

Corporate Governance Statement

The Board of Directors of Bursa Malaysia presents this statement to provide an insight into the Corporate Governance (CG) practices of the Company under the leadership of the Board.

In building a sustainable business, and discharging its regulatory role, the Board is mindful of its responsibilities to the shareholders and various stakeholders. This statement demonstrates the Board's commitment to cultivating a responsible organisation by instilling corporate conscience through excellence in CG standards at all times.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Functions of the Board and Management

The Board is responsible for oversight and overall management of the Company. In order to ensure the effective discharge of its function and responsibilities, it has established a Governance Model for the Group where specific powers of the Board are delegated to the relevant Board Committees¹ and the CEO, as depicted below.



Note:

* All subsidiaries of Bursa Malaysia have fully adopted the Governance Model of Bursa Malaysia Group except for Bursa Malaysia Derivatives and its wholly-owned subsidiary, Bursa Malaysia Derivatives Clearing which have adopted two Governance Committees, and the applicable Regulatory Committees.

¹ Board Committees comprise three Governance Committees and five Regulatory Committees as set out in the Governance Model of Bursa Malaysia Group

The Governance Model is supported by the Authority Limits Document (ALD), which clearly sets out relevant matters with applicable thresholds, including those reserved for the Board's approval, and those which the Board may have delegated to the Board Committees, the CEO and Management. The Governance Model and the ALD are reviewed as and when required, to ensure an optimum structure for efficient and effective decision-making in the organisation.

Key matters reserved for the Board's approval include the annual business plan and budget, dividend policy, business continuity plan, new issues of securities, business restructuring, expenditure above a certain limit, disposals of significant fixed assets and the acquisition or disposal of companies within the Group.

Over the course of 2013, the Board approved the award of contracts to selected vendors which were recommended by the Special Tender Committee through the tender process for procurement of goods and services based on assessment from the technical, functional, and financial perspectives.

The Board Committees are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference² (TOR). Although specific powers are delegated to the Board Committees, the Board continues to keep itself abreast of the actions and decisions taken by each Board Committee, including key issues via reports by the Chairman of each of the Board Committees, as well as the tabling of minutes of all Board Committee meetings, to the Board at Board meetings.

In August 2013, the Board established a new Board Committee, namely the Regulatory and Conflicts Committee (RACC) chaired by a Public Interest Director (PID) and Chairman of the Board, to oversee the regulatory functions and conflicts arrangement within the Group, to further strengthen its internal governance. The scope of the RACC's responsibilities had been extended to include the management and administration of the Capital Market Education and Integrity Fund³ (CMEIF) of Bursa Malaysia (previously undertaken by the CMEIF Committee) to determine, review and approve the utilisation of the CMEIF in accordance with the approved CMEIF's Authority and Guidelines Manual.

1.2 Clear Roles and Responsibilities

The Board has wide responsibilities which are discharged in the best interests of the Company in pursuance of its integrated regulatory and commercial objectives. Amongst the key responsibilities of the Board are as described below:

a. Reviewing and adopting the Company's strategic plans

The Board plays an active role in the development of the Company's strategy. It has in place a strategy planning process, whereby Management presents to the Board its recommended

strategy annually, together with the proposed business and regulatory plans for the ensuing year at a dedicated session, for the Board's review and approval. At this session, the Board deliberates upon both Management's and its own perspectives, as well as challenges Management's views and assumptions, to deliver the best outcome. In conjunction with this, the Board also reviews and approves the annual budget for the ensuing year, and sets the Key Performance Indicators (KPIs) under the Corporate Balanced Scorecard (CBS), ensuring that the targets correspond to the Company's strategy and Business Plan and reflect industry and competitive trends, internal capabilities as well as provide sufficient stretch for Management.

For 2013, the strategic planning process began at an offsite Board meeting held in November 2012, where Management presented its proposals for the Board's review. The Board subsequently approved the Company's Strategy and 2013 Business and Regulatory Plans (BRP). The Board actively engaged with Management in monitoring the progress of initiatives and projects identified in the 2013 BRP and, where required, identified alternative measures to be taken to ensure the successful realisation of the strategies.

In June 2013, the Board conducted a mid-year review of the 2013 BRP as well as the Budget at an offsite meeting where the targets set by the Board were compared against the actual performance year-to-date. The Board reviewed the sustainability, effectiveness and implementation of the 2013 BRP, and provided guidance and input to Management, taking into consideration the need to continuously invest, build and grow the three main markets of Bursa Malaysia in line with the approved plans. The Board also discussed strategy implementation processes taking cognisance of internal and external factors which had supported various achievements as well as challenges facing Management.

At the same offsite meeting, Management presented to the Board a number of potential ideas which were being explored for inclusion in the Group's strategies for 2014-2016. The Board's guidance and feedback was sought by Management based on a general framework which focused on staying relevant, and leveraging on Bursa Malaysia's strength, as the guiding principles in formulating its 2014-2016 Business Plan to drive Bursa Malaysia's performance.

In early October 2013, Management presented to the RACC an overview of the 2014-2016 regulatory framework which set out the regulatory roadmap to facilitate the discharge of Bursa Malaysia's regulatory function, in tandem with its capital market development efforts. In its review, the RACC also considered the proposed 2014-2016 Regulatory Plan and Budget and the corresponding regulatory issues and challenges expected during this period.

² The TOR of each Board Committee together with the names of members of the Board Committees for the term of appointment from 12 May 2013 to 11 May 2014 are available at www.bursamalaysia.com, About Us-Corporate Governance section.

³ The CMEIF was set up on 1 January 2013 to account for all fines and transfer fees imposed and collected by Bursa Malaysia Group. These monies are segregated and used to educate market participants and investors as well as to defray legal or court expenses relating to the Group's regulatory enforcement actions. The amount of CMEIF stood at RM17.7 million as at 31 December 2013.

Corporate Governance Statement

In late October 2013, another Board strategy session was held where Management's final proposal on the 2014-2016 BRP and the 2014 Budget were presented to the Board and approved.

b. Overseeing the conduct of the Company's business

The CEO is responsible for the day-to-day management of the business and operations of the Group in respect of both its regulatory and commercial functions. He is supported by the Management Committee⁴ and other committees established under the Group's Management Governance Framework⁵ (MGF). Following a business process improvement review exercise conducted by Management, the MGF was enhanced in March 2013 with the setting up of a new committee namely, the Business Case Approving Committee, to consider and approve business cases on programmes, projects and/or initiatives involving financial, technology and/or human resources of the organisation.

Management's performance, under the leadership of the CEO, is assessed by the Board through a status report which is tabled to the Board and which includes a comprehensive summary of the Group's operating drivers and its financial performance during each reporting period. The Board is also kept informed of key strategic initiatives, significant operational issues and the Group's performance, based on the approved KPIs in the CBS.

To ensure independence of the regulatory function, the Director of Regulation provides the Board with a separate status report on a regular basis, to inform the Board of actions taken by the Regulation division as well as provide updates on regulatory initiatives. Management also presents to the Board (in the first quarter of every year) a report on the extent of Bursa Malaysia's compliance with its regulatory duties and obligations under the Capital Markets and Services Act 2007 (CMSA) during the preceding year. In March 2013, the Board reviewed the Annual Regulatory Report 2012 before it was submitted to the Securities Commission (SC) in compliance with Section 16 of the CMSA.

