

POLICY ON REMUNERATION – MILLENNIUM HOUSING DEVELOPERS PLC

1. Introduction

The Board of Directors of Millennium Housing Developers PLC (“the Company”) endeavors to maintain the highest standards of corporate governance, transparency, and ethical business conduct to safeguard the interests of its stakeholders.

The Policy reflects the company’s commitment to fair, transparent, and performance-based remuneration practices for its directors and employees, ensuring that they are appropriately incentivized to provide effective oversight and strategic direction while promoting the long-term sustainability and success of the Company.

2. Purpose and Objectives

The purpose of the Policy is to establish a transparent and consistent framework for determining the remuneration of the Board of Directors, Key Management Personnel (KMP), and employees of the Company.

The Policy aims to:

- Attract and retain qualified, competent, and experienced personnel by providing fair and competitive remuneration.
- Ensure that remuneration practices are competitive and aligned with prevailing market practices and industry benchmarks.
- Link remuneration to performance, responsibilities, and the long-term sustainability and success of the Company.
- Ensure compliance with applicable laws and regulations, including the Companies Act No. 07 of 2007 and the Corporate Governance requirements of the Colombo Stock Exchange.

3. Scope of the Policy

The Policy applies to the following categories within the Company:

- Executive Directors.
- Non-Executive Directors.
- Key Management Personnel (KMP).
- Senior Management.
- General Employees.

4. Remuneration Components

Remuneration Framework – MHDL PLC

The remuneration framework of MHDL PLC is designed to ensure fair, equitable, and competitive compensation that supports employee motivation and organizational performance. The framework consists of both guaranteed and variable remuneration elements, including base pay, fixed allowances, performance-based incentives, and statutory benefits.

- **Base Pay**

Base pay is determined based on the employee's role, experience, competencies, and job grade, while also considering market competitiveness and industry standards.

- **Fixed Allowances**

Employees may receive fixed allowances such as vehicle, fuel, travelling, and other allowances depending on their role and employee category.

- **Variable Pay**

Variable remuneration includes annual bonuses and performance incentives linked to individual and organizational performance. Such payments are discretionary and are determined based on the achievement of business and financial targets.

- **Defined Contribution and Gratuity**

The Company contributes 12% and 3% of gross emoluments towards EPF and ETF, respectively. Gratuity payments are made in accordance with the Payment of Gratuity Act No. 12 of 1983, based on the employee's length of service and last drawn salary.

5. Principles of Remuneration

Remuneration shall be determined based on the following principles:

- Performance orientation – rewarding individual and Company performance.
- Market competitiveness – aligning remuneration with industry benchmarks and market conditions.
- Fairness and transparency – ensuring consistent and equitable remuneration practices.
- Alignment with shareholder interests – supporting the sustainable growth and long-term success of the Company.

6. Remuneration of Non-Executive Directors

Remuneration of Non-Executive Directors may include:

- Directors' fees.
- Committee sitting fees.
- Allowances, where applicable.

Non-Executive Directors typically do not receive performance-based incentives to preserve their independence and objectivity in exercising oversight responsibilities.

7. Remuneration Governance

The Remuneration Committee shall be responsible for:

- Reviewing and recommending remuneration policies to ensure alignment with the Company's strategic objectives, performance standards, and corporate governance requirements.
- Determining and recommending remuneration packages for Executive Directors and Key Management Personnel, including salaries, incentives, benefits, and other compensation components, considering individual performance and market benchmarks.
- Reviewing the remuneration of Non-Executive Directors and recommending appropriate remuneration levels to the Board, considering responsibilities, time commitments, and prevailing industry practices.
- Ensuring that the Company's remuneration practices are transparent, equitable, and consistent with applicable corporate governance standards and regulatory requirements.

8. Approval of Remuneration

The Remuneration Committee shall approve all remuneration policies and any material amendments thereto.

The remuneration of Non-Executive Directors shall be determined in accordance with the Policy, which adopts the principle of non-discriminatory remuneration practices, ensuring that their independence and objectivity are not compromised.

No Director shall participate in discussions or decisions relating to the determination of their own remuneration.

Remuneration levels shall be benchmarked against comparable organizations and reviewed annually, or as deemed necessary by the Remuneration Committee.

9. Disclosure in the Annual Report

The aggregate remuneration paid to Directors shall be disclosed in the Annual Report of the Company, in line with the disclosure requirements of the Colombo Stock Exchange Listing Rules and applicable corporate governance standards.

10. Review of the Policy

- The Remuneration Committee shall periodically review the remuneration structure to ensure competitiveness and compliance with regulatory requirements.
- Market benchmarking and industry surveys may be used to evaluate remuneration levels and ensure alignment with best practices.

11. Effective Date of Implementation

The Policy shall come into effect from 1st April 2026.

