

The Offshore Group

List of Services



THE OFFSHORE GROUP

You Manufacture ... We Do The Rest

Our Mission

To be our Clients' most valuable partner, allowing them to focus on their core business and gain competitive advantage by providing them support services of **exceptional quality**.

Value Statement

The Offshore Group provides a world-class support infrastructure in Mexico for manufacturers that seek a competitive advantage.

By outsourcing *non-production-related* functions to us, Client resources can be focused on productivity and efficiencies, on meeting product quality and delivery commitments, and operating at the lowest possible cost in Mexico.

By leveraging our resources, infrastructure, expertise, economies of scale, and legal presence in Mexico, our Clients achieve a competitive advantage.





Table of Contents

1. Human Resource Management
2. Payroll & Benefits Management
3. Import & Export Management
4. Tax & Fiscal Compliance
5. Environmental & Industrial Safety Compliance
6. Occupational Health Services
7. Procurement of Services & Consumables in Mexico
8. Park & Facilities Management
9. Workforce Transportation Management
10. Client Courtesy Services
11. Government & Community Affairs

Human Resource Management

Our human resource management infrastructure incorporates 27 years of experience, state-of-the-art and in-house built and maintained HR management and control systems, working alongside business processes and a staff that focuses on needs that are specific to manufacturers.

The ultimate goal of our human resource service is to foster a *stable, competent, talented, satisfied, and competitively compensated* workforce; and all within the parameters of Mexican Labor Laws.

One way that The Offshore Group addresses employee satisfaction in Guaymas/Empalme is employee access to onsite and offsite child care services which are provided by The Offshore Group resources and/or through an alliance with local social security programs.

Recognizing that building technical skills in the labor force is key to the success and competitiveness of our Clients, The Offshore Group has built a training facility in Guaymas, Sonora that is equipped with CNC machinery and other sophisticated manufacturing equipment, coupled with web-based technical educational systems by managing alliances with local trade schools and government programs.

Each and every Client of The Offshore Group is leveraging some of the most professional and competent HR management staff in Mexico. Being the largest private employer in the State of Sonora and the 7th largest maquiladora in Mexico with an estimated labor force of 15,500 people, we are confident and proud of our performance and of the benefits that our Clients attain through our partnership.

LIST OF SERVICES

1. Recruiting ads in local media and web
2. Maintain candidate databases
3. Recruiting of direct, indirect, and salaried labor
4. Recruiting of specialized labor
5. Offsite recruiting
6. Applicant prequalification
7. Applicant testing
8. Applicant background check
9. Hiring (per client requirements and approval)
10. New hire orientation
11. In-plant HR representation
12. Employee records upkeep
13. Attendance monitoring
14. Employee counseling
15. On- site child care services (G)
16. Employee termination
17. Workforce redeployment
18. Employee dispute resolution
19. Labor statistics and analysis
20. Labor union negotiations
21. Labor dispute resolution
22. Day-to-day labor union interaction
23. Mexico labor law compliance
24. Mexico labor law reporting
25. Local community leaders alliance
26. Education activity coordination
27. Skills training program facilitation
28. Alliance with local trade schools
29. Employee satisfaction surveying
30. Recreational activity coordination (G)
31. HR field services

G - Denotes Guaymas/Empalme Only

S - Denotes Saltillo Only

Payroll & Benefits Management

The Offshore Group processes payroll for approximately 15,500 employees each week working with 70 client companies.

Reliable time and attendance capturing devices are installed and maintained at plants with over 100 employees. Bar-coded and pictured badges are produced for every employee that will be paid on an hourly basis (directly or indirectly related to production), which is used to capture attendance information in real time.

Prior to the preparation of checks or direct deposits, Client plant management reviews payroll hours reports, addresses issues, and approves the payroll hours.

Payroll direct deposits are made or when necessary checks are delivered to Client' plant management for hand delivery.

All payroll funds are provided in advance by The Offshore Group to meet payroll. Clients are then billed the following week.

Specific attendance problems and trends are reported back to Client management for corrective or preventive action.

The key to employee retention and satisfaction is the counseling and assistance given to employees to help them take advantage of benefit programs such as housing, retirement, and consumer credit.

