

# **Columbia Gem House, Inc.**

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# **Quality Assurance & Fair Trade Gems Protocols**

***NOVEMBER 2005***



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## Quality Assurance and Fair Trade Protocols

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Columbia Gem House, Inc. has established a quality assurance program that will:

- Demonstrate to the customer where the gemstone they purchased originated,
- Identify what treatments have been done to the stone, if any,
- Determine that the stone is of natural origin and not synthetic or imitation,
- Confirm that obtaining the stone was done legally,
- Not support those who utilize business practices such as: employing under aged workers, demanding employees to work exorbitant hours, paying below the standard or minimum wages, destroying the environment, smuggling, supporting terrorists groups, or who are unethical in any manner.

We, at Columbia Gem House, are very conscious of our customers' concerns regarding who the final beneficiary is when we purchase rough or cut stones on the market. This assurance program has established strict procedures which define **Quality Assurance and Fair Trade Protocols** that our buyers must follow not only to establish or maintain our working business relationships, but also to instill trust and confidence within our industry and its final beneficiary, our customers.

Sincerely,

Eric C. Braunwart  
*President*  
*Columbia Gem House, Inc.*

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*Columbia Gem House, Inc. is currently working on the protocols and requirements needed to transfer our Quality Assurance and Fair Trade Protocols onward to our manufacturing customers so they can, in turn, transfer them onward to the final retail jeweler and the consumer.*

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## **Columbia Gem House Inc. / Trigem Designs Environmental Policies**

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Columbia Gem House's policy is to sell only gemstones that have been produced using environmentally sound mining methods. CGH wishes to support mining operations who's methods to process rough are as environmentally friendly as possible and in accordance with all local laws. It is not always within the power of CGH to require mining operations to follow all our environmental standards without any lapse. Still, we educate mining companies of the environmental goals of CGH. If CGH should find gross or repeated disregard for environmental concerns, CGH will cease all commercial transactions with the offending mine operation.

### **Environmental Goals for Gem Mining**

- A. Mine in a manner that protects all streams, watersheds and ground water from all forms of pollutants, including silt, debris, trash, and all chemical and biological contaminants.
- B. Mine in a manner that minimizes the destruction of plants, wildlife, and habitat to the lowest degree possible.
- C. Reclaim and replant all land once mining has been completed in order to restore it as closely as possible to the original conditions prior to mining and exploration.

### **Columbia Gem House Inc. Cutting Factory Environmental and Waste Disposal Policies**

Any and all waste materials or hazardous waste produced in the CGH Cutting Factory is disposed of in a safe, legal, environmentally sound manner, and in accordance with all local laws.

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## **Rough Vendor Quality Assurance and Fair Trade Protocols**

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**1) Rough Origin**

The country of origin and, if possible, the name of the specific mine, is to be provided in writing on all commercial paperwork for all rough to be purchased by Columbia Gem House (CGH). The goal of CGH is to work directly with the same mines whenever possible in order to ensure a consistent, high level of quality. The origin of rough is also important in ensuring that the cut gemstones CGH supplies to its customers are mined under environmentally friendly conditions (as defined below), and that all transfers of goods and monies are done legally. When a specific country or mine is used by CGH in marketing and sales literature, supporting documentation accompanies the stones specifying information of origin.

**2) Treatment Policies**

It is the goal of Columbia Gem House / Trigem Designs to deal with 100% natural, untreated stones. However, there are certain types of gemstones where treatments are necessary or even preferred (such as tanzanite and citrine). All treated stones sold by CGH are sold with full disclosure to all customers about the exact nature of any and all treatments that have been performed on the stones.

**3) Preferred Suppliers and Product Assurance**

It is necessary for CGH to maintain a tight, consistent supply chain in order to ensure the quality and integrity of all products it offers. CGH prefers to work directly with the mine source of the gemstones it supplies whenever possible. The majority of the rough cut by CGH comes directly from the mines. In cases where this is not possible due to export regulations or limitations of supply, CGH works with individual suppliers who are entrusted to consistently purchase gemstone rough directly from the same mines on a regular basis. These rough suppliers must attest to the specific origin of their rough products. All rough parcels are sent to CGH for review prior to cutting in order to ensure the rough is consistent with the stated origin.

