



UN Global Compact  
United Nations Global Compact Office  
Two United Nations Plaza  
New York, NY 10017

September 24, 2009.

To whom it may concern:

On behalf of my management colleagues and staff here at Southmedic I wish to formally express our commitment to the principles of the Global Compact.

Our organization is in the business of healthcare; therefore, bound by stringent rules applied to that industry by various national and international regulatory bodies: ISO, FDA, CE, etc. Rules we adhere to, not merely as a matter of routine, but as a way of life, because we subscribe to the necessity of setting, monitoring and measuring methods. The principles laid down by the Global Compact may not be specific to the regulatory requirements mentioned, but our attitude toward those principles is consistent and equally determined.

Human rights, labour, environment and anti-corruption are issues un-restricted in importance to all industries, and we recognize it is insufficient to acknowledge we adhere to regulations issued and expected under the law here in Canada.

We support, and intend to demonstrate our support to the Global Compact through practical actions supported by corporate policies, measured by outcomes.

This is my pledge as CEO, and as sole shareholder of Southmedic Inc. you have my further assurance the principles we support through measurable actions will be meaningful.

The programs related to our recent activities are outlined under separate cover.

Be assured, Southmedic Inc. will be a worthy contributor to the United Nations Global Compact.

Sincerely,

Lisette (Lee) McDonald  
President & Chief Executive Officer  
**Direct Line: 1-705-720-1902 ext 227**  
**Direct Toll Free: 1-888-420-1902 ext 227**  
Cell: (705) 734-8214  
Email: [lmcdonald@southmedic.com](mailto:lmcdonald@southmedic.com)

*Our Passion*

**SINCE  
1983**

*Innovative  
Manufacturing  
& Distribution,  
Profitably*

*Southmedic Incorporated*

*Head Office: 50 Alliance Blvd., Barrie, Ontario, Canada L4M 5K3  
3026 rue Anderson, Suite 202, Terrebonne, QC J6Y 1W1  
705-726-9383 705-728-9537 Fax 1-800-463-7146  
ISO 13485*

[www.southmedic.com](http://www.southmedic.com)

## **Principle 6: Business should uphold the elimination of discrimination in respect of employment and occupation**

In an effort to eliminate discrimination within our hiring practices, we instituted a plan commencing March 1, 2009, monitored by our Human Resources officer, which ensures all applicants, regardless of sex and country of origin, are extended an equal opportunity to secure employment here at Southmedic.

Through our monthly reporting system: “Manufacturing Metrics” tracking a variety of topics (see attached pdf file) we have added “Birthplace – other than Canada” statistics in order that we monitor this data.

The program is in its infancy, however, we are committed to continue with the goal of reaching 20% of employees by the end of its first year. The plan will be expanded to include place of birth statistics. As a matter of interest: Southmedic has 100% female ownership, and our management team is 50% male and female in structure.

## **Principle 8: Business should undertake initiatives to promote greater environmental responsibility**

We have recently (August 2009) formed an internal “Environment” panel composed of Management and Factory personnel to design a program of reduced waste to ensure we maximise our recycling efforts. We have identified several areas of significant potential: e.g. Southmedic uses 3.5 to 4.0 million kilos of resins annually in our production process. We know some 100-120,000 kilos of scrap are created. Recycling arrangements have been made for scrap resins. We cannot claim to have solved our issues, however, we are developing targets for waste reduction, and extending the focus beyond resins to include all recyclable materials including, paper, cardboards, etc. We'll report further on these and other efforts with tangible results as the program progresses.

## Manufacturing Metrics

Month                      **Jun-09**

|                           |                                       | Month         |          |          |                      | YTD           |           |          |
|---------------------------|---------------------------------------|---------------|----------|----------|----------------------|---------------|-----------|----------|
|                           |                                       | Goal / Budget | Actual   | Variance | Prior Month Variance | Goal / Budget | Actual    | Variance |
| <b>Delivery</b>           | Tier 1 Order Fill                     | 95%           | 95%      | 0%       | 3%                   | 95%           | 96%       | 1%       |
|                           | Tier 2 Order Fill                     | 95%           | 98%      | 3%       | -3%                  | 95%           | 94%       | -1%      |
| <b>Customer Quality</b>   | Tier 1 Customer Complaints            | 0             |          | 0        | 23                   | 0             | 34        | 34       |
|                           | Tier 2 Customer Complaints            | 0             |          | 0        | 4                    | 0             | 15        | 15       |
| <b>Product Management</b> | Launch Readiness                      | 100%          | 91%      | -9%      | -2%                  | 100%          | 93%       | -7%      |
| <b>Productivity</b>       | Direct Labor Efficiency               | 85%           | 82%      | -3%      | -3%                  | 85%           | 62%       | -23%     |
| <b>Safety</b>             | Lost Time Days                        | 0             | 0        | 0        | 0                    | 0             | 0         | 0        |
|                           | Accidents                             | 0             |          | 0        | 1                    | 0             | 4         | 4        |
|                           | Attendance                            | 98%           |          | -98%     | 0%                   | 98%           | 97%       | -1%      |
| <b>Internal Quality</b>   | Scrap                                 | \$ 4,000      | \$ 8,562 | -\$4,562 | -\$2,547             | \$ 12,000     | \$ 17,212 | \$ 5,212 |
|                           | First Time Quality                    | 98.0%         | 99.3%    | 1.3%     | 1.2%                 | 98.0%         | 99.1%     | 1%       |
|                           | Open NCR's                            |               |          |          | 45                   | 0             | 66        |          |
|                           | Closed NCR's                          |               |          |          | 38                   | 0             | 56        |          |
|                           | Layered Audit Conformance             | 100%          | 0%       | -100%    | -100%                | 100%          | 0%        | -100%    |
| <b>People</b>             | Ideas Per Person                      | 50            | 4        | -46      | -40                  | 150           | 32        | -118     |
|                           | Employee Involvement                  | 6%            | 8%       | 2%       | 0%                   | 6%            | 4%        | -2%      |
|                           | Turnover - Hourly                     | 0%            | 0%       | 0%       | 0%                   |               |           |          |
|                           | Turnover - Salary                     | 0%            | 0%       | 0%       | 4%                   |               |           |          |
| <b>Headcount</b>          | Hourly Direct                         | 54            | 41       | 13       | 15                   |               |           |          |
|                           | Hourly Indirect                       | 14            | 13       | 1        | 1                    |               |           |          |
|                           | Hourly Temps                          | 0             | 59       | -59      | -40                  |               |           |          |
|                           | Hourly Total                          | 68            | 113      | -45      | -24                  |               |           |          |
|                           | Salary Full-Time                      | 28            | 29       | -1       | 0                    |               |           |          |
|                           | Salary Temps                          | 0             | 3        | -3       | -4                   |               |           |          |
|                           | Salary Total                          | 28            | 32       | -4       | -4                   |               |           |          |
|                           |                                       |               |          |          |                      |               |           |          |
|                           | Total Headcount                       | 96            | 145      | -49      | -28                  |               |           |          |
|                           | <b>Birthplace - other than Canada</b> |               |          |          |                      | 19            | 15        | -4       |
|                           | 20%                                   |               |          |          | 20%                  | 10.3%         | -9.7%     |          |