

# **CODE OF CONDUCT AND PROFESSIONAL ETHICS**

## **GEMOLOGICAL INSTITUTE OF AMERICA, INC.**

GIA Belgium  
GIA England (GIA London)  
GIA Holdings, Inc.  
GIA Hong Kong Limited  
GIA India  
GIA Instrument (Taiwan) Company  
GIA Instruments UK Limited  
GIA (International) Company, Limited (Thailand)  
Gemological Research (Thailand) Company Limited  
GIA S.r.l. (Florence)  
GIA Switzerland, S.A.

### **I. INTRODUCTION**

#### **A. Applicability**

This Code of Conduct and Professional Ethics (“Code”) applies to all employees of the Gemological Institute of America, Inc. and its affiliates (collectively referred to as “GIA” or the “Institute”).

#### **B. Purpose and Commitment**

GIA has an international reputation for uncompromising integrity in its service to the public and the gem and jewelry industry. That reputation is based on an expectation of ethical conduct on the part of all GIA employees at all times. We must adhere to the highest ethical standards to earn public trust and confidence in all facets of our operations. Accordingly, as a GIA employee you are expected to behave ethically and with integrity, and to comply with all applicable laws and regulations. Failure to do so will result in disciplinary action, including possible termination of employment with GIA.

Please read this Code carefully and sign the attached Acknowledgement where indicated. If you have any questions, or if you need clarification either before you sign the Acknowledgement or in the future, please contact Arlene Kaplan, at [akaplan@gia.edu](mailto:akaplan@gia.edu), ext. 4053, or Mail Stop 8 in Carlsbad, or Jodi Sherman, at [jodi.sherman@gia.edu](mailto:jodi.sherman@gia.edu), ext. 3550, or Mail Stop 60 in New York.

#### **C. Required Disclosures to GIA**

The Code requires you to disclose certain information to your manager, who will convey these disclosures, as warranted, to the appropriate GIA executive. Authorization to proceed with certain activities as a result of such disclosures is subject to applicable laws and regulations, and the Institute’s policies, and will be documented for official records.

Your manager may not be the person to whom you directly report. For example, you may report to a first line supervisor who, in turn, reports to a manager. In that case, your disclosure should be made to your manager, your direct supervisor, and a representative of Human Resources. If you are unclear as to the identity of your manager, please consult with your direct supervisor.

As discussed at Section XII(B), you also have a duty to report all suspected or actual violations of the Code or of any applicable laws and regulations. You can report them to your manager, to GIA's Compliance Officer, or to the Chairman of the Board of Governors' Audit and Finance Committee, as described below. Managers are required to report to the Compliance Officer all concerns raised about compliance. Alternatively, if you wish to report any such matter anonymously, you may do so by calling toll-free to 866-295-2625 (U.S. and Canada) or, internationally, by calling your local operator to place a collect call to 503-726-2269 (from outside of the U.S. and Canada), or by submitting a report of the suspected violation or other complaint or concern to: [www.ethicspoint.com](http://www.ethicspoint.com).

#### **D. Revisions to the Code**

The Institute may revise or supplement this Code at any time. GIA will distribute promptly any such modification, and at that time, you will be required to sign a new form to reaffirm your agreement to adhere to this Code. **You have a continuing obligation to familiarize yourself with any such revisions and to ensure that you comply with all of GIA's policies and with the Code.**<sup>1</sup>

### **II. GENERAL OBLIGATIONS**

The Institute expects you to use professional, honest, and ethical judgment in all your responsibilities. You must conduct yourself in a way that serves the public interest, honors the public trust, and demonstrates your commitment to a high level of professionalism.

The Employee Handbook and the Grading Responsibility Manual also set forth policies to guide your behavior. As GIA's employee, you are required to be aware of, and comply with, the current versions of all policies that relate to your job performance.

GIA observes a "zero tolerance" policy for misconduct involving fraud, deceit or dishonesty, or that affects the integrity of our work or grading process. Any employee who is determined to have engaged in any such misconduct will be terminated from employment with GIA immediately.

