



Business Ethics Policy

Policy Statement

The Gem Group, Inc. is committed to the highest standards of ethical conduct and integrity in its business activities. We take a zero-tolerance approach to bribery, corruption and fraud. This policy outlines the company's position on preventing and prohibiting bribery and corruption.

The company is committed to implementing effective measures to prevent and counter bribery and corruption. All employees have a responsibility to prevent, detect and report all instances of bribery.

Scope

This policy sets out the companies' commitments regarding business ethics, including bribery and corruption. It applies to all activities conducted by the company and individuals associated with it, such as employees, consultants, contractors, interns, volunteers, and others, regardless of their role or location. The policy encompasses both the direct measures undertaken by the company and the indirect consequences of our actions.

This policy covers:

- General Guidance
- Bribery, Corruption and Fraud
- Money Laundering
- Employee Guidelines
- Conflict of Interest

General Guidance

Anyone who has concerns regarding acts or potential acts of bribery should speak to their direct manager. If for any reason an employee cannot speak to the direct manager, the employee should contact the manager's manager or Human Resources.

All reports will be treated in confidence, however, concerns can be reported anonymously if preferred.

The Gem Group, Inc. expressly prohibits employees from offering, promising, giving, or requesting, agreeing to receive or receiving any financial or other advantage to another person or business with the intention of gaining an improper financial or other advantage.

The Gem Group, Inc. expressly prohibits the bribing of a public official in order to obtain or retain business or an advantage in the conduct of business.

Bribery, Corruption and Fraud

Corruption involves unethical or illegal practices by organizations or individuals, typically aimed at gaining financial benefits or unfair advantages. It can include manipulation of



decision-making processes, misuse of authority, or breaches of trust that compromise fair competition, promote personal enrichment, or preserve unjustified power. Corruption undermines transparency, fairness, and accountability, negatively affecting both the economy and society.

Forms of Corruption:

- **Bribery:** Offering or accepting undue advantages, such as money or gifts, to influence decisions. For example, bribing a government official to secure contracts or avoid penalties distorts fair competition.
- **Embezzlement:** Misappropriating funds entrusted to individuals, such as executives using company money for personal purposes. This erodes financial health and organizational trust.
- **Nepotism:** Favoring friends or relatives in hiring or awarding contracts, undermining meritocracy and reducing efficiency.
- **Fraud:** Engaging in deceitful practices, such as falsifying records or producing counterfeit goods, which can damage a company's reputation and lead to legal consequences.

Corruption can also involve external interactions, such as collusion to rig bids or unethical lobbying practices to influence policies.

What is Bribery?

Bribery is the offering, promising, giving, transferring, authorization of an exchange of; or (agreeing to) accepting, receiving, soliciting, or requesting anything of value to improperly induce, influence or to secure, obtain or retain an advantage as an inducement for an action which is illegal, unethical or a breach of trust.

Bribery can be 'direct', whereby an employee engages in bribery, or 'indirect', whereby a third party acting on behalf of the company engages in bribery. Examples of bribery include, but are not limited to, providing anything of value to:

- To another person with the intention to induce that person to perform a function or activity improperly, or to reward the person for the improper performance of a function or activity.
- Where the recipient knows or believes that accepting or requesting anything of value would be an improper performance of their function.
- Where the provider knows or believes that the recipient will conceal what has been given or offered from their employer, whereas they are required to disclose this information.

What is Fraud?

Business fraud refers to any deliberate act of deception carried out by individuals, groups, or entities with the intent of gaining an unlawful or unfair financial advantage. It involves manipulation, concealment, or distortion of facts that misleads others, often



resulting in financial or reputational damage to a company or organization. Fraud can be internal (committed by employees or executives) or external (committed by third parties such as vendors, customers, or cybercriminals).

Types of Business Fraud

Internal Fraud

- **Embezzlement:** An employee illegally takes or misappropriates funds entrusted to them, such as diverting company money to a personal account.
- **Payroll Fraud:** Falsifying work hours or creating fake employees (ghost workers) to collect unearned wages.
- **Expense Reimbursement Fraud:** Claiming false or inflated expenses.

