

L'azurde Company for Jewelry

Corporate Governance Code

December 2017

The logo for L'AZURDE, featuring the company name in a gold, serif font centered within a light gray rectangular background.

L'AZURDE

Glossary

ARC	Audit Committee
Board	Board of Directors
Company or L'azurde	L'azurde Company for Jewelry
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Chairman	Chairman of the Board
CGR	Capital Market Authority Corporate Governance Regulations [pursuant to resolution number 8-16-2017 dated 16/05/1438H (corresponding to 13/02/2017G) based on the Companies Law issued by Royal Decree number M/3 dated 28/01/1437H]
CIA	Chief Internal Auditor
CMA	Capital Market Authority
Exchange	Saudi Stock Exchange or Tadawul
Manual	L'azurde's corporate governance manual
MCI	Ministry of Commerce and Investment
NRC	Nomination and Remuneration Committee
Secretary	Board secretary

Definitions

Expression and terms in these regulations have the meanings they bear opposite each of them, unless otherwise stated within the text.

Affiliate

A person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.

Administrative Team

A group of individuals who make strategic decisions of the person. The Board is the Company's Administrative Team.

Board

Board of Directors who manages Company business to the interest of the shareholders.

Chairman

Chairman of Board of Directors of L'azurde for Jewelry.

Controlling Interest

The ability to influence actions or decisions of another person directly, indirectly, individually or collectively with a relative or an affiliate through:

1. owning 30% or more of the voting rights in a company,
2. having the right to appoint 30% or more of the administrative team members.

Company or L'azurde

L'azurde for Jewelry (L'azurde) and its subsidiaries.

Cumulative voting

A method of voting for electing Board members that gives each shareholder a voting capacity equivalent to the number of shares he/she owns , and by which the shareholder is entitled to either exercise all of his/her votes towards one nominee or to divide his/her votes towards several nominees without any duplication of such votes.

Day

Calendar day whether a business day or not.

Executive Director

A member of the Board who is a full time member of the Executive Management team of the Company and participates in its daily activities.

Executive Management or Senior Executive

Persons responsible for managing the daily operations of the Company, and proposing and executing strategic decisions, such as the Chief Executive Officer (CEO) and his/her delegates and the Chief Financial Officer (CFO).

Independent Member / Director

A non-executive member of the Board who enjoys complete independence in his/her position and decisions and none of the independence affecting issues stipulated in section 3.5 of this manual apply to him/her.

Substantial Shareholder

any person who owns (5%) or more of the shares of the Company or voting rights therein.

Minority Shareholders

Those shareholders who represent a class of shareholders that does not control the company and hence they are unable to influence the company.

Member of the Board

Covers all the members of Company Board of Directors assigned by Company General Assembly.

Non-executive director

A member of the Board who is not a full-time member of the management team of the Company and does not participate in its daily activities.

Person

Any natural or artificial person acknowledged as such in the laws of Kingdom of Saudi Arabia.

Related Person

Means the person included in the list of terms used in CMA regulations regarding Senior Executives, Board of Directors members and single shareholder holding a large percentage of shares and also regarding a company holding a large percentage of shares.

Related Parties

1. Substantial Shareholders of the company.
2. Board members of the Company or any of its affiliates and their relatives.
3. Senior Executives of the Company or any of its affiliates and their relatives.
4. Board members and Senior Executives of Substantial Shareholders of the company.
5. Entities, other than companies, owned by a Board member or any Senior Executive or their relatives.
6. Companies in which a Board member or a Senior Executive or any of their relatives is a partner.
7. Companies in which a Board member or a Senior Executive or any of their relatives is a member of its Board of directors or is one of its Senior Executives.
8. Joint stock companies in which a member of the Board or a Senior Executive or any of their relatives owns (5%) or more, subject to the provisions of paragraph (4) of this definition.
9. Companies in which a Board member or a Senior Executive or any of their relatives has influence on their decisions even if only by giving advice or guidance.
10. Any person whose advice or guidance influence the decisions of the Company, the Board and the Senior Executives.
11. Holding companies or affiliates.

Advice or guidance that is provided on a professional basis by a person licensed to provide such advice shall be excluded from the provisions of (9) and (10) of this definition.

Relatives

1. Fathers, mothers, grandfathers and grandmothers (and their ancestors).
2. Children and grandchildren and their descendants.
3. Siblings, maternal and paternal half-siblings and their children.
4. Husbands and Wives.

Remunerations

Amounts, allowances, dividends and the like, periodic or annual bonuses linked to performance, long or short term incentive plans and any other in-kind benefits except the actual reasonable expenses and fees incurred by the company to enable the Board member to perform his duties.

Board member remuneration against his/her role as member of Board and Committees formed by the Board – A Board member is subject to remuneration against their normal role as member of the Board and committees formed by the Board, which shall not exceed SAR 500,000.

Remuneration for additional responsibilities – 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 General Assembly, and any additional executive, technical, managerial or consultative duties - pursuant to a professional licence - or positions carried out by the Board member.

Stakeholder

Any person who has an interest in the Company, such as shareholders, employees, creditors, customers, suppliers and the community.

Shareholders Assembly

An assembly consisting of the shareholders in the Company formed in accordance with the provisions of the Companies Law and the Company's bylaws.

Substantial Shareholders

Any person who owns (5%) or more of the shares of the Company or voting rights therein.

Voting rights: all voting rights related to company shares that can be practiced through General Assembly.

Expression and terms not included in these regulations have the same meanings they bear in Corporate Governance Regulations issued by CMA or in the list of terms used in CMA rules and regulations, unless otherwise stated within the text.

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Document Review and approval

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	Reviewer	Date reviewed
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3		
4		
5		

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	Name	Signature	Date reviewed
1	Board of Directors / General Assembly		September 30, 2015 / October 15,2015
2			
3			
4			
5			

1 Introduction

1.1 Purpose

This Manual is designed to establish good corporate governance in L'azurde Company for Jewelry (herein referred to as "L'azurde" or "the Company"). Good corporate governance and transparency are fundamental to achieving the vision of L'azurde. This manual replaces all other corporate governance documents of L'azurde that were issued prior to the date of this manual.

L'azurde designs, manufactures, and sells gold jewelry through more than 2,000 3rd party retailers primarily in the Middle East and North Africa region. The company sells also its diamond jewelry products through its own retail stores in Saudi Arabia, the United Arab Emirates, Kuwait and Egypt.

L'azurde strives for excellence in its products and services and in the way it does business across all its operations and this process involves the Board of Directors ("the Board"), the Executive Management team ("Executive Management") and all employees of the Company.

This applies equally to transparency and accuracy in reporting and meeting the expectations of regulators, and the shareholders - regardless of whether this relates to financial reports and accounting procedures, product and standards, ethics in dealings with customers, co-workers and public, or behaving in a safe and environmentally responsible manner.

1.2 Commitment to Corporate Governance

The Company is committed to establishing a framework for good corporate governance which provides a solid basis for an effective relationship between the Company, its Board, its shareholders and other stakeholders. The general framework for corporate governance ensures equitable treatment for all shareholders, and recognizes the established legal rights of shareholders irrespective of their holdings. It also guarantees the availability of timely and precise information in all material matters concerning the Company along with the accountability of the Board to the Company and the shareholders.

2 Corporate Governance Charter

This Manual provides the corporate governance framework and sets the platform for corporate governance policies and practices that shall be in place in the Company and to which both the Board collectively and the Directors individually are committed to consistently implement.

This Manual has been approved by the Board of Directors and an up-to-date version of the Manual is available on request.

The Board shall, on an annual basis, review compliance with this Manual and take all the actions that would ensure adherence to good corporate governance practices.

2.1 Policy Statement

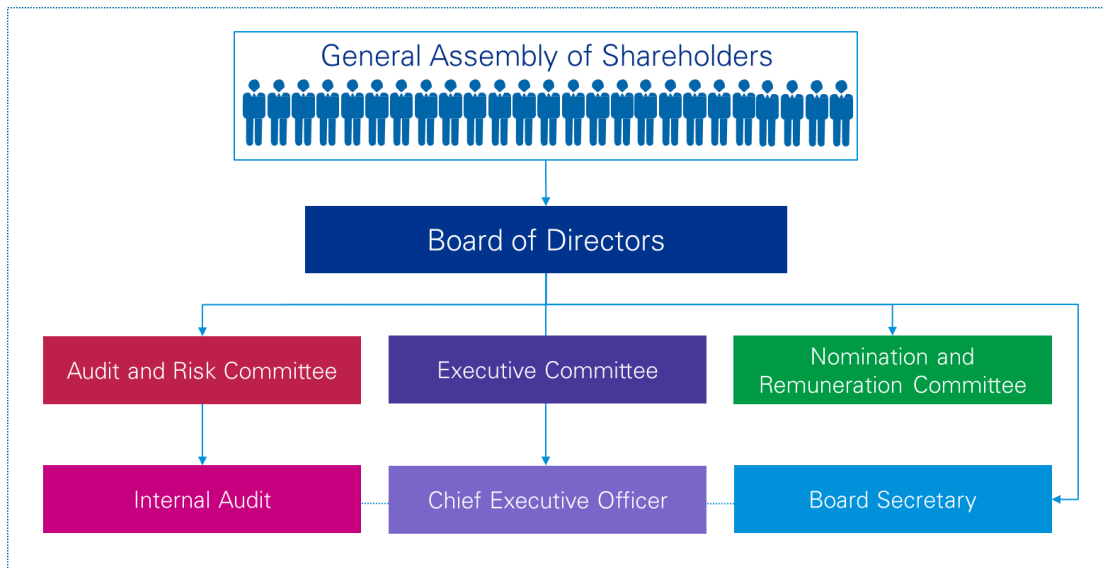
The Board and Executive Management of L'azurde seek guidance from the principles and best practices that promote good corporate governance such as the Corporate Governance Regulations (CGRs) in the Kingdom of Saudi Arabia to develop this Manual, and acknowledge that the same may properly guide L'azurde in attaining its corporate goals and objectives.

Shareholders of L'azurde, the Board and Executive Management believe that corporate governance is a necessary component of what constitutes sound strategic business management and therefore undertake every effort necessary to create awareness and ensure compliance to corporate governance policies and practices within the Company.

2.2 Governance System

To implement an efficient and robust governance system, the Company has following tiers to monitor and implement the governance system:

- a) Shareholders (through General Assembly);
- b) Board of Directors;
- c) Board Chairman;
- d) Vice Chairman;
- e) Company's Committees;
- f) External Statutory Auditor;
- g) Internal Auditor;
- h) Executive Management.



a) Shareholders

Shareholders own one or more shares in L'azurde. One of the primary objectives of the governance system is to protect shareholders' rights and interests. These are elaborated in the relevant sections of this manual. The Board and Chairman shall be appointed by and shall report to the shareholders of L'azurde. Shareholder meetings shall be convened at least once every year, during which the shareholders shall interact with the Board of Directors, the external auditor, CEO and the CFO. Additional shareholder meetings may also be convened, in accordance with Companies Law, the pursuant rules and procedures issued by CMA, and the CMA Corporate Governance Regulations.

b) Board of Directors

Board has overall responsibility for the Company and ensures that the interests of shareholders, creditors, employees, and other stakeholders are met. The Board ensures that the Company is managed prudently and within the framework of applicable laws and regulations and the Company's own policies, in a socially responsible manner.

The Board sets the Company's strategic goals, as well as oversees the Executive Management of the Company. The day-to-day operations of the Company are the responsibility of Executive Management, but the Board as a whole ensures and certifies that the Company's internal control systems are effective and that the Company's activities comply with the strategy, policies and procedures approved by the Board and as required by laws, rules and regulations.

c) Board Chairman

Board Chairman is responsible for providing leadership to the Board, supervising its operations and ensuring its efficient and objective functioning.

d) Vice Chairman

The Vice Chairman fulfils responsibilities of the Chairman in case the latter is absent.

e) Company's Committees

The following Company's Committees have been established to support with effective Corporate Governance:

- **Audit and Risk Committee (ARC)** – Appointed by the Ordinary General Assembly, to monitor the Company’s financial reports, internal audit, external audit and ensure Company’s compliance with laws, regulations. Furthermore, the Committee has been delegated by the Board, to undertake responsibilities for oversight of Company’s risk management.
- **Nomination and Remuneration Committee (NRC)** – Established by the Board, the Committee assists with recommending candidates for nomination or re-nomination to the Board; recommending remuneration policy and individual remuneration packages for Board members, Committee members and Executive Management; and various matters related to performance evaluation of the Board, Company’s Committees and Executive Management.

f) External Statutory Auditor

External statutory auditor shall carry out the financial audit of the company and report on the quarterly and annual financial statements within the stipulated time period. The external statutory auditor shall provide reasonable assurance that the financial statements are free from material misstatements, whether caused by error or fraud, to render an opinion on the financial statements

g) Internal Auditor

Internal auditor is responsible for reviewing the adequacy of controls established to ensure compliance with policies, plans, procedures and business objectives, in accordance with the audit plan approved by the Audit and Risk Committee.

h) Executive Management

Executive Management is responsible for implementing the strategies approved by the Board, carrying out the day to day operations of the Company, implementing appropriate systems for managing both financial and non-financial risks to which the Company may be exposed, including a comprehensive and independent risk management function and an effective system of internal controls.

Detailed roles and responsibilities for each of the above are covered in subsequent sections.

2.3 Corporate Governance Policies and Standards

L’azurde shall continually formulate and implement corporate governance policies and standards that will strengthen and support the achievement of its corporate goals and objectives, of which increasing shareholders’ value, giving excellent service to customers and complying with laws, rules and regulations are of primary importance.

2.4 Information Access Management

To enable the members of the Board to properly fulfil their duties and responsibilities, the Executive Management shall provide:

- Complete, adequate and timely information about matters to be taken up during their meetings;
- Independent access to the Board and the Board Secretary of all information to enable the Board to properly perform their duties and responsibilities;
- Background or explanation on matters brought before the Board, disclosures, budgets, forecasts, and internal financial documents.

2.5 Accountability and Audit

The Board is primarily accountable to all the shareholders. It provides them with a balanced and comprehensible assessment of the Company's performance, position and prospects on a periodic basis, including interim and other reports that could adversely affect its business, as well as reports to regulators that are required by law.

Management shall formulate, under the supervision of the Audit and Risk Committee, the rules and procedures on financial reporting, internal controls and risk management in accordance with guidelines prescribed by applicable rules and regulations.

The Board, after consultation with the Audit and Risk Committee, shall recommend to the shareholders an external statutory auditor, duly accredited to perform the audit, and who shall undertake an external audit of the Company, and shall provide an objective assurance on the manner by which the financial statements are prepared and presented to the shareholders. The external statutory auditor shall not, at the same time, provide internal audit services to the Company. Non-audit work may be given to the external statutory auditor, provided it does not conflict with his duties as an external statutory auditor, or does not pose a threat to his independence as required under the applicable laws and regulations.

2.6 Shareholders' Rights

The Board is cognizant that it shall be transparent and fair in the conduct of the Ordinary and Extraordinary General Assembly meetings of the Company. All shareholders shall be given the right to propose the holding of meetings and suggest items for discussion in the agenda subject to compliance with the company's bylaws that relate directly to the business of the Company.

