



CODE
OF
ETHICS 2011





MESSAGE
FROM
THE
CHAIRMAN

Dear Member,

The Gem & Jewellery Export Promotion Council (GJEPC) introduced a formal system of self-discipline amongst its members in the Indian Gem & Jewellery Industry in the year 1985, by introducing a Code of Ethics (Old Code). The old Code then aimed at maintaining the highest possible standards and transparency in gems & jewellery trade and the prevalent trade practices based on the scenario at that time which also endeavoured to create a mechanism for settlement of trade disputes amongst the members inter se and customers as well.

The industry over the years has inherited the culture of self regulation and maintained a strong foundation of trust, moral values and business ethics. However, the quantum growth of our business and global operations, which involves innumerable players, has now necessitated building a stronger mechanism to ensure transparency and increased trustworthiness amongst all stakeholders.

In view of these ever-changing business dynamics, GJEPC revised the existing set of guidelines and has introduced with effect from June 1, 2011, the amended set of Code of Ethics for all members of the Council which :

(i) Is pertinent and in sync with the global requirements of transparency of the business that we perform.

(ii) Mandates for the compliance of Anti Money Laundering norms and the Kimberley Process

The members are required to observe the Code while dealing with their Customers, Suppliers, other Members and third parties. I urge all members of the trade to comply with the Code in letter and spirit to ensure fair trade practices amongst all.

GJEPC is committed to making India the ultimate source and destination for Quality Gems & Jewellery and facilitate ethical business growth of each of its members.

I look forward to your commitment and support towards ensuring Ethical business practices in the Gem & Jewellery trade. Your actions in adopting the Code will contribute to the image makeover of the industry which is very much needed by all of us and will serve as an example for the world to follow.

Best Wishes,

Rajiv Jain

FOR THE MEMBERS OF THE GEM & JEWELLERY EXPORT
PROMOTION COUNCIL

The Gem & Jewellery Export Promotion Council (“GJEPC”) introduced a formal system of self-discipline in the Gem & Jewellery Industry in the year 1985. This was formulated mainly in line with Para 3 (V) (xix) of Memorandum of Association of GJEPC as then in force. The Code aimed at maintaining the highest possible standards in export trade and trade practices prevalent, for fostering an abiding relationship between its members and their customers / suppliers, for creating public confidence in and for creating goodwill towards the trade and industry, which would also help to project a better image of the trade to the world at large.

The world has gone through very troubled times in the recent past. Unbridled growth and development in the financial markets have shaped new challenges and complexity to be addressed by the industry. While the Industry has inherited the culture of self regulation and perpetuated strong foundation of trust and moral values leading to long lasting business ethics over the years, however, growth of business and global operations involving many players in the industry, necessitates to build strong mechanism to enforce these values so that there is transparency and an increasing trustworthiness amongst all the concerned. In line with this ground reality, it is imperative to have firm commitment to integrate ethical, human rights, social and environmental considerations into our day - to - day operation, business planning and decision making process.

With a view to incorporate these new dimensions, it has become necessary to review the existing Code of Ethics. The provisions contained in this amended Code of Ethics are supplementary to and are not in contraventions of any relevant legislations, Codes, Guidelines, Rules or any laws applicable to the Industry and Members.

This amended Code is issued by GJEPC for trade practices to be followed by its trade members (hereinafter referred to as “Members”) carrying out trade / business in the gem & jewellery industry (hereinafter sometimes referred to as “the Industry”). The Members are required to observe the Code while dealing with their Customers, Suppliers, other Members and third Parties (i.e., other than those referred above).

However, the principle of the Code will apply to overall relationship between the

- (a) Trade Members themselves;
- (b) Trade Members and their Customers;
- (c) Trade Members and third Parties (not being those mentioned above.)

The recommendations set out in the Code are supplementary to and do not supplant to any relevant legislation, codes, guideline, rules or any laws applicable to Industry and Members. GJEPC mandates its respective Members to comply with the Code in high spirits and observance/compliance thereof shall be monitored by a Committee to be constituted at GJEPC by the Committee of Administration (sometimes hereinafter referred to as “COA”).

