



International Control Services, Inc.  
FLEXIBLE SOLUTIONS WITHOUT BOUNDARIES

October 3, 2015

As we enter another year of participation in the United Nations Global Compact principals, we are confident that our continued commitment to our employees, community, and environment is demonstrated by the standards we keep.

Many of the standards promoted by the Global Compact are simply a "Way of Life" as government regulations protect employees and the environment, but we all have an obligation to effect change and make this a safe world to live in.

The Mission of International Control Services is to provide electronic manufacturing services that exceed customer expectations in both quality and on time delivery while at the same time providing the industry's best value. We cannot succeed in this without a dedicated workforce.

Our employees are provided a safe work environment and are also educated in safety, health, and potential work hazards. ICS employees are offered an affordable yet comprehensive health, dental, and life/disability package which allows them to be proactive in their own lives and the lives of their families.

We continue to operate our business under a Code of Ethics Policy. Therefore, we will not intentionally or knowingly do business with vendors, suppliers, or companies who violate human rights, labor laws, or anti-corruption policies; or who continue environmentally unsafe practices.

Communication on this progress will be submitted annually to the UN Global Compact and our stakeholders.

Regards,

Dennis Espinoza  
CEO, President

**International Control Services, Inc.**  
FLEXIBLE SOLUTIONS WITHOUT BOUNDARIES  
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## HUMAN RIGHTS:

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

Human Rights, as it relates to this company, applies primarily to the right of every employee to be treated fairly without fear of physical harm or harassment of any kind, and the right to report incidents without retaliation. It is also the right of every employee to be treated equally in the areas of training, employee development, and the opportunity to be promoted within the company as the skill set and knowledge required for the position are met.

ICS has embraced a Value-Added approach toward employees, policies, safety, and family. Some of those Value-Added activities are;

- Employees of the Month are nominated through our suggestion box process for:
  - Best idea to improve processes or cost savings
  - “Making a Difference” employee of the month nominated by coworkers for their contributions in the areas of morale, teamwork, and forward thinking
- Suggestion Box available for submission of any type as part of the open door policy
- Employee Recognition for years of service at the monthly all employee meeting and on the monitors in the break rooms for that entire month
- Employee Recognition for Perfect Attendance for the year
- Cookouts and parties for employees at various times throughout the year
- Work hours that help support a more family friendly balance to life and work activities
- Additional paid time off available for employees to earn with good attendance
- Training available for employees to sharpen their skills in various computer software programs and opportunities for advancement within the facility
- Flu vaccinations are free of charge to employees who carry health insurance
- Communication monitors in both break rooms with PowerPoint presentations communicating accomplishments, goals, measurements, quality numbers, various community activities taking place, new hires, birthdays, anniversaries, and etc.

Company benefits include health and dental insurance, life and disability insurance. Paid personal time and vacation time are also provided.

This company complies and strictly adheres to the Equal Employment Opportunity Policy without regard to race, creed, color, religion, sex, age, national origin, disabilities, veteran status, sexual orientation, marital status, military status, or any other characteristic protected by state or federal law.

### **Additional Information Supporting Principle 1:**

**One Employee of the Month** is awarded a spin of the "Wheel of Fortune" which has various prizes to win. It something simple and silly but both the company and the employees look forward to this monthly event.

**Suggestion Box** is available and all employees are encouraged to make suggestions regarding processes or company activity that would improve productivity, quality, policies, and employee morale.

**Years of Service Recognition** is presented monthly at the all employee meeting and on monitors in the building throughout the month.

**Training Recognition** is usually done at the all employee meetings. Employees take pride in their training efforts to improve their knowledge base and develop different skills within the company.

### **Paid Time Off for Good Attendance**

Paid Personal Points are awarded to employees with perfect attendance for the week. Hourly employees gain (+.25) points per week. 1 full point is worth 2 hours of paid time off. Over the course of a year, employees can gain 24 hours of paid time off just for having good attendance. This is above what is allocated as vacation or paid personal time.

### **Special Events**

Holiday parties, cookouts, and special events take place throughout the year.

### **Work Hours**

Hourly manufacturing employees primarily work 7:00am – 3:30pm which accommodates after work appointments and the ability to get home at a reasonable time for family or personal needs, while office and support personnel are able to request flexible scheduling to accommodate the same needs.