A shareholder shall be entitled to all rights attached to the share, in particular:

- obtain his/her portion of the net profits which are to be distributed in cash or through the issuance of shares;
- obtain his/her share of the Company's assets upon liquidation;
- attend the General or Special Shareholders Assemblies, take part in their deliberations and vote on their decisions;
- dispose of his/her shares in accordance with the provisions of the Companies Law, The Capital Market Law and their implementing regulations;
- enquire and request viewing the books and documents of the Company, including the data and information related to the activities of the Company and its operational and investment strategy without prejudice to the interests of the Company or breach of the Companies Law and the Capital Market Law and their implementing regulations;
- monitor the performance of the Company and the activities of the Board;
- hold Board members accountable, to file liability lawsuits against them and appeal for nullification of the resolutions of the General and Special Shareholders Assemblies in accordance with the conditions and restrictions provided in the Companies Law and the bylaws of the Company;
- pre-emptive rights to subscribe for new shares issued in exchange for cash unless otherwise specified in the Company's bylaws or when the Extraordinary General Assembly suspends the pre-emptive rights as per Article 140 of the Company's Law.
- record his/her name in the Company's shareholders register;
- request to view a copy of the Company's articles of association and bylaws unless Company publishes them on its website; and
- nominate and elect the Board members.

No shareholders will be given any preferential access to information about L'azurde that is not made publically available to the other shareholders.

Notwithstanding the above, it would be possible for L'azurde to disclose any non-public information about L'azurde to a particular shareholder or group of shareholders if there is a legitimate business purpose for such disclosure and as long as such disclosure is subject to the confidentiality and protection obligations.

2.7 Performance Assessment

The Board shall evaluate, on an annual basis, its own performance, performance of Company's Committees and of the Executive Management against the respective mandates, financial and non-financial key performance indicators (KPIs) set at the beginning of the year.

The performance assessment should be led by the Nomination and Remuneration Committee, and may consider the need for any external facilitators.

2.8 Disclosure and Transparency

The essence of corporate governance is transparency. The Board ensures that complete and accurate information is provided to the stakeholders on a timely basis. Such information may include, among others, earnings results, acquisition or disposition of assets, related party transactions, and direct and indirect remuneration of members of the Board and Management. All such information shall be disclosed in the Board's report which shall form part of the annual report of the Company.

Refer Section 15 on disclosures section for more on disclosures.

2.9 Delegation of Authority

Accountability requires a clear and hierarchical structure of delegated authority. The purpose of a delegation of an authority framework (DoA) is to ensure that the governance structures and role players act within the scope of their authority and authority limits to protect the best interests of L'azurde in compliance with the strategy.

The Board is ultimately responsible for the operation and soundness of L'azurde. However, the Board may delegate authority to one or more committees and L'azurde's Executive Management. At the operational level, the authority of conducting the ongoing operations of L'azurde must be delegated significantly to ensure smooth business operations.

The DoA, which is approved by the Board of Directors, specifies the limits of authority delegated by the Board to different committees and Executive Management. The DoA document assists with the clarification of roles and responsibilities.

The DoA requires proper channels of communications, including clear lines of reporting as between individuals performing the functions of the Executive Management and different committees.

The following principles should be applied to the DoA framework:

- Individuals are familiar with their roles and responsibilities
- Individuals possess the necessary skills and competencies to exercise delegation or instruction
- Effective performance management, feedback and reporting mechanisms are in place
- Appropriate controls are in place
- Applicable thresholds must be taken into consideration where certain responsibilities have financial implications

Delegations and instructions should be communicated to the delegate in writing and should be reviewed regularly.

Ensuring that authority, functions and duties are effectively delegated is essential to ensuring effective decision making at L'azurde. Effective decision making is the foundation of an effective governance system.

3 Board of Directors

3.1 General Principles

The responsibility of the Board is to protect and maximize the interests of the shareholders in the long term. For this purpose the Board bears the full responsibility of corporate governance, including setting up the strategy of the Company, setting up the goals of the Executive Management and overseeing the implementation to achieve such goals.

The Board has overall responsibility for the operations and the financial soundness of the Company and ensures that the interests of shareholders, creditors, employees, and other stakeholders are met. The Board ensures that the Company is managed prudently and within the framework of applicable laws and regulations and the Company's own policies.

The Board sets the Company's strategic goals, as well as oversees the Executive Management of the Company. The day-to-day operation of the Company is the responsibility of Executive Management, but the Board as a whole ensures and certifies that the Company's internal control systems are effective and that the Company's activities comply with the strategy, frameworks and policies and procedures approved by the Board and as required by law or regulation. As a critical part of these internal controls, the Board ensures that all dimensions of the Company's risk are managed properly.

The detailed roles and responsibilities of the Board are set forth in Section 4.

3.2 Chairmen of the Board

3.2.1 Chairman

One of the Board's Non-Executive / Independent members is assigned as Chairman by the Board, subject to provisions of L'azurde's bylaws.

The Chairman is responsible for providing leadership to the Board and for ensuring its efficient and objective functioning.

The Chairman's responsibilities shall include:

- Promoting a constructive relationship between the Board and the Executive Management, and between executive directors, non-executive directors and independent directors;
- Encouraging the Board members to effectively perform their duties in order to achieve the interests of the Company;
- Preparing agendas of the Board meetings, taking into consideration any matters raised by Board members or the external auditor and consult with the Board members and the Chief Executive Officer upon preparing the Board's agenda. Also ensuring that the Board agenda is focused on the Company's strategy, performance, value creation for shareholders and accountability at all levels;
- Ensuring that the Board effectively discusses all fundamental issues in due course;
- Promoting a culture that encourages constructive criticism and alternative views on certain issues under consideration, and encourages discussion and voting on these issues;
- Ensuring that the Board members obtain complete, clear, accurate and non-misleading information in due course;
- Convening periodic meetings with the Non-Executive Directors without the presence of any executive officers of the Company;

- Ensuring that L'azurde's shareholders receive adequate and timely information;
- Ensuring that there are appropriate actual communication channels with shareholders and conveying their opinions to the Board;
- Delegating tasks to individual board members and following up on their progress;
- Ensuring members disclose their business and conflict of interest in any matter discussed in the Board meeting;
- Notifying the Ordinary General Assembly while convening of the businesses and contracts in which any Board member has direct or indirect interest, the notification shall include the information provided by the member to the Board as per Article 3.3 of this manual; this notification shall be accompanied by a special report of the Company's external auditor; and
- Representing the Company before third parties in accordance with the Companies Law and Its Implementing Regulations and the L'azurde's bylaws.

3.2.2 Vice Chairman

One of the Board's Non-Executive / Independent members is assigned as Vice Chairman by the Board, subject to provisions of L'azurde's bylaws. The Vice Chairman fulfils responsibilities of the Chairman in case the latter is absent. This includes chairing any pre-scheduled meeting of the Board in absence of the Chairman.

3.3 Directors

Board Directors are appointed by the Shareholders. Each Director shall exercise his/her business judgment to act in what he/she reasonably believes is in the best interest of the Company and its shareholders.

When performing their duties, Directors shall, in particular, comply with principles of truthfulness, honesty, loyalty, and care of the interests of the Company and its shareholders. A director shall prioritize interests of the Company and its shareholders over his/her personal interests. This shall include, in particular, the following:

- **Truthfulness** - This is achieved when the relationship between the Board member and the Company is an honest professional relationship, and he/she discloses to the Company any significant information before entering into any transaction or contract with the Company or any of its affiliates.
- **Loyalty** - This is achieved when the Board member avoids transactions that may entail conflicts of interest and ensures fairness of dealing, in compliance with the provisions relating to conflicts of interest set forth in this manual.
- **Care** - This is achieved by performing the duties and responsibilities set forth in the Companies Law, the Capital Market Law and their implementing regulations, the Company's bylaws and this manual.

Directors are expected to attend Board meetings and meetings of Committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. While performing their responsibilities, Directors shall be entitled to rely on the honesty and integrity of the Executive Management and outside advisors and auditors.

Directors should offer their resignation in the event of any significant change in their personal circumstances, including a change in their principal job responsibilities, which would interfere with their ability to carry out their duties and responsibilities effectively on the Board or any of its committees.

Each Director, being a Board member, shall perform the following roles and responsibilities:

- Providing proposals to develop the strategy of the Company;

- Monitoring the performance of the Executive Management and the extent to which it has achieved the objectives and purposes of the Company;
- Reviewing reports related to the performance of the Company;
- Ensuring the integrity and impartiality of the financial statements and information of the Company;
- Ensuring that the financial control and risk management systems are sound;
- Determining the appropriate level of remunerations of the members of the Executive Management;
- Expressing opinions as to the appointment and dismissal of members of the Executive Management;
- Participating in developing the succession and replacement plans of executive positions within the Company;
- Complying fully with the provisions of the Companies Law, Capital Market Law, their implementing regulations, the relevant regulations, the bylaws and the Company's corporate governance framework when performing his/her duties as a member of the Board and abstaining from taking or participating in any action that constitute mismanagement of the Company's affairs;
- Attending the Board and the General Assembly meetings, and not being absent except for legitimate excuse of which the chairman of the Board shall be notified by prior notice (along with Board Secretary), or for emergency reasons;
- Allocating sufficient time to fulfill his/her responsibilities and preparing for the Board and its committees meetings and effectively participating therein, including raising relevant questions and carrying discussions with the Executive Management;
- Studying and analyzing all information related to the matters looked into by the Board before expressing an opinion on the same;
- Enabling other Board members to express their opinions freely, and encouraging the Board to deliberate on the subjects and obtain the views of the competent members of the Company's Executive Management and others, when necessary;
- Notifying the Board fully and immediately of any interest, either direct or indirect, in the businesses and contracts that are executed for the Company's account, the notification shall include the nature and extent of such interest, the names of concerned persons, and the expected benefit to be obtained directly or indirectly from interest whether financial or non-financial. The concerned member shall abstain from voting on any decisions issued in connection therewith in compliance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations;
- Notifying the Board fully and immediately of his/her participation, directly or indirectly, in any businesses that may compete with the Company or lead to competing with the Company, directly or indirectly, in respect of any of its activities, in compliance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations;
- Refraining from disclosing or announcing any secrets he/she came across through his/her membership in the Board to any shareholder of the Company, unless such disclosure is made during the meetings of the General Assembly, or to a third party, in pursuance with the provisions of the Companies Law, the Capital Market Law and their implementing regulations;
- Working on the basis of complete information, in good faith and with the necessary care and diligence for the interest of the Company and all shareholders;
- Recognizing his/her duties, roles and responsibilities arising from the membership;
- Developing his/her knowledge in the field of the Company's business and activities and in the related financial, commercial and industrial fields; and
- Resigning from the membership of the Board if he/she is unable to fully fulfill his/her duties in the Board.

In addition and without prejudice to the above, independent Directors of the Board shall also perform the following roles and responsibilities:

- Expressing their independent opinion in respect of strategic issues and the Company's policies and performance and appointing members of the Executive Management;
- Ensuring that the interest of the Company and its shareholders are taken into account and given priority in case of any conflicts of interest;
- Overseeing the development of the Company's Corporate Governance rules, and monitoring the implementation of the rules by the Executive Management; and
- Making every effort to attend all meetings in which important and material decisions affecting the position of the Company are made.

3.4 Formation of the Board

L'azurde's Board shall comprise of 9 members. In accordance with the Corporate Governance Regulations the Directors shall be appointed through cumulative voting.

The following standards and policies shall be adhered:

- The majority of Board members shall be non-executive
- The Board shall consist of at least 3 independent Directors.
- Any member of the Board shall not act as a Board member of more than 5 joint stock companies at the same time.
- The Chairman of the Board must be non-executive and is prohibited from holding any executive position within the Company such as the CEO, GM or Managing Director, even if the Company's bylaws provided for otherwise.
- The General Assembly shall appoint Board members for 3 years. The Chairman and the Vice-Chairman shall be elected by the Board members for three (3) years. All Board members and the Chairman and the Vice Chairman can be re-elected unless otherwise provided for in the Company's bylaws.
- In all cases, no person shall have the sole and absolute power to take decisions in the Company.
- The Company shall notify CMA of the names of the Board members and description of their memberships within five business days from the commencement date of the Board term or from the date of their appointment, whichever is shorter, as well as any changes that may affect their membership within five business days from the occurrence of such changes.
- If a Board seat becomes vacant, the Board may appoint a temporary Director, provided that such appointment shall be approved by the next Ordinary General Meeting.
- In the event the number of the Directors falls below the required quorum for a Board meeting, an Ordinary General Meeting shall be convened as soon as possible to appoint the required number of Directors.

3.5 Appointment of Independent Directors

When appointing an independent director, it should be ensured that he/she enjoys complete independence as defined below.

An Independent Director shall be able to perform his/her duties, express his/her opinions and vote on decisions objectively with no bias in order to help the Board make correct decisions that contribute to achieving the interests of the Company.

The Board shall annually evaluate the extent of the member's independence and ensure that there are no relationships or circumstances that affect or may affect his/her independence.

A Director who served more than 9 years may still continue to serve in independent capacity, if upon assessment by Nomination and Remuneration Committee, it is concluded that member exercises objective judgement and there is no interest, position, association or relationship that may impair independence.

By way of example, the following constitute an infringement of such independence:

- He/she holds a five per cent or more of the issued shares of L'azurde or is a relative of who owns such percentage.
- Being a representative of a legal person that holds a five percent or more of the issued shares of L'azurde.
- He/she is a relative of any board member of L'azurde.
- He/she is relative of any of Executive Management of L'azurde.
- He/she is an employee or used to be an employee, during the preceding two years, of L'azurde, of any party dealing with L'azurde, such as external auditors or main suppliers; or if he/she, during the preceding two years, had a controlling interest in any such party.
- He/she has a direct or indirect interest in the businesses and contracts executed for the L'azurde's account.
- If the member of the Board receives financial consideration from the L'azurde in addition to the remuneration for his/her membership of the Board or any of its committees.
- If he/she engages in a business where he competes with the L'azurde, or conducting businesses in any of the L'azurde's activities.

3.6 Qualification and Expertise of Board

Members of the Board are professionally capable, highly skilled, knowledgeable and experienced individuals and are very reasonable and transparent. They perform their duties based on high values, ethics and independence, which helps in reaching right decisions. Board members shall have the following qualifications in particular:

- **Ability to lead:** He/she shall enjoy leadership skills which enable him/her to delegate powers in order to enhance performance and apply best practices in effective management and compliance with professional ethics and values.
- **Competency:** He/she shall have the academic qualifications and proper professional and personal skills as well as an appropriate level of training and practical experience related to the current and future businesses of the Company and the knowledge of management, economics, accounting, law or governance, as well as the desire to learn and receive training.
- **Ability to guide:** He/she shall have the technical, leadership, and administrative competencies as well as the ability to take prompt decisions, and understand technical requirements and developments related to the job. He/she shall also be able to provide strategic guidance and long-term planning and have a clear future vision.
- **Financial knowledge:** He/she shall have the ability to read and understand financial statements and reports.

- **Physical fitness:** He/she shall not suffer from any health issue that may hinder him/her from performing his/her duties and responsibilities.
- **Commitment:** He/she shall be available to commit sufficient time to discharge his/her responsibilities as a Board member.
- **Ethics:** He/she shall display high moral and ethical character.
- The General Assembly shall take into account, when electing members to the Board, the recommendations of the NRC and the availability of the personal and professional capabilities required to perform their duties effectively.

