



EPS CORPORATION UNITED NATIONS GLOBAL COMPACT COMMUNICATION ON PROGRESS 2010

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 2010 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. EPS has raised the contributions of the corporation to the employees' 401K Plan to encourage employees' participation.

EPS Corporation has taken 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, 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). 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.

3.2.2. Labor

EPS is an equal opportunity employer. EPS complies with all labor laws in the jurisdictions in which it performs work.



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. (See Attachment 1). 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*.

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.

Additionally, EPS has been pursuing 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.

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 companies 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

During the past year, in partnership with the UN and UNICRI, EPS has made a major investment in developing a new anti-counterfeiting business initiative. 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. (See Attachment 2) The WTTB is being established 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.

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 | 2009 | 2010 TARGET |
|--|---------------------------------------|--|---|
| Adoption of SAP as financial and administrative tool for managing EPS Corporation. | Conversion of EPS Companies to SAP. | Completed transition of most of operating companies to SAP platform. | Convert remaining operating companies to SAP. |
| 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. |

Dated: 20 May 2010

Signed:

A handwritten signature in black ink, appearing to read 'Francesco A. Musorrafiti', written over a horizontal line.

Francesco A. Musorrafiti
Chairman and Chief Executive Officer
EPS Corporation



**Date: March 2010
For Immediate Release**

Contact:

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**EPS Corporation Hovercraft Wins Green Technology Recognition Award
from Homeland Security Today Magazine**



EPS Corporation, Tinton Falls, NJ, proudly announces that it has been selected as a recipient of the "2010 Green Recognition Award" by *Homeland Security Today* magazine in its First Annual Green Awards.

The "Green Secure Transportation Award" was presented to EPS for building advanced composite hovercrafts. EPS Hovercrafts 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 the manufacturing of a marine vessel that provides a direct benefit to the environment.

Under construction at its Vectorworks shipyard in Titusville, Florida, EPS Hovercrafts are fully amphibious vessels that use lift fans to create an air cushion that glides over the top of both land and water so that neither intrusive propellers nor shafts disturb the marine ecological environment. Gliding above the surface of the water ensures that fragile marine flora and fauna remain undisturbed. Furthermore, EPS Hovercrafts do not create bow wake which can cause erosion to the shoreline.

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

All inquiries about EPS Hovercrafts can be made by contacting the Chairman and CEO, Mr. Francesco A. Musorrafiti at hovercraft@epscorp.com. Information about EPS' can be found on the company website <http://www.epscorp.com>

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GREEN RECOGNITION AWARDS



By **PHILIP LEGGIERE, BUSINESS EDITOR**

THINKING AND TALKING “GREEN” HAS BECOME NOT ONLY WIDELY FASHIONABLE BUT ALSO INCREASINGLY DE RIGUEUR FOR GOVERNMENT AGENCIES, PRIVATE ORGANIZATIONS AND COMPANIES OF ALL SIZES.

Undoubtedly, well intentioned as the exhortations to “Go Green” have been, however, too often green initiatives remain little more than piecemeal changes.

In this first annual *Homeland Security Today* Green Recognition Awards, selected by the editors, we highlight five organizations and companies that are taking the notion of going green to the next level, moving decisively beyond thinking and talking to acting green by making the development and integration of green technologies, policies and solutions an integral part of their overall strategies.

**GREEN SECURE
TRANSPORTATION
AWARD
EPS Corp.**

While the reduction of carbon emissions is a very relevant criterion for green practice,

it is not the only component of environmentally friendly product development.

Homeland Security Today Green Transportation Award winner EPS Corp. (<http://www.epscorp.com/>), Tinton Falls, NJ, a global systems integrator, has focused on developing hovercraft for border control agencies to assist in homeland security that have a minimal impact upon the environment.

“WHAT’S MOST UNIQUE ABOUT THE EPS HOVERCRAFT IS THAT IT’S MADE OUT OF COMPOSITE MATERIALS, UNLIKE TRADITIONAL HOVERCRAFT, WHICH ARE MADE OUT OF ALUMINUM THAT CORRODES IN WATER.”