**4) Vendor Product Assurance**

Columbia Gem House requires all rough vendors to disclose all enhancements or treatments to improve color or clarity before or at the time the rough is presented. All treatments performed on the rough must be stated in writing on all commercial and sales documents. All rough vendors must carefully review all rough prior to sale to be certain that no synthetics or imitations have been mixed into the rough lots, and that all rough within each lot presented is composed entirely of the specific rough type being offered for sale. CGH will refuse any rough lots that have had any type of clarity enhancement whatsoever, or that do not appear to meet any of the requirements that have been agreed upon.

All rough shipments must be sent to the CGH head office for in-house inspection before they are shipped to the cutting factory. Once the rough is sent to the cutting factory, rough sorters, sawers, and preformers are instructed to watch for any suspicious material. Any suspicious or questionable parcels will not be cut until and unless CGH can perform appropriate tests to determine the exact type of treatment, if any, and origin of the rough.

**Additional Requirements for Vendors of Opal Rough**

In addition to all requirements listed above, all vendors of opal rough must allow the rough to dry thoroughly for enough time to ensure that the rough is stable and the stones cut from it will not change over time. Many lesser quality opals are porous and their appearance can be temporarily enhanced by soaking the stones in water. CGH will not purchase opal rough that has been stored in water unless it is allowed to dry for a long

enough time to reveal the true nature of the rough. CGH will not purchase any opal rough that has been, or appears to have been soaked in any other liquid besides water.

If for any reason a vendor does not comply with any of the above requirements, the vendor in question will again be notified of the requirements to be a Columbia Gem House Preferred Supplier. If the Vendor still fails to follow the procedures and policies expected by CGH, they will be dropped as CGH supplier and all commercial transactions with the vendor will cease. If any man-made synthetic or imitation material is ever found in any lots purchased by CGH, all commercial transactions will immediately be suspended with the specific vendor who supplied the rough in which the man-made material was found.

#### **Mine Direct Purchasing**

- A) The mine operator will warrant that all rough supplied to CGH is guaranteed to come exclusively from a specific mine, or specific mining region, that has been agreed upon. It is further guaranteed that all rough parcels presented to CGH will contain only the specific type of rough that has been agreed upon. The specific origin of the rough and specific type of rough must be listed on all commercial and sales documents.
- B) The mine operator will warrant that the relevant labor policies defined by CGH (below in #5) will be followed.
- C) The mine operator will warrant that the relevant environmental policies defined by CGH (below in #6) will be followed.
- D) All treatments performed on the rough will be disclosed to CGH in writing prior to sale.

#### **Purchasing from Rough Dealers or Brokers**

- A) Written assurance will be provided that all rough purchased will be mined solely from the specific mine, or specific mining region, that has been agreed upon.
- B) Suppliers working with CGH will regularly discuss our concerns and policies related to labor and environmental issues (below in #5 and #6) with the mines where the rough is produced. Approved CGH suppliers will impress upon the miners all the principles of our supply chain requirements and CGH's commitment to them.
- C) CGH suppliers will carefully inspect all rough lots for any indications of treatment before the rough is presented to CGH. All treatments will be disclosed in writing along with exact and detailed information about the specific type of treatment performed.
- D) Acceptable types of *corundum heat treatment*<sup>1</sup> (currently being documented)
- E) CGH suppliers will carefully inspect the crystal morphology and overall appearance of all rough lots before presenting them to CGH. Suppliers specifically look for indications of synthetics, rough of a different type, or rough from another locality.

