

CORPORATE SUSTAINABILITY STATEMENT

01 COMMUNITY

**Elevating lives
and enriching
communities**

02 WORKPLACE

**Creating a conducive
environment in which
our people thrive**

03 ENVIRONMENT

**Undertaking responsible
practices that preserve
our environment**

04 MARKETPLACE

**Promoting ethical
marketplace practices
and walking our talk**

Bursa Malaysia is committed to upholding the principles of corporate sustainability in creating value for all our stakeholders.

Our sustainability strategy ensures that we maintain highest standards of corporate governance (CG), integrate long-term environmental and social goals with our economic performance and engage our stakeholders on core issues crucial to our marketplace.

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MARKETPLACE

As a frontline regulator and a market operator, we are responsible for ensuring the sustainability of our capital markets. We are committed to building a quality market that is liquid, while offering a diverse range of competitive products and services. We are also committed to robust investor protection and a high standard of integrity. We promote CG and sustainability best practices to all our listed issuers, and require the same of ourselves.

To further facilitate CG and sustainability best practices, we:

- a. Introduced the Best Practice Guide for Independent Advisers;
- b. Conducted various advocacy programmes for directors and practitioners of listed issuers to improve the quality of the Board of Directors, CG disclosure, risk management and internal control practices; and
- c. Supported industry initiatives such as The Edge Billion Ringgit Club Awards 2014, The National Annual Corporate Report Awards (NACRA) 2014, The ACCA Malaysia Sustainability Reporting Awards (MASRA) 2014 and The Star Business Awards 2014.

In 2014, the following initiatives were undertaken to improve the market ecosystem:

- a. Enhancement of the Bursa Trade System 2 (BTS2) with new features and introduction of ASEAN Post Trade services for trades executed on the ASEAN Trading Link;
- b. Revamp of the participant structure for the Derivatives Market to create a single trading right for all classes of products. We also introduced an Error Trade Policy for the Securities Market and increased stocks available for securities borrowing and lending (SBL);
- c. Issuance of a new framework for opening trading and securities accounts for retail and institutional investors through electronic mediums which offers greater flexibility to Participating Organisations of Bursa Malaysia Securities and Authorised Depository Agents of Bursa Malaysia Depository. We also enabled a seamless registration process for registering individuals such as Dealer's Representatives, Futures Brokers Representatives and Directors of Brokers to further improve efficiency and time to market;
- d. Launch of the USD-denominated Refined Bleached Deodorised (RBD) Palm Olein Futures Contract, MyETF MSCI Malaysia Exchange Traded Fund (ETF), launch of the enhanced 5-year Malaysian bond futures (FMG5) and issuance of our third ETBS by Danalnfra;



- e. Launch of BursaMKTPLC, an online platform developed in collaboration with our broker partners that provides rich market information to all. The objective of the portal is to enhance financial literacy among retail investors with a particular focus on youth. To engage with the youth, we initiated online games, such as Fantasy FTBL, TRADR Challenge and The Great Bursa Bull Hunt;
- f. Holding of our inaugural Gold and Precious Metals Price Outlook Symposium for retail investors, and our first ETFs and SBL Conference to share insights into global practices and trends. We also organised other programmes including Spotlight on Malaysia, Invest Malaysia, Palm and Lauric Oils Conference and Exhibition Price Outlook, Workshop@Bursa, Derivatives Day, Breakfast with BMD and a Dealer Engagement Session. Moreover, we supported various industry initiatives such as the IFN Asia Forum 2014 and the World Islamic Banking Conference – Asia Summit 2014.
- g. Launch of the FTSE4Good Bursa Malaysia (F4GBM) Index, our first Environmental, Social and Governance (ESG) Index, after a series of engagements with our listed issuers to educate them on ESG and FTSE's methodology.

To strengthen our sustainability practices, we:

- a. Revised our Guidelines for Handling Conflict of Interest and the Checklist, amended our Contract Management Guidelines and issued a Capital Market Education and Integrity Fund Authority and Guidelines Manual;
- b. Rolled out Phase 1 of the Customer Relationship Management System to establish a new process for efficient stakeholder engagement and management; and
- c. Continued to report on our sustainability practices in our standalone Sustainability Report 2013, on the basis of which we ranked 55 among the top 100 companies in Asia in Channel NewsAsia's Sustainability Ranking, maintained our 4th position in the Asian Corporate Governance Association Corporate Governance Watch 2014 Report and is included in the F4GBM Index.