### **III. CONFLICTS OF INTEREST**

The Institute expects you to be free of any actual, perceived, or potential interest, activity, or influence that may conflict with or harm GIA's interests in any way or deprive

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<sup>1</sup> Nothing in this Code is intended to alter at-will relationships between the Institute and its employees. In the United States and certain other countries, GIA can terminate those relationships at any time, with or without cause, and with or without notice.

GIA of your complete loyalty, unimpaired efficiency, and best professional judgment in performing all of your employment duties. As a GIA employee, you must never take advantage of your position or authority within the Institute to compete with the jewelry industry or with GIA itself.

Whenever an actual or potential conflict exists, you must promptly consult your manager and a representative of Human Resources.

Examples of situations that may create an actual or perceived conflict of interest, include, but are not limited to:

- accepting, agreeing to accept, or soliciting a gift (for example, theater or sporting event tickets, meals, etc.), a favor or a service (whether or not it is compensated) from any person or entity who has conducted, is conducting, or might conduct business with GIA;
- accepting, agreeing to accept, or soliciting money or other tangible or intangible benefits in exchange for preferential treatment toward any person or entity who has conducted, is conducting, or might conduct business with GIA;
- accepting employment or compensation, or engaging in any business or professional activity that might require or involve use or disclosure of GIA's confidential information or trade secrets or impair your ability to perform satisfactorily your job duties for GIA;
- making personal investments that are contrary to the interests of GIA; and
- entering into or continuing a relationship with any GIA student or employee for whom you have supervisory responsibility or decision-making authority. (*See also* Section IX(A).)

#### **A. Relationships with Clients, Vendors, Students**

The power and influence implicit in a supervisor, manager, instructor, or any employee who maintains a relationship with clients, vendors, or students creates a strong potential for actual or perceived conflicts of interest. You must be mindful that the abuse of your position, whether deliberate or unintentional, can harm GIA. You are required to remain independent, in fact and appearance, of influences arising from interests both inside and outside GIA in order to maintain GIA's industry-wide objectivity, and to keep yourself free from the effects of any actual or perceived conflict of interest. In particular, graders are required to ensure the anonymity of the grading process, and amongst other precautions, must avoid all contact or communication, whether direct or indirect, with clients or customers.

You must disclose promptly and fully any actual or perceived conflict of interest with a client, vendor, or student to your manager and a representative of Human Resources.

Examples of situations that may constitute a violation of this section, include, but are not limited to:

- soliciting or accepting gifts, gratuities, or favors in any form (including meals or entertainment) from past, existing, or potential customers, clients, agencies, vendors, or students for services rendered as an employee of GIA;
- grading, identifying, or evaluating gems or gem materials on a private basis for anyone other than immediate family members without prior disclosure and approval;
- soliciting contracts for service from GIA's past, existing, or potential customers, clients, or students over whom you have influence, or vendors for members of your immediate family; and
- failing to remain neutral and independent regarding members of the gem and jewelry trade when speaking in one's capacity as a GIA employee.

## **B. Outside Employment**

GIA recognizes that employees engage in activities outside of their employment which are private in nature, and the Institute does not seek to interfere with those activities as long as they do not pose a conflict, or the appearance of a conflict, with GIA's interests. While outside employment is permitted, you must not let such employment adversely impact your employment with GIA with regard to your performance, time, or commitment. You must not engage in any outside activity that creates an actual or apparent ethical conflict with GIA or the industry. Whenever ambiguity exists, you must consult your manager and Human Resources. This section includes volunteer (i.e., unpaid) positions.

