief the new CEO on the governance model and structure of Bursa Malaysia Group, including the Management</p> |

Governance Framework. Subsequently with the appointment of Ms. Chong Chye Neo as Independent Non-Executive Director (“INED”) of Bursa Malaysia on 21 December 2018, the Company Secretaries also organised an induction programme in two (2) sessions, i.e. on 10 January 2019 and 22 January 2019, where the Company Secretaries and the relevant Management team members gave briefings to familiarise the said new INED and new Executive Director with the business and operations of Bursa Malaysia and its subsidiaries.

Induction programmes were also conducted for four (4) newly appointed members of the Regulatory Committees as follows:-

| Regulatory Committee | New Member | Date of Appointment | Date of Induction |
|---------------------------------------|--|---------------------|-------------------|
| Listing Committee (“LC”) | Encik Jalalullail Othman | 1 July 2018 | 22 June 2018 |
| | Mr. Iskandar Abdullah @ Sim Kia Miang | 1 October 2018 | 10 October 2018 |
| Market Participants Committee (“MPC”) | Mr. Chew Sing Guan Ms. Tai Siew Moi | 1 July 2018 | 17 July 2018 |
| Appeals Committee (“APC”) | Dato’ Azmi bin Mohd Ali | 1 August 2018 | 28 August 2018 |

to familiarise them with the relevant skills or knowledge for the discharge of their functions as members of the LC, MPC and APC respectively.

(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 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 Perspective on Cyber Resilience by Mr. Tan Cheng Yeong, Partner, Digital Trust & Security, PricewaterhouseCoopers Risk Services Sdn Bhd on 25 April 2018;
- Executive Workshop on Blockchain Technology by Mr. Alex Chan, CEO and Mr. Daniel Leung, Chief Fintech Officer of Forms Syntron Information Hong Kong Limited on 7 May 2018;

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| | <ul style="list-style-type: none"> ● Malaysia Strategy: Watching for a turning point by Mr. Mak Hoy Kit, JPMorgan Securities (Malaysia) Sdn Bhd on 2 August 2018; ● Preparedness Training on Crisis Management & Cyber Security on 29 October 2018; ● Global Environmental Social and Governance Trends on 27 November 2018. <p>(b) For Regulatory Committees, the off-site meetings of the MPC and LC were held on 2 & 25 October 2018 and 18 October 2018 respectively, 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.</p> <p>During the MPC off-site meeting, the MPC members were also kept abreast of the global trends in the capital market focusing on automated trading.</p> <p>The President/CEO of Institute of Corporate Directors Malaysia (“ICDM”) was invited to share at the LC off-site meeting on ICDM and its value proposition in the CG landscape, as well as the methodology adopted by ICDM in identifying talents and building a pipeline of potential directors for enhancing Board effectiveness.</p> <p>(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.</p> <p>In 2018, the Company Secretaries had assisted the Board in the review of the Constitution of the Company to ensure its compliance with the Companies Act 2016 as well as other relevant laws and regulations. The Securities Commission had on 13 February 2018 granted its approval on the proposed amendments to the Constitution in accordance with Section 9(5) of the Capital Markets and Services Act 2007. The New Constitution had been approved by the shareholders by way of Special Resolution at the 41st AGM in accordance with Section 36(1) of the Companies Act 2016.</p> <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</p> |
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| | <p>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 2018, the Company Secretaries enlightened the Board with the items to be complied in accordance with the Malaysian Code on Corporate Governance (“MCCG”) and ASEAN CG Scorecard. Remote shareholders’ participation and voting in absentia will be implemented as described under Practice 12.3 of the MCCG. The changes in key senior management’s interest in Bursa Malaysia shares are provided on Pages 35 and 36 of the Governance and Financial Reports 2018.</p> <p>(7) 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.

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| 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's green initiative has encouraged a paperless environment for all Board and Board Committee meetings, which enables digital access to meeting materials instead of requiring 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> |

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| | <p>The Company Secretaries will communicate to the relevant Management members the Board's decisions/recommendations via 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.</p> | |
| <p>Explanation for departure</p> | <p>:</p> | |
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| <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

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.

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| 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 http://www.bursamalaysia.com/corporate/about-us/corporate-governance/board-charter/.</p> <p>In November 2018, the Board reviewed and approved certain revisions to the Board Charter for the purpose of consistency with the Constitution and the Terms of Reference of the Board of Directors of Bursa Malaysia.</p> <p>The detailed 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 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 significant fixed assets and acquisition or disposal of companies within the Group.</p> |

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 seven (7) training programmes in 2018, of which at least three (3) programmes focused on capital market developments. These include the in-house development programmes (as listed on Pages 11 and 12 of this CG Report) and the following conferences on capital markets organised by the Company:-

- (i) Invest Malaysia Kuala Lumpur on 23 & 24 January 2018; and
- (ii) 29th Annual Palm & Lauric Oils Conference on 5 & 6 March 2018.

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 2018 which include the following:-

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

- Asian Institute of Chartered Bankers: New Certification for Bank Auditors, 12 January 2018 (attended by Datuk Chay Wai Leong)
- Malaysian Code on Corporate Governance (CG) Reporting & CG Guide, 2 and 15 March 2018 (attended by Datuk Karownikaran @ Karunikaran A/L Ramasamy, Datuk Chay Wai Leong, and Encik Johari Abdul Muid)
- Etiqa Compliance Conference: Transforming Compliance, 9 March 2018 (attended by Datuk Karownikaran @ Karunikaran A/L Ramasamy)
- Technology Risk Management, 27 June 2018 (attended by Datin Grace Yeoh Cheng Geok)
- Sustainability Engagement Series for Directors/Chief Executive Officers, 5 July 2018 (attended by Mr. Pushpanathan A/L S.A. Kanagarayar)
- Maybank Annual Risk Workshop, 27 July 2018 (attended by Datuk Karownikaran @ Karunikaran A/L Ramasamy)
- Sustainable Finance Training, 1 August 2018 (attended by Datin Grace Yeoh Cheng Geok)
- 2019 Risk Posture Workshop, 20 August 2018 (attended by Datin Grace Yeoh Cheng Geok)
- United Kingdom (UK) CG moving from Policy to Implementation – UK CG Code, 25 September 2018 (attended by Datin Grace Yeoh Cheng Geok)

