



## **EPS CORPORATION UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS 2012**

- 1. Purpose:** The Communication on Progress (COP) is an annual disclosure by EPS Corporation (formerly known as Engineering and Professional Services, Inc.) of its implementation of the United Nations (UN) Global Compact.
- 2. Scope:** The EPS 2012 COP presents ways in which EPS has implemented the UN Global Compact and the planned stages and actions being taken.

### **3. Requirements:**

**3.1 Statement of Continued Support:** The EPS Corporation Chairman and Chief Executive Officer, Mr. Francesco A. Musorrafiti, hereby expresses his continued support for the UN Global Compact and his commitment to its initiatives and its principles.

**3.2 Description of Actions:** There is no discrimination at EPS. All employees are respected for their contribution and receive wages commensurate with their knowledge and the job requirement. There is no child or forced labor practiced at EPS. Over time, EPS has increased the contributions of the corporation to the employees' 401K Plan to encourage employees' participation.

EPS Corporation continues to take actions to address the four issue areas – human rights, labor, environment, and anti-corruption. At the Annual Corporate Meeting in the late Fall of each year, training in these areas and the steps that EPS is taking in their implementation are reviewed with all of the principal company officers and managers.

#### **3.2.1. Human Rights**

The Company uses postings in its facilities, email and web site to identify EPS as an Equal Opportunity Employer (EOE). In 2011, EPS successfully passed a periodic audit by the US Government concerning its adherence to affirmative action hiring requirements. Additionally, EPS formed and continues to support a Non-Government Organization (NGO) in Bucharest, Romania, to protect the human rights of women and to help stop human trafficking.

EPS has also taken note of the UN Global Compact's initiatives in support of Women's Empowerment Principles, and particularly the need to increase the



number of women on corporate boards. EPS is proud of the fact that two-thirds of the members of its Board of Directors are women.

### 3.2.2. Labor

EPS is an equal opportunity employer. EPS complies with all labor laws in the jurisdictions in which it performs work. EPS has worked hard to increase the company's contribution to employee 401(k) retirement accounts.

Further, EPS has made the reduction of an employee's health insurance costs a top priority and has taken actions that have made a drastic reduction in employees' health care premium costs, at a time when most companies have had to significantly increase employee contributions towards overall health insurance costs. This focus has resulted in an approximately 40% reduction in employee health insurance costs since April 2012, with better, more comprehensive coverages.

EPS also continues to make strong efforts to employ persons with disabilities, especially returning veterans. A full 10% of EPS's workforce is comprised of veterans with a documented service-related disability.

### 3.2.3 Environment

EPS is also proud of the fact that it was selected as a recipient of the "2010 Green Recognition Award" by *Homeland Security Today* magazine. Specifically, the "Green Secure Transportation Award" was presented to EPS for our uniquely designed EPS 10 Hovercraft amphibious craft. The EPS 10 Hovercraft has been proven to fulfill the criteria required to stand out as an environmentally friendly marine vessel. EPS' hovercraft design takes "green technology" a step further than just the reduction of carbon emissions by manufacturing a marine vessel that provides a direct benefit to the environment. The award was reported in the March 2010 issue of *Homeland Security Today*.

In March 2011, our EPS 10 hovercraft was also named "Boat of the Year" by *Marine News* magazine in an article that also stressed the environmental advantages of our vessel. (See Attachment 1).

In 2011, EPS delivered its first two US-built EPS M-10 hovercrafts to the Saudi Arabian Border Guard. Built at its shipyard in Titusville, Florida, the EPS 10 product design is a hovercraft that uses lift fans to create an air cushion to glide over the top of both land and water such that neither intrusive propellers nor shafts disturb the marine ecological environment. Gliding upon the surface of the water ensures that fragile marine flora and fauna remain undisturbed as well as not creating any bow wake to cause erosion upon the shore line.



Integral to this environmentally friendly vessel is its advanced composite construction featuring carbon and Kevlar state-of-the-art composite manufacturing technology. With the departure from legacy hovercraft designs which incorporate aluminum as a chief manufacturing component, EPS introduces the next generation of hovercrafts reducing operational and maintenance costs while improving reliability and maintainability. Using advanced composites enable the craft to be lighter, thus achieving a higher thrust to weight ratio resulting in a reduced power requirements and a reduction in carbon emissions.

In 2011 and 2012, EPS has accelerated development of its EPS 2.2 hovercraft vessels which shares all of the attributes noted above. This smaller craft is being designed to fulfill many missions but most pertinently the EPS 2.2 hovercraft is designed to assist in missions involving the interdiction of pernicious drug trafficking activities, the proceeds of which are often used for all manner of corrupt activities by organized crime. Further, the EPS 2.2 is designed to provide humanitarian and disaster relief in the event of natural disasters like hurricanes, tropical cyclones, etc.

We also note that EPS supports organizations providing disaster relief; specifically EPS supports the American Red Cross and provides an EPS corporate officer to represent EPS on the Board of Directors for the local Red Cross chapter that services our region. In addition, EPS has provided financial support of the Red Cross' activities, which during this past year included support of the destruction caused in our region by Hurricane Irene.