## **C. Outside Financial Interests**

If GIA becomes involved in a business transaction with a third party with whom you or your immediate family member is affiliated or has a material financial interest, you must disclose the affiliation or interest to your manager, to a representative of Human Resources, and to the third party within ten (10) days of learning of the transaction. You must not attempt to influence the association between GIA and your family member in any way. This influence includes, but is not limited to, perceived or actual requests for contracts, solicitations, contributions, etc. Examples of situations that may violate this section include, but are not limited to:

- speculating or dealing in materials, products, facilities, real estate or services of the type purchased, produced, utilized, or sold by GIA;
- acquiring a special interest in any business opportunity or other property with knowledge that GIA has an interest in such opportunity or property;

- buying gems, jewelry, rough material or gem carvings for resale without prior disclosure to your manager and a representative of Human Resources;
- manufacturing jewelry or fashioning gem material or carvings, sketchings, or jewelry design concepts for resale without prior disclosure to your manager and a representative of Human Resources;
- acting as a gem or jewelry consultant without prior disclosure to a manager and a representative of Human Resources; and
- accepting competitive supplementary employment ("moonlighting") within the jewelry industry without prior disclosure to your manager and a representative of Human Resources.
- entering into a business relationship (i.e., a landlord boarder relationship) with any GIA student or employee for whom you have supervisory or decision-making authority or over whom you may have influence without prior disclosure to your manager and a representative of Human Resources. For instance, an instructor may not enter into or continue a landlord relationship with any student.

#### **IV. GIFTS, GRATUITIES, AND FAVORS**

The reputation of the Institute must not be tainted by any perception that favorable treatment was sought, or in fact obtained, in exchange for business or personal courtesies such as gifts, gratuities, or favors. Accordingly, you may not accept any item of value or favor from any person or entity who has conducted, is conducting, or might conduct business with GIA (including students), or who has competed, is competing, or might compete with GIA. You must report any offer of a gift, gratuity, or favor made by any person or entity who sought to gain an improper privilege or benefit from you.

The Institute observes a “zero tolerance” policy for the acceptance or solicitation of any improper gift, gratuity, or favor (including meals and entertainment) by employees who are involved in the grading, identifying, or evaluating of gemstones. Any employee who is determined to have engaged in any such conduct will be terminated immediately.

Depending on legitimate business needs, some divisions may allow the acceptance of gifts of a nominal value in very limited circumstances provided that on each occasion, you immediately disclose the particulars of the gift (i.e., the client, the value of the gift, the reason for the gift) in writing to your manager and a representative of Human Resources. Questions regarding the application of this policy should be directed to a representative of Human Resources.

## **V. COMPLIANCE WITH LAWS AND REGULATIONS**

As a GIA employee, you are required to conduct business for GIA in accordance with all applicable laws and regulations. You are prohibited from using corporate funds, services, assets, or information for any unlawful or improper purpose. You also may not obtain privileges or special benefits through unlawful or otherwise improper concessions or payments.

It is very important to be mindful of all legal obligations concerning patents, copyrights, trademarks, trade secrets, confidentiality or privacy agreements, and other intellectual property rights.

Because it is GIA's policy to comply at all times with all applicable federal, state, and local laws, if such a law now imposes or later imposes a legal obligation on the Institute that conflicts with any provision of this Code, the Code is superseded for that purpose and with respect to the applicable employees only.

## **VI. COMPLIANCE WITH INTERNATIONAL LAW**

When engaging in international activity, GIA inevitably will encounter laws that differ from those of the United States. Local customs and practices with regard to business and social dealings also may vary from place to place. To ensure a business is in compliance with any applicable foreign laws, you should consult with the General Counsel/Legal prior to operating in any foreign jurisdiction.

The Institute's policy is to comply with all laws that apply in the countries where we conduct business.<sup>2</sup> In countries where common practices are less restrictive than GIA's ethical standards, employees must follow GIA's ethical standards.

## **VII. GIA RECORDS**

### **A. Creation of Records; Audits**

GIA has designed and implemented a comprehensive system of internal controls and procedures to safeguard the Institute's assets, properly record all transactions in accordance with generally accepted accounting principles, and ensure compliance with requirements of outside authorities. All corporate records for which employees are responsible must be true, accurate and complete and must fairly present the nature and purpose of the activity recorded. No false, misleading, or inaccurate records shall be made for any reason. It is GIA's policy to advise customers, students, and vendors of any clerical or accounting errors and to correct promptly any such errors. You must adhere to these controls and procedures at all times when conducting business on behalf of GIA. Violation of this section, like all others herein, will be grounds for termination of employment with GIA.

