

1. Purpose of the Policy

The purpose of the Policy on Matters Relating to the Board of Directors (“the Policy”) is to establish a comprehensive internal governance framework within which the Board of Directors of the Company shall carry out its duties and responsibilities in compliance with the provisions of the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange, and the Articles of Association of the Company.

The Policy is primarily intended to:

- Establish a clear framework for the functioning of the Board of Directors.
- Define the roles, responsibilities, and authority of the Board.
- Ensure effective corporate governance, accountability, and transparency.
- Guide the Board in strategic oversight and decision-making processes.

2. Scope

The Policy shall apply to Millennium Housing Developers PLC and its subsidiaries.

3. Composition of the Board

This section defines how the Board should be structured.

Key elements include:

- Size of the Board – The Board shall consist of a minimum of Three (03) and a maximum of Fifteen (15) Directors.
- Executive and Non-Executive Directors.
- Independent Directors – A minimum of two (02) or one-third (1/3) of the Board, whichever is higher.
- Chairperson of the Board.
- Separation of the roles of the Chairperson and the Chief Executive Officer (CEO), where applicable.

The Policy shall ensure that the Board possesses diverse expertise, experience, and independence.

4. Appointment and Removal of Directors

The Policy outlines:

- Nomination procedures.
- Eligibility criteria.
- Fit and proper requirements.
- Election and appointment processes.
- Term of office.
- Retirement and re-appointment procedures.
- Removal procedures.

This ensures that the Board maintains competent and qualified leadership.

5. Roles and Responsibilities of the Board

The Board is responsible for the overall direction and governance of the organization.

Major responsibilities include:

- Approving strategic plans and corporate objectives.
- Overseeing financial performance.
- Ensuring effective risk management.
- Monitoring internal controls and compliance.
- Appointing and evaluating senior management.
- Protecting the interests of shareholders and stakeholders.
- Ensuring ethical and responsible conduct.



6. Powers and Authority of the Board

The Board has the authority to:

- Approve major investments and capital expenditures.
- Approve budgets and financial statements.
- Establish Board sub-committees.
- Approve corporate policies.
- Monitor management performance.

Certain operational responsibilities are delegated to management, while the Board retains overall oversight authority.

7. Board Meetings

This section outlines the procedures for Board meetings:

- Frequency of meetings (e.g., at least quarterly).
- Notice period for meetings.
- Preparation of meeting agendas.
- Quorum requirements.
- Decision-making processes.
- Recording of minutes.

8. Board Committees

The Policy permits the Board to establish specialized committees, such as:

- Audit Committee.
- Risk Management Committee.
- Remuneration Committee.
- Nomination Committee.
- Sustainability / ESG Committee.
- Investment Committee.

Each committee shall operate in accordance with Board-approved Terms of Reference (TOR).

9. Conflict of Interest

Directors must:

- Declare any personal or financial interests in matters under discussion.
- Abstain from participating in decision-making where a conflict of interest exists.
- Act in the best interests of the Company.

10. Code of Conduct and Ethics

Directors are expected to:

- Maintain integrity and professionalism.
- Ensure the confidentiality of Board information.
- Act with fiduciary responsibility.
- Comply with applicable laws, regulations, and governance standards.

11. Board Evaluation

The Policy shall include provisions for:

- Annual evaluation of the Board's performance.
- Evaluation of individual Directors.
- Assessment of Board committees.

This helps improve Board effectiveness and overall governance quality.

12. Training and Development

New and existing Directors may receive:

- Board induction programs.
- Corporate governance training.
- Industry updates.

This ensures that Directors remain informed, competent, and up to date with relevant developments.

13. Review of the Policy

The Policy shall be:

1. Approved by the Board.
2. Reviewed periodically (usually annually).

This ensures alignment with regulatory requirements and governance best practices.

14. Effective Date of Implementation

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