



Conflict of Interest Policy

It is in the best interest of L'azurde for Jewellery (L'azurde) to be aware of and properly manage all conflicts of interest and appearances of a conflict of interest.

This conflict of interest policy is designed to help directors, officers and employees of the L'azurde identify situations that present potential conflicts of interest and to provide L'azurde with a procedure to appropriately manage conflicts in accordance with legal requirements and the goals of accountability and transparency in L'azurde's operations.

1. **Conflict of Interest Defined:** In this policy, a person with a conflict of interest is referred to as an "interested person." For purposes of this policy, the following circumstances shall be deemed to create a Conflict of Interest:
 - a. A director, officer or employee, including a board member (or family member of any of the foregoing) is a party to a contract, or involved in a transaction with L'azurde for goods or services.
 - b. A director, officer, employee or volunteer, (or a family member of any of the foregoing) has a material financial interest in a transaction between L'azurde and an entity in which the director, officer or employee, or a family member of the foregoing, is a director, officer, agent, partner, associate, employee, or other legal representative.
 - c. A director, officer or employee, (or a family member of the foregoing) is engaged in some capacity or has a material financial interest in a business or enterprise that competes with L'azurde.

Other situations may create the appearance of a conflict, or present a duality of interests in connection with a person who has influence over the activities or finances of the L'azurde. All such circumstances should be disclosed to the board or executive management or section heads, as appropriate, and a decision made as to what course of action the organization or individuals should take so that the best interests of the L'azurde are not compromised by the personal interests of stakeholders in the L'azurde.

Gifts, Gratuities and Entertainment: Accepting gifts, entertainment or other favors from individuals or entities can also result in a conflict or duality of interest when the party providing the gift/entertainment/favor does so under circumstances where it might be inferred that such action was intended to influence or possibly would influence the interested person in the performance of his or her duties. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value which are not related to any particular transaction or activity of L'azurde.

2. Definitions.

- a. A "Conflict of Interest" is any circumstance described in Part 1 of this Policy.
- b. An "Interested Person" is any person serving as an officer, employee or member of the Board of Directors of L'azurde or a major client to L'azurde or anyone else who is in a position of control over L'azurde who has a personal interest that is in conflict with the interests of L'azurde.
- c. A "Family Member or Relatives" is a spouse, parent, child or spouse of a child, brother, sister, or spouse of a brother or sister, of an interested person. (The meaning of the term "Relatives" shall be as defined in Article 1 of the Corporate Governance Regulations: Fathers, mothers, grandfathers, grandmothers (and their ancestors), children, grandchildren (and their descendants), siblings, maternal and paternal half-siblings, husbands and wives.
- d. A "Material Financial Interest" in an entity is a financial interest of any kind, which, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect an Interested Person's or Family Member's judgment with respect to transactions to which the entity is a party.
- e. A "Contract or Transaction" is any agreement or relationship involving the sale or purchase of goods or services, the providing or receipt of a loan or grant, the establishment of any other type of financial relationship. The making of a gift to L'azurde is not a Contract or Transaction.

3. Internal Procedures.

- a. Prior to the board or committee action on a Contract or Transaction involving a Conflict of Interest, a director, committee member or key manager having a Conflict of Interest and who is in attendance at the board meeting shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting. If board members are aware that sections heads or staff have a conflict of interest, relevant facts should be disclosed by the board member or by the interested person if invited to the board meeting as a guest for purposes of disclosure.

- b. A director or committee member who plans not to attend a meeting at which he has reason to believe that the board or committee will act on a matter in which the person has a Conflict of Interest shall disclose to the chair of the meeting all facts material to the Conflict of Interest. The chair shall report the disclosure at the meeting and the disclosure shall be reflected in the minutes of the meeting.
- c. A person who has a Conflict of Interest shall not participate in or be permitted to hear the board or committee's discussion of the matter except to disclose material facts and to respond to questions. Such person shall not attempt to exert his personal influence with respect to the matter, either at or outside the meeting.
- d. A person who has a Conflict of Interest with respect to a Contract or Transaction that will be voted on at a meeting shall not be counted in determining the presence of a quorum for purposes of the vote.
- e. The person having a conflict of interest may not vote on the Contract or Transaction and shall not be present in the meeting room when the vote is taken, unless the vote is by secret ballot. Such person's ineligibility to vote shall be reflected in the minutes of the meeting. For purposes of this paragraph, a member of the Board of Directors of L'azurde has a Conflict of Interest when he stands for election as an officer or for re-election as a member of the Board of Directors.
- f. A director may not have any interest, whether directly or indirectly, in the transactions or contracts concluded for the company, unless through prior authorization from the regular/ordinary general assembly, to be renewed annually.
- g. Interested Persons who are not members of the Board of Directors of L'azurde, or who have a Conflict of Interest with respect to a Contract or Transaction that is not the subject of Board or committee action, shall disclose to their supervisor, or the section head, or the Chair's designee, any Conflict of Interest that such Interested Person has with respect to a Contract or Transaction. Such disclosure shall be made as soon as the Conflict of Interest is known to the Interested Person. The Interested Person shall refrain from any action that may affect L'azurde's participation in such Contract or Transaction.
- h. In the event it is not entirely clear that a Conflict of Interest exists, the individual with the potential conflict shall disclose the circumstances to the supervisor or the head section or the Chair's designee, who shall determine whether full top management or board discussion is warranted or whether there exists a Conflict of Interest that is subject to this policy.

