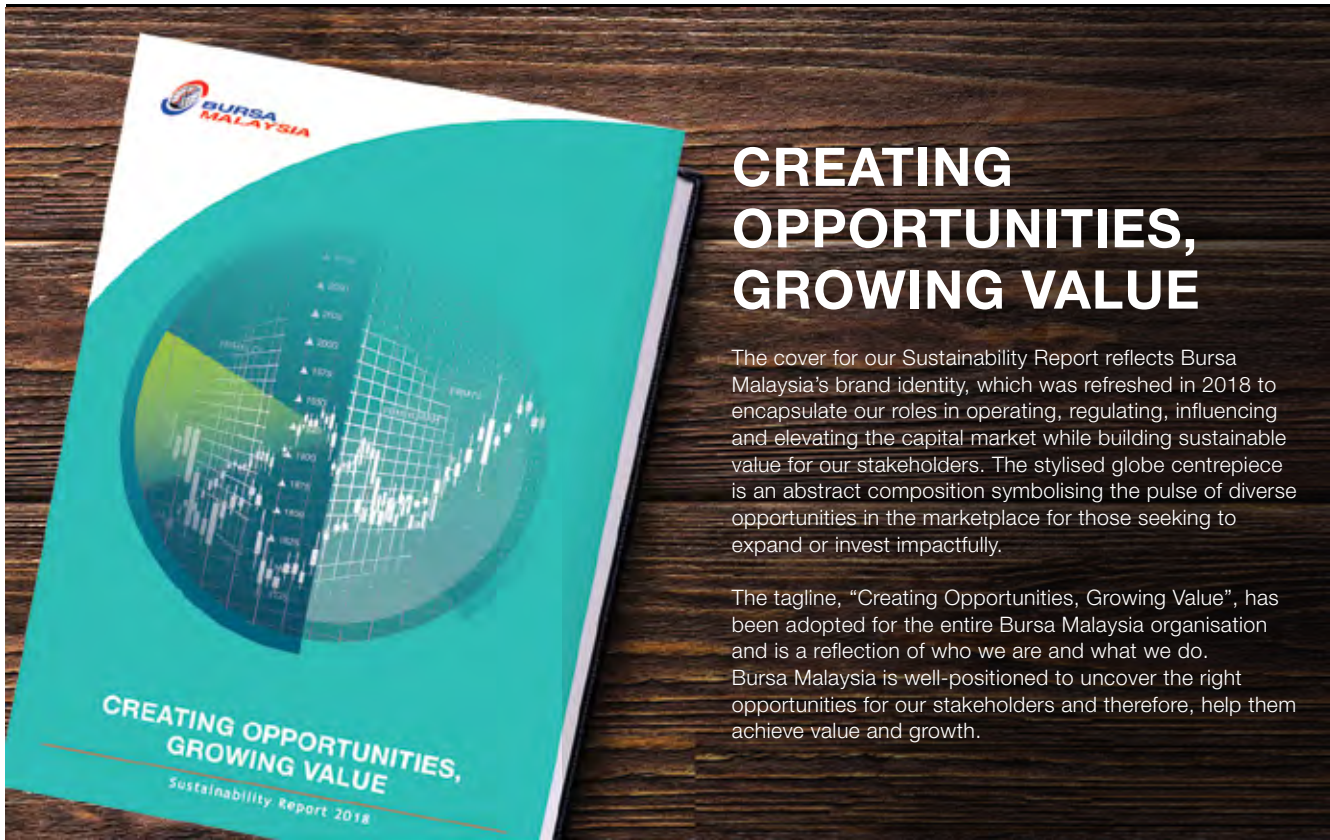




CREATING OPPORTUNITIES, GROWING VALUE



CREATING OPPORTUNITIES, GROWING VALUE

The cover for our Sustainability Report reflects Bursa Malaysia's brand identity, which was refreshed in 2018 to encapsulate our roles in operating, regulating, influencing and elevating the capital market while building sustainable value for our stakeholders. The stylised globe centrepiece is an abstract composition symbolising the pulse of diverse opportunities in the marketplace for those seeking to expand or invest impactfully.

The tagline, "Creating Opportunities, Growing Value", has been adopted for the entire Bursa Malaysia organisation and is a reflection of who we are and what we do. Bursa Malaysia is well-positioned to uncover the right opportunities for our stakeholders and therefore, help them achieve value and growth.

VISION:

To be ASEAN's leading, responsible and globally-connected marketplace

MISSION:

- We provide easy access to diversified, impactful products and services for global market participants
- We are a High-Performance Organisation with a data-driven culture, fuelled by innovation and technology, and powered by strategic partnerships
- We foster sustainable development in the marketplace by promoting responsible growth, while facilitating fundraising, value and wealth creation for all

OUR CORE VALUES



Building relationships



United to achieve



Responsibility



Simplicity



Agility

OUR CORE VALUES DEFINE WHO WE ARE AND OUR APPROACH TO EVERYTHING THAT WE DO

We work together with partners in the industry and community to deliver mutually beneficial outcomes

We work hand-in-hand as a team to become a High-Performance Organisation focused on achieving our goals

We are accountable, as an organisation and individuals, for the outcomes of our conduct and actions

We simplify processes and structures and encourage innovation to deliver timely and transformative results

We adapt to evolving market and operating conditions to achieve our targets

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WHERE TO FIND MORE INFORMATION
https://bursa.listedcompany.com/iar_2018.html

ABOUT THIS REPORT

102-46, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54, 102-56

This Sustainability Report 2018 marks our eighth report, demonstrating our long-term commitment to communicating the progress of our sustainability journey since we first began sustainability reporting within our Annual Report 2006. Each year, we have strived to improve the reporting of our sustainability practices. Our report this year provides our stakeholders with even more comprehensive information on our sustainability strategy and practices as well as the progress we have achieved in integrating sustainability into our business.

This report is published in conjunction with our Integrated Annual Report 2018. A digital copy is available at https://bursa.listedcompany.com/iar_2018.html

REPORTING STANDARDS

This report has been prepared in accordance with the GRI Standards: Core option, our own Listing Requirements on sustainability disclosure and criteria of the FTSE4Good Bursa Malaysia Index. In line with this, this report adheres to the GRI principles for defining report content, which comprise the following:

- Stakeholder Inclusiveness: Being responsive to stakeholder expectations and interests
- Sustainability Context: Presenting performance in the wider context of sustainability
- Materiality: Focusing on issues in which we can create the most impact and which are of critical importance to our business and stakeholders
- Completeness: Including all information that are of significant economic, environmental and social impact to enable stakeholders to assess our performance

Our GRI Content Index on page 83 of this report provides a full list of our GRI disclosures with relevant references.

REPORTING SCOPE AND BOUNDARIES

This report covers the activities of all Bursa Malaysia's entities and operations within Malaysia during the period 1 January to 31 December 2018, unless otherwise stated. The contents of this report are defined based on feedback from our stakeholders and our assessment of various developments which took place among peer exchanges, investors, companies, index providers, supranational bodies such as the United Nations, standard-setters as well as the Malaysian Government.

All material sustainability topics or issues (Material Matters) and corresponding topic boundaries within the reporting period have been covered in this report. We would like to note that this report does not estimate or cover future impacts relating to the Material Matters.

ASSESSMENT OF MATERIAL MATTERS

For this year's report, we have conducted an assessment to identify a list of Material Matters. We have included a few new Material Matters (such as Customer Privacy, Economic Performance, ESG Reporting and Responsible Resource Management). Please refer to page 11 for the 2018 Material Matters Matrix.

ASSURANCE

This report has not been externally assured. We will review the need to engage an external party to provide assurance for our report in the coming years.

FEEDBACK

In our continuous efforts to raise our standards in reporting, we welcome stakeholder feedback on this report and any of the issues covered. Comments and queries related to this report can be directed to:

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 11th Floor, Exchange Square
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 Tel : 03-2034 7335
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LETTER FROM THE CHIEF EXECUTIVE OFFICER

102-14



DATUK SERI TAJUDDIN ATAN

Chief Executive Officer, BURSA MALAYSIA BERHAD

Dear Stakeholders,

The year in review saw Bursa Malaysia achieve significant strides in our sustainability efforts, not only for our business, but also within the markets, among our stakeholders and for the environment. We continued to pursue sustainability as a way of life towards attaining our vision of becoming ASEAN's leading, responsible and globally-connected marketplace.

We are striving to achieve this by adopting sustainable practices within our organisation to create and preserve long-term value for our stakeholders. We continue to drive the sustainability agenda in the capital market through guidance, advocacy and engagements as well as products and services. Beyond the capital market, we work with our communities in areas such as education to boost their well-being.

**WE CONTINUED TO PURSUE
SUSTAINABILITY AS A WAY
OF LIFE TOWARDS ATTAINING
OUR VISION OF BECOMING
ASEAN'S LEADING,
RESPONSIBLE AND
GLOBALLY-CONNECTED
MARKETPLACE**

LETTER FROM THE CHIEF EXECUTIVE OFFICER

NUMBER OF NEW LISTINGS INCREASED BY 57.1%

TO 22 AMOUNTING TO A TOTAL OF RM0.7 BILLION IPO FUNDS

NEW AND ENHANCED DERIVATIVES PRODUCTS

COMPRISING THE REVAMPED CRUDE PALM OIL FUTURES, USD RBD PALM OLEIN FUTURES AND MINI FTSE BURSA MALAYSIA MID 70 INDEX FUTURES

OUR NEW CORPORATE TAGLINE: “CREATING OPPORTUNITIES, GROWING VALUE” EPITOMISES OUR COMMITMENT TO DRIVING LONG-TERM VALUE FOR OUR STAKEHOLDERS

ACCENTUATING SUSTAINABILITY IN OUR REFRESHED VISION, MISSION AND NEW CORPORATE TAGLINE

As a frontline regulator as well as a public listed company (PLC), we recognise that we are in a unique position to drive sustainability within the Malaysian capital market and our own organisation.

It is with this realisation that we incorporated our sustainability aspiration into our new Vision of becoming ASEAN’s leading, responsible and globally-connected marketplace. It underscores our passion in facilitating an environmentally and socially responsible marketplace while pursuing a leadership position in ASEAN and market opportunities globally. Mirroring the vision, we refreshed our mission to embody sustainability as one of our key roles, which is to foster sustainable development in the marketplace by promoting responsible growth, while facilitating fundraising, value and wealth creation for all.

In 2018 we conducted a brand sharpening exercise to reinforce our sense of purpose in our organisation. As part of this exercise, we developed a new corporate tagline: “Creating Opportunities, Growing Value”, which encapsulates our aspirations and emphasises our identity and what we do as a business. This new tagline further serves as a reminder to our stakeholders and our people of our commitment to lead, provide market participants with the right opportunities, and grow to achieve the value that they seek. In the context of sustainability, it simply epitomises our commitment to driving long-term value for our stakeholders.

REINFORCING OUR COMMITMENT TO SUSTAINABILITY

We continued to reinforce our commitment to embed sustainability within our operations in 2018 by putting a sharper focus in addressing the sustainability risks and opportunities that are the most material to us. As reflected in this Sustainability Report 2018 (Report), we have strived to improve our disclosures by providing more meaningful information to aid in stakeholders’ decision-making.

To this end, we undertook a series of stakeholder engagements and identified 17 material sustainability matters (Material Matters) as listed on pages 10-21 of this Report. These 17 Material Matters are reported under more specific pillars, or otherwise known as Material Factors, comprising Competition, Market Integrity and Stability, Responsible Marketplace, Technology and Innovation, and High-Performance Organisation. This differs from our Sustainability Report 2017,

which only discussed four broad Material Factors, namely: Competition, Market Integrity and Stability, Technology and Talent.

During the year in review, we continued to undertake initiatives and record achievements in addressing each of our Material Matters, as we renewed our commitment to achieving sustainability for our business, the marketplace, our stakeholders and the environment.

COMPETITION: TOWARDS BECOMING A KEY REGIONAL PLAYER

Strengthening our competitiveness in the ASEAN region drives us to be more responsive to market demands by providing diverse product and service offerings and building an ecosystem which attracts market participants. These efforts are further supported by our activities to ensure market integrity and stability, adopt technology and innovation and become a High-Performance Organisation, which represent the remainder of our Material Factors.

During the year, our initiatives to enhance our competitiveness ranged from increasing our product offerings to strengthening our presence in the region. Despite the challenging environment, our number of new listings in 2018 increased by 57.1% to 22 from last year, amounting to a total of RM0.7 billion initial public offering (IPO) funds. We saw a lot of interest in listing on the ACE and LEAP Markets. Our product offering also expanded with the introduction of, among others, new and enhanced derivatives products comprising the revamped Crude Palm Oil Futures, USD Refined, Bleached and Deodorised (RBD) Palm Olein Futures and Mini FTSE Bursa Malaysia Mid 70 Index Futures.

The revamp of our BursaMKTPLC mobile app saw an increase of our registered user base and downloads for our mobile app by 59% and 139%, respectively. In addition, we sought to address liquidity shortages and attract more investor participation through the Intraday Short Selling service and the Volume-Based Incentive Programme. Collectively, these enhanced the quality and inclusiveness of our markets and bolstered our competitiveness.

For further information on the activities and achievements related to Competition, please refer to pages 23-35 of this Report.

LETTER FROM THE CHIEF EXECUTIVE OFFICER

**MARKET INTEGRITY AND STABILITY:
STRENGTHENING OUR MARKET ECOSYSTEM**

Market Integrity and Stability represents another Material Factor which is vital to the sustainability of our markets, as a well-functioning capital market is key to unlocking opportunities for value creation. Building on our firm foundation which was developed through decades of hard work, we remained steadfast in enhancing our regulatory and market safeguard frameworks.

In 2018, we continued to liberalise our rule framework with a view to enhancing business efficacy and according greater flexibilities, with amendments made to enable Bursa Malaysia to be the single approving authority for all new issues of securities by listed Collective Investment Schemes (CIS) (except for debt securities), and revising the disclosure obligations of Exchange-Traded Funds (ETFs).

Additionally, our tenacity in raising the bar for the intermediaries and PLCs saw a satisfactory level of compliance and performance this year. Our intermediaries again achieved zero supervisory breach of the rules in 2018. As in past years, we continued to see timely and reliable submission of financial statements by PLCs with an increasing number of PLCs making voluntary announcements and disclosing beyond what is mandated under the rules. Such encouraging progress is attributed to our consistent regulatory efforts including engaging and offering quality education to the intermediaries and PLCs.

I invite you to read more on the initiatives we undertook to reinforce Market Integrity and Stability in pages 36-48 of this Report.

**RESPONSIBLE MARKETPLACE: FOSTERING
SUSTAINABLE DEVELOPMENT**

A responsible marketplace plays a crucial role in enabling sustainable development by providing an environment which encourages sustainable practices among market participants. In the year under review, our efforts to promote a responsible marketplace focused on strengthening the corporate governance (CG) and sustainability culture among our PLCs. This was achieved by guiding PLCs towards good CG and sustainability practices and disclosures in line with regulatory requirements. Furthermore, we remained an advocate for the growth of small and medium-sized enterprises (SMEs) by providing them with access to capital market funding through our LEAP Market, which was launched in July 2017.

Our markets achieved several notable milestones in CG, with Malaysia rising strongly from 7th to 4th place in the CG Watch 2018, which is a regional corporate governance ranking maintained by the Asian Corporate Governance Association (ACGA). Furthermore, 14 of our PLCs were named among the top 50 ASEAN PLCs at the 2nd ASEAN CG

Awards 2018 by the ASEAN Capital Markets Forum. For the first time, our top 100 PLCs crossed the 20% mark of women on boards.

We have further aligned our sustainability guidance for the markets with international best practices by launching the 2nd Edition of our Sustainability Reporting Guide and Toolkits in 2018.

Additionally, we continued to develop a strong culture of CG and sustainability among PLCs through targeted advocacy programmes and our one-stop sustainability knowledge-sharing portal, BURSASUSTAIN, which was launched on 24 April 2018. BURSASUSTAIN aims to educate market participants, particularly PLCs and investors, in adopting international best practices in the areas of CG, sustainability and responsible investment (RI). This e-portal reflects our commitment to support sustainable business practices among our key stakeholders, leveraging our unique role as a frontline regulator and market operator to develop the Malaysian capital market.

I am pleased to announce that we were the first PLC in Malaysia to officially support the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD). I hope other PLCs will follow suit and support the TCFD Recommendations. To understand more on our efforts to address this Material Factor, please refer to pages 49-56 of this Report.

**TECHNOLOGY AND INNOVATION: SEEKING OUT
NEW OPPORTUNITIES**

As an organisation which seeks and harnesses future opportunities, we use technology and innovation to continuously enhance our customers' trading experience, expand our services and achieve operational excellence. We have seen how technology can enhance the resilience and reliability of our capital market infrastructure and improve market efficiency, allowing us to reinforce our competitiveness as a regional leader.

This year, we continued to upgrade our systems, improve our IT security capabilities and optimise network infrastructure. These initiatives were undertaken in view of guaranteeing the availability of our mission-critical services and systems, enhancing our performance through innovative approaches and minimising the risks associated with technology, such as cyber security and governance. I am pleased to note that our track record remained intact. Further, all of our mission critical IT systems exceeded the agreed service level in terms of availability and uptime during the year.

For further details on our initiatives and achievements related to Technology and Innovation, please refer to pages 57-62 of this Report.

MALAYSIA ROSE**FROM 7th TO 4th PLACE
IN THE CG WATCH 2018****14 OF OUR PLCs WERE
NAMED AMONG THE TOP
50 ASEAN PLCs AT THE 2ND
ASEAN CG AWARDS 2018****WE WERE****THE FIRST PLC IN
MALAYSIA TO OFFICIALLY
SUPPORT THE TCFD
RECOMMENDATIONS****LAUNCHED
BURSASUSTAIN,
A ONE STOP KNOWLEDGE-SHARING
PORTAL ON CG, SUSTAINABILITY AND RI**

LETTER FROM THE CHIEF EXECUTIVE OFFICER

WE SUCCESSFULLY REDUCED OUR CARBON FOOTPRINT AS A RESULT OF TOTAL ELECTRICITY SAVINGS OF 1,642MWh IN 2018

AS WE ASPIRE TO BE A LEADING EXCHANGE ON SUSTAINABILITY IN ASEAN, WE DEVELOPED OUR SUSTAINABILITY ROADMAP 2019-2020 TO SET THE STAGE FOR THE NEXT PHASE OF OUR SUSTAINABILITY JOURNEY

HIGH-PERFORMANCE ORGANISATION: EMBEDDING SUSTAINABILITY IN OUR OPERATIONS

Having a High-Performance Organisation (HPO) is crucial to navigate the increasingly complex environment and deliver results that benefit the organisation and our stakeholders. In 2018 we focused on employing a diverse, inclusive and high-performing workforce, providing them with opportunities to develop their capabilities and allowing them to contribute to the sustainability of our business.

Our Board of Directors is always mindful to remain as a strong, accountable and effective board with the appropriate mix of skills, experience and diversity, particularly to achieve its target of at least 30% women directors on the Board, in line with Practice 4.5 of the Malaysian Code on Corporate Governance. The composition of the Board was further strengthened with the appointment of Ms Chong Chye Neo as the new independent non-executive director of Bursa Malaysia on 21 December 2018.

We also recorded increasing diversity of our workforce, as reflected by the growing gender diversity among our employees. Meanwhile, to help our employees develop their capabilities, we organised various learning programmes that address competency gaps and build leadership skills, among others.

Our occupational health and safety measures illustrate the care and commitment we have for our people. In June 2018, when one of our employees became the unfortunate victim of a brutal attack on his way home, we took additional steps to further enhance the safety procedures for all our employees especially for those holding high-risk roles while providing the necessary support to the affected employee.

We believe that a culture of unwavering integrity is fundamental to the health of our business and long-term survival. In practising zero tolerance for unethical behaviour, our enhanced Anti-Fraud, Bribery and Corruption Policy was implemented to ensure our operations continue to be free of such acts.

We also strived to minimise the impact of our business on the environment through the responsible management and use of resources to promote efficiency within our organisation and address climate change. We registered significant success in reducing our carbon footprint as a result of total electricity savings of 1,642MWh in 2018. This achievement was made possible by our decision to replace all existing fluorescent tubes in the office area with LED tubes, allowing us to lower electricity consumption with energy efficient lighting and sending a clear message on our commitment to climate action.

For further details on how we are transforming our workforce and workplace, please refer to pages 63-76 of this Report.

COMMUNITY INVESTMENT: SUPPORTING THE COMMUNITIES WHOM WE TOUCH

In addition to the efforts we take to achieve sustainable development of our business and marketplace, we are also committed to contributing to the development of our communities by investing in our external stakeholders.

Last year, the Bursa Bull Charge (BBC 2018) continued to headline our community investment initiatives. Anchored on six of the Sustainable Development Goals (SDGs), we successfully brought together almost 1,500 runners from over 100 organisations across corporate Malaysia to run for a good cause. The event raised over RM2.1 million for distribution to 22 beneficiary organisations through our foundation, Yayasan Bursa Malaysia. Yayasan Bursa Malaysia also continued to administer its scholarship programme for underprivileged Malaysians pursuing undergraduate courses, with 19 scholars in the programme in 2018 benefitting from full funding of their four-year degree programmes.

We are delighted to be able to play a role in improving outcomes for our stakeholders and are pleased to share the initiatives we took towards this in pages 77-82 of this Report.

LOOKING AHEAD

Our progress to date places us at an exciting juncture in our sustainability journey. In recent years, we have not only succeeded in deepening sustainability initiatives but also witnessed the results of our previous efforts in nurturing sustainability in the marketplace.

As we aspire to be a leading exchange on sustainability in ASEAN, during the year we developed our Sustainability Roadmap 2019-2020 (Roadmap) to set the stage for the next phase of our sustainability journey. Key priorities of the Roadmap we seek to pursue in the years to come include building a market with strong sustainability practices and disclosures, establishing ourselves as an advocate of climate action, connecting responsible investors to our markets, advancing financial inclusion and being a PLC which leads sustainability by example.

We will continue to provide updates on the progress of our Roadmap and I invite you to read further details on the Roadmap in the subsequent pages of this Sustainability Report.

We are encouraged by the progress we have achieved thus far and look forward to continuing this journey towards ingraining sustainability as a way of life at Bursa Malaysia.



DATUK SERI TAJUDDIN ATAN
Chief Executive Officer

ABOUT BURSA MALAYSIA

102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-9, 102-10, 102-13

WHO WE ARE

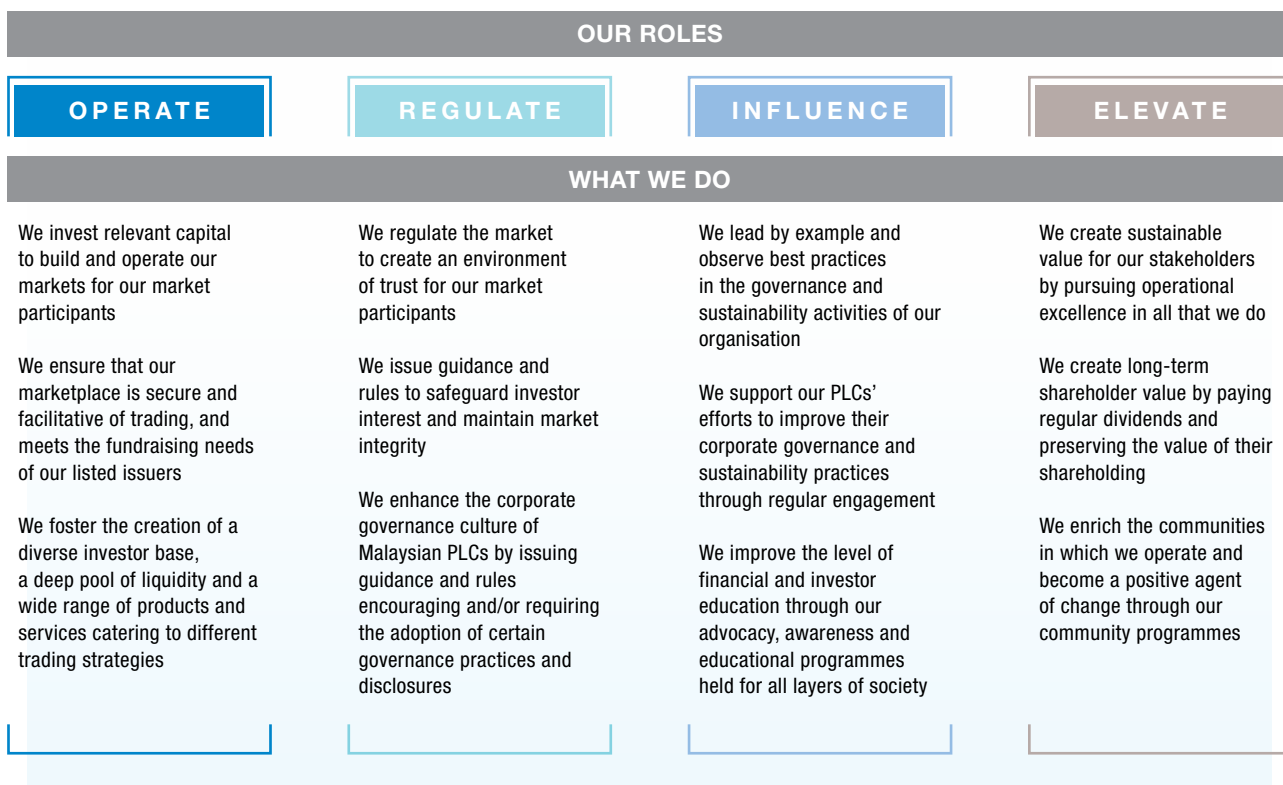
We are an exchange holding company incorporated in 1976 and publicly listed in 2005. We operate one of the leading exchanges in ASEAN with 915 public listed companies (PLCs) as at 31 December 2018, listed on the Main Market, the ACE Market or the LEAP Market.

As a fully-integrated exchange, we offer a comprehensive range of products including Equities, Derivatives and Shariah-compliant products. In addition, we also offer a comprehensive suite of exchange-related services such as listing, trading, clearing, settlement, depository, offshore listings of Bonds and Sukuk, and the provision of market data. We also provide the end-to-end Shariah securities investing as well as facilitating Shariah-compliant liquidity management through our commodity Murabahah trading platform or Bursa Suq Al-Sila'. We offer investment alternatives including Collective Investment Schemes (such as Exchange Traded Funds, Real Estate Investment Trusts), Exchange Traded Bonds and Sukuk as well as Business Trusts.

We also facilitate capital raising and price discovery for the Malaysian capital market and we are the global leader for the Islamic capital market and palm oil futures, offering new innovations that have received worldwide recognition.

Headquartered at Exchange Square in Kuala Lumpur, we offer our products and services to local and international market participants who conduct their businesses and invest in the capital market of Malaysia.

In 2018, we redefined our Vision and Mission in line with our way forward, as set out on the inner cover of this Report. We also established a new corporate tagline, "Creating Opportunities, Growing Value", which embodies our aspirations and better reflects our identity and what we do as a business.



OUR SUPPLY CHAIN

The nature of our business means that the goods and services we procure would typically be for institutional use only. We source goods and services for both operating and capital expenditure such as technology services, hardware and software, building management services, advertising and consultancy services to support our day-to-day operations. As a key component of Malaysia's financial system, we recognise that we have a responsibility towards supporting local business activities and contributing to national economic growth. In this regard, more than 75% of our suppliers were local vendors in 2018. There were no significant changes to our supply chain during the financial year.

OUR MEMBERSHIPS

We hold memberships in various international and local organisations including bodies or groups that have a focus on sustainability. These enable us to remain up-to-date on the latest developments in the exchange sector and sustainability space.

Our memberships include:

- Asian and Oceanian Stock Exchanges Federation (AOSEF)
- Asia-Pacific Central Securities Depository Group (ACG)
- Association of National Numbering Agencies (ANNA)
- Futures Industry Association (FIA)
- International Organization of Securities Commissions (IOSCO)
- OIC Member States' Stock Exchange Forum
- Sustainable Stock Exchanges (SSE) Initiative
- World Federation of Exchanges (WFE) including WFE's Sustainability Working Group

CREATING VALUE THAT MATTERS

102-12, 102-16

As we strive to become ASEAN's leading, responsible and globally-connected marketplace, we understand that the creation of value begins with setting the tone at the top and aligning our internal processes towards sustainable practices.

We pride ourselves on being a pioneer of the sustainability agenda in Malaysia, guiding public listed companies (PLCs) towards embracing a culture which places value beyond just the bottom line. In 2014, we introduced the FTSE4Good Bursa Malaysia Index (F4GBM), a globally-benchmarked Environmental, Social and Governance (ESG) Index aimed at raising the profile of PLCs demonstrating best practices in ESG and encouraging responsible investments (RI) within our capital market.

We have been a member of the Sustainable Stock Exchanges (SSE) Initiative since 2015, the same year we introduced the mandatory sustainability reporting framework for our PLCs. In 2017 we established a dedicated Sustainability Department to reinforce our commitment to promoting sustainability, as well as to help drive the integration of sustainability within the capital market and our own operations.

Throughout our sustainability journey, we have actively advocated the adoption of sustainability practices and disclosures among our stakeholders including PLCs and institutional investors through engagements, guidance and training. In 2017 we began conducting reviews on the quality of PLCs' annual disclosures to ensure the market has access to meaningful and valuable sustainability data to make better investment decisions.

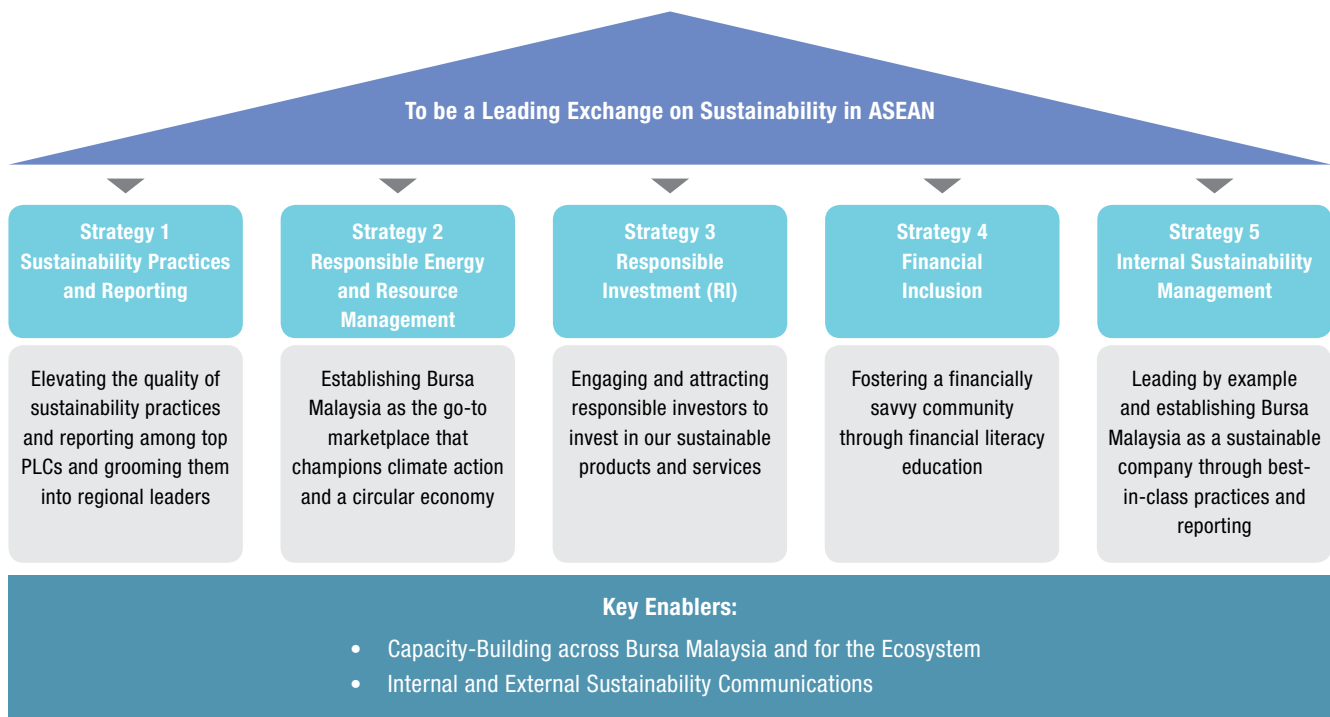
This year, we launched BURSASUSTAIN, our one-stop knowledge portal on Corporate Governance, Sustainability and RI.

Bursa Malaysia Sustainability Roadmap 2019 - 2020

Having built a strong foundation on sustainability over the last few years, we are now prepared to engage deeper in the sustainability space. In 2018 we embarked on the development of our two-year Sustainability Roadmap (Roadmap) aimed at future-proofing our business and ensuring we are prepared to face the risks emerging from sustainability-related topics across the economic, environmental, social and governance spheres; as well as to explore new revenue streams and position Bursa Malaysia as a regional leader in sustainability.

The Roadmap consists of a Sustainability Framework, two key enablers, five broad strategies and more than 20 key initiatives with detailed implementation plans.