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<sup>2</sup> In certain countries where GIA conducts business, an employment agreement cannot be terminated at will or without first providing notice to the employee in accordance with local laws. Any provisions in this Code to the contrary do not apply in those jurisdictions.

You also must not improperly influence, manipulate, or undermine any authorized audit, or interfere with or mislead any auditor engaged to perform an internal or independent audit of GIA's books, records, processes, or internal controls.

## **B. Laboratory Grading Records**

GIA seeks to preserve all records pertaining to the grading of diamonds and other gemstones ("Grading Records") to ensure the consistency and integrity of the grading process. The Grading Records must be true, accurate and complete, and must comply with all applicable provisions of the Grading Responsibility Manual. You are required to preserve the confidentiality of all Grading Records. Disclosure of any Grading Record to persons in or outside of GIA who do not have a legitimate business reason for receiving such information, constitutes a violation of this section and of Sections X(A) and (B).

## **C. Retention**

GIA also seeks to preserve various categories of documents to ensure that all records required to fulfill our obligations to customers, students, and employees are maintained and are available when needed, and to ensure compliance with applicable U.S. laws and regulations.<sup>3</sup> Accordingly, all corporate materials must be retained for the time period specified in GIA's Record Retention Policy, which is scheduled for implementation in 2006.

Documents, including those that are stored in hard copy, electronic, magnetic, or film format, relevant to any pending, threatened, or anticipated litigation, investigation or audit shall not be destroyed or altered for any reason until destruction is expressly authorized by the General Counsel or his or her designee.

# **VIII. BUSINESS ETHICS APPLICABLE TO NOT-FOR-PROFIT COMPANIES**

## **A. Political Activities**

As an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, GIA may not become involved with political parties or candidates for office at any level – national, state or local. The Institute may not pay any representative to attend a political fundraiser (or provide reimbursement for such attendance) and GIA representatives may not make statements on behalf of, or in opposition to, candidates for public office. These restrictions apply only to the Institute, and should not discourage you from personal involvement or contributions to candidates or political parties of your choice, provided they are undertaken during non-work time and at your own expense. You, however, must not be influenced by GIA to make, nor be reimbursed by GIA for, such personal contributions. You also must not seek to influence or pressure other employees to make political contributions or otherwise support a political party or candidate.

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<sup>3</sup> All GIA entities and employees operating in countries other than the United States must comply with applicable record keeping requirements in those jurisdictions.

## **B. Lobbying Activities**

The Institute may not engage in lobbying activities in an attempt to influence legislation. GIA therefore cannot advocate the adoption or rejection of legislation, or contact members of a legislative body (or urge the public to make such contacts) for the purpose of proposing, supporting, or opposing legislation, whether on a national, state, or local level.

GIA, however, may disseminate nonpartisan information, provide assistance to a governmental body upon request, and defend itself against legislation directly affecting it. The Institute also may inform its constituents of legislation that may be of interest to them (without advocacy) and may engage in routine communications with government officials or employees without violating the lobbying restriction.

## **C. Relationships with Public Officials**

GIA's relationships with public officials must be of such a nature that the Institute's integrity or reputation would not be impugned by public disclosure of the full details of the relationship. Payments or gifts to public officials, and entertainment of public officials, are prohibited. These prohibitions extend not only to direct disbursement of corporate funds, but also to indirect contribution or payment made in any form, such as through consultants, suppliers, customers or third parties or by reimbursement to staff employees.

## **IX. WORK ENVIRONMENT**

The Institute's Employee Handbook includes a number of policies governing employee conduct, including but not limited to those concerning Alcohol and Drug Abuse, Security and Confidentiality, and Prevention of Harassment and Discrimination. By executing the attached Acknowledgement, you are affirming that it is your responsibility as a GIA employee to read and comply with all GIA policies that apply to you.

### **A. Fraternalization**

All employees must conduct themselves in a manner that promotes the efficient operation of GIA's business, and that avoids misunderstandings, complaints of favoritism, potential problems in supervision, security, or morale, and possible claims of sexual harassment.