3.7 Termination of a Board membership

- The bylaws of the Company shall specify the manner in which membership of the Board of Directors terminates. At all times, the General Assembly may dismiss all or any of the members of the Board of Directors even though the bylaws provide otherwise, without prejudice to the dismissed member's right for compensation if the dismissal was on an unacceptable reason or at inappropriate time. The General Assembly may also, as per a recommendation of the Board, terminate the membership of the member who missed three consecutive meetings without a legitimate excuse.
- Upon the termination of membership of a Board member by any termination method, the Company shall promptly notify the CMA and the Exchange and shall specify the reasons for such termination.
- If a member of the Board resigns and has comments on the performance of the Company, he/she shall submit a written statement explaining such comments to the Chairman of the Board and such statement shall be presented to the Board members.

3.8 Role of Board in Appointment, Succession and Development of the Company's Human Resources

The Board appoints a CEO based on his integrity, technical competence, and relevant industry experience;

The Board approves the appointment of the CEO, CFO and the Chief Internal Auditor, and ensures that they have the requisite skills; and

The Board, with respect to appointment, succession and development of the Company's employees shall ensure the following (with assistance of NRC):

- The existence of rules and regulations for management levels, grading system, performance appraisal and remuneration determination;
- The existence of career path plans, succession plan, performance management plan, for executive managers.

3.9 Planning

The Board establishes the Company's business objectives, and draws up and approves the business strategy for achieving those objectives. Through a planning process involving input from the Company's various departments, Executive Management also draws up business plans that are consistent with these strategies. The Board approves the strategy, business plans, and ensures that performance against such plans is reviewed and that corrective action is taken as needed. The Company's budgeting process is part of the short-term planning and performance measurement.

3.10 Meetings of the Board

The Board will meet regularly, as often as deemed necessary by the Directors in order to fulfil their roles and responsibilities as Directors and as dictated by the needs of the business.

The Board shall convene no less than four (4) meetings per year, and no less than one meeting every three months.

The following requirements must be adhered to with regards to Board meetings:

- The Board shall convene its meetings regularly upon a request by the Chairman or upon a written request by two of its members;
- When preparing a specified agenda to be presented to the Board, the Chairman should consult the other members of the Board and the CEO. All Board members have right to add items to the agenda;
- The invitation to the meeting shall be sent to each of the Board members no less than five days prior to the date of the meeting accompanied by its agenda and the necessary documents and information, unless circumstance require convening an emergency meeting, the invitation accompanied with the agenda and necessary documents and information may be sent within a period less than the five days;
- Meeting agenda should set out the items to be presented to the Board and the backup and supporting documents against each of the agenda items;
- A Board meeting shall be valid only if attended by the majority of the directors; if the quorum is not present within 2 hours of the time or seizes to be present at any time during the meeting, the present Directors shall adjourn the meeting to a day not earlier than 7 business days and not exceeding 30 business days from the date of such meeting;
- A Board member may attend the board meeting on behalf of another member provided that the following conditions are met:
 - He should not attend or act for more than one member;
 - A Board member acting by proxy may not vote on resolutions on which his principal is prohibited from voting under the law;
 - The proxy shall be in writing.
- Circulation of meeting agenda and documentation of meeting, including minutes of meetings should be consistent, irrespective of mode of meeting (physical or through voice or video conference);
- Once convened, the Board shall approve the agenda; should any member of the Board raise any objection to this agenda, the details of such objection shall be entered in the minutes of the Board meeting;
- Only items included in the agenda will be subjected to a decision – any items not mentioned in the agenda will be discussed by the Board. If a decision is required on any such matters it will be done through circulation or deferred to the next meeting;
- Decisions of the BOD meeting are recorded in the minutes and distributed to all members of the Board;
- The Board shall document its meetings and prepare records of the deliberations and the voting, and arrange for these records to be kept in chapters for ease of reference. If a board member expresses an opinion that differs from the Board resolution, such opinion must be recorded in detail in the minutes of the Board meeting. Additionally, if any board member has any remarks in respect of the performance of the Company or any of the matters presented and which was not resolved in the Board meeting, such remarks shall also be recorded and the procedures taken or to be taken by the Board in connection therewith must be set forth in the minutes of the Board meeting;

- Board minutes must be signed by all of the board members present at the relevant Board meeting, the Chairman and the Secretary;
- Adoption of resolutions through circulation to the Board members is allowed, unless at least one Board member requests in writing for deliberations on such a resolution. The resolutions passed through such circulations must be ratified in the subsequent Board meeting.

3.11 Meeting Attendance

Each Board member is required to attend a minimum of 75% Board meetings per year. Board members shall make every effort to be present for the meetings. Independent Directors presence is of high significance in all meetings where important and material decisions affecting the position of the Company are made. Absenteeism will never excuse any director from his/her duties to the Company.

To facilitate participation, Directors may attend in person, or via contemporary technology, provided that:

- Participation is through instant video and/or audio transmission; and
- Participation is through a live connection, which enables the member to actively and instantaneously participate in the meeting, and to listen to and follow presentations, present opinions and discuss and vote on resolutions.

Board members who are unable to attend a meeting should ensure their apology is given in advance and noted in the minutes of meeting. Attendance is also documented in the annual Board report.

If there are repeated absences on the part of a Board member, the Chairman shall separately meet with the Board member to ascertain his/her future availability and commitment. In some circumstances it may be in the Company's interest for such Board member to resign.

To facilitate the effective conduct of the meeting, the Board Chairman should ensure the following:

- A clear and appropriately detailed agenda is established and circulated to all members in advance;
- Board meetings are organized in appropriate meeting environment (including style, location, room size and seating);
- The meeting begins and ends promptly at the scheduled times.

3.12 Voting at the Meeting

All decisions taken at Board meetings shall be by a majority vote of the members present at the meeting. In the event of a tie, the Chairman shall have the casting vote.

The Board may also adopt its resolutions through circulation unless one Board member requests in writing a meeting for deliberations on such a resolution. A resolution passed via circulation would need to be signed by all Board members.

If an agenda item for the Board relates to a conflict of interest that a Director may have vis-à-vis with the Company, such Director (as an interested party) will not be eligible to participate in the discussion or cast a vote in the resolution relating to the agenda item.

3.13 Minutes of the Meeting

The Secretary minutes the proceedings of all meetings of the Board, including recording the names of those present and in attendance.

Minutes of the Board meetings shall be circulated promptly to all members of the Board as a draft and, once agreed, recirculated to all members of the Board.

Minutes of the meeting must be signed by the Secretary and each individual board member who were present in the meeting including the Chairman. Minutes can be signed in counterparts to be valid and should be held at the registered company premises.

3.14 Board Secretary

The Board shall appoint a Board Secretary ("Secretary") within or outside the Board, whose responsibilities and remunerations shall be specified by a Board resolution, unless the Company's bylaws include provisions in connection therewith.

The Secretary is responsible to work fairly and objectively with the Board, Executive Management and the shareholders.

3.14.1 Qualifications

The Board should oversee that the person appointed as Board Secretary has the necessary competence, gravitas and objectivity to effectively perform the roles and responsibilities.

3.14.2 Roles and responsibilities

Board Secretary provides secretarial services to the Board of Directors. This includes assisting with Board calendar, notices and agendas of meetings, Board packs, minutes of meetings and follow-up on resolutions and action items originated through Board meetings.

Board Secretary ensures that the Board members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.

The Board Secretary roles and responsibilities include the following:

- Managing and coordinating the preparation of Board/Committee meeting schedules and preparing visual presentations;
- Informing the members of the Board, in accordance with the bylaws and this Manual, of the Board schedules and notices of meeting in sufficient time prior to the date specified for the respective meeting, and ensuring that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval;
- Providing the Board members with the agenda of the Board meeting and related worksheets, documents and information and any additional information, related to the topics included in the agenda items, requested by any Board member;
- Attending all Board meetings, except when justifiable causes, prevent him from doing so;
- Documenting the Board meetings and preparing minutes therefor, which shall include the discussions and deliberations carried during such meetings, as well as the place, date, times on which such meetings commenced and concluded; and recording the decisions of the Board and voting results and retaining them in a special and organised register, and including the names of the attendees and any reservations they expressed (if any). Such minutes shall be signed by all of the attending members;

- Presenting the draft minutes to the Board members to provide their opinions on them before signing the same;
- Ensuring that the Board members receive, fully and promptly, a copy the minutes of the Board's meetings as well as the information and documents related to the Company;
- Retaining the reports submitted to the Board and Company's Committees and the reports prepared by it, the minutes of the meetings of the Board and its committees, as well as the other official records of the Company;
- Ensuring that the Board members comply with the procedures approved by the Board, and all Board procedures, rules and regulations are strictly followed by the members;
- Developing status report on the board decisions taken and their implementation and updating the Board. (Status report shall contain the action points, the person assigned with the responsibility to complete the task, due date of completion and status of the task);
- Coordinating among the Board members, and managing all the administrative, technical and logistics business for the affairs of the Board of Directors and the General Assembly meetings;
- Managing and developing the Board Secretariat Division;
- Work as a liaison officer with the Capital Markets Authority and other official bodies and ensure compliance with corporate governance and other related regulations;
- Assist in the modernization and implementation of the company's governance;
- Assist the NRC in preparing and implementing the induction program for incoming Board members;
- Regulating the disclosure register of the Board and Executive Management as per Article (92) of CMA CGRs;
- Providing assistance and advice to the Board members;
- Ensuring good flow of information within the Board and between the Board and the Executive Management;
- Accomplish any tasks or actions assigned by the Board of Directors; and
- Having custody of the Corporate Governance manual and ensure the manual is updated as per the directives of the Board.

The Secretary of the Board may not be dismissed except pursuant to a decision of the Board.

4 Board of Directors' Roles and Responsibilities

The Board represents all shareholders; it shall perform its duties of care and loyalty in managing the Company's affairs and undertake all actions in the general interest of the Company and develop it and maximize its value.

Without prejudice to the competences of the General Assembly as per the Companies Law and its Implementing regulations and the Company's bylaws, the Company's Board of Directors shall have the broadest powers in managing the Company and guiding its activities to achieve its objectives.

The ultimate responsibility for the company rests with the Board even if it sets up committees or delegates some of its powers to committees, individuals or other third parties. The Board of Directors shall avoid issuing general or indefinite power of attorney, and shall ensure that no person has sole and absolute power to take decisions in the Company. The responsibilities of the Board of Directors shall be clearly stated in the company's bylaws.

Without prejudice to the above para, the Board may delegate to one or more of its members or committees or a third party the performance of a specific function or functions.

Directors represent all shareholders and undertake to act in the general interests of the company and not in the interests of the group which they represent or the group which voted in favour of their appointment to the Board. The exercise of a director's decision-making authority is subject to fiduciary duties and they must avoid conflicts of interest. If a director is conflicted, he should not take part in any vote in connection with any matters to which such conflict relates and should disclose the existence of such conflict to the board of L'azurde.

Directors are prohibited from taking instructions and/or recommendations from the shareholders unless such instructions and/or recommendations are in the form of a resolution passed at a general meeting of shareholders. By a resolution, the Board can request outside advisors to provide it with recommendations on how to vote on specific issues. Such recommendations are to be made available to all the directors.

Board shall exercise its roles and responsibilities to lead the Company within a framework of effective and prudent controls that allow assessing and managing risks and limiting and mitigating their effects.

The key roles and responsibilities of the Board of Directors are as follows:

4.1.1 Strategic

- Laying down the strategies, plans, policies, and main objectives of the Company; supervising their implementation and reviewing them periodically, and ensuring that the human and financial resources required to fulfill them are available, including:
 - Setting a comprehensive strategy for the Company, key business plans and policies and mechanisms of the risk management and review and guide them;
 - Determining the most appropriate capital structure for the Company, its strategies and financial objectives, and approving all kinds of estimated budgets;
 - Overseeing the main capital expenditures of the Company and the acquisition or disposal of assets;
 - Setting performance indicators, and monitoring the implementation thereof and the overall performance of the Company;
 - Reviewing and approving the organizational and human resources structures of the Company on a periodic basis; and

- Ensuring that the financial and human resources required for achieving the objectives and main plans of the Company are available.
- Ensuring alignment of strategy and plan with existing Company resources, risks, economical and market conditions and growth;
- Evaluating the performance of Executive Management on the achievement of strategy and provide relevant feedback on their performance;
- Providing recommendations to the Extraordinary General Assembly as to what it deems appropriate regarding the following:
 - Increasing or decreasing the share capital of the Company; and
 - Dissolving the Company before the end of its term as specified in its bylaws or deciding the continuity of the Company.
- Ensuring Company's organization structure specifies the competencies and distributes the duties between the Board and the Executive Management in accordance with the best practices in Corporate Governance, and helps improve the efficiency of the Company's decision making and to achieve a balance of powers and authorities across the Board and the Executive Management. To achieve this, the Board shall:
 - Approve and develop internal policies in respect of the Company's business, including specifying the duties, roles and responsibilities assigned to the various organizational levels;
 - Approving a written and detailed policy that identifies the powers delegated to the Executive Management, a matrix stating these powers, means of implementation and the period of delegation. The Board may request the Executive Management to submit periodic reports in respect of its exercise of such delegated powers; and
 - Identifying the matters on which the Board reserves the power to decide. Internal controls.
- Approving any new business activities, joint ventures and financial investments.

4.1.2 Internal controls

- Ensuring that a sound system of internal controls (supported by ARC) is established, implemented and maintained at all levels;
- Setting rules and procedures for internal control and generally overseeing them, including:
 - Developing a written policy to remedy actual and potential conflicts of interest scenarios for each of the Board members, the Executive Management, and the shareholders. This includes misuse of the Company's assets and facilities and the mismanagement resulting from transactions with Related Parties;
 - Ensuring the integrity of the financial and accounting rules, including rules relating to the preparation of financial reports;
 - Approving the delegation of authority matrix;
 - Ensuring the implementation of appropriate control procedures for risk assessment and management by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk management at the Company level and disclosing such risks transparently to the Stakeholders and parties related to the Company ; and

- Reviewing the effectiveness of the Company's internal control procedures on an annual basis.