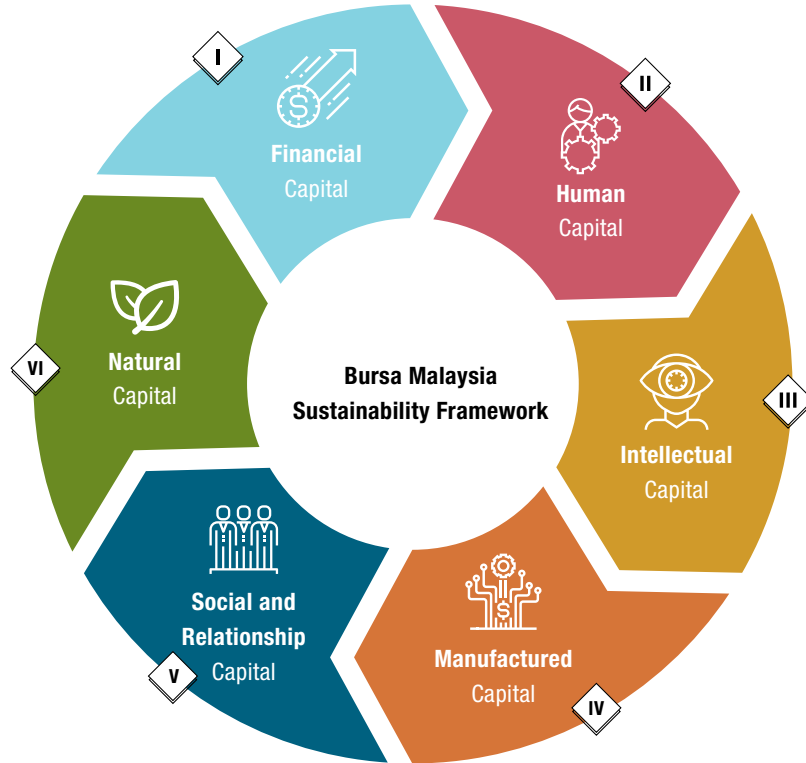
The five broad strategies build on the foundation we have developed in sustainability and are aimed at strategically expanding our sustainability-related activities to contribute to our reputation and revenue growth as well as that of the capital market ecosystem, as illustrated in the graphic below:



The Roadmap lays out the path towards us achieving the aspiration of being a leading exchange on sustainability in ASEAN, characterised by a market with quality sustainability practices and disclosures in particular with respect to climate action; a strong presence of responsible investors and a financially savvy community as well as a market operator with exemplary sustainability practices. We will continue to provide updates on the Roadmap as our journey progresses.

CREATING VALUE THAT MATTERS

The formulation of our Roadmap is rooted in our ability to create and sustain value through the six forms of capital, as set out in the Sustainability Framework below:



- I**
- Contribute to our monetary assets through generation of sustainable/ green revenue
 - Reduce our cost of capital by demonstrating exemplary sustainability practices and reporting

- II**
- Develop a High-Performance Organisation with sustainability competency
 - Provide an inclusive, diverse, ethical, fair and safe workplace, underpinned by knowledge sharing and innovative culture

- III**
- Develop deep sustainability know-how across the organisation to expedite our transition to a sustainable and responsible market

- IV**
- Provide inclusive and accessible markets for RI
 - Develop resilient and circular economy-based markets
 - Leverage systems and infrastructure to mainstream sustainability conversations
 - Offer decision-useful sustainability related information and data to stakeholders

- V**
- Regulate, influence and engage with all stakeholders to build a strong sustainability ecosystem
 - Strengthen market quality by enhancing PLCs' sustainability practices and reporting and improving the level of financial literacy among our communities

- VI**
- Minimise the environmental impacts of our operations by adopting industry best practices

To have a comprehensive overview of our value creation model, please refer to pages 10-11 of our Integrated Annual Report 2018.

CREATING VALUE THAT MATTERS

102-18

Governance of Sustainability

Our Board of Directors (BOD) shoulders the responsibility of ensuring sustainability is integrated into the process of strategic planning, as envisaged in our Board Charter and Code of Conduct and Ethics for Directors.

The BOD is supported by our Corporate Sustainability Committee (CSC), which oversees the formulation, implementation and effective management of Bursa Malaysia’s sustainability strategies.

The CSC, chaired by our Chief Executive Officer (CEO), is composed of the following members of our management team:

- Chief Commercial Officer
- Chief Operating Officer
- Chief Regulatory Officer
- Chief Financial Officer
- Director, Sustainability
- Director, Corporate Strategy
- Director, Risk and Compliance
- Director, Human Resources

The main roles and responsibilities of the CSC include:

- I** Reviewing and approving our sustainability strategies, roadmap and high-level goals (collectively referred to as Sustainability Initiatives)
- II** Aligning or integrating the Sustainability Initiatives with our business strategy to the best extent possible
- III** Monitoring the management and implementation of material sustainability risks and opportunities and Sustainability Initiatives
- IV** Reviewing our list of sustainability risks and opportunities on a periodic basis
- V** Overseeing our stakeholder dialogue/engagement process and its outcomes
- IV** Deliberating on such other matters relating to sustainability as may be brought to its attention

At the operational level, development and implementation of sustainability strategies across our business is led or supported by the Sustainability Department; and is headed by Director of Sustainability who has a direct reporting line to the CEO.

Organisation Structure for Sustainability



Assessment of Material Matters

We commenced an assessment in 2018 to identify material sustainability topics or issues (Material Matters) that were considered as important to our organisation and stakeholders. The assessment consisted of:

Identification of a broad list of potential Material Matters through an environmental scan of globally-recognised and investor-driven sustainability frameworks, international sustainability rankings and indices as well as review of peer exchanges’ sustainability disclosures

A series of focus group sessions with 107 internal and external stakeholders to review and develop the potential list of Material Matters that were relevant and important to us

Four one-on-one interviews with our senior management officers

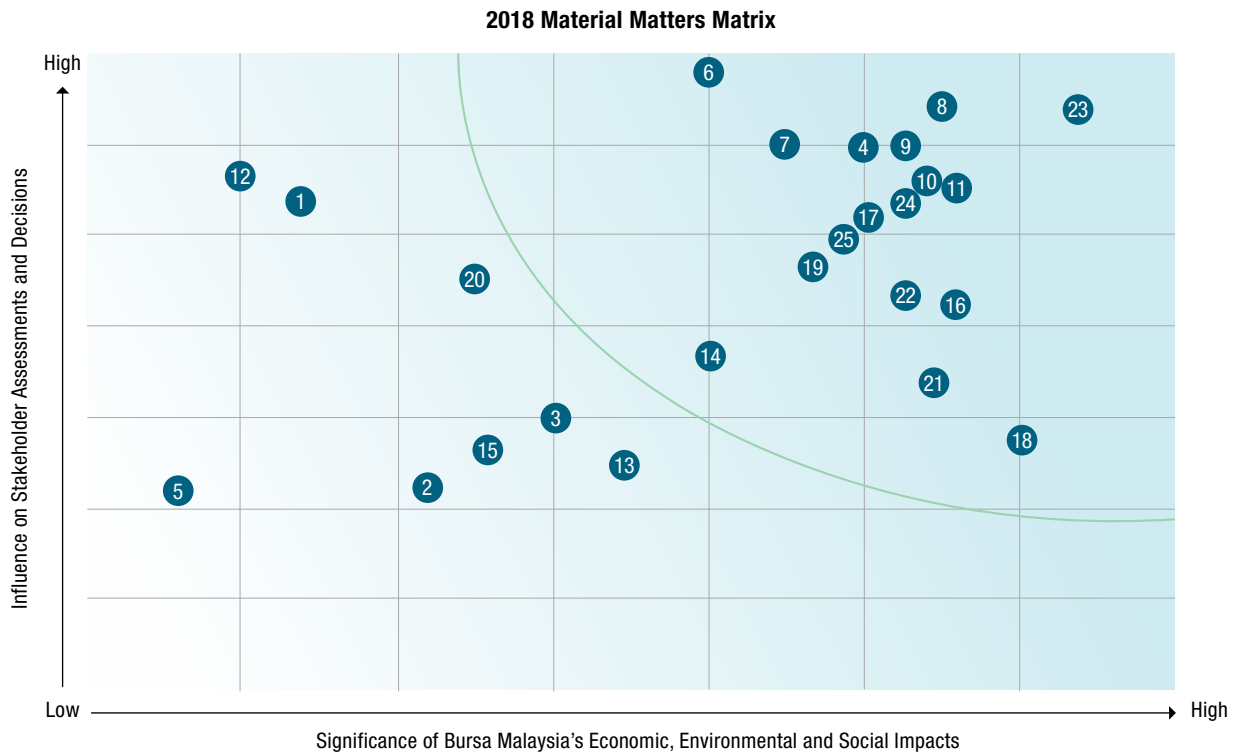
An online survey to validate and prioritise the broad list of Material Matters with 244 internal and external stakeholders

CREATING VALUE THAT MATTERS

102-47

A total of 17 Material Matters were subsequently deliberated and approved by the CSC and BOD at the end of the assessment process. The boundary for each Material Matter was considered either within our own operations (otherwise known as internal) or across the markets (otherwise known as external), depending on the nature of each matter.

The list of Material Matters was presented in a matrix to demonstrate their relative priority to our organisation and stakeholders.



- | | | | |
|---|---|--|---|
| 1
Compliance | 8
Customer Privacy | 15
Procurement Practices | 21
Responsible Resource Management |
| 2
Public Policy - Political Contribution | 9
Anti-Fraud, Bribery and Corruption | 16
Education and Advocacy | 22
Responsible Investment, Products and Services |
| 3
Local Communities | 10
Economic Performance | 17
Market Competitiveness | 23
Market Integrity and Stability/
Investor Confidence |
| 4
Workforce Learning and Development | 11
Organisational Innovation | 18
Climate Change (Mitigation and Adaption) | 24
Occupational Health, Safety and Well-being |
| 5
Anti-Competitive Behaviour | 12
Customer Service | 19
Collaboration and Engagement | 25
Employee Diversity, Inclusiveness and Equal Opportunity |
| 6
Cyber Security | 13
Indirect Economic Impacts | 20
Internal Control and Risk Management | |
| 7
Technology Excellence | 14
ESG Reporting | | |



We have streamlined the management approach and performance of our Material Matters based on the following five broad categories which we refer to as Material Factors; which form the structure of this Sustainability Report.

- | | | | | |
|-----------------------------|---|---|--|---|
|
I
Competition |
II
Market Integrity and Stability |
III
Responsible Marketplace |
IV
Technology and Innovation |
V
High-Performance Organisation |
|-----------------------------|---|---|--|---|








CREATING VALUE THAT MATTERS

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




We have also mapped out our Material Matters against the Sustainable Development Goals (SDGs) as we seek to align our initiatives with the SDGs.

Material Matter and Boundary	Description 'where the impacts occur for each Material Matter, and our involvement with the impacts'
<p>Anti-Fraud, Bribery and Corruption</p> <p>Boundary: Internal</p> 	<p>Companies tainted by allegations of fraud, bribery, corruption or any form of unethical business conduct are susceptible to implications that may affect their survival. Our role in regulating the Malaysian capital market exposes us to potential risk of fraud, bribery and corruption in our day-to-day dealings with stakeholders. To enable us to act with integrity and meet our duties and obligations, we must embrace ethical practices as an integral part of our DNA.</p>
<p>Climate Change (Mitigation and Adaptation)</p> <p>Boundary: Internal and external</p>  	<p>While our direct environmental impact on climate change is relatively immaterial, we have a unique opportunity and a shared responsibility to address it collectively with our stakeholders particularly with respect to the wider capital market. We do this by facilitating market participants to reduce their exposure to climate-related risks and transition towards a low carbon economy.</p> <p>Risks brought about by climate change include value-chain risks (physical, prices, product) and external stakeholder risks (ratings, reputation, regulation). Addressing this Material Matter builds resilience and can protect the markets from climate-related risks. It also strengthens the quality of the markets and enables an organisation to capitalise on new market opportunities and explore new revenue streams.</p>
<p>Collaboration and Engagement</p> <p>Boundary: Internal and external</p> 	<p>Our position in the capital market allows us to interact with a wide range of stakeholders. This gives us an added advantage to engage and work together to address particular market-related issues. The result is enhanced partnership globally as well as between public, private and civil society.</p> <p>This Material Matter discloses the value of our communication and relationships with our stakeholders.</p>
<p>Customer Privacy</p> <p>Boundary: Internal and external</p> 	<p>This Material Matter indicates the preservation and protection of the personal information that we and our third-party service providers collect and process for the purposes of transactions with us.</p> <p>Our initiatives on this Material Matter serve to protect our reputation as a trusted market operator. Addressing this Material Matter also prevents or mitigates our exposure to risks related to litigation, contingent liabilities and loss of revenue. Furthermore, actions to ensure Customer Privacy are a protection of fundamental freedoms in accordance with national legislation and international agreements.</p>
<p>Cyber Security</p> <p>Boundary: Internal and external</p>  	<p>Global exchanges face increased risks associated with information technology. Our mission critical computer systems handle a vast amount of data and information and therefore, may be susceptible to cyber/computer crime/hacking/viruses/malicious codes.</p> <p>Therefore, it is critical for us to manage cyber security and technology infrastructure services in order to ensure trading can be carried out without disruption. Managing this Material Matter will also enable us to protect our reputation as a trusted market operator and prevent or mitigate our exposure to risks relating to litigation, contingent liabilities and loss of revenue.</p>






CREATING VALUE THAT MATTERS

Material Matter and Boundary	Description <i>'where the impacts occur for each Material Matter, and our involvement with the impacts'</i>
<p>Economic Performance</p> <p>Boundary: Internal and external</p> 	<p>As a key economic powerhouse of the country, we facilitate capital formation and wealth creation in the markets. The revenue gained from our products and services is distributed to the wider economy in the form of wages, taxes, shareholder dividends, interests and community investment. Measuring our economic and operational performance is essential to understanding these impacts on relevant stakeholders.</p> <p>A good economic performance allows us to maintain our social licence to operate and contribute to the nation's sustainable development.</p>
<p>Education and Advocacy</p> <p>Boundary: Internal and external</p>  	<p>Due to our unique position in the markets, we play a key role in engaging, educating and communicating key issues such as compliance and current trends emerging from the marketplace with internal and external stakeholders.</p> <p>Through education and advocacy programmes, businesses, employees and investors are able to develop a deeper understanding of economic, environmental, social and governance issues and possess the knowledge, skills, attitudes and values to make informed and responsible decisions for a sustainable future.</p>
<p>Employee Diversity, Inclusiveness and Equal Opportunity</p> <p>Boundary: Internal</p>   	<p>As an employer, we are responsible to provide an inclusive and conducive workplace for all. This aids us in establishing our organisation as an employer of choice as well as recruiting and retaining talent towards becoming a High-Performance Organisation.</p> <p>This Material Matter demonstrates the equal treatment and opportunities for our employees regardless of their gender, age, ethnicity, sex, disability, religion, nationality, economic and other status. Equal opportunity in treatment or decision-making fosters inclusiveness and builds diversity within our organisation which in turn improves profits, innovation and impact.</p>
<p>Environmental, Social and Governance (ESG) Reporting</p> <p>Boundary: Internal and external</p> 	<p>As a PLC, reporting on sustainability or ESG performance involves reporting our intangible value drivers and other material organisational information to our stakeholders. This promotes greater accountability and transparency of the organisation.</p> <p>This Material Matter also impacts us in our capacity as a market operator and regulator. Through our policies and Listing Requirements (LR), we have an influence over the ESG performance and transparency of our PLCs, and increasingly on the investment decisions of investors with a focus on sustainability.</p> <p>Strong ESG reporting drives better ESG practices as well as RI towards fostering sustainable development and the creation of a sustainable capital market.</p>

CREATING VALUE THAT MATTERS

Material Matter and Boundary	Description <i>'where the impacts occur for each Material Matter, and our involvement with the impacts'</i>
<p>Market Competitiveness</p> <p>Boundary: Internal and external</p> 	<p>Market Competitiveness is an important determinant of our ability to protect and grow businesses in the capital market. This Material Matter measures our ability to facilitate flow of funds between issuers and investors more effectively as well as support the national economy and agenda.</p>
<p>Market Integrity and Stability (includes Investor Confidence)</p> <p>Boundary: Internal and external</p> 	<p>Market Integrity and Stability are key to ensuring the well-functioning and sustainability of our capital market. We achieve this by maintaining comprehensive and robust regulatory and market safeguard frameworks to govern our operations as well as relevant market participants in a fair, orderly and efficient manner. This is emphasised by inculcating a culture of corporate governance (CG) and sustainability to minimise risk and ensure sustainable value creation.</p> <p>This Material Matter protects the interests of investors and depositors, which is vital to gain trust, encourage participation and growth of markets that translate into economic growth and improved societal health.</p>
<p>Occupational Health, Safety and Well-Being</p> <p>Boundary: Internal</p> 	<p>Our employees are entitled to work in an environment where risks to their health and safety are safeguarded; which we monitor and manage through our occupational safety and health codes. Employee well-being relates to the physical, mental and emotional wellness of employees, and are crucial to business sustainability as employees are in the first line of impact of any decision we make as an organisation.</p>
<p>Organisational Innovation</p> <p>Boundary: Internal</p>  	<p>In the competitive capital market landscape, exchanges are valued for their ability to innovate to maximise efficient allocation of capital, enhance market inclusion as well as offer superior customer experience. To strengthen our competitiveness as a leading exchange in ASEAN, we foster innovation by undertaking research, development and deployment of breakthrough ideas such as through technology to deliver a quality, reliable, sustainable and resilient market.</p>

CREATING VALUE THAT MATTERS

Material Matter and Boundary	Description 'where the impacts occur for each Material Matter, and our involvement with the impacts'
<p>Responsible Investment, Products and Services</p> <p>Boundary: Internal and external</p> 	<p>Responsible Investment (RI) aims to incorporate ESG factors into investment decisions, to better manage risk and generate sustainable, long-term returns. Sustainable products and services facilitate RI as they generate measurable social or environmental benefits alongside financial returns, creating long-term value for investors and society.</p> <p>Due to our position in the markets, and as the leading exchange in the Islamic capital market, we have the opportunity to play a key role in facilitating investors in making RI through mechanisms such as offerings of sustainable products and services. This enables us to foster sustainable development in the marketplace and within the organisation as well as strengthen our market competitiveness and attractiveness as a preferred destination for RI.</p>
<p>Responsible Resource Management</p> <p>Boundary: Internal and external</p> 	<p>Responsible Resource Management aims to utilise natural resources efficiently to meet current needs without compromising on future needs. It involves developing our ability as an organisation to protect, secure and make the most of key resources while reducing waste. At the market level, it involves facilitating the markets to embrace the concept of a circular economy.</p>
<p>Technology Excellence</p> <p>Boundary: Internal</p>  	<p>Technology Excellence is critical at an organisational level as it enhances our market competitiveness and leads to better customer experience and process efficiency. For our stakeholders, it unlocks engagement opportunities and allows for increased stakeholder scrutiny as data becomes accessible quickly and conveniently. Managing this Material Matter helps us keep abreast of disruptive technology and manage all its related risks as we recognise how technology can transform businesses and markets by attracting capital and talent, as well as driving economic growth, efficiency, and social value creation.</p>
<p>Workforce Learning and Development</p> <p>Boundary: Internal</p> 	<p>As an employer and the only exchange in Malaysia, human capital and intellectual capital are crucial in ensuring effective and efficient delivery of our commitment and obligations in all our markets. This Material Matter is critical to us as it establishes us as an employer of choice that is able to recruit and retain talent towards becoming a High-Performance Organisation.</p>

CREATING VALUE THAT MATTERS

102-40, 102-42, 102-43, 102-44

Stakeholder Engagement

Being a central point of the Malaysian capital market, we place significant emphasis on stakeholder engagement to ensure that what we do resonates well with our stakeholders. We interact with a large group of people or entities (that are directly or indirectly influenced by our business activities, or can significantly affect our decisions) to solicit feedback and views on a wide range of market and business issues on a day-to-day basis. In addition to these engagements, in 2018, we also engaged with those stakeholders pertaining to our Material Matters, the outcome of which was subsequently used to define the content of our Sustainability Report 2018 and inform the formulation of the Sustainability Roadmap 2019 - 2020.

Our Stakeholder Groups	Our approach to stakeholder engagement	Frequency of engagement	Whether any of the engagements were undertaken specifically as part of the Report preparation process	The basis for identifying and selecting stakeholders with whom to engage
<p>PLCs/potential PLCs, advisers and secretarial firms that act on behalf of PLCs</p>	<ul style="list-style-type: none"> • Meetings • Public/industry consultations • Focus group sessions/ dialogues • Engagements/informal consultations through emails, phone calls, surveys or other means • Circulars/directives • Communication notes • Advocacy programmes and workshops • Promotional roadshows and seminars • Enquiries via Listing Advisory Portal • BursaLINK • Site visits • Our websites (including BursaMKTPLC and BURSASUSTAIN) 	Regular	Yes	They are our market participants and their performance determines the quality and vibrancy of our markets.
<p>Investors</p>	<ul style="list-style-type: none"> • Meetings • Public consultations • Focus group sessions/ dialogues • Engagements/informal consultations through emails, phone calls, surveys or other means • Local and overseas conferences (such as Invest Malaysia), advocacy programmes and workshops • Promotional roadshows and workshops • Our websites (including BursaMKTPLC and BURSASUSTAIN) 	Regular	Yes	They invest in our markets, providing necessary capital to PLCs to grow their business in return for profit (e.g. dividends). Their participation typifies the attractiveness of our markets as a preferred destination for investments.

CREATING VALUE THAT MATTERS

<p>What we engaged them about</p>	<p>How we responded to key topics and concerns, including through our reporting</p>
<ul style="list-style-type: none"> • Our market development initiatives, regulatory policies and proposed changes to the LR • Initial Listing Applications – Initial Public Offerings (IPO)/Reverse Take Overs (RTO) • Additional Listing Applications – Additional issues of securities/secondary fundraising • Clarification of obligations or applications of the LR (such as modification or waiver of LR) • Operational matters relating to the suitability of listing, admission process, clarification of LR in areas such as transactions and other corporate proposals • PLCs' CG and sustainability practices and reporting • FTSE4Good Bursa Malaysia Index and related indices • Education/training/advocacy • Other matters (such as regularisation proposals for PLCs with poor financial conditions, complaints) 	<ul style="list-style-type: none"> • Continued to adopt a robust consultative approach to ensure that our rules remain practical, relevant and proportionate • Continued to provide advisory and timely support to PLCs on relevant enquiries • Continued to engage and provide comprehensive and targeted advocacy and educational programmes and platforms such as BURSASUSTAIN, disseminate guidance and updates as well as maintain open channels of communication with PLCs to address their concerns on key topics such as disclosure, CG and sustainability
<ul style="list-style-type: none"> • Our market development initiatives, regulatory policies and issues in market ecosystem • Our products and services such as equities, derivatives and Islamic products • Profiling of our PLCs, including their financial and non-financial performance (such as CG and sustainability practices) • Feasibility of our proposed market initiatives and products • Our regulatory policies and rule changes • Financial literacy and investor education • Other matters (such as customer service and complaints) 	<ul style="list-style-type: none"> • Focused on boosting our market liquidity, velocity and trading flexibility through more facilitative market frameworks or ecosystems and building our listing pipeline and product offerings • Continued to reach out to existing and new investors through workshops and roadshows and introduced various investor educational programmes and initiatives • Continued to enhance the quality of PLCs including their sustainability disclosures and profile the same to investors

CREATING VALUE THAT MATTERS

Our Stakeholder Groups	Our approach to stakeholder engagement	Frequency of engagement	Whether any of the engagements were undertaken specifically as part of the Report preparation process	The basis for identifying and selecting stakeholders with whom to engage
Intermediaries (such as brokers, clearing participants and depository agents)	<ul style="list-style-type: none"> • Meetings/visitations • Public/industry consultations • Technical working group comprising members from the stockbroking industry/custodian banks • Engagements/informal consultations through emails, phone calls, surveys or other means • Circulars/directives • Communication notes • Advocacy programmes and workshops • Promotional roadshows and seminars • Our websites 	Regular	Yes	They are part of our regulated stakeholders who facilitate investments in the markets. Their presence underpins a well-functioning and efficient market.
Regulators and the Malaysian Government	<ul style="list-style-type: none"> • Meetings • Briefings, engagements and consultative sessions • Jointly organised events • Reports in respect of capital market developments or compliance with statutory obligations (such as Annual Regulatory Report) 	Regular	Yes	They are empowered to introduce policies, rules and regulations which may impact the way markets operate and perform. It is important that our rules and functions support their policies, rules and regulations.
Employees	<ul style="list-style-type: none"> • Meetings, feedback sessions and coaching • Trainings, talks and campaigns (such as Eco Carnival) • Employee Portal (MY1818) and Staff Zone • Other employee engagement activities (such as family day, festive celebrations and volunteering work) • Bursa@Work emails 	Regular	Yes	They are our key assets, carrying out day-to-day exchange operations and ensuring a well-functioning and efficient market.

CREATING VALUE THAT MATTERS

What we engaged them about	How we responded to key topics and concerns, including through our reporting
<ul style="list-style-type: none"> • Our market development initiatives, regulatory policies and proposed rule changes (such as trading systems and business rules) • Our product development and offerings • Clarification of obligations or applications of the business rules (such as modification or waiver of business rules) • Operational matters or concerns relating to participant conduct, trading, supervision and market surveillance • Education/training/advocacy/awereness campaigns • Collaboration in market initiatives • Enhancement to clearing houses' risk management practices • Default drill exercise to test default management procedures and their readiness • Other matters (such as complaints) 	<ul style="list-style-type: none"> • Issued consultation papers and undertook other formal and informal consultations on proposed new rules, products and services and moved towards less prescriptive forms of regulation • Facilitated market development and addressed any issues from the industry such as the perception of over-regulation, cyber security and market efficiency • Conducted advocacy, engagement and assistance to elevate compliance and improve intermediaries' understanding of matters pertaining to participants' obligations, front-office supervision, trading, business conduct and cyber security
<ul style="list-style-type: none"> • Economic and investment landscape and policies in Malaysia • Market development initiatives, products, services and regulatory framework governing the Malaysian capital market (such as proposed rule changes) • Our product development and offerings • Status updates on supervision and surveillance of capital market trading activities and conduct of PLCs • PLCs' CG and sustainability practices and reporting • Compliance with our statutory duties and obligations • Tax and incentives which affect the capital market and market participants • Interpretation of laws/legislations/guidelines 	<ul style="list-style-type: none"> • Continued to engage closely with regulators and the Malaysian Government on our market development initiatives, regulatory liberalisation initiatives to ensure continued growth, vibrancy and competitiveness of the capital market • Executed supervision, market monitoring and pre-emptive measures in an efficient manner and reported on the same in a timely manner • Collaborated with regulators and the Malaysian Government in rolling out CG and sustainability initiatives and events for the capital market
<ul style="list-style-type: none"> • Our performance and growth strategies • Training and development • Performance evaluation and management • Staff remuneration and benefits • Employee safety, health and well-being • Our Code of Ethics • Sustainability talks and programmes 	<ul style="list-style-type: none"> • Provided updates on the company's business performance, growth strategies, change in policies and procedures. • Offered structured development programmes as well as on-the-job learning, knowledge sharing, coaching and mentoring to ensure all employees' learning needs were addressed and that they were equipped with the fundamental knowledge and skills to perform their jobs • Strengthened the performance management framework and process including compensation benchmarking to remain competitive in the market • Strengthened security measures and improved awareness on staff safety • Provided guidance and support to business units to carry out their sustainability and CSR programmes

CREATING VALUE THAT MATTERS

Our Stakeholder Groups	Our approach to stakeholder engagement	Frequency of engagement	Whether any of the engagements were undertaken specifically as part of the Report preparation process	The basis for identifying and selecting stakeholders with whom to engage
Bursa Malaysia's shareholders and analysts	<ul style="list-style-type: none"> • Annual Reports • Annual General Meetings • Our senior management meetings with investors and analysts • Circulars • Our websites 	Regular	Yes	They are our providers of financial capital and are entitled to be apprised of our past performance and future outlook for decision-making.
Industry associations, professional bodies and industry experts	<ul style="list-style-type: none"> • Meetings • Public consultations • Focus group sessions/ dialogues • Informal consultations/ engagements through emails, phone calls or other means • Joint committees/taskforce with the industry (such as Securities Market Operations Committee) 	Ad-hoc	Yes	They bring in market insights and offer advice/ feedback on our regulatory framework and business strategies.
Communities (including beneficiaries of Yayasan Bursa Malaysia and Bursa Bull Charge (BBC), Yayasan Bursa Malaysia scholars and non-profit organisations)	<ul style="list-style-type: none"> • Education and human capital development initiatives • Events (such as BBC) • Sustainability and CSR programmes (such as visits to charitable homes) • Meetings • Engagements via phone calls, emails/letters • Our websites 	Regular	Yes	Gaining acceptance and building trust with local communities provides us with a social licence to operate.

CREATING VALUE THAT MATTERS

What we engaged them about	How we responded to key topics and concerns, including through our reporting
<ul style="list-style-type: none"> • Financial performance • Strategies for growth • Operating landscape • Costs • Dividend policy • Share schemes • Corporate sustainability efforts 	<ul style="list-style-type: none"> • Developed and implemented holistic corporate strategies to catapult us to the next level of growth • Remained vigilant and prudent with corporate expenditure • On-going benchmarking and evaluation to ensure we remained competitive
<ul style="list-style-type: none"> • Feasibility of our proposed market development initiatives and products • Our regulatory policies and rule changes • PLCs' CG and sustainability practices and disclosures • Collaboration in events and initiatives 	<ul style="list-style-type: none"> • Continued to engage this group of stakeholders on our market development initiatives or market issues, regulatory framework and liberalisations to ensure continued growth, vibrancy, and competitiveness of the capital market • Continued to offer guidance and training to PLCs on CG and sustainability practices and disclosures
<ul style="list-style-type: none"> • Yayasan Bursa Malaysia's sponsorships and community initiatives • Academic performance, welfare and employment of Yayasan Bursa Malaysia's scholars • Progress and impact of BBC or Yayasan Bursa Malaysia funded projects • Collaboration in events and initiatives 	<ul style="list-style-type: none"> • Provided continued support to Yayasan Bursa Malaysia's scholars to encourage them to complete and excel in their studies • Reviewed and introduced a new BBC Beneficiary Framework in 2018 for the selection of suitable beneficiaries to receive funds raised via BBC • Close monitoring of BBC-funded projects to ensure the intended outcomes were met as per Yayasan Bursa Malaysia's requirements • Collaborated with key influencers in rolling out CG and sustainability initiatives and events for the capital market

CREATING VALUE THAT MATTERS

Case Study: Closing Market Gaps through Targeted Engagement

In 2018 we continued to hold regular Securities Market Operations Committee (SMOC) meetings to identify operational, business and development matters relating to the securities industry as well as to ensure smooth, timely resolution of such matters and implementation of our initiatives.

The SMOC is chaired by our CEO and represented by members from our management team, the Association of Stockbroking Companies Malaysia (ASCM), the Malaysian Investment Banking Association (MIBA) and foreign intermediaries to deliberate on and address pertinent issues/matters facing the industry.

In addition to SMOC meetings, we have also formed Technical Working Groups (TWGs) as part of the stakeholder engagement in initiative execution. Through TWGs, ideas for impactful initiatives were gathered with the intention to be industry outcome-focused and output-driven. Year 2018 saw the formation of five TWGs, of which two TWGs have successfully met their objectives and have since concluded with the delivery of their intended outcomes. Details are as below:

Concluded TWGs are:

Facilitated Participating Organisations (POs) to operationalise initiatives announced at the World Capital Markets Symposium 2018 (WCMS 2018)

Formalised Bursa Malaysia-Computer Emergency Response Team (BM-CERT) to elevate the operational improvement and instil a culture of cyber risk awareness on incident response to cyber threats

On-going TWGs are:

T+2 Settlement Cycle – aims to comply with the recommendation by the Committee on Payment and Settlement Systems of the Bank for International Settlements and the Technical Committee of the International Organization of Securities Commissions (CPSS-IOSCO) that a settlement cycle shorter than T+3 needs to be evaluated

Central Depository System (CDS) e-Services – seeks to apprise and solicit the industry's feedback on the CDS e-Services – our initiative on "Transforming the Customer Experience"

Big Data Analytics – strives to cultivate data-driven decisions and seek industry's feedback on analytics requirements and value

2018 KEY HIGHLIGHTS

FBM KLCI

among the most resilient in the region



ADV of

**RM 2.4
BILLION**

OMT in 2018, the highest in Bursa Malaysia's history

Number of new listings in 2018

**INCREASED BY
57.1%**

2018: 22, 2017: 14

**RAISING THE PROFILE
OF MID- AND SMALL-
CAP PLCs** through Bursa MidS

11.7%

growth in ASEAN ADV through regional expansion initiatives

2018: RM101.3 million,
2017: RM90.7 million

**WE AIM TO TRANSFORM INTO A
DEVELOPED MARKET THROUGH
STRATEGIES AND INITIATIVES
THAT WILL ENSURE WE REMAIN
COMPETITIVE, SUSTAINABLE AND
INCLUSIVE FOR ALL.**

**TOWARDS BECOMING A KEY
REGIONAL PLAYER**

We have firmly set our sights on becoming ASEAN's leading, responsible and globally-connected marketplace, as well as positioning ourselves as a leader in sustainability. In order to achieve this, we recognise that we must take into account environmental and social practices as part of the broader economic landscape. This, in turn, will ensure our competitiveness in the face of rapid changes in the capital market.

Our competitiveness is an important determinant of not just our ability to protect and grow our business but also the ability of our stakeholders to generate and preserve value over time. As a frontline regulator and a market operator, we play a crucial role towards fostering economic performance of the nation, businesses and individuals. In the sustainability context, a competitive capital market is defined by the quality, transparency, efficiency and inclusivity of its operations.

Market competitiveness can further be enhanced through diverse product offerings, top-notch services and new market opportunities to accelerate capital formation and allocation among our market participants, supported by a balanced and proportionate regulatory framework.

