

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5006  
**COMPANY NAME** : Stella Holdings Berhad  
**FINANCIAL YEAR** : March 31, 2022

## OUTLINE:

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board plays a key role in the governance process through its review and approval of the Group's direction and strategy, monitoring of business performance and review of the adequacy and integrity of the Group's internal control system. The Board believes that commitment to its fiduciary duties and responsibilities is critical to its goal of driving long term shareholders' value.</p> <p>The Board is also entrusted with the responsibility of exercising reasonable care of the Group's resources in enhancing the shareholders' long-term value while taking into account of other stakeholders.</p> <p>The Board assumes the following principal responsibilities in discharging its fiduciary and leadership functions:-</p> <ul style="list-style-type: none"><li>• Reviewing and adopting the strategic plan for the Group</li><li>• Overseeing the conduct of the Group's business to determine whether the business is being properly managed.</li><li>• Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks</li><li>• Reviewing the adequacy of the Group's management information and internal control systems</li><li>• Reviewing and approving the financial results: quarterly and annually</li><li>• Ensuring the Company adheres to high standards of ethics and corporate behavior</li></ul> <p>The Board is also mindful of the importance of building a sustainable business and therefore, takes into consideration its economic, environment and social impact when developing the corporate strategy of the Group.</p>

	<p>To enable the Board to discharge its duties effectively whilst enhancing business and operational efficacy, the Board delegates certain responsibilities to the following Committees, namely:</p> <ul style="list-style-type: none"> <li>• Audit Committee;</li> <li>• Nomination Committee;</li> <li>• Remuneration Committee;</li> <li>• Risk Management Committee;</li> <li>• Executive Committee;</li> <li>• Sustainability Committee; and</li> <li>• Share Issuance Scheme Committee.</li> </ul> <p>The Board also has an effective working partnership with the Management in establishing the strategic direction. The Management is responsible for supporting and assisting the Group Chief Executive Officer in implementing and running the Group’s day to day business.</p> <p>Our stakeholders are informed of the Group’s performance through public releases of the relevant information that are available at the Company corporate website at <a href="http://www.stella-holdings.com.my">www.stella-holdings.com.my</a></p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.2**

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Dato' Hj Mohamad Haslah bin Mohamad Amin is the Executive Chairman of the Board who provides strong leadership and is responsible for ensuring the adequacy and effectiveness of the Board's governance process.</p> <p>The roles and responsibilities of the Chairman of the Board have been clearly specified in Paragraph 7 of the Board Charter, which is available on the Company's website at <a href="http://www.stella-holdings.com.my">www.stella-holdings.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The roles of the Chairman and Group CEO are separately held with each having distinct authority and responsibilities. The Board realize the importance in the separation of roles and responsibilities of the Chairman and the Group CEO as this will ensure that there is a balance of power and authority, such that there is no excessive concentration of power in the Chairman or the Group CEO.</p> <p>The Chairman provides strong leadership and is responsible for ensuring the adequacy and effectiveness of the Board's governance process, while the Group CEO is responsible for the effective running the Group's operations and implementation of the Board's policies and decisions.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.4**

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Chairman of the Board is not a member of the Audit Committee, Nomination Committee or Remuneration Committee and has not participate in any of the said committees' meetings.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretary of Stella, who is qualified and experience, provide advises to the Board on regulatory requirements and corporate governance matters to ensure that the Boards discharge their duties and responsibilities effectively.</p> <p>She attends all Board meetings and ensures that accurate and adequate records of the proceedings of the Board meetings and decisions made are properly recorded.</p> <p>All Directors have access to the advice and services of the Company Secretary and Senior Management.</p> <p>The Board is also regularly updated from time to time by the Company Secretary on updates as well as any amendments issued by Bursa Securities, Securities Commission, Companies Commission of Malaysia and other relevant regulatory authorities.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Directors have full and unrestricted access to all information pertaining to the Group's business and affair to enable them to discharge their duties. The management is responsible for furnishing the Board with timely and accurate information that may assist the Board to facilitate informed decision making.</p> <p>Board meetings for the ensuing financial year are scheduled in advance before the end of each financial year to enable the Directors to plan ahead and fit the year's Board meetings into their respective schedules. Prior to the meetings of the Board and the Board Committees, detailed board papers, which include agenda and reports relevant to the issues of meeting, will be forwarded to all Directors in advance, normally 5 to 7 days prior to the meeting, to enhance the quality of decisions recommended at the Board meetings. Any additional information requested by Directors is also readily available.</p> <p>The Board also note the decisions and salient issues deliberated by Board Committees through the updates by the respective Chairman of the Committees or the minutes of these Committees. The Board receives and reviews recommendations made by the Board Committees and grants approval, when required.</p> <p>All Directors have access to the advice and services of the Company Secretary and Senior Management. In the furtherance of its duties, the Board is also authorised to obtained independent professional advice on specific matters, if necessary, at the Company's expense to enable the Board to discharge its functions in the decision-making process.</p> <p>The Board ensure that the minutes of meetings are properly recorded to accurately reflect the proceedings of the meeting and decision made.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		



