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January 17, 2011

Monti, Inc.
333 West Seymour Ave.
Cincinnati, OH 45216

Statement of Continued Support for the United Nations Global Compact

I am pleased to confirm that Monti Incorporated continues to support the ten principles of the Global Compact with respect to human rights, labor, environment and anti-corruption. With this communication, we express our intent to continue to advance those principles within our sphere of influence. Moreover, this statement renews Monti's on-going commitment to the initiative and its principles.

We recognize that a key requirement for participation in the Global Compact is the annual submission of a Communication on Progress (COP) that describes Monti's efforts to implement the ten principles. Monti supports public accountability and transparency, and therefore has provided the following information to serve as our COP. The following documents demonstrate our commitment to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company.

Our COP discloses corporate activities and policies, which reflect the company's implementation of two issue areas: human rights and labor.

This COP is the company's first annual disclosure of our efforts in implementing the United Nations Global Compact and its principles. It signifies the start of our continuous effort to put into practice the ten principles of the Global Compact.

Sincerely yours,

Gavin Narburgh
President

United Nations Global Compact: Communication on Progress

Description of Actions:

➤ HUMAN RIGHTS (Principles 1-2)

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

- ▶ Monti Inc. recognizes our responsibility to uphold human rights in our work place. As an equal opportunity employer, Monti does not discriminate in its employment decisions on the basis of race, religion, color, national origin, sex or pregnancy, age, disability, veteran or military status or any other basis that would be in violation of any applicable federal, state or local law. Furthermore, Monti will make reasonable accommodations for qualified individuals with known disabilities.

In order to provide equal employment and advancement opportunities to all individuals, employment decisions at Monti are based on merit, qualifications and abilities. This policy applies to all areas of employment, including recruitment, selection, hiring, training, transfer, promotion and demotion, layoff and recall, termination, compensation and benefits.

Employees are able to raise concerns and make reports without fear of reprisal.

- ▶ Monti strives to maintain a workplace that fosters mutual employee respect and promotes harmonious, productive working relationships. Our organization believes that unlawful discrimination and/or harassment in any form constitutes misconduct that undermines the integrity of the employment relationship. Therefore, Monti prohibits discrimination and/or harassment that is sexual, racial or religious in nature or is related to anyone's gender, pregnancy status, national origin, age, sexual orientation, disability or military/veteran's status. This policy applies to all employees throughout the organization and all individuals who may have contact with any employee of this organization.

Monti's Discrimination/ Harassment Policy is found in Section 8 of our *Employee Handbook*. The policy includes procedures for employees to make complaints in as confidential a manner as possible. Please see below for the policy in its entirety.

8. UNLAWFUL HARASSMENT/DISCRIMINATION

Monti strives to maintain a workplace that fosters mutual employee respect and promotes harmonious, productive working relationships. Our organization believes that unlawful discrimination and/or harassment in any form constitutes misconduct that undermines the integrity of the employment relationship. Therefore, Monti prohibits discrimination and/or harassment that is sexual, racial or religious in nature or is related to anyone's gender, pregnancy status, national origin, age, sexual orientation, disability or military/veteran's status. This policy applies to all employees throughout the organization and all individuals who may have contact with any employee of this organization.

Furthermore, Monti will make reasonable accommodations for qualified individuals with known disabilities unless doing so would result in an undue hardship.

Unwelcome sexual advances, requests for sexual favors, or other verbal, visual or physical conduct of a harassing nature will constitute harassment when a person involved feels compelled to submit to that misconduct in order to keep his/her position, to receive appropriate pay, or to benefit from certain employment decisions. If this type of misconduct interferes with an employee's work or creates an intimidating, hostile or offensive work environment, it may also be considered harassment.

Monti expects that everyone will act responsibly to establish a pleasant and friendly work environment. However, if an employee feels he/she has been subjected to any form of harassment and/or discrimination, the employee should firmly and clearly tell the person engaging in the harassing and/or discriminating conduct that it is unwelcome, offensive and should stop at once. The employee also should report any discrimination and/or harassment to the department supervisor of his/her department or any other management. That person will take the necessary steps to initiate an investigation of the discrimination and/or harassment claim.

Monti will conduct an investigation in as confidential a manner as possible. A timely resolution of each complaint will be reached and communicated to the employee and the other parties involved. Appropriate disciplinary action, up to and including termination, will be taken promptly against any employee engaging in discrimination and/or harassment. Retaliation against any employee for filing a complaint or participating in an investigation is strictly prohibited. However, any employee that knowingly makes a false claim of harassment and/or discrimination will be subject to disciplinary action up to and including termination.