We also recognise that technology and innovation and having a high-performing workforce play a key part in setting ourselves apart from our peers and industry leaders towards generating long-term value for the wider economy, our stakeholders and society at large. For further details on these, please refer to the respective chapters on Market Integrity and Stability, Technology and Innovation, and High-Performance Organisation in this Sustainability Report.

COMPETITION



MARKET COMPETITIVENESS

Market snapshot

2018 was an eventful and challenging year for equities globally, with internal and external headwinds inducing uncertainty and volatility which weighed on capital markets, particularly the emerging markets. Despite a challenging environment in 2018, particularly in the second half, Bursa Malaysia recorded a commendable performance in the Securities Market, Derivatives Market and Islamic Capital Market. The year ended with the FBMKLCI, the Malaysian benchmark index, weakening by 5.9%. However, relative to the region, the FBMKLCI was among the most resilient. The comparative performance of the ASEAN indices are as follows:

	Indonesia Stock Exchange	Bursa Malaysia	Ho Chi Minh City Stock Exchange	Singapore Exchange Limited	Stock Exchange of Thailand	Hanoi Stock Exchange	Philippine Stock Exchange
2017	6,355.85	1,796.81	984.24	3,402.92	1,753.71	116.86	8,558.42
2018	6,194.50	1,690.58	892.54	3,068.76	1,563.88	104.23	7,466.02
Year-on-Year Growth	-2.5%	-5.9%	-9.3%	-9.8%	-10.8%	-10.8%	-12.8%

Source: Bloomberg

The Securities Market registered a record average daily value (ADV) On-Market-Transaction (OMT) of RM2.4 billion. Likewise, our velocity improved from 31.5% in 2017 to 32.3% in 2018, the highest in 11 years. During the year, the Securities Market reported an operating revenue increase of RM409.5 million, an increase of 1.5% from RM403.3 million in 2017. The improvement was mainly due to higher trading revenue which rose 2.4% to RM265.8 million from RM259.6 million the previous year, while non-trading revenue remained mostly unchanged from the previous year.

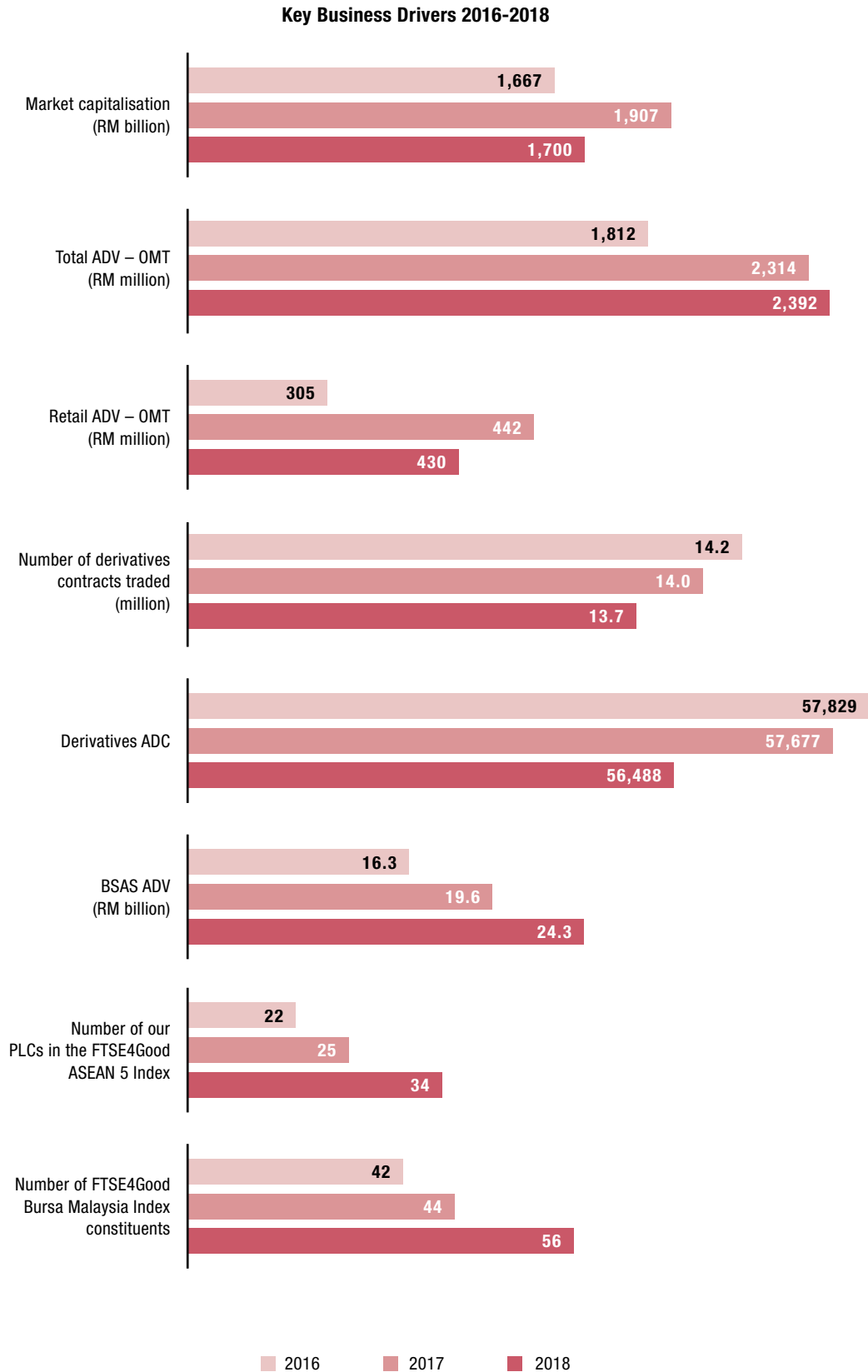
On the Derivatives Market, while volatility was low and competition was stiff, total volume traded was a respectable 13.7 million contracts in 2018, only a slight decrease of 2.1% from the total volume of 14.0 million contracts traded in 2017. While trading of our FTSE Bursa Malaysia KLCI Futures (FKLI) contracts (+22.8% year-on-year: 2.5 million contracts compared to 2.0 million contracts) was higher due to greater volatility in the Securities Market, this was offset by a decline in crude palm oil (CPO) prices which affected the trading of CPO Futures (FCPO) with FCPO contracts traded declining 12.1% year-on-year.

Meanwhile, our options contract on FCPO (OCPO), recorded 66,066 contracts traded in 2018, a significant increase of 69.7% year-on-year. Open interest stood at 11,200 contracts in 2018 with traders using OCPO to hedge their underlying positions. In contrast to this increase, volume traded for our options contract on FTSE Bursa Malaysia KLCI Futures (OKLI) declined 48.3%, to 10,486. Following these results, the Derivatives Market registered lower revenue of 4.3% to RM90.8 million from RM94.9 million in 2017, with trading revenue declining 4.8% year-on-year to RM76.7 million from RM80.6 million, while non-trading revenue remained largely unchanged.

Within the Islamic capital market space, our Bursa Suq Al-Sila' (BSAS) platform continued to progress by recording an ADV of RM24.3 billion, marking a year-on-year growth of 24%. However, trading revenue declined by 5.6% to RM14.9 million despite the increase in ADV, as the trading growth was mainly due to investors capitalising on the volume-based incentive schemes, which accounted for lower revenue.

COMPETITION

The performance of our marketplace as reflected through our key business drivers in 2018 was as follows:



COMPETITION

The achievements recorded in our capital market in 2018 were a testimony of the careful business planning undertaken to improve liquidity and the overall competitiveness of our marketplace. All the strategies and initiatives that have been laid out as part of our 2017-2020 Business Plan have been effectively executed and implemented. These initiatives were anchored on the following four developmental business pillars:

Increasing securities and other product-related offerings	Developing and growing diverse investor base	Improving and providing enabling ecosystem	Regional expansion
Creation of a marketplace with a plethora of products for investors to choose from regardless of their risk appetite, investment horizon and strategies	Development of diverse investor base, namely a good mix between institutional, retail, local and foreign investors with different investment strategies that effectively contribute towards greater market participation and increased vibrancy	Development of an ecosystem that is facilitative towards offering of new products and entry of new investor segments. The overall ecosystem is being benchmarked against developed as well as regional markets to ensure that our marketplace remains attractive and competitive	Establishment of an easy access into our marketplace as well as positioning it as a preferred investment destination in the region



INCREASING SECURITIES AND OTHER PRODUCT OFFERINGS

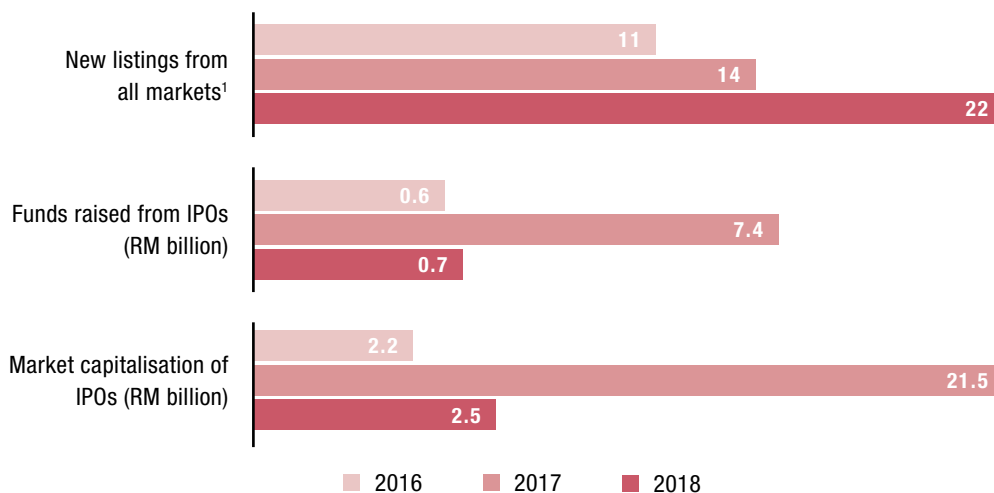
Enriching our product offerings remained one of the key focus areas to ensure that investors from various segments are able to execute their investment strategies effectively, both in bullish and bearish markets. Continuous developmental initiatives were undertaken in this area to facilitate the issuance of new products as well as the enhancement of existing products to cater to the needs of all investor segments, support trade and the sustainability of our marketplace. Initiatives under this pillar were also focused on introducing new liquid products and improving existing products to address liquidity shortages as well as attracting more investor participation.

Initial Public Offerings (IPOs)

IPOs remained as our core product offering and we sought to continuously grow the IPO market to meet the needs of both issuers and investors. The bearish sentiment in 2018 adversely affected IPO activities which saw a decline in the amount of funds raised from new listings. Despite the challenging environment, our efforts to build a healthy IPO pipeline resulted in a healthy increase of new listings in 2018 with 22, albeit raising a low total amount of RM0.7 billion IPO funds. The interest was particularly high for listing on the ACE and the LEAP Markets, with the number of new listings increasing by 50% and 450% on the ACE and LEAP Markets respectively.

Launched in July 2017, the LEAP Market represents our effort to support the growth of small and medium-sized enterprises (SMEs) and provide a more diverse avenue for value creation (refer to page 55 in the Responsible Marketplace chapter for further details on the LEAP Market).

New Listings of PLCs



¹ Number of new listings covers IPOs on the Main, ACE and LEAP Markets as well as listings via introduction only. 2017 data was restated to include listing via introduction and exclude any listing of Real Estate Investment Trust (REIT) and Exchange-Traded Fund (ETF) during the year

COMPETITION

In building a healthy and robust listing pipeline, we stepped up our targeted marketing efforts in 2018, together with relevant industry players such as government agencies, associations and investment banks. By the end of December 2018, we had engaged with 140 potential PLCs compared to 138 in 2017. We also collaborated with Malaysia Digital Economy Corporation Sdn Bhd (MDEC) to promote and increase the number of listings from MSC-status technology-based companies. In 2018 we participated in and organised 20 mass marketing events to create awareness on the benefits of listing and provide guidance on procedures for listing on Bursa Malaysia.

Besides marketing, we addressed impediments affecting the IPO market to enhance our attractiveness as a listing destination. We engaged market participants to understand issues affecting the market and based on the feedback, we developed initiatives or recommended steps to further improve access to the equity market.

During the year, we also collaborated with the newly re-established Ministry of Entrepreneur Development (MED) to support one of its strategic objectives to facilitate and promote company access to alternative financing platforms including via listing on the ACE or LEAP Markets. In this respect, mass-outreach events were organised to create awareness among Malaysian entrepreneurs on the benefits of listing. The inaugural event was held on 6 December 2018, with similar events to be held in Penang, Terengganu, Johor, Sabah and Sarawak in the first half of 2019.

New and Revamped Products and Services

In addition to promoting our core offering as an IPO destination, during the year we launched new and revamped derivatives products to ensure the vibrancy and diversity of our marketplace. These products comprised:

- **Revamped Crude Palm Oil Futures Contract (FCPO)**

The contract specifications for our FCPO were refreshed in February 2018. For the first time, at least in Asia, if not the world, a sustainability feature was introduced to a derivatives contract, the Bursa Malaysia Derivatives (BMD) FCPO.

This new feature requires the CPO delivered for FCPO to be accompanied by traceability documents identifying the mills from which the CPO originated. Besides this revision, we also lengthened the second trading session by 30 minutes, increased the tenure for the contract months up to 36 months ahead and increased the position limits for the FCPO and OCPO Contracts (refer to page 39 for details on the rule changes as a result of this initiative).

- **Revamped USD Refined, Bleached and Deodorised (RBD) Palm Olein Futures (FPOL)**

In May 2018, we revamped our FPOL by changing the delivery from ex-tank to a free on board (FOB). This revision aligned the FPOL delivery procedure with that of the physical palm olein market (refer to page 39 for details on the rule changes to support this initiative).

- **Mini FTSE Bursa Malaysia Mid 70 Index Futures (FM70)**

In August 2018, we launched the FM70, a contract that is tailored for retail investors and provides a hedging instrument for fund managers who have exposure to our mid-cap securities. FM70 is a Ringgit Malaysia denominated futures contract which tracks the FTSE Bursa Malaysia Mid 70 Index (FBM Mid 70) as its underlying instrument, providing investors exposure to all the 70 PLCs of the FBM Mid 70 via a single futures contract. Targeted at retail investors, the FM70 has a lower starting investment cost or initial margin than the FTSE Bursa Malaysia KLCI Futures (FKLI) contract which tracks the top 30 PLCs on Bursa Malaysia as its underlying instrument.

FBM Index Series and Bursa Malaysia Sectoral Index Series

2018 was a significant year for the Bursa Malaysia Sectoral Index with an enhancement to the sector classification and its corresponding indices. The new sector classification is intended to ensure that our sector and sectoral index continue to appropriately represent the global equity markets and enable asset owners, asset managers and investment research specialists to make consistent global comparisons. Key changes implemented during the year comprised:

The launch of five new indices in Energy, Healthcare, Telecommunications & Media, Transport & Logistic and Utilities

Broadening and renaming of three indices, namely Consumer Products & Services, Finance Services and Industrial Products and Services

The removal of three indices, namely Trading & Services, Hotel and Mining

The new sectors and indices were successfully launched on 24 September 2018 and are expected to deliver better alignment with global industry classification and a better profile for our PLCs as well as facilitate greater investment and product issuance.

COMPETITION



DEVELOPING AND GROWING DIVERSE INVESTOR BASE

This pillar is aimed at expanding our investor base beyond the traditional long-term investors through the creation of a marketplace that is attractive to investors with different trading strategies and investment horizons. Various initiatives, both promotional and developmental, were implemented to encourage new investor segments to invest in our markets alongside programmes that served current investors to ensure that they were well-informed and engaged with the latest updates of our marketplace.

Our efforts were also focused on promoting education and awareness of our products, especially those with limited take-up mainly among specialised investors. These included our derivatives and Shariah-compliant products which provide valuable opportunities for building a diversified investment portfolio.

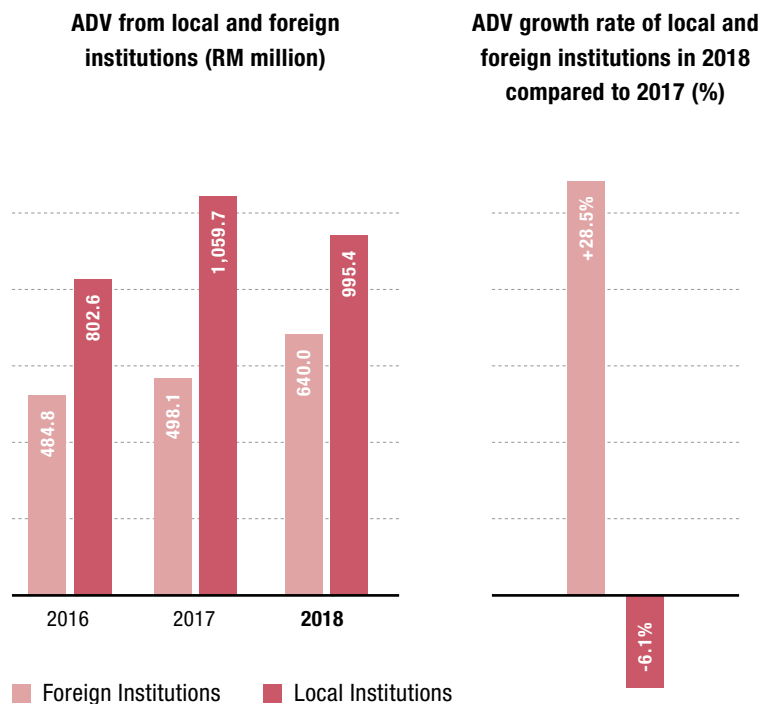
Expanding our reach to institutional investors

Institutional investors form a vital segment of our investor base. During the year, our activities were targeted towards attracting more institutional investors to invest in our marketplace.

We developed an Institutional Roadmap designed to expand our investor base beyond our traditional markets, with special emphasis on ASEAN investors in 2018. During the year, activities included Invest Malaysia Kuala Lumpur and Invest Malaysia London, as well as Mini Corporate Days held in Singapore, Hong Kong and Bangkok - aimed at highlighting Malaysia's many individual strengths to the ASEAN and global investors. We also conducted thematic institutional seminars to promote specific sectors to local fund managers and analysts. During the year, these seminars included institutional events held in collaboration with Hong Leong Investment Bank Berhad focusing on profiling specific industries.

The initiatives under the Institutional Roadmap collectively contributed towards boosting the market performance in 2018, with ADV from institutional investors growing by 5.0% in 2018 to RM1.64 billion against RM1.56 billion in 2017. Additionally, we recorded higher ADV generated from ASEAN markets in 2018, growing by 11.7% from RM90.7 million in 2017 to RM101.3 million in 2018.

The breakdown of ADV growth from institutional investors, by local and foreign institutions, is as follows:



In our Derivatives Market, the focus for the institutional segment in 2018 was to maintain our FCPO as the stronghold of our Derivatives Market, by leveraging on strategic engagement platforms to continuously interact with traders of underlying physical commodities. The engagements undertaken in 2018 included the Palm and Lauric Oils Price Outlook Conference & Exhibition 2018, which was attended by 2,000 participants. This annual event serves as a strategic platform for industry professionals to meet potential business clients, discuss market trends, issues and the latest price forecasts, while providing us with an avenue to showcase our FCPO contract.

COMPETITION

As part of our strategy to encourage greater usage of our derivatives products as hedging tools, we also continued to hold discussions with palm oil associations such as the Palm Oil Refiners Association of Malaysia (PORAM), Palm Oil Millers Association (POMA), Malaysian Biodiesel Association (MBA) and other industry players to promote awareness and encourage them to hedge through BMD products.

Building our retail investor base

Key to building our retail investor base is ensuring that retail investors make informed decisions based on easy-to-access information and clear understanding of market conditions. Ultimately, an informed retail investor will contribute to a robust and vibrant marketplace that is sustainable and able to further our pursuit of attaining a developed market status. In 2018 we continued our efforts to grow retail participation in our marketplace by adopting a push and pull strategy. The implementation approach under this strategy covered a wide range of initiatives, both educational and marketing in nature, conducted in collaboration with industry players and premised on the promotion of investing in an informed and sustainable manner. The result was encouraging, with retail investors posting a net buy for the first time in over 10 years. This indicated that retail investors were more informed and knowledgeable and able to discern undervalued counters in a downward market.

Securities Market

- Launched the “What’s Your Goal” and “Easy as 1,2,3” retail campaigns to promote share ownership to all Malaysians as a means to grow wealth. The campaigns resulted in new Central Depository System (CDS) accounts being opened
- Introduced the “Routine Investment Scheme” to provide novice investors an avenue to own shares
- Took up 199 radio slots from four radio stations during a six-week period to promote public awareness on share investment as well as Government incentives (for example the waiver on clearing fees for first-time CDS account holders)
- Conducted over 200 education and awareness programmes (for example Workshop@Bursa, Bursa Station Market Outlook Talk) on securities market products, reaching out to over 35,000 retail investors

Derivatives Market

- Held 196 engagements with over 16,000 derivatives investors, covering various topics from basic product awareness and basic trading strategies to advanced trading strategies
- Completed 50 engagements such as workshops with more than 3,700 participants on the Derivatives Market
- Rolled out 16 trading simulation workshops covering theory and trading simulation and self-practice with the public through our free virtual derivatives trading platform on the BursaMKTPCL portal

Islamic Capital Market

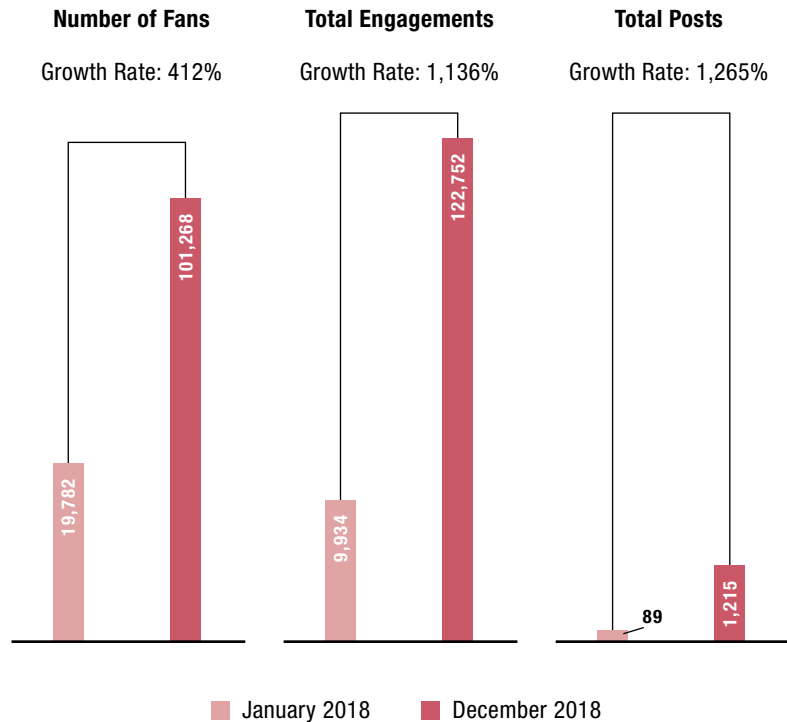
- Organised a two-day Shariah Investing Fair (SIF) with a theme of “Jom Labur BM-!” and the participation of over 11,000 Malaysians who were encouraged to invest in the capital market through Bursa Malaysia-’s end-to-end Shariah-compliant platform
- Rolled out a total of 70 engagements nationwide comprising among others, webinars, seminars and e-trading challenge to promote and educate on Shariah investing and Shariah-compliant investment products to more than 32,000 participants
- Actively shared information and updates on Shariah investing activities through dedicated social media platforms

COMPETITION

Additionally, we continued to expand the utilisation of digital and social media marketing for greater and wider reach especially among millennials. To this end, our BursaMKTPLC portal serves as a crucial platform in the digital sphere. We have positioned BursaMKTPLC as a one-stop portal for the public to learn, try and apply the various tools and features in the portal to enhance their investment knowledge and skills. Apart from that, in 2018 we completed the revamp of our BursaMKTPLC mobile app by introducing a more refreshed and user-friendly app with various advanced features. These efforts resulted in an increase in our registered user base and downloads for the mobile app by 59% and 139%, respectively.

In 2018 we also increased the number of interactive videos such as our Facebook Live initiative which consisted of industry experts sharing investment knowledge and company leaders sharing their company performance and future plans. At the same time, we regularly broadcasted our events calendar, investment knowledge and updates of corporate news on all of our social media platforms. These initiatives contributed positively towards the growth of our fan base, which rose by 412% during the year.

Growth of BursaMKTPLC Social Media Platforms (Facebook, Twitter, Instagram)



Investor education

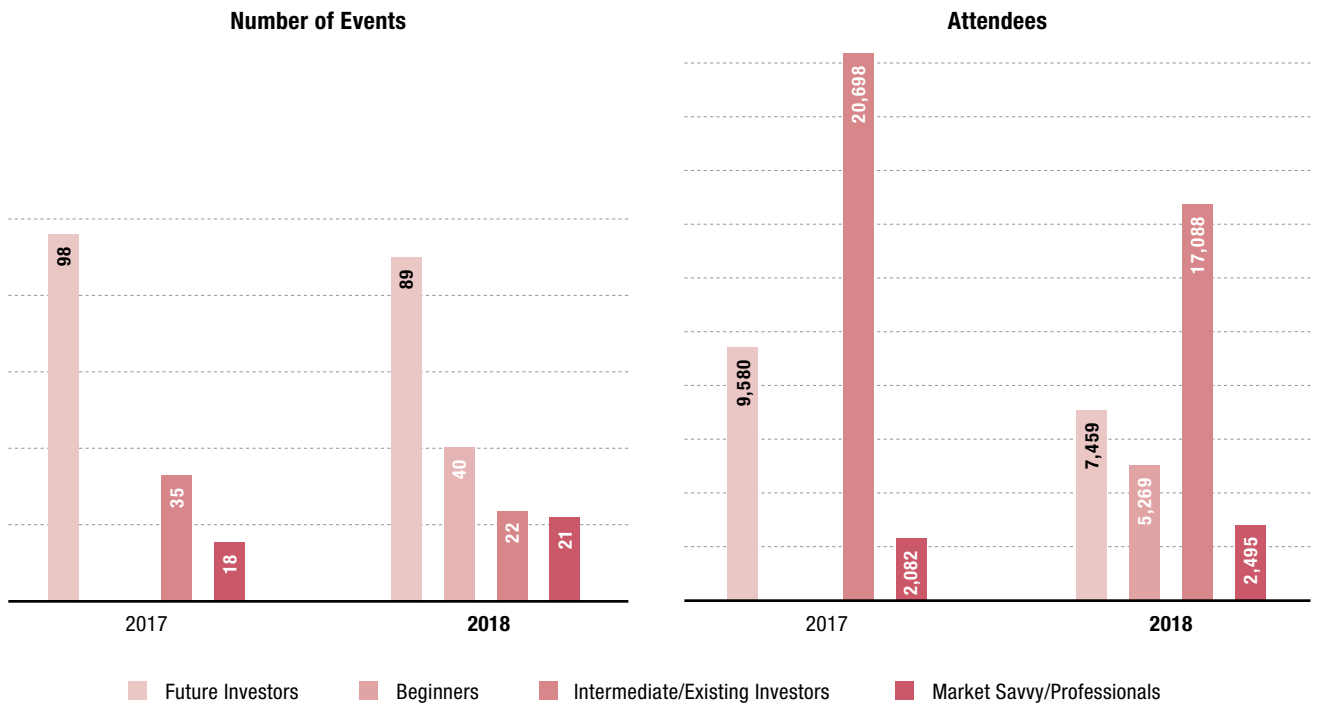
We recognise the importance of investor education towards the development of a sustainable investor base. Programmes are designed to help participants improve their financial literacy to build their confidence and skills in order to participate in our markets in an informed manner.

This year, our educational programmes were segmented according to the different levels of investors namely, future investors, beginners, intermediate or existing investors and market savvy or professional investors.

<p>Future investors</p> <ul style="list-style-type: none"> Conducted market awareness sessions on products and services Established 21 Bursa Young Investor Clubs (BYIC) in local universities, benefitting 5,170 students Held the inaugural Bursa Malaysia National Investment Debate Challenge to spur interest in investments on Bursa Malaysia among students 	<p>Beginners</p> <ul style="list-style-type: none"> Organised workshops and webinars to provide young, potential and new investors with knowledge on investment opportunities Provided handholding sessions for new account holders
<p>Intermediate/Existing Investors</p> <ul style="list-style-type: none"> Conducted sessions to increase intermediate/existing investors' capital market literacy level to a developed status 	<p>Market Savvy/Professionals</p> <ul style="list-style-type: none"> Conducted engagements to build a pipeline of professional and market savvy investors as well as intermediaries

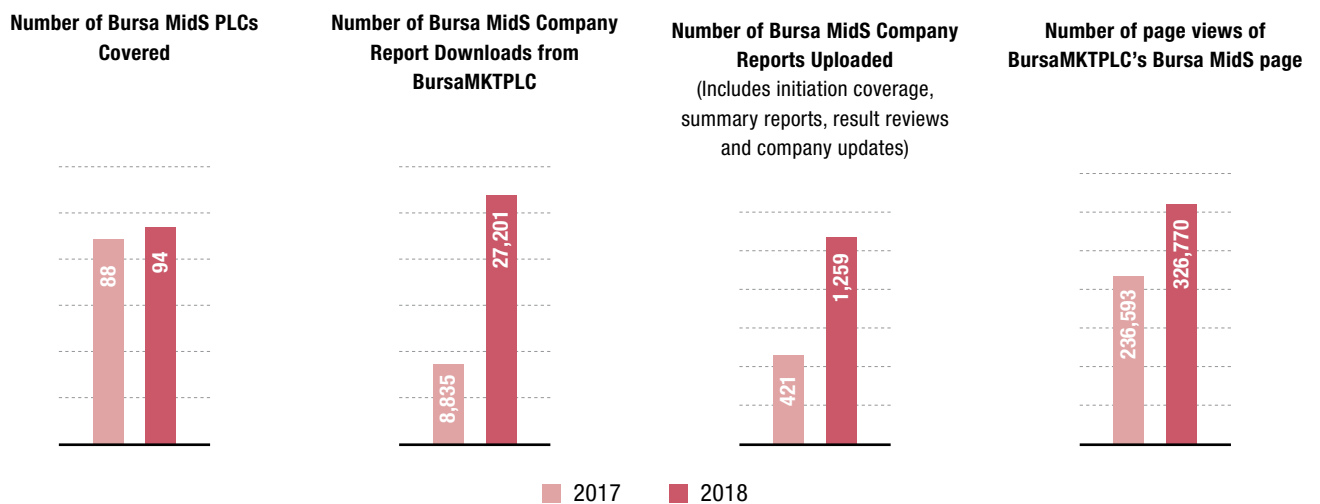
COMPETITION

Our investor education programmes and initiatives have evolved into more interactive workshops with workbooks and focusing on digital education (namely, online webinars, infographics and short videos). The educational initiatives will continue to balance offline and online channels to reach out to investors based on their preferred mode of learning. The number of events held according to the investor segments is depicted in the following chart:



Raising the profile of listed SMEs

Since its launch on 25 May 2017, the Mid and Small Cap Research Scheme (Bursa MidS) has successfully assisted mid- and small-cap PLCs under the scheme to gain greater visibility and raise their profile among investors through the publication of analysts' research reports. As at 31 December, a total of 1,259 research reports on 94 participating PLCs were published on the Bursa MidS page on the BursaMKTPCLC website. The outcomes of these initiatives are as follows:



From our assessment of the website traffic, we observed that most of the PLCs' reports were viewed after the release of quarterly financial results announcements. The research reports were therefore, deemed to be a viable source of reference by investors for Bursa MidS PLCs given that these PLCs may have viable investment propositions based on fundamentals that were not well covered previously.

COMPETITION



IMPROVING AND PROVIDING ENABLING ECOSYSTEM

In 2018 we continued to invest in our market ecosystem to create a more facilitative marketplace and attract investors to increase the breadth and depth of our market. This strategy saw us developing new services as well as introducing an incentive framework for traders to boost volume and participation in the capital market and in specific product areas, as well as enhancing existing rules and frameworks.

Product Strategy: Exchange-Traded Funds (ETFs)

ETFs form one of the key focus areas of our 2017-2020 Business Plan to further develop the capital market and attract liquidity. In line with this, we undertook the following initiatives in 2018:

- Participated in the ETF Task Force led by the Securities Commission Malaysia (SC) to release a set of key recommendations in 2017. This resulted in the issuance of new ETF guidelines by the SC in 2018
- Encouraged more issuances and trading of ETFs
- Implemented ETF Research Scheme with three research companies covering six ETFs listed on Bursa Malaysia
- Facilitated stamp duty waiver on trading of ETFs as announced in the Annual Budget 2018
- Listed new Shariah-compliant USD-denominated ETFs, the first non-RM product listed on Bursa Malaysia
- Waived initial and annual listing fee for ETFs listed from 2 November 2018 till 31 December 2019 to encourage more issuances of ETFs
- Commenced work with a specialist provider of indicative real-time asset value calculation to provide the Indicative Optimised Portfolio Value (IOPV) calculation for listed ETFs to be published on the BursaMKTPLC website
- Engaged Asia's major issuers of ETFs to tap into their insights and know-how in growing the Malaysian ETF market
- Organised conferences, workshops and talks to facilitate possible collaboration among domestic issuers, foreign issuers and ETF index providers

Product Strategy: Structured Warrants

Apart from ETFs, we have also identified structured warrants (SWs) as another key securities product to grow.