4.1.3 Governance

- Setting forth specific and explicit policies, standards and procedures for membership in the Board, without prejudice to the mandatory provisions of CMA CGRs, and implementing them following approval by the General Assembly;
- Establishing governance rules for the Company in accordance with the provisions of CMA CGRs, and monitoring their implementation verifying their effectiveness, and amending them as necessary. To that end, the Board shall:
 - verify that the Company is in compliance with the established rules, including compliance with Corporate Governance manual;
 - review and update the rules pursuant to statutory requirements and best practices;
 - review and develop codes of professional conduct representing the Company's values and other internal policies and procedures in order to fulfil the Company's requirements and in accordance with best practices; and
 - regularly inform the Board members of the developments in corporate governance and best practices.
- Without prejudice to the provisions of the Company's bylaws, appointing a Chairman and a Vice Chairman of the Board. The Board may also appoint a managing director of its members;
- Approving appointment of committee members, other than Audit and Risk Committee;
- Defining the roles and specifying the responsibilities of the Chairman, the Vice Chairman, and the managing director (if any) explicitly and in writing if the Company's bylaws has no reference thereto;
- Calling the General Assembly at least once a year and within six months following the end of the Company's fiscal year;
- Including additional nominees for Board membership in case of non-completion of the list of candidates recommended by Nomination and Remuneration Committee to shareholders;
- Preparing the Board report and approving it before publishing it;
- Ensuring the accuracy and integrity of the data and information which must be disclosed pursuant to the applicable policies and systems in respect of disclosure and transparency;
- Forming specialized committees of the Board pursuant to resolutions that shall specify the term, powers and responsibilities of such committees as well as the manner used by the Board to monitor such committees. Such resolutions shall also specify the names of the members and their duties, rights and obligations and shall evaluate the performance and activities of these committees and their members;
- Setting the values and standards that govern the work at the Company;
- Reviewing the performance of committees;
- Monitoring Company's corporate social responsibility initiatives and their effectiveness;
- Developing an explicit and written policy to deal with actual and potential conflicts of interest situations which may affect the performance of Board members, the Executive Management or any other employees of the Company when dealing with the Company or other Stakeholders. The policy shall be prepared in line with Chapter 6 of CMA CGRs;

- Developing an internal policy that explains the procedures of the Board activities and aims at encouraging the Board members to work effectively to fulfil their obligations towards the Company;
- Establishing policies, procedures and supervisory rules related to disclosure pursuant to the disclosure requirements provided for in the Companies Law and the Capital Market Law, as the case may be, and their implementing regulations. The policy shall be in accordance with Article 89 of CMA CGRs;
- Establishing a policy for professional conduct and ethical values at the Company, in accordance with Article 86 of CMA CGRs;
- Regulating the disclosures of each of its members and the members of the Executive Management. Such information should be available for review by L'azurde's shareholders free of charge; and
- Not disclosing to the shareholders (except in a general meeting of shareholders), or to third parties, such secrets of the company as may have come to their knowledge by reason of their directorship.

4.1.4 Financial

- Supervising the management of the Company's finances, its cash flows as well as its financial and credit relationships with third parties;
- Providing recommendation to the Ordinary General Assembly as to what it deems appropriate regarding:
 - Using the consensual reserve of the Company, if such has been formed by the Extraordinary General Assembly and has not been allocated to a specific purpose;
 - Forming additional financial allocations or reserves for the Company; and
 - The method of distributing the net profits of the Company.
- Preparing the Company's interim and annual financial statements and approving them before publishing them;
- Having one meeting in the last quarter of each year to review and approve the budgets for next year;
- Ensuring disclosures of key business / transactions and related party transactions in annual board reports for the shareholders; and
- Recommending to the shareholders the distribution of profits in accordance with the dividend policy and also any retention of profits.

4.1.5 Remuneration and Performance

- Specifying the types of remunerations granted to the Company's employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares without prejudice to the Regulatory Rules and Procedures issued by CMA pursuant to the Companies Law related to Listed Joint Stock Companies;
- Developing, based on the proposal of NRC, the necessary mechanisms to annually assess performance of the Board, its members and committees and Executive Management using key performance indicators; and
- Reviewing its own performance, performance of the committees and the Executive Management (through NRC).

4.1.6 Compliance and Stakeholders

- Setting policies and procedures to ensure the Company's compliance with the laws and regulations and the Company's obligation to disclose material information to shareholders and Stakeholders, and ensuring the compliance of the Executive Management with these policies and procedures;
- Approving establishment of policies and procedures to be followed by Stakeholders when submitting complaints or reporting any violations upon recommendation of ARC, in accordance with Article 84 of CMA CGRs; and
- Developing effective communication channels allowing shareholders to continuously and periodically review the various aspects of the Company's businesses as well as any material developments.

4.1.7 Executive Management

- Form the Executive Management of the Company, regulate its operating procedures, monitor and oversee it and ensure that it performs the duties assigned to it. To achieve this, the Board shall:
 - Developing the necessary administrative and financial policies for the Executive Management;
 - Ensuring that the Executive Management operates in accordance with the policies approved by the Board;
 - Determining the powers to be delegated to the Executive Management and the procedures for taking any action and the validity of such delegation;
 - Approving appointment of the Chief Executive Officer of the Company, and performing oversight of his/her work. It is prohibited to appoint the Chief Executive Officer, during the first year following the end of his/her service, as the chairman of the Board;
 - Approving appointment and dismissal of the Chief Internal Auditor and determining his remuneration (based on ARC recommendations);
 - Convening periodic meetings with the Executive Management to explore the work progress and any obstacles and problems in connection therewith, and review and discuss the important information in respect of the Company's business;
 - Developing standards for the performance of the Executive Management consistent with the objectives and strategy of the Company;
 - Reviewing and evaluate the performance of the Executive Management; and
 - Developing succession plans for the management of the Company.

5 Executive Management Roles and Responsibilities

Without prejudice to the roles and responsibilities entrusted to the Board pursuant to the provisions of Companies Law, and rules and regulations issued by CMA, the Executive Management shall be responsible for implementing the plans, policies, strategies and main objectives of the Company in order to achieve its purposes.

5.1 Chief Executive Officer

The Chief Executive Officer of L'azurde shall report to the Board directly and shall be responsible for:

- All Executive Management matters affecting the day to day running and business of the Company. All members of Executive Management shall report, either directly or indirectly, to him;
- Proposing and developing the Company's strategy and overall commercial objectives, in close consultation with the Board of Directors;
- Implementing (along with Executive Management) the decisions of the Board and its committees;
- Providing input to the Chairman on the Board's agenda;
- Ensuring the Board is provided with relevant accurate and clear information in a timely manner to promote effective decision-making by the Board; and
- Ensuring all material matters affecting L'azurde are brought to the Board's attention.

5.2 Executive Management

Among the roles and responsibilities of the Executive Management are the following:

- Implementing the Company's internal policies and rules approved by the Board;
- Suggesting the Company's comprehensive strategy as well as the principal and interim business plans and the policies and mechanisms for investment, financing, risk management and emergency administrative circumstances management plans and implementing them;
- Proposing the most appropriate capital structure for the Company and its strategies and financial objectives;
- Proposing the main capital expenditures of the Company and acquiring and disposing of assets;
- Proposing the organizational and human resources structures of the company and presenting them to the Board for approval;
- Implementing internal control systems and procedures, and generally overseeing them, which include:
 - Implementing the conflicts of interest policy;
 - Correctly applying the financial and accounting procedures, including the procedures relating to the preparation of financial reports;
 - Applying appropriate control systems for measuring and managing risks by generally forecasting the risks that the Company may encounter and creating an environment which is aware of the culture of risk mitigation at the Company level, and transparently disclosing them to the Company's Board and other Stakeholders;
 - Implementing the Corporate Governance rules and regulations issued by CMA, and the Company's internal framework.

- Implementing policies and procedures to ensure the Company's compliance with the laws and regulations and its obligation to disclose material information to shareholders and Stakeholders;
- Providing the Board with the information required to exercise its roles and responsibilities, and provide recommendations regarding the following:
 - Increasing or decreasing the share capital of the Company;
 - Dissolving the Company before the end of its term as specified in its bylaws or deciding the continuity of the Company;
 - Using the consensual reserve of the Company;
 - Forming additional reserves for the Company; and
 - The method for distributing the net profits of the Company.
- Providing the Board members, the Non-Executive Directors in particular, and the committees of the Company with all of the necessary information, details, documents, and records. The information provided shall be complete, clear, correct and non-misleading, in due course to enable the members to perform their duties and obligations;
- Proposing the policy and types of remunerations granted to employees, such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares;
- Preparing periodic financial and non-financial reports in respect of the progress achieved in the business of the Company in light of the strategic plans and objectives of the Company, and presenting such reports to the Board;
- Managing the daily business and activity of the Company, in addition to managing its resources in the most appropriate form in accordance with the objectives and strategies of the Company;
- Participating effectively in building and developing a culture of ethical values within the Company;
- Implementing internal control and risk management systems and ensuring that they are effective and efficient, and ensuring compliance with the level of risks approved by the Board;
- Proposing and developing internal policies related to the business of the Company, including specifying the duties, roles and responsibilities assigned to the various organizational levels;
- Proposing a clear policy to delegate tasks to the Executive Management and the method for implementing such policy; and
- Proposing the powers to be delegated to the Executive Management, the procedures for decision making and the period of delegation, provided that it shall present periodic reports to the Board in respect of its exercise of such powers.

6 Board of Directors Conflict of Interest Policy

6.1 Introduction

L'azurde is committed to conduct business in a manner that requires behaving with honesty, integrity, credibility and ethical values in its dealings with all parties such as customers, suppliers, employees, competitors, government authorities etc.

Generally, a conflict of interest may occur when the personal interest of an individual interferes in any way – or even appears to interfere with the interests of the Company as a whole.

It is important for Directors to avoid situations that may lead to conflict between their interest, and the interests of L'azurde, to enable them discharge their duties in good faith and a manner that is compliant with laws and regulations, recognizing at all times their fiduciary duty to L'azurde.

This policy shall be applicable to members of the Board of Directors, and the Company's Committees.

6.2 Situations of Conflict of Interest

A conflict situation can arise when a Director takes actions or has interests that may make it difficult to perform his/her duties objectively and effectively.

Any Director is considered to have a potential conflict of interests, when he/she has:

- an existing or potential financial or other significant interest which impairs or might appear to impair his/her judgment in carrying out his/her responsibilities towards L'azurde;
- the opportunity to influence L'azurde in granting business, administrative or other material decisions in a manner that leads to personal gain or advantage;
- a family member who receives improper personal benefit as a result of his/her position in L'azurde;
- a direct or indirect interest in an activity competing with activities of L'azurde.

Any loans to, or guarantees of obligations of, Directors and their family members may create conflicts of interest. It is almost always a conflict of interest for a Director to work simultaneously for a competitor, customer or supplier.

6.3 Avoiding Conflicts of Interest

- Directors shall perform their duties with honesty and integrity, and prioritize interests of the Company over their own interests, and not use their position to achieve personal interests. Directors shall, at all times, protect the confidentiality of information related to the Company and its activities, and not disclose any of such information to any person.
- Each Director must avoid having any interest, whether directly or indirectly, in the transactions or contracts made on account of L'azurde, except with a prior authorization from the Ordinary General Assembly, which is to be renewed annually.
- A Director shall avoid situations of conflicts of interest and notify the Board of situations of conflict which may affect his/her neutrality when looking into matters presented before the Board. The notification shall include details on the nature and extent of conflicting interest, the names of concerned persons, and the expected benefit to be obtained

directly or indirectly from conflicting interest whether financial or non-financial. The notification must be recorded in the minutes.

- The Board shall not allow a conflicted Director to be involved in deliberations and shall not count his/her vote when voting on such matters in the meetings of Board and the General Assembly. The Board Chairman shall decide whether the conflicted Director can be present in the board room during the deliberations and voting, or should leave the board room during the deliberations and voting.
- The Chairman of the Board shall notify the Ordinary General Assembly, when it convenes, of the transactions and contracts, in which any Board member has a direct or indirect interest. Such communication shall be accompanied by a special report from L'azurde's external auditor.
- Any Director shall not misuse or benefit, directly or indirectly, from any of the Company's assets, information or investment opportunities presented to the Company or to him in his/her capacity as a member of the Board. This includes investment opportunities which are within the activities of the Company, or which the Company wishes to make use of. Such prohibition shall extend to Director who resigns to, directly or indirectly, use investment opportunities that L'azurde wishes to use, which came to his/her knowledge during his/her membership in the Board.

6.4 Disclosure of Conflicts of Interest by the Nominee

A person who desires to nominate himself/herself for the membership of the Board shall disclose to the Board or the General Assembly any cases of conflicts of interest, including:

- Having direct or indirect interest in the contracts and businesses entered into for the benefit of the Company in which he/she desires to be nominated to the Board;
- Engaging in business that may compete with the Company or any of its activities.

6.5 Concept of competing business

The following shall be deemed a participation in any business that may compete with the Company or any of its activities:

- The Directors establishing a company or a sole proprietorship or the ownership of a controlling percentage of shares or stakes in a Company or any other entity engages in business activities that are similar to the activities of L'azurde.
- Accepting membership in the Board of a company, an entity that competes with L'azurde, or managing the affairs of a competing sole proprietorship or any competing company of any form.
- The Board member's acting as an overt or covert commercial agent for another company or entity competing with L'azurde.

6.6 Engaging in competing business

A Director may not take part in any business that would be competitive with that of L'azurde, or rival it in any of its activities. Otherwise, L'azurde shall have the right to claim the appropriate damages from him/her before the competent judicial authority unless a prior authorization, which is to be renewed annually, is obtained from the Ordinary General Assembly permitting him/her to do so.

Without prejudice to above, if Director desires to engage in a business that may compete with L'azurde or any of its activities, the following shall be taken into account:

- Notifying the Board of the competing businesses he/she desires to engage in and recording such notification in the minutes of the Board meeting;

- The conflicted member shall abstain from voting on the related decision in the Board meeting and General Assemblies;
- The chairman of the Board informing the Ordinary General Assembly, once convened, of the competing businesses that the member of the Board is engaged in;
- Obtaining a prior authorization of the Ordinary General Assembly of the Company for the member to engage in the competing business, provided that such authorization shall be renewed annually.

6.7 Rejecting the Renewal of Authorization

If the General Assembly rejects renewing the authorization granted to a Director to have a direct or indirect interest in any transaction or contract made on account of L'azurde, or to take part in a business that competes with L'azurde, such Director shall resign within a period specified by the General Assembly; otherwise, his/her membership in the Board shall be deemed terminated, unless he/she decides to withdraw from such transaction, contract or competing business or regularize his/her situation in accordance with the Companies Law and its Implementing Regulations prior to the end of the period set by the General Assembly.

6.8 Loans and Guarantees

No Director may obtain any sort of finance, such as cash loans from L'azurde, or obtain a guarantee from L'azurde in respect of a loan entered by the Director with third parties, excluding banks and other fiduciary companies.

6.9 Accepting Gifts

No Director may accept gifts from any person who has entered into commercial transactions with the Company if such acceptance of gifts may lead to a conflicts of interest.

6.10 Using Company Assets

Directors shall not use Company's assets and property for personal interest as it may constitute actual or potential conflict of interest. This includes exploiting Company employees, equipment or facilities for interests other than the Company's interests.

6.11 Donations

The Company shall not contribute to charitable organizations with which a Director is affiliated except by approval of the Board.

6.12 Failing to declare interests

If a Director fails to declare any direct or indirect interest he / she has in any of L'azurde's business, L'azurde or any interested party may request the underlying Director's contract's nullification before a competent judicial body, and claim any related profits the Director realized.

7 Board and Executive Management Remuneration and Indemnification

7.1 Policy Objective

This policy is set forth to provide the sufficient and reasonable remuneration to directors and Executive Management to encourage them to work efficiently. L'azurde is committed to the laws and regulations issued by MCI and CMA with regards to remuneration and compensation.

The NRC oversees remuneration policies and procedures and provides an independent view into the remuneration decisions. The NRC takes into consideration performance of the Directors and Executive Management, financial and non-financial criteria, risk and compliance reports, and any other relevant information in making decisions around remuneration.

7.2 For Directors

Remuneration may take the form of lump sum amount, attendance allowance, rights in rem or certain percentage of the profits. Any two or more of these privileges may be conjoined. The bylaws of L'azurde shall set for the manner of remunerating the Board members.

The NRC shall annually review the compensation paid to the Board against the performance, and give its recommendations to the Board regarding both the amount of compensation that can be paid and the allocation of that compensation between equity-based awards and cash awards to them for review and the Board each year presents the recommendation to the General Assembly for approval. The NRC's recommendation shall be in line with applicable laws and regulations.