<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

**Practice 2.1**

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company has established a Board Charter to promote high standards of corporate governance. The Board Charter is designed to provide guidance and clarity for Directors and management with regard to the role of the Board and its committees and also identified issues and decisions reserved for the Board.</p> <p>A copy of the Board Charter is made available at the Company's website <a href="http://www.stella-holdings.com.my">www.stella-holdings.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board adopts and observes the Code of Ethics for Company Directors established by the Companies Commission of Malaysia, as the Board is fully supportive of the principles of the said Code of Ethics and finds it suitable for the Company to uphold the same principles.</p> <p>A copy of the Code of Ethics for Company Directors is made available at the Company's website <a href="http://www.stella-holdings.com.my">www.stella-holdings.com.my</a>.</p> <p>Stella Group is committed to conduct its business transparently and with integrity and have in place a separate Code of Ethics to govern the conduct and discipline of Stella's employees, which is under the administration of the Group Human Resource. The Group has also adopted the Anti-Corruption policy which will further safeguard its business operations. All employees have been educated on the content and the implications of the Anti-Corruption policy.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

**Practice 3.2**

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has established and adopted a Whistleblowing Policy to set out the mechanism and framework for employees or any parties to report any concerns they may have regarding any suspected and/or known misconduct and wrongdoing in the workplace.</p> <p>A copy of the Whistleblowing policy is made available at the Company's website <a href="http://www.stella-holdings.com.my">www.stella-holdings.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

## Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Stella Group remains mindful that its activities should be carried out with high standards of corporate and social responsibility as it strives to align its businesses and engage all stakeholders in its daily operations, minimise environmental impact arising from its business operations and actions and improving the social and economic conditions of its stakeholders, employees and the communities that it operates in.</p> <p>The Board is primarily responsible for the Group's sustainability practices and performance and the Sustainability Committee is tasked to assist the Board in managing sustainability related matters.</p> <p>The Sustainability Committee is entrusted with the responsibilities to incorporate sustainability considerations in the Group's business and management of economic, environmental and social risks.</p> <p>The Sustainability Committee is supported by the Management Committee, comprises of heads of department/subsidiaries. The Management Committee executes, implements and monitors the sustainability considerations in the Group's business and management of economic, environmental and social risks on a day-to-day basis.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group sustainability practises, priorities and performance are disclose in the Sustainability Statement in the Annual Report.</p> <p>The Annual Report which is also available in the Company website is accessible to all stakeholders and members of the public.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.3**

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>During the financial year under review, the Company has organised an in-house training for the Directors and senior management on sustainability reporting requirements.</p> <p>Furthermore, the senior management and all heads of department also attended a 2-days sustainability workshop to gain better understanding on sustainability issues and how to embed sustainability practice into the business operation.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>For the financial year 2021, the Board evaluation/assessment questionnaires has been updated to include questions on sustainability issues related to the Company. The senior management evaluation has not at present include their performance in addressing sustainability risks and opportunities.</p> <p>The board is of the opinion that the Company should conduct further study to develop the criteria for the performance evaluations of the Board and senior management in addressing the Company’s material sustainability risks and opportunities.</p>	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All the Directors have completed the Board Assessment and Evaluation for the financial year ended 31 March 2022. Based on the evaluation carried out, the Nomination Committee concluded that overall the Board's composition and size was conducive for effective discussion and decision making and was satisfied that it has an appropriate balance of expertise, skill and attributes among the Director including relevant core competencies.</p> <p>All the independent non-executive directors of the Company have served the Board for less than 9 years as at 31 March 2022.</p> <p>For the directors seeking for re-election at the coming 25<sup>th</sup> Annual General Meeting of the Company, the Nomination Committee has conducted an assessment on the performance, contribution and independence of the said directors based on the annual board assessment and recommended the said directors for re-election. The Board has endorsed the Nomination Committee's recommendation to re-elect the said directors.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.2**