Our key initiatives for SWs in 2018 included the following:

- Introduced a waiver of initial listing fees to spur issuance of SWs. This resulted in 1,034 listings of SWs compared to 911 in 2017
- Facilitated stamp duty exemptions as announced by the Malaysian Government for trading of SWs executed from 1 January 2018 to 31 December 2020

Intraday Short Selling (IDSS)

We had implemented IDSS for all investors as part of our strategy to boost market liquidity and further improve flexibility for investors to carry out their trading and risk management strategies.

Since its launch, IDSS has contributed to the capital market's vibrancy by providing an additional tool for investors to implement their investment strategies effectively. The total ADV for IDSS trades between April and December 2018 was RM34.7million, representing 1.45% of the market trades. As at end-December 2018, 15 POs offered IDSS trading services to their clients.

Volume-Based Incentive Programme

The Volume-Based Incentive Programme (VBIP) was introduced to encourage existing traders to trade at higher volumes as well as to encourage the entrance of new classes of traders such as foreign proprietary trading firms to trade in the Malaysian capital market by lowering their trading costs. Ultimately, the objective was to increase market vibrancy by improving trading volume and diversifying market participants.

Marketing Representatives

Previously, a remisier was not allowed to act as a Marketing Representative (MR) to introduce clients to a Trading Participant (TP) in the Derivatives Market. Effective 1 August 2018, remisiers are allowed to take up the role and function of a MR without having to surrender his Capital Markets Services Representative's Licence (CMSRL) provided that there is no conflict of interest and the Capital Markets Services Licence (CMSL) holder and other principals are aware and agreeable with the arrangement. As a CMSRL holder, such remisiers will neither be required to attend the Familiarisation Programme nor pass the assessment, as he has passed the relevant licensing examinations. However, prior to his registration as an MR, the principal must ensure he has the necessary knowledge and understanding of the relevant MR activities.

Dual Licensing

We have commenced an initiative with the SC to further allow qualified remisiers in the Securities Market to be licensed to deal in derivatives as well, upon completion of a Familiarisation Programme jointly conducted by Securities Industry Development Corporation (SIDC) and us. This liberalisation could widen the distribution of derivatives products through the remisiers currently available in the Securities Market.

COMPETITION

Institutionalising Locals

We liberalised the Associate Participants' (AP) admission requirements to encourage professional traders to establish proprietary trading firms in Malaysia under the existing AP framework. With the said liberalisation, which involved a waiver of participant fees and streamlining of application process, professional traders particularly Locals (namely, individuals who trade for themselves) have the option to upgrade and expand their business from individual trader capacity to setting up proprietary trading firms in a streamlined and cost-effective manner. This concept of institutionalising Locals enables professional traders to come together as owners of a proprietary trading firm and trade in their collective capacity as AP to maximise their business opportunities.

For the year 2018, we also created more mentorship programmes which will assist in developing more derivatives traders for our market.

Retail Transaction Incentive Programme (RTIP)

We had introduced the RTIP in 2016 to increase trading participation in the retail segments of the Derivatives Market.

This incentive programme was extended into 2018 to complement our educational efforts to encourage experienced retail traders to increase their trading activities which will further enhance liquidity in these contracts. Nine RTIP applications were received and approved in 2018.

New Order Types and Validity (OTV) Phase 2

During the year, we also undertook the second phase of OTV, offering additional trading features to provide investors with greater functionality, trading and order entry efficiency for their investment strategy.

The following new trading features were introduced in 2018:

- Market Order at Pre-Closing – allows investors to key-in Market Orders during pre-closing auction session
- On-Open Order – allows investors to place an order that will be executed at the day's opening price. It is often used based on events which took place after the market has closed on the previous trading day that are expected to affect the security's opening price on the following trading day
- On-Close Order – allows investors to buy or sell securities at the closing price which will be executed at or just after closing at the end of the trading day
- Iceberg Order – allows investors to make conditional requests to buy or sell a large quantity of securities but in smaller pre-determined quantities. This kind of order is typically used by large or institutional investors to avoid sudden movements in the market caused by large orders
- One-Cancel-Other (OCO) Order – a set of two orders whereby matching of one order will result in the cancellation of the other order. This is usually used by traders to mitigate risk and to enter the market

The initiative allowed investors to achieve their investment strategies through the utilisation of exchange-driven trading features and also improved order execution as market participants were allowed to exercise different trading strategies. It also enriched the order types offered to enter and exit a position in trade execution more efficiently. Prior to its launch, we engaged 22 POs via a briefing and 16 POs via a conference call to provide them with details on the initiative.

T+2 Settlement Cycle

We also prepared for migration to T+2 settlement cycle. The proposed migration to T+2 settlement cycle is targeted for implementation in the first half of 2019. To ensure a seamless migration, we have sought comprehensive feedback by engaging both international and domestic intermediaries including Clearing Participants, the Association of Stockbroking Companies Malaysia (ASCM), the Malaysian Investment Banking Association (MIBA), global custodians, the Asia Securities Industry & Financial Market Association (ASIFMA) and fund managers. A public consultation was also conducted seeking feedback from the market.

We will conduct relevant industry-wide tests prior to the actual launch to ensure a smooth migration to the T+2 settlement cycle. When implemented, T+2 will reduce the level of systemic risk and also align our Securities Market to the best practices of leading global exchanges.

Straight-through-processing

As part of our continuous efforts to become more competitive in the Islamic finance space, we have enhanced BSAS to avoid duplication of data entry by its members for their retail financing activities and increase system efficiency (refer to page 60 in the Technology and Innovation chapter for more details).

COMPETITION



REGIONAL EXPANSION

Our goal of becoming ASEAN’s leading, responsible and globally-connected marketplace relies on our ability to expand our regional presence. This, in turn, will provide greater exposure to our markets, thereby promoting more trading activity on all our platforms, while building and diversifying our investor base with foreign participation in our markets. Our initiatives further included a focus on building awareness in specific industry areas, such as commodities, for the benefit of our Derivatives Market.

In expanding our presence regionally, we recognise that in addition to undertaking our own initiatives, it is also vital to leverage on collaborations with other exchanges in ASEAN as well as market participants such as intermediaries. For our Securities Market, activities were carried out in accordance with our ASEAN Roadmap, which sets the direction for our regional expansion through promotional activities for retail and institutional investors. Our Regional Expansion activities contributed to the 11.7% growth in ASEAN ADV to RM101.3 million in 2018 from RM90.7 million in 2017.

ASEAN Roadmap

Under the ASEAN Roadmap, we implemented various initiatives aimed at promoting and enticing both retail and Institutional ASEAN investors into our marketplace. Towards ensuring our initiatives in ASEAN were impactful, each of them was tailor-made based on the appetite and demographic of the investors in the country. All these events were held in collaboration with both regional and local intermediaries and supported by the presence of PLCs showcasing their companies’ current progress, strategy and future plans. Additionally, we adopted a push and pull strategy by incentivising our regional broker partners to assist in promoting and acquiring more ASEAN investors into our marketplace.

Collaborations with Regional Exchanges

Our collaborations with exchanges from around ASEAN and within Asia are critical in promoting our local markets, building connectivity and for knowledge sharing. Among these collaborations included our participation in the ASEAN Exchanges initiative, a collaboration of the exchanges from Indonesia, Malaysia, Philippines, Singapore, Thailand and

Vietnam to promote the growth of the ASEAN capital market by bringing more ASEAN investment opportunities to more investors.

During the year of review, the ASEAN Exchanges held its 27th and 28th CEO meetings in Manila and Singapore, respectively. At the meetings, the CEOs agreed on the following action plans/initiatives:

<p>Enhancement of the ASEAN Exchanges website to help promote ASEAN as an asset class more effectively</p>	<p>Give priority to promotional initiatives and facilitation towards freer flow of information within ASEAN to help ASEAN citizens to understand each other’s market better</p>
<p>Organise Invest ASEAN roadshow in Asia to showcase the growth opportunities of the ASEAN asset classes</p>	<p>Provide full commitment to support the ASEAN Capital Market Forum’s initiatives in developing the ASEAN capital market</p>

We also collaborated with China’s Dalian Commodity Exchange to jointly conduct the annual China International Oils and Oilseeds Conference (CIOC) in Guangzhou, China. 835 delegates, including oils and oilseed professionals, attended the conference which provided an avenue to meet related industry corporates for trade opportunities and to strengthen working relationships with China’s oils and oilseeds fraternity.

Participation at International Conferences

We participated in international commodities conferences to strengthen the presence of our Derivatives Market and enhance its international market profile. In 2018, we participated in conferences in Indonesia, India and Singapore such as the Indonesia Palm Oil Conference (IPOC) 2018 and FIA Asia Derivatives Conference.

Boosting Membership on Our Platforms

Memberships on our trading platforms, including BSAS where global participants connect and trade directly on, provide an opportunity to increase foreign participation in our markets. In 2018, we admitted banks from Iraq, Bahrain, Tanzania, Kenya, Dubai and Ajman in UAE as new members on BSAS. In total, we admitted 32 new members, bringing the number of BSAS membership to 173 in 2018 from 141 in 2017. Domestic participants accounted for 73% of total trades while foreign participants accounted for the remaining 27%, signifying the growing acceptance of BSAS as a global Murabahah and Tawarruq trading platform.

Total number of BSAS membership



COMPETITION

Expanding Shariah Investing to Our Regional Peers

As the leading exchange in the Islamic capital market, we have been steadfast in stimulating interest amongst global investors to invest in our markets by providing them with our comprehensive Shariah-compliant investment instruments and solutions. Our end-to-end Shariah-compliant Bursa Malaysia-*i* platform further helps reinforce the integration of responsible investing (or RI) and Shariah investing and offers vast opportunities to Shariah investors and other stakeholders to grow their value in the Islamic capital market ecosystem.

In 2018, our Bursa Malaysia-*i* platform recorded trades coming from our regional peers, such as Brunei, Cambodia, Indonesia, Myanmar and Singapore which demonstrated interest in investing responsibly and sustainably in a Shariah-compliant manner.

MOVING FORWARD

In line with our 2017-2020 Business Plan, we seek to keep our markets competitive by continuing to provide varied product choices to appeal to different investor segments; keeping our trading ecosystem accessible and facilitative; nurturing and expanding a diversified investor base and looking to the region via our ASEAN Roadmap as a cornerstone of growth.

With the aim of achieving developed market characteristics, we will place strong emphasis on building vibrancy in the marketplace by improving liquidity, product offerings and the ecosystem within which we operate, regulate and participate.

MARKET INTEGRITY & STABILITY

102-12 ; 103-1; 103-2; 103-3; 418-1

2018 KEY HIGHLIGHTS

BALANCED REGULATORY FRAMEWORK which is benchmarked against international standards



ZERO SUPERVISORY BREACH among intermediaries

99.1% FINANCIAL REPORTS submitted by PLCs within the prescribed timeframes

Continued **DECREASE IN NUMBER OF MARKET OFFENCES** as well as PLCs that committed serious breaches of the LR

Quality of PLCs' disclosures strengthening with number of queries issued to them on their announcements dropping below

0.5% in 2018 from 0.7% in 2017

Organised 67 programmes in 2018 for

4,965 MARKET PARTICIPANTS

WE VIEW MARKET STABILITY AND INTEGRITY AS A KEY CORNERSTONE TO SUSTAINABILITY AS THIS IS CRUCIAL TO FOSTER INVESTOR CONFIDENCE AND ENCOURAGE CAPITAL RAISING AND INNOVATION, LEADING TO MARKET AND WIDER ECONOMIC GROWTH AS A WHOLE.

STRENGTHENING OUR MARKET ECOSYSTEM

As a frontline regulator and an exchange operator of the Malaysian capital market, we are duty-bound to ensure, as far as reasonably practicable, maintenance of a fair and orderly market.

In discharging this duty, we are guided by our key regulatory principle of striking an appropriate balance between ensuring market integrity, investor protection as well as high standards of conduct by market participants while promoting innovation and growth in the marketplace through among others, technology advancement.

Towards ensuring market integrity and stability, we have in place our four-year Regulatory Plan (2017-2020 Regulatory Plan) which was formulated based on, among others, our observations as well as feedback from various key stakeholders in the markets. The 2017-2020 Regulatory Plan comprises our regulatory strategies, approaches as well as developmental and operational initiatives which we review and refine from time to time to ensure their relevance and effectiveness.

For the year under review, we fine-tuned the 2018 Regulatory Plan, taking into consideration the 2017-2020 Regulatory Plan, current state of the market, the desired state of the market, the level of conduct among our market participants, our regulatory goals, issues and challenges. We also assessed the effectiveness of our approaches and the methodologies employed.

In addition to the regulatory efforts above, we have established our 2017-2020 Operational Transformation Plan to strengthen the operations and safeguard our markets. As an exchange operator, it is our utmost priority to provide reliable and resilient infrastructure to ensure continuous service and a fair and orderly market. To this end, we continuously monitor and benchmark our operations against international best practices. Key activities for 2018 are described in the section on 'Ensuring orderly trading, resiliency and reliability of our market infrastructure' on pages 47-48 in this chapter.

MARKET INTEGRITY & STABILITY

Our key strategic regulatory focus areas for the year 2018 which was premised on the 2017-2020 Regulatory Plan, are as follows:

Regulatory Framework	Improving the rule framework based on “no more rules than necessary”. Be open and transparent, proactive and outcome-based to facilitate developed market status while ensuring that the rule framework remains relevant and effective	Effective Enforcement	Enhancing effectiveness of regulatory actions against breaches (including enforcement actions) to improve conduct and investor confidence
Intermediaries	Elevating the standards of business conduct and self-regulation among intermediaries, and facilitating the ease of doing business	Market Education	Enhancing education to promote greater market awareness and understanding as well as improve practices and build culture of self-regulation
PLCs	Improving quality of public listed companies (PLCs), corporate governance (CG), sustainability, disclosures, efficiency and effectiveness of capital raising and restructuring	Technology and Innovation	Increasing efficiency and effectiveness of regulation through greater digitalisation
Trading	Addressing market orderliness through greater transparency, automation, improved market management framework and facilitating front office supervision by Participating Organisations (POs) and Trading Participants (TPs)		

In implementing the programmes, projects or initiatives in these various regulatory strategic focus areas, we target to achieve the following outcomes:

Regulatory standards continue to be on par with developed markets

Embedding culture of self-regulation (PLCs and intermediaries)

Strong culture of CG comparable to that of developed markets

Bursa Malaysia as a leader in ASEAN for sustainability

Legitimate issues of over-regulation addressed

Effective ecosystem

MARKET INTEGRITY & STABILITY



REGULATORY FRAMEWORK: BUILDING MARKET OF QUALITY AND STRENGTHENING CULTURE

Securities Market

To ensure sustainability and accountability within our markets, we recognise the role we play in balancing between private and public responsibilities. We do this by putting in place clear, comprehensive and accessible rules, which govern, among others, the listing of issuers and products on our markets; the obligations of the issuers post-listing; the trading, clearing and settlement of listed securities and products; as well as the admission and post-admission obligations of our participants including their conduct. These rules facilitate the discharge of our statutory duties under the Capital Markets and Services Act 2007 (CMSA) and Securities Industry (Central Depositories) Act 1991, namely to maintain an orderly and fair market; efficient dealings in deposited securities; and clear and efficient clearing and settlement of listed securities and products traded through our facilities.

These rules are reviewed from time to time to ensure that they remain balanced, facilitative of our regulatory and corporate objectives, and are consistent with legal and regulatory requirements, including those imposed by the Securities Commission Malaysia (SC). We also ensure our rules provide adequate levels of investor protection, but do not result in burdensome compliance costs nor impede ease of doing business and growth. We place significant focus on elevating the governance and conduct of our regulated persons, as well as ensuring adequate transparency in the marketplace. Our rules are also benchmarked against international standards of market regulation.

In 2018, we embarked on a review of the Collective Investment Scheme (CIS) and Business Trust framework. Amendments to the post-listing regulatory framework for CIS under the Main Market Listing Requirements (Main LR) were made to improve the efficacy and efficiency of secondary fundraising exercises by CIS and Business Trusts as well as enhancing the attractiveness of the overall regulatory framework governing Real Estate Investment Trusts (REITs). Consequent to the enhanced framework, we are now the single approving authority for all new issues of securities by listed CIS, except for debt securities, and there is greater ease of doing business and flexibilities accorded to REITs.

Subsequently, we also undertook a further review of the post-listing and trading framework of Exchange-Traded Funds (ETFs) to provide an efficient and effective ecosystem for ETFs as well as diversified product range for our investors. Among others, we amended the Main LR to liberalise the interim reporting frequency of ETF from a quarterly to semi-annual basis and facilitate the launch of the various new ETF products through enhanced disclosures in immediate announcements and periodic reports. Apart from that, we also reviewed the Permitted Short Selling framework for Market Makers, and introduced new provisions to regulate trading in Leverage and Inverse (L&I) ETFs under Rules and Directives of Bursa Malaysia Securities.

In relation to the Business Rules, we undertook a review of the Rules and Directives of Bursa Malaysia Securities to allow further flexibilities in relation to Dealers' Representatives and Registered Persons, to enhance operating efficiencies and flexibility of doing business, reduce and streamline reporting requirements as well as remove overlaps and redundancies.

In addition, we also introduced Intraday Short Selling (IDSS). Under the new framework, all investors who comply with the prescribed requirements are allowed to carry out IDSS. We believe that extending IDSS to a wider group of investors will help to improve the liquidity and velocity of our market. For further details on IDSS, please refer to the Competition chapter in this Report on page 32.

To ensure that our LR continued to be balanced, we undertook a progressive simplification of the LR which commensurates with the state of development of our market. For the purpose of this review, we focused on simplifying the Main LR and ACE Market Listing Requirements (ACE LR) in the area of continuing disclosure obligations, primarily on disclosures in announcements and circulars for transactions, as well as requirements relating to corporate disclosure policies. Apart from this, we also propose to liberalise requirements which pose insignificant risks to shareholders, where appropriate, and continue to safeguard investors' interests by addressing gaps that we see. On 28 September 2018, we issued a public consultation paper in relation to the review for public feedback.

MARKET INTEGRITY & STABILITY

Concurrently, we also published another public consultation paper in relation to the interim financial reporting framework under the LR to seek feedback and assess if a change to the current regime is necessary. This would allow us to determine the appropriate and balanced reporting framework for both PLCs and investors.

We maintain an open, transparent and consultative approach in the review process to ensure any amendment to the disclosure framework remains relevant and balanced.

Derivatives Market

In the derivatives space, the Rules and Directives of Bursa Malaysia Derivatives were amended to update and improve our key contracts to ensure they remained relevant and competitive.

We revised the contract specifications of the Ringgit Malaysia Denominated Crude Palm Oil Futures (FCPO) Contract and its related contracts to extend the trading hours to enable better arbitrage trading opportunities, increase the contract months to allow hedgers to better manage their palm oil risk profile and increase the position limits to meet market needs and reflect the increased trading volume and open interest in the contracts.

We also amended the contract specifications for the USD Denominated Refined, Bleached and Deodorised Palm Olein Futures (FPOL) Contract to revise the physical delivery procedure for the FPOL Contract from an ex-tank delivery to a free on board delivery (FOB). This aligned the physical delivery procedure for the FPOL Contract with that of the physical palm olein market.

In order to attract retail investors and Local Participants to trade derivatives products by providing them with a product option which will allow for a cheaper entry into the Derivatives Market space, we introduced the Mini FTSE Bursa Malaysia Mid 70 Index Futures (FM70) Contract in 2018. FM70 is an index futures contract based on the FTSE Bursa Malaysia Mid 70 Index which complements the existing FTSE Bursa Malaysia KLCI Futures Contract.

For further details on the Derivatives Market's new and revamped products and services, please refer to the Competition chapter in this Report.



INTERMEDIARIES: ENHANCING STANDARD OF BUSINESS CONDUCT, SELF-REGULATION AND FACILITATING EASE OF DOING BUSINESS

Intermediaries play an integral role in keeping markets moving smoothly and sustainably. Some of the primary roles of the intermediaries are to assist investors in achieving their investment objectives by providing a secured trading environment while setting a high ethical standard.

In view of the above, 2018 saw us continuing to focus on the prevention of systemic risk, protection of clients' assets and front office monitoring to maintain a fair and orderly market and a high level of investor confidence. We continued to place greater emphasis on the standards of business conduct and self-regulation among intermediaries. This entailed guiding the intermediaries to establish sound governance structures, robust risk management procedures and effective controls to manage conflicts of interests. Intermediaries were expected to ensure that they adhere to the highest standards of accountability and transparency.

MARKET INTEGRITY & STABILITY

We embarked on the following initiatives to improve their business conduct in 2018:

(a) Strengthening the Capital Adequacy Resilience of Our Intermediaries

On 26 July 2018, we issued a guidance on capital stress-testing to all POs (excluding investment banks). The guidance, which was developed based on our current Liquidity Risk Framework, aimed to assist the POs in managing their capital resources more effectively and mitigating default risk, and to enhance the quality and effectiveness of their existing stress-testing requirements and scenario analysis. The POs were required to submit the results of their stress tests to us on a quarterly basis, with the first quarter submission successfully made in October 2018. With the stress-testing framework in place, it is expected that there will be a cessation and/or reduction of any ad-hoc directive or intervention against the intermediaries by Bursa Malaysia on liquidity issues covered under the stress-testing framework. Intermediaries are also expected to reduce the ad-hoc utilisation of their standby facilities as they are now able to plan the optimum utilisation of their financial resources.

(b) Supervising and Monitoring Electronic Trading

We had on 30 August 2018 issued an industry communication to all POs on Supervising and Monitoring Electronic Trading (ICON-ET). The industry communication aimed to provide POs with recommendations on supervision practices for automated trading, as well as guidance in identifying irregular trading behaviours and red flags associated with electronic trading. The issuance of the ICON-ET is expected to ensure that POs have a greater sense of awareness and level of preparedness in undertaking and instituting adequate and robust supervision, monitoring and the taking of pre-emptive actions to prevent abusive practices and supervision lapses vis-à-vis electronic trading.

Our reviews during the year showed that our intermediaries exhibited a satisfactory level of compliance in both their back office and middle office functions to date. They have also instituted effective safeguard measures to protect investors' interests and their assets which indicate that they have satisfactory standards of business conduct and self-regulation. During the year under review, no supervisory breach was noted among the intermediaries.



PLCs: PROMOTING TRANSPARENCY AND QUALITY

Corporate Disclosure and Financial Health

In our efforts to ensure the integrity and stability of our capital market for the long-term, we monitor and supervise PLCs' disclosure obligations to ensure sufficient and relevant information is provided for investors to make informed investment decisions. Our supervisory activities and approaches in monitoring and supervising compliance with disclosure obligations include reviewing PLCs' announcements, circulars and other documents as well as issuing media queries to PLCs to provide responses and clarifications in order to provide shareholders and investors with adequate and accurate information.

MARKET INTEGRITY & STABILITY

In our continuous efforts to elevate the standard of disclosures in our market, we also undertake developmental initiatives to improve disclosure practices and the compliance culture among PLCs. Such initiatives in 2018 included the following:



PRE-EMPTIVE SUPERVISORY APPROACH

Under this new supervisory approach, subsequent to the announcement of a complex corporate proposal, we will engage PLCs and/or advisers before the draft circular is submitted for our review. During the engagement, we will highlight areas which require greater focus to ensure that information in the circular is comprehensive for shareholders' decision-making. The key objective of this approach is to ensure that circulars submitted to us are complete and contain all required information, thus facilitating our review. It also allows the completion of such proposals to be further expedited.



EXPANSION OF GREEN LANE POLICY (GLP) IN DEALING WITH CIRCULARS AND APPLICATIONS BY FTSE BURSA MALAYSIA TOP 100 (FBMT100) PLCs

The GLP is a differentiated approach implemented towards recognising and incentivising PLCs with good CG and disclosure practices (Qualified PLCs). These Qualified PLCs are accorded with certain privileges such as exemption from having their circulars (excluding complex circulars) submitted to Bursa Malaysia first before issuance of the same to shareholders. In addition, the review of complex circulars (such as those involving major disposals, privatisations, related party transactions), which are required to be reviewed by us, will be fast-tracked. These privileges facilitate faster issuance of circulars to shareholders and thus, expedite faster completion of their corporate proposals.

Following the initial phase of the GLP implementation in August 2017, which identified Qualified PLCs from the top 30 constituents of the FBMKLCI, we enhanced the GLP in November 2018 to include constituents of the FBMT100. We also expanded the incentives whereby in addition to exempting or fast-tracking the review of complex circulars, we will fast-track processing of other applications by these Qualified PLCs.



ISSUANCE OF COMMUNICATION NOTES ON ISSUES AND OBSERVATIONS RELATING TO PLCs

In line with our approach to engage and educate market participants, we have been issuing communication notes to provide clarifications and illustrations on the application of disclosure requirements under the LR. These communication notes provide best practices, guidance and illustrations to help PLCs improve their practices and enhance the standard of disclosure and transparency in the marketplace.

In 2018 a communication note with regard to corporate disclosure was issued, which set out our observations regarding PLCs' compliance with the disclosure requirements in relation to the content of their website. It also contains recommendations on best practices that PLCs are encouraged to adopt in order to maintain a corporate website that is relevant and useful for stakeholders' decision-making.

In 2018 we continued to achieve timely and reliable submission of financial reports by PLCs, with more than 99% of the reports being submitted by PLCs within the prescribed timeframe and only five PLCs (as at 31 August 2018) having a variation of more than 10% between their audited and unaudited financial reports. The number of queries we issued on PLCs' corporate announcements was reduced substantially compared to 2017, signifying an improvement in the quality of disclosures among PLCs.

MARKET INTEGRITY & STABILITY

Promoting transparency and quality of PLCs	2016	2017	2018
Submissions of financial information received on time	99.49%	99.20%	99.1%
Number of PLCs with deviation of more than 10% between the unaudited and audited results based on financial year ending (FYE)	17	14	5 (up to FYE 31 Aug 2018)
Total queries on corporate announcements (percentage of queries on announcements over total general announcements)	179 (0.89%)	159 (0.73%)	99 (0.43%)
No. of financially distressed PLCs (percentage of affected PLCs over total PLCs)	24 (2.65%)	22 (2.44%)	24 (2.62%)

Corporate Surveillance

To uphold market integrity and stability, along with investor protection, we undertake corporate surveillance aimed at detecting possible non-compliances with the LR, corporate irregularities, misconduct and/or transgressions as well as allowing timely and effective pre-emptive measures or appropriate regulatory responses.

Our surveillance activities cover daily monitoring, periodic review and ad-hoc assignments which are embedded in a comprehensive corporate surveillance framework. The detection of possible non-compliance with the LR or corporate irregularities that could undermine confidence in our capital market is undertaken through regular monitoring of non-financial and financial red flags, monitoring of corporate developments, in-depth analysis of issues or matters detected and thematic studies. This is meant to subsequently determine emerging trends and consider appropriate actions to address or mitigate these issues or trends, including the issuance of directives or proposing changes to the regulatory framework. Arising from various corporate surveillance activities, actions taken included pre-emptive actions as well as referrals of possible breaches of the LR for further investigation internally while possible breaches of the law were referred to the relevant authorities for their action. Some of the corrective actions taken by PLCs following our engagements included termination of certain 'irregular' transactions/corporate exercises, changes to the board, enhancements to CG practices and internal controls as well as inclusion of additional disclosures where appropriate.

To facilitate continuous improvement among the PLCs, we regularly engage the directors or auditors of the PLCs and other intermediaries to address concerns not only relating to compliance with the LR but also CG and sustainability practices or undesirable corporate behaviours. This is aimed at pre-empting non-compliance as well as enhancing the standard of CG and sustainability practices and good business conduct among PLCs.

For further details on how we sought to elevate the quality of CG and sustainability amount PLCs, refer to the Responsible Marketplace chapter on pages 49-56.

Our corporate surveillance framework is regularly assessed and improved upon, to ensure its robustness and effectiveness. This allowed appropriate preventive and remedial actions to be undertaken in a timely manner in order to maintain an orderly and fair market.

We continued to collaborate with authorities such as the SC, the Companies Commission of Malaysia (CCM) and the Audit Oversight Board (AOB) to maintain the integrity of the markets.

MARKET INTEGRITY & STABILITY



TRADING: ENSURING MARKET ORDERLINESS

Among our key objectives in 2018 in relation to stakeholders was to enhance market quality through quick, effective and efficient responses to investor needs. To achieve this objective, we identified and implemented initiatives where we believe investor protection and market confidence would be best served.

Some of these initiatives were as follows:

(a) Review and enhancements of the surveillance system and processes

We embarked on a reorganisation of our surveillance processes to introduce elements of specialisation to improve effectiveness and efficiency. We conducted a holistic review on system-triggered alerts based on historical data to ensure our parameters were relevant to the current market environment. In addition, we also changed our surveillance system to ensure that we remained effective in our surveillance functions.

(b) Engagements and communications with market participants

We continued to engage and communicate with our intermediaries in various forms to promote self-regulation and create better understanding and greater appreciation of market integrity and an orderly and fair marketplace. This included organising the Market Integrity Symposium, engagements with members of the Market Inter-Surveillance Group (MISG) to promote self-regulation in the area of front-office surveillance and compliance and issuing guidance on electronic trading.

In 2018 we generally observed a significant improvement in the level of trading supervision by intermediaries. A majority of POs (namely 23 POs representing 94.6% of total value traded in 2018) established and implemented their respective automated surveillance systems. We believe that this contributed to better and more effective monitoring of trading activities including detection and pre-empting of irregular or manipulative trades in their respective firms.

More encouragingly, we observed increased communication by intermediaries and adoption of best practices in surveillance methods as evidenced by the increased number of communications from intermediaries on their front office monitoring observations. This was mainly attributed to a higher level of compliance awareness and self-regulatory responsibilities, enhancements in supervisory controls and improvements in the front office monitoring and trade surveillance skills at the level of the POs and TPs.



EFFECTIVE ENFORCEMENT: DISCHARGING OUR STATUTORY DUTY

In enforcing breaches of our rules and to discharge our statutory duty, we ensure appropriate actions are carried out for non-compliances which may include initiating legal action to effect our enforcement decisions. Enforcement actions may be taken depending on materiality and/or severity of the breaches, where sanctions may include public or private reprimands, fines, suspensions and/or striking off. For less serious breaches, management actions such as warning/caution/reminder may be issued. Through these actions, we seek to preserve the stability and integrity of the market and encourage a strong culture of compliance among market participants.

MARKET INTEGRITY & STABILITY

We have taken various types of enforcement actions for breaches of our rules over the years, as follows:

Number of actions taken by Bursa Malaysia	2016	2017	2018
Actions taken against PLCs for breaches of LR	27	37	55
Actions taken against directors and/or other person of PLCs for breaches of LR	68	86	68
Actions (including management actions) taken against intermediaries (POs, TPs, Authorised Depository Agents and Clearing Participants) for breaches of Business Rules	52	54	18
Actions (including management actions) taken against Dealer's Representatives/Registered Persons for breaches of Business Rules	27	23	14

We note that there has been a reduction in serious breaches, particularly in the area of reporting of financial information by more than 50% since 2008, when we commenced stricter director enforcement action. In this regard, the enforcement of financial reporting breaches and a greater emphasis on director enforcement oversight coupled with our continuous communication and education could have contributed to the decline of serious breaches.



MARKET EDUCATION: BUILDING A STRONG CULTURE OF SELF-REGULATION

We appreciate that creating awareness and understanding through continuous education to PLCs, their directors and advisers, as well as their senior management, intermediaries and other registered persons (collectively referred to as the Participants) is key towards enhancing the high level of compliance across the capital market as well as promoting a culture of self-regulation.