In January 2013, the Board reviewed the results of the 2012 Employee Engagement Survey (EES) to assess the level of employee satisfaction. The survey, conducted by an external firm, aimed to ensure continuous improvement in the operating environment by maintaining areas of strength and improving areas of opportunity for its internal stakeholders. Post-EES, intervention initiatives were taken to address those areas that were below the benchmark norms.

c. Identifying principal risks and ensuring the implementation of appropriate systems to manage them

Through the Risk Management Committee (RMC), the Board oversees the Enterprise Risk Management (ERM) framework

of the Group. The RMC advises the Audit Committee (AC) and the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation. The RMC reviews the risk management policies formulated by Management and makes relevant recommendations to the Board for approval. Details of the RMC and the Company's ERM framework are set out in the Statement on Internal Control and Risk Management of this Annual Report.

d. Succession planning

The Nomination and Remuneration Committee (NRC) is responsible for reviewing candidates for key management positions, determining compensation packages for these appointments, and formulating nomination, selection, compensation and succession policies for the Group. The Board is satisfied that the NRC, in its current form, effectively and efficiently discharges its functions in respect of the nomination and remuneration matters listed separately in its TOR for the purpose of clarity. As such, there is no need to separate the nomination and remuneration functions into distinct nomination and remuneration committees.

In discharging its responsibility, the NRC reviews the Group's human resources plan including the succession management framework and activities, human resources initiatives such as jobs and salary review, and the annual manpower budget. Based on the succession management framework which was approved by the Board in November 2012, the NRC continues to monitor the actions taken through succession management updates presented by Group Human Resources (GHR) to ensure the smooth transition of key personnel into critical positions, and that the development plans for the identified successors are put in place based on their readiness to assume the positions.

In 2013, the NRC considered the renewal of service contracts of key management positions, and also new appointments for such positions having regard to the suitability of the shortlisted candidates based on their profiles, professional achievements and personality assessments. The NRC also considered their remuneration package(s) in finalising the terms and conditions of their service contracts.

Pursuant to Clause 12.1 under Part II: Regulatory Oversight of the Guidance on the Regulatory Role of Bursa dated 28 March 2012, the appointment of any Management Committee position in Bursa Malaysia is subject to consultation with the SC taking into account full and proper consideration of the SC's view on this matter. The appointment of CEO of Bursa Malaysia is further subject to the SC's approval in accordance with Section 10(5) of the CMSA.

⁴ The Management Committee members are as set out in the Management Committee/Senior Management section of this Annual Report

⁵ The Management Governance Framework, which takes effect from 25 May 2011, involves two committees for the governance function, and three committees for the business operations functions, as set out under Section 1.1 of this CG Statement. It is available at www.bursamalaysia.com, About Us-Corporate Governance section

The NRC undertakes yearly evaluation of the performance of key management personnel (except for the Senior Executive Vice President, Group Internal Audit who is also the Head of Group Internal Audit (GIA)), whose remuneration packages are directly linked to performance, based on their scorecards. For this purpose, the 2012 CBS and KPI results of the CEO and relevant key management personnel were reviewed by the NRC in January 2013. The Head of GIA reports to the AC, which evaluates and reviews her performance. The annual reward allocation to the CEO is reviewed by the NRC, after which it is put to the Board for decision.

e. Overseeing the development and implementation of a communication policy for the Company

Bursa Malaysia believes in building investor confidence through good CG practices. The Company carried out its Investor Relations (IR) activities in accordance with its stated IR Policy, which is available on its website. The details of the value created for shareholders are spelt out in the Shareholder Value Creation section of this Annual Report.

f. Reviewing the adequacy and integrity of management information and internal control system of the Company

The Board is ultimately responsible for the adequacy and integrity of the Company's internal control system. Details pertaining to the Company's internal control system and the review of its effectiveness are set out in the Statement on Internal Control and Risk Management of this Annual Report.

1.3 Formalised Ethical Standards through Code of Ethics

The Company's Codes of Ethics for Directors and employees continue to govern the standards of ethics and good conduct expected from Directors and employees, respectively. The Code of Ethics for Directors, for example, includes principles relating to Directors' duties, conflict of interest (COI) and dealings in securities. To promote integrity and ethical conduct among employees, the Code of Ethics covers all aspects of the Company's business operations including matters such as confidentiality of information, dealings in securities, COI, gifts, gratuities or bribes, dishonest conduct and sexual harassment.

In addition to the above, the Company's Whistleblower Policy and Procedures (WPP) seeks to foster an environment where integrity and ethical behaviour are maintained and any illegality, improper conduct and/or wrongdoing in the company may be exposed. The Board has the overall responsibility for overseeing the implementation of the WPP for Directors, and all whistle-blowing reports are addressed to the Non-Executive Chairman of the Board or Senior Independent Non-Executive Director (SID) of Bursa Malaysia⁶. The AC has the responsibility for overseeing the implementation of the WPP for the Group's employees. Duties in relation to the day-to-day administration of the WPP are delegated to the Head of GIA and/or designated officer(s) of GIA. The

SID is also responsible for receiving report(s) made by employees or external parties for the purpose of whistle-blowing in the form as prescribed under the WPP⁷.

To uphold anti-corruption principles, and to create a business environment that is free from corruption, continuous education and awareness programmes were arranged for the employees of Bursa Malaysia in 2013. Speakers from the Malaysian Anti-Corruption Commission and the Institute of Integrity Malaysia were invited to brief employees on the aspects and effects of corruption and integrity.

1.4 Strategies promoting Sustainability

The Board promotes good CG in the application of sustainability practices throughout Bursa Malaysia, the benefits of which are believed to translate into better corporate performance. A summary of sustainability activities which demonstrate Bursa Malaysia's commitment to the evolving global environmental, social, governance and sustainability agenda appears in the Corporate Sustainability Statement of this Annual Report. A more detailed standalone Sustainability Report is also available for review on the Bursa Malaysia website.

1.5 Access to Information and Advice

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board. The Directors may seek advice from Management on issues under their respective purview. The Directors may also interact directly with, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from Management.

In February 2013, Bursa Malaysia implemented its green initiative to create a paperless meeting environment for the Board and Board Governance Committee meetings. Under this initiative, the Directors were provided with electronic devices to enable them to access meeting papers through a customised solution, instead of receiving the conventional hard copy meeting papers prior to a meeting. This solution has various functionalities which enable the Directors to have access to various documents of the Company including the Board policies, procedures, rules and guidelines, which are uploaded onto the device by the Company Secretaries, for the Directors' convenient reference. Hence, the Board process has improved significantly as the Directors are able to access information and documents of the Company in an efficient and timely manner, to assist them in decision-making on matters relating to the Company.

The Board may seek independent professional advice at the Company's expense on specific issues to enable it to discharge its duties in relation to matters being deliberated. Individual Directors may also obtain independent professional or other advice in furtherance of their duties, subject to approval by the Chairman or the Board, depending on the quantum of the fees involved.

⁶ The contact details are set out under Corporate Information of this Annual Report. It is available at www.bursamalaysia.com, About Us - Other Corporate Information section

⁷ The whistle-blowing report form is available at www.bursamalaysia.com, Contact Us - Complaints Against Bursa Malaysia

Corporate Governance Statement

1.6 Qualified and Competent Company Secretaries

Both Company Secretaries of Bursa Malaysia are persons with legal qualifications, and are qualified to act as company secretaries under Section 139A of the Companies Act 1965 (CA). The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of their functions. The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries support the Board in managing the Group Governance Model, to ensure the same continues to be effective and relevant.

The Company Secretaries ensure that deliberations at Board and Board Committee meetings are well captured and minuted, and subsequently communicated to the relevant Management for necessary actions. The Board is updated by the Company Secretaries on the follow up or implementation of its decisions/recommendations by the Management.