The Code becomes effective from 1st June 2011 and would also be subject to review/revision from time to time; at least once in every two years.

The main object of GJEPC as set out in Clause 3(a) of the Memorandum of Association of GJEPC provides as follows:-

- 3 (a) The main object for which the GJEPC is established and which shall extend to every country in the world are to support, protect, maintain, increase and promote the exports of gem and jewellery including pearls, colored gemstones, diamonds, synthetic stones, costume (fashion) jewellery, gold and other precious metal jewellery and articles thereof by such methods as may be necessary or expedient;



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Certain other objects ancillary to the attainment of the main object, set out at Clauses 3(b)(xiv), 3(b)(xv) and 3(b)(xix) provide as follows:-

- 3 (b)(xiv) To enquire and investigate into complaints received from foreign importers or Indian exporters in respect of quality, description or any other particulars of gems and jewellery exported or non performance or non observance of terms and conditions of contract relating to such exports or other connected matters and advising the manufacturers or exporters of gems and jewellery regarding the methods to be adopted to obviate such complaints of a similar nature in future;
- 3 (b)(xv) To make such recommendations as may be necessary or expedient to Govt. and Public bodies like Chambers of Commerce where the GJEPC, on an investigation of a complaint received by it, is satisfied about its genuineness and that the same has been caused by the wilful or negligent act or acts of the manufacturer or exporter of gems and jewellery as case may be;
- 3 (b)(xix) To enunciate just and equitable principles to govern the trade in gems and jewellery and to set up a code or codes of practices for the general guidance of manufacturers, traders and exporters of aforesaid goods and further to simplify transactions relating to exports of said goods.

Now, pursuant to the above Objects with which GJEPC was formed and incorporated, the Code is hereby revised and formulated:

1. OBJECTIVES

1.1 The Code primarily intends:

- (i) TO ENSURE fair business relationship between:
 - a. Members “inter-se”;
 - b. Members and their Customers; and
 - c. Members and third parties, (other than those mentioned herein above), including the banks/ companies institutions which provide credit facilities and such other services as required by the Members, for smooth functioning of its trade / business.
- (ii) To maintain reputation, standing and the good name of the export trade of India;
- (iii) To promote good trade / business practices by setting out the minimum standards which Members will follow in their dealings with other Members, customers, suppliers, banks, insurance companies, etc.;
- (iv) To foster customers’ (national / international), suppliers’, bankers’ and such other companies’ / institutions’ (which provide services & facilities to the Industry for trade purposes) confidence in the Industry.
- (v) To inculcate self-discipline amongst Members with a view to promoting professional ethics and good business practices in respect of gem & jewellery trade, including Know Your Customer norms; Antimoney Laundering measures; and Combating of Financing of Terrorism measures (collectively hereinafter sometimes referred to as KYC/AML/CFT guidelines);

2. CONDUCT OF MEMBERS AND GUIDELINES THEREOF

For purpose of the Code and its Objectives, this section is divided into several parts as under:

2.1 General Guidelines:

- 2.1.1 The Members shall abide by the directives of GJEPC issued from time to time and uphold the objectives of GJEPC. They shall also be careful to maintain the high standards of morality and dignity and fair practices expected of the Members of GJEPC;
- 2.1.2 The Members shall undertake to improve the image of the trade and to promote goodwill and harmony amongst themselves for the general good of all engaged in the business of exports of gem & jewellery items;
- 2.1.3 To be bound by the terms of this Code and to work for the achievement of the objects and aims as enumerated in this Code of Ethics;
- 2.1.4 The Members shall not engage itself, directly or indirectly, in any manner whatsoever, in any unfair trade practices which is expressly or impliedly prohibited at law;
- 2.1.5 The Members shall meet all its financial obligations on timely basis;

2.1.6 **Conflict of Interest:** Each Member of GJEPC and every member of the COA should avoid any conflict of interests with that of GJEPC. A 'conflict of interest' exists where the interests or benefits of one person or entity conflict with the interests or benefits of GJEPC. The Members and the members of the COA must avoid situations involving actual or potential conflict of interest. Conflict of interest may also arise when a Council Member or a member of the COA or members of his or her family, or an organization with the Member or COA member is affiliated, receives improper benefits as a result of the Member's position. Any situation that involves or may involve a conflict of interest must be promptly disclosed.