Occasionally, talking with department management about this conduct is not an option. If an employee feels that his/her complaint has not been or cannot be properly handled at that level, he/she may forward the complaint to the Human Resources Manager or the President of Monti.

- Monti believes that communication is the heart of good employee relations. Regardless of the situation, employees are able to openly discuss any work-related problems and concerns without fear of retaliation.
- The security, safety and health of all employees are of primary importance to Monti. Threats, threatening and abusive behavior, or acts of violence against our employees, visitors, customers, or other individuals by anyone on property of Monti will not be tolerated. We require prompt and accurate reporting of all violence or potential violence incidents whether or not physical injury has occurred.

Monti's Violence in the Workplace policy, found in Section 15 of the *Employee Handbook*, states:

Any person who makes threats, exhibits threatening behavior or engages in violent acts on company premises shall be removed from the premises as quickly as safety permits and shall remain off company premises pending the outcome of the investigation. Following investigation, Monti will initiate an immediate and appropriate response. This response may include, but is not limited to, suspension and/or termination of any business relationship, reassignment of job duties, suspension or termination of employment and/or criminal prosecution of the person or persons involved.

All employees are responsible for notifying management of any threats that they witness or receive or that they are told another person witnessed or received. Even without a specific threat, all employees should report any behavior that they have witnessed that they regard as potentially threatening or violent or which could endanger the health or safety of an employee when the behavior has been carried out on a site controlled by Monti or is connected to employment or business of Monti. Employees are responsible for making this report regardless of the relationship between the individual who initiated the threatening behavior and the person or persons being threatened. Monti understands the sensitivity of the information requested and has developed confidentiality procedures that recognize and respect the privacy of the reporting employee."

- Monti promotes a safe and healthful environment for employees, customers and visitors. The management of the organization has the responsibility for implementing, administering, monitoring and evaluations safety procedures. Monti provides information to employees about workplace safety and health issues through memos, other written communication, daily huddles and monthly town hall meetings.
- Monti maintains a workplace that fosters mutual respect and promotes harmonious, productive working relationships. Our organization believes in going beyond what is required by law and expects our employees to treat everyone they come in contact with in a manner in which they would like to be treated and to give to others the respect that is due to every individual whether it is a fellow employee, member of management, customer, vendor, or visitor to our premises. Therefore, Monti prohibits any behavior that is discourteous or demeaning to others.

Principle 2: Businesses should ensure that they are not complicit in human rights abuses.

- Monti strictly adheres to all laws governing Human Rights. Our organization uses bulletin boards to communicate important business information such as safety rules, job postings, statutory and legal notices, company policies and management memos.
- Our open communication policy helps ensure that we are not complicity in any human rights abuses. Employees are able to use this policy to report any potential human rights concerns within the company without fear of retaliation. Our open communication policy is found in Section 10 of our *Employee Handbook*. The policy is as followed:

10. OPEN COMMUNICATION/DISPUTE RESOLUTION

Monti believes that communication is the heart of good employee relations. Employees should share their concerns, seek information, provide input and resolve work-related issues by discussing them with their Department Management until they are fully resolved. It may not be possible to achieve the results an employee wants, but the Department Supervisor needs to attempt to explain in each case why a certain course of action is preferred. If an issue cannot be resolved at that level, the employee is welcome to attempt to discuss the issue with a higher level management representative of Monti, including the President. The Department Supervisor should schedule that meeting for the employee.

Regardless of the situation, employees should be able to openly discuss any work-related problems and concerns without fear of retaliation. Management representatives are expected to listen to employee concerns, encourage their input and seek resolution to the issues and concerns. Often this will require setting a meeting in the near future. Management representatives are to set these meetings as quickly as possible, and employees are expected to understand that issues may not always be addressed at the moment they arise. Discussing these issues and concerns with management will help to find a mutually acceptable solution for nearly every situation.

If an employee has a concern about discrimination and/or harassment, Monti has set up special procedures to report and address those issues. The proper reporting procedures are set forth in the organization's Unlawful Harassment and Discrimination provision, which is located before this provision in the Handbook.

- Monti complies with all United States Occupational Safety and Health Administration (OSHA) regulations. Managers who directly oversee employee health and safety have completed OSHA training courses. By training managers in health and safety, the company is better equipped to monitor, identify and manage risks and opportunities related to human rights.