The Company Secretaries constantly keep themselves abreast of the evolving capital market environment, regulatory changes and developments in CG through continuous training.

1.7 Board Charter

The Board's charter is embedded in the Governance Model document of the Company which is available on the corporate website. The document sets out clearly amongst others, the roles and responsibilities of the Board and the Board Committees and the processes and procedures for convening of their meetings. It serves as a reference and primary induction literature, providing insights to prospective and existing Board members and Management on the fiduciary and leadership functions of Directors of Bursa Malaysia.

The Board reviews its charter regularly, to keep itself up to date with new changes in regulations and best practices and to ensure its effectiveness and relevance to the Board's objectives. In November 2013, the Board conducted a review of its charter and approved the updated charter⁸.

2. STRENGTHEN COMPOSITION

2.1 Nominating Committee

The TOR of the NRC provides that it shall comprise five Non-Executive Directors of whom two are PIDs and three are Independent Non-Executive Directors (NEDs). The NRC is chaired by a PID. The Senior Independent Non-Executive Director (SID) for 2013, Tan Sri Ong Leong Huat was appointed as a member of the NRC on 28 March 2013 to replace the previous SID for 2012, Mr. Cheah Tek Kuang who had served as a NRC member since 12 May 2009 until his retirement at the 36th Annual General Meeting (AGM).

The TOR of the NRC further provides that it shall have specific responsibilities in relation to nomination and remuneration matters. With respect to nomination matters, the specific responsibilities of the NRC shall include, amongst others:

- Formulating the nomination, selection and succession policies for the members of the Board;
- Making recommendations to the Board on new candidates for appointment and re-appointment/re-election of Directors to the Board;
- Reviewing the required mix of skills, experience and other qualities of the Board annually;
- Reviewing and recommending to the Board the appointment of members of Board Committees established by the Board annually;
- Establishing a set of quantitative and qualitative performance criteria to evaluate the performance of each member of the Board, and reviewing the performance of the members of the Board; as well as
- Ensuring that orientation and education programmes are provided for new members of the Board, and reviewing the Directors' continuing education programmes.

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

a. Recruitment or appointment of Directors

The policies and procedures for recruitment or appointment (including re-election/re-appointment) of Directors are detailed out in a document approved by the Board referred to as the Protocol for Appointment of Directors and Board Committee Members of Bursa Malaysia (the Protocol). The NRC is guided by the Protocol in carrying out its responsibilities in respect of the nomination, selection and appointment process, which also provides the requirements under the relevant laws and regulations on the matter. In this respect, the Board has established a pool of potential Directors of Bursa Malaysia, for its reference when considering new appointments, in line with the sourcing process and criteria for candidates as set out in the Protocol. The pool is refreshed from time to time, to ensure the list of candidates available for the NRC/Board's consideration remains relevant and offers the talents/skills required.

In conjunction with the implementation of the Board's nine-year Policy for Independent NEDs to ensure continued effective functioning of the Board, the Board composition was refreshed in March 2013 with new experience, knowledge, and expertise in the areas of business/finance, capital market and industry development, as well as information technology, to complement the remaining Directors on the Board, in meeting the current and future needs of Bursa. The review process involved the NRC's consideration and submission to the Board its recommendation of suitable candidates for the proposed appointment as Directors of the Company. With the Board's approval of the NRC's recommendation in November 2012, the SC's concurrence

⁸ It is available at www.bursamalaysia.com, About Us-Corporate Governance section

was sought pursuant to Section 10(1)(b) of the CMSA on the proposed appointment of the three candidates, namely Datuk Karownikaran @ Karunakaran Ramasamy, Mr. Chay Wai Leong and En. Ghazali Haji Darman.

At the 36th AGM held on 28 March 2013, the three new Directors were elected by the shareholders in accordance with Article 69 of the Articles of Association (AA) of the Company. Three Independent NEDs retired at the close of the 36th AGM, after having served the Board of Bursa Malaysia for nine years. One Independent NED who did not seek re-election also retired in accordance with Article 69 of the AA. Datuk Puteh Rukiah Abd Majid later retired as PID after serving a term of two years from 27 May 2011 to 26 May 2013.

i. Review of candidates proposed for appointment as Directors

The NRC's review of the criteria to be used in the appointment process largely focuses on ensuring a good mix of skills, experience and strength in the qualities that are relevant for the Board to discharge its responsibilities in an effective and competent manner. The other factors considered by the NRC in its review include the candidates' ability to spend sufficient time and commitment on Bursa Malaysia's matters, the ability to satisfy the test of independence taking into account the candidate's character, integrity and professionalism, as well as having a balanced mix of age and diversity of Directors on the Board. The Board diversity factor as reviewed by the NRC includes experience, skills, competence, race, gender, culture and nationality, to facilitate optimal decision-making by harnessing different insights and perspectives.

An assessment of independence under the nomination and election process of Independent NED was conducted in line with Recommendation 3.1 of the Malaysian Code on Corporate Governance (MCCG) 2012, whereby the NRC reviewed and was satisfied that all the three nominated candidates/proposed Directors had satisfied the criteria for an independent director as prescribed in Bursa Malaysia Securities Berhad Main Market Listing Requirements (Bursa Securities Main LR) and its Practice Note 13 prior to seeking shareholders' approval at the 36th AGM on their appointment as Independent NEDs.

The NRC at its meeting held in September 2013 reviewed the Board composition with the view to identify and close any possible gap in the Board's functional knowledge and competencies, so as to allow the Board to perform its fiduciary duties and fulfil its oversight role via the respective Board Committees. The NRC considered the need for additional Director(s) with accounting, business and/or finance related experience to keep abreast of the developments in accounting and financial reporting standards. At the same time, the NRC was also mindful of

the need to fulfil the gender diversity policy as approved by the Board in October 2012. Further details are provided under Section 2.2.c of this CG Statement.

ii. Review of Directors proposed for re-election/re-appointment

Pursuant to Article 69 of the AA, Directors (other than PIDs) are to be elected at every AGM of the Company, when one-third of the Directors longest in office should retire or, if eligible, may offer themselves for re-election. Based on the schedule of retirement by rotation, the NRC is responsible for recommending to the Board those Directors who are eligible to stand for re-election/reappointment. This recommendation is based on formal reviews of the performance of the Directors, taking into account the results of their latest Board Effectiveness Evaluation (BEE), their contribution to the Board through their skills, experience, strength and qualities, their level of independence and their ability to act in the best interests of the Company in decision-making.

In October 2013, the Board approved the recommendation of the NRC that two Independent NEDs namely Dato' Saiful Bahri Zainuddin and Tan Sri Ong Leong Huat who are due to retire at the 37th AGM in accordance with Article 69 of the AA based on the schedule of retirement by rotation, are eligible to stand for re-election at the 37th AGM. In this respect, the said two Independent NEDs had expressed their intention to seek re-election at the 37th AGM.

The Board also approved the NRC's recommendation to support the re-appointment of Tun Mohamed Dzaiddin Haji Abdullah and Tan Sri Datuk Dr. Abdul Samad Haji Alias, both of whom are over the age of 70 years and should retire at the 37th AGM, in accordance with Section 129(2) of the CA.

Section 10(1)(b) of the CMSA requires Bursa Malaysia as an exchange holding company, to obtain the SC's concurrence on any proposed appointment/re-appointment of Directors (other than PIDs) on the Board of the Company. Hence, a formal submission was made to the SC in October 2013, to seek its concurrence on the re-election and re-appointment of those Directors prior to seeking the shareholders' approval at the 37th AGM. In this respect, the SC would conduct a vetting exercise on each Director to determine if he is a person of integrity and is fit and proper to be a Director of an exchange holding company.