LIST OF SERVICES

1. Automated labor hours capture (100+)
2. Preparation of weekly payroll (hourly)
3. Preparation of salaried payroll
4. Check creation or direct deposit
5. In-park ATM machines
6. Special check requests & advances
7. Overtime calculation and monitoring
8. Tax and other deduction control
9. Regulatory compliance reporting
10. Client payroll reporting and analysis
11. Recordkeeping
12. Benefits management
 - a. Social Security (IMSS)
 - b. Housing (Infonavit)
 - c. Retirement Fund(s)
 - d. Consumer Credit Program(s)
13. Assist employees with above programs





Import & Export Management

Border crossing times, costs, and compliance are essential to maintaining a competitive manufacturing operation in Mexico. To this end, The Offshore Group has invested in technology and in expertise that has allowed them to become one of Mexico's top import and export organizations.

In 2012, The Offshore Group's Import & Export infrastructure moved over \$1.8 billion USD of Client goods across the U.S.-Mexico border. Over 50,000 Customs declarations were produced, 250,000 freight pieces handled, and all with a regulatory track record that has awarded our company with the privileged status of *"certified importer"* or *empresa certificada*.

Import & Export staff are cross trained and submitted to ongoing education to ensure compliance with Mexican Customs laws and regulations. Understanding that time *is of the essence*, our staff works attentively and with client staff to ensure no undue delays occur in moving goods across the border and rigorously adheres to timelines to make sure goods move and clear customs in a timely manner.

The backbone of the Import & Export effectiveness is its people and systems. The focus day-in and day-out is clear: *"to move Client goods as quickly as possible across the border, at the lowest possible cost, and without compromising regulatory compliance"*.

LIST OF SERVICES

1. New client startup training
2. Cross docking facilities & equip. in the U.S.
3. Cross docking process and controls
4. Cross dock knowledgeable staff
5. Freight piece tracking
6. Damage notification & disposition
7. Pertinent information gathering
8. MX Customs broker inspection management
9. Inbound Customs documentation
10. Outbound Customs documentation
11. Border crossing coordination
12. MX Customs Broker management
13. In-Mexico transfers
14. MX Tariff Classification
15. MX Import Duty determination
16. MX Trade Agreement compliance
17. Customs systems and data management
18. MX Permit & Certification management
19. MX Pedimento management
20. MX regulatory compliance management
21. MX regulatory risk management
22. MX regulatory reporting
23. MX Customs research & interpretation
24. Assistance with U.S. Customs compliance
 - a. NAFTA
 - b. Valuation & Reconciliation
 - c. Classification
 - d. Rules of Origin
 - e. Informed compliance
 - f. Reasonable care
 - g. C-TPAT
 - h. ACE
 - i. Broker recommendation

Tax & Fiscal Compliance

One of the most important benefits of operating under the legal presence of The Offshore Group in Mexico is that Client operations are not subject to fiscal reporting, tax payments, or permanent establishment treatment.

The entire administrative and legal burden associated with fiscal responsibility and compliance in Mexico lies solely on The Offshore Group. To meet its obligations, The Offshore Group employs a highly knowledgeable and resourceful staff of experts, backed by state-of-the-art software systems that provide the accounting controls and data repositories that exceed compliance requirements.

All core systems have been developed, maintained, and are continuously enhanced by our in-house IT staff.

The Offshore Group of companies in Mexico carry out the entire process of reporting, paying, and reimbursing the value added tax as applicable by law.

LIST OF SERVICES

1. Mexico corporate income tax compliance:
 - a. Determination
 - b. Reporting
 - c. Payment
 - d. Problem resolution
2. Mexico state tax compliance:
 - a. Determination
 - b. Reporting
 - c. Payment
 - d. Problem resolution
3. Mexico value added tax compliance:
 - a. Determination
 - b. Reporting to government agencies
 - c. Reporting to Clients
 - d. Payments and reimbursement
 - e. Problem resolution
4. Mexico IETU Tax
5. Mexico accounts payable management
6. Mexico statistical agency reporting
7. Cost absorption of legal counsel and professional advice regarding Mexico fiscal matters pertaining to our legal entities.



Environmental & Industrial Safety Compliance

Environmental protection control as well as health and safety standards in Mexico closely resemble those established and enforced by their U.S. counterparts, namely the EPA and OSHA.

As a prerequisite to initiating any manufacturing operation in Mexico, permits must be obtained from the federal and state governmental agencies that ensure environmental compliance. When manufacturing processes are added or changed in ways that may affect the environment, permits must be updated accordingly.

The Offshore Group's environmental and industrial safety department is professionally staffed and supported by industry experts to meet and exceed the standards established and enforced by governmental authorities.

As deemed necessary and as a preventive measure, The Offshore Group's health and safety department conducts on-site audits to ensure compliance, holds discussions to prevent problems, and analyze accident trends and root causes to avoid reoccurrence.