We continuously undertake education and other awareness building events with the Participants throughout Malaysia, with some being carried out in collaboration with industry institutions and associations to achieve the following key objectives:



To create awareness of compliance-related issues faced by Participants including past enforcement actions, so that they continuously enhance their standard of business conduct and compliance

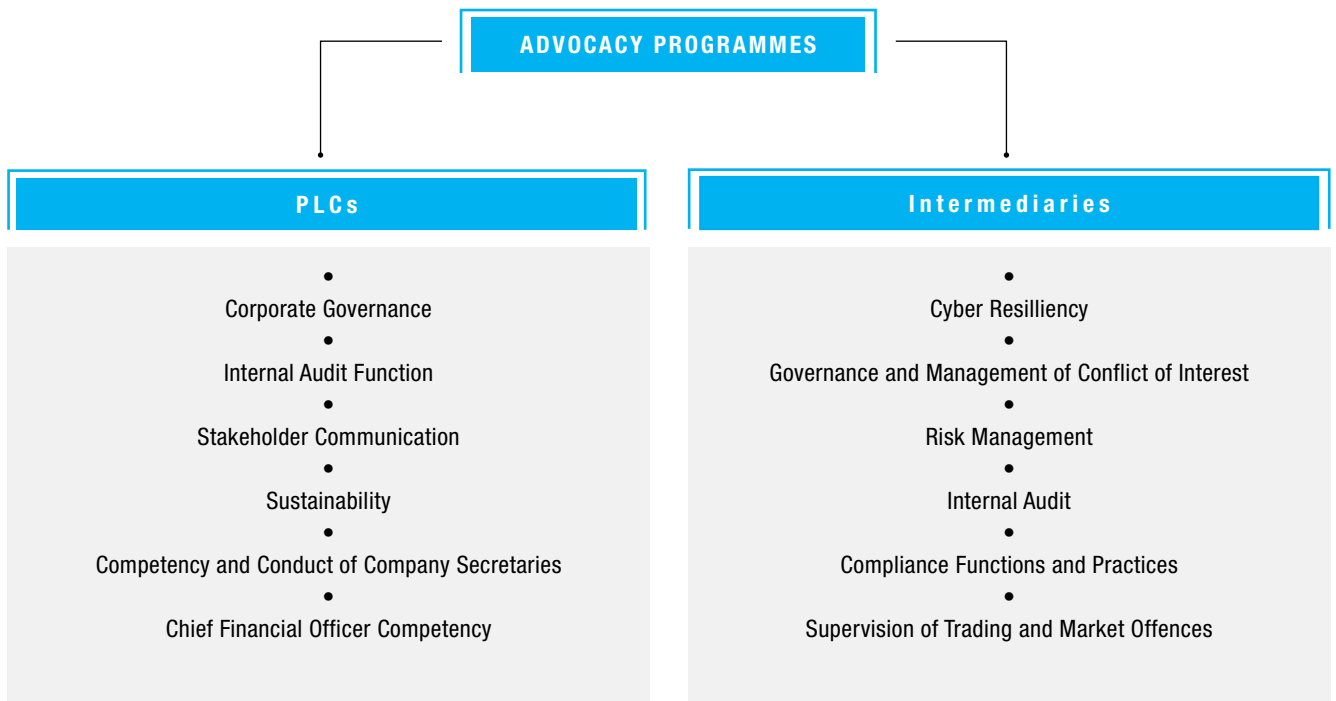


To raise Participants' level of awareness of key issues relating to current trends emerging from the marketplace which may pose risks and challenges

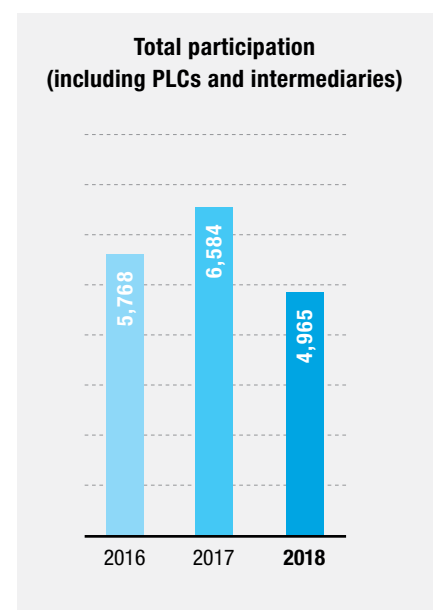
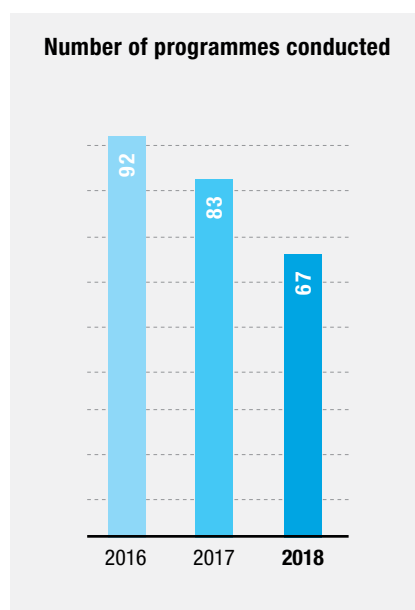


To provide two-way dialogues where the Participants can provide feedback on regulatory or compliance and related issues to us as well as enable us to directly communicate and relay concerns noted on regulatory development and compliance expectations. These feedback and views are useful to us towards the development of the regulatory landscape in our capital market

MARKET INTEGRITY & STABILITY



Over the years, as we see improvement in market conduct, we have reduced the number of programmes and adopted more targeted/focused programmes to address the specific gaps and shortcomings observed among the PLCs and intermediaries.



MARKET INTEGRITY & STABILITY



Strengthening our intermediaries' trade monitoring and surveillance capabilities

The changing landscape such as the evolution of trading dynamics from voice orders to increased levels of automated trading requires intermediaries to be able to effectively monitor, assess and determine irregular trading activities and take appropriate actions to ensure trades going through their firms are fair and orderly and not disruptive to the marketplace.

This has resulted in the need to further encourage our participants to strengthen risk filters, put in place the right monitoring tools and to invest in staff skills and resources to further enhance the robustness of their trade monitoring systems and surveillance capabilities to fully embrace the principle of self-regulation.

In line with this, in 2018 we held a Market Integrity Symposium on 25 July 2018 with the objective of providing the board of directors of POs and TPs a better understanding and greater appreciation of market integrity and an orderly and fair marketplace. The symposium also served to provide the latest developments and updates on market integrity matters from other jurisdictions to the 175 participants that attended.



Improving PLCs' disclosures vis-a-vis the LR

We remained committed towards inculcating a culture of disclosure among PLCs. To achieve this, we continued to conduct educational and advocacy programmes for company secretaries of PLCs.

A key initiative this year was a series of technical briefing sessions for company secretaries on various topics relating to the LR. This was carried out with the purpose of clarifying the new amendments to the LR arising from the implementation of the Companies Act, 2016 and enhancing the understanding of company secretaries on the application of the above areas and providing clarity on our expectations to company secretaries. A total of eight technical briefings were completed in 2018 and attended by 851 company secretaries.



Instituting high standards of business conduct among intermediaries

We continued with our educational and advocacy programmes for the intermediaries and their representatives in 2018 with the objectives of ensuring high standards of business conduct and self-regulation, as well as raising their level of awareness on issues that pose risks and challenges to them. These included:

- (i) Programmes to reinforce the industry's understanding and awareness on areas related to cyber security, governance, compliance, risk management and internal audit; and
- (ii) Educational programmes organised in collaboration with the Malaysian Investment Banking Association (MIBA) and the Association of Stockbroking Companies Malaysia (ASCM), or other industry associations to create greater awareness on regulatory issues and improve the standard of compliance and business conduct as well as instil a culture of self-regulation among the intermediaries and their key management personnel. It was also a good platform to share industry practices, insights and knowledge of the latest developments.



TECHNOLOGY AND INNOVATION: EMBRACING THE NEW NORMAL ON REGULATORY FRONT

Digitalisation in global capital markets is gathering momentum stronger than ever before. Against the backdrop of higher levels of volatility, uncertainty, complexity and ambiguity, we have seen more market participants transforming their business models and processes to a leaner, more efficient and effective approach which is powered by data and innovation. As a frontline regulator, we are cognisant of the need to stay ahead of the curve. With this in mind, in 2018 we embarked on several IT projects to enhance our supervisory, monitoring and advocacy efforts.

Among others, these included the following:

1. Web-based e-Reporting system to enable our intermediaries to submit their periodic reports to us electronically (further details are available on page 60 of this report)

2. New Market Surveillance System (MSS) to strengthen our surveillance, monitoring and analytical capabilities as well as control over trading issues in the markets (refer to page 61 for further details)
3. BURSASUSTAIN to allow PLCs, investors and stakeholders to access the latest updates and discussions on CG, sustainability and responsible investment (RI) at their fingertips (further details of this initiative are available on page 61 of this report).



QR Code of BURSASUSTAIN

In addition to leveraging technology to discharge our regulatory functions, we recognise that technology also plays an essential role in our operations, from enhancing our infrastructure to supporting the delivery of our initiatives to enhance our market ecosystem. Please refer to the Technology and Innovation chapter in this Report for complete details.

MARKET INTEGRITY & STABILITY



ENSURING ORDERLY TRADING, RESILIENCY AND RELIABILITY OF OUR MARKET INFRASTRUCTURE

Strengthening Operations

In 2018 we undertook several measures as part of our continuous efforts to strengthen our operations. These included market management and safeguard measures to ensure the markets operate in a fair and orderly manner. The market safeguards include Upper or Lower Static Price Limits, Dynamic Price Limits and Last Price Limits.

These market safeguards were established and automated in the trading system, Bursa Trade System 2 (BTS2) to prevent sudden or excessive fluctuations in price movement due to aberration of securities prices. We constantly reviewed the market safeguard mechanisms to ensure practicality and relevancy to the market conditions, making changes when necessary. In the past, we have made changes to the application of dynamic price limits to structured warrant products in consultation with the industry.

We integrated our clearing houses' payment systems with the Real-time Electronic Transfer of Funds and Securities System (RENTAS) to mitigate the credit and liquidity risks arising from the use of commercial bank money. This was in line with the best practices under the Principles for Financial Market Infrastructures (PFMI) issued by the Committee on Payments and Market Infrastructures (CPMI) and International Organization of Securities Commissions (IOSCO). Bursa Malaysia Securities Clearing (BMSC) and Bursa Malaysia Derivatives Clearing (BMDC) integrated with RENTAS in January 2018 and July 2017 respectively. RENTAS is operated by Payments Network Malaysia Sdn Bhd (PayNet), a subsidiary of Bank Negara Malaysia. PayNet was previously known as Malaysian Electronic Clearing Corporation Sdn. Bhd. (MyClear).

The integration with RENTAS enhances market stability as the system serves as another mode of payment between our clearing houses and the clearing participants. This reduces risks in the settlement process between the clearing houses and participants as the system facilitates payments between the clearing houses and the clearing participants on a real-time basis with finality, and vice versa for receipts. Furthermore, the integration also allows BMSC and BMDC to perform intraday margin calls for both the morning and afternoon trading sessions. Settlement through RENTAS enables payment

instructions between the clearing houses and the clearing participants to be processed and settled individually and continuously throughout the business day and this is a step forward towards improving the settlement processes. From an impact perspective, settlement through RENTAS ensures greater efficiency and reduces settlement risks of interbank fund transfers for BMSC and BMDC.

Apart from RENTAS integration initiative, we also conducted our annual PFMI disclosure exercise on BMSC, BMDC, Bursa Malaysia Depository Sdn Bhd (BMDepo) and Bursa Malaysia Bonds Sdn Bhd (BM Bonds). This annual exercise was in adherence to SC's Guidelines on Financial Market Infrastructures (FMIs), which came into effect on 23 March 2017 to ensure that FMIs providing infrastructure services to the Malaysian capital market continue to operate in a safe and efficient manner and in compliance with the PFMI issued by CPMI-IOSCO. The PFMI disclosure exercise for 2018 was completed on 24 September 2018 with the submission of four Disclosure Reports for BMSC, BMDC, BMDepo and BM Bonds to the SC. The disclosure reports were also published on our website.

Default Management

We have developed clearly defined rules and procedures to manage a participant default to ensure timely action can be taken to contain losses and liquidity pressure in the event of a default by participants. This will enable us to continue to provide clearing services and to meet our obligations.

The Default Management Procedures clearly describe the roles, obligations and responsibilities of all parties. To ensure familiarity with and relevance of the procedures, we conduct an annual default drill involving participants. The drills also assess our readiness and preparedness in default handling. On an on-going basis, we review the default handling procedures taking into consideration significant local and international developments. We also continue to discuss default handling procedures with participants to ensure its effectiveness.

MARKET INTEGRITY & STABILITY

Business Continuity Management

In further ensuring market integrity and stability, we have established appropriate mechanisms with the capacity, security arrangements, facilities and resources in place to mitigate risks that could interrupt our critical business functions. These mechanisms are supported by a comprehensive Business Continuity Plan (BCP), including a Disaster Recovery Plan which is tested annually to ensure continuity of our business and technology operations.

To provide assurance that we can continue our business operations in the event of a disaster, we conducted seven BCP exercises in 2018 involving both a mandatory industry-wide test and BCP exercises for intermediaries. The objective of these exercises was to ensure the intermediaries' backup sites/systems can be connected successfully to Bursa Malaysia in the event of disruption. In 2018, we did not encounter any major business interruption.

Customer Privacy

We developed an Information Management Policy (Policy) to provide direction and guidance for the classification, management and safeguarding of information that is used by us in relation to our business, operations, employees, strategic partners, shareholders, customers, and all third parties. The Policy is supplemented with the Information Management Matrix and Handling Guide which is intended to provide clear guidance in implementing the Policy for efficient and effective information management within our organisation.

In September 2018, a similar compliance review was conducted on the Bursa Malaysia Information Management Policy and Information Management Matrix and Handling Guide. This year, there were no substantiated complaints concerning breaches of customer privacy, from external parties or regulatory bodies. There were also no identified leaks, thefts or losses of customer data within this reporting period.

We have safeguards to protect customer data. The access to Central Depository System (CDS) information by staff is further governed by our user access guidelines and is only restricted to authorised personnel. In addition, our data loss preventive measure requires all outgoing emails containing CDS information to be verified and approved prior to their release.

Our measures to safeguard the CDS information of our customers supplement the requirement of s.43 of the Securities Industry (Central Depositories) Act 1991 (SICDA), where Bursa Depository as the Central Depository is under a duty to maintain the secrecy of any information or document relating to the affairs of the depositors, and in particular, relating to their securities accounts. Such information can only be disclosed under the permitted circumstances in s.45 of SICDA. Additionally, s.42 of SICDA requires Bursa Malaysia Depository to take all reasonable security measures to protect the depositor's information against any unauthorised access, alteration, disclosure or dissemination.

MOVING FORWARD

Looking ahead, in line with the strategic intent under the 2017 - 2020 Regulatory Plan, our regulatory approach in 2019 will continue to place emphasis on safeguarding investor protection, enhancing standards of conduct by PLCs and intermediaries and at the same time, reducing the regulatory burden and facilitating the ease of doing business. This is because, as a trusted and responsible frontline regulator and influencer, we are duty-bound to foster a responsible marketplace that encourages participation and growth as well as provide direction and inspiration across the capital market ecosystem.

In addition, to ensure that we fulfil our statutory obligation to maintain a fair and orderly market, we will remain vigilant and adequately address any risk which threatens market integrity and investor protection by refining our current set of strategies in regulating the market in 2019.

We will also continue to provide a fair and orderly trading environment through an improved market management framework for appropriate and timely market controls. We will also increase operational efficiency for the industry through greater digitalisation and automation.

RESPONSIBLE MARKETPLACE

103-1; 103-2; 103-3

2018 KEY HIGHLIGHTS

4th PLACE
in ACGA's CG Watch



24.4%
female
representation on the
boards of the top 100
PLCs

56

constituents in the F4GBM

2,114
DIRECTORS AND
PRACTITIONERS

participated in CG and
sustainability advocacy
programmes

Clear alignment to the
WFE's newly published
sustainability principles

**WE TAKE ROBUST STEPS TO
ELEVATE OUR MARKETS TO THE
NEXT LEVEL OF CORPORATE
GOVERNANCE, SUSTAINABILITY AND
RESPONSIBLE INVESTMENT.**

FOSTERING SUSTAINABLE DEVELOPMENT

As a frontline regulator and a public listed company (PLCs), we view it as our responsibility to support the adoption of responsible and sustainable practices within the capital market.

We encourage market participants to uphold the highest standards of corporate governance (CG) and take into account the impacts of doing business as they contribute to long-term value creation. We achieve this by encouraging Environmental, Social and Governance (ESG) practices and reporting by PLCs alongside offering responsible products and services that promote governance, good values and accountability.

In recent years, we have continued to build on our foundation for sustainability by undertaking various programmes and initiatives to advocate and promote sustainability in the marketplace, as well as strengthening our own internal sustainability practices. During the year in review, we embarked on the development of our Sustainability Roadmap 2019-2020 (Roadmap) to chart the course of our continuing journey in sustainability (for further details on our Sustainability Roadmap, please refer to the Creating Value that Matters chapter of this Report).

RESPONSIBLE MARKETPLACE

OUR INITIATIVES ARE CLOSELY ALIGNED WITH THE WFE SUSTAINABILITY PRINCIPLES

This year, the World Federation of Exchanges (WFE) published a set of sustainability principles for exchanges with an aim to get its members to take on a leadership role in promoting the sustainable finance agenda. All exchanges are encouraged to use the WFE principles as the baseline in developing their initiatives.

With our long-standing sustainability experience of more than a decade, our existing initiatives are already closely aligned with the WFE's principles, as illustrated below:

PRINCIPLE 1	Exchanges will work to educate participants in the exchange ecosystem about the importance of sustainability issues	<ul style="list-style-type: none"> • Various sustainability educational initiatives have been rolled out to PLCs and investors since the introduction of the Sustainability Reporting Framework in 2015 • BURSASUSTAIN further amplifies our educational efforts to reach out to a broader range of market participants
PRINCIPLE 2	Exchanges will promote the enhanced availability of investor-relevant, decision-useful ESG information	<ul style="list-style-type: none"> • 65 workshops have been conducted since 2015 for around 2,500 participants to assist with PLCs' sustainability practices and disclosure exercise • Reviews have been undertaken to ascertain the compliance and quality of PLCs' disclosures on sustainability. The results are shared with the PLCs for further action
PRINCIPLE 3	Exchanges will actively engage with stakeholders to advance the sustainable finance agenda	<ul style="list-style-type: none"> • We regularly hold dialogues with regulators, PLCs, investors, industry bodies and non-governmental organisations (NGOs) to solicit or provide feedback on matters relating to sustainability • We also engage and collaborate with key influencers (such as Securities Commission Malaysia (SC), Institutional Investors Council Malaysia (IIC), Principles for Responsible Investment (PRI)) in promoting sustainable finance agenda in the markets
PRINCIPLE 4	Exchanges will provide markets and products that support the scaling-up of sustainable finance and reorientation of financial flows	<ul style="list-style-type: none"> • We had an early start by being the first in Asia to introduce a globally-benchmarked ESG index to the Malaysian capital market in 2014 (namely, FTSE4GOOD Bursa Malaysia Index) • Various sustainable products such as Bursa Malaysia-<i>i</i> and the LEAP Market are available for investors to direct their investment flow into ethical securities such as, Shariah-compliant securities or small and medium-sized enterprises (SMEs)
PRINCIPLE 5	Exchanges will establish effective internal governance and operational processes and policies to support their sustainability efforts	<ul style="list-style-type: none"> • A robust governance structure involving our Board and the management is in place to ensure sustainability is embedded within our business • We have been issuing sustainability reports based on GRI, the leading reporting framework globally, with our 2017 report prepared in accordance with the GRI Standards: Core option • We intensified our efforts in educating our staff on sustainability in 2018 • We monitor the latest developments and participate in global conversations through, among others, being part of the WFE Sustainability Working Group (SWG) and supporting the Taskforce on Climate-related Financial Disclosures (TCFD) Recommendations

RESPONSIBLE MARKETPLACE



STRENGTHENING PLCs’ ESG CULTURE

We recognise that as a regulator and influencer, we possess an opportunity to play an instrumental role, within our sphere of control and influence, to build the ESG culture among our PLCs. This is done mainly by enabling and enhancing the depth and breadth of ESG information provided by PLCs to the markets. Quality ESG information benefits not only investors but also a broader group of stakeholders, helping them measure the long-term resilience of companies and their ability to manage emerging ESG risks and opportunities. On the other hand, PLCs which place a strong emphasis on ESG reporting are better positioned to reduce their risk and improve their operational and financial performance.

It is with this in mind that we have adopted a differentiated approach to strengthening the ESG culture among PLCs in recent years. Our supervision, engagements and advocacy programmes in 2018 have been specifically tailored and targeted to address the distinct needs and issues faced by PLCs representing different sectors in the areas of CG and sustainability.

Corporate Governance

Raising the bar for CG excellence is a key component of strengthening our market competitiveness at regional and global levels. In 2018 we collaborated and co-ordinated with the SC on various initiatives towards ensuring our PLCs’ adherence to good CG practices and disclosures vis-a-vis the recommendations of the Malaysian Code on Corporate Governance (MCCG). Initiatives included:

- OECD-Asian CG Roundtable 2018
- Directors’ advocacy programmes
- Targeted engagements and activities on board diversity
- Review of, and engagements with regard to CG disclosures submitted by PLCs for financial year ending (FYE) 31 December 2017 onwards

The review undertaken by the SC (based on a sample of 839 PLCs’ CG disclosures) against the recommendations of the MCCG in 2018 showed that there was a positive rate of adoption across the MCCG practices. The detailed findings are targeted to be published in 2019.

In addition to the directors’ advocacy programmes co-organised with the SC as mentioned earlier, we also conducted our own advocacy and educational initiatives to promote greater awareness and understanding of good CG practices covering topics such as independence of the board, effective internal audit functions, Chief Financial Officer (CFO) competencies and effective board evaluation for company secretaries. 25 CG advocacy programmes were conducted in 2018 involving 1,105 participants. Organised according to categories of PLCs, the top 100 PLCs were further engaged to enhance the way

they discharge their duties, and consequently, improve the board’s overall performance. The remaining cohort saw a focus on strengthening CG foundations in the areas of risk management and internal controls.

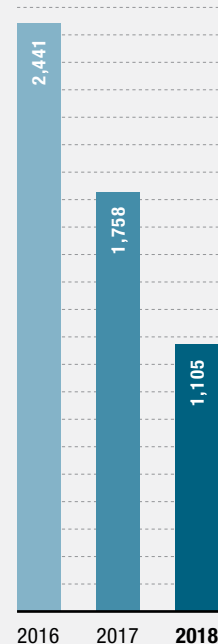
Other collaborations/joint events we held with other organisations included the OECD-Asian CG Roundtable 2018 where regulators from ASEAN countries including securities commissions and stock exchanges, representatives from the OECD, large institutional investors such as Kumpulan Wang Persaraan (Diperbadankan) (KWAP), BlackRock, State Street Global Advisors, and other relevant stakeholders such as the Securities Investors Association (Singapore), Minority Shareholder Watch Group (MSWG) and the Malaysian Institute of Corporate Governance (MICG) were engaged in constructive dialogue on matters pertaining to CG including encouraging adoption of the TCFD Recommendations to address climate-related risks.

Improving PLCs’ CG and Internal Control Practices

As a developmental initiative, we undertake advocacy programmes with PLCs, in particular in key areas of concern identified through our surveillance activities, aimed at enhancing CG and internal controls within their organisations.

In 2018, we conducted three training programmes to improve the internal audit functions of PLCs. As part of our efforts to uplift the quality of the overall financial reporting ecosystem, we also conducted two training programmes for CFOs to boost their competencies and provide perspectives on market expectations of their roles.

Number of directors and practitioners who participated in our CG advocacy programmes



RESPONSIBLE MARKETPLACE

Women on Board Agenda

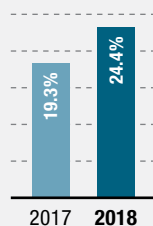
Since 2016, we have conducted the Empowering Women Series (EWS), supporting the global and national agenda on gender diversity as well as inclusiveness and capacity-building of women in senior management of PLCs by developing their leadership skills and preparing them for board positions. This is also aligned to Sustainable Development Goal (SDG) 5 on Gender Equality.

In 2018, we conducted the third part of the EWS, which focused on helping women build self-confidence, move forward in their careers and develop influencing skills as a board member while raising awareness on the importance of the women agenda in general.

In partnership with FTSE Russell, we also organised a Women On Boards roundtable discussion on 17 April 2018. This roundtable was structured as an interactive dialogue between FTSE Russell representatives and market participants in Malaysia regarding women on boards.

On 18 December 2018, we supported the 30% Club Malaysia's Board Mentoring Programme event, which was graced by YB Hannah Yeoh, Deputy Minister, Ministry of Women, Family and Community Development. The Board Mentoring Programme seeks to fast-track mentees' appreciation of director duties and accountabilities through interactions with experienced mentors. The event saw the successful graduation of the second Cohort and the welcoming of mentees for the fourth Cohort.

As at the end of 2018, women accounted for 24.4% of the representation on the boards of the top 100 PLCs, an increase from 19.3% in 2017.

Female representation on the boards of the top 100 PLCs**Malaysian PLCs gaining recognition for progress in CG**

In its latest CG Watch 2018, the Asian Corporate Governance Association (ACGA) described Malaysia as a top-mover in terms of improvements in its overall standards of CG. This trend is reflected by Malaysia's significant jump from 7th place in the previous ranking in 2016 to 4th place. Malaysia was rapidly gaining ground on the other top performers with only one percentage point separating it from Singapore (3rd) and two percentage points behind Hong Kong (2nd).

Our persistent efforts at driving CG reforms particularly in terms of enhancing the CG practices of our PLCs appeared to have further paid off as 14 Malaysian PLCs were recognised as being among the Top 50 ASEAN PLCs at the 2nd ASEAN CG Awards 2018, a regional initiative by the ASEAN Capital Markets Forum.

Sustainability

We have adopted a phased and differentiated approach for the implementation of the Listing Requirements (LR) relating to sustainability disclosures in annual reports starting from 31 December 2016 to 31 December 2018, with larger PLCs required to report first. On and after 31 December 2018, all PLCs must disclose a sustainability statement in their annual reports.

This is further supplemented by our targeted approach in engaging, guiding and educating our PLCs towards ensuring that they are ready to meet the disclosure requirements and helping them better comprehend the value that can be derived from having sustainable practices.

In December 2018, we launched an updated version of our Guide and Toolkits (2nd Edition Guide and Toolkits)

The issuance of the 2nd Edition Guide and Toolkits formed part of our efforts in recent years to enhance PLCs' sustainability practices and disclosures. The first edition of the Guide and Toolkits was developed and launched in 2015. Since then, there have been significant developments in the area of sustainability practices and reporting.

The 2nd Edition of the Guide and Toolkits have been updated to include, among others:

Relevant case studies that highlight best practices and cutting-edge approaches to various aspects of sustainability for PLCs to emulate

Updated and improved guidance on the identification of material sustainability matters

New guidance and references pertaining to the SDGs as well as the TCFD Recommendations to encourage better disclosures as well as practices for these areas

RESPONSIBLE MARKETPLACE

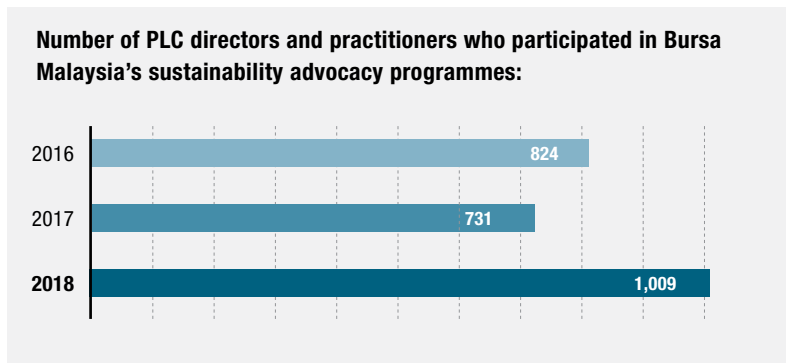
To further support PLCs, we introduced a one-stop knowledge sharing portal called **BURSASUSTAIN** on 24 April 2018 for PLCs, investors and other stakeholders to obtain relevant information and updates on sustainability, CG and responsible investment. It facilitates awareness and capacity-building for PLCs and investors as well as provides additional guidance for PLCs in implementing sustainability within their organisation. Further details about **BURSASUSTAIN** are set out in the Technology and Innovation chapter.



We continued to offer a series of sustainability advocacy programmes throughout the year. On top of our existing Sustainability Engagement Series for board of directors, Chief Executive Officers (CEOs) and CFOs, new thematic workshops focusing on contemporary sustainability themes (for example SDGs and climate change) were introduced to PLCs with market capitalisation of RM2 billion and above in 2018. Such targeted workshops were found to be effective, as evidenced by the positive feedback from the participants.

We also engaged key stakeholders on sustainability matters during the course of the year. We partnered with Bank Negara Malaysia (BNM) to aid in the development of their Value-Based Intermediation (VBI) framework and how our Sustainability Reporting Framework and initiatives could complement this. We also met with the members of the IIC to determine the extent to which sustainability matters have been taken into consideration in their decision-making processes, as well as how we could work in tandem with institutional investors to improve the quality of practices and disclosures made by PLCs. As part of our efforts to improve access to sustainability data for the Malaysian capital market, we are exploring partnership opportunities with the Institute for Capital Market Research Malaysia (ICMR).

In addition to our independently-organised advocacy programmes, we also partnered with external parties such as the Institute of Corporate Directors Malaysia (ICDM) and the Iclif Leadership and Governance Centre (Iclif), in organising advocacy programmes and events to drive further conversations on sustainability in the marketplace.



As part of efforts to support the government agenda for sustainability for Malaysia, we partnered with Capital Markets Malaysia (CMM) and the Malaysian Green Technology Corporation (GreenTech Malaysia) to jointly organise a Dialogue with the Minister of Energy, Science, Technology, Environment and Climate Change (MESTECC), YB Yeo Bee Yin, on 4 December 2018. The primary objective of the dialogue was to reaffirm the Malaysian Government's commitment in driving the sustainability agenda for the country, as well as for participants to share their current efforts and provide a platform for feedback on the support (in the form of policy and capacity building) needed from the Government. The event saw the attendance and active participation of more than 100 representatives from PLCs and non-listed companies.

This year, we reviewed the Sustainability Statements made by a new batch of PLCs with market capitalisation of RM1 billion and above for financial year 2017. Our review examined four areas namely Governance, Scope, Materiality and Management Approach, which are in line with the LR. While we note high compliance levels of 90% with the disclosure requirements, the quality of the disclosures made requires considerable improvement as the average score was 49%. Arising from our review of the Sustainability Statements, we further engaged the identified PLCs on our findings regarding their practices and disclosures. This allowed us to work directly with each of these PLCs and enable them to seek clarification as well as raise issues and challenges with ease. Our continuous review of our PLCs' sustainability disclosures will not only provide a gauge in the maturity of sustainability practices and disclosures of the PLCs but will also serve to identify strategies which we can adopt to elevate the sustainability practices of our PLCs.

RESPONSIBLE MARKETPLACE

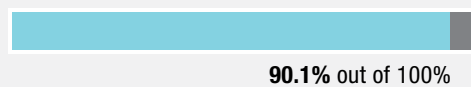
Sustainability disclosure review in 2018

Type of PLCs Assessed

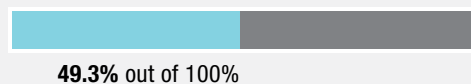
≥RM1 Billion

Market Capitalisation

AVERAGE COMPLIANCE LEVEL



AVERAGE QUALITY SCORE



RESPONSIBLE INVESTMENTS (RI), PRODUCTS AND SERVICES

Shariah-compliant Products and Services

Sustainable products and services facilitate RI as they allow investors to generate social and/or environmental benefits alongside financial returns, creating a win-win situation for the investors themselves, investee companies and society at large.

With this in mind, we strive to provide a range of products and services catered to RI. Notably, the rapid rise of interest in RI has allowed us to capitalise on our end-to-end Shariah-compliant platform, Bursa Malaysia- / and spur growth of Shariah-compliant investing. The convergence of sustainability, RI and Shariah investing plays a significant role in facilitating and delivering our unique proposition to further build our strength and competitive edge in the Islamic capital market space.

To-date, 70% of our FTSE4Good Bursa Malaysia Index constituents are Shariah-compliant. This provides opportunities for greater demand in Shariah-compliant products and services. It will also pave the way for more listed product innovations that will spark market growth and attract greater investor participation, which in turn enhance liquidity and vibrancy of the Malaysian capital market.

Sustainable and Responsible Investment (SRI) Sukuk

Ihsan Sukuk Bhd, which was listed on Bursa Malaysia on 9 August 2017, marked a new chapter for us as the country's first listed SRI sukuk. Following the RM100 million issuance of the first tranche of Sukuk Ihsan for institutional investors in 2015, the second RM100 million tranche was issued in 2017 with a retail portion of RM5 million. This retail portion of RM5 million provided individual investors with a channel to invest in a good cause. The proceeds were channelled into the Yayasan AMIR Trust Schools Programme, a non-profit organisation set up in 2010 aimed at improving access to quality education at Government schools via a public-private partnership with the Ministry of Education.

Contribution of Bursa Suq Al-Sila' (BSAS) to Sustainability

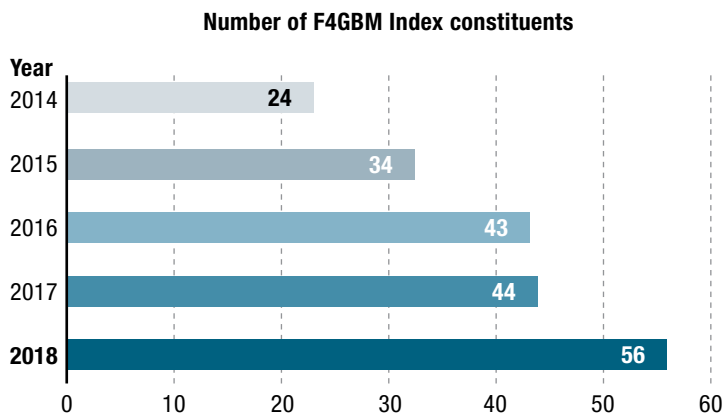
BSAS, a Commodity Murabahah platform that facilitates financing transactions by Islamic financial institutions, continued to lend access to one of its participants, Amanah Ikhtiar Malaysia (AIM) to trade and provide micro financing of RM2.3 billion (average about RM9.5 million daily) in 2018 for the unbankable community in Malaysia. In addition to AIM, BSAS admitted 18 new co-operative bodies with a similar objective to provide micro credit access to individuals (namely, members of the co-operative bodies). The total financing by around 30 co-operative bodies on BSAS amounted to close to RM400 million in 2018.

ESG Indices

As part of our efforts to be a leading exchange on sustainability in ASEAN, together with four other stock exchanges in the region, we partnered with FTSE Russell in 2016 to launch the FTSE4Good ASEAN 5 Index (F4GA5), which measures the performance of regional PLCs demonstrating strong ESG practices. This followed the launch of the first ESG index in Malaysia, the FTSE4Good Bursa Malaysia Index (F4GBM) in 2014. As at 31 December 2018, the F4GA5 counted 34 Malaysian constituents while the F4GBM comprised 56 constituents. Since its launch, the F4GBM has seen a 133% increase in constituents (2014: 24), reflecting the improvements in ESG practices and disclosures among our PLCs. The average overall ESG rating for PLCs has also improved from 1.31 to 1.94 since the launch of the F4GBM.