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| | <ul style="list-style-type: none"> • RiskMinds Asia 2018, 22-24 October 2018 (attended by Encik Ghazali Hj Darman) • Maybank Compliance Training Programme, 30 November 2018 (attended by Datuk Karownikaran @ Karunikaran A/L Ramasamy) • Risk Culture, 3 December 2018 (attended by Encik Ghazali Hj Darman) <p>B. Information Technology</p> <ul style="list-style-type: none"> • Mobile Payment, 1 & 2 February 2018 (attended by Encik Ghazali Hj Darman) • Digital Bank, Value Web and Digital Human, 23 March 2018 (attended by Encik Ghazali Hj Darman) • Digital Boston Consulting Group Asia Pacific Conference: Capitalizing on the Power of Analytics and Digital Customer Journeys, 29 June 2018 (attended by Datuk Chay Wai Leong) <p>C. Leadership, Legal and Business Management</p> <ul style="list-style-type: none"> • Focus Group on Rules on Takeovers, Mergers and Compulsory Acquisitions, 6 March 2018 (attended by Mr. Pushpanathan A/L S.A. Kanagarayar) • SIDC-IMD Global Business Insight Series 2018: How innovation is Changing Leadership, 26 March 2018 (attended by Datuk Chay Wai Leong) • SAS Global Forum, 8-11 April 2018 (attended by Encik Ghazali Hj Darman) • Asian Institute of Finance Business Ethics Conference 2018 – Fintech: Business Benefits and Conduct Challenges, 23 May 2018 (attended by Encik Ghazali Hj Darman and Mr. Pushpanathan A/L S.A. Kanagarayar) • INSEAD: Artificial Intelligence & Technology Development Leadership Programme, 31 July 2018 & 1 August 2018 (attended by Datuk Karownikaran @ Karunikaran A/L Ramasamy) • IJM – Senior Management Forum 2018: Waking up to a New Reality, 2 August 2018 (attended by Mr. Pushpanathan A/L S.A. Kanagarayar) • Digital Collaboration & Transformation Conference (DCTx) 2018 – Silverlake Axis: Making Digital Transformation Work, 21-23 September 2018 (attended by Encik Ghazali Hj Darman) • Myths of US Law Firms with Shearman & Sterling, 2 October 2018 (attended by Datin Grace Yeoh Cheng Geok) • Preparing a site for disposal – conditional break clauses, environmental liability and splitting a site prior to sale, 3 October 2018 (attended by Datin Grace Yeoh Cheng Geok) • Forbes Global CEO Conference, 30 & 31 October 2018 (attended by Datuk Seri Tajuddin Atan) • Effective Board in a Volatility, Uncertainty, Complexity and Ambiguity World, 31 October 2018 (attended by Encik Johari Abdul Muid) • Asset Inheritance & Planning Strategy Seminar, 17 November 2018 (attended by Datuk Chay Wai Leong) • New Era of Corporate Liability under Malaysian Anti Bribery Laws, 30 November 2018 (attended by Mr. Pushpanathan A/L S.A. Kanagarayar) • Companies of the Future – The Role for Boards, 4 December 2018 (attended by Tan Sri Amirsham A Aziz and Encik Johari Abdul Muid) <p>D. Financial and Capital Markets</p> <ul style="list-style-type: none"> • World Capital Markets Symposium 2018 – Renaissance of Capitalism: Markets for Growth, 6 & 7 February 2018 (attended by Datuk Chay Wai Leong) • Briefing on Securities Commission Malaysia Annual Report 2017, 15 March 2018 (attended by Datuk Chay Wai Leong) • Future Fintech, 19-21 June 2018 (attended by Datuk Chay Wai Leong) • Perbadanan Insuran Deposit Malaysia (PIDM)-Financial Institution Directors' Education (FIDE) Forum: Is the Financial System any safer, simpler or fairer than before? Greek Lesson to Banking World, 10 July 2018 (attended by Datuk Karownikaran @ Karunikaran A/L Ramasamy) • Bank Negara Malaysia FIDE Module B, 16-19 July 2018 (attended by Encik Ghazali Hj Darman) • FIDE Forum: IBM Think Malaysia, 16 August 2018 (attended by Encik Ghazali Hj Darman) • Brexit – The Endgame, 27 September 2018 (attended by Datin Grace Yeoh Cheng Geok) |
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| | <ul style="list-style-type: none"> • Kazakhstan PhD Association in the United Kingdom – Kazakhstan Financial Authority and Islamic products, 1 October 2018 (attended by Datin Grace Yeoh Cheng Geok) • 58th General Assembly of the World Federation of Exchanges (WFE), 2-4 October 2018 (attended by Tan Sri Amirsham A Aziz, Datin Mariam Prudence Yusof and Datuk Seri Tajuddin Atan) • Understanding Fintech and Its Implications for Insurance Companies, 3 October 2018 (attended by Datuk Karownikaran @ Karunikaran A/L Ramasamy) • Global Islamic Finance Forum (GIFF) 2018: Value Based Intermediation – Beyond Profit, 3-4 October 2018 (attended by Encik Ghazali Hj Darman) • Khazanah Megatrends Forum 2018: On Balance – Recalibrating Markets, Firms, Society and People, 8 & 9 October 2018 (attended by Mr. Pushpanathan A/L S.A. Kanagarayar) • 2018 Investors’ Conference – Malaysia: A New Dawn, 9 October 2018 (attended by Datuk Karownikaran @ Karunikaran A/L Ramasamy) • Cross Border Tax Strategies, 10 October 2018 (attended by Datin Mariam Prudence Yusof) • Singapore Fintech Festival, 12-14 November 2018 (attended by Encik Ghazali Hj Darman) • 2019 Budget: What You Need To Know – The Economy, Capital Market and You, 14 November 2018 (attended by Datuk Chay Wai Leong) • Tax Budget 2019, 19 November 2018 (attended by Mr. Pushpanathan A/L S.A. Kanagarayar) |
| 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

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.

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| 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 http://www.bursamalaysia.com/corporate/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 http://www.bursamalaysia.com/misc/system/assets/23293/Code-of-Ethics-201217.pdf</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 Board had in November 2018 reviewed and approved the Anti-Fraud, Bribery and Corruption Policy to instil business ethics practices as one of the key elements of business sustainability.</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.</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</p> |

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| | <p>are required to make annual declarations on their compliance with the policies and procedures as set out in the Code of Ethics. This declaration 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. Effective 20 December 2017, all employees are required to record and make a declaration to the Director of Risk & Compliance within five (5) working days on all gifts and benefits received by them. In conjunction with the introduction of the Anti-Fraud, Bribery and Corruption Policy, a briefing was held in December 2018 for the staff to create awareness and ensure commitment to conducting business dealings in an honest and ethical manner.</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> | |
| 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

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.