External Fraud

- **Invoice Fraud:** Fraudsters send fake invoices hoping a company will pay them without verification.
- **Phishing and Cyber Fraud:** Criminals use emails or websites that impersonate trusted entities to steal login credentials or financial information.
- **Vendor Fraud:** A vendor might overcharge, supply substandard goods, or even collude with internal staff to manipulate contracts.

Financial Statement Fraud

- **Intentionally misreporting financial data** (e.g., inflating revenue or hiding liabilities) to mislead investors, auditors, or regulators.

Procurement Fraud

- **Bribery, kickbacks, or rigging of bidding processes** during purchasing or contracting decisions.

Corruption and Bribery

- **Offering, receiving, or soliciting something of value** to influence decisions unfairly.

What is Money Laundering?

Money laundering is the process of concealing the origins of money obtained through criminal activity, making it appear as though it came from a legitimate source. It allows criminals to enjoy the benefits of illegal activities such as drug trafficking, fraud, bribery, terrorism financing, or tax evasion without detection. This process typically involves multiple layers of financial transactions to obscure the audit trail and protect the identity of those involved.

The Three Stages of Money Laundering

Placement

- This is the initial stage where illegally obtained funds are introduced into the financial system. It often involves depositing cash into banks, using it to purchase



high-value goods, or converting it into other financial instruments such as money orders.

Layering

- In this stage, the money is moved around through a complex series of transactions designed to make tracing its origin more difficult. This can include international transfers, conversion to cryptocurrencies, the use of shell companies, or investing in real estate and luxury assets.

Integration

- At this stage, the laundered money is reintroduced into the legitimate economy and appears to come from a clean source. The criminal can now use the funds for personal or business purposes without raising suspicion.

Examples of Money Laundering

- Structuring (smurfing): Breaking large sums of money into smaller deposits to avoid reporting thresholds.
- Use of shell or offshore companies to hide ownership and obscure the source of funds.
- Purchasing luxury items such as cars, jewelry, or property with illegal funds and reselling them to legitimize the income.
- Creating fake invoices and business transactions to justify the movement of illicit money.
- Online gambling or cryptocurrency exchanges to convert dirty money into clean funds.

Conflict of Interest

Employees, contractors, and stakeholders must take all necessary steps to avoid any activities, relationships, or situations that create, or could be perceived to create, a conflict between their personal interests and the interests of the company. A conflict of interest arises when an individual's personal, financial, or professional relationships and activities compromise, or have the potential to compromise, their ability to act in the best interests of the organization. Even the appearance of a conflict can damage trust, create ethical concerns, and undermine the integrity of decision-making processes.

Examples of conflicts of interest include, but are not limited to:

- Holding a financial stake, direct or indirect, in a competitor, supplier, or client, which could influence business decisions.
- Using company assets, resources, or confidential information for personal gain or unauthorized purposes.
- Engaging in secondary employment, consultancy work, or personal business ventures that compete with or detract from duties to the organization.



- Accepting gifts, hospitality, favors, or incentives from suppliers, clients, or other third parties that could improperly influence professional judgement or create an obligation.

Employee Obligations and Guidelines

Non-compliance may be subject to disciplinary action, up to and including termination of employment. Depending on the violation, employees may also be subject to national disciplinary laws, as well as international civil and criminal investigations.

All employees and third parties acting on behalf of the company are responsible for speaking up whenever they have identified any potential or actual breach of this Policy. These concerns must be raised, escalated and/or reported internally to management or higher.

Employees, including third parties acting for and on behalf of the company, are encouraged to use the whistle blower reporting channels in good faith and without fear of any adverse consequences if they are unable or feel uncomfortable using the standard reporting channels.