Every member of The Offshore Group of companies is committed to keep the environment and people's safety in the workplace at the highest priority.

LIST OF SERVICES

1. Advise clients on compliance requirements
2. Acquisition of environmental permit
3. Coordination of environmental impact study:
 - a. Air
 - b. Water
 - c. Sewer
 - d. Waste handling and disposal
 - e. HAZMAT
4. Periodic monitoring of environmental compliance
5. Assist in environmental impact audits for:
 - a. Quality systems certifications
 - b. Industry standards & best practices
6. Act as liaison in environmental inspections conducted by governmental agencies:
 - a. Federal
 - b. State
7. Recordkeeping of client provided documentation:
 - a. HAZMAT docs
 - b. MSDS (material safety data sheets).

Occupational Health Services

The Offshore Group works diligently to identify and implement programs and services that address employee wellbeing and satisfaction. One such service is the management of in-park medical facilities staffed with qualified physicians, nurses, and an infrastructure sufficient to provide initial and immediate care ranging from mild medical problems to life endangering conditions.

Servicing our 15,500 +/- employees, our in-park medical facilities treat an estimated 250 people daily. Metrics are kept to monitor types of illness and trends so that appropriate preventive care measures can be implemented.

Triage services have proven to be an effective means for ensuring that an employee gets the right care at the right time. An effective triage procedure can often lead to a simple treatment with an analgesic, hydration, and rest resulting in minimal time off-work. Other times the triage may discover the need for major and immediate medical care at a local hospital or emergency room.

Exercise to relieve stress and stay healthy are promoted through the recreational sites found at some of our Manufacturing Communities.

LIST OF SERVICES

1. In-Park medical facilities
2. Triage care
3. Immunizations
4. Preventive care education
5. Patient counseling
6. Addiction counseling
7. Emergency/first aid procedures
8. Ambulance transfer to ER's
9. Medication dispensing
10. Medical appointment facilitation
11. Follow-up care
12. Recreational site management

Procurement of Services & Consumables in Mexico

As a result of the economies of scale built over the last 27 years at The Offshore Group Manufacturing Communities, an estimated \$50 million dollars were procured in goods and services ranging from MRO items to electrical power from suppliers and service providers in Mexico, and more specifically, from those located in proximity to our industrial parks. Said buying volume enables The Offshore Group to negotiate and obtain significant discounts which are passed through to Clients for day-to-day goods and services.

Vendor quality is managed through feedback obtained from Client staff when goods and services are delivered. The timeliness of deliveries, quality of goods or of the service, and the overall value are captured in our system to assist Clients in making future procurement decisions.

A key service provided by our procurement organization is bidding. Typically, 3 bids will be sought for first-time purchased items, and re-bidding will take place at least once a year on high volume and/or high priced items.

Purchasing activity and historical reports are available to Clients upon request for analysis.

LIST OF SERVICES

1. AP. Review, process, and pay providers in Mexico
2. Access to volume pricing
3. Access to supplier database
4. Access to service provider database
5. Vendor qualification
6. Vendor or service provision quality monitoring
7. Web-based purchase requisition system
8. Competitive bidding process
9. Purchase authorization controls
10. Purchases reporting and trend analysis

Park & Facilities Management

The Offshore Group has constructed nearly 4 million square feet of industrial space for exclusive use by its Clients.

Our Clients depend on functional and reliable facilities and infrastructure to produce goods day-to-day. Retaining ownership of the facilities and surrounding support infrastructure enables us to respond quickly to facilities problems with in-park maintenance and building repair personnel. To minimize potential production down-time, our building maintenance organization is equipped with the knowledge and tools to address a multitude of building related issues.

Equally important to the reliability and functionality of our facilities are the service companies that provide power, water, sewage, phone, and other utilities to the parks and to the buildings. The Offshore Group has established strong working relationship with all key service providers so that response time and quality of work is attained.

Security systems and personnel are located throughout the industrial parks to respond to any breach in security or unsafe condition.