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board consists of seven (7) members as at the date of this report, comprising the Executive Chairman, a Non-Independent Non-Executive Director and five (5) Independent Non-Executive Directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.3**

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The tenure of all the independent non-executive directors of the Company did not exceed the cumulative term limit of nine years.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board and Senior Management comprising members from wide range of professionalism, business and financial background, all of which provide the Group with a wealth of expertise, experiences and networks to draw upon.</p> <p>The Company's overriding objective in any new appointment is to select a suitable candidate with a view to achieving a high-performing Board and Senior Management Team. Appointments to the Board and Senior Management are based on merit, in the context of character, skills, experience and competency the Board and Senior Management as a whole requires to be effective.</p> <p>The Company believes that such merit-based appointment helps the Company to achieve effective stewardship and management of the Group.</p> <p>The Directors are to allocate sufficient time to the Company to perform their duties effectively including being prepare for the meetings and contributing effectively to the business of the Company. They should notify the Board on any new directorships.</p> <p>The identification and appointment of new Directors undergo a process led by the Nomination Committee which reviews the required mix of skills, experience and other qualities of the Directors to ensure that the Board is functioning effectively and efficiently. The Board makes the final decision on the appointment of new Directors prior to release of announcements of the appointment to Bursa Malaysia.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		



### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The identification and appointment of new Directors undergo a process led by the Nomination Committee which reviews the required mix of skills, experience and other qualities of the Directors to ensure that the Board is functioning effectively and efficiently.</p> <p>The Nomination Committee will assess amongst other, the background, qualification, work experiences, knowledge and integrity of the candidates and whether the candidates will be able to provide the Board with a diverse set of experience, expertise, skill and competence before recommending their appointment to the Board.</p> <p>Currently, the identification for appointment of directors is largely based on recommendation from existing Directors, senior management and major shareholders.</p> <p>The Board is of the opinion that the present sources of identifying candidates for board positions are effective to ensure that the Board is functioning effectively and efficiently.</p> <p>In line with the recommendation of the Malaysian Code on Corporate Governance, other than relying on the recommendation from the existing Board members, management and/or major shareholders, the Board will also explore independent sources to identify suitable qualified candidates, where necessary.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.

<b>Timeframe</b>	:	Choose an item.	
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### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The information of the directors standing for re-election are set out in the respective directors' profile in the Company's Annual Report.  The Board's statement of support on the re-appointment of the directors is set out in the explanatory note of the Notice of Annual General Meeting.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.8**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Nomination Committee comprises of three (3) members, all being Independent Directors.</p> <p>The Nomination Committee is chaired by Dato' Kamarulzaman bin Jamil who is also designated as the Senior Independent Director.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company currently has two (2) women directors out of seven (7) directors representing 28.6% of the Board composition.	
		The Board will endeavour to increase board gender diversity and will make the appropriate efforts to include women on the list of candidates to be considered for Board and Senior Management positions.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board has disclosed the Company's policies on gender diversity in the Annual Report.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: On annual Board evaluation, the Nomination Committee and the Board had reviewed and assessed the following during the financial year:- <ul style="list-style-type: none"><li>• The effectiveness of the Board and Board Committees</li><li>• The character, integrity, competence, time commitment, contribution and performance of each individual Director</li><li>• The mix of skill and experience of each individual Director</li><li>• The independence of the Independent Directors</li></ul> <p>The criteria on the evaluation of the effectiveness of the Board related to, amongst others, the appropriate composition and committees in correspondence to the Board's oversight duties, the right mix of skills and experience to optimize performance and strategy, clear definition of roles and responsibilities of the Board and individual Director.</p> <p>The criteria on the evaluation of the effectiveness of Board Committees related to, amongst others, whether the Board Committees have the right composition, sufficient knowledge on financial and related laws and regulations, whether the Board Committee properly discharges their responsibilities and provides appropriate report and recommendations to the Board.</p> <p>Based on the evaluation carried out, the Nomination Committee and the Board concluded that overall the Board's size is conducive for effective discussion and decision making and are satisfied that it has an appropriate balance of expertise, skill and attributes among the Director including relevant core competencies.</p> <p>During the financial year under review, the Independent Non-Executive Directors did a self-evaluation of their independence based on the criteria of independence of the Bursa Malaysia Listing Requirements and the Nomination Committee and the Board had reviewed and</p>