In recommending directors' compensation, the NRC shall take into account any arrangements that could be viewed as indirect compensation of the director.

NRC must ensure the Remuneration received by each Board member against his/her role as member of the Board and committees formed by the Board, shall not exceed an amount of money equivalent to Five-Hundred Thousand Saudi riyals (SAR 500,000) per annum. In addition, a Board member may receive additional remuneration, which shall not be subject to the maximum limit of SAR 500,000, for undertaking any of the following responsibilities:

- membership in the Audit and Risk Committee;
- additional executive, technical, managerial or consultative duties - pursuant to a professional licence - or positions carried out by the Board member.

Each year, the Board shall review the recommendation on remuneration from NRC and present the recommendation to the General Assembly for approval. The Board must comply with the following standards when recommending Directors remuneration to the General Assembly, as per Article 2 of CMA 'Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies':

- the Remuneration must be fair and proportionate to the Director's activities carried out and responsibilities borne by the Directors, in addition to the objectives set out by the Board to be achieved during the financial year;
- the Remuneration must be based on the recommendation of the Nomination and Remuneration Committee;
- the Remuneration must be proportionate to the Company's activities and the required skills for its management;

- taking into consideration the Company's nature of business (sector), its size and scale of activities, and experience of its Directors; and
- the remuneration must be reasonably sufficient to attract and retain highly qualified and experienced Directors.

Also in addition, as per relevant articles from 'CMA Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies':

- Directors shall not vote on the agenda item relating to the Remuneration of Directors at the General Assembly's meeting;
- The Remunerations of different Directors may vary depending on the Directors' experience, expertise, duties he/she undertakes, and independence and number of Board meetings he/she attended in addition to other considerations;
- The Remuneration of independent Directors shall not be a percentage of the profits that are realized by the company, nor shall it be based directly or indirectly on the Company's profitability, as this may impair their independence;
- If the General Assembly decides to terminate the membership of any Director who fails to attend three consecutive Board meetings without a legitimate excuse, then such Director shall not be entitled to any Remuneration for the period starting from the last Board meeting he/she failed to attend, and he/she shall pay back any Remuneration he/she received for that period;
- If it is evidenced to the ARC or the CMA that the Remuneration paid to any Director was based on false or misleading information presented to the General Assembly or included in the annual Board report, the Director shall return such Remuneration to the Company, and the Company may request such Director to return such Remuneration. Repaying all Remuneration received, will not relieve the said Director from being liable for any damages incurred by the Company, the shareholders, or any related party; and
- 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 Director in exchange for any executive, technical, managerial, or advisory work or positions.

7.3 For Executive Management

The NRC shall annually review and recommend the remuneration of Executive Management to the Board, while considering the following:

- Short and long-term remuneration for Executive Management (including performance targets if any);
- Retirement benefits and arrangements for the Executive Management; and
- Any termination payments to be made to the Executive Management.

7.4 Indemnification

It is the responsibility of the directors to exercise reasonable care in carrying out their duty in a manner consistent with applicable laws, rules and regulations, the articles of association, the bylaws and resolution of the shareholder's meeting.

Directors are jointly responsible for damages to the Company, the shareholders or third parties arising from their improper administration of the affairs of the Company, or their violation of the provisions of the applicable laws or the Company's articles of association or bylaws.

Joint liability is imposed on all directors if the wrongful act arises from a resolution adopted by unanimous vote.

With respect to resolutions adopted by majority vote, dissenting directors will not be liable if they have expressly recorded their objection to the resolution in the minutes of the directors' meeting that adopted it. Absence from the meeting does not constitute cause for relief from liability unless it is established that the absent director was not aware of the resolution or was otherwise unable to object to it.

Except in cases of fraud and forgery, the Company's right to institute an action for directors' liability shall be extinguished if the regular general meeting exonerates the Board from responsibility for its administration. In all cases, such actions shall be barred after the lapse of one year from the date of such exoneration.

8 Orientation and training

8.1 Policy Objective

To enable Board and Executive Management meet their obligations, this policy recommends a proper orientation program for the newly appointed Board members and Executive Management to help them understand the Company and its business operations, and effectively discharge their duties.

8.2 Orientation of New Directors and Executive Management

All recently-appointed Directors and Executive Management must participate in an orientation program that will be administered by the NRC.

The orientation program will enable them to familiarize with L'azurde's business, progress and activities.

Board should ensure that incoming members are inducted to enable them make maximum contribution in shortest time.

Board Secretary shall be responsible to provide the following documents to all new directors:

- Brief History of L'azurde;
- Organogram;
- Corporate Governance Manual;
- Current Business Plans;
- Annual Report;
- Delegation of Authority; and
- Minutes of meeting of past Board and Board committees meetings.

8.3 Continuing Education

All Directors and Executive Management members are encouraged to attend continuing education programs, as necessary to enable them undertake their responsibilities in an effective manner.

9 Evaluation of the Board and Committee Performance

To increase the effectiveness of the Board and Company's committees, L'azurde annually evaluates the performance of its Board and Company's Committees and their members.

9.1 Performance assessment considerations

Performance assessment of Board, its members and Board Committees should be led by the NRC.

The performance of the Board and Company's Committees shall be evaluated against their respective mandates, financial and non-financial KPI's set at the beginning of the year. The KPIs are linked to the extent to which the strategic objectives of the Company have been achieved, the quality of the risk management and the efficiency of the internal control systems, among others, provided that weaknesses and strengths shall be identified and a solution shall be proposed for the same in the best interests of the Company.

The performance assessment shall entail an assessment of the skills and experiences of the Board, identification of the weaknesses and strengths of the Board and shall attempt to resolve such weaknesses using the available methods, such as nominating competent professional staff able to improve the performance of the Board. The performance assessment shall also entail the assessment of the mechanisms of the Board's activities in general.

The individual assessment of the Board members shall take into account the extent of effective participation of the member and his/her commitment to performing his/her duties and responsibilities, including attending the Board and its committees meetings and dedicating adequate time thereof.

10 Company's Committees

10.1 Introduction

The Board is responsible for the conduct of L'azurde's affairs. For greater efficiency Board Committees have been set up with formally delegated objectives, authorities, responsibilities and tenure.

L'azurde has set up the following three Committees:

- Audit and Risk Committee (ARC)
- Nomination and Remuneration Committee (NRC)
- Executive Committee (Excom)

ARC is appointed by the Ordinary General Assembly, and NRC is appointed by the Company's Board of Directors.

There is a formal and transparent process for appointment to the Company's Committees. The membership of Committees, together with summaries of their responsibilities and duties, are disclosed in the Company's Annual Report.

The Board has the power to form any number of committees it considers necessary for effective governance, oversight and operations of L'azurde.

10.2 General Principles

- All committees other than Audit and Risk Committee are appointed by the Board of Directors;
- The Audit and Risk Committee is appointed by the Ordinary General Assembly and consists of non-executive directors and at least one (1) Independent Director, whether from the shareholders or others;
- Board defines for each of the committees, its duties, duration, powers, and the manner in which the Board monitors the activities of the committee;
- Regulations for Audit and Risk Committee, and Nomination and Remuneration Committee are issued by the Ordinary General Assembly, upon recommendation of the Board:
 - Regulation of Audit and Risk Committee should include rules and procedures for the activities and duties of the committee, the rules for selecting its members, the means of their nomination, term of their membership, their remunerations, and the mechanism of appointing temporary members in case a seat in the committee becomes vacant;
 - Regulations for Nomination and Remuneration Committee issued by the Ordinary General Assembly should include their procedures, duties and rules for selecting their members, the term of their membership and their remunerations.
- The number of members in each of the Committees are between three and five;
- On appointment of a new committee or any changes subsequent to formation, the Board Secretary provides CMA with the names of the members and the types of their memberships within five (5) days;
- The Board Committees inform the Board of their findings or decisions with complete transparency. The Board regularly follows up the activities of its Committees to ensure the performance of the duties delegated to them;

- Each Board Committee is responsible before the Board for its activities, however this does not relieve the Board of its responsibility for such activities, duties and powers that it has delegated to its Committees;
- Audit and Risk Committee is responsible before the Ordinary General Assembly for performance of its roles and responsibilities, and shall prepare an Audit Committee's report, summary of which shall be read at the General Assembly;
- The Chairmen of Committees or whom they delegate of each Committee members, attend the General Assembly Meetings and answer any questions raised by the shareholders.

10.3 Membership of Committees

- Board appoints sufficient number of Non-Executive Directors to the Committees which perform duties that may involve a conflicts of interest, such as ensuring the integrity of financial and non-financial reports, reviewing Related Party transactions, nomination to membership of the Board, appointment of Senior Executives and determining the remuneration. Chairmen and members of such Committees are required to comply with principles of truthfulness, honesty, loyalty, and care as set out in Article 3.3 of this manual, and shall attend to the interests of L'azurde and its shareholders, and prioritize them over their personal interests;
- Independent Directors are considered during appointment of members to Nomination and Remuneration Committee. However, the Board may also appoint Non-Executive Directors or persons other than Board members either from shareholders or others to this Committee, provided that the Chairman is from Independent Directors;
- Chairman of the Board can be a member of Board Committees but not the Audit and Risk Committee;
- Chairman of the Board is not eligible to be a Chairman of Nomination and Remuneration Committee.

10.4 Studying Subjects

- Each Board Committee assesses the matters that fall within its authority or those referred to it by the Board, and communicates its recommendations to the Board for decision making. The Committees also take any decisions as per the delegation of authority matrix approved by the Board;
- Committees' shall have authorities as specified in their respective approved charters;
- The Committees' shall have full access to all employees, office premises, records, systems, legal consultants, etc. in order to discharge their responsibilities;
- The Committees are entitled to seek assistance from any experts or specialists, whether internal or external, within the scope of their powers. Where assistance is taken, it is included in the minutes of the Committee meeting; the minutes state the name of the expert and his relation to L'azurde or its Executive Management.

10.5 Responsibilities of Committee Chairmen

The Chairmen of the Committees are responsible for:

- Ensuring that the Committee continues to be aligned with Company's strategy and board priorities in all discussions and decisions;
- The smooth conduct of the Committee's activities;
- Proposing the agenda for each committee meeting;

- Authorizing and requesting other members of the Board, Executive Management, employees and outsiders to be present and participate at meetings of the Committee as deemed necessary and appropriate to the conduct of the Committee's work;
- Representing the Committee in Board meetings, general assembly meetings, and other forums;
- Organizing and overseeing the annual evaluation of the Committee's effectiveness;
- Preparing periodic reports of the Committee's activities as are requested by the Board and, in any case, preparing (for approval by the Committees) the Committee's annual reports to the Board and shareholders; and
- Reporting to the Board of Directors on the execution of the authorities delegated to them by the Board.

10.6 Responsibilities of Committee Secretaries

The Secretaries of the Committees are responsible for:

- Safekeeping and preservation of the integrity of the minutes of meetings.
- Informing the members of the committee, in accordance with the bylaws, of the committee schedules and notices of meetings, agenda of the meetings;
- Ensuring that the members have accurate information that will enable them to make an intelligent decision regarding the matter that require their approval;
- Developing status reports on the committee decisions taken, their implementation status and updating the committee members;
- Attending all Committee meeting, except when a justified cause prevents him/her from doing so; and
- Ensuring that all committee procedures, rules and regulations are strictly followed by the members.

10.7 Committees Meetings

- No member of the Board or the Executive Management except the secretary or a member of the committee may attend the meetings of a committee unless such committee requests his/her opinion or advice;
- Committee meetings are valid if attended by a majority of its members. Resolutions of the committees shall be issued by a majority of the votes present and, in case of a tie, the chairman of the relevant committee shall have the casting vote;
- Committee meetings shall be documented and minutes including the discussions and deliberations carried during such meetings shall be prepared. Recommendations of the committees and voting results shall be documented and retained in a special and organized register, including the names of the attendees and any reservations they expressed (if any); and
- Minutes of the committees' meetings shall be circulated promptly to all members of the committees and must be signed by the relevant secretary and all of the attending members including the Chairman.

10.8 Procedure for Calling Committee Meetings

10.8.1 Regular Meetings

The Secretary of the respective committee, on advice of the committee Chairman shall be responsible to call meetings and circulate the meeting agenda with related documentation to committee members prior to date of the committee meeting, in accordance with the respective committee charter.

10.8.2 Special Meetings

The Chairman of the respective committee can call a special meeting only as necessary to address extra ordinary situations. The Secretary shall be advised by the Chairman to inform and circulate the special meeting agenda to all members.

10.9 Relationship with other committees and the Board

The committees can consult with another committee on specific matters. The matters shall be reported to the Board.

The Board Committees regularly report to the Board and do not substitute for the Board and its' responsibilities. The committees' secretaries are responsible to provide the approved meeting minutes to the Board of Directors.

The Board monitors its committees via an annual review of the Board committee reports and recommendations. Any follow-ups on issues of considerable importance shall be facilitated through the respective Board committee chairman, where needed.

11 Monitoring and Assessment

11.1 Establishment of internal control system

The Board shall approve an internal control system for the Company in order to assess the policies and procedures relating to risk management, implementation of the provisions of this manual and Company's bylaws and compliance with the relevant laws and regulations. Such system shall ensure compliance with clear accountability standards at all executive levels in the Company, and that Related Party transactions are implemented in accordance with the relevant provisions and controls.

11.2 Implementation and monitoring of internal Control system

For purposes of implementing and monitoring the approved internal control system, the Company should have in place, internal audit and risk management departments for internal auditing and assessment and management of risks. The Company may utilize external entities to perform the roles and responsibilities of the internal audit and of risks assessments and management and internal control without prejudice to the Company's responsibility for those roles and responsibilities.

The Company's structure of internal controls shall be reviewed at least once a year by internal and external auditors. This provides support and level of assurance to:

- the Board of Directors in providing a declaration in its annual report that system of internal control is sound in design and has been effectively implemented; and
- the Audit and Risk Committee in performing its roles and responsibilities and forming its recommendations and opinion, in its annual report, on the adequacy of the internal and financial control systems and risk management systems of the Company.

The Company has set up arrangements whereby staff can confidentially raise concerns about possible irregularities, and that allow for such concerns to be independently investigated and followed up. Such arrangements are overseen and monitored by the Audit and Risk Committee.

11.2.1 Internal Audit

The internal audit function shall be composed of at least one internal auditor whose appointment is recommended by the Audit and Risk Committee. Such internal auditor shall be responsible before the Audit and Risk Committee.

The formation and operation of the internal audit function shall take into consideration the following:

- the function shall be adequately resourced and remunerated;
- ARC is responsible for organizing the internal audit function, and recommending to the Board the appointment of the Chief Internal Auditor and the terms and conditions relating to the appointment and removal;
- employees of the function shall be competent, independent and adequately trained;
- the functions, powers and responsibilities of Internal Audit should be documented within the Internal Audit Charter which should be approved by the Board and published within the Company;
- the function shall report primarily to the ARC, and shall be subordinate and accountable to it;

- the remunerations of the Chief Internal Auditor shall be determined by the a recommendation of the ARC as per Company's policies;
- the function shall be given full access to Company information, documents and staff members without any restrictions, and be given sufficient standing and authority within the Company to adequately carry out its task; and
- to promote independence, the internal audit staff shall not have operational responsibilities. Internal audit is responsible for proposing the structure and scope of the audit schedule, and any potential conflicts of interest are to be reported to the ARC.