The NRC reviews the composition of the Board Committees annually in accordance with the procedures as set out in the Protocol. In determining candidates for appointment to the Board Committees, various factors are considered, including the time commitment of the Board Committee members in discharging their role and responsibilities through attendance at their respective meetings. The attendance at Board Committee

Corporate Governance Statement

meetings during the financial year ended 31 December 2013 (FY 2013) is provided under Section 4.1 of this CG Statement.

The NRC also refers to the results of the Board Committee Effectiveness Assessment and Board Committee members' Self and Peer Assessment (SPA) under the BEE, to ensure the requirements of the committees are addressed and suggestions for improvement are taken up for implementation.

b. Annual assessment

The NRC carries out the BEE exercise annually. For this purpose, an external consultant is engaged every three years to assist the NRC, the last time being in 2011. In 2012 and 2013, the Company Secretaries facilitated the NRC in carrying out the BEE exercise. The BEE is conducted via questionnaires, comprising a Board and Board Committee Effectiveness Assessment and a Directors' and Board Committee members' SPA. The NRC reviews the outcome of the BEE and recommends to the Board the areas identified for continuous improvement.

The Board's effectiveness is assessed in the areas of composition, administration and process, accountability and responsibility, Board conduct and communication with Management, as well as performance of the Chairman and CEO. The Board, through the Governance and Regulatory Committee Effectiveness Assessment, examines the respective Governance and Regulatory Committees, including their respective Chairmen, to ascertain whether their functions and duties are effectively discharged in accordance with their respective TOR.

The Directors' SPA is intended to ascertain the mix of skills, experience and other relevant qualities the Directors bring to contribute to the effective functioning of the Board. The SPA process also examines the ability of each Board or Committee member to give material input at meetings and to demonstrate a high level of professionalism and integrity in the decision-making process. It takes into account individual Directors' and Board Committee members' abilities to exercise independent judgement, demonstrate objectivity and clarity of thought during deliberations at meetings. Results of the assessment form the basis of the NRC's recommendation to the Board for the re-election and re-appointment of Directors at the next AGM, and also re-appointment of Board Committee members for the ensuing term of one year from 12 May 2014.

In October 2013, each Board and Board Committee member was provided with individual results together with a peer average rating on each area of assessment for personal information and further development.

c. Gender diversity policy

The Board's policy on gender diversity sets a target of having two women Directors by 2013 and three women Directors by 2016. In 2013, the NRC conducted an extensive exercise to refresh its pool of potential women directors, and one of its initiatives was to invite the Directors to nominate potential women candidates, taking into account the criteria as determined by the NRC and approved by the Board.

With the retirement of Datuk Puteh Rukiah Abd Majid, a woman PID on 26 May 2013, the Board was left with three PIDs. This vacant position is to be filled by another woman PID but pending this appointment, the Board size shall remain at 10, in compliance with the requirement under Section 10(1)(a) of the CMSA which provides inter alia that one third of the number of Directors on the Board of Bursa Malaysia shall be PIDs appointed by the Minister of Finance (MOF).

In pursuit of the gender diversity policy, the NRC is mindful of its responsibilities to ensure that new appointments should provide the appropriate mix of skills, experience, strength and other qualities which would be relevant to enhance the composition of the Board. Hence, the NRC had extended its timeline for the appointment of a new Independent NED to the second quarter of 2014.

Whilst the Board did not meet its target of having two women Directors on board by the end of 2013, the Board is confident that the NRC would use its best endeavours to complete the exercise in the best interest of the Company.

d. Appointment of SID

Prior to the expiry of the term of appointment of the third SID in December 2013, the NRC undertook the nomination process in recommending a new SID for 2014. In November 2013, the Board approved the appointment of Dato' Saiful Bahri Zainuddin who will carry out the responsibilities in accordance with the TOR of the SID⁹ for a one-year term, commencing 1 January 2014.

2.3 Remuneration Policies

The specific responsibilities of the NRC in relation to remuneration matters as set out under its TOR include, amongst others:

- Formulating and reviewing the remuneration policies and remuneration for the members of the Board, Board Committees and the CEO, and recommending the same to the Board for approval; and
- Recommending the engagement of external professional advisors to assist and/or advise the NRC on remuneration matters, where necessary.

⁹ The TOR of the SID is available at www.bursamalaysia.com, About Us-Corporate Governance section

The Board is mindful that fair remuneration is critical to attract, retain and motivate the Directors of the Company as well as other individuals serving as members of the Board Regulatory Committees. Hence, the Board has established formal and transparent remuneration policies for the Board and Board Committees, and the procedures in determining the same. The NRC reviews the Board remuneration policy annually and in the course of deliberating on the remuneration policy, it considers various factors including the NEDs' fiduciary duties, time commitments expected of NEDs and Board Committee members, the Company's performance and market conditions. The NRC also takes into consideration the remuneration of directors of other public listed companies (PLCs), particularly those in the financial sector government-linked companies and other stock exchanges in order to ensure competitive remuneration policies that reflect the prevailing market rate.

In 2013, the Board approved the NRC's recommendation to maintain the remuneration policy of the NEDs, and a similar quantum of Directors' fees for 2012 was approved by the shareholders at the 36th AGM. The Board is of the view that the current remuneration level suffices to attract, retain and motivate qualified Directors to serve on the Board.

The current remuneration policy for the NEDs comprises the following:

a. Directors' fees

The sum of RM90,000 per annum for the Chairman and RM60,000 per annum for each NED of Bursa Malaysia (as approved by the shareholders at the 33rd, 34th, 35th and 36th AGMs for 2009, 2010, 2011 and 2012 respectively).

In January 2014, the Board decided not to recommend any increase in the Directors' fees of the Chairman and NED in respect of FY 2013, for which shareholders' approval will be sought at the forthcoming 37th AGM.

b. Meeting allowance for each Board or Board Committee¹⁰ meeting attended by a NED

The current meeting allowance for Board and Board Committee meetings as approved by the Board in 2012 is as follows:

Meeting Allowance for	Board of Directors	Board Committees
Chairman	RM4,000	RM2,500
Member	RM2,000	RM1,500

The meeting allowance is also applicable to ad-hoc Board Committees, Tender Evaluation Committee or any management committee which the NEDs are invited to attend pursuant to the Company's policy and procedures.

In addition to the above, the Regulatory Committee members who are not Directors of Bursa Malaysia are paid a monthly fixed allowance of RM1,000 since 2010, so as to retain and motivate qualified individuals to serve on the Regulatory Committees of Bursa Malaysia, in view of the duties, responsibilities and time commitments expected of them.

c. Benefits-in-kind and emoluments

NEDs are not entitled to participate in the Share Grant Plan (SGP) of Bursa Malaysia or any incentive plan for employees of the Group. They are given other allowances, such as travelling and mobile phone allowances. The Chairman is also provided with a monthly fixed allowance, revised to RM50,000 since 1 March 2010, in view of his wide-ranging scope of responsibilities and the fact that he does not serve on the boards of any other PLC or market participant regulated by Bursa Malaysia, to avoid conflicts of interest.

The Executive Director/CEO is not entitled to the above Director's fee nor is he entitled to receive any meeting allowance for Board or Board Committee meetings he attends. The CEO, who also serves as Chairman of Yayasan Bursa Malaysia, Bursa Malaysia Derivatives Berhad and Bursa Malaysia Derivatives Clearing Berhad, and as Director of all other subsidiary companies within the Group, is also not entitled to Director's fees for attending Board meetings for the time being.