**5) In House Product Assurance**

All rough lots are shipped to the CGH head office so they can be reviewed prior to being sent to the cutting factory. CGH carefully reviews all rough lots it receives to be certain that no synthetics or imitations have been mixed into the rough, and that all rough within each lot is composed entirely of the specific rough type being considered for purchase. All rough that is normally enhanced by exposure to radiation will be tested prior to cutting using the Gem Alert Radiation Tester to be sure no detectable radioactivity is present. Any and all treatments performed to enhance color or clarity will be accurately disclosed in writing upon sale of the stones that are cut from the rough.

**6) Special Quartz Policies**

To assure that all varieties of quartz offered by Columbia Gem House will always be cut from naturally occurring rough mined from the earth, all quartz rough of any kind is carefully reviewed before cutting to assure the lots do not contain indications of any synthetics or simulants. All cut stones are carefully reviewed as soon as they are received from the CGH cutting facility, and a random sampling is sent to the American Gem Trade Association Gem Testing Center for testing of natural vs. synthetic origin. Each test report for all samples tested is kept on file at CGH for future reference. To date, no synthetic quartz of any type or color has ever been found in any of CGH's inventory.

Because the prevalence of synthetic quartz has become such a sensitive issue, CGH limits its quartz vendors to only a small number of specific companies. If any synthetic quartz should ever be found in any lots purchased by CGH, all commercial transactions will immediately be suspended with the specific vendor who supplied the rough in which the synthetic quartz was found.

**7) Production Labor Policies**

Columbia Gem House's policy is to sell only gemstones that have been produced using legitimate labor that has been paid a fair wage. All vendors supplying rough to CGH provide assurances that no child labor, slave labor or any unfair labor policies are ever used to produce the gemstones sold by CGH. All vendors further assure that all labor conforms to all local labor laws or requirements in the country the rough is produced. Equal opportunities for employment and advancement must be given to all qualified applicants.

**8) Environmental Policies**

Columbia Gem House's policy is to sell only gemstones that have been produced using environmentally sound mining methods. All vendors supplying gemstone rough to CGH must warrant that the mining and all methods used to process rough are as environmentally friendly as possible and in accordance with all local laws. It is not always within the power of CGH to require mining operations to follow all our environmental standards without any lapse. If CGH should find gross or repeated disregard for environmental concerns, CGH will cease all commercial transactions with the offending mining operation.

**CGH Environmental Goals for Gem Mining**

- A. Mine in a manner that protect all streams, watersheds and ground water from all forms of pollutants, including silt, debris, trash, and all chemical and biological contaminants.

- B. Mine in a manner that minimize the destruction of plants, wildlife, and habitat to the lowest degree possible.
- C. Reclaim and replant all land once mining has been completed in order to restore it as closely as possible to the original conditions prior to mining and exploration.

**9) Preserve All Cultural Identity**

Preserving cultural identity is important to Columbia Gem House. CGH feels a major part of the romance of gems and jewelry is directly related to the peoples and customs of the exotic regions gems are found. It is the goal of Columbia Gem House / Trigem Designs to preserve and promote the cultural identity of the many regions of the world that our gemstones are from.

**10) Importation and Customs Policies**

All transfers of goods and monies to or from CGH will be performed in a legal and transparent manner with all suppliers. CGH prefers that all shipments into the United States includes an official invoice that shows real and accurate values.

However, CGH realizes that it is not always possible to include an invoice showing real value due to local conditions, such as the high potential for theft of valuable packages in certain countries or regulations in the country of export. In the case that conditions or regulations in the country of export prevent the true value from being declared along with the shipment, an official invoice showing the full sale value of the shipment will be sent by fax to CGH so documentation of the actual value can be presented to customs officials upon importation into the United States. The official invoice is also used to remit payment, whether by wire or bank check, to an official bank account requested by the supplier.

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## Cutting Factory Quality Assurance and Fair Trade Protocols

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### 1) **Factory Labor Policies**

The CGH cutting facility is a registered company and recognized by China authorities. It is run in accordance with all applicable laws of the area. It is the mission of CGH that the cutting facility provides a safe and comfortable working environment where all employees are treated fairly and given an equal opportunity for growth within the company.