11.2.1.1 Role of Internal Audit

Internal Audit function assesses and monitors the implementation of the internal control system, and verifies that the Company and its employees comply with the applicable laws, regulations and instructions, and the Company's policies and procedures.

While conducting risk focused audits, internal audit shall at least perform review of:

- L'azurde's financial reporting (ensuring that significant financial, managerial, and operating information are accurate, reliable, and timely); and
- Compliance with internal policies, international standards, procedures, and applicable laws and regulations

11.2.1.2 CIA to report directly to Audit and Risk Committee

Internal Audit function should report functionally to the Chairman of ARC, and ARC shall:

- Approve the overall charter of the internal audit function;
- Approve the internal audit risk assessment and related audit plan;
- Receive communications from the CIA on the results of the internal audit activities or other matters that the CIA determines are necessary, including private meetings with the CIA without management present;
- Approve all decisions regarding the appointment or removal of the CIA;
- Approve the annual compensation and salary adjustment of the CIA;
- The Audit and Risk Committee should review the performance of the CIA at least once a year;
- The CIA should meet privately with the Audit and Risk Committee or its equivalent, without management present, to reinforce the independence and nature of this reporting relationship; and
- Make appropriate inquiries of management and the CIA to determine whether there is scope or budgetary limitations that impede the ability of the internal audit function to execute its responsibilities.

11.2.1.3 Internal Audit Reports

The scope of reports shall be detailed in the Company's Internal Audit Manual.

The Company shall keep records of the audit reports and business documents, which shall clarify its accomplishments, findings and recommendations, and all actions taken in their regard.

11.2.1.4 Internal Auditor Communication

Clear communication of the internal auditor's responsibilities, the planned scope and timing of the internal audit and the expected general content of communications helps establishing the basis for effective two-way communication.

The Chief Internal Auditor ("CIA") should communicate the internal audit activity plans and resource requirements, including significant interim changes, first to Executive Management

and then to the Audit and Risk Committee for review and approval. The CIA should also communicate the impact of resource limitations.

The CIA shall submit annually to the Audit and Risk Committee for approval, a summary of the internal audit activity work schedule, staffing plan, and financial budget. The CIA shall also submit all significant interim changes for approval and information. Engagement work schedules, staffing plans, and financial budgets should inform Executive Management and the Audit and Risk Committee of the scope of internal auditing work and of any limitations placed on that scope.

The approved engagement work schedule, staffing plan, and financial budget, along with all significant interim changes, should contain sufficient information to enable the Audit and Risk Committee to ascertain whether the internal audit activities, objectives and plans support those of L'azurde and the Board.

11.2.2 External Audit

11.2.2.1 Formation and appointment of External Audit

The Company shall assign the function of auditing its annual accounts to an independent and competent external auditor who possesses the necessary expertise and qualifications to prepare an objective and independent report to the Board and the shareholders, setting out whether the Company's financial statements clearly and impartially express the financial position of the Company and its performance in the significant areas.

The Company requires the regular rotation of the external audit between auditing firms. Should this no longer be practical, then the Company will at a minimum require the regular rotation of the principal partner in charge of the external audit.

In any case, the Company shall not reappoint the external statutory auditor for more than five consecutive years. Such auditor that has been appointed for five consecutive years may be reappointed again after two years from the expiry of five-year consecutive period.

The Ordinary General Assembly shall appoint the Company's external auditor based on a recommendation from the Board, provided that the following requirements are met:

- the nomination shall be based on a recommendation from the Audit and Risk Committee;
- the external auditor shall be authorized by the Competent Authority;
- the external auditor's interests shall not conflict with the interests of the Company; and
- the number of nominees shall not be less than two.

11.2.2.2 External Auditor duties

The external auditor shall:

- owe the duties of loyalty and care to the Company;
- devote sufficient time, resources and skills to understand business processes and transactions as part of the procedures for the audit of the financial statements;
- provide timely information to the Audit and Risk Committee on critical accounting policies and practices and highlight potential issues requiring disclosures.
- meet the Audit and Risk Committee, without Executive Management present, at least once per year;

12 General Assembly

L'azurde uses its General Assembly as an opportunity to engage with its shareholders and seek their input on the management of the Company. The Company seeks to maximise shareholders' ability to participate in the General Assembly process by:

- Making Directors, Executive Management and the external statutory auditor available to shareholders at the General Assembly;
- Allowing shareholders in attendance at the General Assembly a reasonable opportunity to ask questions regarding the items of business, including questions to the external statutory auditor regarding the conduct of the audit and the preparation and content of the external statutory auditor's report; and
- Providing shareholders who are unable to attend the meeting with an opportunity to submit questions in advance of the meeting.

12.1 General Principles

Shareholders' General Assembly is competent in all of its affairs. A duly constituted General Assembly represents all shareholders in exercising their powers in respect of the Company. The General Assembly shall exercise its role in accordance with the provisions of the Companies Law and Its Implementing Regulations and the Company's bylaws.

Shareholders are encouraged to participate in General Assembly or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. Appropriate arrangements for the General Assembly shall be in place to encourage greatest number of Shareholders' participation, including inter alia determination of the appropriate place and time.

The process of L'azurde's General Assembly will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that shareholders' needs are best served.

Board members, in particular, either Chairmen of the Company's committees or their delegates, appropriate management executives and external auditors will attend General Assembly to answer Shareholders' questions.

12.2 Shareholders' Assembly

- The Ordinary General Assembly shall convene in accordance with the situations and circumstances stated in the Companies Law and Its Implementing Regulations and the Company's bylaws.
- The Ordinary General Assembly shall convene at least once per year within the six months following the end of the Company's financial year.
- The General and Special Shareholders' Assemblies shall convene upon an invitation from the Board in accordance with the situations stated in the Companies Law and Its Implementing Regulations and the Company's bylaws. The Board shall invite the Ordinary General Assembly to convene upon the request of the external auditor, the Audit and Risk Committee or a number of shareholders holding shares equal to at least (5%) of the share capital of the Company. The external auditor may invite the assembly to convene if the Board does not invite the assembly within thirty (30) days from the date of the external auditor's request.
- The date, place and agenda of the General Assembly shall be announced at least ten (10) days prior to the date thereof; the invitation shall be published on the website of the

Exchange, the Company's website and in a daily newspaper distributed in the province where the Company's head office is located. The Company may invite the General and Special Shareholders' Assemblies to convene using methods of contemporary technologies.

- The Company may amend the agenda of the General Assembly within a period between publishing the announcement referred to in paragraph / bullet (4) above (same section) and the date of convening the General Assembly meeting, provided that the Company shall announce this as prescribed in paragraph / bullet (4) above (same section).
- Shareholders shall be granted the opportunity to effectively participate and vote in the General Assembly meetings. The meetings of the General Assemblies of shareholders may be convened and shareholders may participate in their deliberations and vote on their resolutions using methods of contemporary technologies pursuant to the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.
- The Board shall work on facilitating the participation of the largest number of shareholders in the meetings of the General Assembly, including choosing the appropriate place and time of such meeting.
- The Company shall ensure recording the details of the shareholders who desire to attend at the Company's head office prior to the specified time for convening the assembly, unless the Company's bylaw state other means.

12.3 Roles and Responsibilities of Assemblies

12.3.1 Extraordinary General Assembly

The Extraordinary General Assembly shall have the following roles and responsibilities:

- amending the Company's bylaws, except for amendments which are deemed null and void pursuant to the provisions of the Companies Law;
- increasing the Company's share capital in accordance with the situations provided by the Companies Law and Its Implementing Regulations;
- decreasing the Company's share capital if it exceeds the Company's needs or in the event the Company incurs financial losses, in accordance with the situations provided by the Companies Law and Its Implementing Regulations;
- resolving to form a consensual reserve for the Company as provided for in its bylaws to be set aside for a specific purpose, and the disposal thereof;
- resolving to maintain or liquidate the Company before the end of the term specified in its bylaws;
- Approving the Company's shares buy-back;
- Issuing preferred shares or approving their buying, or converting ordinary shares into preferred shares or converting preferred shares into ordinary shares as per the Company's bylaws and the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies;
- Issuing debt instruments or financing deeds convertible into shares, and stating the maximum number of shares that may be issued against these instruments or deeds;
- Allocate Shares that are issued upon the capital increase or part of them for the employees of the Company, and its affiliates or some of them, or any of them; and
- Suspending preemptive rights of shareholders in subscribing for the capital increase in exchange for cash or giving priority to non-shareholders in cases as deemed in the interest of the Company if so is provided for in the Company's bylaws.

The Extraordinary General Assembly may issue resolutions that fall within the powers of the Ordinary General Assembly, provided that such resolutions are issued in accordance with

the issuance requirements of Ordinary General Assembly resolutions which require that the absolute majority of shares be represented at the meeting.

12.3.2 Ordinary General Assembly

Except for the roles reserved to the Extraordinary General Assembly, the Ordinary General Assembly shall have roles in all affairs of the Company, and particularly the following:

- appointing and dismissing Board members;
- permitting a Board member to have direct or indirect interest in the business and contracts that are executed for the Company's account, in compliance with the provisions of the Companies Law and Its Implementing Regulations;
- permitting a Board member to take part in any activities that may lead to competition with the Company, or competition in any of its activities, in compliance with the provisions of the Companies Law and its Implementing Regulations;
- monitoring the compliance of the Board members with the provisions of the Companies Law and Its Implementing Regulations and other relevant laws and the Company's bylaws; inspecting any damage that may occur as a result of their violation of such provisions or mismanagement of the affairs of the Company; determine the liability resulting therefrom and undertaking the procedures it deems proper in this regard pursuant to the Companies Law and Its Implementing Regulations;
- forming the Audit and Risk Committee pursuant to the provisions of the Companies Law and Its Implementing Regulations;
- approving the Company's financial statement;
- approving the Board report;
- deciding on the proposals of the Board with respect to the method of distributing the net profits;
- appointing the external auditors of the Company, specifying their remunerations, reappointing them, replacing them and approving their reports;
- looking into the violations and errors committed by the external auditors of the Company when performing their duties and any difficulties, reported by the Company's external auditors, regarding their empowerment by the Company's Board or Management to review the books, records and other documents, statements and clarifications required to perform their duties, and respond to that as it deems appropriate in this regard;
- resolving to withhold from setting aside statutory reserve when it reaches an amount equal to (30%) of the Company's paid share capital, and resolving to distribute the surplus of such percentage to the Company's shareholders in financial years where the Company does not generate net profits;
- using the Company's consensual reserve, if such has not been set aside for a specific purpose, provided that using such reserve shall be based on a proposal submitted by the Board and used in ways that benefit the Company or the shareholders;
- forming other reserves besides the statutory reserve and consensual reserve and disposal of the same;
- setting aside amounts from the Company's net profits to set up social organizations for the benefit of the Company's employees or to assist any such existing establishments in accordance with Article (129) of the Companies Law; and
- approving the sale of more than (50%) of the assets of the Company, whether in one or several transactions within a period of 12 months from the date of the first selling transaction. In case selling these assets includes what falls within the powers of the Extraordinary General Assembly, the approval of the said Assembly is required.

12.4 Participation in meetings through electronic means

As per Part 3 of CMA 'Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies', participation in shareholder meetings through electronic means is permissible as per the below:

- Contemporary technology may be used to allow the shareholders to participate in General Assembly and Special Assembly meetings and their deliberation, review agendas of such meetings and related documents, in accordance with the following rules:
 - the shareholders' participation at the General and Special Assembly must be through instant video and audio transmission;
 - the participation must be through a live connection between the Company and the shareholders, which shall enable the shareholder to actively and instantaneously participate in the General Assembly and Special Assembly, and to listen to and follow presentations, present opinions and discuss and vote on resolutions;
- Company may allow shareholders to vote on the agenda of the General and Special assembly meetings electronically, even if they did not attend those meetings, in accordance with the following rules:
 - electronic voting must allow shareholders to cast their votes, whether before or during the General Assembly and Special Assembly meeting, without the need to appoint a proxy to attend such meetings on their behalf; and
 - the electronic voting on the agenda items of any General Assembly and Special Assembly meeting commences after the date of publishing the meeting's invitation, provided that such period shall not be less than three (3) days prior to the date of the meeting. The electronic voting on any item of the meeting agenda shall stop when the discussion and the voting on the item are concluded in that General or Special Assembly.
- The provisions of participation through Contemporary Technology in General and Special Assembly Meetings shall not apply to non-shareholding Board members' participation in meetings of the General Assemblies and Special Assemblies.
- If contemporary technology is used in General Assembly or Special Assembly meetings, the Board must establish the rules and guidelines for checking the identity of the shareholder who votes electronically and participates in General Assembly and Special Assembly meetings through contemporary technology; the Board shall also verify the eligibility of each shareholder to vote on any of the meeting's agenda items.
- The attendance and votes of shareholders who participate in General Assemblies and Special Assemblies meetings by means of contemporary technology and shareholders who vote electronically are counted towards the quorum required for a validly held meeting of the General Assemblies and Special Assemblies.
- The Company may send General Assemblies and Special Assemblies meeting invitations through means of contemporary technology. This should be without prejudice to Article 91 of the Companies law, which requires:
 - Company to publish the General Assembly invitation in a daily newspaper distributed in the locality of the headquarters of the Company, at least ten (10) days prior to the date set for the assembly; and / or
 - send the invitation to all stockholders on the said date in registered letters and a copy of the invitation and the agenda shall be sent to MCI and CMA, provided that the same must be made within the term defined for the publishing.

12.5 Quorum and Adjournment of General Assemblies

12.5.1 Constituent General Assembly

- Quorum is attained by attendance of shareholders representing at least 50% of the Company's capital.
- If quorum is not attained, then a 15-day notice for a second meeting must be issued.
- The second meeting may, however, be held one hour after the lapse of the time prescribed for the first meeting, if expressly allowed in the invitation for the first meeting.
- The second meeting is valid regardless of the number of shares represented.

12.5.2 Extraordinary General Assembly

- Quorum is attained by attendance of shareholders representing at least 50% of Company's capital unless the bylaws specify a higher threshold, which in any case must not exceed two-thirds (67%) of Company's capital.
- If quorum is not attained at the first meeting, then a 10-day notice for a second meeting must be issued.
- The second meeting may, however, be held one hour after the lapse of the time prescribed for the first meeting if expressly allowed in the invitation for the first meeting.
- The second meeting is valid if attended by shareholders representing at least 25% of the Company's capital.
- If quorum is not attained at the second meeting, then a 10-day notice for a third meeting must be issued.
- The third meeting is valid regardless of the number of shares represented, provided the meeting is approved by CMA.

12.5.3 Ordinary General Assembly

- Quorum is attained by attendance of shareholders representing at least 25% of Company's capital, unless bylaws specify a higher threshold, which in any case must not exceed 50% of Company's capital.
- If quorum is not attained, then a second meeting must be held within 30 days from the date of the first meeting.
- The second meeting may, however, be held one hour after the lapse of the time prescribed for the first meeting, if expressly allowed in the invitation for the first meeting.
- The second meeting is valid regardless of the number of shares represented.

