



December 7, 2013.

Ban Ki Moon, Secretary General  
The United Nations  
New York, NY 10017

Dear Mr. Secretary General

I am pleased to confirm that DISEÑO Y METALMECANICA SA DE CV reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor Rights, Environment and Anti-Corruption.

In this FOURTH Annual Communication of Progress , we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations

Sincerely Yours

PILAR SANCHEZ  
CEO  
DISEÑO Y METALMECANICA SA DE CV



## HUMAN RIGHTS

### UPDATE: ASSESMENT , POLICY AND GOALS

At Diseño y Metalmeccanica we support and respect the protection of basic and Internationally proclaimed Human Rights

No human right abuses are perpetuated in our premises and it is our responsibility that our actions surpass Diseño y Metalmeccanica and that our employees know and execute in their lives the Universal Declaration of Human Rights.

This is the basis of a peaceful environment of mutual respect within our workforce.

### UPDATE : IMPLEMENTATION

Diseño y Metalmeccanica ´s protection of Human Rights is backed up by two basic forces:

- The Labour Laws in our country that are based Human Rights protection
- The additional benefits given by our company that surpass the Lawfully required
- 5 S´S PROGRAMME : We have started a 5 S program with all the employees to improve our cleanliness and organization. This is a culture change that intends to have a lean and more modern system, from the desk to the machine. **Program continues and we have a**

weekly monitoring and a reward system that incentivates more and more penetration of the 5S philosophy.

- WE STARTED A LEADERSHIP PROGRAMME FOR 15 EMPLOYEES WHO GRADUATED IN APRIL : The objective of the programme is to better lead groups and to totally eliminate old leadership practices and start anew with team work philosophy and accountable leadership.
  - The Graduates have been selected as new supervisors
  - Follow up programme has been implemented to make sure the learning experience is utilized in situ.
  - 15 more employees were selected for a second generation of leadership schooling. This group will graduate next April 2014.
  - In 2014 we will spread this to a select group of line workers that have proved productivity and team work attitudes.
- WE HAVE ESTABLISHED A NEW BENEFIT FOR OUR WORKERS THAT CONSIST OF LOANS AT A VERY LOW RATE : The objective is to facilitate the availability of funds 24/7 for emergencies , enabling our coworkers to:
  - Have complete peace of mind in of access to funds in the case of an emergency.
  - Substitute very high rate loans with (informally given by coworkers) with a reliable lower cost option.
- We have signed up to FONACOT, a government loan system to remodel and furnish the homes. All workers are candidates to loans.

We do not discriminate against race, religion, sex , social origin, property, birth, colour, politics or any other status.

Our employees have the right to express their opinions in many manners (from directly with their supervisors to any level and thru a suggestion box where they can remain anonymous or not)

Our code of conduct requires that employees treat each other with respect and consideration.

We do periodical Organisational Climate questionnaires to evaluate the overall relationship of the different levels of management and plant employees.

## MEASUREMENT OF OUTCOMES

The turnover rate at Diseño y Metalmeccanica REMAINS AT less that 3% annually. The average tenure of our employees is 5 years.

In Mexico it is quite usual that workers sue the employer whenever the employee is fired. We do not have any open sues.

## LABOUR

### ASSESSMENT , POLICY AND GOALS

Diseño y Metalmeccanica has Unionized and non-unionized employees. The Collective Contract we have with our unionized employees is extended to all other employees and therefore gives all of them the same rights.

The rights and obligations all coincide with the Mexican Labour Law, that recognices UN Global Compact principles 3 to 6 as follows :

- The right to free association and collective bargaining
- The prohibition of forced labour
- The prohibition of child labour
- The elimination of discrimination for employment and occupation

### IMPLEMENTATION

All employees sign and recognise their rights and obligations as they are hired.

The labour risks are explained to each and every employee and safety investments are done on a recurrent manner, plus no employee can be in the factory without safety equipment.

**WE HAVE IMPROVED OUR INDUCTION TO WORK PRACTICE BY OUTLINING THE JOB DESCRIPTION AND THE SKILLS NECESSARY TO START WORK. NO ON THE JOB TRAINING IS PERFORMED UNTIL THE NEWCOMER HAS COMPLETED A SKILLS TEST.**

All employees are subject to have higher qualifications independently of their sex and age. We do in-house training for all skilled employees.

**LEADERSHIP AND 5S's PROGRAMMES ARE INCLUDED HERE WITH GREAT SUCCESS.**

Our employees can present demands and/or requirements at any time be it thru their Union Representative or in person with the immediate Supervisor. Additionally , and annual negotiation of Contract occurs thru the Representative to negotiate salaries and other benefits.