All employment at the CGH cutting facility conforms to China labor laws and age limits. No underage or undocumented workers have ever been employed by the cutting facility. All aspects of the cutting facility are run in an ethical, legal, and professional manner, and protocols are in place to ensure all factory employees conform to these demands.

Government inspections of labor and safety conditions are done on a regular basis to ensure the factories working conditions conform to all applicable Chinese law. Documentation of these inspections can be supplied. The CGH cutting facility has never received an unsatisfactory mark of any kind. In fact, the CGH cutting facility has been used as an example of how factories should be managed in China.

Minimum legal working age in China is 18 years. The youngest worker currently employed at the cutting facility is 18 years of age.

Minimum Wage in Shenzhen, China is approximately US\$80 per month. The average wage of the workers in the CGH cutting facility is approximately US\$250 per month. The cutting facility is registered for a six day work week (48 hours). All workers who work over 48 hours per week receive overtime pay (double time) for all extra hours.

All workers receive the following benefits:

- *Room & Board*
- *Food Allowance*
- *Paid Vacation time*
- *Overtime pay (Double pay for hours over 48 hours per week)*
- *Medical Insurance*
- *Disability insurance*
- *Unemployment insurance*
- *Annual Bonus (based on number of years employed at factory)*

### 2) **Synthetic Stone Policies**

To ensure there is no possibility of ever mixing synthetic stones into lots of natural stones, no synthetic stones of any kind are ever to be cut within the CGH cutting facility. No synthetic quartz of any variety (amethyst, citrine, white, smoky or any other color) is allowed to enter the CGH cutting facility at any time or for any reason.

### 3) **In House Labor Policies**

All cutting performed for Columbia Gem House Inc. is done on the factory premises. No labor outside of the cutting facility will be used unless prior agreement is made in writing. An exception to this is all specialty carving which is not performed inside the cutting facility. If cutting or carving is ever sent to outside factories, measures are taken to be certain that all stones are cut or carved exclusively from the rough materials supplied for the order. In addition, outside

labor is to be compensated in accordance with the fair trade policy. Piece work and contract labor compensation that does not meet minimum wage standards is not permitted.

**4) Tracking Policies**

Cutting factory protocols are in place to keep each cutting lot separate from all other lots through the entire cutting process. This is to ensure that different stone types or lots from separate locations are never mixed into lots where they do not belong. No workers will ever work on stones from more than one lot at a time to ensure that stones from separate lots cannot be accidentally mixed together.

**5) Security Policies**

All rough shipped to the cutting facility is stored in a secure, locked location when it is not physically in process. All workers are held accountable for all pieces, rough or cut, that are given to them to process. Protocols are in place within the cutting facility to be absolutely certain that all workers return all pieces they are given to process, even if not completed, and to be sure that all pieces returned are from the same pieces they were originally given to process.

**6) Rough Storage and Tracking Policies**

All usable rough that remains at the cutting facility is stored securely in an organized fashion to ensure varying stone types are not mixed together. The cutting facility will provide CGH with a updated inventory on a quarterly basis.

**7) Environmental and Waste Disposal Policies**

Any and all waste materials or hazardous waste produced in the cutting facility is disposed of in a safe and legal manner, in accordance with all local laws.

## **Cut Gemstones Purchasing Quality Assurance and Fair Trade Protocols**

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Columbia Gem House Inc. has established itself as one of the premier cutting houses in the world. For more than twenty years CGH has cut and supplied gemstones of the finest clarity, most consistent color, and with the most unique and technically advanced cutting in the world. Over 90% of the gemstones distributed by CGH are cut at our own factory. However, for certain stone varieties, this is not always possible and CGH at times will purchase cut gemstones from other companies. Columbia Gem House, Inc. has put in place certain safeguards to ensure that all stones purchased from other companies meet specific requirements. Those requirements address many different aspects of gemstone production from the mine to the market.