	assessed the results of the said self-evaluation and concluded that the Independent Directors have met the criteria of independence based on the Listing Requirement.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company has in place a remuneration policy and procedures which sets out the criteria to be used in recommending the remuneration package for Directors and senior management to ensure that the Directors and senior management are adequately remunerated for the services they render.  A copy of the remuneration policy and procedures is available for viewing at the Company's website <a href="http://www.stella-holdings.com.my">www.stella-holdings.com.my</a>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established a Remuneration Committee which comprises of three (3) members, all being independent directors.</p> <p>The responsibilities of the Remuneration Committee are:</p> <ul style="list-style-type: none"><li>• to recommend to the Board, the remuneration of each Director in all its form, with the respective Directors abstain from deliberating their own remuneration; and</li><li>• to establish and review the remuneration packages of each individual Executive Director such that the levels of remuneration are sufficient to attract and retain the Directors needed to run the Group successfully.</li></ul> <p>The Terms of Reference of the Remuneration Committee is disclosed on the Company's website at <a href="http://www.stella-holdings.com.my">www.stella-holdings.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Details of the Directors' remuneration paid or payable to the Directors of the Company for the financial year ended 31 March 2022 on named basis are also disclosed in the Corporate Governance Overview Statement. The remuneration breakdown of individual directors includes salaries, bonus, fees, others and benefits in-kind.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Hj Mohamad Haslah bin Mohamad Amin	Executive Director	-	-	360	-	-	-	-	-	-	-	-	-	-	-
2	Dato' Seri Lee Tian Hock	Non-Executive Non-Independent Director	36	7	-	-	-	-	-	-	-	-	-	-	-	-
3	Dato' Kamarulzaman bin Jamil	Independent Director	48	12	-	-	-	-	-	-	-	-	-	-	-	-
4	Czarina Alia binti Abdul Razak	Independent Director	36	7	-	-	-	-	-	-	-	-	-	-	-	-
5	Tuan Hj Mohamad Nor bin Abas	Independent Director	36	12	-	-	-	-	-	-	-	-	-	-	-	-
6	Shahrizam bin A Shukor	Independent Director	36	12	-	-	-	-	-	-	-	-	-	-	-	-
7	Sharifah Rafidah binti Wan Mansor (appointed on 1 March 2022)	Independent Director	3	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Dato' Ir. Tan Gee Swan @ Tan Suan Ching (resigned on 1 December 2021)	Executive Director	24	6	-	-	-	-	-	-	-	-	-	-	-	-
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The remuneration of the top five senior management of the Group are not disclosed on a named basis in the bands of RM50,000 due to confidentiality and sensitivity of each remuneration package.	
		The aggregate remuneration of the key senior management of the Group for the financial year ended 31 March 2022 has been included in the Audited Financial Statement.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.



**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Audit Committee, Encik Shahrizam bin A Shukor, is not the Chairman of the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>None of the Audit Committee members at present or in the past were former key audit partners of the Company's external auditors.</p> <p>It is not a practice of the Board to appoint any former key audit partners as member of the Audit Committee.</p> <p>If the need arise in future to consider former key audit partners as member of the Audit Committee, the Audit Committee will incorporate a policy which requires a former key audit partner to observe a cooling-off period of at least three (3) years before he can be appointed as an Audit Committee member.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations.  
The company’s financial statement is a reliable source of information.