### **Company Benefits**

At least 80% of the monthly premium cost for the employee is paid by the company. Dental Insurance for the employee is free, \$25,000-\$50,000 term life insurance and short term disability insurance is paid for by the company. Vacation and paid personal paid Time off are also part of the company benefits depending on position and years of service..

### **Hiring Training & Developing-**

Company paid training is ongoing in several areas. In 2013 a Training Coordinator was hired to deliver training needed and help new hires adapt to the culture of the company. Our training coordinator is still in place and we have expanded our orientation process to better equip new hires for the production environment and allow them adapt to this culture. At ICS, we are always looking to promote from within as skills allow.



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#### **Corporate Quality Policy**

International Control Services, Inc. will meet or exceed customer expectations as well as statutory and regulatory requirements by:

- ❖ Building Quality Products That Meet or Exceed Industry Standards
- ❖ Selling at a Competitive and Fair Price
- ❖ Striving to Ship On-Time, Every Time
- ❖ Continuously Improving our Products, Processes, and Services
- ❖ Hiring, Training, and Developing a Dedicated Workforce

## Flu Vaccination-

- 2012: ICS offered free influenza vaccination for those wishing to participate.
  - 43 Employees of 108 employees chose to participate
- 2013: The influenza vaccination is part of our wellness benefits through our health insurance at no cost to those who have the health insurance.
- 2014: The influenza vaccination is still part of the wellness benefit through our health insurance.
- 2015: There are several vaccinations that were added as part of wellness through the company insurance.

**Principle 2:** Make sure that they are not involved in something illegal or knowingly allowing human rights abuses.

We have limited knowledge of the practices and ethical behavior of the companies with whom we do business. Their practices should evidence the respect of human rights as well. International Control Services will not knowingly do business with customers and suppliers who willfully violate Human Rights.

## OUR MISSION STATEMENT

The Mission of **International Control Services** is to provide Electronic Manufacturing Services (EMS) that Exceed Customer Expectations in both Quality and On Time Delivery while at the same time providing the industry's Best Value.

Our Code of Ethics is being communicated to our vendors, suppliers, and customers in order to share our convictions on Human Rights and the UN Global Compact Principles.

### ➤ **Equal Employment Opportunity Policy**

International Control Services, Inc. is committed to conduct all personnel activity without regard to race, creed, color, religion, sex, age, national origin, disabilities, veteran status, sexual orientation, marital status, military status, or any other characteristic protected by state or federal law.

The company believes in and practices equal opportunity employment. Human Resources serves as the Equal Opportunity coordinator and ICS management has overall responsibility for ensuring compliance with this policy. All employees are responsible for supporting the concept of equal opportunity and assisting the company in meeting its objectives.

In adhering to this policy, managers and supervisors operate within applicable laws and expect competent, satisfactory job performance on the part of all employees.

Employees may discuss equal employment opportunity-related questions with their immediate supervisor or the Human Resources Department.

➤ **Anti-Discrimination / Harassment Policy**

International Control Services will neither condone nor tolerate harassment of any type. This includes harassment due to race, color, religion, sex, sexual orientation, national origin, disability, age, or any other protected characteristic under state or federal law.

Our company follows state and federal laws in prohibiting discrimination and harassment in the workplace. The work environment is not limited to this company premises, but includes company functions, business travel, and other work-related activities.

This policy applies to all employees and all non-employees including customers/clients, visitors, suppliers, vendors, contractors, temporary workers, or other individuals with whom an ICS employee comes into contact during the daily performance of his/her job. It is understood that any of these individuals listed may be a victim or a violator under this policy.

Employees and all others in the workplace are expected to conduct themselves professionally, in a manner befitting the work environment and with respect for one another.

*Definition of harassment*

Harassment is defined as a single incident or a pattern of behavior which entails verbal, physical, or psychological harassment and/or abuse of any nature.

*How to report harassment*

If the employee been the subject of sexual or other harassment, the employee should bring the complaint to management without fear of retaliation. Reporting an incident quickly will allow the company to immediately address the complaint. A delay in the complaint only makes the investigation less clear so please report incidents in a timely manner. The report should be made to:

- A management individual with whom you feel comfortable; or
- The HR Department.