No transaction, which involves an actual or potential conflict of interest, should be undertaken by any member from COA without prior approval of the COA in its duly convened meeting and in case of Members, without the approval of GJEPC. The disclosure made and or the approval granted should be taken note of by the Audit & Finance Sub-committee and COA;

2.1.7 **Fair Dealings:** Each Member of GJEPC and member of the COA should endeavor to deal fairly with the GJEPC Members and Staff. No Member or member of the COA should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice;

2.1.8 **Professional Opportunity:** The GJEPC Members and the members of the COA shall not exploit for their own personal gain, opportunities that are discovered through the use of GJEPC's property, information or position unless the opportunity is disclosed fully in writing to GJEPC and GJEPC permits to pursue such opportunity:



The Members and the members of the CoA are specifically prohibited from :

- (a) taking for themselves personally any opportunity that properly belongs to GJEPC or is discovered through the use of GJEPC's property, information, name or position
- (b) using GJEPC's property, information, name or position for personal gain; and
- (c) competing with GJEPC in any manner directly or indirectly

If a Member or a member of the COA reasonably believes or has a reason to believe that a contemplated transaction /dealing might be GJEPC opportunity or a competitive transaction, the Member or member of the COA should make full disclosure to GJEPC through the appropriate channel and seek its prior authorisation to pursue such transaction;

- 2.1.9 **Confidentiality:** GJEPC's confidential information is a valuable asset. GJEPC's confidential information includes information about members, employees, Council discussions, decisions, future plans, proposals and list of associates, affiliates, stakeholders, dealers and employees and financial information. All confidential information must be used for the benefit and in the best interest of GJEPC and its activities. Every Member and member of the COA must safeguard the confidentiality as above;

The Members and the members of the COA must maintain the confidentiality of the information, which comes to their knowledge/custody by GJEPC and any other information, which comes to them about GJEPC, except when disclosure is authorized or legally required. Confidential information includes all non-public information that might be harmful or may have potential to cause harm to GJEPC if disclosed; The confidential information, discussions, documents and data should be dealt with utmost care and should not be shared or passed on to any



person/outsider under any circumstances, directly or indirectly without authorisation;

- 2.1.10 **GJEPC's Assets:** All GJEPC Members and the members of the COA should protect the assets of GJEPC and ensure their proper use. Theft, carelessness, mishandling and waste should always be avoided;
- 2.1.11 **Insider Information:** It is prohibited to use or tip others on the basis of any insider information, before it is made available to the public and information about any matter has been sufficiently disseminated in public to enable the users of the information to evaluate it. 'Insider information' means any information which is not in public domain /knowledge and which can be used to influence the members' decision in relation to the GJEPC or its activities of G&J Industry. The purpose of this policy is both to inform about the legal responsibilities and to make clear to the Members of GJEPC and the members of the COA that the misuse of sensitive information is contrary to the GJEPC policy and applicable laws of India;
- 2.1.12 **Political Activities:** The Members and the members of the COA should make it clear at all times that his/her participation in political activities is as a private citizen and not as a representative of GJEPC. For legal and other reasons, political activities must not be conducted by members of COA committed hours with for GJEPC. The Members and the members of the COA must not involve in the use of the GJEPC's assets and facilities for any political purpose or gain or make any political contribution directly or indirectly on behalf of GJEPC;