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To help improve the situation of deserving members of our community, and as part of our effort to encourage employees to volunteer for the benefit of the community:

- a. We organised the inaugural Bursa Bull Charge 2014, uniting all our stakeholders for a good cause and raising RM1.3 million for eight beneficiaries that champion financial literacy and entrepreneurship;
- b. We supported and encouraged our employees who contributed their time and energy in a variety of community projects. These projects included establishing pop-up children's libraries at the Kuala Lumpur Hospital and the Putrajaya Hospital, recycling tee shirts for Yayasan Chow Kit to turn into sling bags for sale, collecting used and new school uniforms for needy school children and packing and distributing food for the homeless at Kechara Soup Kitchen. Our employees contributed a total of 4,574 volunteering hours; and
- c. We visited beneficiaries of the Bursa Bull Charge 2014, namely Sekolah Latihan Wanita Ipoh, Projek Kalsom, My Performing Arts Agency, CADS Enhancement Centre, Women International Network, Persatuan Kebajikan An-Najjah Malaysia and Persatuan Amal Sabah.

COMMUNITY

We invest in our community to improve lives. To this end, we support youth development by providing educational programmes for financial literacy and capital market awareness. We carry out our community outreach programmes and encourage our employees to do their part in helping the underprivileged and deserving.

As part of our support for youth development and to promote excellence in education, we undertook the following programmes:

- a. Training of 75 graduates and undergraduates from local and foreign universities under our training and internship programmes, exposing them to working life, the business operations of Bursa Malaysia and the industry as a whole;
- b. We engaged with 7,500 students during the year through the launch of the Bursa Young Investor Club and hosting of student visits to the Exchange. We also supported other youth programmes such as the American Malaysia Chamber of Commerce's Junior Marketplace Workshop.
- c. We continued to offer the investing community and general public access to our Knowledge Centre and free equities research reports on our Research Repository;
- d. Talent development through our Yayasan Bursa Malaysia Scholarship Programme, offering five scholarships to underprivileged students to pursue tertiary education in local universities. We also rewarded 55 children of our employees for their excellent performance in national examinations.

WORKPLACE

FOSTERING A POSITIVE WORKPLACE

At Bursa Malaysia, we recognise the strength of diversity in common values. Accordingly, and to realise our aspiration of becoming ASEAN's Multinational Marketplace, we have made it our strategy to nurture the talent within our organisation through a variety of initiatives that will lay the cornerstone for Bursa Malaysia's future success.

REWARDING PERFORMANCE

Bursa Malaysia has established a fair remuneration policy with the objective of achieving a sustainable performance over the long-term and offers employees a transparent, market-rate compensation system. It incorporates both fixed (78%) and variable (22%) elements, as well as short-term and long-term components. These include a basic salary, benefits, and short-term and long-term incentives. The fixed salaries of employees are supplemented by performance-based compensation components that are linked to the attainment of key performance indicators as well as to employees' individual performances.

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In 2014, we continued to offer eligible employees long-term incentives as part of our retention strategy. Employees were granted restricted shares in the Restricted Share Plan according to their performance rating and grade entitlement. These restricted shares will be vested progressively over a period of three years, with the value received depending on the movement in the share price over that time. The participation rate for the scheme in 2014 was 99%, an increase over the previous year. Selected senior level employees were also awarded performance shares in the Performance Share Plan. These will be vested after three years, and are contingent upon Bursa Malaysia's achievement of a set of challenging long-term performance conditions. The value received depends on the achievement of Return on Equity and total shareholder return targets, thus aligning the interests of employees of the shares with the interests of our shareholders.

NURTURING PEOPLE THROUGH DEVELOPMENT

In 2014, with the implementation of a new behavioural competencies model, Group Human Resources (GHR) focused its efforts on ensuring that employees attained the competencies required to succeed in their respective jobs.

To this end, GHR rolled out a comprehensive development programme structured to enhance employees' competencies and to ensure they possess the knowledge and skills required of their various positions.

To create awareness of the new behavioural competencies and to establish a common platform among staff, Bursa Malaysia embarked on a teambuilding programme to introduce the new competencies. The programme, known as 'Bursa Amazing Race 2014', is a core training programme that cuts across all categories of staff from all divisions. Its aim is to foster teamwork and collaboration, and to develop leaders among high achievers.



In 2014, supervisors working closely with GHR played a more active role in learning and development by creating opportunities in the workplace for their staff to apply lessons learnt through their development programmes. A post-training feedback/evaluation was also put in place to gauge the effectiveness of the learning and development programmes in meeting business needs.

To ensure that supervisors have the necessary skills to develop their staff, managerial skills programmes were introduced at each supervisory level, with emphasis on those transitioning into a management role. These training programmes focus on coaching and mentoring skills, as well as needs analysis, and are a continuation of programmes offered in 2013.

Recognising the value of a knowledge-based workforce, in 2014 Bursa Malaysia invested RM1.4 million in the development of its staff, with an average of four learning days recorded per employee.