If an employee witnesses or suspects sexual or other harassment, the information must be immediately conveyed to a member of management.

*Investigation process*

All complaints will be promptly and thoroughly investigated by management/HR staff, who will conduct a fair and impartial investigation.

Interim measures may be taken pending full investigation and resolution of the complaint, such as temporary reassignments or separating the alleged violator and the complainant.

Complaints will remain confidential except where circumstances require that information be shared in order to conduct a thorough investigation.

Results of the investigation will be communicated to the individual who files the complaint.

If the investigation reveals that an employee has engaged in harassment, that individual will be subject to disciplinary action up to and including discharge.

#### *Additional Information*

If an employee brings a complaint and does not feel that the matter has been satisfactorily resolved, the matter should be escalated to a manager or HR for further investigation.

ICS will not tolerate any form of retaliation toward employees who come forward with harassment complaints. Any retaliation incidents must be reported to the immediate supervisor and HR Supervisor.

#### ➤ **Workplace Violence Policy**

International Control Services will do everything possible to insure the employees are protected from violence in the workplace. The workplace is not limited to company premises, but includes all environments where work-related activities are performed, such as off-site meeting locations and business travel.

For purposes of this policy, “violence” includes physically harming another, shoving, pushing, harassing, intimidating, coercing, brandishing weapons, and threatening or talking of engaging in those activities.

This policy applies to all employees, all non-employees including customers/clients, visitors, suppliers, vendors, contractors, temporary workers, and other individuals with whom company employees come into contact with during work duties. Any of these individuals may be a victim or a violator under company policy.

#### *Procedures*

Verbal threats or physical actions will not be tolerated. Employees are expected to promptly and accurately report all violent incidents, whether or not physical injuries have resulted, to the immediate supervisor.

To ensure security, the company reserves inspection rights for all company and associates’ property located on its premises, including workstations, desks, file cabinets, and lockers. This right extends to desks, computers (e-mail and internet) and telephones (messages). Department supervisors, managers, or Human Resources can search or authorize a search of company property.

In cases of workplace violence, supervisors, managers, or Human Resources may contact and involve local law enforcement authorities as necessary.

The company will not tolerate any form of retaliation toward an employee who reports workplace violence. Any retaliatory incident must be reported to management. Retaliatory incidents will result in disciplinary action, up to and including termination.

## LABOR:

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

ICS does not discriminate against employees because of their views on unions and union activity.

While ICS is not a union facility, we continue to treat employees fairly, offering benefits comparable to those companies who are union.

ICS does adhere to and comply with the right to collective bargaining and have posted legally required information regarding that right in plain view for employees to read.

**Principle 4:** the elimination of all forms of forced and compulsory labor.

Other than overtime required for customer needs, ICS does not have forced or compulsory labor and does not condone the mistreatment of people in this regard. Overtime is typically on a voluntary basis first.

ICS does not knowingly do business with customers or vendors who promote forced or compulsory labor activity.

### **Overtime Policy**

A healthy balance between work and home life is important to everyone. The goal of the company is to accomplish the manufacturing requirements necessary to meet our customers' delivery expectations within a normal 40 hour work week.

When overtime is required due to customer demands, labor shortages, part issues, or the like, every effort will be made by the company to give as much notice as possible.

Management may be able to use volunteers to accomplish the overtime needs, but that is not always an option.

When mandatory overtime becomes the only option and employees are required to work on a non-scheduled work day, the company will try to notify employees two days before the scheduled day. Again, this shall not apply when overtime is critical in order to meet special needs of customers when machine repair is necessary in order to maintain regular operations for the next scheduled workday.

On occasion employees may submit a written request to be excused from the mandatory overtime for a specific event. Once this request has been discussed with the immediate supervisor it is then to be submitted to the HR department, who will handle appropriate disposition. While submitting a written request does not guarantee approval, ICS will make a reasonable effort to accommodate the employee's personal need, but the work flow and customers' needs placed upon the company will determine the decision on the overtime requirement.

It is the essential that employees are able to work overtime when necessary to meet the needs of our customers.

