



Remuneration Policy

REMUNERATION POLICY AND PROCEDURES

Purpose

This policy sets out the criteria to be used in recommending the remuneration package of Directors and Senior Management of Stella Holdings Berhad (formerly known as Merge Energy Bhd) to ensure that the Directors and Senior Management are adequately remunerated for the services they render.

Objectives and Guiding Principles

1. The Group's Remuneration Policy is designed to meet the following objectives:-

- a) To determine the level of remuneration package of Directors and Senior Management.
- b) To attract, motivate, retain and reward Directors and key senior management who will manage and drive the Company's success.
- c) To support the Directors and key senior management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholder's value.

2. The Remuneration Policy is guided by the following key principles:

- a) Performance measures and targets to be aligned with the Company's corporate strategy and shareholders' interest.
- b) Remuneration and rewards shall be granted based on the achievement of the Key Performance Indicator (KPI) and subject to the Company's overall performance and affordability.
- c) To ensure total remuneration packages remain competitive with the relevant market and industry via periodic or appropriate market benchmarking exercises.

Remuneration Component

a) Remuneration for Executive Chairman and Executive Directors

i) The fixed salary shall be determined after taking into account:

- The scope of duty and responsibilities;
- The skills and experiences required;
- The strategic targets of the Company;
- The corporate and individual performance;
- Current market rate within the industry and in comparable companies.

ii) The bonus for Executive Chairman and Executive Directors is designed to reward outstanding performance and in meeting with established key performance indicators. The bonus is granted to reflect the individual performance, department/division performance as well as the Group results.

b) Fixed Fee for Non-Executive Directors

The level of fee for Non-Executive Directors shall reflect the experience and the level of responsibility undertaken by the Non-Executive Directors concerned.

c) Remuneration for Senior Management

The remuneration components of key senior management shall consist of:

- i) Basic salary
- ii) Performance based bonus
- iii) Benefits-in-kind

The remuneration of key senior management is determined at a level which enables the Company to attract, develop and retain high performing and talented individual with the relevant experience, level of expertise, level of responsibilities and is structured so as to link reward to individual and corporate performance.

Key senior management team shall refer to those individual(s) who generally holds the highest level of management responsibility and decision-making authority within the Group. This will typically include the C-suites employees.

d) Other Benefits and Allowances

The benefits and allowances which should be decided by the Board as a whole include:

- i) Chairman's allowance;
- ii) Meeting allowance for Directors
- iii) Expenses incurred in the course of their duties as Directors; and
- iv) Benefit in kind such as company car or cash alternative in lieu of car, company driver, petrol and medical coverage and insurance.

Remuneration Committee ("RC")

The RC should review (as and when required) the criteria to be used in recommending the remuneration package of Directors and Senior Management.

The RC will deliberate and submit its recommendation to the Board for endorsement. The Directors play no part in deciding their own remuneration and shall abstain from discussing or voting on their own remuneration.

Review

This policy is to be regularly review by the Board as and when required.