



Tan Sri Abdul Wahid Omar  
Chairman

# Chairman's Statement

**Dear Stakeholders,**

2023 was a year of significant progress marked by innovations, new products and solutions, and enhancements to the marketplace as Bursa Malaysia pivoted towards being a Multi-Asset Exchange to better serve our stakeholders.

---

On behalf of the Board, I am pleased to report that despite a year of interlocking challenges, Bursa Malaysia remained a steadfast anchor in Malaysia's financial and economic growth. We continued to deliver on our purpose of creating opportunities and growing value for the Malaysian capital market, economy, and society. In reflecting on our performance for 2023, we know that we made good progress in fostering a more dynamic, innovative, and inclusive marketplace, while actively championing sound sustainability practices to drive the sustainability agenda among businesses and for the nation.

# Chairman's Statement

At the same time, we delivered on our key role of ensuring a fair and orderly market, even as we pushed the frontier in these areas of advancement. The fact that we accomplished these goals within a challenging operating landscape buffeted by external headwinds is a testament to the dedication and rigour of our team at Bursa Malaysia, and a positive indication that we are well-equipped to navigate the challenges and opportunities ahead.

The Exchange continued to put fundamental building blocks in place to develop a robust environmental, social, and governance (ESG) ecosystem for our markets and customers, and position ourselves to do even more going forward. Our progress and efforts put us on solid footing to embark on the next stage of our growth and transformation journey as we continue to fortify our position as a Multi-Asset Exchange. Bursa Malaysia has been, and remains committed to being, the trusted platform for fundraising, investing, and trading that meets the evolving needs of our stakeholders in line with our mission of **'Creating Opportunities, Growing Value'**.

## 2023 Review

The year under review was marked by a series of challenging developments, including continuing disruptions from geopolitical conflicts, global tightening of monetary policy to contain inflation, and dampened growth in several major economies. These have significantly slowed global gross domestic product (GDP) growth, which has been estimated to have moderated further to 2.6% in 2023 from 3.0% in the previous year.

Despite these challenges, emerging markets and developing economies have generally outperformed advanced economies. Malaysia's economy, in particular, has shown resilience in the face of challenges, with real GDP growth of 3.7% in 2023. The nation's growth has been supported by firmer domestic demand underpinned by more favourable labour market conditions, easing inflationary pressures, higher investment, and a recovery in tourism, buffered against weakening exports that declined alongside the external economic slowdown.

Sustaining a vibrant equity market in the aftermath of the COVID-19 pandemic has remained a challenge for bourses globally. Nevertheless, continuous efforts from Bursa Malaysia to improve the competitiveness of our market, coupled with resilient macroeconomic conditions during the year, attracted a steady flow of investors, including companies that opted for initial public offerings (IPO). In 2023, 32 companies went for listing (2022: 35 companies), raising RM3.6 billion (2022: RM3.5 billion) and contributing RM13.6 billion (2022: RM11.2 billion) to total market capitalisation. As for the broader Securities Market



**Despite the challenges in 2023, we continued to deliver on our role as a frontline regulator and market operator to ensure market orderliness and deliver sustainable value to our stakeholders.**



performance, total market capitalisation expanded 3.5% in 2023, while average daily trading value (ADV) was recorded at RM2.06 billion (2022: RM2.07 billion).

The FTSE Bursa Malaysia KLCI (FBM KLCI) benchmark index emerged as ASEAN's second-best performer, with a 5.7% increase in the second half of 2023, closing the year at 1,454.66 points. This was a healthy rebound from the 1,376.68 points recorded at the close of June 2023. Overall, the FBM KLCI declined by 2.7% in 2023 (2022: -4.6%). Although not spared from foreign fund outflows, much like other ASEAN markets due to global macroeconomic volatility, Malaysia's equity market exhibited the second lowest foreign outflows among ASEAN peers, with an outflow of USD495 million. Most regional peers experienced larger outflows ranging from USD863 million to USD5.5 billion.