“What’s most unique about our hovercraft is that it’s made out of composite materials, unlike traditional hovercraft, which are made out of aluminum that corrodes in water,” explained Andrew Dougherty, manager of hovercraft sales and marketing for EPS. “This makes the new generation of hovercraft design far more flexible and customizable.”

The craft’s non-corrosive composite of fiber-reinforced plastic construction uses fiberglass, Kevlar and carbon fibers.

For example, Dougherty added, “if you need units to patrol the coastline off the Somali coast against pirate vessels, you can design the hovercraft with Kevlar fiber with part armor plate.”

In addition, the units don’t create bow wakes that lead to erosion, do not require props or rudders in the water, don’t harm either marine flora or fauna and don’t have toxic anti-fouling paints.

“In general, operating cost per pound of payload, hovercraft are at least 30 percent more efficient than conventional displacement-type vessels,” Dougherty said. “This is due to the fact that hovercraft glide over top of water, and this greatly reduces surface tension (friction), enabling a much faster rate of travel.”

In its engine selection, EPS is using MAN Diesels, specifically the D2842 LE-211MAN diesel engines that are usually optimized to run on heavy fuel oil, but can also easily be converted to fuels with low-sulphur content, such as marine diesel oil, gas oil or biodiesel.

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advancing security, serving justice,
building peace

REF: POAS 38586
UNICRI/610/MMsm
Geneva,
4 November 2009

Dear Madams and Sirs,

The POAS (Permanent Observatory on Anti-Counterfeiting Systems) has carefully evaluated the application you submitted on 28 October 2009 in response to the International Announcement of Selection of Service Providers of the WTTB, issued on 31 July 2009.

The following are the results of the above-mentioned verification:

- 1) The attachment concerning the unconditional acceptance of the ethical principles indicated in the UN Secretary General Guidelines on Cooperation between the United Nations and the Business Community, has been duly signed;
- 2) Balance sheets presented for the 2006, 2007, and 2008 exercises reveal an average invoice above the minimums predicted for admission and indicated at USD \$50,000,000;
- 3) All information relative to the enterprises and their associates is adequate to the requirements set forth by the Announcement, including the composition of both the administrative and control organs;
- 4) The certification concerning the moral responsibility and the personal honor of administrators appears to be well-documented and valid for the purposes indicated by the Announcement;
- 5) With the ratification of the proposal, you have accepted a bank/insurance obligatory guarantee equal to USD \$2,000,000 as well as the payment of an annual contribution of USD \$250,000 to support UNICRI research projects as well as the Institute's institutional activities in the fight against counterfeiting;

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- 6) Your presence with affiliates in the predicted nine macro-areas complies with the requirements set forth by the Announcement;
- 7) Your presence with national distributors and other related structures for technical support in over 50 countries complies with the requirements set forth by the Announcement, with the exception of the considerations and prescriptions reported afterwards.

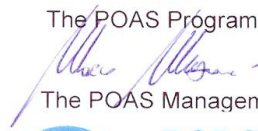
Considering the above, the POAS Management and Control Committee declares your agency pre-qualified to act as a WTTB Provider. Therefore you will be soon contacted by AICO (Anti-Counterfeiting and Innovation Corporation), the ARES S.p.a. operating structure, to deal with every predicted contractual aspect related to the service management. Furthermore, and as anticipated above, the Committee has ascertained from your activity's historical analysis and from the proposed network for territorial management, that the way in which your commercial organization is structured favors the development of the activities at the institutional rather than at the market level.

The underlined characteristics will have to be overcome by direct initiatives targeting the agency's structure, or by cooperative efforts - coordinated by ARES S.p.a. in consultation with the POAS - with other providers which are now well equipped with a more institutional-oriented structure.

Pleased with the current announcement, we confirm our full cooperation in view of a rapid start of the activities as well for the progressive coverage of the service in every country. In case of need, the Committee will provide direct assistance on every emerging problem, while it reserves the faculty to perform, at any time, all the verifications and controls that may be deemed necessary to verify that the level of the service provided respects constantly and effectively the requirements set forth by the Announcement.

Sincerely yours,

The POAS Programme Coordinator



The POAS Management Committee



POAS

Permanent Observatory
on Anti-counterfeiting
Systems