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| 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> <p>In 2018, only one complaint was received by the SID. As the complaint received was found by the AC to be not the subject matter of the WPP, the matter(s) raised had been responded to by the Chief Executive Officer and the relevant business unit accordingly.</p> |
| Explanation for departure | : | |

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| <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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>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/Nomination and Remuneration 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> |

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| | <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 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 2018, 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 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><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

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.

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| Application | : | Not applicable - Step Up 4.3 adopted | |
| Explanation on application of the practice | : | | |
| Explanation for departure | : | | |
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| <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. Their length of service as at 31 January 2019 were set out in the profiles of the Board of Directors on Pages 76 to 81 of the Integrated Annual Report 2018. With the appointment of Datuk Muhamad Umar Swift as the new Chief Executive Officer and Executive Director of Bursa Malaysia effective 11 February 2019, the Directors’ years of service as at 28 February 2019 are summarised as follows:-</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <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 style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">5</td> <td style="text-align: center;">0</td> </tr> </tbody> </table> <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> | Years of Service (#) | 0 < # ≤ 1 | 1 < # ≤ 3 | 3 < # ≤ 6 | 6 < # ≤ 9 | Number of Directors | 2 | 3 | 5 | 0 |
| Years of Service (#) | 0 < # ≤ 1 | 1 < # ≤ 3 | 3 < # ≤ 6 | 6 < # ≤ 9 | | | | | | | | |
| Number of Directors | 2 | 3 | 5 | 0 | | | | | | | | |

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 Nomination and Remuneration Committee (“NRC”) 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 Skills Matrix has also been developed, and used as reference for the Board’s refreshment and succession planning to complement one another. The following Board Skills Matrix is based on the Board composition as at 31 December 2018:-</p> <table border="1"><thead><tr><th>No.</th><th>Experience and Skills*</th><th>Percentage</th></tr></thead><tbody><tr><td>1.</td><td>Capital Market Experience</td><td>50%</td></tr><tr><td>2.</td><td>International/Other Exchange Experience</td><td>50%</td></tr><tr><td>3.</td><td>Corporate CEO/Managing Director</td><td>90%</td></tr><tr><td>4.</td><td>Breadth of Business Experience</td><td>70%</td></tr><tr><td>5.</td><td>Accounting/Financial Management</td><td>80%</td></tr><tr><td>6.</td><td>Human Capital Experience</td><td>90%</td></tr><tr><td>7.</td><td>Technology Operations Experience</td><td>40%</td></tr><tr><td>8.</td><td>Corporate Governance</td><td>100%</td></tr><tr><td>9.</td><td>Government Experience</td><td>40%</td></tr><tr><td>10.</td><td>Legal/Regulatory</td><td>50%</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 2018, 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 integrated 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 28 February 2019 (after the change of CEO on 11 February 2019) is as follows:-</p> | No. | Experience and Skills* | Percentage | 1. | Capital Market Experience | 50% | 2. | International/Other Exchange Experience | 50% | 3. | Corporate CEO/Managing Director | 90% | 4. | Breadth of Business Experience | 70% | 5. | Accounting/Financial Management | 80% | 6. | Human Capital Experience | 90% | 7. | Technology Operations Experience | 40% | 8. | Corporate Governance | 100% | 9. | Government Experience | 40% | 10. | Legal/Regulatory | 50% |
| No. | Experience and Skills* | Percentage | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1. | Capital Market Experience | 50% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | International/Other Exchange Experience | 50% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. | Corporate CEO/Managing Director | 90% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. | Breadth of Business Experience | 70% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. | Accounting/Financial Management | 80% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. | Human Capital Experience | 90% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. | Technology Operations Experience | 40% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. | Corporate Governance | 100% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9. | Government Experience | 40% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 10. | Legal/Regulatory | 50% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | Race/Ethnicity | | | | Nationality | |
|---------------------|----------------|---------|--------|--------|-------------|-----------|
| | Malay | Chinese | Indian | Others | Malaysian | Foreigner |
| Number of Directors | 4 | 3 | 1 | 2 | 8 | 2 |

| | Age Group | | | | Gender | |
|---------------------|-----------|-------|-------|-------|--------|--------|
| | 51-55 | 56-60 | 61-65 | 66-70 | Male | Female |
| Number of Directors | 3 | 2 | 1 | 4 | 7 | 3 |

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**]. In pursuing the Board’s gender diversity, the NRC continues embarking on an extensive exercise in 2018 to expand the pool of potential candidates with profiles of women professionals in the country having the combination of skills, experience and strength in qualities which are relevant to Bursa Malaysia.

The appointment of key senior management was also made with due regard for diversity in skills, experience, age, cultural background and gender. Their detailed particulars are provided on Page 84 of the Integrated Annual Report 2018. They are all Malaysians with diversity in the following perspectives as set out in the table:-

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

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.

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| 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.</p> <p>With respect to the Senior Management, Bursa Malaysia currently has more than 50% women holding key positions in the organisation.</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 NRC 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 NRC 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 NRC 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 NRC 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;• Periodically review and report to the Board on requirements in relation to diversity on the Board, if any.</div> |

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| | <p>The NRC 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 maintains the pursuit of its target of three women directors, in line with the country's aspirational target of 30% representation of women on boards.</p> <p>Various steps have been undertaken by the Nomination and Remuneration Committee ("NRC") to ensure that suitable women candidates are sought from various sources as part of its recruitment exercise. Apart from the nominations which the NRC 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.</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 NRC'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.

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|---|---|---|
| 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 Nomination and Remuneration Committee ("NRC") 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 (Governance and Regulatory) 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>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 2018, having regard to the selection criteria, to ensure that the list of potential candidates remains relevant and offers the talent/skills required for the NRC/Board's consideration.</p> <p>In this exercise, the NRC had selected some candidates for 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 based on its consultant's review in 2017. This was in view of filling the vacancy following the retirement of a Director in accordance with the 9-year policy. Apart from these criteria, the NRC 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> |

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| | <p>In October 2018, the NRC continued to review 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 NRC 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>The NRC 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. The engagement sessions enable the NRC to make an appropriate assessment of their background, experience, personality and time commitment.</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> | |
| 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 4.7

