



Conflict of Interest Policy

Kazali Holdings INC

1. Purpose

The purpose of this Conflict of Interest Policy is to protect the interests of **Kazali Holdings INC** (the "Company") when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer, director, or key employee. This policy is intended to supplement, but not replace, any applicable California state and federal laws governing conflicts of interest.

2. Definitions

- **Interested Person:** Any director, principal officer, or member of a committee with governing board-delegated powers who has a direct or indirect financial interest.
- **Financial Interest:** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
 - An ownership or investment interest in any entity with which the Company has a transaction or arrangement;
 - A compensation arrangement with the Company or with any entity or individual with which the Company has a transaction or arrangement; or
 - A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Company is negotiating a transaction or arrangement.

3. Procedures

A. Duty to Disclose

In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board-delegated powers considering the proposed transaction or arrangement.

B. Determining Whether a Conflict of Interest Exists

After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

C. Procedures for Addressing the Conflict of Interest

1. An interested person may make a presentation at the board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
2. The chairperson of the board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
3. The board or committee shall determine whether the Company can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
4. If a more advantageous transaction or arrangement is not reasonably possible, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Company's best interest, for its own benefit, and whether it is fair and reasonable.

4. California Compliance (Section 310)

In accordance with **California Corporations Code § 310**, no contract or transaction between the Company and one or more of its directors is void or voidable solely for this reason, provided that:

- The material facts as to the transaction and as to such director's interest are fully disclosed or known to the board;
- The board authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the interested director; and
- The transaction is just and reasonable as to the Company at the time it is authorized or approved.

5. Violations of the Policy

If the board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose. If, after hearing the member's response and making further investigation as warranted by the circumstances, the board or committee determines the member has failed to disclose a conflict of interest, it shall take appropriate disciplinary and corrective action.

6. Records of Proceedings

The minutes of the board and all committees with board-delegated powers shall contain:

- The names of the persons who disclosed or otherwise were found to have a financial interest.
- The nature of the financial interest.
- The board's or committee's decision as to whether a conflict of interest in fact existed.
- The names of the persons who were present for discussions and votes relating to the transaction or arrangement.

7. Annual Statements

Each director, principal officer, and member of a committee with board-delegated powers shall annually sign a statement which affirms such person:

- Has received a copy of the COI policy;
- Has read and understands the policy;
- Has agreed to comply with the policy.

To ensure **Kazali Holdings INC** maintains high ethical standards and avoids legal pitfalls such as workplace discrimination or perceived bias, the following clauses regarding vendor gifts and nepotism should be integrated into the [Conflict of Interest Policy](#).

While California law does not explicitly forbid nepotism in the [private sector](#), implementing these restrictions protects the company from potential [Title VII discrimination claims](#) and ensures decisions remain impartial.

7. Vendor Gifts and Inducements

To prevent undue influence or the [perception of a conflict of interest](#), all officers, directors, and employees must adhere to the following:

- **Prohibited Gifts:** No "Interested Person" may solicit or accept gifts, hospitality, or inducements from any current or potential vendor that could influence business decisions.
- **Nominal Value Exception:** Personnel may accept unsolicited gifts of nominal value (e.g., promotional items like pens or calendars) provided the total annual value from a single source does not exceed **\$50.00**.
- **Reporting Requirements:** Any gift offered or received that exceeds the nominal value must be reported immediately to the Board of Directors.
- **Entertainment and Travel:** Business-related meals or entertainment provided by vendors must be reasonable, infrequent, and have a clear business purpose. Lavish entertainment or vendor-paid travel for personal benefit is strictly prohibited.

8. Employment of Relatives (Anti-Nepotism)

Kazali Holdings INC is committed to a merit-based [hiring and promotion process](#). To avoid [favouritism](#) and maintain organizational morale:

- **Supervisory Restrictions:** Relatives (defined as spouses, domestic partners, parents, children, or siblings) may not be hired or promoted into a position where they would have a **direct or indirect supervisory relationship** over another relative.
- **Hiring Process:** No employee shall participate in the recruitment, interview, or selection process for a relative. All such relationships must be disclosed to Human Resources or the Board prior to an offer of employment.
- **Evaluations and Compensation:** No employee may participate in any decision regarding the performance evaluation, compensation, or promotion of a relative.

- **Post-Hiring Relationships:** If a familial or romantic relationship develops between employees in the same reporting line after hiring, the Corporation reserves the right to [reassign one individual](#) to an alternative role to eliminate the conflict. If reassignment is not feasible, one employee may be required to resign.

9. External Activities and Competition

Employees and directors must not engage in any outside activity or "side gig" with a supplier or competitor that creates divided loyalty or uses company resources for personal gain. This includes:

- Providing consulting services to a competitor.
- Holding significant financial interest in a vendor without prior disclosure and board approval.