12.6 Agenda of the General Assembly

- When preparing the General Assembly's agenda, the Board shall take into consideration the matters that the shareholders wish to list; shareholders holding no less than (5%) of the Company's shares are entitled to add one or more items to the agenda upon its preparation.
- The Board shall separate each of the matters listed in the agenda of the General Assembly meeting as an independent item, and not combine significantly different matters under one item, and not combine the businesses and contracts in which Board members have a direct or indirect interest under one item, for the purpose of obtaining the shareholders' vote for the item as a whole.
- The shareholders shall be allowed through the Company's website and the Exchange's website, when the invitation for the convention of the General Assembly is published, to obtain the information related to the items of the General Assembly's agenda, particularly the reports of the Board and the external auditor, the financial statements and the Audit

and Risk Committee's Report in order to enable them to make an informed decision in this regard.

- The Company shall update this information in case the General Assembly's agenda was amended.
- CMA may add any items it deems appropriate to the agenda of the General Assembly.

12.7 Management of the Shareholders' Assembly

- The Shareholders' General Assembly meetings shall be chaired by the chairman, his deputy (if the chairman is absent) or whom is delegated by the Board of directors of its members (when the chairman and his deputy are absent).
- The chairman of the Shareholders' Assembly shall commit to grant the shareholders the opportunity to effectively participate and vote in the meetings of the General Assembly, and avoid any procedure that may preventing their attendance to the assemblies or the exercise of the voting right. Shareholders shall be informed of the rules governing such meetings and the voting procedures.
- Shareholders are entitled to discuss matters listed in the agenda of the General Assembly and raise relevant questions to the Board members and to the external auditor. The Board or the external auditor shall answer the questions raised by shareholders to the extent that does not jeopardize the Company's interest.
- Shareholders shall be granted access to the minutes of the General Assembly meeting; and the Company shall provide CMA with a copy of such minutes within (10) days of the date of any such meeting.
- A Company shall announce to the public and inform CMA and the Exchange, as per the rules prescribed by CMA, of the results of a General Assembly meeting immediately following its conclusion.
- CMA may also attend any of L'azurde's General Assembly meetings.

12.8 Rights of Shareholders

The Board will protect and facilitate the exercise of shareholders' rights to ensure fair and equitable treatment among all shareholders.

Both Board and the Executive Management are obliged to ensure that there is no discrimination among shareholders who own the same class of shares and they are treated equally. In addition, they also ensure that there is no impediment for shareholders from accessing their rights.

The Company shall also specify in its internal policies the procedures that are necessary to guarantee that all shareholders exercise their rights.

12.9 Shareholders' Rights related to shares

All shareholder shall be entitled to all rights attached to the share, in particular:

- obtain his/her portion of the net profits which are to be distributed in cash or through the issuance of shares;
- obtain his/her share of the Company's assets upon liquidation;
- attend the General or Special Shareholders Assemblies, take part in their deliberations and vote on their decisions;
- dispose of his/her shares in accordance with the provisions of the Companies Law, The Capital Market Law and their implementing regulations ;
- enquire and request viewing the books and documents of the Company, including the data and information related to the activities of the Company and its operational and

investment strategy without prejudice to the interests of the Company or breach of the Companies Law and the Capital Market Law and their implementing regulations;

- monitor the performance of the Company and the activities of the Board;
- hold Board members accountable, to file liability lawsuits against them and appeal for nullification of the resolutions of the General and Special Shareholders Assemblies in accordance with the conditions and restrictions provided in the Companies Law and the bylaws of the Company;
- preemptive rights to subscribe for new shares issued in exchange for cash unless otherwise specified in the Company's bylaws or when the Extraordinary General Assembly suspends the pre-emptive rights as per Article 140 of the Company's Law.
- record his/her name in the Company's shareholders register;
- request to view a copy of the Company's articles of association and bylaws unless Company publishes them on its website; and
- nominate and elect the Board members.

12.10 Shareholders Access to information

All information which enable shareholders to properly exercise their rights shall be made available and such information shall be complete, clear, accurate and not misleading; it must be provided at proper times and shall be updated on a regular basis.

The method used to provide information to the shareholders shall be clear and detailed and shall include a list of the Company's information that the shareholders may obtain. This information shall be made available to all shareholders of the same class.

L'azurde shall use most effective methods in communicating with shareholders and shall not discriminate among shareholders in respect of providing information.

12.11 Shareholders Voting Rights

Voting is deemed to be a fundamental right of a shareholder, which shall not, in any way, be denied. The Company must avoid taking any action which might hamper the use of the voting right; a shareholder must be afforded all possible assistance as may facilitate the exercise of such right. Following shall be followed with regards to shareholders voting rights:

- Upon calling for the General Assembly, the Company shall announce on the Exchange's website information about the nominees for the membership of the Board which shall include the nominees' experience, qualifications, skills and their previous and current jobs and memberships. The Company shall make a copy of the mentioned information available in the Company's head office and its website.
- Cumulative voting shall be used in electing the Board, in which it is not allowed to use the voting right of a single share more than once.
- Voting in the General Assembly shall be confined to the Board nominees whose information has been announced as per paragraph / bullet 1 (same section).

12.12 Distribution of Dividends

Company's bylaws shall prescribe the percentage of the net profits to be distributed to the shareholders after setting aside the statutory reserve and the other reserves.

Refer Section 13 for Dividend Policy.

13 Dividend Policy

13.1 Policy Objective

This policy is designed to ensure that the process for the determination, declaration and distribution of dividends at L'azurde is clear, transparent and is in the best interests of both the Company and its Shareholders.

Shareholders are entitled to receive their share of dividends as per the decision of the General Assembly in respect of the distribution of dividends to shareholders or the Board resolution on distributing interim dividends.

The resolution shall specify the record date and the distribution date provided that the resolution shall be executed as per the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.

13.2 Dividend Pay-out

Each year, the Board will estimate a dividend payment for the year, which will be subject to reduction or increase at the end of the year based on the Company's bylaws and certain circumstances, including changing market conditions and restrictions under applicable laws in the Kingdom (if applicable).

On an annual basis and at the end of the year, the Board will recommend to the General Assembly to distribute dividends as a percentage of capital. The Company's bylaws state that the net annual profits shall, after deduction of all general expenses, be divided as follows:

1. 10% of the annual net profits shall be set aside to form a statutory reserve. Such setting aside may be discontinued by the ordinary general meeting when the said reserve total has reached an amount equal to 30% of the share capital. of the Company's capital; If the said reserve exceeds 30% of the paid-up capital, the General Assembly may resolve to distribute the excess to the Shareholders.
2. The Ordinary General Assembly, upon a proposal by the Board of Directors, may set aside 10% of the net profits to constitute a consensual reserve to be allocated for a certain purpose or purposes. The consensual reserve may not be used for a purpose or purposes other than the purpose or purposes for which it was established without a resolution of the Extraordinary General Assembly upon a recommendation from the Board of Directors.
3. Thereafter, the remainder shall be distributed among the shareholders as a first installment equal to 5% of the paid-up capital.
4. Without prejudice to the provisions of Article (20) of the bylaws and Article (76) of the Companies Law, in addition to the above, no more than (5%) of the remaining profits shall be distributed as a bonus to the members of the Board of Directors, provided that the bonus is commensurate with the number of sessions attended by each member.
5. The remainder shall be distributed to the shareholders as an additional portion in the profits, or shall be transferred to the retained earnings, as may be determined by the ordinary general meeting based on the recommendation of the Board.

The Board of Directors may recommend the distribution of interim quarterly or semiannual profits provided that they are later endorsed by the Ordinary General Assembly. Such resolutions must be notified to CMA, and disclosed in the Exchange.

The General Assembly shall approve the dividends and the date of distribution. These dividends, whether they be in cash or bonus shares shall be given, as of right, to the shareholders who are listed in the records kept at the Securities Depository Centre (currently operated by Exchange) as they appear at the end of trading session on the day on which the General Assembly is convened.

The dividends declared by the General Assembly or the Board (for interim dividends) shall be paid by L'azurde to the respective shareholders within 15 business day from the issuance of the resolution.

Shareholders shall be entitled to their dividends within a specified period from the General Assembly's approval of the percentage of capital to be distributed as dividends. The Board of Directors shall ensure that the timeline is strictly adhered to and that the exact date of payment should be declared in advance.

14 Communication with Shareholders

The Board of the Company recognizes the importance of effective communication with shareholders of L'azurde and aims to provide shareholders with equal and timely access to information about the Company in order to enable the shareholders to exercise their rights in an informed manner and engage actively with the Company.

The purpose of this policy is to promote effective communication with shareholders by providing various channels for shareholders to access the information of the Company.

When establishing communications with shareholders:

- L'azurde shall use most effective methods in communicating with shareholders and shall not discriminate among shareholders in respect of providing information.
- Board shall ensure communication between the Company and the shareholders based on the common understanding of the strategic objectives and interests of the Company.
- Chairman of the Board and the Chief Executive Officer shall inform the remaining Board members of the opinions of the shareholders and discuss these opinions with them.

While exercising their rights, shareholders may not have directly intervene in operations of the Board or the work of the Executive Management of the Company unless he/she is a member of its Board or its management team; or unless his/her intervention is through the Ordinary General Assembly according to its powers or within the limits and situations permitted by the Board.

14.1 Shareholders' Enquiries

Shareholders who have any queries in respect of their shareholding should contact L'azurde's Board Secretary.

Board Secretary should ensure to handle all queries and complaints on priority basis, and monitor resolution of the queries and complaints. Any unresolved queries and complaints should be promptly escalated to CEO, and if required to the Board of Directors.

14.2 Corporate Communication

Corporate communication refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including, but not limited to, the directors' report and annual accounts together with a copy of the external statutory auditor's report, the interim report, notice of meeting, circular and proxy form. The Corporate communication will be:

- Provided to shareholders in both Arabic and English versions to facilitate their understanding.
- Sent to shareholders on the share registrar of the Company.

14.3 L'azurde Website and Exchange

Information released by the Company shall be immediately posted on its website and Exchange. Such information includes all information required to be disclosed, including limited financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents etc.

L'azurde's information shall be updated on a regular basis.

14.4 General Assembly Meetings

Shareholders are encouraged to participate in General Assembly or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings.

Appropriate arrangements for the General Assembly shall be in place to encourage Shareholders' participation.

The process of L'azurde's General Assembly will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that shareholders' needs are best served.

Board members, in particular, either Chairmen of the Board committees or their delegates, appropriate management executives and external statutory auditors will attend General Assembly to answer Shareholders' questions.

Refer Section 12 - General Assembly

14.5 Shareholder Privacy

The Company recognizes the importance of shareholders' privacy and will not disclose shareholders' information without their consent, unless required by to do so by applicable laws.

15 Disclosures

The Board is responsible to ensure that Annual Report presents fair and accurate information. The annual report should include the annual financial statements and a review of the financial and operating performance of the Company during the year.

Annual Report shall highlight internal control environment and procedures in place at L'azurde, as well as the initiatives taken by the directors and management in ensuring policy efficacy and application.

The Annual Report includes comments on the Company's strategy, significant projects and initiatives, and key risk related to its activities. The review shall highlight the Company's governance policies, including its compliance with corporate governance best practices.

The annual financial statements of the Company shall be prepared in accordance with the applicable accounting and financial reporting framework. Disclosures shall be made of all material matters regarding the Company, including its financial position, performance and governance.

The Audit Report shall be reviewed and approved by the Audit and Risk Committee and the Board respectively. The approved Annual Reports shall be distributed to all stakeholders.

The Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods.

15.1 Board report

In accordance with the Article 43 of the Listing Rules by CMA, the approved annual report must contain a report by Board of Directors' containing the following:

No.	Disclosures as per Listing Rules
1.	A description of the principal activities of L'azurde (including subsidiaries if any). If two or more activities are described, a statement must be included giving for each activity the turnover and contribution to trading results attributable to it;
2.	A description of L'azurde's significant plans and decisions (including any restructuring, business expansion or discontinuance of operations of the issuer), the future prospects of L'azurde's business and any risks facing it;
3.	Information relating to any risks facing L'azurde (whether it is operational, credit or market risk) and L'azurde's risk management policy and its supervision.
4.	A summary, in the form of a table or a chart, of the assets and liabilities of L'azurde and of its business results for the last five financial years or from incorporation, whichever is shorter;
5.	A geographical analysis of L'azurde's gross revenues and its subsidiaries (if any);
6.	An explanation for any material differences in the operating results of the previous year or any announced forecast made by L'azurde;
7.	An explanation for any departure from the accounting standards applicable in Kingdom of Saudi Arabia;
8.	The name of every subsidiary (if any), its share capital, L'azurde's ownership percentage in it, its main business, its principal country of operation and its country of incorporation;
9.	The particulars of the issued shares and debt instruments of every subsidiary (if any);
10.	A description of L'azurde's dividend policy;
11.	A description of any interest in a class of voting shares held by persons (other than L'azurde's directors, Executive Management and their relatives) that have notified L'azurde of their holdings pursuant to Article 45 of the Listing Rules, together with any change to such interests

	during the last financial year;
12.	A description of any interest, contractually based securities, and subscription rights of L'azurde's directors, Executive Management and their relatives in the shares or debt instruments of the issuer or any of its subsidiaries (if any), together with any change to such interest or rights during the last financial year;
13.	Information relating to any borrowings of L'azurde (whether repayable on demand or otherwise), and a statement of the aggregate indebtedness of L'azurde and its subsidiaries (if any) together with any amounts paid by L'azurde as a repayment of loans during the year. In case there are no loans outstanding for L'azurde, it must provide an appropriate statement;
14.	A description of the classes and numbers of any convertible debt instruments, any contractually based securities, warrants or similar rights issued or granted by L'azurde during the financial year, together with the consideration received by L'azurde in return;
15.	A description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by L'azurde;
16.	A description of any redemption or purchase or cancellation by L'azurde of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by L'azurde and those purchased by its subsidiaries (if any);
17.	The number of meetings of the directors held during the last financial year and the attendance record of each meeting listing names of the attendees;
18.	A description of any transaction between L'azurde and any related party;
19.	Information relating to any businesses or contract to which L'azurde is a party and in which a director of L'azurde, the CEO, the CFO or any person related to any of them is or was interested, or if there are no such businesses or contracts, L'azurde must submit an appropriate statement;
20.	A description of any arrangement or agreement under which a director or a senior executive of L'azurde has waived any salary or compensation;
21.	A description of any arrangement or agreement under which a shareholder of L'azurde has waived any rights to dividends;
22.	A statement of the value of any outstanding statutory payment on account of any zakat, taxes, fees or any other charges with a brief description and the reasons therefore; a statement as to the value of any investments made or any reserves set up for the benefit of the employees of L'azurde;
23.	Declaration that: <ol style="list-style-type: none"> a. Proper books of account have been maintained; b. The system of internal control is sound in design and has been effectively implemented; and c. There are no significant doubts concerning the issuer's ability to continue as a going concern.
24.	If any of the statements above cannot be made, the report must contain a statement clarifying the reasons therefor;
25.	Information required to be disclosed by the CGR (such requirements are given below);
26.	If the external auditor's report containing reservations on the relevant annual financial Statements is qualified, the directors report must include such qualifications, its reasons and any related information; and
27.	If the directors recommends that the external auditors should be changed before the End of the term they are appointed for, the report must contain a statement to that effect and the reasons for such recommendation.