Disciplinary Action

- Employees are prohibited from offering, promising, or approving any payment to government officials or private entities to gain improper business advantages or influence.
- It is prohibited to obtain ill-gotten gains or advantages from private entities through improper means.
- Employees must obtain prior approval from the Company before offering any item of value to government officials or private entities.
- Provision of travel, gifts, cash, or meals in exchange for ill gains is strictly prohibited.
- Use of donations to gain undue advantages or influence any person is not permitted.
- Charitable gestures or donations must be sanctioned through the proper procedure.
- When promoting or demonstrating Company products/services, funds may be used but must not influence the normal functioning of any official.
- Senior leadership team approval is required before appropriating promotional or demonstration funds.
- Employment of government officials, private sector employees, or their relatives to gain undue benefits is prohibited.
- If such employment is necessary, prior approval from the Company's legal counsel is required.
- Political contributions made to influence government officials are strictly prohibited.



- All political contributions must go through a separate, designated policy and proper channel.
- Third parties associated with the Company are strictly prohibited from engaging in corrupt practices on behalf of the Company.
- All payments to third parties must be:
 - Properly recorded
 - Supported by evidence
 - Documented if the third party interacts with government officials.
- Third parties must perform due diligence before engaging with government officials on the Company's behalf.
- The Gem Group, Inc. may conduct periodic audits to ensure compliance with this policy.
- All employees, directors, officers, and stakeholders are required to cooperate with audit processes.
- Any violations of this policy must be reported to the Company's legal team.
- Failure to report a violation is itself a breach of the policy and may result in disciplinary action.

Responsibilities

Employees

- Act with integrity, honesty and professionalism in all business activities and comply with the Business Ethics Policy at all times.
- Avoid bribery, corruption, conflicts of interest, facilitation payments or any unethical conduct.
- Use company resources responsibly and protect confidential information.
- Report ethical concerns, suspected misconduct or breaches of the policy through appropriate reporting channels without fear of retaliation.

Managers

- Promote ethical behavior and lead by example, reinforcing integrity and responsible decision making within their teams.
- Ensure employees understand ethical expectations, policies and reporting mechanisms.
- Identify and escalate ethical risks, conflicts of interest or potential compliance issues.
- Support investigations, corrective actions and continuous improvement following incidents or breaches.

Quality Compliance & Sustainability Manager

- Develop, maintain and monitor the Business Ethics Policy and associated procedures.
- Conduct risk assessments related to bribery, corruption, conflicts of interest and ethical conduct.
- Monitor compliance through audits, reporting mechanisms and performance tracking.



- Deliver training and awareness initiatives to strengthen ethical culture and ensure alignment with legal and regulatory requirements.

Executive Leadership Team

- Provide strategic leadership and accountability for ethical governance and compliance across the organization.
- Ensure adequate resources and controls are in place to prevent unethical behavior.
- Review ethical risks, incidents and performance data to drive continuous improvement.
- Promote transparency, accountability and ethical business practices across operations and the supply chain.

Policy Aims and Commitments

Below are some examples of what The Gem Group, Inc. is already doing and is committed to doing.

To achieve our Anti-Corruption and bribery aims the company will:

- Foster a culture of transparency and accountability where employees feel confident reporting unethical practices.
- Commit to conduct regular workshops, webinars, and communications to reinforce anti-corruption policies and expectations.
- Enhance systems and processes for identifying and mitigating potential bribery and corruption risks.
- Commit to engage with industry bodies and stakeholders to share best practices and improve collective anti-corruption efforts.
- Commit to promoting ethical business practices through robust compliance measures; employee training on business ethics, including corruption and information security; and a zero-tolerance approach to unethical behavior.

Targets for 2026

- We aim to have 100% of employees trained in business ethics and anti-bribery policies, including corruption, bribery and information management.
- We aim to have zero substantiated cases of business ethics issues.

Review

This policy shall be reviewed at least on an annual basis, and otherwise as necessary to reflect changes in relevant legislation. Senior Management is ultimately responsible and will oversee the effectiveness of this policy, including the targets, aims and goals for the business and ensuring they are achieved.