Additionally, EPS continues to pursue various alternative energy business opportunities, including biofuels, wind power, and solar power projects as we see that such initiatives make both environmental and business sense. We have also been actively marketing very high-efficiency lighting products to our US Government and international customers.

EPS has also taken further action to reduce its own energy consumption by continuing to upgrade its facilities with energy conserving lighting systems and more energy-efficient computers and monitors. EPS facilities are also fully compliant with all applicable recycling requirements.

#### 3.2.4 Anti-Corruption

EPS Corporation has prepared and implemented across the EPS divisions a Corporate Compliance Program and Code of Ethics that is monitored by the designated Corporate Compliance Officer, EPS General Counsel, Mr. John E. Gagliano, Esq. In addition to the Annual Review by all company officers and managers, each employee is required to read and acknowledge the Corporate Compliance Program and Code of Ethics Policy upon joining EPS, and then also on



a periodic basis. These materials are also continuously available to all employees through the employee intranet section on the EPS website.

Among the principles included in the EPS Corporate Compliance Program and Code of Ethics are such topics as:

- Respect for Intellectual Property
- Workplace Safety
- Conflicts of Interest
- Bribery/Gratuities
- Policy on Dealings Abroad
- Truth in Reports and Records
- Policy Against Discrimination
- Respect for Confidential Information and Trade Secrets
- Policy Against Harassment

### 3.2.5. Anti-Counterfeiting

EPS continues to explore business opportunities involve anti-counterfeiting solutions. This is an area in which EPS has worked closely with the UN and UNICRI. Specifically, The Permanent Observatory for Anti-Counterfeiting Systems (POAS) established by UNICRI pre-qualified EPS as one of only two companies worldwide that was judged pre-qualified to be an approved service provider for the Worldwide Track and Trace Bank (WTTB) being developed by UNICRI. The WTTB is contemplated by UNICRI as an instrument for the fight against counterfeiting, the re-selling of stolen goods and fraud in the sale of consumers and technology products, which practices are often undertaken by elements of organized crime. UNICRI did not make significant progress on this initiative during this past year but EPS remains an approved service provider when UNICRI is ready to proceed.

EPS notes that, as part of the application process to become an approved service provider, EPS was required to certify and specifically commit to uphold the principles indicated in the UN Secretary General Guidelines on Cooperation between the United Nations and the Business Community, especially with respect to those concerns the principles contained in the Global Compact and recalled hereunder. EPS made this commitment and fully supports the principles detailed at the World Economic Forum in Davos on 31 January 1999 by the UN Secretary-General, who challenged world business leaders to "embrace and enact" a set of universal principles within their sphere of influence in the areas of human rights, labour standards and the environment. These principles are:

#### Human Rights

##### *Principle 1*

*Support and respect the protection of internationally proclaimed human rights;*



*Principle 2*

*Business should make sure not to be complicit in human rights abuses.*

*Labor Standards*

*Principle 3*

*Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;*

*Principle 4*

*The elimination of all forms of forced and compulsory labor;*

*Principle 5*

*The effective abolition of child labor; and*

*Principle 6*

*Eliminate discrimination in respect of employment and occupation.*

*Environment*

*Principle 7*

*Support a precautionary approach to environmental challenges;*

*Principle 8*

*Undertake initiatives to promote greater environmental responsibility;*

*Principle 9*

*Encourage the development and diffusion of environmentally friendly technologies.*

*Corruption*

*Principle 10*

*Fight against any form of corruption, including extortion and bribery.*

In preparing its application to become an approved WTTB service provider, EPS established a worldwide network of over 75 partner companies that also committed to these principles when joining the EPS team. As noted in Attachment 2, in finding EPS qualified as a WTTB service provider, UNICRI found that EPS had successfully demonstrated its commitment to these core principles.




**3.3 Measurement of Outcomes or Expected Outcomes:** EPS identifies key performance indicators as relevant indicators for EPS' business base.

Efficiency:

	INDICATOR	2011	2012 TARGET
Adoption of Deltek GCS as financial and administrative tool for managing EPS Corporation.	Conversion of EPS Companies to Deltek.	Completed transition of rest of EPS operating companies to Deltek GCS platform	Increase capabilities with Deltek GCS; investigate upgrade to Deltek Costpoint ERP solution.
Adoption of ISO 9001:2008 as EPS Quality Assurance Standard	All Companies ISO Certified 9001:2008	All EPS Companies certified ISO9001:2008.	Continue to maintain ISO 2001:2008 certification
Support of Women's Empowerment Principles	Goal of at least half of EPS Board Members be women	Two-thirds of EPS Board of Directors members are women	Continue high level of women Board membership
Support Employment of Persons with Disabilities	Hiring of persons with disabilities, especially returning veterans	Nearly 10% of EPS workforce are service-disabled veterans	Maintain level of hiring of persons with disabilities, especially returning veterans

Please feel free to contact me if you have any questions concerning this UN Global Compact Communication on Progress by EPS Corporation.

Dated: 16 May 2012

Signed:   
 Francesco A. Musorrafti  
 Chairman and Chief Executive Officer  
 EPS Corporation