

# FREDERICK GOLDMAN INC.

## ANNUAL REPORT

Frederick Goldman Inc. (FGI) 2021 annual report detailing our responsible business policies in accordance with the Responsible Jewelry Council standard of practice, the scope of this report covers all Code of Practices into measurable action.

We have been fully committed to ensure diamond, lab created diamond (LCD), stones, gold, silver, tungsten, and platinum group metals in its products do not directly or indirectly finance or benefit armed groups that are perpetrator of human rights abuses in the Democratic Republic of Congo or an adjoining country, and not from conflict-affected and high-risk Area (CAHRA'S):

As part of this commitment, FGI exercises due diligence on all our suppliers, taking lead from the RJC, Code of Practice (COP) 7. Under our supply chain policy we ensure that all counterparties source only from refineries or smelters that have been independently audited to be conflict – free under one of the following initiatives:

- LBMA
- CFS|EICC
- World Trade Gold Council
- RJC
- SRSP

We have encouraged all its counterparties supplying jewelry components to obtain a relevant certification to demonstrate the conflict-free nature of their products, or to provide us with evidence for specific shipments to be conflict- free.

We have adopted, established, and implemented policies to ensure compliance under the following Code of Practices:

### **LEGAL COMPLIANCE**

All local and federal laws are followed and when there are changes, we are notified through various entities or bodies and we ensure those changes are implemented in a timely manner.

### **POLICY AND IMPLEMENTATION**

We have adopted and implemented various policies including Human Rights and Supply Chain Policies. All policies are uploaded on the Company's intranet, B2B and DTC for public availability.

### **REPORTING**

John Orrico was appointed as Due Diligence Manager to oversee our Due Diligence Management System. We communicated publicly and directly with the stakeholders the due diligence and annual report relevant to the COP.

We encouraged all the suppliers and stakeholders, by posting on our website, our Human Rights Policy, Supply Chain Policy, and Grievance Procedure to be in line with the OECD guidance for

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due diligence on conflict-free minerals and UN human rights guiding for due diligence on diamonds compliant with the Kimberly Process Certification Scheme and the World Diamond System of Warranties.

All public reports can be found on website <https://newb2b.fgoldman.com/>

## **FINANCIAL ACCOUNTS**

We maintain financial accounts of all business transactions in accordance with AICPA. Internal auditing is conducted on the preventive and protection basis. The audited financial statements for year 2020 was completed and the tax returns were filed on time. The financial statements for year 2021 is currently being audited.

## **BUSINESS PARTNERS**

We have identified significant vendors\business partners through financial data and send them vendor packets that includes our Human Rights and Supply Chain policies to promote responsible business practices. All business partners fully participated in this due diligence process and the risk assessment showed negative findings or red flags.

## **HUMAN RIGHTS**

We respect human rights by considering all potential and actual impacts in their operation and business relationships and encourage the business partners to commit to and implement the UN Guiding Principle on business and Human rights policies and procedures under RJC standard and all aspects of economic, environment and labor practices.

Grievance procedure was adopted and made publicly available on the Company's website.

## **DUE DILIGENCE FOR RESPONSIBLE SOURCING FROM CONFLICT-AFFECTED AND HIGH-RISK AREAS (CAHRA'S)**

We practice due diligence over our supply chain in accordance with the OECD Due Diligence Guidance for responsible supply chain of minerals from conflicted-Affected and High-Risk Area, by implementing our risk assessment management system based on OECD guidance with our supply chain.

We perform due diligence with internal awareness by training our relevant staff. Our 2021 supplier due diligence report showed no risk and therefore did not require disengagement with any of our suppliers.

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## **BRIBERY AND FACILITATION PAYMENTS**

We established and implemented Anti-Bribery Policy and Procedure that prohibit bribery and facilitation payment. We trained our new employees in the appropriate Departments to make sure the policy is understood and followed.

We wrote our Company's grievance procedures for employees. No complaints were received in 2021.

## **KYC: MONEY LAUNDERING AND FINANCE OF TERRORISM**

We document and apply a Know Your Counterparty (KYC) policy and procedure for all suppliers. Our Due Diligence Manager is appointed to be responsible for implementing KYC policy and procedure. Through our due diligence on all suppliers, we found no one at risk.

## **SECURITY**

We assess security risks and establish risk assessment policy/procedure to protect employees, contractors, visitors, personnel employed by relevant business partners against product theft, damage, product substitution within the premises and during events and shipment. Daily security risk assessment is exercised.

## **LABOR RIGHTS AND WORKING CONDITIONS**

We ensure that employment terms with regards of wages, working hours and other employment conditions are communicated to employees in writing before employment starts. We established the hiring policy and procedure according to U.S. and international Labor Standard in regards to child labor, forced labor, discrimination, harassment, retaliation and encourage the freedom of association and collective bargaining in the workplace.

We ensure that employees are treated with dignity and respect and are not subjected to harassment or violence or threatened with these towards themselves their family or colleagues.

We have grievance procedure implemented and posted in the workplace and on the Company's intranet.

No grievance or violation was found.

## **HEALTH, SAFETY AND ENVIRONMENT**

FGI ensures a safe and healthy working environment for all employees by complying with Federal and State laws as well as our business partners' requirements. The premises are well maintained and the bathrooms are cleaned often. Logs are kept and displayed as proof. A clean lunch room facility is accessible to all employees.

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## CONCLUSION

All the Company's business practices in 2021 are in compliance with Responsible Jewelry Council's Code of Practice.

**John Orrico**  
**COO | Due Diligence Manager**  
**January 10, 2022**