It is inappropriate and contrary to the Institute's policies for directors, managers, or supervisors to pursue romantic or sexual relationships with employees or students whom they oversee, either directly or indirectly, and for instructors to engage in such relationships with students.

It is likewise inappropriate, and a violation of the Institute's policies to engage in such relationships with clients. Such relationships must be disclosed to your manager or a representative of Human Resources. Moreover, you must not attempt to influence, in any way, the association between GIA and the specific client.

## **X. COMPANY ASSETS**

### **A. Confidential Information**

While employed by the Institute, you may become aware of, or have access to, confidential and/or proprietary information relating to GIA's business. You must maintain strict confidentiality of such information and not share such information with anyone – even a co-worker who does not have access to it – absent a legitimate business purpose. Trade secrets and confidential information include, without limitation, procedures used in the grading process and research/development processes, internal policies, internal telephone lists and directories, passwords, organizational charts, financial data, student examinations and their content or answers, and any data pertaining to actual or potential customers, employees, donors, or students. By executing the attached Acknowledgement, you will confirm that you have entered into a confidentiality agreement with which you shall comply fully.

### **B. Protection and Proper Use of Company Assets**

GIA assets, both tangible and intangible, are to be used only for legitimate business purposes and only by authorized employees or consultants. You should be alert to situations or incidents that could lead to the loss, theft or misuse of GIA or its clients' property and report all such situations to your manager and a representative of Human Resources.

You are prohibited from misusing, or otherwise destroying property, records, or other materials that belong to GIA or its clients, customers, students, employees, or guests. Examples of situations that constitute a violation of this section, include, but are not limited to:

- using GIA resources (equipment, gems, supplies, contacts or funds) for personal benefit;
- disclosing or using any proprietary information, materials, or undisclosed "inside" information relating to GIA activities, for your own or another's advantage;
- possessing or removing GIA property, including Grading Records and internal GIA policies, or the property of a GIA client, customer, employee, student or guest without express authorization;
- disclosing the contents of, or answers to, quizzes, tests or examinations given by GIA; and
- filming, photographing, or releasing confidential information about GIA's security systems, alarms, or procedures without prior written GIA authorization.

### **C. Software**

In general, the only software that should be loaded onto your computer is that which GIA has approved and purchased. In many cases, it is illegal to copy, download or distribute software for other materials because they are protected by copyright.

## **XI. MEDIA INQUIRIES**

From time to time, you may be approached by reporters or other media representatives. To ensure that GIA speaks with one voice and provides accurate information regarding its business, you should direct all media inquiries to the Public Relations Department.. You are not permitted to discuss GIA matters with any reporters or other media representatives without the express written consent of GIA's President.

## **XII. ENFORCEMENT OF GIA'S COMPLIANCE POLICIES**

This Code is based on GIA's core values, its commitment to best business practices, and applicable laws and regulations. Its existence does not, of course, ensure compliance. Accordingly, it is the responsibility of every GIA employee to adopt and cultivate a policy of integrity and compliance, grounded on the notions of self-policing and self-reporting.

### **A. Compliance**

You are expected to become familiar with, understand, and comply with the requirements of this Code and all relevant policies of the Institute.

Managers in particular have a responsibility to create an open and supportive environment where employees feel comfortable raising ethics concerns, and to emphasize the importance of this Code.

### **B. Internal Reporting/Duty to Report**

If you become aware of any issue or practice involving a potential or actual violation of this Code, or any GIA policy or applicable law or regulation, you must report the matter immediately to your manager, to a representative of Human Resources, and/or to the Institute's Compliance Officer. Alternatively, if you wish your report to be anonymous, you must call toll-free to 866-295-2625 (U.S. and Canada) or, internationally, call your local operator to place a collect call to 503-726-2269 (from outside of the U.S. and Canada), or submit a report of the suspected violation or other complaint or concern to: [www.ethicspoint.com](http://www.ethicspoint.com).<sup>4</sup>

The Hotline is staffed with multi-lingual support 24 hours a day, 7 days a week. All reports will be treated as strictly confidential.