With the growing concerns throughout the world about synthetics, gemstone enhancements, environmental concerns and labor practices, we at CGH have established specific requirements that must be met before we will purchase gemstones from other companies. By doing so we are able to assure our customers that all stones they purchase from CGH are of natural origin with no man-made synthetics or simulants, and that they are made aware of any and all treatments or enhancements that are performed on the gemstones. These protocols also allow CGH to assure our customers that no child or slave labor was used to obtain the gemstones, that the gemstones were acquired legally, and that the mining of the stones was done with as little disruption to the natural environment as possible.

### **Outside Vendor Selection**

Companies supplying CGH must meet specific requirements or CGH will not purchase from them. Companies must:

- Be reliable, ethical and in good standing in the industry.
- Know where the gems were mined and who mined them.
- Know what types of treatments, if any, have been done to the stones.
- Promote CGH policies on environmental issues. We want everything possible done to safeguard the environment when mining gemstones.
- Know how the stones were acquired, and be able to guarantee to us that the stones were obtained in a legal fashion.
- Guarantee no child or slave labor was used in obtaining the stones and that all labor laws of the country of origin have been respected.
- Guarantee in writing that all stones sold to CGH are natural in origin, and understand we will spot check all shipments. If any synthetics are ever found, all stones purchased from the vendor will be returned for full credit and our vendor/buyer relationship will be suspended until further notice.

## **Outside Vendor Stone Acquisition Protocols by Variety**

### **Aquamarine**

Whenever possible, CGH purchases rough and cuts aquamarine. However, due to the erratic supply of rough, it is sometimes necessary to purchase stones from other companies to be able to meet customer demands. We accept the fact that nearly all aquamarine, cut or rough, has been *low temperature*<sup>2</sup> treated. CGH markets all aquamarines as heated unless we cut the material ourselves and can be certain no heating has taken place. CGH now also inspects all purchases of cut aquamarine for the possibilities of clarity enhancements, such as fracture filling. No clarity enhancements of Aquamarine are acceptable to CGH. If CGH should find any signs of clarity enhancement, all stones will be returned to the vendor for a full credit.

### **Blue Topaz**

We accept the fact that 100% of the Blue Topaz on the market is irradiated. To assure a safe product, all of the blue topaz purchased by CGH staff is checked with Gemalert II for any residual radioactivity and to assure they meet the U.S. Government acceptable levels. Should any stones test positive for measurable amounts of residual radiation, they will be returned to the vendor or disposed of in a proper manner.

### **Emerald**

CGH does not cut any of its emeralds. They are purchased from one reliable and well established, ethical vendor. All emeralds come from the same mining area and have been oiled only. No other treatments have been done. To ensure this, the vendor is required to absolutely guarantee that cedar wood oil is the only treatment done. Otherwise, the vendor must clean every stone by removing any existing treatments and re-oil them using cedar wood oil only.

### **Mexican Fire Opal**

95% of our Mexican Fire Opal is cut by CGH, but there are times when we need to purchase cut stones to meet demand for specific colors or sizes. Due to the uniqueness of Mexican Fire Opal, it is easy to identify. To assure it's Mexican in origin, CGH will purchase stones from specific, reliable and previously established vendors who we know deal only in fire opal of Mexican origin and will guarantee it in writing. No stones will be purchased if they have been stored in any liquid of any kind. CGH will only purchase cut opal that has been allowed to dry for a long enough period to assure that they will not crack, craze, or hydrophane after they have been sold.

### **Peridot**

CGH deals in both Arizona and Chinese materials. These stones are inventoried completely separately and origin can be guaranteed. All Arizona peridot is cut from rough by CGH. Certain larger sizes, 8x6 and up, are usually Chinese that are either cut from rough or recut from existing cut stones. In all cases, all Chinese peridot are checked for the inclusion of Barium glass simulants. Only natural, genuine, unheated peridot is acceptable to CGH. If CGH should find any signs of clarity enhancement or man-made simulants, all stones will be returned to the vendor for a full credit.