RESPONSIBLE MARKETPLACE

We have been conducting one-on-one engagements with potential constituents to assist them in understanding the assessment criteria for inclusion in F4GBM. In 2018, a total of 28 one-on-one engagements were held with PLCs that had expressed interest in improving their ESG rating on F4GBM. Two seminars were also organised in collaboration with FTSE Russell targeting all PLCs assessed for their ESG ratings. A total of 359 participants attended the seminars.



LEAP Market

Small and medium-sized enterprises (SMEs) play a key role in the development of Malaysia’s economy. This market segment contributed 31.7% to total Gross Domestic Product (GDP) in 2017 and comparatively SMEs registered real GDP growth of 6.6% annually between 2004 to 2017 versus 5.1% GDP for the overall economy.

Given that the SMEs account for a majority of Malaysia’s business activities, we launched the LEAP Market, as a key platform for them to take advantage of our sustainable financing platform for growth. We were the first ASEAN country to have a dedicated platform for this purpose. It sets us on the right path to champion the space of inclusive and sustainable markets and contribute to a wider economy. The LEAP Market supports Target 8.3 of SDG 8: Decent Work and Economic Growth.

In 2018, we carried out various initiatives to engage SMEs in considering the LEAP Market as an option for fundraising. Against the backdrop of economic uncertainties, we were able to record a satisfactory number of listings by SMEs on the LEAP Market in 2018 as a result of relentless promotion and engagements with stakeholders (refer to the Competition chapter for further details on the progress of our LEAP Market in 2018). Since its launch, 13 companies have been listed on the LEAP Market, of which 11 were listed in 2018.

Besides creating awareness on LEAP Market, our engagements with SMEs have also provided feedback and challenges they face in considering public listing particularly on the lack of readiness and cost of listing. We are taking steps to address the issues faced by them.



CLIMATE CHANGE (MITIGATION AND ADAPTATION)

Climate change remains at the forefront of our sustainability concerns. In 2018 we became an official supporter of the TCFD Recommendations as part of our commitment to addressing climate change issue. The TCFD Recommendations, established by the Financial Stability Board, represent the first international industry-led initiative aimed at developing voluntary, consistent climate-related financial risk disclosures by companies in providing information to their lenders, insurers, investors and other stakeholders.

References to the TCFD Recommendations were made in our 2nd Edition Guide & Toolkits to encourage PLCs to assess and disclose material climate-related information in their annual reporting. Disclosing information on climate risks and opportunities allows PLCs to measure and respond to trends and ultimately support the goals of the Paris Climate Agreement towards decarbonisation.

RESPONSIBLE MARKETPLACE

This year, we conducted our first thematic workshop on climate change to provide guidance to large PLCs on ways to manage and report on their climate-related risks and opportunities. The workshop covered areas such as identifying and reducing transition and physical risks as well as leveraging green finance such as SRI bonds/sukuk to fund climate-friendly projects.

We also undertook climate-related initiatives in our workplace, as detailed in the High-Performance Organisation chapter of this Report.



RESPONSIBLE RESOURCE MANAGEMENT

The growing awareness and adoption of sustainable business practices have brought attention to the importance of managing resources in a responsible manner to manage human impact on the environment. In line with this, we have instated several initiatives as part of our role in promoting sustainable and responsible resource management.

This included the formulation of the Bursa Malaysia Sustainability Roadmap 2019-2020 (refer to page 8) as part of our strategic efforts to promote sustainable development and build a resilient marketplace. Through this Roadmap, we will explore possible ways to assist our PLCs, especially those in resource-intensive sectors, to safeguard themselves against environmental risks such as resource shortages and help facilitate their transition towards a more sustainable economy.

In 2018 we undertook an initiative on palm oil traceability, revising the contract specifications for the Ringgit Malaysia Denominated Crude Palm Oil Futures (FCPO) Contract and its related contracts. All physically delivered Crude Palm Oil (CPO) to Bursa Malaysia Derivatives (BMD) must be traceable, marking an important step towards promoting sustainable palm oil, which is also in line with the Malaysian Government's efforts in this area. This also caters to stakeholder demand for greater transparency on the supply chain of palm oil.

MOVING FORWARD

In 2019, we aim to achieve a strong culture of CG comparable to developed markets and to position ourselves as a leader in sustainability in ASEAN. Some of the key initiatives planned for this purpose include:

- Issuance of communication notes and/or guidance on specific areas such as CG reporting/disclosure
- Review and formulation of proposals towards further enhancement of the LEAP Market
- Review of sustainability disclosures to assess the compliance and quality of such disclosures made by identified PLCs
- Facilitation of the entry of more PLCs onto sustainability indices to improve their visibility and investability
- Galvanising market support for climate action
- Promotion of Shariah-compliant investing as a means to invest responsibly

We will also implement our Sustainability Roadmap 2019-2020 towards achieving our sustainability aspirations (refer to the Creating Value that Matters chapter of this Report for further details).

TECHNOLOGY & INNOVATION

102-12; 103-1; 103-2; 103-3

2018 KEY HIGHLIGHTS

Enhanced certification coverage for
ISO 27001
 Information Security Management System



Formalised
CYBER SECURITY RISK MANAGEMENT FRAMEWORK

100% SYSTEM AVAILABILITY for critical systems

Implemented various projects to support **TECHNOLOGY EXCELLENCE**

TECHNOLOGY IS OUR KEY ENABLER FOR ENSURING RESILIENCY AND RELIABILITY OF OUR SYSTEMS TO THE INDUSTRY.

SEEKING OUT NEW OPPORTUNITIES

As a forward-looking organisation, we leverage technology and innovation to continuously enhance our customers' trading experience and achieve operational excellence.

Technology allows us to reinforce the resiliency and reliability of our capital market infrastructure as well as improve market efficiency, while enabling us to strengthen our position as ASEAN's leading marketplace.

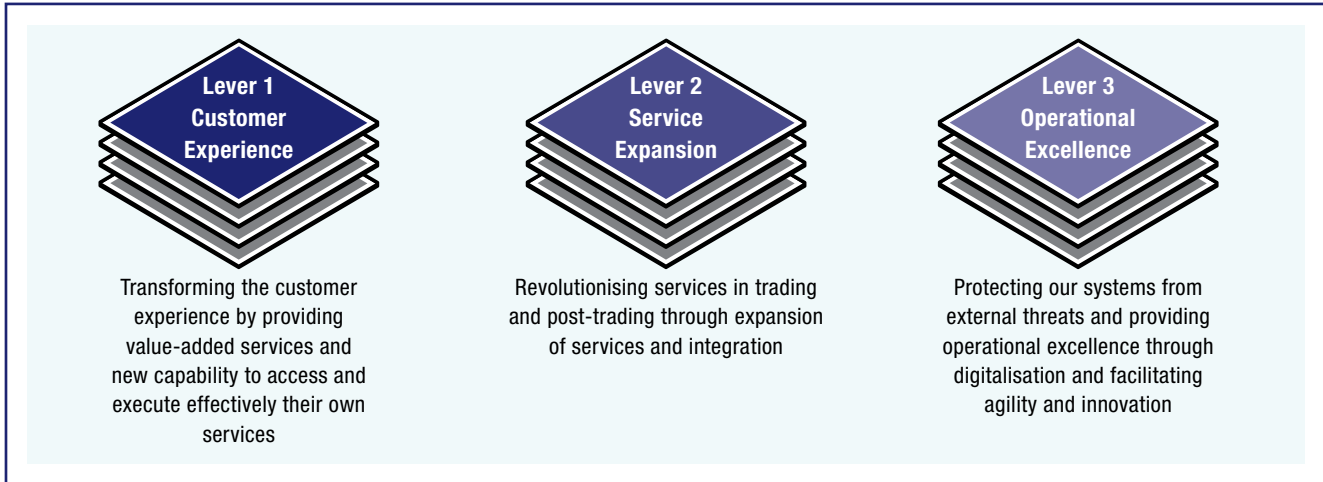
Our efforts to keep abreast of the latest digital and mobile trends aid us in meeting customer demand and strengthening the competitiveness of our business. By striving for technology excellence and groundbreaking innovations, we seek to encourage higher market participation to contribute to the vibrancy and continued development of our markets.

As part of technology life-cycle planning, we upgrade our systems, network and IT security capabilities. In doing so, we seek to guarantee the availability of our mission critical services and systems, enhance our business efficiency and minimise the risks associated with technology, such as IT security and governance.

Our technology and innovation initiatives for 2018 were based on the Operations Group Strategy and Business Plan 2017-2020, which is anchored on three levers, as set out on the next page.

TECHNOLOGY & INNOVATION

2017-2020 Operational Transformation Plan



CYBER SECURITY

As a Critical National Information Infrastructure (CNII) identified as such by Majlis Keselamatan Negara (MKN), we are committed to addressing cyber threats and risks in a prudent manner, particularly to protect our systems that are exposed to large volumes of data and financial transactions.

As more of our processes and services are conducted online, we become increasingly cautious of cyber threats which may jeopardise the integrity, stability, competitiveness and sustainability of our markets. In managing these threats, we conduct periodic reviews of system architecture, processes, competencies, expertise and technology, as well as systematically identify and distill key lessons from cyber events that have occurred within and outside the organisation to strengthen our resilience.

We have invested in tools and mechanisms to enhance our cyber resilience capabilities to anticipate, withstand, contain and rapidly recover from a cyber incident with the objective of limiting the escalating risks which cyber threats pose to us and our stakeholders. The tools and mechanisms are reviewed and assessed to observe the Guidance on Cyber Resilience for Financial Market Infrastructures issued by the International Organization of Securities Commissions (IOSCO) as well as to comply with the Guidelines on Management of Cyber Risk issued by the Securities Commission Malaysia (SC).

The key cyber security related initiatives undertaken in 2018 were as follows:



**Governance**

As part of our continuous commitment to manage cyber security, we have embarked on ISO27001 - Information Security Management System (ISMS) certifications to limit the impact of information security breaches on our organisation. Commenced in 2012, the ISMS certification is an ongoing process that we embrace to ensure adequate and appropriate security measures have been implemented to protect our organisation's information assets. This exercise also aims to assure our customers and interested parties that we perform our due diligence proactively with the view to establish a trusted business environment, and that our business systems and processes are kept secure at the core of the ISMS approach. In 2018 we obtained a re-certification of ISMS for our Securities Trading Services, Depository Services and Equity Clearing and Settlement Services. In addition to this, we also secured new certifications for Bursa Suq Al Sila' (Dealing) Services and Derivative Clearing System.

TECHNOLOGY & INNOVATION

In 2018 we formalised the Cyber Security Risk Management Framework. This Framework is a critical step towards ensuring that we have a more holistic approach to managing risks arising from cyber security threats.

In formulating the Cyber Security Risk Management Framework, we adopted the following cyber security standards and guidelines:

-  • ISO 31000 Risk Management
-  • ISO 27001 Information Security Management System
-  • SC's Guidelines on Management for Cyber Risk
-  • IOSCO's Guidance on Cyber Resilience for Financial Market Infrastructures

To ensure the effectiveness of the Cyber Security Risk Management Framework in addressing the dynamic nature of cyber security risk, a 'three lines of defence' model was adopted to manage cyber security risk, as follows:

<p>FIRST LINE OF DEFENCE</p> <p>The first level of the control environment are the business operations which perform day-to-day risk management activities</p>	<p>SECOND LINE OF DEFENCE</p> <p>Risk & Compliance is the second line of defence which provides oversight function and sets directions, defines policy and provides assurance.</p>	<p>THIRD LINE OF DEFENCE</p> <p>Internal Audit is the third line of defence offering independent challenge to the levels of assurance provided by business operations and oversight functions.</p>
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Protection Controls



As a continued measure to ensure our environment and system infrastructure are well protected from cyber threats, we have re-designed the architecture of staff internet access and replaced security related components to further strengthen our infrastructure protection and system resilience using the latest cyber threat controls.



Testing



In the area of testing, we also implemented comprehensive testing programmes this year to validate the effectiveness of our cyber resilience, including the following:



Participated and completed the annual Capital Market Cyber Drill exercise as a continuous measure to ensure that processes and procedures of cyber incidences are adhered to



Conducted twice-a-year vulnerability assessments for all mission critical systems to ensure vulnerabilities were detected and resolved



Conducted penetration tests to ensure all the external facing servers are free from web application threats and vulnerabilities



Obtained validation from an independent Cyber Security Assessment Provider on the effectiveness of our cyber security management in the areas of people, process and technology

TECHNOLOGY & INNOVATION



Awareness and Continuous Improvement



Bursa Malaysia Computer Emergency Response Team (BM-CERT), which was established in 2018, is an industry-wide protocol aimed at escalating and sharing cyber security incidences, elevating operational improvement and instilling a culture of managing incident response to cyber threats among the intermediaries. The BM-CERT serves as a platform to enhance cyber security awareness in the industry by providing advisory, guidance and incidents assistance to the Participating Organisations (POs) and Trading Participants (TPs).

As at 31 December 2018, we continued to maintain our record of zero cyber security incidents. All security threats including viruses, malware and attempted intrusions were detected and blocked by the controls that we had already put in place.

System availability and uptime are important performance factors of our critical IT systems. In 2018 we achieved 100% system availability for critical systems. This surpassed the Service Level Agreement (SLA) of 99.8%. We also observed compliance with the Recovery Time Objective (RTO), as prescribed in the Principles for Financial Market Infrastructures (PFMI) issued by the Committee on Payments and Market Infrastructures (CPMI) and the IOSCO. The present system capacity is sufficient to cater for future growth and is scalable to meet future processing needs.



TECHNOLOGY EXCELLENCE

Technology Excellence is critical to the achievement of sustainability. At the organisational level, it empowers innovation, promotes efficiency across our organisation and enables sustainability by contributing to a reduction of our carbon footprint while providing more accurate data and analysis on our operations.

At the stakeholder level, it unlocks more opportunities to engage stakeholders through non-traditional communication channels and increases stakeholder scrutiny as data becomes accessible quickly and conveniently. We recognise that dismissing disruptive technology, instead of keeping abreast of it, may hinder some of our corporate goals.

Technology Excellence has the opportunity to transform businesses and markets and attract capital and talent, which drive investments and in turn, economic growth, efficiency and social value creation.

As part of our efforts to achieve Technology Excellence, during the year in review we introduced a series of measures to improve our operations and processes:

1. Bursa Suq Al-Sila' (BSAS) Rehost and Enhancement Phase 2

Following the launch of BSAS Phase 1 in 2017, this Phase 2 project aimed to rejuvenate the system with additional new features such as the Message-based Straight-through-Processing (STP) to ensure that it stays competitive in the market and reduces turnaround time. BSAS was rehosted to a newer and more efficient platform. This project was completed in March 2018.

2. Web-based e-Reporting system

This initiative aimed to automate and facilitate our intermediaries to submit all their periodic reports to us with ease. It serves as a "One Stop" platform to accommodate intermediaries' submission of their periodic reports and facilitate access to their historical data to perform trend analysis. In addition, it reduces the turnaround time from the receipt of submission from intermediaries to our submission of consolidated reports to the SC. The e-Reporting system also allows the intermediaries' back office system to interface with the e-Reporting system. This interface eliminates human intervention, thereby reducing the number of re-submissions that need to be made by the intermediaries arising from human error.

TECHNOLOGY & INNOVATION

3. Enterprise Service Bus (ESB)

The ESB system is the backbone of our system integration which allows flexible communications between our core systems and other peripheral systems. It shields the critical core applications from constant changes arising from highly volatile access channels. Services which will be integrated to the ESB are anticipated to be highly reusable, allowing for shorter time-to-market for the introduction of new customer experience initiatives.

4. Enhanced Human Capital Management System (HCMS)

New staff performance management and 360-feedback modules are now available online via our enhanced HCMS. The staff performance management module documents and rates individual staff capabilities, performance and development in addition to being used as a tool by our staff to plan their performance goals and targets for each financial year. The 360-feedback process allows peers, superiors and subordinates to provide anonymous feedback to evaluate individual performance. The purpose of the enhanced HCMS is to ensure our employees use the same platform and methods of assessment to enable a standardised performance result. This initiative also supports our environmental target to go paperless.



ORGANISATIONAL INNOVATION

Organisational Innovation allows us to cope with rapid changes and implement new organisational methods in the capital market environment and workplace. As an innovative culture helps an organisation to grow, increase efficiency and maintain its competitive advantage, efforts were made this year to gear us towards integrating innovative thinking among our workforce (refer to the High-Performance Organisation chapter of this Report for further details).

Some of the technological innovations our people have made this year included:

BURSASUSTAIN

The development of BURSASUSTAIN as a one-stop knowledge sharing portal took into consideration the needs of our stakeholders for a suitable infrastructure that was able to offer information, guides and capacity building materials on corporate governance, sustainability and responsible investment in a holistic manner. The launch of BURSASUSTAIN on 24 April 2018 allowed us to further maximise the impact of our advocacy programmes by expanding our reach to market participants such as PLCs, investors and other stakeholders in a more engaging and interactive form such as through videos, webinars, e-learning courses and newsletters.

New Market Surveillance System (MSS)

The MSS plays a key role in our detection of market offences through the alert mechanisms built into the system. This enhances the effectiveness of our surveillance function by enabling us to expand our detection ability, conduct detailed analysis and report trading concerns in a timely manner. In 2018 we embarked on the acquisition of a new surveillance system, to facilitate multiple functions including surveillance, market operations monitoring and control as well as analytical tools for in-depth investigation purposes.

With the new system, we were able to enhance our system capacity and performance in terms of scalability as well as adaptability which were crucial towards ensuring that we remained effective in a rapidly changing and fast-paced trading environment.

TECHNOLOGY & INNOVATION

Some of the benefits MSS has to offer are as follows:

- Cost savings and reduction of maintenance cost
- Effective and efficient surveillance and market monitoring function
- Enhanced efficiency of investigation via automation of analysis
- Optimisation of alerts to reduce false positives
- Accuracy of information for quality decision-making via interface to chat/blogs, news and emails to identify news with market impact and fake news
- System scalability to adapt to changes in the business environment
- State of the art technology of machine learning for predictive analysis/pattern detection

**New MSS
was launched on
24 December 2018**

MOVING FORWARD

As we continuously enhance our technology capabilities and improve customer experience, we commenced the development of a portal that will link investors directly with us upon its completion in 2020. This initiative recognises the need to modernise our services to transform the customer experience in line with digitalisation trends in the financial and capital markets where e-banking and internet trading solutions and customer demand for such services are on the rise. The mobile enabled portal will empower investors to manage their Central Depository System (CDS) account information online, at their fingertips. It will also provide the investors with value-added information from us advising them on their existing portfolio performances, upcoming dividend payments, events, corporate actions and new IPOs that may be of interest to them. At the investors' convenience, they may also choose to conduct transactions through multiple devices. Moving forward, we will continue to innovate, enhance and strengthen our IT systems, infrastructures and capabilities within our organisation in line with global best practices as well as to enable successful implementation of our market-related initiatives.

2018 KEY HIGHLIGHTS

37

average training hours per year per employee



Enhanced
**ANTI-FRAUD,
 BRIBERY AND
 CORRUPTION
 POLICY**

Total electricity reduction of

16%

2018: 8,558MWh, 2017: 10,200MWh

Energy indirect (Scope 2)
 GHG emissions reduced by

14%

2018: 6,341.6mtCDE, 2017: 7,362.3mtCDE

Pledged official **SUPPORT
 FOR THE TCFD
 RECOMMENDATIONS**
 to advocate climate action

**TO PROPEL OURSELVES TOWARDS
 BEING A REGIONAL LEADER,
 WE NEED TO TAP ON THE FULL
 POTENTIAL OF OUR STAFF AND
 ENABLE A WORKPLACE THAT IS
 SAFE, ETHICAL AND SUSTAINABLE
 FOR THEM.**

**EMBEDDING
 SUSTAINABILITY IN OUR
 OPERATIONS**

As part of our approach to incorporate sustainability within our workforce and at our workplace, and to minimise the negative impacts of our business on the environment, we strive to adopt sustainable practices as the new normal for our business towards building a High-Performance Organisation.

This involves driving our sustainability goals from inside out by employing a diverse, high-performing workforce, for whom we provide access to learning and development as well as a safe place to work so we can achieve our operational goals.

We also place an emphasis on upholding our integrity at all times as we prioritise ethical conduct in carrying out our day-to-day operations. We therefore, practice zero tolerance for unethical behaviour, with policies and procedures in place to ensure our work remains free of issues related to fraud, bribery and corruption.

Our efforts to build a High-Performance Organisation are also rooted in the responsible management and use of resources. This helps promote efficiency within our organisation, as well as minimise the impact of our business on the environment and where possible, contribute to its preservation. We demonstrate how we managed these matters further in this chapter.

HIGH-PERFORMANCE ORGANISATION

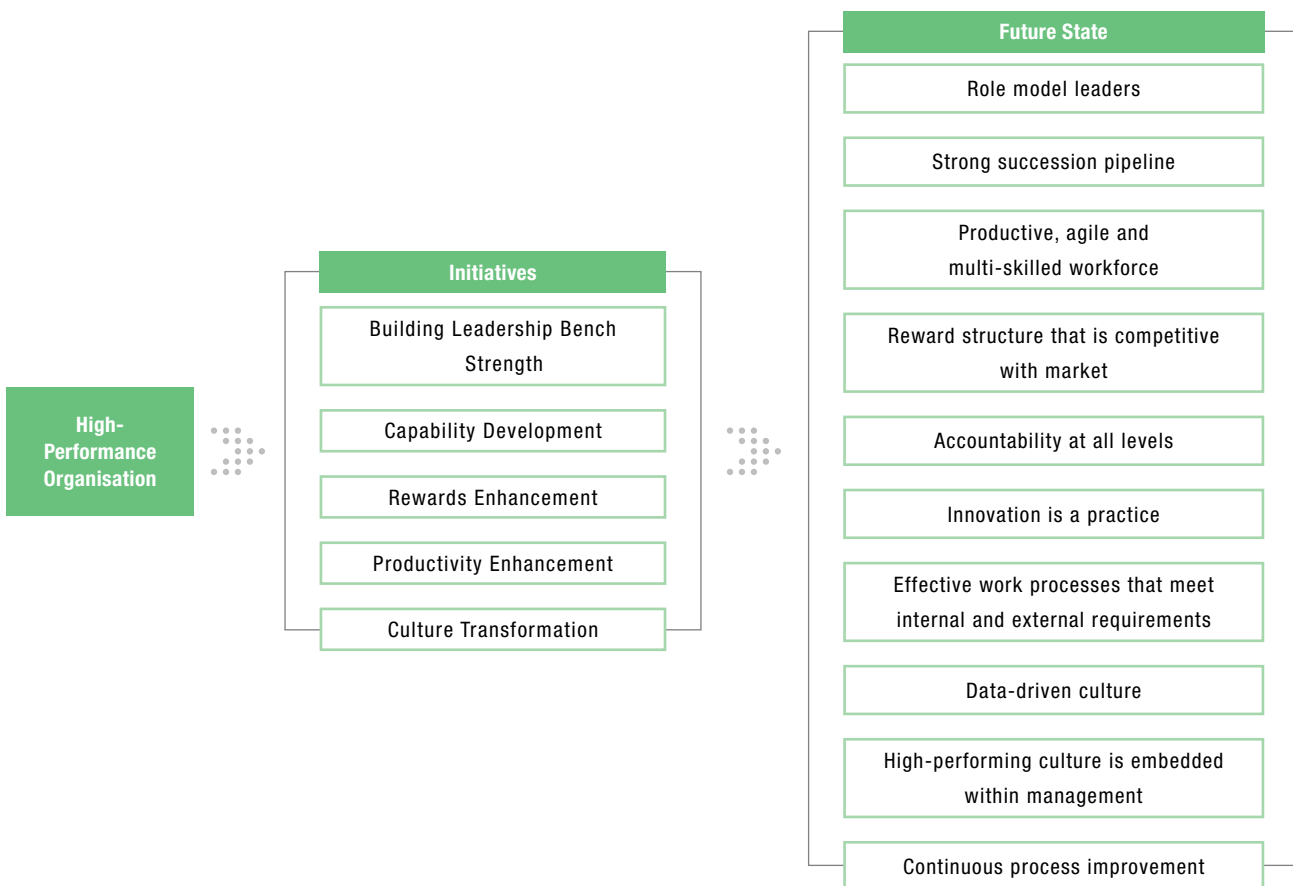


BUILDING A HIGH-PERFORMANCE ORGANISATION (HPO)

A HPO is driven by the value generated by our workforce, coupled with operational efficiency in the way we work. Our employees anchor the sustainability of our business, and we place an emphasis on hiring and retaining the best, while paying attention to their well-being during their employment with us. When building our talent pool, we seek individuals who display analytical thinking and innovation, active learning strategies, creativity, emotional intelligence, leadership and problem-solving skills in addition to other key skills.

In our efforts to be an employer of choice, we aim to provide an environment where our people can grow their careers and progress above and beyond their initial skills and capabilities. We are also committed to being an inclusive and equal opportunity employer which safeguards the interests of all our employees as we seek to maintain an engaged, high-performing and productive workforce.

During the year in review, we undertook the following initiatives to drive us towards our desired goals as a HPO:



To realise the future state, we believe that the behaviours and practices of our people have the opportunity to create positive impacts and reduce the negative ones at work and beyond. When our people are guided by good values, we trust that this care is extended to their day-to-day decisions in the environment they operate in. In this regard, we strive to ensure that the policies and workplace initiatives in place enable our people to do good.

HIGH-PERFORMANCE ORGANISATION



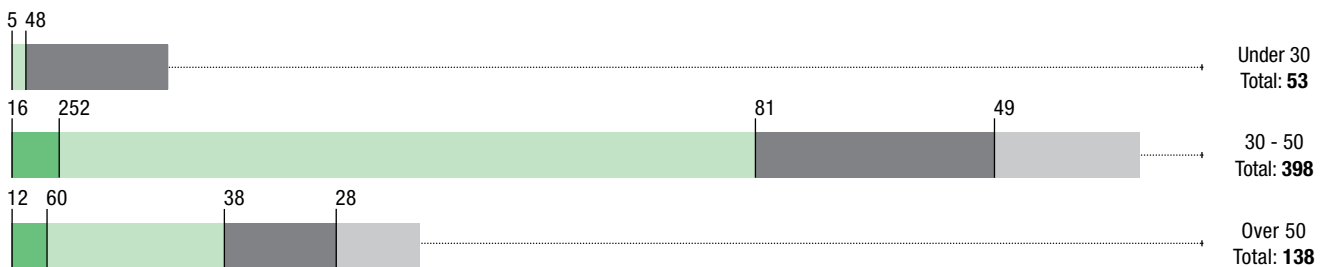
EMPLOYEE DIVERSITY, INCLUSIVENESS AND EQUAL OPPORTUNITY

Our workforce this year was made up of 559 permanent staff and 30 contract employees, all based in Malaysia and working on a full-time basis. We value diversity and treat all our employees equally by providing the same set of opportunities regardless of their gender, age, ethnicity, sex, disability, religion, nationality, economic or other status. This means that an employee is chosen for a job or promotion solely based on qualifications, experience and knowledge. We currently have two disabled employees in our employment, demonstrating our commitment to inclusion. We also have complete visibility of our staff strength which is tracked on a monthly basis. The following data illustrates our demographics:

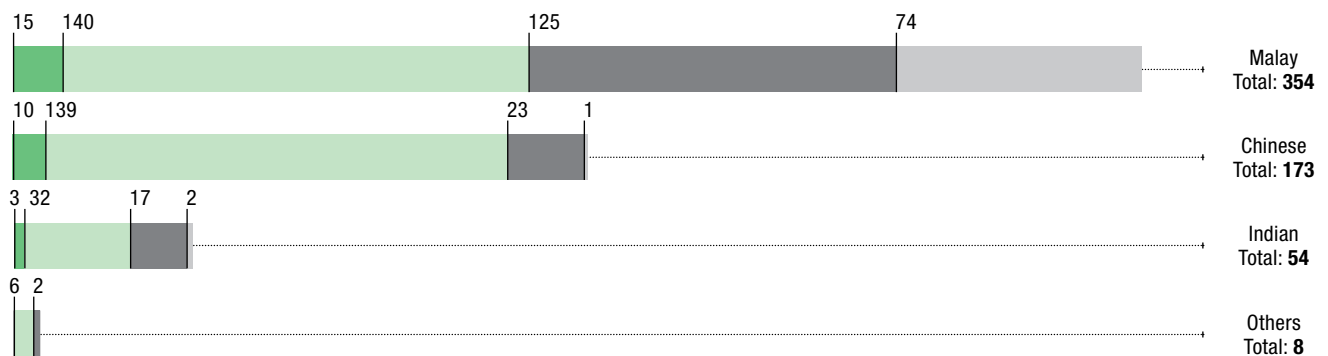
Employee breakdown by gender and management categories



Employee breakdown by age and management categories



Employee breakdown by ethnicity and management categories



■ Senior Management¹
■ Middle Management²
■ Executive³
■ Non-Executive⁴

¹ Senior Management - covers CEO, Senior Directors, Directors, Senior Executive Vice Presidents and Executive Vice Presidents

² Middle Management - covers Senior Vice Presidents, Vice Presidents, Assistant Vice Presidents, Senior Managers and Managers

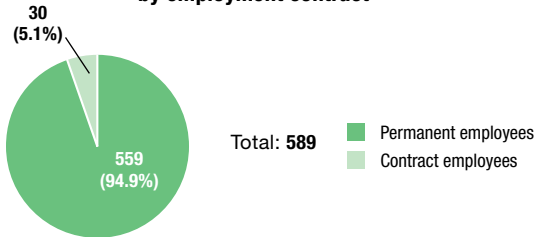
³ Executive - covers Senior Executives, Executives and Junior Executives

⁴ Non-executive

Our employee demographics illustrated strong female representation at the middle management and executive level, with a balance within the senior management. There was a healthy composition of staff in terms of age. The ethnicity of our organisation continued to reflect the demographics of the country, indicating equity and equality in our current hiring and retention practices.

HIGH-PERFORMANCE ORGANISATION

Number and percentage of employees by employment contract



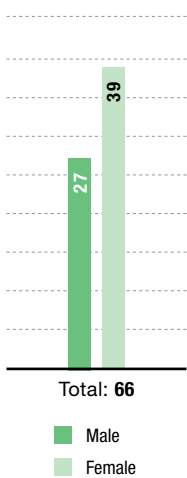
Our recruitment and retention strategies prioritise inclusiveness and while we continue to hire the top talent to fulfil our resource requirements, we pay attention to ensuring that all groups of people have access to our hiring platforms.

Approximately 99% of our employees comprised local talent with diverse experiences and disciplines. We sourced local graduates who met our prerequisites and criteria to join our Junior Talent Programme, a platform that offers fresh graduates the opportunity to work in a real-life business environment. This initiative demonstrates our interest in improving workforce inclusiveness in tandem with our efforts in championing diversity.

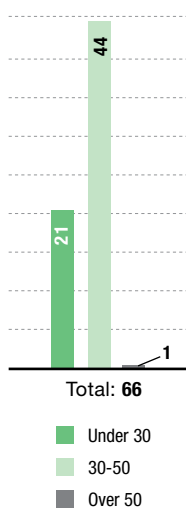
We recognise the social and structural barriers that exist in accessing rewarding and meaningful work and have continued to take part in efforts to address this. For instance, we supported the Malaysian Government’s initiative under the Skim Latihan 1Malaysia (SL1M) programme, which aims to help unemployed young graduates, especially those from underprivileged backgrounds, to enhance their marketability with appropriate skills, knowledge and experience through short-term employment with us.

During the year in review, we recorded a total of 66 new employee hires, with the breakdown of hires according to age and gender as follows:

Total number of new employee hires by gender

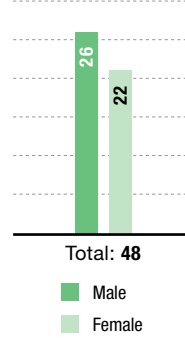


Total number of new employee hires by age

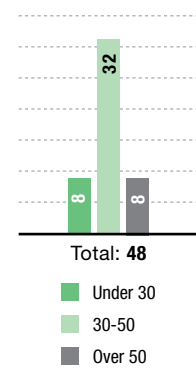


We also recorded the following in employee turnover during the year in review:

Total number of employee turnover by gender



Total number of employee turnover by age



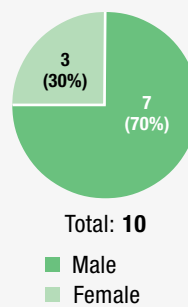
100% of the employee turnover were full-time staff. The analytics of our workforce (such as staff diversity, new hires and employee turnover) is presented to the senior management on a monthly basis for their information and feedback. Any feedback provided will be taken into account, where relevant, to enhance our hiring and staff retention strategies.

Our Board Diversity

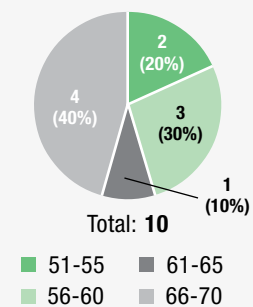
We are committed to maintaining at least 30% representation of women directors on our Board of Directors (Board), in line with the Malaysian Code on Corporate Governance (MCCG) and national agenda. This commitment has been embedded in the Board Charter which is available on our website. In this respect, our Board composition has been further strengthened with the appointment of Ms Chong Chye Neo as a new director on 21 December 2018.