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- 2.1.13 The Members shall make the following affirmative statement on all invoices for the sale of rough diamonds, polished diamonds and jewellery containing diamonds. "The diamonds herein invoiced have been purchased from legitimate sources not involved in funding conflict and in compliance with United Nations resolutions. The seller hereby guarantees that these diamonds are conflict free, based on personal knowledge and/or written guarantees provided by the supplier of these diamonds;
- 2.1.14 The Members shall respect and value Intellectual Property Rights of other Members, the Council and that of members of general public and shall not infringe anybody's Intellectual Property Rights;
- 2.1.15 The Members shall comply with all the laws regulating their business including the rules, regulations, circulars, notifications, issued by the Central & State Government Authorities, including Reserve Bank of India. The compliance with Foreign Exchange Management Act is also mandated under this Code.
- 2.2 Conduct Of Members Vis -Vis Other Members And Other Guidelines:
- 2.2.1 A Member shall not indulge or employ unfair means, with a view to attracting Customers, away from another Member;
- 2.2.2 A Member shall not do any business for a Customer, with whom another Member of GJEPC has a financial dispute outstanding and unsettled, where such Customer has not settled accounts of such another Member for a long time and against which Customer a directive has been issued by GJEPC, after due investigation, except cases wherein the Customer has agreed to refer the subject matter for arbitration, as provided in law;

- 2.2.3 The Members shall not disobey the terms of any agreement or contract entered into by mutual consent, during any business dealing with one another;
- 2.2.4 It shall be the duty of every Member to protect the industry and their Customers against fraud, misrepresentation and unethical practices in gems and jewellery transactions and avoid exaggeration and concealment of any practices which could be damaging to the industry or bring discredit to the trade;
- 2.2.5 No Member should in any way defame, undermine or take unfair advantage of another Member's or firm's reputation or merchandise in order to promote and sell his / her own merchandise;
- 2.2.6 Merchandise should not be misrepresented as to its nature and authenticity;
- 2.2.7 The Members shall not indulge in what are commonly known as "sharp practices" which, while designed to come within the letter of the law, have the effect of deceiving prospective purchasers / Customers;
- 2.2.8 Gemstones should be promoted and sold on the basis of their aesthetic beauty and merit;
- 2.2.9 The Members shall refrain from entering into any activity, which may be in conflict with the interests and objects of the export promotion efforts of the Country;
- 2.2.10 A Member shall not do any business or keep any professional or business relationship, with any Member who:-



- (a) has a financial dispute, of any nature whatsoever, outstanding and unsettled with GJEPC;
OR
- (b) against whom a directive has been issued by GJEPC after due investigation by or any statutory authority;

Where any dispute is referred by a Non-Member, including the Bankers, financial institutions, customer or suppliers, to GJEPC against a GJEPC Member, for resolution pursuant to relevant provisions of this Code, in such case, the GJEPC Member who is party to the dispute will be required to present itself through its authorised signatory before GJEPC. If such Member fails to present self as required at least two reminder notices shall be served upon such Members. Despite such reminders if the Member fails to present self then the matter shall be proceeded without any further reference to such erring Members. Any award passed as such shall be final and binding on the erring Member. Likewise, the proceeding adopted by GJEPC and award passed shall be equally binding on the Non-member referring the dispute.

2.3 Conduct Of Members With Customers / Suppliers And Other Guidelines:

2.3.1 The Members shall not misrepresent any goods / products to its customer;

2.3.2 The Members should strictly follow the Know Your Customer / Suppliers (KYC) norms so as to attain GJEPC's objectives under KYC/AML/CFT guidelines, which will prevent the Members and Industry from being used intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities. KYC procedures will also enable the Members to know / understand their Customers / Suppliers and their financial dealings better which in turn will them manage risk prudently.



2.3.3 As the Industry is prone to high degree of risk because of inherent nature of the goods it deals with, the same can be mitigated if the Members adopt the risk based approach in relation to Anti Money Laundering (AML) compliance. Thus, the Members are advised to carry out a risk assessment appropriate to the business' circumstances to identify vulnerability to involvement in money laundering or the finance of terrorism. Risks may derive from sales practices, the size and type of transaction, or the nature and geographic location of their customer base and to confirm that the business has a process of due diligence in identifying customers, and for any cash, or cash-like, transactions.

The two basic compliance issues are:

- (a) Know Your Customer / Supplier Principles: Every member shall have responsibility to maintain accurate financial records for internal and external reporting. The Members shall develop these following principles for clearly identifying who in the business is responsible for implementing and checking record-keeping procedures:
 - (i) Verification of background, current address, nature of business etc., of new customer / supplier;
 - (ii) Updating records about existing customer / supplier;
 - (iii) Conducting reasonable risk based assessment study.