### **Pink Tourmaline**

Pink tourmalines are sometimes purchased. All stones that are purchased come from one reliable and well established, ethical vendor. They are from a single mining area in Nigeria and cut on contract at our Chinese facility. In this manner CGH can provide the same exact high quality cutting and assure that no clarity enhancements have been done.

### **Quartz**

CGH will purchase NO quartz products from other companies due to the common practice of mixing synthetics with natural stones. All quartz gemstones sold by CGH are cut at our factory under constant and tight supervision. No synthetics are cut at the factory at any time removing any possibility that synthetics could be mixed with natural stones. After stones have arrived back from the cutting factory, random samples are sent to the AGTA lab for testing. All test results are kept on file for customer reference.

### **Sapphires**

When purchasing any sapphires from other companies, CGH very carefully inspects the stones on arrival, to assure they are natural. Having good reliable and ethical suppliers is a major help in eliminating synthetics, but there still remains the possibility of error. CGH takes selected samples of corundum purchases and sends them to the AGTA lab for testing. The stones selected are ones that appear natural but have the possibility of being synthetic or treated. CGH will accept only corundum that is untreated or treated in the one *corundum heat treatment*<sup>1</sup> deemed acceptable to us. CGH constantly monitors information on new methods to enhance, clarify, or alter corundum in any manner. If CGH is approached with a substantial parcel of previously rare corundum, the company proceeds very cautiously and will not purchase until the origin is checked and all information is found to be valid and reliable.

### **Tanzanite**

CGH often purchases tanzanite rough but at times may also purchase cut tanzanite. The stones must not be mined by child or slave labor and workers must be treated fairly and according to the local laws. The origin of tanzanite is not hard to establish, since there is really only one locality in the world that produces it, but it is difficult to establish exactly which mine the stones came from. We must rely on our suppliers' knowledge of the tanzanite market and their standing in the international community, and employ them as an agent of CGH for the specific purpose of purchasing tanzanites. Even so, all cut stones are very carefully checked for any clarity enhancements such as fracture filling or potential imitation stones. Any questionable stones are not purchased. If CGH should find any signs of clarity enhancement, all stones will be returned to the vendor for a full credit.

**Columbia Gem House Inc. / Trigem Designs**  
**Principles of Fair Labor Conditions and Worker's Rights**

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**Gemstone Production Labor Policies**

Columbia Gem House's policy is to sell only gemstones that have been produced using legitimate labor that has been paid a fair wage. All vendors supplying rough or cut gems to CGH provide assurances that no child labor, slave labor or any unfair labor policies are ever used to produce the gemstones sold by CGH. All vendors further assure that all labor conforms to all local labor laws or requirements in the country the rough is produced. Equal opportunities for employment and advancement should be given to all qualified applicants. If CGH should find gross or repeated disregard of workers rights, CGH will cease all commercial transactions with the offending supplier.

**Columbia Gem House Cutting Factory Labor policies**

The CGH cutting facility is a registered company and recognized by China authorities. It is run in accordance with all applicable laws of the area. It is the mission of CGH that the cutting facility provides a safe and comfortable working environment where all employees are treated fairly and given an equal opportunity for growth within the company. The CGH cutting facility provides a clean, safe, well lit working environment with both heating and air conditioning throughout the entire facility.

**All workers receive the following benefits:**

- Room & Board
- Food Allowance
- Paid Vacation time
- Overtime pay (Double pay for hours over 48 hours per week)
- Medical Insurance
- Disability insurance
- Unemployment insurance
- Annual Bonus (based on number of years employed at factory)

## **Columbia Gem House Inc. / Trigem Designs Principles of Cultural Identity**

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Preserving cultural identity is important to Columbia Gem House. CGH feels a major part of the romance of gems and jewelry is directly related to the people and customs of the exotic regions where gems are found. It is the goal of Columbia Gem House / Trigem Designs to preserve and promote the cultural identity of the many regions of the world that our gemstones are from.

