



Board and Executive Management Remuneration Policy

Purpose

The purpose of this policy (the “Policy”) is to regulate and set a clear standards regarding the remuneration of the members of the Board of Directors its Committees (the “Members”), and executives management (the “Executives”) of L’azurde Company for Jewlery (the “Company”).

The remunerations policy of the board, its committees and executive management has been prepared in accordance with the requirements of companies law and corporate governance regulation issued by Capital Market Authority

Scope of application

1. This Policy shall apply to all Members in respect of any remuneration received by them from the Company in their capacity as Members of the board and its committees. This policy shall also apply to the executive management members.
2. This Policy is intended to implement the relevant provisions of the Company’s bylaws (the “Bylaws”) and both companies law and corporate governance regulation requirements (the “Regulations”).

Policy objectives and principles

3. The remuneration of Members shall be determined with the view of achieving the following objectives:
 1. Enabling the Company to maintain a Board of Directors with the appropriate level of experience and qualification;
 2. Supporting the Company in adapting to the competitive pressures of the sectors in which it operates;
 3. Motivating the Members to achieve the Company’s business strategy and objectives; and
 4. Aligning the interests of the Members with the long term interests of the Company and its shareholders.
4. The remuneration of Members and executives shall be determined based on the following principals:
 1. The remuneration shall be fair, proportionate, and reasonably sufficient to attract, retain and motivate Members with the appropriate level of experience and qualification;
 2. The sector in which the Company operates, the size of the Company, and the Company’s annual objectives shall be taken into consideration in determining the remuneration;
 3. To the extent appropriate, the remuneration shall be in line with the remuneration received by directors in comparable companies; and
 4. The experience, competencies, efforts, contributions, scope of work, and record of attendance of each Member shall be taken into consideration in determining the remuneration.
 5. The remunerations of the members and executives may be paid monthly, quarterly or annually.
 6. Company bylaws, Companies’ law and Capital market authority instructions related listed companies.

Rules of remuneration determination

1. The remuneration of all Board Members shall be recommended by the Board of Directors to the Company's general assembly of shareholders (the "General Assembly") for approval on an annual basis based on the recommendation of the Company's Nominations and Remuneration Committee (the "NRC").
2. The recommendations of the NRC and the Board of Directors shall be in compliance with the applicable laws, regulations and company bylaws.
3. The remuneration of Executives shall be recommended by the Nominations and Remuneration Committee to the Company's Board of Directors for approval on an annual basis based on the company performance.
4. The remuneration of Members could be in the form of specific cash payments, in kind benefits, attendance allowances, a percentage of the Company's annual net profits, or a combination of any of the foregoing.
5. Determine all paid amounts, allowances, dividends and the like, periodic or annual bonuses, based on job level, duties and responsibilities, educational qualifications, practical experience, skills and level of performance; except the actual reasonable expenses and fees incurred by the company to enable the Board member to perform his duties.
6. Where the remuneration of Members is distributed as a percentage of the Company's net profits, the maximum total annual remuneration may not exceed 5% of the Company's net profits after deducting the relevant reserves and after distributing profits to the Company's shareholders at a minimum rate of 5% of the Company's paid-up capital.
7. Board member remuneration against his/her role as member of Board and Committees formed by the Board shall not exceed five hundred thousand Saudi Riyal.
8. Board member may receive additional remuneration, which shall not be subject to the maximum limit of SAR 500,000, for his/her membership in the Audit and Risk Committee formed by The General Assembly. Any additional executive, technical, managerial or consultative duties carried out by the Board member should be remunerated in addition to the Remuneration he/she may receive in his/her capacity as a member in the Board and in the committees formed by the Board, pursuant to the Companies Law and the Company's bylaws.
9. The remuneration of independent Members shall not be in the form of a percentage of the Company's net profits and shall not be, directly or indirectly, based on the profitability of the Company.
10. Board members shall not vote on the agenda item relating to the Remuneration of Board members at the General Assembly's meeting.
11. The Remunerations of different Board members may vary depending on the Board members' experience, expertise, duties he/she undertakes, and independence and number of Board meetings he/she attended in addition to other considerations.
12. If it is evidenced to the audit committee that the Remuneration paid to any Board member was based on false or misleading information presented to the General Assembly or included in the annual Board report, the Board member shall return such Remuneration to the Company, and the Company may request such Board member to return such Remuneration.

Additional remuneration

Without prejudice to company bylaws, Company's law and Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies;

1. The Chairman of the Board of Director and the vice chairman may receive remuneration in addition to his remuneration as a Member. Such additional remuneration (if any) shall be recommended by the Board of Directors (based on the recommendation of the NRC) to the General Assembly for approval.
2. Members serving in any of the committees of the Board of Directors or the Company may receive remuneration in addition to their remuneration as Members. Such additional remuneration (if any) shall be determined in accordance with the charters and policies of the relevant committee.

Remuneration upon termination

1. In the event that the membership of any Member in the Board of Directors is terminated due to gross misconduct, material breach of the terms of appointment, act of fraud or dishonesty, or willful neglect of duties, the Member shall receive no payment in respect of the period between the beginning of the quarter in which the termination took place and the termination date.
2. In the event that the membership of any Member in the Board of Directors is terminated for his failure to attend three (3) consecutive meetings of the Board of Directors without a legitimate excuse, the Member shall receive no payment in respect of the period between the last meeting he attended and the termination date.
3. In the event that the membership of any Member in the Board of Directors is terminated for any other reason, the Member shall be paid a pro-rated amount in respect of the period between the beginning of the quarter in which termination took place and the termination date.

Entry into effect and review

1. This Policy shall be adopted by a resolution of the General Assembly, following a recommendation by the Board of Directors, and shall enter into effect from the date on which it is approved by the General Assembly.
2. The NRC shall oversee the implementation of this Policy and periodically review its provisions and recommend any amendments thereto to the Board of Directors.
3. Any amendments to this Policy shall be adopted in the same manner in which this Policy was adopted.

Disclosure

1. The Board of Directors shall comply with the relevant disclosure obligations and requirements under the applicable laws and regulations in respect of this Policy and the remuneration received by the Members.
2. The Board must disclose in its annual report details of the Remuneration policies, and mechanisms for determining such Remuneration, including amounts in cash and in-kind benefits paid to each Board member in exchange for any executive, technical, managerial, or advisory work or positions.