Some of the essential information which must be gathered about the customers / suppliers is as under could be in relation to the following:

- (i) Name, Registered Address, nature of its constitution and the documents governing its constitution viz., PAN Number, Partnership Deed & Registration details, Certificate of Incorporation or Certificate of Commencement of business, etc;
- (ii) Nationality, Passport Details etc;
- (iii) Background on the Customer's Business;



- (iv) Banking Details, PAN Number or Alternate Tax Registration etc.;
 - (v) VAT Registration under VAT/GST, Registration with a Bourse or Trade Association etc.;
 - (vi) Details of any market or credit check on the customer / supplier;
 - (vii) Tenure of the customer / supplier relationship;
 - (viii) Normal Pattern of Business: Volume, Value, Goods, etc.;
 - (ix) Trade References offered by a new customer / supplier;
 - (x) Reasons offered, if any, for payment through non-Banking Channels by the customers;
 - (xi) Any unusual requests for transaction structuring or payment;
- (b) Suspicious Transaction Reporting: The Members shall endeavour to create and implement a system for identification, detection and of suspicious transactions. Some of the potential indicators of suspicious transactions could be:
- (i) A customer / supplier exhibiting an unusual concern regarding any compliance and reporting requirements of the Members;
 - (ii) A customer / supplier intending to enter into transaction that lack business sense or inconsistent with the customer's /supplier's stated business strategy;
 - (iii) A customer / supplier having a questionable background or is the subject of news reports indicating possible criminal, civil or regulatory violations;
 - (iv) A customer / supplier appearing to be acting as the agent for another entity / Member but declining to provide any information in response to questions about the Principal for whom he is acting;
 - (v) A customer / supplier having difficulty describing the nature of his or her or its business;



- (vi) A customer / supplier who frequently requests for changes in address or is involved in repeated purchases and returns;
 - (vii) A customer / supplier desiring to do cash transactions in large denominations;
- 2.3.4 The Members should strive towards maintenance of records as regards integrally connected suspicious transactions through customer/supplier due diligence process, accounts files, business correspondence, etc. It is in this regard; that it is recommended that records of single or series of integrally connected suspicious transactions to be maintained for a period of 8 years from the date of cessation of business relationship and in all other cases records should be maintained for 5 years;
- 2.3.5 The Members shall adhere and comply with the Kimberley Process and shall adopt the following principles of self-regulation, obliging them to:
- (i) trade only with companies that include warranty declarations on their invoices;
 - (ii) not to buy diamonds from suspect sources or unknown suppliers, or which originate in countries that have not implemented the Kimberley Process Certification Scheme's;
 - (iii) do not knowingly buy, sell or assist others to buy or sell conflict diamonds;

In an event if any member violates KPCS norms, he may be expelled by the Council after taking necessary actions.

- 2.4 Conduct of Members with third parties, (other than those mentioned herein above), including the banks & financial institutions/ Insurance Companies/ Foreign Consulates / Foreign importers & exporters / Foreign Exhibition Organisers or any entity with which a Member enters into any transaction

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- 2.4.1 The Members shall not involve itself in act of wilful misconduct or gross negligence leading to default with any third parties, including banks and other financial institutions;
- 2.4.2 The Members shall always keep a clean payment records and shall not wilfully or otherwise default in any making any payments, which it owes to any person or entity, thereby tarnishing the image of the Industry in general public;
- 2.4.3 The Members shall endeavor to take such actions, in consonance with the extant laws of the Country, as may be available to it, so that it is not blacklisted by any statutory body (ies);
- 2.5 Conduct Of The Members With Government Authorities:
- 2.5.1 The members shall abide by and follow all the circulars, notifications, rules and regulations, prescribed by the Government Authorities from time to time;
- 2.5.2 The Members shall not give to any Government personnel any prizes, gifts, donations, etc., or any direct or indirect benefits in respect of any transactions or otherwise as consideration or with a view to getting any benefit.
- 2.6 Conduct Of Members While Participating In The Exhibitions Organised By or Through GTEPC;
- 2.6.1 The Members shall at all times comply with the rules and regulations prescribed by GJEPC from time to time for each of the national and international exhibitions organized by or through GJEPC; ensuring the implementation of all relevant laws and maintain the decency and dignity in their dealings/ actions with all the individual concern.