As per CMA CGRs, the Board report shall also include the following:

No.	Disclosures as per CMA Corporate Governance Regulations
1.	Implemented and non-implemented provisions of CMA CGRs, and justifications therefor;
2.	Names, qualifications, and experience of the Board and committees members and

	Executive Management;
3.	Names of the companies inside and outside the Kingdom of Saudi Arabia in which a Board member is a member of their current or previous Board member or manager;
4.	Composition of the Board and classification of its members, as follows: Executive Directors, Non-Executive Director, or Independent Director;
5.	Procedure taken to the Board to inform its members, Non-Executive Directors in particular, of the shareholders' suggestions and remarks on L'azurde and its performance;
6.	A brief description of the roles and responsibilities of the committees, such as the audit and risk committee and the nomination and remuneration committee indicating their names, names of their chairmen, names of their members, the number of their respective meetings, dates of those meetings and the members' attendance details of each meeting;
7.	Where applicable, the means used by the Board to assess its performance, the performance of its committees and members and the external body which conducted the assessment and its relation with L'azurde, if any;
8.	Disclose the remuneration of the Board members and Executive Management as stated in Article (93) of CMA CGRs;
9.	Any punishment, penalty, precautionary procedure or preventive measure imposed on L'azurde by CMA or any other supervisory, regulatory or judiciary authority, describing the reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future;
10.	Results of the annual review of the effectiveness of the internal control procedures of L'azurde and the opinion of the audit and risk committee with respect to the adequacy of L'azurde's internal control system;
11.	The audit and risk committees recommendation on the need for appointing an internal auditor for L'azurde, if there is no internal auditor;
12.	The audit and risk committees recommendation with conflict with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditor, as well as justifications for those recommendations and reasons for disregarding them;
13.	Details of L'azurde's social contributions, if any;
14.	A list of the dates of the General Assembly meetings held during the last fiscal year and the names of the Board members who attended them;
15.	A description of the main scope of business of L'azurde and its affiliates (if any). If there are two or more, a statement showing each activity and how it affects L'azurde businesses and results shall be attached;
16.	A description of L'azurde's significant plans and decisions (including changes to the structure, expanding the company's operations or halting them) and the future expectations;
17.	Information on any risks facing L'azurde (operational, financial or market related) and the policy of managing and monitoring these risks;
18.	A summary in a form of table or graph showing L'azurde's assets, liabilities and results of the last five fiscal year or since the incorporation date, whichever is shorter;
19.	Geographical analysis of L'azurde's and its affiliates' revenues;
20.	Any material differences in the operational results compared to the preceding year's results, along with any expectations announced by L'azurde;
21.	Any inconsistency with the standards approved by the Saudi Organisations for Certified Public Accountant;
22.	Name of each affiliate company, its capital, the company's ownership percentage, the main scope of business, country of operation and country of incorporation;
23.	Details of shares and debt instruments issued for each affiliate company of L'azurde (if any);
24.	A descriptions of the dividends distribution policy;
25.	A description of any interest in a class of voting shares held by persons (other than the company's directors, Executive Management and their relatives) who have notified the company of their holdings pursuant to Article 45 of Listing Rules, together with any change to such interests during the last fiscal year;
26.	A description of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the company or its

-
- affiliates, and any change on these interest or rights during the last fiscal year;
-
27. Information on any loans (payable upon request or not), a statement of the total indebtedness of L'azurde and its affiliates, any amounts paid by L'azurde in repayments of loans during the year, the amount of the principal debts, the creditor name, the loan term and remaining amount. In case there is no debts, a declaration thereof shall be presented;
-
28. A description of the class and number of any convertible debt instruments, contractual securities, pre-emptive right or similar rights issued or granted by L'azurde during the fiscal year, as well as stating any compensation obtained by L'azurde in this regard;
-
29. A description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by L'azurde;
-
30. Description of any redemption, purchase or cancellation by L'azurde of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the company and those purchased by its affiliates;
-
31. The number of Board meetings held during the last financial year, their dates and the attendance record of each meeting listing the names of the attendees;
-
32. Numbers of L'azurde's requests of shareholders records, dates and reasons thereof;
-
33. A description of any transaction between L'azurde and any Related Party;
-
34. Information relating to any business or contract to which L'azurde is a party and in which a director of the company, a member of Executive Management or any person related to any of them is or was interested, including the names of persons in relation, the nature, conditions, durations and the amount of the business or contract. If there are no such businesses or contracts, L'azurde must submit a statement thereof;
-
35. Description of any arrangement or agreement under which a director or a member of Executive Management of the company has waived any remuneration;
-
36. A description of any arrangement or agreement under which a shareholder of L'azurde has waived any rights to dividends;
-
37. A statement of the value of any paid and outstanding statutory payment on account of any zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefor;
-
38. A statement as to the value of any investments made or any reserves set up for the benefit of the employees of L'azurde;
-
39. Declarations that:
- a. proper books of account have been maintained;
 - b. the system of internal control is sound in design and has been effectively implemented;
and
 - c. there are no significant doubts concerning L'azurde's ability to continue its activity.
-
40. If the external auditor's report contains reservations on the annual financial statements, the Board report shall highlight this mentioning the reasons and any relevant information;
-
41. If the Board recommended replacing the external auditor before the end of its term, the report shall indicate this mentioning the reasons for the replacement recommendation;
-
42. Detailed disclosure in the Board report on the remunerations granted to the Board members and Executive Management, directly or indirectly, without any omission or misleading information, and whether these were in cash or other benefits of any nature. In case they were shares of the Company, the value of the shares is the market value on the due date; (refer appended schedule (Appendix 3) on disclosing remunerations)
-
43. Explanation on the relationship between remunerations granted and applicable remuneration policy, highlighting any significant deviation from such policy;
-
44. A description of the necessary details with respect to the remunerations and compensations granted to each of the following, separately:
- a. Board members;
 - b. five Senior Executives who have received the highest remuneration from the Company, provided that the chief executive officer and chief financial officer are among them;
 - c. Members of committees.
- (refer appended schedule (Appendix 3) on disclosing remunerations)
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Also in addition, as per Article 7, 15 and 40 of CMA 'Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies', Board annual report shall additionally disclose the following:

No.	Disclosures as per CMA Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies
1.	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;
2.	Details relating to Treasury Shares retained by the Company and details on the use of these shares;
3.	Details of the portion of dividends distributed to shareholders during different periods of the financial years in addition to the portion of dividends proposed for distribution at the end of the financial year, and the aggregate dividend amounts.

15.2 Audit Committee report

In accordance with the Article 91 of CMA CGR, the audit committee report shall include details of its performance of its roles and responsibilities stated in the Companies Law and Its Implementing Regulations, provided that the report contains its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in L'azurde.

The Board shall make available sufficient copies of the audit committees' report at the Company's head office, and publish them on the Company's and the Exchange's websites when publishing the invitation to convene the General Assembly, to enable shareholders to get a copy thereof. Summary of the report shall be read at the General Assembly.

16 Code of Conduct Policy

16.1 Preamble: Purpose and Scope

As an international company with a long tradition, L'azurde enjoys an excellent reputation throughout the world. The operational framework within which L'azurde operates is described in this code of conduct, which is considered to be an integral part of L'azurde's responsibility-conscious management and lived values.

This code of conduct applies throughout the world to all employees and organizations within the L'azurde group. Accordingly, compliance with the procedures described in this code of conduct is mandatory, to help contribute to the security of L'azurde's long-term business success and guarantee at all times a consistently fair and responsible treatment of L'azurde's employees, business partners and natural environmental resources.

The essential foundation of all transactions at L'azurde is compliance with all binding statutory requirements at the national and international level, as well as compliance with voluntarily accepted obligations. All employees and organizations at L'azurde are obliged to keep well informed regarding the requirements applicable to their area of responsibility in the Company, to apply them and to obtain additional information and advice from the relevant offices in cases of doubt.

This code of conduct will be supplemented with special guidelines for particular subject areas such as, for example, the guidelines applicable throughout the world for the procurement of goods and services and the guidelines for the prevention of money laundering (Internal regulations for the fight against money laundering and the compliance of the precious metals control legislation).

16.2 Ensuring fair competition

L'azurde expects its employees to comply with the applicable laws for the protection of fair and open competition. The applicable statutory provisions generally prohibit price or term agreements with competitors, agreements with competitors for the purpose of market or customer allocation, coordinated actions with competitors with respect to prices, terms, market or customers, as well as unfair practices.

L'azurde is convinced of the quality of its products and services and the capabilities of its employees. The L'azurde group absolutely prohibits bribery of customers with money or objects of value. Employees of the L'azurde group are prohibited from demanding money or objects of value as consideration for the acceptance of products or other services, from promising them, and from accepting them. L'azurde has issued guidelines, which contain binding provisions for all employees of the L'azurde group, for the prevention of bribery in commercial transactions as well as for the procurement of goods and services (Guidelines for the procurement of goods and services).

16.3 The fight against money laundering

Compliance with the national and international provisions for the prevention of money laundering and the responsible handling of precious metals are of particular importance to the L'azurde group. L'azurde has therefore issued to all employees binding guidelines on the prevention of money laundering and the compliance with the London Bullion Market Association (LBMA) regulation, Dubai Multicommodity exchange (DMCC) regulations and

Saudi Arabian Monetary Agency (SAMA), . (Internal regulations for the fight against money laundering and compliance of the precious metals control legislation).

In continuous efforts for a rigorous compliance with the "Best Practices" regarding the commencement and development of business transactions, L'azurde pursues a risk assessed "Know your customer" business policy. In addition L'azurde initiates the dialogue with all relevant partners, amongst which also non-governmental organizations (NGO).

16.4 No illegal activities and violations of regulations by national, GCC and international organizations

The L'azurde group does not want to be abused for illegal purposes. This applies to any illegal behavior of its customers, third parties, intermediaries, employees and business partners of the L'azurde group. The employees are neither to let themselves to be entangled in their working environment into illegal procedures nor are they to tolerate illegal actions in connection with the L'azurde group. That applies in particular to the assistance for criminal tax evasion or to other fiscal delicts including tax evasion, both in the country of the company's headquarter and in other countries, in which the L'azurde group is active.

L'azurde adheres to all national, GCC and multinational laws and dispositions. All employees of the L'azurde group are obliged to adhere to all official authorization provisions, in particular to valid UN sanctions in force, foreign trade regulations, export and import embargos, as well as permission reservations by official authorities. The detailed regulations are described in the "Internal regulations for the fight against money laundering and the compliance of the precious metals control legislation", as well as the world-wide valid "Guidelines for the procurement of goods and services".

16.5 Whistleblowing

L'azurde is committed to the highest standards of conduct and requires to have strong whistle blowing policy and procedures in place and well communicated to all employees to conduct themselves at all times with honesty and integrity in carrying out the organization's work. However, sometimes malpractice and wrongdoing may occur. In order to maintain Company's high standards, it is essential that anyone working for L'azurde feels able to raise any concerns they have about the way L'azurde's activities are being conducted.

Whistle blowing is the process whereby a whistle-blower exposes misconduct, alleged dishonest or illegal activity occurring in an organization. The alleged misconduct may be classified in many ways, for example a violation of a law, rule, regulation and/or a direct threat to public interest, such as fraud, health and safety violations and corruption. Whistle blowers frequently face reprisal, sometimes at the hands of the organization or group which they have accused.

Refer to Appendix 8 for more on whistle blowing policy that is considered integral part of Code of Conduct Policy

16.6 Avoidance of Conflicts of Interest

16.6.1 Board of Directors Conflict of Interest

Members of the Board must discharge their duties in good faith, recognizing at all times their fiduciary duty to L'azurde. Directors are required to avoid conflict of interest and may not benefit at the expense of the company. All Members of the Board shall not disclose any confidential or proprietary information relating to the Company.

Refer Section 6 for more on Board of Directors Conflict of Interest

16.6.2 Employees

L'azurde expects from its employees to not exert activities or take over tasks, which go against the interests of the L'azurde group.

Secondary employment at a company of a competitor, a customer or a supplier is not permitted.

Financial investments in any companies whether quoted or not quoted in the stock market, or of a customer or a supplier are not allowed as well.

Exceptions need to be approved in writing by the management of the Company. Financial investments by close relatives are to be communicated to the management of the Company.

Favouritism for specific business partners due to private interests, in particular favouritism for family members, is prohibited. Even the appearance of favouritism due to private interests is to be avoided.

It is not permitted to make use of one's professional rank or role in order to obtain private advantages, for example sales discounts. The management may grant exceptions.

16.7 Creating and maintaining safe and fair working conditions

L'azurde accepts responsibility for its employees and attempts to create and maintain an attractive work environment for its employees.

L'azurde seeks to provide fair wages and reasonable hours of work to its employees in each country, and rejects all forms of forced labor and child labor.

Occupational safety is a high priority at L'azurde.

L'azurde expects that its employees, in particular its executives, will ensure compliance with the applicable statutory provisions for occupational safety in each case and that they will commit themselves to implementing a comprehensive occupational safety.

16.8 Prevention of discrimination

L'azurde expects its employees to respect different life outlooks, religions and cultural or country-specific characteristics when dealing with other employees of the L'azurde group, with applicants for employment, and with business partners.

L'azurde guarantees to its employees a working environment in which discrimination and sexual harassment are not tolerated.

Similarly political activities are not tolerated within the working environment, neither by L'azurde employees, nor by third parties.

The selection of applicants and business partners is exclusively based on objective and comprehensible criteria.

16.9 Environmental safety

Environmental safety has a high priority at L'azurde. L'azurde considers itself obliged to deal respectfully with the resources of nature. Compliance with applicable statutory provisions for the protection of the environment is therefore self-evident. Beyond that it is L'azurde' constant endeavor to reduce the quantity of polluting materials and to increase the efficiency of the environmental protection installations.

L'azurde expects the same compliance with applicable statutory provisions from its business partners. The choice of its business partners is therefore particularly based on these criteria.

16.10 Protection of Company assets

The commercial success of L'azurde is based on the innovative ability of its employees and the knowledge acquired over many decades. As a result, all employees of the Company are required to ensure that operational and trade secrets of the L'azurde group, as well as those of its business partners, do not become known outside of the L'azurde group. It is neither acceptable to disclose operational or trade secrets of the L'azurde group without permission, nor to use them for one's own purposes without permission.

L'azurde expects its employees to treat the assets of the L'azurde group responsibly, and to make business decisions on the basis of commercially comprehensible risk/benefit analyses. This also includes the careful verification of the integrity of the business partners of the L'azurde group.

L'azurde places great value on the integrity of its employees. It may be necessary for the Company to review the financial status and personal integrity of the employee.

All documents of L'azurde, including financial reports, research reports and accounting documents and invoices in particular, must reflect the relevant facts correctly and transparently.

Employees of L'azurde are not permitted to use business resources for personal purposes, unless such use is granted to the employees through their employment agreement or their superior allows such use. In particular it is prohibited for the employees to use L'azurde' IT-systems to view, store or dispatch pages or messages with legally forbidden contents.

16.11 Dealings with media

Transparent, dialog-oriented and consistent information for the public - including the media - strengthens the world-wide image of L'azurde. Official statements at L'azurde, in particular with respect to the media, may be made for L'azurde only by authorized employees.

16.12 Implementation and Compliance

The validity of the present code of conduct applies to all companies of the L'azurde group. The implementation and compliance of the code of conduct within the singular companies is responsibility of the single chief executive officers in loco. He makes sure that his employees are appropriately informed about the contents and the application of the code of conduct and comply with the present code.

In case of questions regarding content or interpretation of the present code of conduct the employees of the L'azurde group can contact the chief executive officer of the respective company. The latter may then again contact the Compliance-Office of the head offices for any inquiries.

Refer Company's Business Code of Conduct Policy for Implementation guidelines related to this Policy

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