



December 4, 2014.

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 FIFTH 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. **18 months into the programme, we have made this a lifestyle. Still under constant evaluation, the**

personnel has learned and applies the 5S principles on a daily bases. Internal grades keep increasing and all areas are averaging much better grades than 12 months ago.

- ONGOING QUALIFICATION PROGRAMME FOR “NEW MANAGERS” : This started as an initiative to train 15 supervisors into leadership issues and has evolved into an ongoing programme. The subjects are varied and the attendance is all across the board in the Org. Chart.
 - Graduates have opportunities to grow in the organization.
 - This incentivates internal promotion which is both, cost effective and professionally desirable.
- 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 , and now enabling them to borrow more so they can start a project.
- This enables 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.
 - Access funds with a solid collateral (their own salary) up to 3 times their salary.
- Last year we signed up to FONACOT, a government loan system to remodel and furnish the homes. All workers are candidates to loans. This year we extended the program for larger loans so we have a complete spectrum of financial support for our colleagues.

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 than 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 suits.

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 recognises 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.

HUMAN RESOURCE PROGRAMME :

In 2014 we invested a good amount of resources in time and money to profesionalize people management.

Six months of work resulted in:

- Job descriptions for 100% of the positions
- Skills matrix for all productive jobs
- Evaluation system based on performance
- Bonus system based on the previous evaluation
- Work climate assesments
- Individual assesments to top management

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 Metalmechanica 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. 2015 NEGOTIATION WILL START IN JANUARY.

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 led 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.

2014: Our commitment to diversity continues, we continue to hire and train women stampers and we have upgraded at least 5 women into supervision and management positions.

ENVIRONMENT

ASSESSMENT, POLICY AND GOALS

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

Diseño y Metalmeccanica 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 3rd 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

2014: We have implemented an official programme to sell and document all recycled items, from paper to batteries.

We now purchase:

- biodegradable toilet paper
- recycled paper for printers
- eliminated all bottled water in the plant and supplied special bottles for water to all employees

ANTI CORRUPTION

ASSESMENT, 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 surveyance 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 & 2014 : 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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