*Columbia Gem House Inc. is pleased to welcome you as a supplier partner that shares our goal of supplying gemstones and jewelry in a fair and honest manner.*

## **Columbia Gem House Inc. Preferred Supplier Letter of Agreement**

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As a preferred rough supplier for Columbia Gem House, I agree that all rough supplied to Columbia Gem house will be mined only from the mine or mining region that has been previously agreed upon in writing. I assure that no rough from other mines or mining regions will be mixed into rough parcels offered to CGH unless written approval is granted by CGH. All rough parcels will be inspected prior to shipping to CGH in order to be sure the rough does not contain any synthetics, simulants, or other types of stones other than what is being offered for sale. I agree to accurately describe and disclose any and all treatments that have been performed on the rough to enhance color or clarity. I understand that CGH will refuse any rough that has undergone clarity enhancement of any kind.

I further agree to only supply rough that has been produced using legitimate labor that has been paid fair wage. I assure that no rough supplied to CGH is produced by using child labor, slave labor or any other unfair labor practices.

I agree to promote the environmental policies of CGH. I assure that all rough supplied to CGH has been produced using mining methods that have as little impact as possible on the natural environment of the region where the rough is being mined.

I agree that all transfer of goods and monies will be done in a legal and transparent manner. When possible, an official invoice showing true full value will be included with all shipments. If for any reason an official invoice with true full value cannot be included with the shipment, an invoice showing the true full value and full instructions for sending payment will be faxed to CGH at the time the shipment is made.

If for any reason I am unable to comply with any of the requirements expected of a Preferred Supplier of CGH, I agree to notify CGH in writing so CGH can evaluate the problems or issues. If an acceptable solution can not be reached, I will no longer be a CGH supplier and all commercial transactions will cease. If for any reason CGH feels I am not complying with the requirements to be a Preferred Supplier, I will be notified of the area of suspected violation and be sent the requirements to correct it. If I fail to follow the procedures, policies or any corrective actions expected by CGH, I will no longer be a CGH supplier and all commercial transactions will cease. If any man-made synthetic or imitation material is ever found in any gemstones I supplied to CGH, all commercial transactions will immediately be suspended with me.

I have read the attached Columbia Gem House document regarding **Rough Vendor Quality Assurance and Fair Trade Protocols** and this **Letter of Agreement**. I understand all that is required of me to become a Preferred Supplier for CGH is to agree to promote and follow all the goals and requirements expected of me as a Preferred Supplier to Columbia Gem House Inc.

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Representative Name (printed)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## **Addendum A: Treatments of Ruby and Sapphire Protocol**

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Columbia Gem House sells natural untreated ruby and sapphire, and sapphire that has undergone simple heat treatment.

Natural untreated ruby is ruby that has *only* been mined, cut and polished into a finished gemstone. No other processing is applied to natural ruby from the time it was recovered from the mine to the time it reaches the open market. Gemstones are valued for the Beauty, Rarity and Durability. Natural untreated ruby is among the rarest and thus the most valuable of gemstones. The great majority of all rubies in the marketplace have undergone complex treatments to improve their appearance after mining or cutting, and thus are far less rare and far less valuable. Columbia Gem House does not sell treated ruby.

For decades, nearly all sapphire in the marketplace has undergone simple heat treatment to improve its color, or clarity or both. Simple heat treatment involves heating the stones in a furnace to temperatures in the 1400-1600°C range for a few, to a few tens of hours. Hydrogen, a natural constituent of sapphire, may diffuse into or out of the stone during this process, but no other material matter is added. Columbia Gem House sells natural untreated sapphire and some sapphire that has undergone this simple heat treatment.

Much more recently, very complex processing has been applied to ruby and sapphire which can convert otherwise worthless material, which has no gem qualities, into apparently gem quality stones. These stones are far less rare because there are very large quantities of otherwise worthless ruby and sapphire available. There is almost 1000 times as much valueless or low value ruby and sapphire, as there is truly rare, fine quality ruby and sapphire gemstones.