We also make available our Knowledge Centre to both staff and the general public for research purposes. The Knowledge Centre is a rich source of information on capital market-related subjects and is easily accessible.

Finally, Bursa Malaysia also nurtures future leaders by providing learning opportunities for fresh graduates to acquire knowledge and exposure to the working environment. Accordingly, we actively support the Skim Latihan 1Malaysia programme and its goal of improving the employability of graduates.

TOWARDS A BETTER WORKPLACE

In securing our organisational goals and objectives, we must not lose sight of the importance of a healthy work-life balance, which is essential for our employees' wellbeing and also contributes to a more productive workforce. Encouraging our employees to cultivate a healthy lifestyle has always been our priority, and to this end we have made available various sporting facilities, including squash courts, a fully-equipped gymnasium and a multi-functional court for our employees to use during lunch breaks and after working hours. Moreover, we organise wellness campaigns throughout the year, with nutritionists and other experts providing health tips, health screenings and health education to participants.

Bursa Malaysia also supports several celebrations throughout the year to foster camaraderie, instil a spirit of togetherness and recognise the hard work and contributions of employees. The Company also organises an Annual Dinner each year which is a much anticipated affair, the Treasure Hunt 'Feisty Pirates' held in Penang, and the Family Carnival. Thematic dress-down Fridays are also held throughout the year, with such themes as 'Footie-licious Friday', 'Merdeka Friday' and 'Bursa goes Bollywood'.

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PERFORMANCE THROUGH ENGAGEMENT

Bursa Malaysia values and recognises that the heart of any organisation lies in its human capital. An engaged workforce is vital to sustaining growth and productivity, thus the underlying purpose of all our employee engagement programmes is to impart and internalise the organisation's core values.

Employee engagement represents a state of emotional and intellectual commitment to an organisation. It has direct correlation to desired behaviours, which in turn have bearing on the organisation's performance. Each year, employees are given the opportunity to express their thoughts on the various issues that affect them in the workplace by means of an employee engagement survey (EES). These issues include leadership, career development, work-life balance, communication, infrastructure, customers, rewards and recognition and organisation culture and values.

The buoyant spirits and enhanced morale are reflective in the engagement scores of 81% - the highest ever registered by Bursa in the last six years since 2008 when EES was first administered online. This also runs in tandem with the rate of staff participation of 98.5% in the survey which is also a new record high.

DYNAMIC AND HIGH PERFORMANCE WORKFORCE

Bursa Malaysia places great importance on hiring the right candidate for the right job. As we go forward, we will continue to focus on attracting quality talent who best fit our job requirements and complement our progressive culture. We firmly believe that by aligning our recruitment strategy to Bursa Malaysia's needs, we will continue to attract the best talent, and through our development programmes, nurture them into high achievers, thus realising our aspiration of becoming a world-class exchange.

At Bursa Malaysia, we have been successful in maintaining a balanced representation of women in management positions. Currently, women comprise more than 40% of management at middle and top management levels. Our male to female employee ratio shows a healthy distribution of 54:46. Our total staff strength in 2014 stands at 606 as compared to 614 in December 2013.

A Succession Planning Framework was also developed to ensure continuity of key critical positions and to guide development activities. The framework governs the process of identifying roles, crafting successor profiles, identification of successors and creating customised development programmes. The framework has been in full motion since the beginning of 2014.

The successors to mission critical positions have been identified and are currently undergoing a structured development programme. The development plans (2014 – 2015) are heavily focused on leadership competencies through experiential learning and networking to ensure that learning is maximised and to also close the successors' readiness gaps.



ENVIRONMENT

We are committed to minimising the impact of our operations on the environment. We actively monitor our operational carbon footprint, promote recycling and the responsible use of resources by our employees and stakeholders and educate them about climate change and the importance of environmental protection. More specifically:

- a. We undertook several energy-saving initiatives that resulted in an 8% savings in our electricity usage year-on-year. Our greenhouse gas emissions from electricity usage, business air travel and paper consumption reduced by 7% year-on-year;
- b. We carried out a 'Building Off-Loading Drive', collecting recycled items in a company-wide cleaning effort to create a safe and healthy work environment; and
- c. We hosted a MyCarbon Corporate Greenhouse Gas Emission Accounting and Reporting (MYCarbon) Awards 2014 to recognise efforts by 26 pilot reporting organisations in the MYCarbon programme, which was launched in 2013.

MOVING FORWARD

We believe that launching the F4GBM Index will spur more listed issuers to enhance their governance measures, sustainability practices and improve disclosure of their sustainability issues, thus enhancing their appeal to socially-responsible investors and fulfilling stakeholders' expectations. We strive to be a model for other listed issuers, and hope to see others follow our lead in setting new and higher standards of CG and sustainability practices.