The CEO's remuneration package comprises a fixed component which includes a monthly salary and benefits-in-kind/emoluments, such as gratuity, a company car, driver and leave passage; and a variable component which includes short-term incentives in the form of a performance-based bonus and long-term incentives in the form of shares under the Restricted Share Plan and Performance Share Plan of the SGP (Plan Shares), where applicable. The award of Plan Shares to the CEO in 2013 had been announced via Bursa LINK on 29 March 2013 and 1 July 2013.

In addition to the above, the Directors have the benefit of Directors & Officers (D&O) Insurance in respect of any liabilities arising from acts committed in their capacity as D&O of Bursa Malaysia. However, the said insurance policy does not indemnify a Director or principal officer if he or she is proven to have acted negligently, fraudulently or dishonestly, or in breach of his or her duty or trust. The Directors and principal officers are required to contribute jointly towards the premium of the said policy.

Disclosure of each Director's remuneration, including that of the CEO, is set out in the Annual Audited Financial Statements of this Annual Report.

¹⁰ Information on the composition, number of meetings held and attendance of meetings of the Board and all Board Committees is set out under Section 4.1 of this CG Statement.

Corporate Governance Statement

3. REINFORCE INDEPENDENCE**3.1 Annual Assessment of Independence**

The Protocol also sets out policies and procedures to ensure the effectiveness of the Independent NEDs on the Board, including new appointments. The Board, through the NRC, assesses the independence of NEDs annually using the Directors' SPA under the BEE, which is in line with Recommendation 3.1 of the MCGG 2012, as one of the factors in determining their eligibility to stand for re-election/re-appointment.

Based on the above assessment in 2013, the Board is satisfied with the level of independence demonstrated by all the NEDs, and their ability to act in the best interests of the Company, as well as ability to resolve problems based on clarity and understanding of the subject matter during deliberations at Board meetings.

With regard to the two Independent NEDs who are eligible to stand for re-election, one Independent NED and the Chairman of Bursa Malaysia who are seeking re-appointment at the forthcoming 37th AGM (as mentioned under Section 2.2.a.ii of this CG Statement), the NRC is satisfied that they are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgment, objectivity or the ability to act in the best interests of the Company. The Board, therefore, recommends and supports their proposed re-election in accordance with Article 69 of the AA, and re-appointment in accordance with Section 129(6) of the CA.

3.2 Tenure of Independent Director

The Board has implemented a nine-year policy for Independent NEDs, in line with Recommendation 3.2 of the MCGG 2012. The Directors among the first batch of Independent NEDs of the demutualised Bursa Malaysia had already retired on a gradual basis at the 35th AGM and 36th AGM to enable the progressive refreshing of the Board in line with best CG practices.

The Chairman of Bursa Malaysia who is a PID, would have completed his tenure of 10 years on 28 February 2014. The other six Independent NEDs and two PIDs have served the Board of Bursa Malaysia for less than six years. Their tenure of service is set out in the Board of Directors' Profile of this Annual Report.

3.3 Shareholders' Approval for Re-appointment as Independent Non-Executive Director after a Tenure of Nine Years

Tun Mohamed Dzaidin Haji Abdullah, 76, was appointed on 1 March 2004 as a PID and Chairman of Bursa Malaysia by the MOF in consultation with the SC pursuant to Section 10(1)(a) and (3) of the CMSA. He has offered himself for re-appointment as Director of the Company at the 37th AGM, in accordance with Section 129(6) of the CA.

The Board is satisfied with the skills, contribution and independent judgment that Tun Mohamed Dzaidin Haji Abdullah brings to the Board. In view thereof, his re-appointment as NED of the Company would be tabled for shareholders' approval at the forthcoming 37th AGM of the Company. However, shareholders' approval will not be sought to justify and retain Tun Mohamed Dzaidin Haji Abdullah as an Independent NED in accordance with Recommendation 3.3 of the MCGG 2012 in view of the statutory nature of his appointment as a PID and Chairman of an exchange holding company by the MOF pursuant to Section 10(1)(a) and (3) of the CMSA.

3.4 Separation of Positions of the Chairman and CEO

The Chairman, who is a PID, leads the Board with a keen focus on governance and compliance. In turn, the Board monitors the functions of the Management as well as the Board Committees in accordance with their respective TOR to ensure its own effectiveness. The positions of Chairman and CEO are held by two different individuals. The CEO is a Non-Independent Executive Director, who manages the business and operations of the Company and implements the Board's decisions. The distinct and separate roles of the Chairman and CEO, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

3.5 Composition of the Board

The Board of Bursa Malaysia, chaired by a PID, comprises 10 Directors of whom three are PIDs, six are Independent NEDs and one is an Executive Director who is also the CEO. Section 10(1)(a) of the CMSA provides that one-third of the Board shall be PIDs, including the Chairman. Their appointment by the MOF in consultation with the SC, is in line with the requirements of the CMSA for the Company to act in the public interest, having particular regard for investors in performing its duties as an exchange holding company.

The Independent NEDs account for more than 50% of the Board, where the Chairman of the Board is regarded as a non-independent director pursuant to Recommendation 3.5 of the MCGG 2012. The Directors play an active role in the Board's decision-making process bringing with them vast experience and knowledge as well as independence and objectivity in their views, acting in the best interests of Bursa Malaysia and at the same time safeguarding public interests.

4. FOSTER COMMITMENT**4.1 Time Commitment**

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of Bursa Malaysia. This is evidenced by the attendance record of the Directors at Board of Directors and Board Committee meetings for FY 2013, as set out in the table. The attendance of individual Regulatory Committee members who are not Directors of Bursa Malaysia is also provided in the same table.

Corporate Governance Statement

■ Chairman	note +	from 12 May 2013
■ Member	note ~	up to 11 May 2013
 Non-member	note ¢	from 28 March 2013
	note ^	up to 28 March 2013
	note #	from 1 August 2013
	note □	up to 26 May 2013
	note *	No CC meeting was held from 1 January 2013 up to 26 May 2013

¹¹ retired as Public Interest Director with effect from 27 May 2013

¹² appointed as Independent Non-Executive Director at the 36th AGM held on 28 March 2013

¹³ retired as Independent Non-Executive Director at the 36th AGM held on 28 March 2013

¹⁴ on leave of absence with effect from 30 August 2012 until the expiry of his term of appointment on 11 May 2013