➤ LABOR (Principles 3-6)

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

- In the United States, the government provides a proper legal and institutional framework for industrial relations and collective bargaining, preserving the confidentiality of trade unions and leaders. Monti communicates employee rights under U.S. federal labor laws by posting a required notification of employee's rights. This posting informs employees of their rights to organize and bargain collectively with their employer without the fear of retaliation. The notice provides examples of illegal conduct by employers and trade unions, and it provides contact information for the National Labor Relations Board.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.

- Monti has created an “at-will” relationship with all its employees. This enables employees to end their employment with Monti with or without reason, cause or notice. Monti’s Employment-at-will contract is stated in Section 5 in our *Employee Handbook*, please see below:

5. EMPLOYMENT-AT-WILL

An “at-will” relationship has been created in your employment with Monti where both you and the employer may end the employment relationship with or without reason, cause or notice. This means that you have the right to leave at any time for any reason or for no reason at all and we have the right at any time to separate you from employment for any reason that does not violate any wrongful discharge laws.

- In order to uphold the elimination of compulsory labor Monti has transparent, written policies that clearly state employee rights and responsibilities and their compensation and benefits. Monti offers full-time employees a very rich benefits package. Included in the benefits package is a comprehensive workers’ compensation program at no cost to the employees, 10 paid holidays, accrued vacation, a matching 401k retirement savings program, and health and welfare benefits. A brief overview of all employee benefits can be found in our *Employee Handbook*. Below is a brief summary of Monti’s benefits package:

Benefits package:

- *Health Insurance (employees are eligible the 1st day of the month following 90 calendar days of service)*
 - *Provider- Anthem*
 - *Cost*
 - Employee Only- \$3.00/week*
 - Employee/Child- \$5.00/week*
 - Employee/Spouse- \$6.00/week*
 - Family- \$7.00/week*
 - *Deductibles*
 - Single- \$250*
 - Family- \$750*
 - *Out-of-Pocket Pay (Deductible Included)*
 - Single- \$1,250*
 - Family- \$2,750*
 - *Life Insurance- \$15,000; covers employee only - \$0/week*
 - *Disability*
 - *Vision*
 - Single- \$1.57/week*
 - Family- \$4.69/week*
 - *Dental Insurance*
 - Single- \$2.46/week*
 - Family- \$6.01/week*
- *401K- Liberty Mutual (employees are eligible after 12 months of employment, enrollment in January and July)*
 - *Monti's 401K will match dollar for dollar of the employees first 3% of contribution and \$.50 on the dollar for the employees next 2% of contribution.*
- *Yearly bonus given to all employees in December- based on good attendance, contributions and performance.*
- *Vacation*
 - *1 year of employment- accrual*
 - *2 years of employment- 2 weeks*
 - *5 years of employment- 2 weeks, 2 days*
 - *10 years of employment- 3 weeks*
- *Paid Holidays- Monti has 10 paid holidays throughout the year; to receive paid holiday, employees are obligated to work 8 hours the day before and after the holiday (the employee is eligible for paid holidays after 90 calendar days of service).*

Principle 5: Businesses should uphold the effective abolition of child Labor.

- Monti adheres to minimum age provisions of the national labor laws and regulations. Moreover, Monti's minimum age requirement is 18, above the national regulation. Monti recognizes that a manufacturing environment is not suitable for children as it raises safety and health concerns. Age is verified during the application process to ensure that no one under the age of 18 is employed at Monti.
- Monti fully supports vocational training for its full-time employees, both young and old. Not only does Monti actively enroll its employees into training programs to further develop their skill sets, but also offers employees tuition

reimbursement. Section 54 in Monti's *Employee Handbook* states our policy on tuition reimbursement:

54. TUITION REIMBURSEMENT

At Monti, we support an employee's desire to further their education in order to enhance their skill set and grow in their area of responsibility. The purpose of the tuition reimbursement plan is to encourage the development of all full-time employees. Tuition reimbursement may be granted for courses that are work-related, that maintain or improve the skills required by employees in their employment, that may be necessary for the anticipated needs of the organization or that may make employees more valuable to the organization.

Before enrolling in a course, an employee must apply for education reimbursement and have it approved by his/her supervisor. Final approval will be determined by Monti management.