LIST OF SERVICES

1. Park access security guards and logging
2. In-park surveillance personnel
3. In-park surveillance cameras and monitoring (G)
4. Park traffic control and enforcement
5. Park maintenance:
 - a. Street marking and cleaning
 - b. Grounds and landscape maintenance
 - c. Lighting maintenance
6. Building repair and maintenance (per contract)
 - a. Preventive and corrective maintenance
 - b. Structural
 - c. Roofing
 - d. HVAC
 - e. Electrical to building
 - f. Water to building
 - g. Sewer from building
7. Interface with local infrastructure providers:
 - a. CFE (Power company)
 - b. Telmex (Voice and data circuits)
 - c. Local water, sewer, and refuse agencies
 - d. Local gas providers
 - e. Private subcontractors
8. Janitorial service and supplies for:
 - a. Office areas and office restrooms
 - b. Restrooms in production area
9. Project management:
 - a. New construction
 - b. Tenant improvements
10. Pest control
11. Property insurance payment
12. Property tax payment
13. Water desalinization plant operation (Empalme only)

G - Denotes Guaymas/Empalme Only

S - Denotes Saltillo Only

Workforce Transportation Management

Thousands of people in the local workforce need a means to arrive to and leave from work on time to meet production schedules.

Realizing that local municipality-run and managed transportation is insufficient to meet the attendance requirements of our Clients, The Offshore Group manages the provision of workforce transportation with local private bus owner/operators. The actual cost for busing people to and from Client factories is passed through to Clients. The Offshore Group carries out optimization algorithms that incorporate scheduled and non-scheduled hours of work on a daily basis to minimize client costs; and manages the reliability, performance and safety aspects of all busing providers.

An effectively managed busing program not only ensures adherence to production schedules but also contributes to employee satisfaction and retention by removing the transportation burden from people with limited resources.

LIST OF SERVICES

1. Management of local private busing providers
2. Monitoring of busing service reliability
3. Monitoring of busing adherence to safety standards
4. Management & optimization of bus routes and schedules
 - a. Maximize bus occupancy to minimize costs
 - b. Work with multiple plant schedules
 - c. Provide service at extended hours, weekends, holidays
 - d. Include routes to and from remote areas
5. Creation of bus usage reports
6. Allocate and report busing costs by client

Client Courtesy Services

Every member of The Offshore Group takes the opportunity to orient newcomers and make them feel a part of a community when visiting its facilities or remaining in Mexico to live and work.

The Offshore Group assists Expatriate (expat) personnel establish residence, obtain the proper immigration status and documents, and locally integrate with other expats and fellowships.

Most importantly, The Offshore Group truly views itself as a strategic partner to its Clients and makes every effort to be of service in whatever ways it can to help its Clients achieve a competitive advantage.

LIST OF SERVICES

1. Assist Expats in relocating to Mexico
 - a. Housing
 - b. Schooling
 - c. Personal belongings import/export
2. Assist in obtaining proper Mexican immigration documents
3. Assist Expats on tax implications of working in Mexico
4. Internal mail handling of business related correspondence (G)
5. Assist in itinerary planning of customer/executive visits
6. Non-legal advise on how to interact commercially in Mexico
7. Discounts on local hotels passed through to Clients

G - Denotes Guaymas/Empalme Only

S - Denotes Saltillo Only





Government & Community Affairs

Over the past 27 years, The Offshore Group recognizes that the success of its Clients depends not only on the service quality and competitiveness of its offerings, but also on the valuable support of local, state, and federal governmental agencies. To this end, The Offshore Group actively participates with and contributes to government and community to maintain awareness of the importance of growing our employment base and workforce skills as a means to improve the standard of living and capabilities of the communities in which we operate.

LIST OF SERVICES

1. Actively participates in industry associations:
 - a. National association of maquiladoras (CNIMME)
 - b. Regional chapters of the maquiladora association
2. Actively participates in local and regional education:
 - a. ITSON
 - b. ITESM
 - c. CONALEP
 - d. UadeC
 - e. ITS
 - f. CINVESTAV Saltillo
 - g. UIN
 - h. UAN
 - i. UPN
 - j. UVM
 - k. BENC
 - l. Other technical and trade schools
3. Foster and maintain relationships with local, state and federal government, trade, and support associations:
 - a. Coparmex
 - b. Canacindra
 - c. Cruz Roja (Red Cross)
 - d. Bomberos (Fire Dept.)
 - e. Emergency Response
4. Participate in local community programs and events:
 - a. Charities and donations
 - b. Seasonal events
 - c. Community awareness
 - d. Community safety

For more information
contact:

Business Development
The Offshore Group
8350 E Old Vail Rd
Tucson, AZ 85747



THE OFFSHORE GROUP

You Manufacture ... We Do The Rest

☎ **1-800-897-3158**
✉ **info@offshoregroup.com**
🌐 **www.TheOffshoreGroup.com**

 The Offshore Group

 @MexicoAdvantage

 The Offshore Group