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

| | | |
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| Application | : | Applied |
| Explanation on application of the practice | : | <p>The membership classification of the Nomination and Remuneration Committee (“NRC”) is set out in its Terms of Reference. The current Chairman of the NRC is the Senior Independent Director (“SID”), who is nominated amongst the Independent Non-Executive Directors [Paragraph 6.2 of the Board Charter].</p> <p>The NRC is chaired by the SID, Datuk Karownikaran @ Karunakaran a/l Ramasamy. His term of appointment as SID was extended for another two (2) years from 1 January 2018 to 31 December 2019.</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 Nomination and Remuneration Committee (“NRC”) 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 NRC to facilitate an objective and candid board evaluation.</p> <p>In September 2018, the NRC reviewed and approved the questionnaires for the BEE for the period from 1 July 2017 to 30 June 2018 (“2017/2018”) exercise to be conducted internally, and facilitated by the Company Secretaries, as the last assessment was conducted by the external consultant, Willis Towers Watson in 2017. This practice has been formalised in the Board Charter [Paragraph 11.4 of the Board Charter].</p> <p>(1) The BEE 2017/2018 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 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> <p>(iii) Commitment to serve the company, due diligence and integrity;</p> |

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|--|---|
| | <p>(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> <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 to 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 October 2018 presented to the NRC the outcome of the BEE 2017/2018. The ratings for all the questions were generally at 3 and above, based on a 4-scale rating assessment.</p> <p>In October 2018, the Board resolved to adopt the BEE 2017/2018 results after the NRC's review. The results generally reflected the Board's consensus that each of the Directors' level of performance was more than satisfactory (between 3.40 and 3.90), and that they had also met the performance criteria in the prescribed areas of assessments.</p> <p>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</p> |
|--|---|

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.

- (3) The results of these assessments form the basis of the NRC'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 2019.

In addition to the SPA under the BEE 2017/2018, 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. All the Directors had attended at least six (6) out of seven (7) meetings i.e. 86% of the total number of Board meetings in 2018. The quorum of Board meetings had been met with full attendance for six (6) Board meetings, and attendance of eight (8) out of the nine (9) Directors at a Board meeting. The Non-Executive Directors had also convened five (5) discussion sessions prior to Board meetings, which they reckoned is an effective practice to facilitate the discharge of their functions. Their meeting attendance at Board and Board Committee meetings are evidenced by the attendance record in the CG Overview as set out on Page 6 of the Governance and Financial Reports 2018.

- (4) Based on the average ratings to the areas of assessment under the BEE 2017/2018, the key strengths were visible in the Responsibilities and Conduct, Composition, Process and Administration. The Board has demonstrated its commitment in setting appropriate Key Performance Indicators and clear strategic direction. The Board has also discharged its roles in ethics oversight and in ensuring legal and regulatory compliance of the Company. The Board as a whole operates effectively as a team and has shown synergy amongst its members. 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.

- (5) As the average rating of BEE 2017/2018 for the Board of Bursa Malaysia was relatively high, there was no apparent weaknesses or shortcomings identified that warrant specific action plans to address the same. Nevertheless, the questions which scored an average of 3.00 to 3.25 out of 4.0, being the lowest ratings were highlighted to the NRC for consideration to ascertain possible enhancements.

The Board recognised that continued focus and priorities needs to be given to the following areas during 2019:-

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| | <ul style="list-style-type: none"> • Innovation, product developments and Market Operations; • Management Succession Plan; • Board Composition and Recruitment; and • Directors' development/training programs. <p>(7) Based on the findings in the previous BEE 2016/2017, the Board agreed on two (2) enhancement areas relating to training needs of the Directors to upskill and/or further equip the Directors with the necessary competencies and knowledge to meet the needs of the Board. The Board also viewed the need to facilitate its engagement with the non-Director Members of the Regulatory Committees as an opportunity for sharing of the relevant knowledge and expertise to the best interest of Bursa Malaysia.</p> <p>In this respect, a lunch and briefing session was held on 27 November 2018 for the Board members and members of the Regulatory Committees (i.e. Appeals Committee, Listing Committee, and Market Participants Committee). This provided an opportunity for them to get to know each other, at the same time kept them abreast of the environmental, social and governance trends which may be adopted by Bursa Malaysia in various aspects whilst serving Bursa Malaysia in their respective areas and functions.</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

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.

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| 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 Nomination and Remuneration Committee ("NRC") on an annual basis prior to making its recommendations to the Board for approval. In its review, the NRC considers various factors including the Non-Executive Directors ("NEDs")' fiduciary duties, time commitments expected of them and the Company's performance.</p> <p>The NRC 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>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 2016.</p> <p>The NRC 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 Non-Executive Directors do not conflict with their obligations to bring objectivity and independent judgement, an independent consultant, Korn Ferry/Hay</p> |

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| | <p>Group (“KFHG”) was appointed to conduct a Board remuneration review in June 2017.</p> <p>In view of that, the NRC conducted its review in November 2018 and opined that the current Board remuneration policy remained competitive and relevant. Hence, the NRC recommended to the Board in November 2018 for the Directors’ fees and benefits payable to the Non-Executive Directors to remain substantially the same as those duly approved by the shareholders at the 41st Annual General Meeting on 28 March 2018.</p> <p>The NRC is responsible to review the Group’s employees compensation policy to ensure alignment of compensation to corporate performance. The NRC had in November 2017 considered the total remuneration analysis and salary structure review as presented by Aon Hewitt Malaysia Sdn Bhd. This exercise aims to ensure that the compensation offered is in line with the market practice, to remain competitive for talent attraction and retention. The same was approved by the Board for implementation in 2018.</p> <p>The NRC is also responsible to approve the utilisation of the provision for annual salary increments, and performance bonuses in respect of each financial year. In March 2018, the NRC approved the utilisation of the 2018 provision for annual salary increment and salary adjustment. The NRC also considered the distribution of performance bonuses, which took cognisance of the 2017 Corporate Scorecard results as well as individual performance for the year 2017.</p> <p>The NRC has been appointed by the Board 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. The NRC had in April 2018 approved the share grants under the 2018 Restricted Share Plan (“RSP”) and Performance Share Plan (“PSP”) of the SGP.</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

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.