In the event of a medical condition which prevents an employee from working overtime, ICS will abide by ADA regulations and grant that request with proper certification and submission of documentation from a physician. Should this become long term, re-certification will be required annually.

ICS does have the option to change an employees' work schedule to meet production requirements.

**Principle 5:** the effective abolition of child labor; and

ICS upholds the abolition of child labor and only employs those who are at least 18 years or older. ICS has been known to allow employment of students during the summer with proper work permits. These students are paid the same wage as full time employees, which is above minimum wage. We adhere to all regulations set forth by the state for minors regarding breaks, meal periods, and safe working conditions.

**Principle 6:** the elimination of discrimination in respect of employment and occupation.

Most of this is covered in the Human Rights portion as it fits both areas

- Equal Opportunity Employer
- Anti-Discrimination / Harassment Policy
- Fair wages above federal and state mandated minimum wage
- Encouragement of employee development and promoting from within (Career Path) Equal Opportunity
  - Currently have a program which allows employees to get additional training necessary for their career path or current position.
- Development of an employee mentorship program
  - Helping new employees adjust to the new work environment and promote engagement
  - Aid with on-the-job training

## Environment:

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

ICS supports this challenge by responsibly recording and reporting hazardous chemicals used in our processes and the facility as a whole. Our reporting regarding OSHA and such are as follows;



- REACH is an annual report on hazardous materials we use and the quantity.
- TRI Reporting (R) form must be completed by July 1<sup>st</sup> of every year to show how much lead is used on an annual basis.
- OSHA Report is kept current and logged with OSHA when required. Report completed and posted as required by law.
- Tier II Reporting is now part of our regimen.
- Globally Harmonized System ( GHS) and Labelling of Chemicals is a requirement in the United States. This practice is followed carefully for the safety of all individuals who come into this facility and allows us to be able readily identify chemicals used and the hazards of exposure in the workplace.

**Principle 8:** undertake initiatives to promote greater environmental responsibility;

- Lead free processes are being used in the manufacture of electronics as the parts become available
- Solder Reclaiming System was purchased in 2013 continues to reduce the amount of lead sent out to recycling centers.
  - In 2012 our solder recycling was 438 lbs
  - 2013 solder recycling was 198 lbs
  - 2014 solder recycling was 154 lbs
- Green alternatives for facility maintenance and manufacturing are being purchased.

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

ICS continues to find ways to improve processes and add environmentally friendly products. Going lead-free is our greatest opportunity to impact the environment in a positive way. We continue to encourage our customers to add lead-free part numbers and options to their products as a way impact our environment. Some components are not available in lead-free options. ICS is transitioning as customers allow and will continue in that effort.

## Anti-Corruption:

**Principle 10:** businesses should work against all forms of corruption, including extortion and bribery

Our only association with this is to discourage any corrupt behavior within our scope of influence. We are committed to doing business in a professional, legal, and appropriate manner. A new Code of Ethics has been added to our hand book.

### OUR MISSION STATEMENT

The Mission of **International Control Services** is to provide Electronic Manufacturing Services (EMS) that Exceed Customer Expectations in both Quality and On Time Delivery while at the same time providing the industry's Best Value.

### ICS Code of Ethics Policy

The successful business operation and reputation of International Control Services is built upon principles of fair dealing and the ethical conduct both internally and externally with regard to co-workers, employees, visitors, customers, and vendors.

Our reputation for integrity and excellence requires careful observance of the highest standards of conduct and personal integrity.

The definition of integrity with regard to ethics is honesty and truthfulness or accuracy of one's actions. We must set a standard of possessing and steadfastly adhering to high moral principles or professional standards and behavior in the workplace.

It is the policy of the company to require **all employees** regardless of title or position, to adhere to these standards. All employees are expected to conduct business (internally and externally) with integrity and to refrain from dishonest or unethical conduct.

Ethical behavior of employees and management is the key to continued success of ICS. Our core values will be instrumental in building and maintaining the trust and respect necessary in the business world today.

The purpose of this Code is to strengthen the Company's ethical climate and to provide basic guidelines for situations in which ethical issues arise. We strive to do business with customers and suppliers of sound business character and reputation.

This Code applies to all employees regardless of position. Every employee of the Company will be held responsible for the observance of this Code.