**Practice 9.3**

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	During the financial year under review, the Audit Committee has carried out an assessment on the performance of the external auditors for the financial year covering areas such as calibre, performance, audit team, audit scope and planning, independence and objectivity, audit communications as well as audit fees prior to submission to the Board for their approval.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	All the Audit Committee members are independent directors

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

## Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	All members of the Audit Committee have the necessary skills to discharge their duties and are able to understand matters under the purview of the Audit Committee. The qualification and experience of the individual Audit Committee members are disclosed in the Profile of Board of Directors in the Annual Report.  The Audit Committee members will undertake relevant training/seminars from time to time to keep abreast with current developments in the market place as well as the current changes in laws and regulatory requirements. The Audit Committee is also regularly updated during the Audit Committee meeting by the External Auditors on the current changes to the accounting and audit standards and policies.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board had established an effective risk management and internal control framework as set out in the Statement on Risk Management and Internal Control in the Annual Report 2022 of the Company.</p> <p>In this respect, the Board has established a governance structure to ensure effective oversight of risks and control in the Group. It is assisted by Risk Management Committee ("RMC") and Risk Management Working Committee ("RMWC").</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board discloses the features of its risk management and internal control framework, and the adequacy and effectiveness of the framework in the Statement on Risk Management and Internal Control in the Annual Report 2022 of the Company.</p> <p>The Board acknowledges its overall responsibility of the Group's system of internal control as well as risk management to safeguard shareholders' investment and the Group's assets. The effectiveness of the Group's internal control is reviewed by the Audit Committee during its quarterly meetings. This review covers the governance, risk and compliance controls as well as the process for the identification, evaluation and management of the significant risks faced by the Group.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 10.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board has established a Risk Management Committee, which comprises of three (3) members who are independent directors.</p> <p>The Risk Management Committee assist the Board in overseeing the risk management process within the Group.</p>

**Intended Outcome**

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

**Practice 11.1**

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has established an internal audit function which assists the Audit Committee in the discharge of its duties and responsibilities.</p> <p>The internal audit function is effective and able to function independently. The internal auditor helps the Group to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.</p> <p>The internal auditor is responsible for reporting to the Audit Committee in quarterly meeting. The Audit Committee Chairman will then report on any pertinent issues that need to be brought to the attention of the Board.</p> <p>The internal audit function and activities are set out in the Statement on Risk Management and Internal Control and Audit Committee Report in the Annual Report 2022.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the financial year under review, the internal audit function was perform in-house. The in-house Internal Audit Department comprises of two (2) staff with relevant qualification and experience who reports directly and functionally to the Audit Committee and ultimately to the Board. Administratively the Internal Auditor reports to the Group Chief Executive Officer of the Company. The in-house Internal Auditor was free from any relationships or conflict of interests, which could impair the objectivity and independence in performing his duties during his tenure with the Company. The in-house internal audits are governed by its Audit Charter which was approved by the Audit Committee. During the financial year under review, the in-house internal audit function was carried out in accordance with the International Professional Practice Framework (IPPF).</p> <p>However, with effect from 1 April 2022, the Company has outsourced the internal audit function to an independent internal audit service provider, namely Sterling Business Alignment Consulting Sdn Bhd (“Sterling”). Sterling acts as the internal auditor and reports directly to the Audit Committee.</p> <p>Sterling engagement team personnel are free from any relationships or conflict of interests with the Group which could impair their objectivity and independence. Sterling does not have any direct operational responsibility or authority over any of the activities audited. Sterling is a corporate member of the Institute of Internal Auditors Malaysia (“IIAM”). The Internal Auditor uses the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control system.</p> <p>Ms. So Hsien Ying of Sterling is the Engagement Director responsible for the internal audit of the Group. She has more than 28 years of experience in corporate planning, business process improvement, risk management, internal audit and internal control review. She is a Certified Internal Control Professional (US), Master in Business</p>