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| Application : | Applied |
| Explanation on application of the practice : | <p>The Nomination and Remuneration Committee ("NRC") comprises wholly of Independent Non-Executive Directors ("NEDs"). The Terms of Reference ("TOR") of the NRC delineate the roles and responsibilities in relation to the nomination and remuneration matters, as provided in the TOR of the NRC which are available at http://www.bursamalaysia.com/corporate/about-us/corporate-governance/terms-of-reference/governance-committees/.</p> <p>The Board is satisfied that the NRC has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions, which include amongst others, reviews of the remuneration policies for the Board, Board Committees, the Chief Executive Officer ("CEO") and key management personnel. As such, there is no need to separate the nomination and remuneration functions into distinct nomination and remuneration committees.</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 42nd Annual General Meeting ("AGM") on the Directors' remuneration in two (2) separate resolutions as follows:-</p> <ul style="list-style-type: none">• Resolution 4 on payment of Directors' fees in respect of the preceding year 2018; and• Resolution 5 on payment of Directors' benefits from 29 March 2019 to the next AGM in 2020. <p>(1) Board remuneration review</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 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 subsequently approved the NRC’s recommendation for the Directors’ fees in respect of the FY 2018 to remain unchanged i.e. same as the fees approved for the FY 2017, 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 2018 will only be made if the proposed **Resolution 4** has been passed at the 42nd 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 41st AGM of the Company held on 28 March 2018, the benefits payable to the NEDs of the Company from 29 March 2018 until the 42nd AGM of the Company on 28 March 2019 was approved for an amount of up to RM2,400,000. The utilisation of this approved amount as at 31 December 2018 is RM1,500,336. Based on the schedule of meetings in the first quarter of 2019, an amount of RM546,765 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 85% of the approved amount.

(b) Based on the Board Remuneration Review conducted by KFHG in 2017, the Directors’ benefits 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 current benefits payable to the NEDs are summarised in the table below:-

| Description | Chairperson | NEDs / Members |
|--|--------------------|---|
| Meeting Allowance (per meeting) | | |
| • Board of Bursa Malaysia | RM3,000 | RM3,000 |
| • Board of Functional Subsidiary | RM3,000 | RM3,000 |
| • Board Committees | RM3,000 | RM3,000 |
| Fixed Allowance | | |
| • Board of Functional Subsidiary | RM20,000 per annum | RM12,000 per annum (RM1,000 per month) |
| • Board Governance Committees | RM20,000 per annum | RM12,000 per annum (RM1,000 per month) |

| | | |
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| • Board Regulatory Committees | 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 |

Note 1: Monthly fixed allowance to the Chairperson 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.

- (c) The total amount of benefits payable to the NEDs is estimated to be up to RM2,200,000 from 29 March 2019 to the next AGM in 2020 (“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 lower than the approved amount at the 41st AGM which was up to RM2,400,000.

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 5** has been passed at the 42nd 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.

For CEO

The Executive Director/CEO does not receive any Directors’ remuneration. The CEO, who also sits on the Board of Yayasan Bursa Malaysia and all other subsidiary companies within the Group, is also not entitled to any Director’s fees or meeting allowance for attending those respective Board meetings.

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. The CEO’s performance bonus and share grant in respect of financial year 2017 performance were reviewed by the NRC, after which they were approved by the Board in March and April 2018 respectively. The grant of Plan Shares to the CEO of Bursa Malaysia under the 2018 Restricted Share Plan and Performance Share Plan of the Share Grant Plan had been announced via Bursa LINK on 18 April 2018 and 27 April 2018 respectively.

For Employees

In January 2018, 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

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| | <p>assessments, the final performance ratings as decided by the NRC is used for the purpose of determining their performance bonuses and annual increments.</p> <p>In August 2017, Aon Hewitt Malaysia Sdn Bhd was engaged by Bursa Malaysia to carry out a remuneration review for its employees including that of the Senior Management, with the view to ensure that the Company continues to retain and attract the best talents in the industry. The proposed salary structure was considered by the NRC and subsequently approved by the Board in November 2017, for implementation in 2018.</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