Name	Board of Directors	Board Committees							
		Governance Committees			Regulatory Committees				
		AC	RMC	NRC	RACC	LC	MPC	CC	APC
Non-Executive and Public Interest Directors									
Tun Mohamed Dzaiddin Haji Abdullah (Chairman)	8/8			5/6	2/2#				4/5
Datuk Dr. Md Tap Salleh	8/8			6/6	2/2#	9/9			
Datuk Dr. Syed Muhamad Syed Abdul Kadir	8/8	4/5					9/9		
Datuk Puteh Rukiah Abd Majid ¹¹	2/3		2/2□					0/0*	
Independent Non-Executive Directors									
Dato' Saiful Bahri Zainuddin	8/8		4/4	6/6			7/9		
Tan Sri Ong Leong Huat @ Wong Joo Hwa	8/8		4/4	4/4¢				3/3	
Tan Sri Datuk Dr. Abdul Samad Haji Alias	5/8	4/5			1/2#	3/6+	2/3~		
Datuk Karownikaran @ Karunikaran a/l Ramasamy ¹²	6/6	3/4¢		2/3+	2/2#				3/3+
Chay Wai Leong ¹²	6/6	3/4¢				5/6+			
Ghazali Haji Darman ¹²	6/6	4/4¢	2/2+				6/6+		
Dato' Dr. Thillainathan a/l Ramasamy ¹³	2/2	1/1^		1/2^					1/2^
Izham Yusoff ¹³	2/2	1/1^	1/1^						2/2^
Dato' Wong Puan Wah @ Wong Sulong ¹³	2/2		1/1^			2/2^			
Cheah Tek Kuang ¹³	2/2	1/1^		2/2^		2/2^	5/6+		
Non-Independent Executive Director									
Dato' Tajuddin Atan (CEO)	8/8								
Independent individuals with significant and relevant industry experience									
Dato' Thomas Mun Lung Lee									2/5
Dato' Mohammed Adnan Dato' Shuaib									4/5
Datuk Syed Zaid Syed Jaffar Albar									2/3+
Izlan Izhab									2/2~
Wong Chong Wah						8/9			
Dato' Sri Abdul Hamidy Abdul Hafiz						9/9			
Pushpanathan a/l S. A. Kanagarayar						8/9			
Gan Kim Khoon						8/9			
Assoc. Prof. Dr. Shanthly a/p Rachagan						9/9			
Yon See Ting						6/6+			
Salwah Abdul Shukor						6/6+		3/3	
Peter Lee Siew Choong						3/3~			
Dato' Sreesanthan a/l Eliathamby ¹⁴						0/3~			
Khoo Guan Huat							6/9		
Natarajan a/l Narayanasamy							6/9		
Azura Azman							7/9		
Dato' Abdul Shukor Ahmad							5/6+		
Prof. Dr. Mohammad Rizal Salim							5/6+		
Datuk Haji Khuthubul Zaman Bukhari							3/3~		
Selvarajah a/l Sivalingam							3/3~		
Ahmad Azman Dato' Abdul Manaf							3/3~		
John Mathew a/l Mathai								3/3	
Total number of meetings for 2013	8	5	4	6	2	9	9	3	5

Corporate Governance Statement

a. Protocol for appointment of Director

To ensure the Directors have the time to focus and fulfil their roles and responsibilities effectively, one criterion as agreed by the Board for determining candidates for the pool of potential Directors is that they must not hold directorships at more than five PLCs (as prescribed in Paragraph 15.06 of Bursa Securities Main LR) and must be able to commit sufficient time to Bursa Malaysia's matters.

Under Recommendation 4.1 of the MCGG 2012, the Board should set out expectations on time commitment for its members and protocols for accepting new directorships.

The Board had in October 2013 formalised the adoption of the above recommendation, by amending the Protocol to reflect that Directors should notify the Chairman before accepting any new directorship. The notification should include an indication of time that will be spent on the new appointment as Director. This information will be shared with the Board together with the quarterly update by individual Directors on their directorships and shareholdings in Bursa Malaysia to show its members' commitment in devoting sufficient time to carry out their responsibilities.

Such information is also used to monitor the number of directorships held by the Directors of Bursa Malaysia, particularly those on PLCs, and to notify the Companies Commission of Malaysia of any changes in other directorships on public companies.

b. Annual meeting calendar

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to them before the beginning of each year. It provides the scheduled dates for meetings of the Board and Board Committees, the AGM, major conferences hosted by the Company, as well as the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results.

All the scheduled dates for Board and Board Committee meetings are already set in advance in the Directors' calendar for the year, which are visible in the electronic device provided to the Directors.

4.2 Training

The Board takes a strong view of the importance of continuing education for its Directors to ensure they are equipped with the necessary skills and knowledge to meet the challenges of the Board. A budget for Directors' continuing education is therefore provided

each year by the Company. The Board also has a policy requiring each Director to attend at least three training sessions on capital market developments each year, to keep abreast of industry developments and trends. In addition, each Director shall further determine the areas of training that he or she may require for personal development as a Director or as a member of a Board Committee. The Company Secretaries arrange for the Directors' attendance at these training programmes, which are conducted either in-house or by external service providers.

A newly appointed Independent NED, En. Ghazali Haji Darman completed the Mandatory Accreditation Programme (MAP) in April 2013. The other two newly appointed Independent NEDs, Datuk Karownikaran @ Karunakaran Ramasamy and Mr. Chay Wai Leong completed the MAP in August 2008 and September 2011 respectively when they were first appointed as directors of listed issuers. All of them attended the induction programme organised by the Company Secretaries to familiarise themselves with the Group's business and governance process as well as operations through briefings by the relevant management teams.

The Directors embrace Principle 4 of the MCGG 2012 by attending conferences, briefings and workshops to regularly update their knowledge and enhance their skills. All Directors of Bursa Malaysia attended at least six training programmes, with at least three on capital market development in respect of FY 2013. The development programmes comprised areas on corporate governance (including audit, risk management and internal audit), information technology, leadership, legal and business management, financial and capital markets. The Directors were also invited to attend a series of talks organised by Bursa Malaysia together with various professional associations and regulatory bodies. Several Directors attended conferences and seminars as guest speakers, panellists or moderators. The Directors further attended the two main conferences in the capital market organised by the Company, namely Invest Malaysia 2013 held on 13-14 June 2013 and the Palm & Lauric Oils Conference held on 5 March 2013.

In 2013, the in-house development programmes conducted for the Directors were in relation to the paperless meeting initiative. The Directors also attended various external programmes, which included the following:

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

- 2012 Global Insurance Enterprise Risk Management (ERM) Survey Results, 10 January 2013 (Attended by Datuk Karownikaran @ Karunakaran Ramasamy)
- Directors Duties, Regulatory Updates and Governance Seminar for Directors of PLCs, 29 January 2013 (Attended by Datuk Dr. Syed Muhamad Syed Abdul Kadir and Dato' Saiful Bahri Zainuddin)