As for the Derivatives Market, average daily contracts (ADC) traded declined during the year to 72,896 contracts (2022: 78,621 contracts), largely due to reduced fluctuations in crude palm oil (CPO) prices. In our Islamic Market, following two subsequent years of strong, double-digit trading value growth in 2020 and 2021, trading on Bursa Suq Al-Sila' (BSAS) moderated slightly to ADV of RM45.1 billion in 2023 (2022: RM45.6 billion).

Despite the challenges in 2023, we continued to deliver on our role as a frontline regulator and market operator to ensure market orderliness and deliver sustainable value to our stakeholders. In light of this, the Board has declared a final dividend of 14.0 sen per share, bringing the total dividend for the year to 29.0 sen per share (2022: 26.5 sen). This represents a dividend payout ratio of 93% (2022: 95%), which is in line with our previous practices.

<sup>1</sup> Source: Global Economic Prospects, World Bank (January 2024).



## Enhancing Sustainability in Our Marketplace

We are actively shaping the ESG agenda for Corporate Malaysia through a multi-faceted approach that includes enhanced sustainability disclosure requirements, education and upskilling, a suite of tools, and a more supportive ecosystem through engagement and advocacy.

The discourse on sustainability and corporate governance (CG) has intensified over the last decade. Governments and regulators worldwide, including in Malaysia, have issued a clarion call for corporates and market players to become more responsible on issues such as good CG, sustainability and climate change. As the frontline regulator of Malaysia's capital market, Bursa Malaysia is leading by example to drive change and elevate CG standards and sustainability practices among companies.

Bursa Malaysia has always maintained that sustainability must start from the top. Over the years, we have implemented programmes and enhanced frameworks to ensure that leaders of public listed companies (PLCs) are aware of and capable in steering their organisations to approach sustainability in a conscientious manner. We took another step forward in this direction in 2023, collaborating with the Securities Commission Malaysia (SC) to launch a mandatory sustainability onboarding programme for directors of companies listed on both the Main and ACE Markets. Aimed at fortifying directors' abilities to address sustainability considerations, the programme equips Boards with the essential tools to navigate and manage sustainability risks.

The Exchange has also paid significant attention to the development of sustainability in our marketplace, paying particular emphasis on the quality of sustainability disclosures by our PLCs. This commitment to a sustainable marketplace was underscored by our Enhanced Sustainability Reporting Framework (ESRF) in September 2022, which came into force for Main Market PLCs with fiscal year-ends beginning 31 December 2023 and for ACE Market PLCs with fiscal year-ends beginning 31 December 2024. During the year, we launched three essential tools to support PLCs in their efforts to meet heightened disclosure requirements and integrate ESG principles into their long-term strategies. These tools are the 3<sup>rd</sup> Edition Sustainability Reporting Guide and Toolkits (Guide & Toolkits), the Illustrative Sustainability Report (ISR) and the Sustainability Explainer Video Series. Furthermore, the launch of the Bursa Malaysia ESG Reporting Platform – a repository for sustainability disclosures that conform to the required format of disclosures – would help promote greater uniformity and comparability in our PLCs' sustainability disclosures and facilitate better performance evaluation and benchmarking.

Our intent is to catalyse change and progress. Hence, we are expanding the internationally recognised FTSE4Good ESG ratings to cover all Main Market and ACE Market PLCs on Bursa Malaysia in the near future. As we have seen in the most recent review of the FTSE4Good Bursa Malaysia (F4GBM) Index and the FTSE4Good Bursa Malaysia Shariah (F4GBMS) Index on 14 December 2023, more companies are becoming stronger in ESG practices; 11 new constituents were added to each aforementioned index since the June 2023 review, bringing the total to 109 and 88 PLCs, respectively.