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 current Non-Executive Directors (NEDs) and Chief Executive Officer in 2018 is set out in the tables below:-</p> <p>(1) NEDs</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Name of Current NEDs</th> <th>Directors' Fees for FY 2017 (RM'000)</th> <th>Other Allowances (RM'000)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Tan Sri Amirsham bin A Aziz</td> <td>300</td> <td>798</td> </tr> <tr> <td>2.</td> <td>Johari bin Abdul Muid</td> <td>200</td> <td>210</td> </tr> <tr> <td>3.</td> <td>Datin Mariam Prudence binti Yusof</td> <td>200</td> <td>168</td> </tr> <tr> <td>4.</td> <td>Datuk Karownikaran @ Karunikaran a/l Ramasamy</td> <td>200</td> <td>140</td> </tr> <tr> <td>5.</td> <td>Datuk Chay Wai Leong</td> <td>200</td> <td>149</td> </tr> <tr> <td>6.</td> <td>Ghazali bin Haji Darman</td> <td>200</td> <td>120</td> </tr> <tr> <td>7.</td> <td>Pushpanathan a/l S.A. Kanagarayar</td> <td>200</td> <td>154</td> </tr> <tr> <td>8.</td> <td>Datin Grace Yeoh Cheng Geok</td> <td>200</td> <td>159</td> </tr> <tr> <td>9.</td> <td>Chong Chye Neo</td> <td>6</td> <td>1</td> </tr> </tbody> </table> <p>(2) Executive Director/Chief Executive Officer</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 Seri Tajuddin bin Atan</td> <td>1,440</td> <td>1,440</td> <td>418</td> <td>635</td> <td>35</td> <td>3,968</td> </tr> </tbody> </table> <p>The detailed disclosure of remuneration breakdown for all Directors, including the Chief Executive Officer, is as set out in Note 9 of the Audited Financial Statements on Pages 89 and 90 of the Governance and Financial Reports 2018.</p> | No. | Name of Current NEDs | Directors' Fees for FY 2017 (RM'000) | Other Allowances (RM'000) | 1. | Tan Sri Amirsham bin A Aziz | 300 | 798 | 2. | Johari bin Abdul Muid | 200 | 210 | 3. | Datin Mariam Prudence binti Yusof | 200 | 168 | 4. | Datuk Karownikaran @ Karunikaran a/l Ramasamy | 200 | 140 | 5. | Datuk Chay Wai Leong | 200 | 149 | 6. | Ghazali bin Haji Darman | 200 | 120 | 7. | Pushpanathan a/l S.A. Kanagarayar | 200 | 154 | 8. | Datin Grace Yeoh Cheng Geok | 200 | 159 | 9. | Chong Chye Neo | 6 | 1 | | Salary (RM'000) | Bonus (RM'000) | EPF (RM'000) | Other emoluments (RM'000) | Benefits-in-kind (RM'000) | Total (RM'000) | Datuk Seri Tajuddin bin Atan | 1,440 | 1,440 | 418 | 635 | 35 | 3,968 |
| No. | Name of Current NEDs | Directors' Fees for FY 2017 (RM'000) | Other Allowances (RM'000) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1. | Tan Sri Amirsham bin A Aziz | 300 | 798 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | Johari bin Abdul Muid | 200 | 210 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. | Datin Mariam Prudence binti Yusof | 200 | 168 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. | Datuk Karownikaran @ Karunikaran a/l Ramasamy | 200 | 140 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. | Datuk Chay Wai Leong | 200 | 149 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. | Ghazali bin Haji Darman | 200 | 120 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. | Pushpanathan a/l S.A. Kanagarayar | 200 | 154 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8. | Datin Grace Yeoh Cheng Geok | 200 | 159 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 9. | Chong Chye Neo | 6 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Salary (RM'000) | Bonus (RM'000) | EPF (RM'000) | Other emoluments (RM'000) | Benefits-in-kind (RM'000) | Total (RM'000) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Datuk Seri Tajuddin bin Atan | 1,440 | 1,440 | 418 | 635 | 35 | 3,968 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| : | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | | |
|--|--|--|
| 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 six (6) key senior management (“KSM”) personnel is made on a named basis for the first time in the Audited Financial Statements for the previous financial year (“FY”) 2017. Accordingly, the same disclosure is made on each of the KSM personnel’s remuneration in respect of FY 2018.</p> <p>The KSM personnel are the Chief Commercial Officer, Chief Operating Officer, Chief Regulatory Officer, Chief Financial Officer, CEO of Bursa Malaysia Derivatives Berhad and Director of Securities Market. Their total remuneration is set out in the table below:-</p> <table border="1"><thead><tr><th>No.</th><th>Name of Key Senior Management</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>379</td><td>212</td><td>431</td><td>1,908</td></tr><tr><td>2.</td><td>Datin Azalina binti Adham</td><td>634</td><td>158</td><td>142</td><td>464</td><td>1,398</td></tr><tr><td>3.</td><td>Yew Yee Tee</td><td>540</td><td>135</td><td>130</td><td>394</td><td>1,199</td></tr><tr><td>4.</td><td>Rosidah binti Baharom</td><td>479</td><td>120</td><td>111</td><td>401</td><td>1,111</td></tr><tr><td>5.</td><td>Jamaluddin bin Nor Mohamad</td><td>564</td><td>242</td><td>140</td><td>292</td><td>1,238</td></tr><tr><td>6.</td><td>Mahdzir bin Othman</td><td>540</td><td>45</td><td>113</td><td>214</td><td>912</td></tr></tbody></table> <p>The profiles of the KSM are set out on Page 84 of the Integrated Annual Report 2018, and their remunerations are also set out in Note 36(c) of the Audited Financial Statements on Page 126 of the Governance and Financial Reports 2018.</p> | No. | Name of Key Senior Management | Salary (RM’000) | Bonus (RM’000) | EPF (RM’000) | Other emoluments (RM’000) | Total (RM’000) | 1. | Selvarany Rasiah | 886 | 379 | 212 | 431 | 1,908 | 2. | Datin Azalina binti Adham | 634 | 158 | 142 | 464 | 1,398 | 3. | Yew Yee Tee | 540 | 135 | 130 | 394 | 1,199 | 4. | Rosidah binti Baharom | 479 | 120 | 111 | 401 | 1,111 | 5. | Jamaluddin bin Nor Mohamad | 564 | 242 | 140 | 292 | 1,238 | 6. | Mahdzir bin Othman | 540 | 45 | 113 | 214 | 912 |
| No. | Name of Key Senior Management | Salary (RM’000) | Bonus (RM’000) | EPF (RM’000) | Other emoluments (RM’000) | Total (RM’000) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 1. | Selvarany Rasiah | 886 | 379 | 212 | 431 | 1,908 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. | Datin Azalina binti Adham | 634 | 158 | 142 | 464 | 1,398 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. | Yew Yee Tee | 540 | 135 | 130 | 394 | 1,199 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. | Rosidah binti Baharom | 479 | 120 | 111 | 401 | 1,111 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. | Jamaluddin bin Nor Mohamad | 564 | 242 | 140 | 292 | 1,238 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6. | Mahdzir bin Othman | 540 | 45 | 113 | 214 | 912 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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 four (4) 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/l 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/l S.A. Kanagarayar is an Independent NED and was appointed as the AC Chairman since 23 June 2014. Tan Sri Amirsham bin A Aziz is the Chairman of the Board of Bursa Malaysia. 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 since 25 October 2017.</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 <i>“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”</i> 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 2018, the External Auditors, Messrs. Ernst & Young ("EY") presented for the Audit Committee ("AC")'s review its 2018 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 42nd Annual General Meeting ("AGM").</p> <p>The current practice of Bursa Malaysia is formalised in the Auditor Independence Policy which was approved by the Board on 25 April 2016. It provides that:-</p> <p>(a) The review of the performance of the audit firm <i>on a yearly basis</i>, to assess the quality of performance and if satisfied, to recommend for their re-appointment.</p> <p>(b) A comprehensive review through a benchmarking exercise on the <i>fees</i> shall be performed <i>not later than every 5 years</i>.</p> <p>The AC had in January 2019 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 audit engagement partner and engagement team through discussions at private meetings, which demonstrated their independence, objectivity and professionalism.</p> <p>In January 2019, EY in its presentation of the External Auditors' report to the AC provided a written assurance that they had been independent</p> |

| | | |
|--|--|--|
| | <p>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 financial year 2018.</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 financial year 2018 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 2019 approved the AC's recommendation for the shareholders' approval to be sought at the 42nd AGM on the appointment of EY as external auditors of the Company for the financial year ending 31 December 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

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 four (4) 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> | 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 2017/2018, 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 2018.
- (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 2018 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 2018. 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 2018 financial audit in compliance with EY’s independence requirements and appropriate safeguards were observed as to

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|---|--|
| | <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. They were provided with relevant materials such as the Audit Oversight Board’s Annual Inspection Report 2017 in December 2018, which set out the expectation in the quality of audit for the financial statements, in both processes and culture.</p> <p>Amongst others, the AC Chairman, Mr. Pushpanathan S.A. Kanagarayar continues to be actively involved in professional body and standard setting activities through his involvement in MICPA, MIA and the Malaysian Accounting Standards Board (“MASB”). Mr. Pushpanathan S.A. Kanagarayar had on 17 May 2018 chaired the panel discussion at the MASB/IFRS Regional Workshop on IFRS 17 – Insurance Contracts. He also spoke on the challenges in implementing IFRS 17 at the 21st ASEAN Regulators Conference held on 28 November 2018.</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 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>Based on 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 performs the risk and compliance management functions in managing the risks affecting the business and operations of the Group at enterprise wide level. The enterprise risk management ("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 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> <p>The Board had in November 2018 approved the adoption of an Integrated Governance Risk & Compliance ("GRC") Framework for unifying the risk strategy and governance, defined common taxonomy and streamlined workflow and processes. The ERM Risk Criteria in the existing ERM Framework have been refined in two aspects i.e. financial impact and key risk indicators. The standardisation of GRC practices is expected to facilitate better information sharing and data analysis, enhance efficiency of GRC resources, and promote better sense of accountability and ownership in risk management across the line of</p> |

| | | |
|--|--|--|
| | defences. The overall state of responsiveness to situations and crises and timeliness in compliance should also improve accordingly. | |
| 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 9.2