Corporate Governance Statement

- Shari'ah Governance Framework, 3 April 2013 (Attended by Datuk Dr. Syed Muhamad Syed Abdul Kadir)
- Mandatory Risk Appetite Workshop, 23 April 2013 (Attended by Datuk Dr. Syed Muhamad Syed Abdul Kadir)
- Risk Management in Takaful Industry, 23 April 2013 (Attended by Tan Sri Datuk Dr. Abdul Samad Haji Alias)
- Corporate Governance & ERM, 25 April 2013 (Attended by Datuk Karownikaran @ Karunikaran Ramasamy)
- Malaysian Code on Corporate Governance 2012 and Statement on Risk Management & Internal Control, 17 May 2013 (Attended by Datuk Karownikaran @ Karunikaran Ramasamy)
- Audit Committee (AC) Seminar 2013: Improving AC Effectiveness, 4 June 2013 (Attended by Datuk Dr. Syed Muhamad Syed Abdul Kadir, Tan Sri Datuk Dr. Abdul Samad Haji Alias, Mr. Chay Wai Leong and En. Ghazali Haji Darman)
- Future of Corporate Reporting, 12 June 2013 (Attended by En. Ghazali Haji Darman)
- Regional Compliance, Audit and Risk Conference, 13 June 2013 (Attended by Datuk Dr. Syed Muhamad Syed Abdul Kadir)
- Special Dialogue & Presentation Session on ASEAN Corporate Governance Scorecard 2013, 18 June 2013 (Attended by Datuk Dr. Syed Muhamad Syed Abdul Kadir)
- Board Agenda Series: Boards & Strategy – Where are We? 27 August 2013 (Attended by Tun Mohamed Dzaidin Haji Abdullah and Datuk Karownikaran @ Karunikaran Ramasamy)
- Advocacy Sessions on Corporate Disclosure for Directors, 5 September 2013 (Attended by Datuk Karownikaran @ Karunikaran Ramasamy)
- Risk Management and Risk Posture Workshop, 29 August 2013 & 10 September 2013 (Attended by Datuk Dr. Syed Muhamad Syed Abdul Kadir)
- Financial Institutions Directors' Education (FIDE): Advanced Risk Governance and Risk Management, 17-18 September 2013 (Attended by Mr. Chay Wai Leong)
- 2013 National Conference on Internal Auditing, 23-24 September 2013 (Attended by Tan Sri Datuk Dr. Abdul Samad Haji Alias)
- Nominating Committee Programme: Putting Together and Running an Effective Nominating Committee in Discharging its Responsibilities, 7 October 2013 (Attended by Datuk Dr. Md Tap Salleh, Dato' Saiful Bahri Zainuddin, Tan Sri Ong Leong Huat, and En. Ghazali Haji Darman)
- Financial Services Act 2013 (FSA), 5 February 2013 (Attended by Mr. Chay Wai Leong)
- FSA and Islamic Financial Services Act, 11 March 2013 & 2 September 2013 (Attended by Datuk Dr. Syed Muhamad Syed Abdul Kadir)
- PDPA and Competition Act 2010, 25 April 2013 (Attended by Datuk Karownikaran @ Karunikaran Ramasamy)
- FSA and Directors & Officers Liability Insurance Policy, 20 May 2013 (Attended by Tan Sri Ong Leong Huat)
- Global Summit of Women, 5 June 2013 (Attended by Dato' Saiful Bahri Zainuddin)
- PDPA and Foreign Account Tax Compliance Act 2010, 6 June 2013 (Attended by Tan Sri Ong Leong Huat)
- Perbadanan Insurans Deposit Malaysia (PIDM): Corporate Outreach Programme, 16-18 June 2013 (Attended by Tan Sri Datuk Dr. Abdul Samad Haji Alias)
- Annual Asia Pacific Conference: The Asian Century – Redefining Leadership, 19 June 2013 (Attended by Datuk Dr. Syed Muhamad Syed Abdul Kadir)
- Human Priorities – The Urgency of an Ethical Economics, 4 September 2013 (Attended by Datuk Dr. Syed Muhamad Syed Abdul Kadir)
- Forbes Global CEO Conference, 3-5 September 2013 (Attended by Dato' Tajuddin Atan)
- World Economic Forum: Partnering Against Corruption Initiative, 15 October 2013 (Attended by Datuk Dr. Md Tap Salleh)

Financial and Capital Markets

- Training on Internal Capital Adequacy Assessment Process (ICAAP), 11 January 2013 (Attended by Tan Sri Ong Leong Huat)
- ICAAP Independent Review, 5 March 2013 (Attended by Datuk Dr. Syed Muhamad Syed Abdul Kadir)
- 4th SC-Oxford Centre for Islamic Studies Roundtable, 8-10 March 2013 (Attended by Tun Mohamed Dzaidin Haji Abdullah)
- Bank Negara Malaysia (BNM) Annual Report 2012/Financial Stability and Payment Systems Report 2012, 20 March 2013 (Attended by Mr. Chay Wai Leong)
- Employees Provident Fund Global Private Equity Summit, 25-26 March 2013 (Attended by Dato' Saiful Bahri Zainuddin)
- 11th Annual Meeting of International Association of Deposit Insurers (IADI) Asia-Pacific Regional Committee and International Conference: Key Elements of Deposit Insurance and Challenges in Practice, 13-15 May 2013 (Attended by Tan Sri Datuk Dr. Abdul Samad Haji Alias)
- 4th Annual World Islamic Banking Conference: Bridging the World of Islamic Finance – Boosting International Linkages and Cross-Border Opportunities, 3-4 June 2013 (Attended by Dato' Tajuddin Atan)
- 6th International Derivatives Expo, 25-26 June 2013 (Attended by Tun Mohamed Dzaidin Haji Abdullah)
- FIDE/BNM: Successful Corporate Banking, 27 June 2013 (Attended by Tan Sri Datuk Dr. Abdul Samad Haji Alias)

Information Technology

- 5th Annual Trading Architecture Asia 2013, 27-28 August 2013 (Attended by En. Ghazali Haji Darman)
- Mastering the Principles of Designing Low Latency Architectures, 29 August 2013 (Attended by En. Ghazali Haji Darman)

Leadership, Legal and Business Management

- Personal Data Protection Act 2010 (PDPA), 21 January 2013 (Attended by Dato' Saiful Bahri Zainuddin)

Corporate Governance Statement

- Palm Oil Industry Leadership Forum, 26 August 2013 (Attended by Datuk Karownakaran @ Karunakaran Ramasamy)
- Market Integrity Forum, 2 September 2013 (Attended by Dato' Saiful Bahri Zainuddin)
- World Capital Markets Symposium: Redefining Markets – Sustaining Growth and Resilience, 22-23 October 2013 (Attended by Tun Mohamed Dzaiddin Haji Abdullah, Datuk Dr. Md Tap Salleh, Datuk Dr. Syed Muhamad Syed Abdul Kadir, Dato' Saiful Bahri Zainuddin, Tan Sri Ong Leong Huat, Tan Sri Datuk Dr. Abdul Samad Haji Alias, Mr. Chay Wai Leong, En. Ghazali Haji Darman and Dato' Tajuddin Atan)
- 53rd General Assembly of the World Federation of Exchanges, 27-31 October 2013 (Attended by Dato' Tajuddin Atan)
- 8th China International Oils and Oilseeds Conference, 12-13 November 2013 (Attended by Dato' Tajuddin Atan)
- Developments in the Takaful and Insurance Industry, 27 November 2013 (Attended by Tan Sri Datuk Dr. Abdul Samad Haji Alias)

An off-site development session was held on 10 October 2013 for the Listing Committee to deliberate on its enforcement policies, enforcement impact with regard to key breaches, as well as related issues and challenges. The Market Participants Committee held its off-site development session on 24 October 2013 to discuss Bursa Malaysia's supervision approach and observations, the common areas of breach, proposed enforcement actions and policies, as well as related issues and challenges.

In 2013, induction programmes for the newly appointed Board Regulatory Committee members were also arranged and attended by relevant management to brief them on the regulatory role of the Group.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with Applicable Financial Reporting Standards

The Board ensures that shareholders are provided with a balanced and meaningful evaluation of the Company's financial performance, its position and future prospects, through the issuance of the Annual Audited Financial Statements and quarterly financial reports, as well as corporate announcements on significant developments affecting the Company in accordance with Bursa Securities Main LR.

The Audit Committee (AC) Chairman Tan Sri Datuk Dr. Abdul Samad Haji Alias¹⁵, who is a member of three professional accounting organisations, together with all AC members, reviewed the Company's financial statements in the presence of both external and internal auditors, prior to recommending them for the Board's approval and issuance to stakeholders.

The Director, Corporate Services, who is also the Chief Financial Officer (CFO), formally presented to the AC and the Board details of revenues and expenditures in the form of charts, for review of quarter-to-quarter

and year-to-date financial performance against budget. The Chairman's Letter to Shareholders, CEO's Message, and Management Discussion and Analysis of this Annual Report respectively provide additional analysis and commentary on the Group's financial performance.

As part of the governance process in reviewing the quarterly and yearly financial statements by the AC, the CFO provided assurance to the AC on a quarterly basis that adequate processes and controls were in place for an effective and efficient financial statement close process, that appropriate accounting policies had been adopted and applied consistently and that the relevant financial statements gave a true and fair view of the state of affairs of the Group.

In addition to the above, the Head of GIA also undertook an independent assessment of the system of internal control on a quarterly basis and assured the AC that no material issue or major deficiency had been noted which posed a high risk to the overall system of internal control under review.