Lastly, we are also addressing the need for wider and more comprehensive sustainability capabilities within companies. Through collaborations with industry partners, we are now exploring ways to make sustainability-related programmes and certifications for practitioners more accessible and relevant. This builds on the Corporate Sustainability Practitioner Competency Framework, which was developed in 2021 with the United Nations Global Compact Network Malaysia and Brunei, to create a cohort of skilled local practitioners. In doing so, we will ensure our PLCs have in place the knowledge, tools and talent to better manage sustainability-related demands and opportunities.

The initiatives stated above will be supported by ongoing engagements with PLCs via webinars and panel discussions on ESG matters.

# Chairman's Statement



## Leading the Charge on Climate Change

We are putting efforts to address climate change at the forefront of Corporate Malaysia's agenda. Our climate change initiatives are guided by the nation's Net Zero aspiration.

The growing significance of climate change and its impact have prompted businesses and corporates to rethink their environmental footprint, mitigation efforts, and how they prepare their businesses to manage climate change risks better. There has been increasing scrutiny by stakeholders on PLCs and their climate change impact and actions, since climate-related catastrophes are occurring more frequently and in growing severity. As the national exchange, Bursa Malaysia has a role in influencing the climate change practices of our PLCs, thus supporting the nation's green transition.

### Driving Decarbonisation

We are proud to now have a full-fledged, operating Bursa Carbon Exchange (BCX). Following the successful inaugural auction of carbon credits on 16 March 2023, BCX commenced the trading of carbon credits on 25 September 2023.

Recognising that the voluntary carbon market (VCM) ecosystem in Malaysia needs to be nurtured, we had forged collaborations with various partners during the year. For instance, through our collaboration with the Malaysian Green Technology and Climate Change Corporation (MGTC), we jointly developed and subsequently launched the VCM Handbook and the VCM Directory at our inaugural Malaysia Carbon Market Forum on 5 October 2023.

BCX also signed a memorandum of understanding with Gold Standard, the second largest, independent carbon standard, during the 28<sup>th</sup> United Nations Framework Convention on Climate Change (COP28) held in Dubai, United Arab Emirates. This collaboration will increase the depth of carbon credit offerings from local and international projects, including projects registered under Gold Standard. In addition to carbon credits recognised by Verra, we aim to include Gold Standard-certified carbon credits in the BCX trading platform in 2024 to expand our suite of high-quality carbon credits.

Despite the early days of BCX, there is already demand by Malaysian corporates for BCX to offer other environmental products. Plans are underway to expand BCX's offerings as we intend to offer renewable energy certificates (RECs) in 2024. We believe that establishing a more accessible and trusted marketplace for these products will support the realisation of the nation's National Energy Transition Roadmap (NETR) by facilitating more carbon and renewable energy projects, which are critical to Malaysia's transition to a lower carbon economy.

Meanwhile, we are also building the necessary infrastructure to support the nation's aspiration to become a net zero country by promoting decarbonisation efforts by companies, large and small. In 2023, we started developing a Centralised Sustainability Intelligence (CSI) Platform for both PLCs and non-listed companies. When completed, companies will be able to assess their carbon emissions impact, submit their ESG data to the platform, and subsequently use these metrics to gain access to sustainable financing.

Net zero is not just an aspiration for Bursa Malaysia but a laudable national objective of which we are proud to support. We believe companies in Malaysia can do more to decarbonise and make a significant change in their environmental practices, and our role is to help and encourage them to make the shift.

### Moving Forward

The World Bank has projected global GDP growth to slow down for the third consecutive year to 2.4% in 2024, as tighter liquidity and uncertain economic prospects in several major economies weigh down growth. As ongoing geopolitical tensions show no signs of abating in the near term, continuing disruptions to global trade and the flow of capital remain key downside risks to our market.

Fortunately, the outlook for ASEAN and Malaysia appears brighter, with the GDP of ASEAN-5 countries expected to grow at a faster pace of 4.7% in 2024, compared to 4.2% in 2023.<sup>2</sup> For Malaysia, 2024 is envisioned as a year of execution, as various initiatives outlined in the NETR and the New Industrial Master Plan (NIMP) 2030 have been scheduled for implementation. The Ministry of Finance has projected Malaysian GDP to grow between 4% and 5% in 2024, which will be achieved in part through robust domestic demand, effectively offsetting the challenges posed by moderate global growth.