The current diversity in the gender, age, ethnicity and nationality of our existing Board (as at 31 January 2019) is as follows:

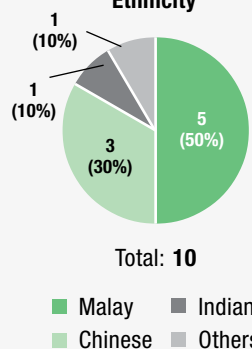
Gender



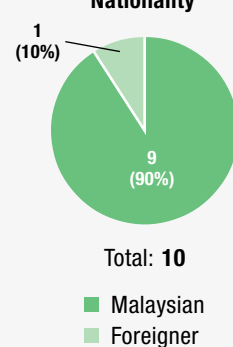
Age



Ethnicity



Nationality



HIGH-PERFORMANCE ORGANISATION

Within our operations, we are committed to being an equal opportunity employer. We employ a Group Pay Policy where all positions are evaluated periodically to analyse the nature of the job against its value to the organisation, forming the basis for remuneration – with no criteria attached to demographics of any kind. This year, there have been no incidents of discrimination or corrective actions taken.

Our full-time employees are entitled to a range of benefits and we strive to ensure that our benefits are competitive to industry standards. All our employees earn more than the minimum wages provided by the law, as we strive to offer competitive remuneration and benefits to attract and retain the best talent for the company. As part of our efforts to create an inclusive workplace environment, our employees enjoy maternity and paternity leave, social security funds on top of medical benefits, dental and optical coverage, workman compensation as well as life and accident insurance. These benefits are not afforded to temporary or part-time employees.

We recognise the need to build a workplace where people feel valued and heard, to ensure our organisation remains inclusive. We therefore, recognise our employees' rights to exercise the freedom of association and have not received any report of violating these rights in 2018. 48 of 77, or 62%, of our non-executive employees are union members and are covered by the Terms and Conditions of the Employment Agreement between Bursa Malaysia and the National Union of Commercial Workers (NUCW). We have recognised the NUCW to represent non-executives since 1990.

All the policies related to labour standards are shared via intranet in English and are accessible to all employees. We complied with the local laws on working and overtime hours as stated in the collective agreement (CA).

Non-executive employees who are not unionised are allowed to submit their overtime requests through our Human Capital Management System (HCMS) portal.

Non-unionised employees from junior executive to manager level are not entitled to overtime pay. However, they are entitled to meal allowances, transport reimbursement or mileage claims and hardship allowance should they be required to work overtime for two or more continuous hours. Meanwhile, senior manager to senior vice president-level employees are eligible for leave-in-lieu.

Our efforts in promoting diversity, inclusiveness and equal opportunity anchor the relationship we have with our people and we continue to place great importance on shaping our workplace into one that our people are proud to be part of.



WORKFORCE LEARNING AND DEVELOPMENT

Our Learning & Development initiatives are aimed at equipping our workforce with the necessary skills required to meet our goal of becoming ASEAN's leading, responsible and globally-connected marketplace. This benefits our succession planning and ultimately contributes to the continuity and sustainability of our business. To this end, developing the capabilities of our talents bolsters our ability in building a future-ready, resilient and competitive workforce.

The acquisition and upgrading of skills are becoming even more imperative given the pressures of automation, globalisation, demographic change, and emerging megatrends such as climate change risks. It is therefore, critical for us to upskill and re-skill our current employees to prepare them for the disruptive changes occurring in the business landscape. Promoting lifelong learning can result in stronger growth, innovation and increased welfare in supporting our people to be more productive and remain employable in an increasingly dynamic labour market.

To build the strength of our leadership, we have identified senior critical roles and established and monitored the talent cover ratio. We developed our successors and talent pools, with identified next-in-line to attend leadership development programmes. We also encouraged the successors and talents to be involved in cross-functional projects as part of their experiential learning.

Our Learning & Development policies, which are part of our HR Manual, strongly encourage our employees to continuously improve and strengthen their knowledge and skills. We are moving towards a blended learning approach offering a wide variety of topics on an e-Learning platform that complements instructor-led programmes, resulting in more effective and sustainable learning. The developmental programmes for the year were diverse, covering critical areas such as the Risk Awareness Series, emerging market trends, occupational safety and health alongside various topics on soft and technical skills as well as personal and strategic leadership developments.

To build the capacity and agility of our workforce, during the year we also provided competency-based training and training on new technologies such as cyber security and cryptocurrency. In addition, we conducted programmes on building innovative mindsets and programmes related to emotional quotients.

HIGH-PERFORMANCE ORGANISATION

During the year in review, our learning plan for our employees covered the following areas:

I

Addressing Main Competency Gaps

We continued to address core competency gaps identified from our assessment and employee individual development plans with respect to their behavioural, technical and functional skills. This is to ensure that employees are future-ready to meet the significant shift in how the market is evolving.

II

Building Leadership Capabilities

This initiative focused on building our employees' leadership capability in an increasingly complex environment by focusing on personal effectiveness, strategic leadership effectiveness and advanced strategic leadership for the Non-Executives to the Top Management level. The leadership development programmes also stressed on inculcating organisation-wide behaviours that form a HPO culture.

III

Strengthening Risk Awareness

Risk Awareness Programmes were identified as one of the Organisational Development initiatives in fostering a HPO.

IV

Conducting Topical Programmes

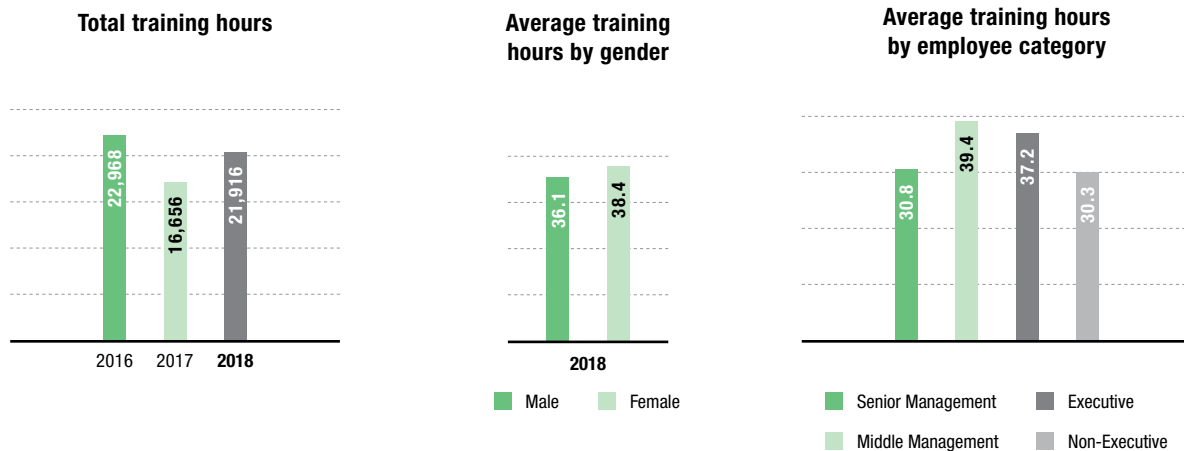
These comprised awareness talks on key topics vital to our business.

V

Complementing Talent Management Programme

Our in-house programmes which focused on leadership development served as a foundation for our Talent Development programmes in developing the quality of our successors and talent pool. To further boost their potential, our talents and successors actively participated in numerous leadership development programmes, both locally and abroad, to gain exposure to best practices and access to industry leaders.

In line with the learning programmes we organised during the year, we recorded the following total and average training hours for our employees:



As part of our annual exercise to establish personal and divisional Key Performance Indicators (KPIs) and targets, all our employees underwent a Corporate Scorecard review, where their performances were reviewed based on the scorecard set and communicated at the beginning of the financial year. The employees' performances against the KPIs were then reviewed at the year-end.

HIGH-PERFORMANCE ORGANISATION



OCCUPATIONAL SAFETY, HEALTH (OSH) AND WELL-BEING

To inculcate an engaged and productive workforce, we seek to create a strong workplace culture that actively addresses health and well-being. The physical, mental and emotional wellness of our employees are crucial elements to our sustainability efforts as our people are the first to be impacted by any decision we make.

We demonstrate our commitment to OSH by meeting and exceeding the relevant regulations and voluntary codes. Our OSH initiatives are overseen by our OSH Committee, which is made up of representatives from our management team and our workforce. The composition of this OSH Committee can be found on page 75. This OSH Committee was tasked to develop, endorse and evaluate the quality and effectiveness of our OSH policies which are currently measured through injury rate, occupational disease rate, lost day rate and work-related fatalities. All the indicators mentioned currently stand at zero. An additional measurement of the effectiveness of our OSH policies are absentee rates which are provided on page 76.

We have introduced several safety and security measures for the benefit of our employees. These included providing clear procedures in reporting and responding to any threat or safety incidents to our staff who carry out high-risk job functions or roles. This was prompted by the unfortunate attack on one of our staff members on his way home in June this year. In response, we further heightened our security measures within our premises and implemented additional enhancements to the safety procedures for all employees. For example, we stationed security personnel at our headquarters' main exit points during peak hours, namely, in the morning when staff arrive for work, at lunchtime and in the evening when staff leave work to ensure our premises remained secure amid the higher flow of foot traffic.

We also strictly screened visitors at the main building entry points, especially visitors intending to see staff at the work place. To further enhance security access control, we installed pedestrian barriers at the ground floor which restrict indiscriminate access to our main building. Additionally, we conducted crime awareness programmes for our staff to help increase their awareness on personal safety and crime prevention activities.

In caring for the well-being of our employees, we conducted various activities throughout the year. These included the Eco-Carnival 2018 which comprised talks, shows and classes to expose our employees to ways to achieve a healthy lifestyle. It also included an Eco Treasure Hunt where employees were required to go outdoor, use the Light Rail Transit (LRT) to solve treasure hunt clues and create objects from only recycled materials.

We also house a well-equipped gym which is open to employees before work, during lunch and after work to allow them to exercise and remain fit. There are also facilities for yoga, Zumba, aerobics and other exercise programmes for employees. Additionally, our employees are encouraged to participate and represent Bursa Malaysia in our Bursa Bull Charge (BBC) event.

In September 2018, we conducted a health screening event for all our employees, enabling them to undertake check-ups at the office instead of going to the hospital.

To accord flexibility for our employees, we provide alternative arrangements to our standard working hours which our staff can opt into. This move demonstrates our efforts in encouraging a work/life balance for our people and eliminating excessive working hours.

HIGH-PERFORMANCE ORGANISATION



ANTI-FRAUD, BRIBERY AND CORRUPTION

Integrity and accountability are core values for our organisation and our people, and we view fraud, bribery and corruption as significant risks to our business and reputation. Our enhanced Anti-Fraud, Bribery and Corruption Policy (AFBC Policy), which was introduced in 2018, governs our ability to circumvent this risk. The purpose of the AFBC Policy is to assist us to perform a sound fraud, bribery and corruption risk management and prevention which involve risk assessment, analysis, treatment, monitoring and reporting in a structured, systematic and consistent manner. The AFBC Policy sets out principles in the following areas:

- (a) Governance
- (b) Risk Assessment
- (c) Prevention
- (d) Detection
- (e) Investigation and Corrective Action
- (f) Monitoring

The AFBC Policy is reviewed periodically to determine its effectiveness in addressing potential fraud, bribery and corruption risks.

We employ a 'three lines of defence' strategy to address fraud, bribery and corruption. As the first line of defence, our employees and management are responsible to identify fraud, bribery and corruption risks in their business units and operationalise effective controls in managing these risks.

As the second line of defence, the Risk and Compliance (RC) division develops and monitors the implementation of effective fraud, bribery and corruption risk management policies. The RC division supports the Risk Management Committee's oversight function in carrying out its duties in assisting the Board to fulfil its responsibilities for management of risk of fraud, bribery and corruption.

As the third line of defence for the internal controls system within the organisation, the Internal Audit (IA) division carries out risk-based audits on auditable areas that are approved as part of the annual Audit Plan by the Audit Committee. For each engagement, risk profiling of the area is carried out to determine the key risks and their corresponding mitigating controls that need to be assessed. Depending on the auditable areas assessed, relevant and applicable fraud, bribery or corruption risks will be taken into consideration during the profiling exercise.

In the past three years, IA division has carried out audit engagements that involved the assessment of fraud, bribery or corruption risks. Among the common fraud, bribery or corruption risks assessed were in relation to insider trading, conflict of interest resulting in personal gain, leakage of sensitive/confidential information, fraudulent procurement/disbursement of funds, and abuse of personnel position/authority.

Our assessments showed that there have been no incidents where contracts with business partners were terminated or not renewed due to violations related to fraud, bribery or corruption. Additionally, there have been no legal cases related to fraud, bribery or corruption brought against us nor have there been such incidents or confirmed incidents in which employees were dismissed or disciplined for fraud, bribery or corruption.

In addition to the AFBC Policy, we also have the Whistleblower Policy and Procedures for Directors and employees which are implemented to expose any violations or improper conduct or wrongdoing within the organisation. The Whistleblower Policy and Procedures provide an avenue for employees or any external party to report any breach or suspected breach of any law or regulation, including business principles and our policies and guidelines, in a safe and confidential manner.

To further affirm our commitment to ethical practices and ensure our employees are fully aware of the risks and implications of fraud, bribery and corruption, we conducted a series of talks for our employees in 2018 to provide an overview on our Code of Ethics and Business Conduct with an emphasis on anti-fraud, bribery and corruption. The talks also covered employees' responsibility to discharge their duties with due care and prudence, as well as the implications of breaching fiduciary duties and misbehaving which may lead to their dismissal.

Our Code of Ethics sets out the fundamental principles and guidelines for all our employees to uphold the ethical values, integrity, honesty, discipline, transparency and commitment to act in the organisation's best interest in order to create and promote an environment of mutual trust, consideration for fellow employees and responsible behaviour.

Additionally, the Code sets out our employees' right to be treated respectfully at all times and includes measures to address inappropriate conduct such as sexual harassment and discrimination. All policies undergo annual review.

As a standard business practice, we do not make any political contributions.

HIGH-PERFORMANCE ORGANISATION



CLIMATE CHANGE (MITIGATION AND ADAPTATION)

We support climate action by addressing the risks brought about by climate change such as value-chain risks (physical, prices, product) and external stakeholder risks (ratings, reputation, regulation). Mitigation refers to processes, standards and capabilities in place to reduce greenhouse gas emissions (GHG) and by extension reduce the risks, while adaptation refers to the ability to take advantage of opportunities and cope with consequences through redefining corporate strategy and processes. Our response to climate change attempts to address both mitigation and adaptation measures to protect our organisation as well as the market.

There is a growing urgency to transition towards a low carbon economy and we recognise the extraordinary position we are in to facilitate the mitigation of climate-related risk for the market ecosystem. As a market regulator, we first seek to lead by example through embracing best sustainability practices internally. We then extend our potential impact by becoming a change agent in moving businesses towards more sustainable pathways through guidance we issue in line with keeping the markets robust, safe and resilient. Please refer to the chapter on Responsible Marketplace for our initiatives related to this work.

We became an official supporter of the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations in September 2018. To demonstrate our commitment in supporting climate action, we will take steps to improve our own climate-related disclosures in line with the TCFD Recommendations, which may include strengthening our governance structure and risk management framework to tackle climate-related risks and opportunities as well as enhancing our existing GHG monitoring and reporting. This mirrors the initiatives strongly suggested in the 2nd Edition of our Sustainability Reporting Guide & Toolkits.

Integrating climate change into our policies and strategies enables us to manage climate-related risks. This is expected to result in reduced operational emissions and strengthened resilience and adaptive capacity to cope with climate change, which will contribute to Sustainable Development Goal (SDG) 13: Climate Action.

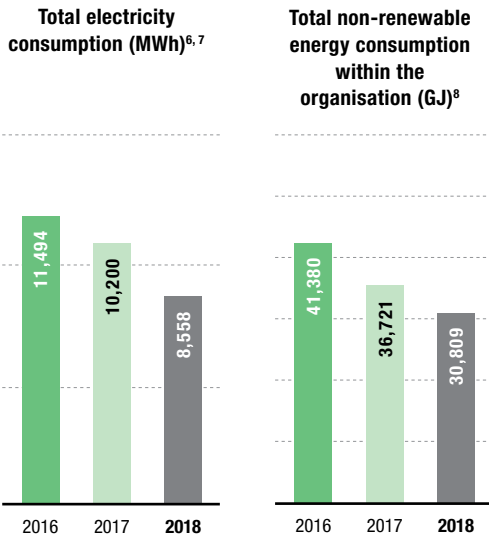
In this regard, a key part of reducing our impact on the climate in 2018 was to improve our energy use. Becoming more energy efficient allows us to stretch non-renewable energy resources and reduce emissions to both mitigate and adapt to major environmental megatrends.

This year, we undertook energy saving initiatives which led to a total savings of 1,642MWh for 2018. We also managed to reduce our energy intensity by 15% in 2018 compared to the year before.

This was made possible by our decision to replace all existing fluorescent tubes in the office area with LED tubes effective April 2018, which allowed us to lower electricity consumption with energy efficient lighting. We also continued to minimise electricity usage by switching off the lights and air-conditioning/AHUs at selected times and places when they were not in use. The temperature and usage of our chillers were regulated on cool/rainy days, at night, as well as on public holidays and weekends to improve energy efficiency. Additionally, we ensured that existing electrical equipment and light fittings were appropriately maintained and replaced to avoid wastage and maximise efficiency.

HIGH-PERFORMANCE ORGANISATION

During the year in review, we recorded the following in our energy use⁵ and GHG emissions:



⁵ The operational energy consumption data has not been verified by a third-party nor has there been an adoption of an international assurance standard.

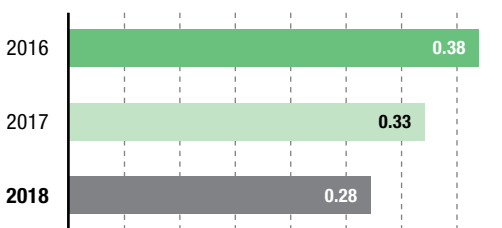
⁶ Electricity data for 2016 and 2017 have been restated due to:

- (i) Expansion of the scope to cover electricity consumption of the Annexe Building of Bursa Malaysia. The previous data in our Sustainability Report 2017 only covered the Main Building and two data centres.
- (ii) The December electricity data in 2017 was not available at the point of 2017 sustainability reporting and hence was estimated based on past data trend.
- (iii) Consequentially, other data such as energy intensity and energy indirect (Scope 2) GHG emissions have also been restated.

⁷ Electricity consumption data included consumption by our tenants (namely energy for air-conditioning during work hours).

⁸ Total non-renewable energy consumption comprised grid electricity only.

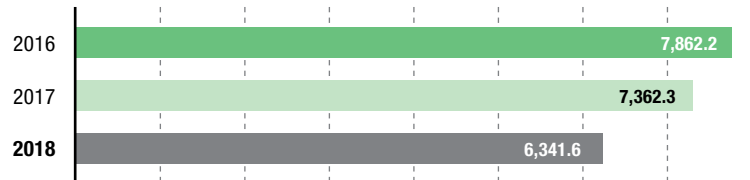
Energy intensity (GJ/m²)⁹



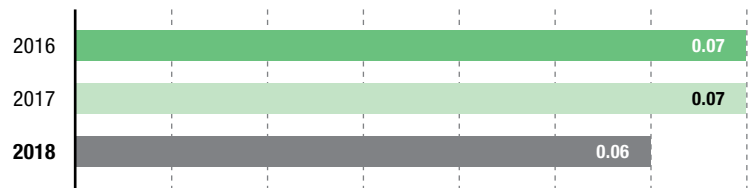
⁹ The energy intensity was calculated by dividing total energy consumption with our total ground floor area (GFA). Our GFA remained unchanged throughout the years at 109,958m².

GHG Emissions¹⁰

Energy indirect (Scope 2) GHG emissions (in tonnes of CO₂ equivalent, mtCDE)



GHG emissions intensity (mtCDE/m²)



¹⁰ Grid Emission Factor used in 2018 = 0.741 CO₂/kWh as per MyCarbon GHG Reporting Guidelines. In this report, GHG emission data for 2016 and 2017 have been restated according to the updated emission factor for comparability.



Continuing our commitment from last year, we sought to make Bursa Bull Charge 2018 (BBC 2018) a carbon-neutral event once again by measuring, reducing and offsetting the carbon emissions of the run.

Building on last year's experience, several enhancements were made to the scope and calculation methodology for carbon emissions. To improve the precision of our estimates of BBC 2018 carbon emissions, we engaged with our runners, vendors and staff through dedicated surveys and questionnaires to obtain specifics on their activities and travelling arrangements during the event day. The inputs were used to estimate the Scope 1, 2 and 3 carbon emissions of the event. The scope of BBC 2018 carbon emissions was also adjusted to focus on significant emissions which were within our control or where data was available.

The total carbon emissions of BBC 2018 were estimated at 3,071.2 kg CO₂e, as follows:

- 1) Scope 1 (namely, on-site power generation) – 160.1 kgCO₂e
- 2) Scope 2 (namely, grid power consumption) – 55.9 kgCO₂e
- 3) Scope 3 (namely, transportation of event equipment and personnel, travelling of our staff who volunteered on the event day, travelling of participants including runners) – 2,855.2kgCO₂e

In bringing our net carbon emissions to zero for BBC 2018, we will be capitalising on a tree planting project by the Global Environment Centre (GEC) which is supported by BBC 2018 funding. As part of the project, 1,800 trees (such as Mahang, Nyatoh, and Tenggek Burung) will be planted in 2019 in the Kuala Langat North Forest Reserve and Southeast Pahang Peat Swamp Forest. The tree-planting initiative aims to rehabilitate degraded areas and help mitigate climate related risks (for example, forest fires) faced by the indigenous people. It is estimated that BBC 2018's carbon emissions will be fully offset within four to five months.

HIGH-PERFORMANCE ORGANISATION



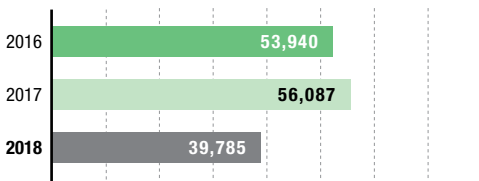
RESPONSIBLE RESOURCE MANAGEMENT

Water Consumption

We reduced our water consumption at our workplace by using, where possible, water-efficient technology and equipment. Most of the water consumed at our Head Office is obtained from municipal water supply. Since 2011, we have also utilised groundwater extracted from a stream located near our Head Office as non-potable water used for purposes such as toilet flushing and cooling towers.

Our water withdrawal from the past three years is illustrated below. However, this data does not include the extracted groundwater and we are currently assessing the feasibility of installing a meter to monitor and report our groundwater consumption.

Water withdrawal (m³)¹¹



¹¹ Our water consumption data for 2017 was restated as November and December water consumption data were not available at the point of 2017 sustainability reporting and hence were estimated based on past data trends. This total water withdrawal was inclusive of our tenants' water consumption.

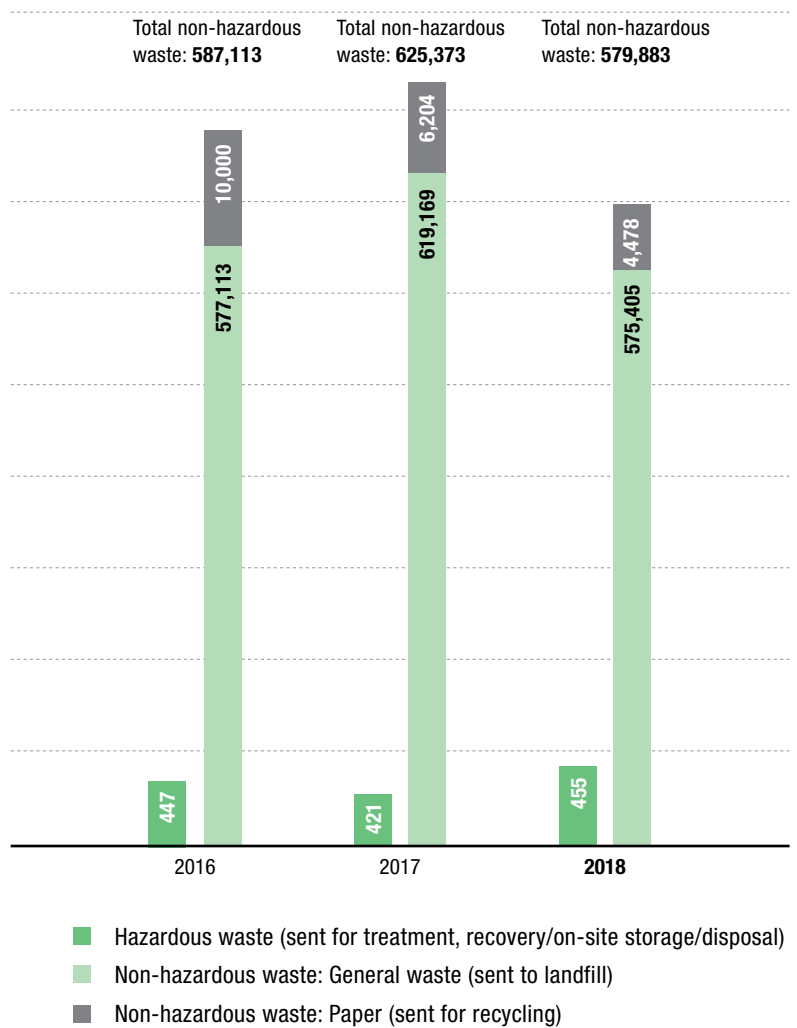
The marked reduction in our water withdrawal recorded in 2018 which amounted to 16,302m³ (29%) was a result of the relocation of one of our tenants in 2017. In 2018, our premises were only occupied by our own organisation and another tenant.

Waste Management

To manage our waste, we took steps to ensure that our waste was disposed of responsibly and where possible, recycled to minimise our environmental footprint. Our waste composition included hazardous and non-hazardous waste, with the latter disposed to a landfill in Bukit Tagar through the Taman Lembah Beringin Transfer Station in Kuala Lumpur. Our hazardous waste, which was made up of mainly fluorescent tubes, was treated and disposed of according to the composition of the waste by a licensed operator.

As part of our ongoing recycling programme, we sold a total of 4,478 kg of paper for recycling. The paper comprised 1,015 kg of black and white paper, 847 kg of shredded paper, 1,080 kg of newspapers, 1,035 kg of coloured paper and 501 kg of carton boxes.

Hazardous waste and non-hazardous waste (kg)¹²



- Hazardous waste (sent for treatment, recovery/on-site storage/disposal)
- Non-hazardous waste: General waste (sent to landfill)
- Non-hazardous waste: Paper (sent for recycling)

¹² Total waste for the years 2016 and 2017 have been restated to include recycled waste.

HIGH-PERFORMANCE ORGANISATION

MOVING FORWARD

To build a HPO, we recognise the need to inculcate a value system that cares for people and the environment they work in. In this regard, we will maintain the diversity of our workforce and provide them with sufficient learning and development opportunities to enhance their capabilities while supporting our operational goals. We will also continue to monitor and improve our policies and initiatives on OSH as well as employee well-being to ensure we provide a working environment which is conducive to building a HPO.

To further internalise our standards on ethics and integrity, we have identified several initiatives to operationalise our enhanced AFBC Policy. These include incorporating relevant risk assessment questions into our periodic risk control self-assessment and carrying out awareness briefings to the management and Board on ethics and integrity. We will endeavour to establish an assessment framework which provides guidance to our internal auditors to assess fraud, bribery or corruption risks in a more structured, holistic and consistent manner, so as to enhance our assurance to key stakeholders. In addition, we will intensify collaborative efforts among various assurance functions to enhance the state of internal controls as well as corporate culture to counter fraud, bribery or corruption risks within the organisation.

With respect to climate action, we will consider applying the TCFD Recommendations in our future reports on a staggered basis. We see the TCFD Recommendations as important to realising a low carbon economy and supporting our business in achieving leadership in sustainability.

Summary of 2016-2018 Performance Data

	2016	2017	2018
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EMPLOYEE DIVERSITY, INCLUSIVENESS AND EQUAL OPPORTUNITY			
Total Number and Percentage of Employees by Employment Contract			
Permanent	565 (95.3%)	546 (95.6%)	559 (94.9%)
Contract	28 (4.7%)	25 (4.4%)	30 (5.1%)
Total	593 (100%)	571 (100%)	589 (100%)

Total Number and Percentage of Employees by Gender, Age and Ethnicity			
(a) Gender			
Male	316 (54%)	306 (54%)	307 (52%)
Female	277 (46%)	265 (46%)	282 (48%)
Total	593 (100%)	571 (100%)	589 (100%)
(b) Age			
Under 30	62 (11%)	51 (9%)	53 (9%)
30-50	417 (70%)	398 (70%)	398 (68%)
Over 50	114 (19%)	122 (21%)	138 (23%)
Total	593 (100%)	571 (100%)	589 (100%)
(c) Ethnicity			
Malay	366 (62%)	354 (61%)	354 (60%)
Chinese	158 (27%)	152 (27%)	173 (29%)
Indian	61 (10%)	56 (10%)	54 (9%)
Others	8 (1%)	9 (2%)	8 (1%)
Total	593 (100%)	571 (100%)	589 (100%)

Number of Disabled Employees	2	2	2
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Number of SL1M Trainees	13	19	18
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Total Number and Rate of New Employee Hires by Gender			
Male	15 (3%)	22 (4%)	27 (4%)
Female	30 (5%)	27 (4.5%)	39 (7%)
Total	45 (8%)	49 (8.5%)	66 (11%)

Total Number and Rate of New Employee Hires by Age			
Under 30	18 (3%)	17 (3%)	21 (4%)
30-50	27 (5%)	31 (5%)	44 (7%)
Over 50	0	1 (0.2%)	1 (0.2%)
Total	45 (8%)	49 (8.5%)	66 (11%)

Total Number and Rate of Employee Turnover by Gender			
Male	20 (3%)	32 (6%)	26 (4%)
Female	28 (5%)	40 (7%)	22 (4%)
Total	48 (8%)	72 (13%)	48 (8%)

HIGH-PERFORMANCE ORGANISATION

	2016	2017	2018
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Total Number and Rate of Employee Turnover by Age			
Under 30	8 (1%)	12 (2%)	8 (1%)
30-50	35 (6%)	50 (9%)	32 (5%)
Over 50	5 (0.8%)	10 (2%)	8 (1%)
Total	48 (8%)	72 (13%)	48 (8%)

Total Number and Percentage of Board of Directors by Gender, Age, Ethnicity and Nationality

(a) Gender			
Male	8 (80%)	7 (78%)	7 (70%)
Female	2 (20%)	2 (22%)*	3 (30%)
Total	10 (100%)	9 (100%)	10 (100%)

* We had 3 (or 30%) women directors for almost 9 months in 2017 (from February to October 2017).

(b) Age			
51-55	3 (30%)	2 (22%)	2 (20%)
56-60	3 (30%)	3 (33%)	3 (30%)
61-65	2 (20%)	0	1 (30%)
66-70	2 (20%)	4 (45%)	4 (40%)
Total	10 (100%)	9 (100%)	10 (100%)

(c) Ethnicity			
Malay	7 (70%)	5 (56%)	5 (50%)
Chinese	1 (10%)	2 (22%)	3 (30%)
Indian	1 (10%)	1 (11%)	1 (10%)
Others	1 (10%)	1 (11%)	1 (10%)
Total	10 (100%)	9 (100%)	10 (100%)

(d) Nationality			
Malaysian	9 (90%)	8 (90%)	9 (90%)
Foreigner	1 (10%)	1 (10%)	1 (10%)
Total	10 (100%)	9 (100%)	10 (100%)

NUCW			
Number of employees in the NUCW	56	49	48
Percentage of total employees in the NUCW (%)	9.4	8.5	8.1

WORKFORCE LEARNING AND DEVELOPMENT			
Total training hours	22,968	16,656	21,916
Average training hours per employee	39	29	37
Total investment in employee development (RM)	1,048,735	1,044,646*	2,127,593

* 2017 figure was restated from RM641,895 to RM1,044,646.

	2016	2017	2018
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Total Training Hours by Gender			
Male	11,034	8,440	11,081
Female	11,934	8,216	10,835

Average Training Hours by Gender			
Male	34.9	27.6	36.1
Female	43.0	31.0	38.4

Total Training Hours by Employee Category			
Senior Management	1,085	367	863
Middle Management	14,153	8,898	12,502
Executive	5,852	5,232	6,215
Non-Executive	1,878	2,159	2,336

Average Training Hours by Employee Category			
Senior Management	34.6	13.6	30.8
Middle Management	46.2	29.1	39.4
Executive	36.5	33.3	37.2
Non-Executive	21.0	26.7	30.3

Thematic Training (non-exhaustive)			
a) Safety and Health			
Total training hours	2,962	1,859	1,280
Number of attendees	1,766	1,382	562
b) Anti-Corruption			
Total training hours	0	186	754
Number of attendees	0	125	503
c) Human Rights			
Total training hours	66	0	0
Number of attendees	50	0	0

OSH AND WELL-BEING			
Total Number of Representation in the OSH Committee			
Management	6	4	4
Employee	4	4	4

Injury Rate (IR)			
Male	0	0	0
Female	0	0	0

Occupational Disease Rate (ODR)			
Male	0	0	0
Female	0	0	0

HIGH-PERFORMANCE ORGANISATION

	2016	2017	2018
--	------	------	------

Lost Day Rate (LDR)			
Male	0	0	0
Female	0	0	0

Work-Related Fatalities			
Male	0	0	0
Female	0	0	0

Absentee Rate			
Male (%)	1.1	0.9	1.1
Female (%)	0.6	0.5	0.5

CLIMATE CHANGE (MITIGATION AND ADAPTATION)			
Total Electricity and Energy Consumption			
Total electricity consumption (MWh)	11,494	10,200	8,558
Total energy consumption (GJ)	41,380	36,721	30,809

Energy Intensity			
Energy intensity (GJ/m ²)	0.38	0.33	0.28

Energy indirect (Scope 2) GHG emissions			
Energy indirect (Scope 2) GHG emissions (in tonnes of CO ₂ equivalent, mtCDE)	7,862.2	7,362.3	6,341.6

GHG Emissions Intensity			
GHG emissions intensity (mtCDE/m ²)	0.07	0.07	0.06

RESPONSIBLE RESOURCE MANAGEMENT			
Water Consumption			
Water withdrawal (m ³)	53,940	56,087	39,785

Waste Generation by Type			
Hazardous waste (kg)	447	421	455
Non-hazardous waste: General waste (kg)	577,113	619,169	575,405
Non-hazardous waste: paper (kg)	10,000	6,204	4,478
Total (kg)	587,560	625,794	580,338

COMMUNITY INVESTMENT

103-1; 103-2; 103-3

2018 KEY HIGHLIGHTS

RM2.1 MILLION

raised for distribution to 22 beneficiaries in Bursa Bull Charge 2018

Amount of **FUNDS DISBURSED PER RUNNER INCREASED BY 17%**



2018: RM1,422, 2017: RM1,236

BBC BENEFICIARY FRAMEWORK

developed to **PROVIDE IMPROVEMENTS** in how funds raised are disbursed

19

Students currently sponsored under Yayasan Scholarship Programme

7,075

volunteer hours achieved by 567 employees

AS A RESPONSIBLE COMPANY, WE AIM TO CREATE A POSITIVE IMPACT ON SOCIETY IN MALAYSIA, SUPPORTING INCLUSIVE AND SUSTAINABLE DEVELOPMENT IN THE COMMUNITIES WE TOUCH.