Reimbursement will be made upon successful completion of the course (a grade of "C" or better or a "pass" for a pass/fail course). In order to receive payment, the employee must provide a copy of the official grade report and all relevant receipts. To obtain reimbursement, the employees must still be employed by Monti at the time reimbursement is paid.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

- The elimination of discrimination in respect of employment and occupation is one of the most important principles to uphold, and at Monti we take a firm stance against discrimination. Monti implements many policies and procedures which make qualifications, skill and experience the basis for the recruitment, placement, training and advancement of staff. To make certain that we remain non-discriminatory during recruitment, Monti has written job descriptions for every position. The job description states essential qualifications and skills that are necessary for a certain occupation, which helps eliminate discrimination. Monti will also reasonably adjust our physical environment to make accommodations for qualified individuals with known disabilities.
- Monti strives to maintain a workplace that fosters mutual employee respect, which in turn promotes harmonious, productive working relationships. Our organization believes that unlawful discrimination and/or harassment in any form constitutes misconduct that undermines the integrity of the employment relationship. Therefore, Monti prohibits discrimination and/or harassment that is sexual, racial or religious in nature or is related to anyone's gender, pregnancy status, national origin, age, sexual orientation, disability or military/veteran's status. Section 8 in Monti's *Employee Handbook* states our Discrimination Policy:

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Monti strives to maintain a workplace that fosters mutual employee respect, which in turn promotes harmonious, productive working relationships. Our organization believes that unlawful discrimination and/or harassment in any form constitutes misconduct that undermines the integrity of the employment relationship. Therefore, Monti prohibits discrimination and/or harassment that is sexual, racial or religious in nature or is related to anyone's gender, pregnancy status, national origin, age, sexual orientation, disability or military/veteran's status. This policy applies to all employees throughout the organization and all individuals who may have contact with any employee of this organization.

Furthermore, Monti will make reasonable accommodations for qualified individuals with known disabilities unless doing so would result in an undue hardship.

Unwelcome sexual advances, requests for sexual favors, or other verbal, visual or physical conduct of a harassing nature will constitute as harassment when a person involved feels compelled to submit to that misconduct in order to keep his/her position, to receive appropriate pay, or to benefit from certain employment decisions.

Monti expects that all employees will act responsibly to establish a pleasant and friendly work environment. However, if an employee feels he/she has been subjected to any form of harassment and/or discrimination, the employee should firmly and clearly tell the person engaging in the harassing and/or discriminating conduct that it is unwelcome, offensive and should stop at once. The employee also should report any discrimination and/or harassment to the department supervisor of his/her department or any other management personnel. That person will take the necessary steps to initiate an investigation of the discrimination and/or harassment claim.

Monti will conduct an investigation in as confidential a manner as possible. A timely resolution of each complaint will be reached and communicated to the employee and the other parties involved. Appropriate disciplinary action, up to and including termination, will be taken promptly against any employee engaging in discrimination and/or harassment. Retaliation against any employee for filing a complaint or participating in an investigation is strictly prohibited. However, any employee that knowingly makes a false claim of harassment and/or discrimination will be subject to disciplinary action up to and including termination.

Occasionally, talking with department management about this conduct is not an option. If an employee feels that his/her complaint has not been or cannot be properly handled at that level, he/she may forward the complaint to the Human Resources Manager or the President of Monti.

- ▶ In a continuous effort to eradicate discrimination from the workplace, it is essential that Monti continues to invest time and training into our employees. By establishing programs to greater our employees' skill set, Monti empowers employees and enables them to advance their employment within the company. As mentioned previously, Monti offers incentives such as tuition reimbursement and on-the-clock training to employees. Training is offered to all levels of employment from an entry level machinist to senior management.
 - An example of entry level training includes in house blue print reading courses and beginner CNC Milling training. New machine operators are offered discounted tooling to help them establish their trade.
 - In addition to manufacturing based training, Monti also provides leadership, safety and interpersonal development training. In 2011, Monti management required all supervisors to enroll in leadership and management development courses.

Outlook on Planned Strategies and Actions

(As this is our first COP, included below are a few goals set by Monti management to benchmark our progress in implementing the ten principles of the Global Compact. In our subsequently COP, we hope to include a measurement of outcomes for each goal.)

- In 2012, we plan to put into service a suggestion box for employees to express their personal grievances without fear of retaliation. Suggestions collected from the box will help management reduce Human Rights risks and respond to any Human Rights violations. The suggestion box can also be used to implement the Labor Principles of the Global Compact by reducing labor risks and respond to unknown labor violations.
 - To measure the effectiveness of our goal, we will be able to track any incidents and describe how Monti deals with them.
- In 2012, Monti plans to increase training for employees on labor rights and policies. We will concentrate in the areas of safety and occupational skill development.
 - Monti senior management will periodically review the results of this training to measure its effectiveness.
- To ensure that employees are not discriminated against in regard to comparable pay for comparable work, our Human Resources Manager plans to partake in compensation surveys. With the results, the HR Manager will be able to determine if we are fairly compensating our employees with respect to industry standards.