



DISCLOSURE MATERIALS

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire and B Lab deems them to be material, the company must:

- 1) Be transparent about the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue.
- 3) Demonstrate that management systems are in place to avoid similar issues from arising in the future.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to background checks by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.



DISCLOSURE QUESTIONNAIRE

Company Name: FARAD Group

Date Submitted: 05/18/2020

Industries & Products	Yes	No
Please indicate if the company is involved in production of or trade in any the following. Select Yes for all options that apply.		
Animal Products or Services		✓
Biodiversity Impacts		✓
Chemicals		✓
Company Explanation Of Disclosure Item Flags		✓
Disclosure Alcohol		✓
Disclosure Firearms Weapons		✓
Disclosure Mining		✓
Disclosure Pornography		✓
Disclosure Tobacco		✓
Energy and Emissions Intensive Industries		✓
Fossil fuels		✓
Gambling		✓
Genetically Modified Organisms		✓
Illegal Products or Subject to Phase Out		✓
Industries at Risk of Human Rights Violations		✓
Monoculture Agriculture		✓
Nuclear Power or Hazardous Materials		✓
Payday, Short Term, or High Interest Lending		✓
Water Intensive Industries		✓
Other		✓

Supply Chain Disclosures	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones		✓
Child or Forced Labor		✓
Negative Environmental Impact		✓
Negative Social Impact		✓
Other		✓

Other Disclosures	Yes	No
		✓

Outcomes & Penalties	True	False
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior		✓
Breaches of Confidential Information		✓
Bribery, Fraud, or Corruption		✓
Company Explanation Of Disclosure Item Flags		✓
Company has filed for bankruptcy		✓
Consumer Protection		✓
Financial Reporting, Taxes, Investments, or Loans		✓
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)		✓
Labor Issues		✓
Large Scale Land Conversion, Acquisition, or Relocation		✓
Litigation or Arbitration	✓	
On-Site Fatality		✓
Penalties Assessed For Environmental Issues		✓
Political Contributions or International Affairs		✓
Recalls		✓
Significant Layoffs		✓
Violation of Indigenous Peoples Rights		✓
Other		✓

Practices	True	False
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing		✓
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)		✓
Company Explanation Of Disclosure Item Flags		✓
Company prohibits freedom of association/collective bargaining		✓
Company workers are prisoners		✓
Conduct Business in Conflict Zones		✓
Confirmation of Right to Work		✓
Does not transparently report corporate financials to government		✓
Employs Individuals on Zero-Hour Contracts		✓
Facilities located in sensitive ecosystems		✓
ID Cards Withheld or Penalties for Resignation		✓
No formal Registration Under Domestic Regulations		✓
No signed employment contracts for all workers		✓
Overtime For Hourly Workers Is Compulsory		✓
Payslips not provided to show wage calculation and deductions		✓
Sale of Data		✓
Tax Reduction Through Corporate Shells		✓
Workers cannot leave site during non-working hours		✓
Workers not Provided Clean Drinking Water or Toilets		✓
Workers paid below minimum wage		✓
Workers Under Bond		✓
Other		✓



B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY: FARAD Group

UPDATED AS OF: 05/18/2020

DISCLOSURE QUESTIONNAIRE CATEGORY	Litigation or Arbitration
ISSUE DATE	2019
TOPIC	Litigation pertaining to company's negligent investment decisions
SUMMARY OF ISSUE	The company has been involved in a lawsuit/claim related to its investment in the Bernard Madoff ponzi scheme and the related scandal that took place in 2008-2009. The company invested in these assets on behalf of their clients. As a result these clients experienced severe losses and the losses triggered claims against the company for negligence.
SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)	The lawsuit has been settled out of court with a settlement amount ~4.3% of company's annual revenue.
IMPACT ON STAKEHOLDER(S)	The company's investment in the MADOFF Ponzi Scheme affected 3 of the company's clients (insurance companies) which in turn affected 100 of their end clients who suffered severe financial losses. Of these 100 end clients, 10 moved to court court against FARAD Group.
IMPLEMENTED MGT PRACTICES	<p>The company has since implemented new practices/policies in order to mitigate such a risk by making asset due diligence mandatory prior to each investment and the implementation of diversification rules within each portfolio.</p> <p>The company put a rule that an asset can't be held in a portfolio for more than 20% unless a specific restriction is quoted from the client on the risk profile. The company conducts due diligence on assets before the first investment and thereafter on a periodical basis. The company also performs a static due diligence based on documents as prospectus, term sheet, as well as through dynamic interviewing of the investment manager of the fund. In 2020, the company started performing an Anti-Money Laundering name screening of each client's portfolio through an application. The name screening is performed before the investment is performed and then automatically on an on-going basis. If at any moment the company detects a hit that changes the underlying profile, it intervenes and escalate this hit to the portfolio manager for action.</p>
RELATED INCIDENTS	Yes, the company is involved in a related lawsuit for claim amount ~1.4% of company's annual revenue. The 1st instance from the court has been favourable to the company, and the final judgement is yet awaited.