	<p>Administration (Finance) (Hull), BSc Economics (Hons) (London), permanent member of the Internal Control Institute (US), an associate member of IIAM and a member of the Malaysian Alliance of Corporate Directors and Associate.</p> <p>The number of staff deployed for the internal audit reviews ranged from 2 to 3 persons per visit.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board believes in clear communication with the Company's shareholders and other stakeholders. The Board continuously ensures that it maintains a high level of disclosure and communication with its stakeholders through various practicable channels. The annual reports and the announcements made quarterly and otherwise, are the primary modes of communication to report on the Group's business, activities and financial performance to its stakeholders. In addition to various announcements made during the year, the timely release of financial results on a quarterly basis provides stakeholders with an overview of the Group's performance and operations.</p> <p>Stella's website at <a href="http://www.stella-holdings.com.my">www.stella-holdings.com.my</a> also provides an avenue for stakeholders and members of the public to assess information pertaining to the Group, which is being updated regularly.</p> <p>The general meetings are opportunities to meet shareholders, to encourage them to interact and participate in getting to know the Company's and the Group's progress and/or performance better.</p> <p>The Board has also established corporate disclosure policies and procedures to enable accurate and timely disclosures to the regulators, shareholders and stakeholders</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 12.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied																
<b>Explanation on application of the practice</b>	:	<p>At least 28 days prior to the Annual General Meeting (AGM), the Annual Report together with the Notice of AGM will be sent to the shareholders, to allow shareholders additional time to go through the Annual Report and make the necessary attendance and voting arrangements.</p> <p>Each item of special business included in the notice of the AGM will be accompanied by a full explanation of the effects of a proposed resolution to facilitate full understanding and evaluation of the issues involved.</p> <p>Details of the Notices of AGM of the Company:-</p> <table border="1"><thead><tr><th></th><th><b>Date of issue Notice of AGM</b></th><th><b>Date of AGM</b></th><th><b>No. of days before AGM</b></th></tr></thead><tbody><tr><td>Annual Report 2020</td><td>26 August 2020</td><td>29 September 2020</td><td>33 days</td></tr><tr><td>Annual Report 2021</td><td>28 July 2021</td><td>23 September 2021</td><td>56 days</td></tr><tr><td>Annual Report 2022</td><td>27 July 2022</td><td>22 September 2022</td><td>56 days</td></tr></tbody></table>		<b>Date of issue Notice of AGM</b>	<b>Date of AGM</b>	<b>No. of days before AGM</b>	Annual Report 2020	26 August 2020	29 September 2020	33 days	Annual Report 2021	28 July 2021	23 September 2021	56 days	Annual Report 2022	27 July 2022	22 September 2022	56 days
	<b>Date of issue Notice of AGM</b>	<b>Date of AGM</b>	<b>No. of days before AGM</b>															
Annual Report 2020	26 August 2020	29 September 2020	33 days															
Annual Report 2021	28 July 2021	23 September 2021	56 days															
Annual Report 2022	27 July 2022	22 September 2022	56 days															
<b>Explanation for departure</b>	:																	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																		
<b>Measure</b>	:																	
<b>Timeframe</b>	:																	



**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All the directors attended the Company Annual General Meeting on 23 September 2021.</p> <p>During the Annual General Meeting, the Board presents the financial performance of the Group. Shareholders are given the opportunity to seek and clarify any pertinent and relevant issues raised in the meeting in relation to the operations and performance of the Group and to exchange views with the Board. The external auditors were also present at the Annual General Meeting to provide their professional and independent clarification on issues and concerns raised by the shareholders.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.3**

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders’ participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The location of the Company general meetings have always been held at a venue which is easily accessible to all shareholders.</p> <p>However, amid the Covid-19 pandemic, the Company’s Annual General Meeting and Extraordinary General Meeting held in 2021, were conducted virtually through live streaming via remote participation and voting facilities whereby shareholders and proxies were able to access, participate and vote remotely. The Board’s priority is the health and safety of all our shareholders and by leveraging on current technology, the participation and engagement with all shareholders at the General Meetings can be maintained.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company’s financial and non-financial performance as well as the company’s long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The 24 <sup>th</sup> Annual General Meeting (“AGM”) held on 23 September 2021 was conducted through live streaming with an online remote participation and voting. During the 24 <sup>th</sup> AGM the Chairman briefed the meeting on the Group’s performance and shareholders were given sufficient time to raise any questions via real time submission of typed texts in the communication chat box.  The Chairman responded to all the questions posed by the shareholders.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Company 24<sup>th</sup> Annual General Meeting (AGM) was conducted through live streaming with an online remote participation and voting provided by V-cube Malaysia Sdn Bhd. The details of the virtual AGM i.e. registration and e-voting procedures were set out in the Administrative Guide.</p> <p>Shareholders were given sufficient time to raise any questions via real time submission of typed texts in the communication chat box. Questions submitted by the shareholders during the AGM were read out by the Chairman and then answered by the Chairman.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The minutes of the 24 <sup>th</sup> Annual General Meeting, which includes the questions raised by the shareholders together with the responses by the Company and outcome of the voting results, was made available to the shareholders at the Company's website at <a href="http://www.stella-holdings.com.my">www.stella-holdings.com.my</a> no later than 30 business days after the meeting.
<b>Explanation for departure</b>	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:
<b>Timeframe</b>	:

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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