<sup>2</sup> Source: World Economic Outlook, International Monetary Fund (January 2024).



**Over the next three years, Bursa Malaysia will embark on a journey to realise our aspiration to 'Advance as a Multi-Asset Exchange,' capable of supporting the evolving needs of the Malaysian economy and expanding customer segments.**



Over the longer term, we expect changes in global economic dynamics and the emergence of megatrends – including rapidly evolving technology and the transition to a greener economy – will heighten expectations and bring fresh opportunities to the market. It has become increasingly important that we implement strategic reforms to create a future-ready market ecosystem that will facilitate more resilient and sustainable financial, as well as economic growth.

As an integral enabler of the nation's economic development, the Malaysian capital market remains a crucial linchpin to our country's economic growth and wealth creation. It is critical that we continue to elevate the Malaysian capital market's competitiveness by being responsive to the needs of businesses and customers, while remaining a trusted and resilient marketplace. This has been the strategic objective of Bursa Malaysia over the last few years and one which will be further reinforced in our Strategic Roadmap 2024-2026.

Over the next three years, Bursa Malaysia will embark on a journey to realise our aspiration to 'Advance as a Multi-Asset Exchange,' capable of supporting the evolving needs of the Malaysian economy and expanding customer segments. To that end, we will broaden fundraising avenues for issuers – not just in equities but also in debt instruments. We will expand our product and service offerings, catering to the existing and emerging needs of a wide range of retail, corporate, and institutional investors – both existing and newcomers. Technology and data will be key enablers in helping us, and digital innovation will continue to play a central role in our marketplace.

Sustainability will remain a central theme dominating all business discourse in the years to come. In this regard, our refined strategic pillar of *Driving Sustainability for our Marketplace and Internationally* embodies our focus on sustainability and international harmonisation going forward.

It goes without saying that within our own organisation, we will execute wide-ranging initiatives to strengthen Bursa Malaysia's position as a role model for Malaysian PLCs in relation to ESG practices. Sustainability practices are expected to improve, with better data quality, enhanced operational efficiency and best-in-class practices that are aligned to globally-recognised standards.

### Acknowledgements

Overall, it has been a solid year. I would like to thank my fellow Board members for their insights and contributions throughout. Special thanks and gratitude to Mr. Ken Pushpanathan who retired on 23 June 2023 after serving on the Board for nine years as an Independent Non-Executive Director (INED) and to Puan Sharifatu Laila binti Syed Ali, who resigned on 16 August 2023 to take on an executive role at an investment institution after serving on the Board for three years as Public Interest Director and INED. We also express our thanks and gratitude to Ms. Chong Chye Neo who has served the Board for five years and decided not to seek re-election as INED at the upcoming 47<sup>th</sup> Annual General Meeting. At the same time, we extend a warm welcome to Madam Tan Ler Chin, who joined the Board as an INED on 16 August 2023.

On behalf of the Board, I would also like to extend our appreciation to all our stakeholders, especially Bursa Malaysia's Management and *Warga Bursa*, for their continued dedication in helping deliver on our purpose as an exchange. Our thanks also go to the Securities Commission Malaysia, policymakers, brokers, listed issuers and industry partners who have supported the development of the capital market and expanded the positive impact our markets can bring. Your cooperation and support will be called upon again in the coming years as we progress on our vision to become **ASEAN's leading, sustainable, and globally connected marketplace.**

The Exchange will continue to work with the dynamic ecosystem to make our overall markets more attractive. The success of the Exchange depends on aligned efforts by a wide range of stakeholders. We thank our stakeholders and urge all parties to play their roles proactively.

**Tan Sri Abdul Wahid Omar**  
Chairman