4. Authorization Mechanism for Business and Contracts in which a Board Member has a Direct or Indirect Interest

A. Business and Contracts that don't Require Authorisation

The businesses and contracts with the board member to meet his/her personal needs shall not be deemed as an interest that require an authorisation from the ordinary general assembly, provided that such businesses and contracts are carried out in the same conditions and settings followed by the company with all contractors and dealers, and that such businesses and contracts must be within the normal course of the Company's activities.

B. General Assembly Approval Procedures

- a) Pursuant to article No seventy one clause (1) a director may not have any interest, whether directly or indirectly, in the transactions or contracts concluded for the company, unless through prior authorization from the regular/ordinary general assembly.
- b) The chairman of the board of directors shall inform the regular/ordinary general assembly upon convening, of the transactions and contracts in which any director has a direct or indirect interest. Such notification shall be accompanied by a special report from the company's external auditor.
- c) The Ordinary General Assembly shall have the right to delegate the authorisation powers stipulated in paragraph (1) of Article 71 of the Companies Law to the company's Board of Directors, provided that the delegation is in accordance with the following conditions:
 - 1. The total amount of business or contract – or the total of the businesses and contracts during the fiscal year - is less than (1%) of the company's revenues according to the latest audited financial statements and less than 5 million Saudi Riyals.
 - 2. The business or contract falls within the normal course of the Company's business.
 - 3. The business or contract shall not include preferential terms to the Board members and shall be in accordance with the same terms and conditions followed by the company with all contractors and dealers.
- d) The business or contract shall not be part of the business and consultation contracts which a board member carries out – by a professional license – for the company in accordance with Article 3 of the Regulatory Rules and Procedures Issued Pursuant to the Companies Law Relating to Listed Joint Stock Companies.

- e) The board member shall be responsible for calculating the business, stipulated in paragraph (1) above, (in which he has an interest during the same fiscal year).
- f) The period for the delegation shall be a maximum of one year from the date of approval by the General Assembly to delegate its powers, stipulated in paragraph (1) of Article 71 of the Companies Law, to the company's Board of Directors, or until the end of the session of the delegated Board of Directors.
- g) Any member of the Board of Directors shall not be allowed to vote on the items of delegation and the revocation (in the Ordinary General Assembly).
- h) A post authorisation may be obtained from the Ordinary General Assembly on the business and contracts that are executed for the Company's account, and in which a board member has a direct or indirect interest. However, the Ordinary General Assembly's prior authorisation must be obtained at the fulfillment of any of the two following conditions in a business or contract:
 - 1. The business or contract is not within the company's normal course of business; or
 - 2. The business or contract includes preferential terms.
- i) The company may (despite the occurrence of any of the two conditions aforementioned) enter into the business or contract, provided that the business or contract are conditioned with the approval of the Ordinary General Assembly where the company will not face any impact or legal liability due to the non-approval of the ordinary general assembly of such business or contract.

C. Indirect interest

For the purposes of applying this framework, an interest shall be considered indirect if the business and contract made for the company may result in financial or non-financial benefits to, but not limited to, the following categories:

- 1. The relatives of the board member.
- 2. A partnership, limited partnership or limited liability company where any board member or any of his/her relatives is a partner in it or among its managers.
- 3. A joint stock company in which a board member or any of his/her relatives own (5%) or more of its total ordinary shares.
- 4. An entity - other than companies - in which a board member or any of his/her relatives has ownership or is managing it.
- 5. An entity or company where a board member or any of his/her relatives is a member of its Board of Directors or a senior executive.
- 6. A legal person represented by a board member.

5. Confidentiality.

Each director, officer, and employee shall exercise care not to disclose confidential information acquired in connection with disclosures of conflicts of interest or potential conflicts, which might be adverse to the interests of L'azurde. Furthermore, directors, officers and employees shall not disclose or use information relating to the business of L'azurde for their personal profit or advantage or the personal profit or advantage of their Family Member(s).

4. Review of policy.

- a. Each director, officer and employee shall be provided with and asked to review a copy of this Policy and to acknowledge in writing that he has done so.
- b. Annually each director, officer and employee shall complete a disclosure form identifying any relationships, positions or circumstances in which he is involved that he believes could contribute to a Conflict of Interest. Such relationships, positions or circumstances might include service as a director of or consultant to another L'azurde organization, or ownership of a business that might provide goods or services to L'azurde. Any such information regarding the business interests of a director, officer or employee, or a Family Member thereof, shall be treated as confidential and shall generally be made available only to the board Chairman, the Chief Executive Officer, and any committee appointed to address Conflicts of Interest, except to the extent additional disclosure is necessary in connection with the implementation of this Policy, Companies' law or any related regulations.
- c. This policy shall be reviewed annually by each member of the Board of Directors. Any changes to the policy shall be communicated to all staff.