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 2018, the RMC reviewed and recommended the annual Corporate Risk Profile ("CRP") 2019 which specifies key enterprise risks, for approval by the Board. The Board at its meeting held in November 2018 considered the residual risk severity of the top 10 key 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. All the 10 existing risks of CRP 2018 were maintained and consolidated into six (6) key risks for 2019.</p> <p>Moving forward, the CRP would be assessed and rated based on the refined definition of "financial impact" and "key risk indicators". Additional risk criteria with additional financial thresholds specifically those that are operational risk related were adopted in the Integrated GRC Framework. 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 four (4) risk categories i.e. operational risk, financial risk, strategic risk, legal and regulatory risk, and the controls in place to mitigate and manage those risks are provided in the Statement on Internal Control and Risk Management on Pages 21 to 23 of the Governance and Financial Reports 2018.</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 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 |
| 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 | | | | | | | | | | | |

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.

| | |
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| 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, who is responsible for the regular review of the effectiveness of risk management, control, and governance processes within the Group. <p>The IA engagements were carried out based on the audit plan 2018 as approved by the AC. The results of the audits as disclosed in the IA reports were reviewed by the AC. The relevant Management members were made responsible to ensure that corrective actions on the reported weaknesses were taken within the required timeframes. IA</p> |

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| | <p>conducted follow-up reviews/audits to ensure that the corrective actions were implemented appropriately. In this respect, IA has added value by enhancing the governance, risk management and control processes within the Group. The detailed activities carried out by the IA are provided in the AC Report on Pages 28 to 30 of the Governance and Financial Reports 2018.</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. The AC had in November 2018 reviewed the IA's Business Plan and Budget for the year 2019. The IA's Business Plan 2019 was approved by the AC in November 2018. The Budget 2019 for the operations of the IA function was subsequently approved by the AC in December 2018, after taking into account the allocation of its training budget.</p> <p>The IA personnel constantly keep themselves abreast with developments in the profession, relevant industry and regulations through attendance at conferences/trainings. Based on an average of five (5) training days per annum per IA personnel, the total number of training days for all IA personnel was 61 days in 2018, which comprised the following:-</p> <p>(1) 19 days (31%) for external training; (2) 12 days (20%) for (internal) mandatory training; and (3) 30 days (49%) for internal training.</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 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.

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| 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 2019 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 2018.</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 14 personnel comprising the Director of IA, 12 internal auditors and a secretary. The Director of IA, Puan Mazliana binti Mohamad is a Member of the Malaysian Institute of Accountants (MIA),</p> |

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| | <p>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>Five (5) of the internal auditors have relevant certifications or professional qualifications such as C.A.(M), Chartered Islamic Finance Professionals (CIFP), Certified Internal Auditors by the IIA, Certified Information Security Malaysia Standard (ISMS) Lead Auditor by BSI Group, and other certifications as follows:-</p> <p>(a) Certification in Internal Auditing for Financial Institutions by the Asian Institute of Chartered Bankers; (b) Certificate of the Business Continuity Institute by Business Continuity Institute; and (c) Certification in Control Self-Assessment by the IIA.</p> <p>In accordance with the TOR of the AC, the AC had in January 2019 conducted an annual assessment of the performance of the IA function by reviewing the 2018 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.

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| 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, as set out below:-</p> <p>(a) Engagements with market participants</p> <p>As a market regulator and operator, Bursa Malaysia interacts with a wide range of market participants including issuers, intermediaries, investors, regulators, government and industry associations on a regular basis. Its subjects of engagement encompass, among others, Bursa Malaysia Securities Berhad Listing Requirements, initial public offerings, regulatory trends and developments, advocacy programmes, trading and clearing related matters, Bursa Malaysia's products and services as well as market development initiatives. Market participants are engaged via different platforms such as in-person meetings, advocacy sessions, focus groups, conferences, public/industry consultations, communication notes, promotional roadshows, channel management, Bursa Malaysia's systems and websites (e.g. BursaLINK, Bursa2U, corporate website, BursaMKTPLC, BURSASUSTAIN).</p> <p>(b) Engagements with Bursa Malaysia's shareholders, institutional investors and analysts</p> <p><i>Bursa Malaysia via its corporate website</i>, includes a Corporate section which provides all relevant information on the Company, and is accessible to the public. This Corporate section enhances the Investor Relations ("IR") function by including all announcements made by Bursa Malaysia, share price information, annual reports and the corporate and governance structure of Bursa Malaysia. Notices of general meetings, minutes of general meetings, slide presentations made at such meetings and webcasts are also made available on Bursa Malaysia's website for the benefit of shareholders who are unable to attend these meetings.</p> |

The IR function is established to enable continuous communication between the Company and its stakeholders. The stakeholders are encouraged to channel their concerns to the Head of IR whose name, contact number and e-mail address - ir@bursamalaysia.com is provided on Bursa Malaysia's website, Corporate section under 'Investor Relations' and on Page 3 of the Governance and Financial Reports 2018.

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 Corporate section under 'About Us', for easy reference.

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.

The quarterly financial results are also 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 are 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.

(c) Engagements with Bursa Malaysia's employees

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 freedom of association as well as employee volunteerism. In 2018, Bursa Malaysia engaged with its employees primarily through its internal employee portal (i.e. MY1818), meetings, feedback sessions, training sessions, talks, surveys and campaigns.

(d) Engagements with local communities

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.

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| | <p>In addition to the engagements above, Bursa Malaysia undertook a materiality exercise involving more than 300 internal and external stakeholders in 2018. Comprising a series of targeted focus group sessions, interviews and an online survey, the materiality exercise aimed to engage Bursa Malaysia’s key stakeholders and identify economic, environmental and social risks and opportunities that were considered as material to them and the Company (“material sustainability matters”). The purpose of the materiality exercise was to also ensure stakeholders’ expectations and concerns pertaining to its material sustainability matters were captured and duly managed by the Company. A total of 17 material sustainability matters were identified, deliberated and approved by the Corporate Sustainability Committee and ultimately the Board. The materiality assessment was conducted in 2018 as described on Pages 11 to 15 of the Sustainability Report 2018.</p> <p>Further details on Bursa Malaysia’s stakeholder engagement activities were set out on Page 38 of the Integrated Annual Report 2018 and Pages 16 to 21 of the Sustainability Report 2018.</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 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.