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<sup>4</sup> This provision does not apply in countries or jurisdictions that prohibit anonymous reporting systems, including hotlines.

Several key questions can help you identify situations that may be unethical, inappropriate or illegal. Ask yourself:

- Does what I am doing comply with the letter and spirit of GIA's policies?
- Have I been asked to misrepresent information or deviate from normal procedure?
- Would I feel comfortable describing my decision at a staff meeting?
- How would this conduct appear if it were disclosed to GIA's clients, students, and/or other members of the public?

### **C. Internal Investigation**

When an alleged violation of this Code is reported, GIA shall take prompt and appropriate action in accordance with the law and otherwise consistent with best business practices. If the suspected violation or concern involves GIA's financial disclosures, internal accounting controls, questionable auditing or accounting improprieties, the manager is required to notify Compliance Officer, General Counsel, or the Governor who chairs the Audit and Finance Committee of the Board. If the suspected violation involves any director or executive officer or if the suspected violation concerns any fraud, whether or not material, involving management or other employees who have a significant role in the Institute's internal controls, any person who received such report should immediately report the alleged violation to the Compliance Officer, General Counsel, or the Governor who chairs the Audit and Finance Committee of the Board. In each such case the Compliance Officer, General Counsel, or the Governor who chairs the Audit and Finance Committee of the Board shall assess the situation and determine the appropriate course of action, including the initiation of an investigation and the need for corrective action.

Employees are expected to cooperate fully with GIA representatives who are conducting an internal investigation, audit, inquiry, or other review.

### **D. Disciplinary Action**

Managers must ensure that this Code is enforced through appropriate disciplinary measures. Any employee violating this Code, any other GIA policy, or applicable laws shall be subject to discipline, up to and including termination. The Human Resources Department is responsible for ensuring that the disciplinary process and the sanctions are enforced in a fair and consistent manner. GIA may refer for criminal prosecution any employees or former employees who have violated applicable laws and regulations. GIA may institute a civil action in response to such violations to, among other things, enforce its legal and equitable rights, and to obtain restitution, contribution, and damages.

### **E. Non-Retaliation**

Employees, including managers and supervisors, may not retaliate, directly or indirectly, or encourage others to do so, against any employee who reports a violation of this Code. If you believe that retaliation has occurred, you should report the conduct to the Compliance Officer, General Counsel, or the Governor who chairs the Audit and Finance Committee of the Board immediately. GIA will not permit retaliation of any kind against good faith reports or complaints of violations to this Code or other illegal or unethical conduct.

**Note to Employees: Return only this page to Human Resources and retain the Code for your files and periodic review.**

**ACKNOWLEDGEMENT OF RECEIPT OF  
GIA'S CODE OF CONDUCT AND PROFESSIONAL ETHICS**

I hereby acknowledge receipt of GIA's Code of Conduct and Professional Ethics. I understand that my compliance with this Code and all relevant policies of the Institute is a condition of my continued employment with GIA. I understand that GIA expects the highest degree of professional ethics and integrity in connection with my employment. I acknowledge that it is impossible for GIA to identify and list every possible action that may violate this Code and that GIA reserves the right to impose discipline for any conduct it deems inappropriate.

The Code does not constitute nor is it intended to constitute a contract of employment. Nothing in the Code is intended to alter GIA's policy of at-will employment or any at-will employment agreement.

I have carefully read and I understand the foregoing Code. I support these professional standards for GIA, and for myself, and I will act in accordance with them.

Throughout this document, I have been asked to disclose certain information in writing to my manager and a representative of Human Resources, who will convey these disclosures, as warranted, to the appropriate GIA officer. Consistent with that requirement, I hereby state:  
**(Check one:)**

\_\_\_\_\_ I have nothing to disclose.

\_\_\_\_\_ I would like to make the following disclosures. (List and briefly explain below even if disclosed previously.)

I understand and agree that if, during the course of the year, additional or new circumstances arise that require disclosure, I will disclose such matters in writing to my manager and a representative of Human Resources.

**Print Name:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Department:** \_\_\_\_\_