- 2.7 Other Conduct of the Members towards the Council:
- 2.7.1 The Member shall undertake to intimate to GJEPC any change in his status / constitution and / or conventional/ corporate name by any reason whatsoever;
 - 2.7.2 To give all statistics to the Council pertaining to exports, quality used, imports etc., as may be asked for;
 - 2.7.3 The Members shall not directly or indirectly poach or otherwise headhunt any employees of the Council, whether on the payroll system of the Council or otherwise;
 - 2.7.4 The Members shall not on fictitious premise, directly or indirectly, sue or cause to sue the Council or any of its employees or associates holding official position or representing the Council;
- 2.8 Any wilful or negligent default on the part of a Member in making payment of the money owed by the Member to a bank/ company/ institution providing credit facilities then, every complaint received from such bank/ company/ institution in that regard, be dealt with by the Council in the manner set out in Clause 5.0 herein below.
- 2.9 Senders must arrange full insurance cover on all merchandise whether owned by them or not, but sent by them by any carrier unless agreed by parties otherwise.



3. MEMORANDUMS AND CONSIGNMENTS

- 3.1 The owner of the goods will give a consignment note for all goods given to a broker or any dealer. The terms unless specially mentioned, will be cash.
- 3.2 If the consignor demands that the merchandise be returned, the consignees shall return the merchandise forthwith.
- 3.3 It is desirable that all members maintain Jangad Stock Register for cut and polished diamonds i.e., a register indicating the goods given on consignment to others.
- 3.4 It would be desirable if on memos given to parties a confirmatory signature is taken.
- 3.5 All merchandise must be adequately insured and are responsible for merchandise received on memorandum. If not, the member must co-operate in obtaining adequate insurance prior to receipt of the merchandise. The Consignor may agree in writing to issue memorandum stating that he has full knowledge that consignee does not have proper insurance and the goods are the consignor's risk.
- 3.6 Any items of gems and jewellery taken on memorandum, if returned, must be intact unless consignor agrees to modifications in writing.

- 3.7 When the goods are with brokers, the insurance will be covered by owners, except when not stored as per regulations of Indian Insurance Companies or handled without reasonable care.
- 3.8 Goods given on consignment for export only cannot be accepted and paid in India.



4. MONITORING

- 4.1 Any conduct which contravenes any provisions of this Code shall be given serious consideration under the relevant provisions of the Code.
- 4.2 The COA of GJEPC shall constitute a Disciplinary Committee to ensure the observance/compliance of the Code by the Members and shall be empowered to investigate and follow up the cases of violation of the Code by Members that may be brought to its notice. The Members shall not violate any of the Codes merely because some other Member(s) has/have violated. They shall, instead, on their coming across any case of violation of any terms or recommendations of the Code by other Member(s), bring to the notice of any of the members of the Disciplinary Committee who will take up the matter with the Disciplinary Committee and GJEPC simultaneously. The Disciplinary Committee shall consider the complaint on violations received from any Member. The Disciplinary Committee reserves right to make any and all suggestions to COA in respect of any matter related to violation of this Code pursuant to the Articles of Association of GJEPC and all such suggestions shall be taken up by COA on its records for its implementation.



5. DISCIPLINARY COMMITTEE

- 5.1 Composition of the Disciplinary Committee:
- 5.1.1 COA shall, within 3 (three) months from the coming into force of this Code, and subsequently, at the first meeting after assuming office, appoint, from among the Members of GJEPC, a Disciplinary Committee consisting of 5 (five) Members, including one Chairman who shall be responsible for the proper functioning of the Disciplinary Committee and any one Government Nominee from COA. In the event a complaint is filed against a Member of the Council who is also a member of the Disciplinary Committee, the COA shall appoint, from among the Members of GJEPC, another Member to the Disciplinary Committee for the purpose of such disciplinary proceedings, who shall hold office until such complaint is resolved. For the avoidance of doubt, replaced member shall resume the office as such immediately upon resolution of the complaint subject to clause Clause 5.4 herein below).
- 5.1.2 The term of the office of the Members and the Chairman of the Disciplinary Committees shall be 2 (two) years from commencement date of their tenure.
- 5.1.3 The meetings of the Disciplinary Committee shall be convened as and when required. At each meeting, all the pending complaints, if any, shall be disposed off by the Disciplinary Committee. The Chairman may, in the absence of any pending work, cancel/postpone any meeting at his discretion.