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| 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>The <IR> process is an ongoing journey to improve quality of information disclosures to stakeholders and promote greater transparency and accountability on Bursa Malaysia. The <IR> is a major milestone for Bursa Malaysia as it underpins Bursa’s commitment to sustainable and long-term value creation. Bursa Malaysia has produced its first Integrated Annual Report based on the International Integrated Reporting Council’s International Integrated Reporting Framework for the financial year 2018.</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.

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| 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 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 distributes an Administrative Guide when giving notice of the AGM, which provides information to the shareholders regarding the details 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 41st AGM dated 28 February 2018 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, proposed alteration or amendment to the Constitution of the Company, to enable shareholders to make informed decisions in exercising their voting rights.</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 | : | |

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| 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.

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| Application | : | Applied |
| Explanation on application of the practice | : | <p>At the 41st Annual General Meeting (“AGM”), all the nine (9) 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 41st AGM included the Chief Executive Officer (“CEO”)’s presentation of the Company’s operating and financial performance for 2017, 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 present 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 41st 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 41st AGM, the NRC Chairman, Datuk Karownikaran @ Karunakaran 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 Companies Act 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 through the NRC reviewed the Board Remuneration Policy on an annual</p> |

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| | <p>basis. As the last review was conducted by an external consultant in 2014, the Board in June 2017 had engaged Korn Ferry Hay Group (“KFHG”) to conduct an independent review of the Board Remuneration Policy, to ensure it is competitive, appropriate and in line with the prevalent market practices. This practice is in line with Guidance 6.1 of the Malaysian Code on Corporate Governance. Based on KFHG’s recommendation, the NRC considered the benchmarking of Directors’ fees against comparable stock exchanges such as the Hong Kong Exchange (“HKEX”), Singapore Exchange (“SGX”), Australian Securities Exchange (“ASX”), and London Stock Exchange (“LSE”), public listed financial services companies and dominant service provider companies in Malaysia.</p> <p>At the 41st AGM, KFHG explained to the shareholders that it is essential for the NEDs’ remuneration to commensurate with their responsibilities, commitment and contributions, particularly in meeting the statutory and fiduciary duties. The Board remuneration was reviewed based on comparable basket of competitive companies i.e. several stock exchanges, public listed financial services companies and dominant service provider companies. KFHG shared its observation that the current Directors’ remuneration lagged behind the Company’s key comparators. There was a need to close this gap as the remuneration was not sufficiently competitive to attract and retain the right calibre in the midst of a fast changing landscape.</p> <p>The poll results showed that 99.9% were in favour of Resolutions 4 and 5 respectively, and they were duly passed at the 41st AGM.</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 12.3

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.

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| Application | : | Departure |
| Explanation on application of the practice | : | |
| Explanation for departure | : | <p>Bursa Malaysia has adopted poll voting since its 36th Annual General Meeting (“AGM”) held on 28 March 2013 for all resolutions proposed, where the votes were cast by way of voting slips. Bursa Malaysia subsequently leveraged on technology to facilitate electronic voting (“e-voting”) for the conduct of poll on all resolutions proposed at its 39th AGM held on 31 March 2016 for the first time. Electronic voting devices were used to provide a more efficient and accurate outcome of the results.</p> <p>The voting at the 40th and 41st AGM held on 29 March 2017 and 28 March 2018 were conducted on a poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Bursa Malaysia had appointed Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) as Poll Administrator to conduct the polling process, and Deloitte Enterprise Risk Services 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 41st AGM. The polling process for the resolutions was conducted only upon completion of the deliberation of all items transacted at the 41st 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 with his/her wristband with a personalised passcode which was issued during registration for the 41st 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</p> |

shareholders/proxies who did not have an appropriate mobile device to vote were directed to the e-voting counters to cast their votes with his/her personalised passcodes.

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 41st AGM declared 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 41st AGM were also made available on Bursa Malaysia's website.

The 41st AGM was held at the Sime Darby Convention Centre in Kuala Lumpur, the same venue for at least two (2) past AGMs. The Company has always conducted its general meetings at one (1) venue as it was easily accessible and familiar to most shareholders of the Company.

As the new Constitution of the Company was duly approved by the shareholders at the 41st AGM, Article 15.4 of the Constitution now allows general meetings to be convened at more than one (1) venue using any technology or method that enables the shareholders to participate and to exercise their rights to speak and vote at the meeting in accordance with Section 327(1) and (2) of the Companies Act 2016. Hence, the application of Practice 12.3 was deferred with the implementation of the alternative practice at the 41st AGM.

In line with the Malaysian Code on Corporate Governance which took effect from 26 April 2017, the Company will convene its 42nd AGM by leveraging on technology to enable remote shareholders' participation and online remote voting in accordance with Section 327(1) and (2) of the Companies Act 2016 and Article 15.4 of the Constitution of the Company.

(a) Remote shareholders' participation at the 42nd AGM

Shareholders (individuals only) who are not able to attend the meeting in person at the AGM venue may opt to participate and vote remotely via the facility which is available on Tricor's **TIIH Online** website at <https://tiih.online>. The registration for such attendance is open from Thursday, 28 February 2019 at 10.00 a.m. to Wednesday, 27 March 2019 at 10.00 a.m. Request for registration must be submitted online at <https://tiih.online>. Detailed procedures are provided to shareholders in the Administrative Guide.

After verification that one is a shareholder based on the General Meeting Record of Depositors as at 21 March 2019, he will be notified via e-mail that his registration for the remote participation at the 42nd AGM has been approved. Shareholders can participate remotely through live streaming and submit questions online, if any

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| | <p>during the 42nd AGM. Those questions will be responded to during meeting or via e-mail at the earliest possible, after the meeting.</p> <p>(b) Voting in absentia</p> <p>A shareholder can log on to https://tjih.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. Sime Darby Convention Centre.</p> | |
| | <p>Alternative practice: Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his stead at a general meeting.</p> | |
| <p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p> | | |
| Measure | : Please explain the measure(s) the company has taken or intend to take to adopt the practice. | |
| Timeframe | : Others | Applied in the coming 42 nd AGM to be held on 28 March 2019 |

**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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