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FIT AND PROPER POLICY

(Reference No: MDEC-POL-IGD-001)

Approved by : Board of Directors on 10th May 2021
Effective date : 10th May 2021



POLICY

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1.00	25 Feb 2021	Annisa Ibrahim Shariza Shaffie Zareena Izmin Ismail	BIGC / Board of Directors	Introduction of new policy

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1. DEFINITIONS

For the purpose of this Fit and Proper Policy, the following terms shall bear the following meanings:

No	Term	Meaning
1.1	MDEC Employees	Includes MDEC CEO and employees who are designated as permanent, probationary, fixed term contract (FTC), temporary, intern, and contract for services (CFS)
1.2	MDEC	Refers to Malaysia Digital Economy Corporation
1.3	Board	Refers to MDEC's Board of Directors
1.4	Policy	Refers to this Fit and Proper Policy
1.5	HCD	Refers to MDEC's Human Capital Department
1.6	BIGC	Refers to MDEC's Board Integrity and Governance Committee
1.7	IGD	Refers to MDEC's Integrity and Governance Department

2. POLICY STATEMENT

- 2.1. MDEC is committed to the highest standard of integrity, openness, and accountability in the conduct of its businesses and operations.
- 2.2. MDEC is responsible for ensuring that all MDEC Employees and the Board fulfill the fit and proper requirements set out herein.

3. PURPOSE OF THE POLICY

- 3.1 The purpose of the Policy is to set out MDEC's approach to assessment of the fitness and propriety of all MDEC Employees and Board, including those who are to be appointed as such.
- 3.2 Any individual who is or who is to be appointed as an MDEC Employee or member of the Board, are required to possess the fit and proper criteria set out in Article 6 herein to enable MDEC to manage the risk to its business or financial standing by ensuring that all persons appointed as MDEC Employee or Board, are fit and proper.

4. SCOPE OF THE POLICY

- 4.1 The Policy covers existing and potential MDEC Employees and Board.
- 4.2 The Policy specifies the criteria to be used in assessing fitness and propriety of MDEC Employees and Board at the time of appointment and at any time thereafter during their tenure as an MDEC Employee or member of Board.
- 4.3 The Board, Company Secretary and HCD shall be responsible for establishing and applying this fit and proper policy.

5. DOCUMENT CONTROL AND RESPONSIBILITIES

- 5.1 In the application of this Policy, Board Integrity and Governance Committee (BIGC) is responsible to give advice as necessary and to review the operation of the system periodically whilst Integrity and Governance Department (IGD) is to ensure that the Policy is maintained throughout MDEC and is consistent with the overall MDEC governance framework.
- 5.2 Company Secretary is responsible for the assessment of existing Board and candidates for nomination or appointment as a Board member, and making recommendations to the Board on these matters, in compliance with Companies Act 2016.
- 5.3 HCD is responsible for:
- a. Ensuring that appropriate fit and proper assessments are carried out for MDEC Employees.
 - b. Making submissions to the CEO about any matters of concern relevant to a particular assessment of an MDEC Employee's fitness and propriety.
 - c. Providing information to the CEO on matters concerning the procedure for fit and proper assessments.
 - d. Ensuring that MDEC takes all reasonable steps to protect from misuse, unauthorized access, modifications or disclosure, on the information and documents collected for fit and proper assessments.

6. FIT AND PROPER CRITERIA

To establish whether a person is fit and proper to be an MDEC Employee and Board, MDEC shall have regards to the person's:

- a. **Probity, personal integrity, and reputation** – person must have the personal qualities of honesty, integrity, diligence, independence of mind and fairness.
- b. **Competence and capability** - person must have the necessary skills, experience, ability, and commitment to carry out the role.
- c. **Financial integrity** – person must manage his financial affairs, primarily his debts, prudently.

The assessment of the above criteria shall have regard to the considerations set out below in paragraphs 6.1, 6.2 and 6.3 of this Policy.

6.1 Probity, Personal Integrity and Reputation

In assessing a person's level of probity, personal integrity, and reputation, we shall consider matters including but not limited to the following:

- i. Whether the person is or has been the subject of any proceedings of a disciplinary or criminal nature or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings.

- ii. Whether the person has contravened any provision made by or under any written law designed to protect members of the public against financial loss due to dishonesty, incompetence, or malpractice.
- iii. Whether the person has contravened any of the requirements and standards of a regulatory body, professional body, government, or any of its agencies.
- iv. Whether the person, or any business in which he has a controlling interest or exercises significant influence, has been investigated, disciplined, suspended, or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately.
- v. Whether the person has been engaged in any business practices which are deceitful, oppressive, or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on his professional conduct.
- vi. Whether the person has been dismissed, asked to resign, or has resigned from employment or from a position of trust, fiduciary appointment, or similar position because of questions about his honesty and integrity.
- vii. Whether the person has been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorisation, membership or a licence to conduct any trade, business or profession, or has had that registration, authorisation, membership or licence revoked, withdrawn, or terminated.
- viii. Whether the person has held a position of responsibility in the management of a business that has gone into receivership, insolvency, or involuntary liquidation while the person held that position of responsibility in that business.
- ix. Whether the person has been a director of, or directly concerned in the management of, any corporation which is being or has been wound up by a court or other authority competent to do so within or outside Malaysia, or of any licensed institution, the licence of which has been revoked under any written law.
- x. Whether, in the past, the person has acted unfairly or dishonestly in his dealings with his customers, employer, auditors and regulatory authorities.
- xi. Whether the person has at any time shown a strong objection or lack of willingness to cooperate with regulatory authorities and failure to comply with legal, regulatory, and professional requirements and standards, including compliance with tax requirements and obligations.
- xii. Whether a person has contributed significantly to the failure of an organisation or a business unit.
- xiii. Whether the person is free from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement to MDEC's disadvantage when appointed as an MDEC Employee.

6.2 Competence and Capability

Competence and capability are demonstrated by a person who possesses the relevant competence, experience, and ability to understand the business needs, technical requirements of the position, the inherent risks and the internal process required to perform his role as an MDEC Employee in the relevant capacity effectively. In assessing a person's competence and capability, MDEC shall consider matters including, but not limited to the following:

- i. Whether the person has the appropriate qualification, training, skills, practical experience, and commitment to effectively fulfil the role and responsibilities of the position and in the case of directors, having regard to their other commitments; and
- ii. Whether the person has satisfactory past performance or expertise in a business of a similar nature.

6.3 Financial Integrity

Financial integrity is demonstrated by a person who manages his own financial affairs properly and prudently. In assessing a person's financial integrity, MDEC must consider all relevant factors, including but not limited to the following:

- i. Whether the person has been and will be able to fulfil his financial obligations, whether in Malaysia or elsewhere, as and when they fall due; and
- ii. Whether the person has been the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere.

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