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- 5.1.4 All posts in the Disciplinary Committee shall be honorary. The Council shall defray reasonable expenses incurred by the Members and the Chairman in the reasonable expenses incurred by the Members and the Chairman in the course of discharge of their duties.
- 5.1.5 The Disciplinary Committee shall be empowered to entertain any complaint against any Member, in respect of violation of the Code of Ethics, filed by another Member, a Supplier / Customer of the said Member or a bank/ company/ institution which has provided credit facility or such other services to the said Member as may be availed for by later for smooth functioning of trade and refer the same to the Arbitration Committee after due deliberation.
- 5.2 Upon receiving a complaint, GJEPC shall under direction of the Disciplinary Committee forward a copy of the same to the Member against whom the complaint has been made, who shall forward to the Disciplinary Committee, within 21 (twenty-one) days of receipt of the complaint, a response to the same in writing along with all the documents/ material which may be relevant to the dispute at hand.
The Member shall also forward a copy of the response and all the relevant documents/ material attached to the response to the complainant.
- 5.3 The complaint shall then be heard and decided upon by the Disciplinary Committee at its next meeting after giving an adequate opportunity to both parties to make oral representations. The Disciplinary Committee shall inform the parties about the date of hearing at least 7 days in advance.



- 5.4 If the Disciplinary Committee comes to a conclusion that the Member against whom the complaint had been filed, is guilty of conduct that contravenes the provisions of this Code and/ or its character or public morality and/or has transgressed the customary laws of courtesy and/or stained the name of GJEPC or that of the Industry or trade to which Industry pertains, in any manner whatsoever, both within or outside the Country/or has been abolished or banned or blacklisted by any government authority including RBI, SEBI, DGFT, any Chamber of Commerce and / or caused material and/or moral damage to the other Members of GJEPC and/or to the GJEPC itself and/or to the subsidiary companies of GJEPC and/ or to bodies which are connected with them, legally or in practice, then the Disciplinary Committee may recommend to COA imposition of one or more of the following penalties on all or some of them who are guilty of conduct which contravenes the Code and/or provisions of the Articles of Association of GJEPC:-
- i. reprimand/ warning and publication of the same, if deemed fit;
 - ii. Publication of apology received from the defaulting members on GJEPC's website;
 - iii. temporary / complete suspension or termination of membership GJEPC;
 - iv. recommendation to Government or public bodies, including RBI, the Chambers of Commerce, DGFT, concerned Ministry, etc., to take appropriate action;
 - v. Publishing the name on the website of GJEPC as 'wilful defaulter' till the continuation of such default;
 - vi. Publishing a notification to be adhered by the Members of GJEPC to the extent possible to refrain from entering into business / transaction with the defaulting Member, on grounds of serious and substantial breach of terms herein which adversely affects trade / Industry and to protect interest thereof in larger interest of the Country.

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- 5.5 Any decision of the Disciplinary Committee on a complaint received by it shall be made by a simple majority.
- 5.6 In the event that recommendations are made by the Disciplinary Committee to COA under the aforesaid provisions, COA shall at its next meeting, approve / modify / reject the said recommendations and take action accordingly. The COA, may, if it deems fit, call for any further information/ documents/ material from either party and give an opportunity of hearing to both parties before arriving at any conclusion on such recommendations.
- 5.7 Any and all penalties for default of a Member shall come into effect post decision of COA in this behalf.