## MEASUREMENT OF OUTCOMES

The workforce at Diseño y Metalmeccanica continues to negotiate peacefully and successfully year after year. Unionized and Non Unionized workers meet and negotiate to present a joined proposal every January.

**OUR NEGOTIATIONS CONTINUE TO BE DONE YEARLY. 2014 NEGOTIATION WILL START SHORTLY.**

Thru our training, we have been very successful at having women do jobs that were traditionally male dominated, such as stamper, quality inspector, production supervisor. 50% of our workforce are women , many of them in what used to be male occupations.

2012: 3 women were placed in supervising positions. Our pilot Lean Manufacturing area is lead by a woman as well, leading a group of 15 very productive women who work on a goal & incentive basis.

We re-wrote our internal GENERAL CONDUCT POLICY and issued and printed our first CODE OF ETHICS that has been read and accepted (by signature) by all our employees.

2013: Our commitment to diversity continues , some of our top stampers are women. The tool shop is now led by a woman.

## **ENVIRONMENT**

### ASSESSMENT , POLICY AND GOALS

We have a firm commitment with our environment. We comply with every of the lawful requirements, but do additional actions to add to conservancy as much as we can.

Diseño y Metalmecanica supports Principles 7 to 9 of the United Nations Compact thru the following actions:

### IMPLEMENTATION

We comply with the basic Mexican Environmental Law

We comply with the specific rules that apply to the stamping and metal industries

We have specific separation of residues policies and we have all the containers to do it properly

We have contracts with specialists in recycling of non traditional residues such as toners and electronic equipment

We use recyclable packaging with the customers that require / permit it

### MEASUREMENT OF OUTCOMES

We separate all residues from our factory

We donate all obsolete electronic equipment to a professional recycling facility

We recycle the stamping oil properly

We recycle all cardboard

We recycle all paper  
We recycle all soda cans  
We recycle all plastics  
We conserve energy by reducing the 3<sup>rd</sup> shift  
We recycle all scrap metals  
We do not use any disposable plates or silverware  
We provide water in the plant to avoid the purchase of water bottles  
2012: IN THE LAST 12 MONTHS WE SET UP A RECYCLING AREA FOR OUR WORKERS TO DEPOSIT THEIR WASTE IN AN ORDERLY FASHION. FURTHERMORE WE HAVE A RECYCLING INCENTIVE FOR USED ELECTRONICS THAT WE DONATE TO PROFESSIONAL RECYCLERS. WE ALSO HAVE A USED BATTERY RECYCLING CAN.

2013: Programme continues

## **ANTI CORRUPTION**

### ASSESSMENT, POLICY AND GOALS

We do not engage in any actions that can imply corruption. The moral and economic costs of corruption do not fit into our corporation philosophy. We believe in things done the right way and we assume the time and costs this may generate will always be lower to those of corruption.

Diseño y Metalmecanica supports Principle 10 of the United Nations Global Compact.

### IMPLEMENTATION

We as owners personally supervise all purchasing , contract signing and every process that could imply potential corruption, extortion or bribery.

Corruption and / or bribery is a cause for expulsion from our company.

The quoting processes, signing of checks and cash management is under strict surveillance and has control mechanisms that do not permit corruption or deviations.

## MEASUREMENT OF OUTCOMES

Diseño y Metalmecanica does not engage in client entertaining outside from better service and conditions.

Our employees are not entitled to receive gifts from suppliers of any kind. We purchase large amounts and varieties of raw materials and seek out multiple quotes for small and large purchases.

**2012 & 2013 : THE CODE OF ETHICS WE ISSUED THIS YEAR CLEARLY OUTLINES ANTI CORRUPTION PRACTICES AND ALL CORRECT PRACTICES TO OUR EMPLOYEES.**

IT HAS BEEN OUR POLICY TO COMPLY TO BASIC PRINCIPLES OF HUMAN RIGHTS, LABOUR REGULATIONS, CARE OF THE ENVIROMENT AND RIGHTFUL BUSINESS FOR THE LAST 50 YEARS.

OUR FAMILY OWNED BUSINESS HAVE BEEN SUCCESFUL UPON THE SAME PRINCIPLES THE UN SUPPORTS AND THEREFORE WILL CONTINUE TO WORK FOLLOWING THOSE LINES.

This is our main statement and CONTINUED COMMITMENT TO OUR IMPORVEMENT AND THEREFORE to this UN effort.

Respectfully,

PILAR SANCHEZ  
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