SUPPORTING THE COMMUNITIES WHOM WE TOUCH

While community investment was not considered as a material sustainability matter, we recognise the cultural, social and environmental responsibilities we have to the communities that endorse our licence to operate. It is for this reason that we undertake community investment activities in our effort to contribute to the development and well-being of our stakeholders as well as create positive impacts to the wider society.

With a desire to leave a meaningful imprint on the communities we touch beyond our day-to-day operations, we dedicate considerable resources to support social causes that align with our values and business. Similar to previous years, our community investment strategy remains focused on investing in future generations and giving back to communities by supporting programmes that are largely focused on education and entrepreneurship.

Our community investment initiatives are primarily undertaken through our foundation, Yayasan Bursa Malaysia which has been established since 1998, with tax exempt status.

Yayasan Bursa Malaysia's Board of Governors comprises our CEO as the Chairman, with two directors. It provides strategic input on the community investment initiatives we undertake.



Yayasan Bursa Malaysia's Board of Governors (From left, Mr Cheah Tek Kuang, Datuk Seri Tajuddin Atan (Chairman) and Datuk Haji Faisyal Bin Datuk Yusof Hamdain Diego)

COMMUNITY INVESTMENT



YB Dr. Ong Kian Ming and Datuk Seri Tajuddin Atan together with differently-abled participants from Care2Run who participated in the para run at the BBC2018.



BURSA BULL CHARGE

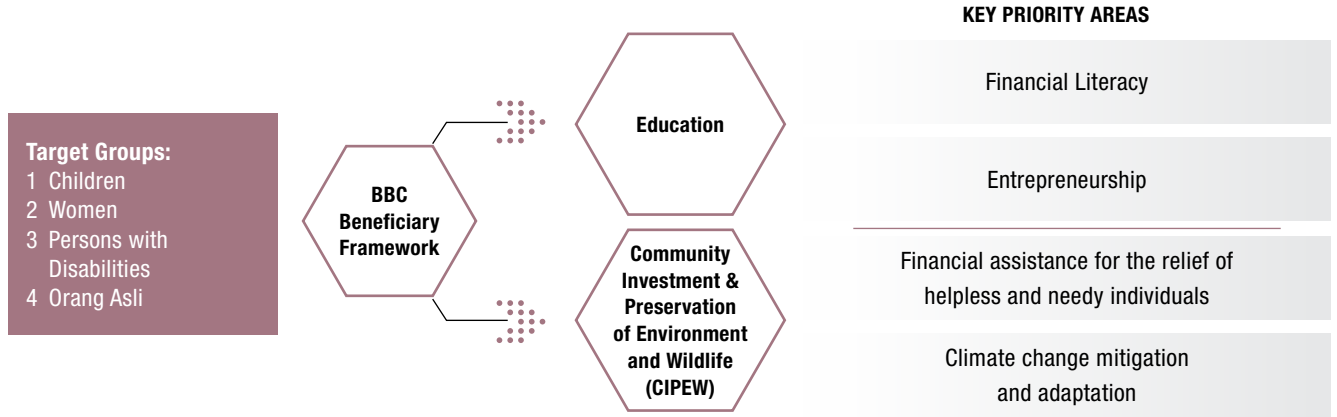
Our annual charity run, the Bursa Bull Charge 2018 (BBC 2018) was organised for the fifth year in 2018 and saw captains of industries, partners of Bursa Malaysia and capital market players participating to help raise funds for the communities we support. This year's run, held on 27 September 2018, attracted almost 1,500 runners from over 100 organisations across corporate Malaysia, successfully raising over RM2.1 million for distribution through Yayasan Bursa Malaysia to 22 beneficiary organisations. Our involvement in the BBC is ultimately aimed at contributing towards sustainable development on a national scale over the long term.

To mark its fifth-year milestone, the BBC 2018 was anchored on a sub-theme of supporting six of the Sustainable Development Goals (SDGs) to enhance our continuous pursuit of championing sustainability across the capital market. The six SDGs, the first five of which are put forward by the Sustainable Stock Exchanges (SSE) Initiative as relevant for stock exchanges to support, are SDG5: Gender Equality, SDG8: Good Jobs and Economic Growth, SDG12: Responsible Consumption, SDG13: Climate Action, SDG17: Partnerships for the Goals and SDG4: Quality Education.

In line with our support for the SDGs, the BBC 2018 encouraged more participation from women and veterans, with the event entertainment being performed by differently-abled persons. We also introduced a new category for para runners. These efforts were all aimed at enhancing the inclusiveness of the event. We were committed to reducing the environmental impact of the event and took deliberate steps to reduce our waste footprint by avoiding single-use plastic products and food surplus, alongside promoting the concept of Reducing, Reusing and Recycling (3R). Among these initiatives included promoting the use of reusable containers and stainless steel cutleries, providing bins for recycling water bottles and tin cans, routing food surplus from the run to the Pertiwi Soup Kitchen and Rumah Titian Kasih and using social media to communicate our sustainability efforts and encourage participants to support the run's sustainability initiatives.

COMMUNITY INVESTMENT

The distribution of the funds raised through BBC is made in accordance with our beneficiary framework (BBC Beneficiary Framework).

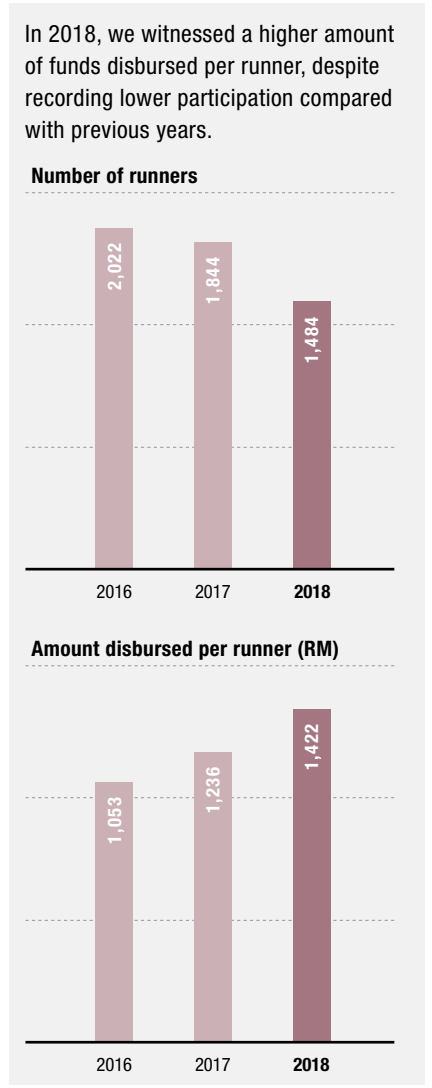


The BBC Beneficiary Framework was developed to provide a more structured and consistent approach to determine recipients which will receive the funds raised through the BBC to ensure that the intended objectives and impact are achieved. This was done by, among others, defining the focus areas, priorities and target groups of the BBC funds.

Under the Educational pillar of the BBC Beneficiary Framework, we have identified financial literacy and entrepreneurship as the two key footholds in the ascent to a more sustainable marketplace. Financial literacy, in particular, is linked to our business strategy where we offer programmes to educate the investing public on the stock market and investment with funding from the Capital Market Education and Integrity Fund. Under the CIPEW pillar, we have included a priority area that relates to climate change mitigation and adaptation.

To improve accountability of the utilisation of funds raised via the BBC 2018, we have implemented the following enhancements in accordance with the BBC Beneficiary Framework:

- Stricter vetting of applications and closer monitoring of beneficiaries, for which checking now includes visits to the premises, and how disbursed funds are being used
- Beneficiaries are required to sign an undertaking to comply with certain obligations relating to the use of the funds upon receipt of the funds and are required to provide regular progress reports
- Those receiving RM60,000 or more are required to sign an agreement enumerating their obligations vis-à-vis funds granted including targets to be achieved. Funds will also be disbursed in two tranches, with the second only being released following a demonstration of progress. This mode of release may be modified depending on the amount granted



COMMUNITY INVESTMENT



The 22 beneficiaries who received funding from BBC2018.

BBC 2018 selected and supported 22 beneficiaries with sustainable programmes and measurable contributions to marginalised communities in various parts of Malaysia. Among them, Vision to Transform (V2T), a non-profit organisation, received the largest amount of financial support to undertake a pilot project on financial literacy. The organisation targets to deliver a financial literacy programme for 2,000 students from 20 schools in the Klang Valley and Sarawak. The programme comprises one-year's worth of financial literacy lessons taught by a group of teachers using the "Money Quotient" textbook as part of the co-curricular activities and a two-day Financial Management and Investment Literacy Programme facilitated by V2T.



YAYASAN BURSA MALAYSIA SCHOLARSHIP PROGRAMME

In an effort to grow Malaysia's pool of high-calibre talents and support social mobility for Malaysians through education, we have been supporting students from underprivileged backgrounds to pursue fully-funded undergraduate courses at local universities through the Yayasan Bursa Malaysia Scholarship Programme since 2008.

This year, we reviewed and enhanced the overall framework for the Scholarship Programme to provide clearer criteria for the assessment of candidates. This enables us to meet the dual objectives of providing our organisation with a fresh pool of talent while helping the underprivileged community. Recipients are selected from bright young Malaysians aged under 22 years who come from families with gross household income of RM5,000 or less.

This pool of young leaders is identified through past academic and extra-curricular performance as well as their leadership and interpersonal skills. Students pursuing Law, Finance, Accountancy and Economics are given a priority as these subjects are aligned to our main business areas.

To further support the development of selected scholarship recipients, Yayasan Bursa Malaysia scholars are given preference for internship positions within the Bursa Malaysia Group during semester breaks.

Year	2016	2017	2018
Number of scholars under the Yayasan Scholarship Programme ¹	19	19	19

¹ Comprised existing scholars who have received four-year scholarships and new scholars who replace those who have completed their four-year programmes

COMMUNITY INVESTMENT

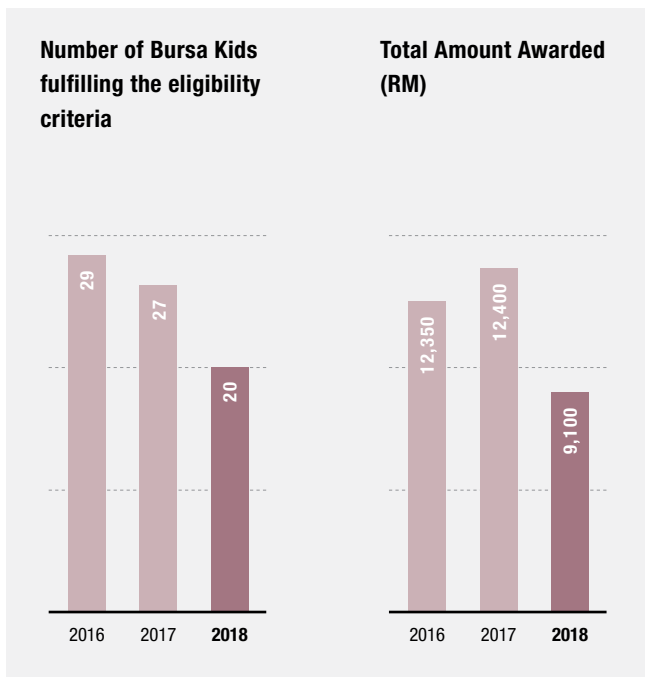


In 2018, Yayasan Bursa Malaysia awarded 20 Excellence Awards to Bursa Kids who excelled in their public examinations in 2017



YAYASAN BURSA MALAYSIA EXCELLENCE AND MERIT AWARDS 2018

As part of our staff appreciation efforts, we also reward children of employees (Bursa Kids) who perform well in major public examinations through the Yayasan Bursa Malaysia Excellence and Merit Awards 2018. Now in its 11th year, this initiative seeks to recognise, reward and encourage academic excellence among Bursa Kids. We take great pride in celebrating these successes and this year 20 high achievers out of 272 Bursa Kids were awarded a total of RM9,100 for excelling in the UPSR, PT3 or SPM exams.



SUPPORTING HIGHER EDUCATION IN MALAYSIA

To further demonstrate our commitment to promoting educational excellence, we also extend our financial support to local educational institutions to grow local talent in areas that are important to us. In 2017, Yayasan Bursa Malaysia signed a dedicated 10-year sponsorship commitment with Universiti Putra Malaysia (UPM) to:

- Underscore Yayasan Bursa Malaysia’s objectives and beliefs that academic excellence among students should be recognised
- Strengthen the position of Yayasan Bursa Malaysia as a key charitable organisation
- Profile Bursa Malaysia as an employer of choice among graduates

Accordingly, in 2018 Yayasan Bursa Malaysia granted RM1,000 to sponsor prizes for top graduates in Economics, Accounting and Business Administration from UPM’s Faculty of Economics and Management.



EMPLOYEE ENGAGEMENT WITH CORPORATE SOCIAL RESPONSIBILITY (CSR)

We instil volunteerism among our employees to develop a more engaging workforce with a sense of care for the communities we operate in. As a demonstration of good corporate citizenship, we seek to build a culture of giving back by encouraging our workforce to donate their skills, resources and time to provide support in addressing pressing economic, environmental and social issues within the communities.



Yayasan Bursa Malaysia’s ‘Iftar Perdana 2018’ was joined by 20 underprivileged children from Sekolah Kebangsaan Cyberjaya

COMMUNITY INVESTMENT

This year, over 35 different types of CSR initiatives were organised for our staff. These CSR initiatives were developed and planned based on a set of criteria that was formulated to improve our CSR engagements and maximise our collective impact. The CSR initiatives included:

Environmental conservation and preservation projects (fabric recycling, tree planting, beach cleaning)

Helping to prepare food for the underprivileged and poverty-stricken communities at community kitchens

Fundraising events such as the BBC and collecting donations such as book drive and non-essential items drive

Spending time with underprivileged groups

We recorded a strong staff participation this year with 576 employees participating in at least one CSR initiative. At an aggregate level, employees recorded a total of 7,075 volunteer hours this year.



Bursa Malaysia staff volunteering at Pusat Jagaan Orang Tua Weng Da as part of our CSR activities held in conjunction with the Chinese New Year celebration.



Commemorating World Food Day on 16 October 2018, in collaboration with a non-governmental organisation, Rise Against Hunger Malaysia. Organised by Human Resources (HR), 80 volunteers contributed to packaging 10,000 meals that were shipped to tsunami survivors in Palu, Sulawesi, Indonesia.

MOVING FORWARD

As we continue to empower the communities through our existing CSR programmes such as the BBC and scholarships, we will search for new ways to maximise the contribution and presence of Yayasan Bursa Malaysia as an impactful charitable foundation in Malaysia. This may include adopting a globally-recognised standard to measure, manage and communicate the impact of our community investments more effectively and using the information as a basis to formulate our community investment strategy moving forward. We will also seek to intensify our collaboration with BBC beneficiaries and external organisations on projects that promote financial literacy, entrepreneurship and other key causes in line with Yayasan Bursa Malaysia's objectives.

GRI CONTENT INDEX

102-55

This report has been prepared in accordance with GRI Standards: Core option.

GRI Standard		Page number (s)	Comment/Reasons for Omission(s)	
General Disclosures				
GRI 102: General Disclosures 2016	Organisational Profile			
	102-1	Name of the organisation	page 7	
	102-2	Activities, brands, products, and services	page 7	
	102-3	Location of headquarters	page 7	
	102-4	Location of operations	page 7	
	102-5	Ownership and legal form	page 7	
	102-6	Markets served	page 7	
	102-7	Scale of the organisation	-	Refer to pages 6-9 of the Integrated Annual Report 2018
	102-8	Information on employees and other workers	page 65	
	102-9	Supply chain	page 7	
	102-10	Significant changes to the organisation and its supply chain	page 7	
	102-11	Precautionary Principle or approach	-	Refer to pages 40-44 of the Integrated Annual Report 2018
	102-12	External initiatives	page 8, page 47, page 58, page 71	
	102-13	Membership of associations	page 7	
	Strategy			
	102-14	Statement from senior-decision maker	pages 3-6	
	Ethics and Integrity			
	102-16	Values, principles, standards, and norms of behaviour	Inner cover, pages 8-9	
	Governance			
	102-18	Governance structure	page 10	
	Stakeholder Engagement			
	102-40	List of stakeholder groups	pages 16-21	
	102-41	Collective bargaining agreements	page 67	
	102-42	Identifying and selecting stakeholders	pages 16-21	
	102-43	Approach to stakeholder engagement	pages 16-21	
	102-44	Key topics and concerns raised	pages 16-21	
	Reporting Practice			
	102-45	Entities included in the consolidated financial statements	-	Refer to page 2 of the Governance and Financial Reports 2018
102-46	Defining report content and topic Boundaries	page 2, pages 12-15		
102-47	List of material topics	page 11		
102-48	Restatements of information	page 26, page 72, page 73, page 75		
102-49	Changes in reporting	page 2		
102-50	Reporting period	page 2		
102-51	Date of most recent report	page 2		
102-52	Reporting cycle	page 2		

GRI CONTENT INDEX

GRI Standard			Page number (s)	Comment/Reasons for Omission(s)
General Disclosures				
	102-53	Contact point for questions regarding the report	page 2	
	102-54	Claims of reporting in accordance with the GRI Standards	page 2	
	102-55	GRI content index	pages 83-87	
	102-56	External assurance	page 2	
GRI 200: Economic Standard Series				
Economic Performance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	-	Refer to pages 10-11 of the Integrated Annual Report 2018
	103-2	The management approach and its components	-	Refer to pages 10-11 of the Integrated Annual Report 2018
	103-3	Evaluation of the management approach	-	Refer to pages 10-11 of the Integrated Annual Report 2018
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	-	Refer to page 12 of the Integrated Annual Report 2018
Anti-Fraud, Bribery and Corruption				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 70	
	103-2	The management approach and its components	page 70	
	103-3	Evaluation of the management approach	page 70	
GRI 205: Anti-Corruption 2016	205-2	Communication and training on anti-corruption policies and procedures	page 70	
	205-3	Confirmed incidents of corruption and actions taken	page 70	
GRI 300: Environmental Standard Series				
Responsible Resource Management - Energy				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	pages 71-72	
	103-2	The management approach and its components	pages 71-72	
	103-3	Evaluation of the management approach		We do not currently have a process to evaluate the effectiveness of our management approach. For us to evaluate and improve the effectiveness of our approach, we will first look into ways to strengthen our measurement system by 2020.

GRI CONTENT INDEX

GRI Standard			Page number (s)	Comment/Reasons for Omission(s)
Responsible Resource Management - Energy				
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	page 72	Data on fuel has been omitted this year as there was insufficient data. We plan to improve data availability towards incorporating our fuel data by 2020. Renewable energy has been omitted as it was not relevant to our operations.
	302-3	Energy intensity	page 72	
	302-4	Reduction of energy consumption	page 71	
Responsible Resource Management - Water				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 73	
	103-2	The management approach and its components	page 73	
	103-3	Evaluation of the management approach	-	We do not currently have a process to evaluate the effectiveness of our management approach. For us to evaluate and improve the effectiveness of our approach, we will first look into ways to strengthen our measurement system by 2020.
GRI303: Water 2016	303-1	Water withdrawal by source	page 73	
Responsible Resource Management - Effluents and Waste				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 73	
	103-2	The management approach and its components	page 73	
	103-3	Evaluation of the management approach	-	We do not currently have a process to evaluate the effectiveness of our management approach. For us to evaluate and improve the effectiveness of our approach, we will first look into ways to strengthen our measurement system by 2020.
GRI306: Effluents and Waste 2016	306-2	Waste by type and disposal method	page 73	
Climate Change (Mitigation and Adaptation) - Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 71	
	103-2	The management approach and its components	page 71	
	103-3	Evaluation of the management approach	-	We do not currently have a process to evaluate the effectiveness of our management approach. For us to evaluate and improve the effectiveness of our approach, we will first look into ways to strengthen our measurement system by 2020.

GRI CONTENT INDEX

GRI Standard			Page number (s)	Comment/Reasons for Omission(s)
Climate Change (Mitigation and Adaptation) - Emissions				
GRI 305: Emissions 2016	305-2	Energy indirect (Scope 2) GHG emissions	page 72	
	305-5	Reduction of GHG emissions	page 72	
GRI 400: Social Standard Series				
Employee Diversity, Inclusiveness and Equal Opportunity - Employment				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 66	
	103-2	The management approach and its components	page 66	
	103-3	Evaluation of the management approach	page 66	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	page 66	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	page 66	
Occupational Safety, Health and Well-being - Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 69	
	103-2	The management approach and its components	page 69	
	103-3	Evaluation of the management approach	page 69	
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	page 69	
Employee Diversity, Inclusiveness and Equal Opportunity - Diversity and Equal Opportunity				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 65	
	103-2	The management approach and its components	pages 65-67	
	103-3	Evaluation of the management approach	page 66	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	pages 65-66	
Employee Diversity, Inclusiveness and Equal Opportunity - Non-discrimination				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 67	
	103-2	The management approach and its components	page 67	
	103-3	Evaluation of the management approach	page 67	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	page 67	

GRI CONTENT INDEX

GRI Standard			Page number (s)	Comment/Reasons for Omission(s)
Workforce Learning and Development - Training and Education				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 67	
	103-2	The management approach and its components	page 67	
	103-3	Evaluation of the management approach	page 68	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	page 68	
	404-2	Programme for upgrading employee skills and transition assistance programmes	pages 67-68	
	404-3	Percentage of employees receiving regular performance and career development reviews	page 68	
Customer Privacy				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	page 48	
	103-2	The management approach and its components	page 48	
	103-3	Evaluation of the management approach	page 48	
GRI 413: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	page 48	

GLOSSARY

A

ACE Market

The ACE Market is an alternative market for small and medium-sized companies that are at growth stage and have business prospects. It replaced the formerly known MESDAQ (Malaysian Exchange of Securities Dealing and Automated Quotation) market in 2009. The ACE Market is viewed as the ideal market for high-growth companies with a limited track record and other companies looking to raise additional capital by taking their companies public through a listing exercise.

The Asian Corporate Governance Association (ACGA)

The ACGA is an independent, non-profit membership organisation dedicated to working with investors, companies and regulators in the implementation of effective corporate governance practices throughout Asia. ACGA was founded in 1999 from a belief that corporate governance is fundamental to the long-term development of Asian economies and capital markets.

ADC

Average daily contract.

ADV

Average daily value.

B

Bursa Malaysia-i

A fully integrated Islamic securities trading platform with a comprehensive range of Shariah-compliant exchange-related facilities including listing, trading, clearing, settlement and depository services.

Bursa Suq Al-Sila' (BSAS)

A Shariah-compliant commodity trading platform dedicated to facilitate Islamic liquidity management and financing by Islamic Financial Institutions (IFI). BSAS is the world's first which aims to provide industry players with a regulated framework with defined codes of conduct governing commodity trade in support of Islamic interbank placement, client deposit-taking, financing, profit rate swap and cross currency swap, as well as sukuk issuances using the concept of Murabahah and Tawarruq. It undertakes contracts in various currencies to facilitate cross-border trades between IFIs and commodity players worldwide.

BURSASUSTAIN

BURSASUSTAIN is a microsite to provide a one-stop knowledge centre to promote and support further development in corporate governance, sustainability and responsible investment to listed companies, investors and other stakeholders.

Business Trust

Business Trust is a new asset class introduced in the Malaysian capital market following the release of the Securities Commission Malaysia's Business Trust Guidelines which came into force on 28 December 2012. Business trusts are business enterprises set up as trusts, instead of companies. They are hybrid structures with elements of both companies and trusts. Like a company, a business trust operates and runs a business enterprise. But unlike a company, it is created under a trust deed in which the trustee has legal ownership of the trust assets and manages the assets for the benefit of the beneficiaries of the trust. Unit holders of a business trust can participate in the profits or income arising from the management of the assets in the business trust through receipt of distributions declared by the trustee-manager. Business trusts are suitable for businesses which are capital intensive with stable cash flow wishing to pay distributions out of cash flow without being constrained by accounting profits. The flexibility in the payment of distributions is an advantage especially for businesses which may be affected by high depreciation charges.

D

Derivatives

A derivative is a security with a price that is dependent upon or derived from one or more underlying assets. The derivative itself is a contract between two or more parties based upon the asset or assets. Its value is determined by changes in the underlying asset. Derivative products available on Bursa Malaysia Derivatives are equity, interest rate, bond, agricultural commodity (crude palm oil and palm kernel), metal commodity (gold and tin) futures and options.

E

ESG

Environmental, Social and Governance.

Equities

An instrument that signifies an ownership position, or equity, in a corporation, and represents a claim on its proportionate share in the corporation's assets and profits. A person holding such an ownership in the company does not enjoy the highest claim on the company's earnings. Instead, an equity-holder's claim is subordinated to creditor's claims, and the equity-holder will only enjoy distributions from earnings after these higher priority claims are satisfied.

GLOSSARY

Exchange-Traded Funds (ETF)

An open-ended investment fund listed and traded on a stock exchange. ETF combines the features of an index fund and a stock. The liquidity of an ETF reflects the liquidity of the underlying basket of shares. Generally, there are three types of ETFs: equity ETFs, fixed income ETFs and commodity ETFs. These ETFs consist of baskets of stocks, bonds or commodities based on an index which instantly offers broad diversification and avert the risk involved in owning stock of a single company. ETFs are listed and traded on a stock exchange. With units in an ETF, investors can gain exposure to a geographical region, market, industry or sector, commodity such as gold or oil or even a specific investment style such as growth or value.

F

FTSE Russell Group or FTSE Russell

FTSE International Limited and its subsidiaries, the Group subsidiary that is a leading global provider of index and analytics solutions.

FTSE4Good Bursa Malaysia Index (F4GBM)

The F4GBM comprises the eligible companies from the universe of companies in the FTSE Bursa Malaysia EMAS Index. It is designed to highlight companies that demonstrate a leading approach to addressing environmental, social and governance risks. The FTSE ESG Ratings form the engine for the FTSE4Good indexes. Companies need to achieve a FTSE ESG Rating above a specified threshold for index inclusion in addition to passing certain additional screens set out in the FTSE4Good Index Ground Rules.

G

Green Lane Policy

Green Lane Policy for the equities and derivatives markets allows brokers which have been assessed to have good conduct and are familiar with the relevant regulatory requirements to commence their activities through notification to (as opposed to seeking approval from) Bursa Malaysia. The policy shortens the time to market for equities and derivatives brokers to commence their new activities which include the opening of new branches, commencement of discretionary trading, proprietary trading, margin financing and dual licensed activities. Green Lane Policy for public listed companies (PLCs) relating to circulars is a differentiated approach adopted in Bursa Malaysia's review of draft circulars submitted by PLCs. This is premised on the PLCs standard of corporate governance conduct and disclosure practices. The policy is an incentive granted to PLCs which have been assessed to have good corporate governance and disclosure practices thus accorded certain privileges which among others facilitated faster issuance of circulars to shareholders and hence, expedites completion of corporate proposals.

Global Reporting Initiative (GRI) Standards

The GRI Standards are the first global standards for sustainability reporting. They feature a modular, interrelated structure, and represent the global best practice for reporting on a range of economic, environmental and social impacts.

I

Intraday Short Selling (IDSS)

Under the IDSS framework, investors will be able to sell securities first and buy the securities later within the trading day itself. IDSS can be carried out on a selected list of eligible securities.

Initial Public Offering (IPO)

An IPO is when shares of an unlisted company are offered to the public on a recognised stock exchange for the first time. The shares then become publicly traded.

L

Leading Entrepreneur Accelerator Platform (LEAP) Market

LEAP Market is an alternative market for SMEs and companies to raise funds. It brings together potential SMEs and companies, intermediaries and qualified sophisticated investors onto a single platform to create a conducive marketplace for fund raising.

Listing Requirements (LR)

The criteria required to list and maintain a listing status on Bursa Malaysia's markets.

M

Main Market

The Main Market provides an avenue for companies to raise funds and is mainly populated by established and large companies.

GLOSSARY

Market Surveillance System

The market surveillance system is a system that facilitates real-time and post-trade monitoring and analysis of both equities and derivatives trading activities as well as facilitates the detection of a wide range of possible market misconduct on real-time basis.

Material Matters

Material Matters refer to economic, environmental and social topics or issues that give rise to risks and opportunities that are considered as significantly important to our organisation and stakeholders. 17 Material Matters were identified in our assessment in 2018. Further details can be found on page 10 of this report.

Material Factors

Material Factors refer to five broad pillars (namely Competition, Market Integrity and Stability, Responsible Marketplace, Technology and Innovation as well as High-Performance Organisation) under which the 17 Material Matters were categorised and reported in this report.

Murabahah

An Islamic financing structure. Murabahah refers to a sale contract with a disclosure of the asset cost price and profit margin to the buyer.

O**On-Market-Transactions (OMT)**

OMT are transactions made through the Automated Trading System and they exclude Direct Business Transactions, and On-Market Married Transactions.

P**Participating Organisation (POs)**

A company which carries on the business of dealing in securities pursuant to the Rules of Bursa Malaysia Securities Berhad.

PLC(s)

Public listed company.

R**Real Estate Investment Trust (REIT)**

A REIT is a fund or a trust that owns and manages income-producing commercial real estate (shopping complexes, hospitals, plantations, industrial properties, hotels and office blocks). A management company for a REIT is permitted to deduct distribution paid to its shareholders from its corporate taxable income. However, to enjoy this tax-free status, the REIT must have most of its assets and income tied to the real estate and distribute at least 90% of its total income to investors/unit holders annually. REITs that are listed on a stock exchange trade just like stocks.

RBD

Refined, Bleached and Deodorised.

Responsible Investment (RI)

RI is an approach to investing that aims to incorporate environmental, social and governance factors into investment decisions, to better manage risk and generate sustainable, long-term returns.

S**SME(s)**

Small and medium-sized enterprises.

Structured Warrants

Structured warrants are proprietary instruments issued by a third-party issuer, namely an eligible broker or financial institution that give holders the right, but not the obligation, to buy or sell the underlying instrument in the future for a fixed price. Essentially, one makes a 'reservation' to buy or sell a pre-determined number of the underlying instrument at a certain price in the future when investing in a structured warrant. Structured warrants can be issued over an underlying asset such as equity, ETF, index or a basket of stocks.

Sustainability Reporting Framework

The Sustainability Reporting Framework comprises amendments to the listing requirements where listed issuers are required to disclose a narrative statement of the management of material economic, environmental and social risks and opportunities in their annual reports. The Sustainability Reporting Framework also includes the Bursa Malaysia Sustainability Reporting Guide and six Toolkits to aid listed issuers in embedding and reporting on sustainability practices.

Sustainable Development Goals (SDGs)

The United Nations SDGs are the blueprint to achieve a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.

Sustainable Stock Exchanges (SSE) Initiative

The SSE is a peer-to-peer learning platform for exchanges, in collaboration with investors, regulators, and companies, to explore how corporate transparency and performance on ESG issues can be enhanced and to further encourage the uptake of sustainable investment.

T**The Taskforce on Climate-Related Financial Disclosures (TCFD)**

The TCFD seeks to develop recommendations for voluntary climate-related financial disclosures that are consistent, comparable, reliable, clear, and efficient, and provide decision-useful information to lenders, insurers, and investors.

Tawarruq

An Islamic financing structure. A Tawarruq involves purchasing a commodity on a deferred price either in the form of musawamah or murabahah, later selling it to a third party with the objective of obtaining cash.

Trading Participant (TP)

A company which carries on the business of dealing in derivatives pursuant to the Rules of the Bursa Malaysia Derivatives Berhad.

V**Value-Based Intermediation framework (VBI)**

The VBI aims to re-orient Islamic finance business models towards realising the objectives of Shariah that generate positive and sustainable impact to the economy, community and environment through practices, processes, offerings and conduct.

W**The World Federation of Exchanges (WFE)**

Established in 1961, the WFE is the global industry association for exchanges and clearing houses. Headquartered in London, it represents over 200 market infrastructure providers, including standalone central counterparty clearers (CCPs) that are not part of exchange groups. Of its members, 37% are in Asia-Pacific, 43% in EMEA and 21% in the Americas. WFE exchanges are home to nearly 45,000 listed companies, and the market capitalisation of these entities is over \$82.5 trillion; around \$81.8 trillion (EOB) in trading annually passes through the infrastructures WFE members safeguard (at end 2017).

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