6. ARBITRATION

Notwithstanding what is stated herein, in case any Member of GJEPC or a nonMember intends to avail of Arbitration Facility provided by GJEPC for resolving any dispute or settling of any claims arising howsoever the same shall be governed by the relevant provisions of the Arbitration and Conciliation Act, 1996, as in force from time to time.

6.1 ARBITRATION BY-LAWS (“BY-LAWS”):

- 6.1.1 Any and every unconditional offer and acceptance between Members of GJEPC, Member(s) of GJEPC and Non-Members, whether oral or in writing, shall constitute a binding Contract, and shall be governed by these By-Laws, as amended from time-to-time.
- 6.1.2 Any dispute arising out of a contract between two or more Members of GJEPC OR a Member / Members of GJEPC and Non-Members shall be referred to Arbitration, and the Arbitration

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- 6.1.4 No Member shall adopt any legal proceedings before any Court, Tribunal or other judicial forum in relation to any dispute arising under the contracts governed by these By-Laws other than to obtain security for any claim, unless he / she / they have first obtained an arbitration award from the Arbitration Panel, and exhausted the appellate remedy before the Board of Appeals, as afforded under these By-Laws.
- 6.1.5 These By-Laws shall apply even for the purpose of determining the existence of a Contract, and for matters connected therewith.
- 6.1.6 The rules and procedures prescribed under these By-laws pertaining to arbitrating a dispute shall bind a Non-Member of GJEPC exactly as if he/she/it were a Member of GJEPC and such Non-Member shall forthwith on request furnished in this behalf will be supplied with a copy of these By-Laws in English.

7. CODE OF ETHICS FOR MEMBERS OF COMMITTEE OF ADMINISTRATION (COA), HOLDING POSITION THROUGH NOMINATION / ELECTION OR OTHERWISE

Whereas the affairs of the Council are managed by COA, the Members of COA realize that they have a responsibility to conduct themselves in a manner that should not be open to question in the larger interests of the Council. Thus, the Members of COA are expected to pursue the following:

- 7.1 Members of COA shall have an obligation to exercise objectivity and diligence in the performance of their duties and responsibilities;
- 7.2 Members shall refrain from entering into any activity which may be in conflict with the interests of GJEPC or which would prejudice their ability to carry out objectively their duties and responsibilities as a Member of GJEPC;

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- 7.3 Members shall be prudent in the use of information acquired in the course of their duties. They shall not use confidential information for any personal gain nor in a manner which would be detrimental to the well being or reputation, standing and good name of the other Members of GJEPC;
- 7.4 Members in expressing an opinion shall use all reasonable care to obtain sufficient factual evidence to warrant such expression. Members shall reveal all such material facts known to them which if not revealed could distort their opinion;
- 7.5 Members of COA shall not address themselves directly to Government authorities on any issues relating to the working of COA or any other Sub-committee appointed by the COA without first bringing up the issue before the COA;
- 7.6 If on an issue represented by GJEPC to any Government or quasi-government agency or a foreign company or country any COA member makes a representation in his personal capacity or in his capacity as a Member of any other body, he shall keep GJEPC posted with such representations, under a proper disclosure;
- 7.7 Members shall continuously strive for the proficiency and effectiveness of their services. In rendering services to GJEPC, the Members of the COA shall abide by the Memorandum and Articles of Association of the Council. They shall solemnly undertake to be regulated and disciplined by the measures laid down by COA from time to time to promote goodwill and harmony between the Members for the general good of all engaged in the business of exports of gem & jewellery items.



- 7.8 Each COA Member shall strive to attend all meetings of the COA or the applicable Sub-committees thereof, of which he/she is a member and participate faithfully and conscientiously so as to contribute for the development of G&J trade and industry.
- 7.9 Every COA Member shall discharge his/her duties and fulfill his/her obligations to GJEPC with care and diligence;
- 7.10 The COA Members should endeavour to ensure that GJEPC:
- (a) encourages employees to talk to their superiors and other appropriate personnel when in doubt about the best course of action in a particular situation;
 - (b) encourages employees to report violation of laws, rules, regulations or GJEPC's Code of Conduct to appropriate personnel;
 - (c) informs employees that GJEPC will not allow retaliation for reports made in good faith