One of these processes, Flux Heat Treatment, has the capability to partially “heal” the multiple fractures in essentially translucent to opaque ruby, thus rendering it transparent enough to facet. The majority of ruby from Mong Shu, Myanmar (Burma) is treated using this process. Columbia Gem House does not sell Flux Heat Treated ruby and sapphire.

Another of these processes is Lattice Diffusion Treatment. In this process, a combination of coloring agents, high temperatures, high pressure and degrees of oxygen enriched or reduced environments to radically alter the original color of the stone. The introduction of beryllium, a foreign element to ruby or sapphire, into the stone can convert almost any variety of worthless ruby or sapphire into relatively attractive stones. These stones are not rare. However, colors produced by this process cover the whole range of natural colors from red to orange to yellow to green to blue and their respective intermediary colors.

Columbia Gem House clearly describes to the purchaser any processing applied to its gemstones. Additionally, major gemological laboratories can determine if rubies and sapphires are natural, treated, or synthetic. It is recommended that a Laboratory Report accompany all high value stones.

## **Addendum B: Definitions of Acceptable Heat Treatments**

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Many colored stones rely on heat treatment to fully develop their color. The heat treated stones sold by Columbia Gem House are treated by heating processes that have been commonly used and accepted as standard practice within the gem trade for many decades.

The following types of gemstones are always presumed to be heated to achieve the most desirable color. The heating process uses a standard, low temperature heating in a regular atmosphere. No solid or gaseous compounds are added to effect color or clarity.

Citrine - All shades - Heated to develop color yellow, orange, or red color.  
Aquamarine - Heated to remove green or yellow and enhance blue color.  
Tanzanite - Heated to develop blue color.

The following types of gemstones are always presumed to be heated to achieve the most desirable color. The process for these stone types involves heat treatment in a controlled, reducing atmosphere. No solid or gaseous compounds are added to effect color or clarity.

Blue Zircon - Heated to develop blue color.

The following types of gemstones can, on rare occasion, be heated to enhance color. The heating process uses a standard, low temperature heating in a regular atmosphere. No solid or gaseous compounds are added to effect color or clarity.

Amethyst - Rarely heated to lighten over dark color.  
Bluer/Green Tourmaline - Rarely heated to lighten over dark color. Change is minimal at best.

## Addendum C: Categories for Fair Trade Gems

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1. **Complete Fair Trade:** We can follow these stones all the way back to the mine, where we have a significant impact on the mining itself.
  - a) Malawi (brand name - Nyala®) Sapphire and Ruby
  - b) Oregon Opal
  - c) Mexican Fire Opal
  - d) Royal Kings Plain Sapphire® (Australian)
  - e) Tashmarine®
  - f) Purple Sage Chalcedony®
  - g) Cortez Pearls®
  
2. **Protocols to the Procedures:** We can follow these stones back to the rough broker, who has an agreement with us that he can guarantee the material in question comes from the same location and that he understands and supports our Fair Trade principles and will communicate them to the mine operations.
  - a) Iris Amythest™
  - b) Fire Citrine®
  - c) Madeira Citrine
  - d) Standard Citrine
  - e) Grape Garnet®
  - f) Raja Garnet™
  - g) Mesa Verde Peridot™
  
3. **Factory Onward:** We can follow a stone from the factory onward, meaning that all Fair Trade principles are applied at our factory and onward, but we do not have a raw materials agreement.
  - a) Apsara Zircon™
  - b) Imperial Diopside®
  - c) Nightsky Iolite™
  - d) Rhodolite Garnet
  - e) Tourmaline
  
4. **Not Considered Fair Trade:** We do not cut these stones and, therefore, we cannot follow these stones in a manner consistent with our Fair Trade principles so as to guarantee Complete Fair Trade, Protocols to the Procedures or Factory Onwards as described above.
  - a) Blue Topaz
  - b) Ceylon Sapphire
  - c) Colombian Emerald
  - d) Tanzanite
  - e) Spice Pearls®
  - f) Tavorite
  - g) Aquamarine
  - h) Sphene
  - i) Ametrine