

SECURITY RISK ASSESSMENT

Company: F.M. Nelkin, LLC

Date: 03/10/2026

Prepared By: Daniel Moore

Review Frequency: Annual (or upon significant operational change)

1. PURPOSE

This Security Risk Assessment is designed to identify, evaluate, and mitigate risks related to product security, operational integrity, and protection of company assets. It also serves as documented evidence of the company’s commitment to maintaining a secure environment.

2. SCOPE

This assessment applies to: - Physical security of premises and inventory - Product security (diamonds and related materials) - Information and documentation security - Employee access and training - Vendor and third-party security practices

3. RISK ASSESSMENT SUMMARY

3.1 Identified Risks

Risk ID	Risk Description	Likelihood	Impact	Risk Level	Mitigation Measures
R1	Unauthorized access to facility	Medium	High	High	Controlled entry, surveillance cameras, access logs
R2	Theft or loss of diamonds/products	Low	High	High	Secure storage, inventory tracking, dual-control handling
R3	Employee error or misconduct	Medium	Medium	Medium	Training, supervision, documented procedures
R4	Data breach or loss of records	Low	Medium	Medium	Restricted access, backups, secure systems
R5	Supplier security failure	Low	High	Medium	Approved vendor list, contractual security requirements

3.2 Risk Evaluation Criteria

- **Likelihood:** Low / Medium / High
 - **Impact:** Low / Medium / High
 - **Risk Level:** Determined by combining likelihood and impact
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4. PRODUCT SECURITY PROCEDURES

4.1 Handling Procedures

- All diamonds and high-value materials are handled only by authorized personnel.
- Dual-control procedures are implemented where applicable.
- Movement of goods is logged and tracked at all times.

4.2 Storage

- Products are stored in secured safes or vaults.
- Access to storage areas is restricted and monitored.
- Daily inventory reconciliation is performed.

4.3 Transportation

- Shipments are made using approved, insured carriers.
 - Packages are sealed, tracked, and documented.
 - Chain-of-custody records are maintained.
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5. IMPLEMENTED SECURITY MEASURES

5.1 Physical Security

- Surveillance cameras covering all critical areas
- Alarm systems installed and monitored
- Controlled entry points with access restrictions

5.2 Administrative Security

- Security manual outlining all procedures
- Employee background checks (where applicable)
- Defined roles and responsibilities

5.3 Information Security

- Restricted access to sensitive documents
- Password-protected systems
- Regular data backups

6. TRAINING AND AWARENESS

- All employees receive security training upon hiring and periodic refresher training.
- Training includes:
 - Product handling procedures
 - Theft prevention and reporting
 - Emergency protocols

Evidence Maintained:

- Training materials
 - Attendance records
 - Signed acknowledgment forms
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7. THIRD-PARTY AND SUPPLIER SECURITY

- Contracts include security and confidentiality requirements.
- Only approved and vetted vendors are used.
- Periodic review of supplier compliance is conducted.

Evidence Maintained:

- Signed contracts
 - Vendor approval records
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8. COMMUNICATION AND REPORTING

- Security policies are communicated to all employees.
- Incidents are documented and reviewed.
- Management reviews security performance regularly.

Evidence Maintained:

- Internal reports
 - Meeting minutes
 - Employee communications
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9. MONITORING AND REVIEW

- This risk assessment is reviewed annually or after any major change.
 - Continuous improvement actions are tracked and implemented.
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10. SUPPORTING DOCUMENTATION (EVIDENCE)

The following documents support this risk assessment: - Completed risk assessment reports (this document) - Internal management reports - Security meeting minutes - Security procedures manual - Training materials and attendance logs - Contracts with security providers and vendors - Employee communications related to security

11. APPROVAL

Prepared By: Daniel Moore

Signature: *Daniel Moore*

Date: 03/10/2026

Approved By: Todd Nelkin

Signature: *T Nelkin*

Date: 03/10/2026

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