5.2 Assessment of Suitability and Independence of External Auditors

The AC undertakes an annual assessment of the suitability and independence of the external auditors in accordance with the Board's Auditor Independence Policy which was adopted in 2006. Having satisfied itself with their performance and fulfilment of criteria as set out in the policy, the AC will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the AGM.

In this regard, the AC had in January 2013, assessed the independence of Messrs Ernst & Young (EY) as external auditors of the Company as well as reviewed the level of non-audit services to be rendered by EY to the Company for FY 2013. The AC was satisfied with EY's technical competency and audit independence.

6. RECOGNISE AND MANAGE RISKS

6.1 Sound Framework to Manage Risks

The RMC oversees the ERM framework of the Group and reviews the risk management policies formulated by Management and makes relevant recommendations to the Board for approval.

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments.

6.2 Internal Audit Function

The Board has established an internal audit function within the Company, which is led by the Head of GIA who reports directly to the AC.

¹⁵ Tan Sri Datuk Dr. Abdul Samad Haji Alias' profile is set out in the Board of Directors' Profile of this Annual Report

Details of the Company's internal control system and framework are set out in the Statement on Internal Control and Risk Management and AC Report of this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Company has in place a Policies and Procedures for Compliance with the Listing Requirements, which sets the policies and standard operating procedures for employees (including the CEO) to facilitate and ensure compliance by Bursa Malaysia as a PLC. It also serves as a guide to enhance awareness among employees of corporate disclosure requirements. Clear roles and responsibilities of Directors, Management and employees are provided together with levels of authority, to be accorded to 'designated person(s)¹⁶, spokespersons and committees in the handling and disclosure of material information. The persons responsible for preparing the disclosure will conduct due diligence and proper verification, as well as coordinate the timely disclosure of material information to the investing public.

The Company has put in place an internal policy on confidentiality to ensure that confidential information is handled properly by Directors, employees and relevant parties to avoid leakage and improper use of such information. The Board is mindful that information which is expected to be material must be announced immediately.

7.2 Leverage on Information Technology for Effective Dissemination of Information

Bursa Malaysia website incorporates a Corporate section which provides all relevant information on Bursa Malaysia and is accessible by the public. This Corporate section enhances the Investor Relations function by including share price information, all announcements made by Bursa Malaysia, annual reports as well as the corporate and governance structure of Bursa Malaysia. Notice of general meetings, minutes of general meetings together with slide presentations made at such meetings and webcasts are also made available on the website for the benefit of shareholders who are not able to attend meetings.

The Company has leveraged on information technology for broader and effective dissemination of information with regard to the dates scheduled to release its quarterly results. After the end of every quarter, the Company Secretary will announce these dates in advance via Bursa LINK.

The announcement of the quarterly financial results is also made via Bursa LINK immediately after the Board's approval between 12.30 p.m. and 1.30 p.m. or after 5.00 p.m. on the same day and thereafter the press release in respect of the same will be issued. This is important in ensuring equal and fair access to information by the investing public.

8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 Encourage Shareholder Participation at General Meetings

Bursa Malaysia dispatches its notice of AGM to shareholders at least 28 days before the AGM, well in advance of the 21-day requirement under the CA and Bursa Securities Main LR. The additional time given to shareholders allows them to make necessary arrangements to attend and participate either in person, by corporate representative, by proxy or by attorney.

Bursa Malaysia encloses the Administrative Guide together with the notice of AGM, which provides information to shareholders with regard to, among others, details of the AGM, their entitlement to attend the AGM, the right to appoint proxy and also qualification of proxy. The Company allows a member to appoint a proxy who may but need not be a member of the Company. If the proxy is not a member of the Company, he or she need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

The Chairman briefed the members, corporate representatives and proxies present of their right to speak and vote on the resolutions set out in the Notice of 36th AGM dated 28 February 2013. This is in line with Paragraph 7.21A(2) of Bursa Securities Main LR for further promoting participation of members through proxies.

Commencing with the 35th AGM held on 29 March 2012, Bursa Malaysia removed the limit on the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for multiple beneficial owners in one securities account. This allows greater participation of beneficial owners of shares at general meetings of the Company. The AA of the Company further entitles a member to vote in person, by corporate representative, by proxy or by attorney. Essentially, a corporate representative, proxy or attorney shall be entitled to vote both on a show of hands and on a poll as if they were a member of the Company.

In line with Section 145A of the CA, the AA of the Company had been amended to cater for the use of technology to facilitate shareholders' participation at general meetings.

8.2 Encourage Poll Voting

In line with the international best practice in CG, the voting at the 36th AGM held on 28 March 2013 was conducted on a poll, rather than on a show of hands to give a fair and more accurate reflection of the views of shareholders by ensuring the recognition of every vote, consistent with the principle of 'one share one vote'. Hence, this practice would enforce greater shareholders' rights, and also allow all votes of shareholders who were unable to attend the Meeting but who had appointed the Chairman of the Meeting as proxy, to vote on their

¹⁶ The name(s) and contact information are available at www.bursamalaysia.com, Contact Us-Contact Details

Corporate Governance Statement

behalf in accordance with their instruction, for exercising their rights as shareholders of the Company.

Tun Chairman exercised his right as the Chairman of the Meeting to demand for a poll in accordance with Article 54 of the AA in respect of all resolutions which were put to vote at the 36th AGM except for two resolutions in which he had to abstain from voting. Two other shareholders demanded for poll voting for Resolutions 6 and 8 as set out in the Notice of 36th AGM.

Voting slips for the 36th AGM were issued by the Share Registrar upon registration, pre-printed with name, identity card number/company number, and number of shares held. The polling process for the resolutions was conducted upon completion of the deliberation of all items to be transacted at the 36th AGM.

The Poll Administrator, Tricor Investor Services Sdn Bhd commenced the poll vote count after the adjournment of the meeting and the results of the poll were verified by the Scrutineers, Ernst & Young. The meeting resumed and the results of the poll voting, including votes cast in favour and against, for each resolution were announced by the Scrutineers, upon which the Chairman declared whether or not the resolutions were carried. Announcement on the poll results was also made by Bursa Malaysia via Bursa LINK on the same day for the benefit of the shareholders.

As approved by the shareholders at the 36th AGM, the AA of the Company was amended to allow poll voting to be conducted manually using voting slips or electronically using various forms of electronic voting devices, for the purpose of determining the outcome of the resolutions more efficiently.

8.3 Effective Communication and Proactive Engagements

At the 36th AGM, a total of 11 out of 12 Directors were present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company. The proceedings of the 36th AGM included the CEO's presentation of the Company's operating and financial performance for 2012, the presentation of the external auditors' unqualified report to the shareholders, and a Q&A session during which the Chairman invited shareholders to raise questions pertaining to the Company's accounts and other items for adoption at the meeting, before putting a resolution to vote. The Directors, CEO/ Management and external auditors were in attendance to respond to the shareholders' queries. The CEO also shared with the shareholders the Company's responses to questions submitted in advance of the AGM by the Minority Shareholder Watchdog Group.

Shareholders were also invited to submit any additional questions they might have had via an enquiry box placed at the venue of the 36th AGM so that these could be responded to in writing after the meeting. Officers of the Company were present to handle other face-to-face enquiries from shareholders.

COMPLIANCE STATEMENT

This Statement on the Company's CG practices is made in compliance with Paragraphs 15.25 and 15.08A of Bursa Securities Main LR.

The Board is satisfied that in 2013, the Company fully complied with the principles and recommendations of the MCCG 2012.

This Statement was approved by the Board on 29 January 2014.