



SUSTAINABILITY
REPORT

2019

 **Aztec Plumbing**
Our quality behind your brand

CONTENTS

President and CEO's Commitment Letter	1	Social Performance	14
Company Profile	2	Our People	14
History	3	Equality and No Discrimination	15
Location	3	Training and Evaluation	16
Products	4	Communication	17
Markets	5	Health	17
Alliances and External Initiatives	5	Safety	18
Audits	6	Additional Benefits	19
Sustainability	7	Community Engagement	19
Corporate Governance	7	Environment	21
Materiality	8	Environmental Policy	21
Consultation with Stakeholders	9	Environmental Goals	21
Ethics	10	Energy Consumption	22
Social Responsibility Policy	11	Materials	22
Corporate Values	12	Carbon Footprint	22
Complaint Mechanisms	12	Solar Panels	22
Supply Chain	13	Reprocessing	22
		Innovation	23
		Appendix	24
		GRI Index	24
		About this Report	25
		Contact	25



PRESIDENT AND CEO'S COMMITMENT LETTER

GRI 102-10, 102-14, 102-15, 102-23

Dear Friends:

I am pleased to share with you our achievements as a company in 2019, a year in which we celebrated seven years of adhering to the Ten Principles of the UN's Global Compact. These principles have been a solid guide at this stage of our growth as a socially responsible company that safeguards the well-being of our stakeholders.

The **World Economic Forum's 2020 Global Risks Report*** states that environmental concerns dominate the top long-term risks by likelihood. Three of the top five risks by impact are also **environmental**.

At Aztec Plumbing, we believe that the best way to minimize and manage these environmental risks is through sustainability. For example, we have opted for green energy and installed solar panels in our plant.

The year 2019 was one that presented many opportunities. After a successful bidding process, we began supplying toilet wax rings to one of the largest cooperative companies in the United States and were able to increase our participation in this market. We also saw increased sales of our Plumber Putty and other products for the plumbing industry.

For Aztec Plumbing, offering value in a sustainable way is in our DNA. We are proud to continue to ratify our commitment to the Ten Principles of the UN's Global Compact and outline in this report our efforts and our commitment to sustainable development.

Yours sincerely,

Raúl Marmolejo Velez
Aztec Plumbing President and CEO

*<http://reports.weforum.org/global-risks-report-2020/>

COMPANY PROFILE

GRI 102-1, 102-5



Aztec Plumbing is dedicated to the manufacture of wax rings and other products for the plumbing industry. It is part of the **Multiceras** Group, which specializes in the custom design and fabrication of natural, synthetic, and petroleum wax products for industrial applications. Our two production plants are located in **García, Nuevo León, Mexico**.

Aztec Plumbing began as an independent company in **2000**, when its operations were separated from its parent company, Multiceras, which continues to supply the waxes for Aztec Plumbing products.

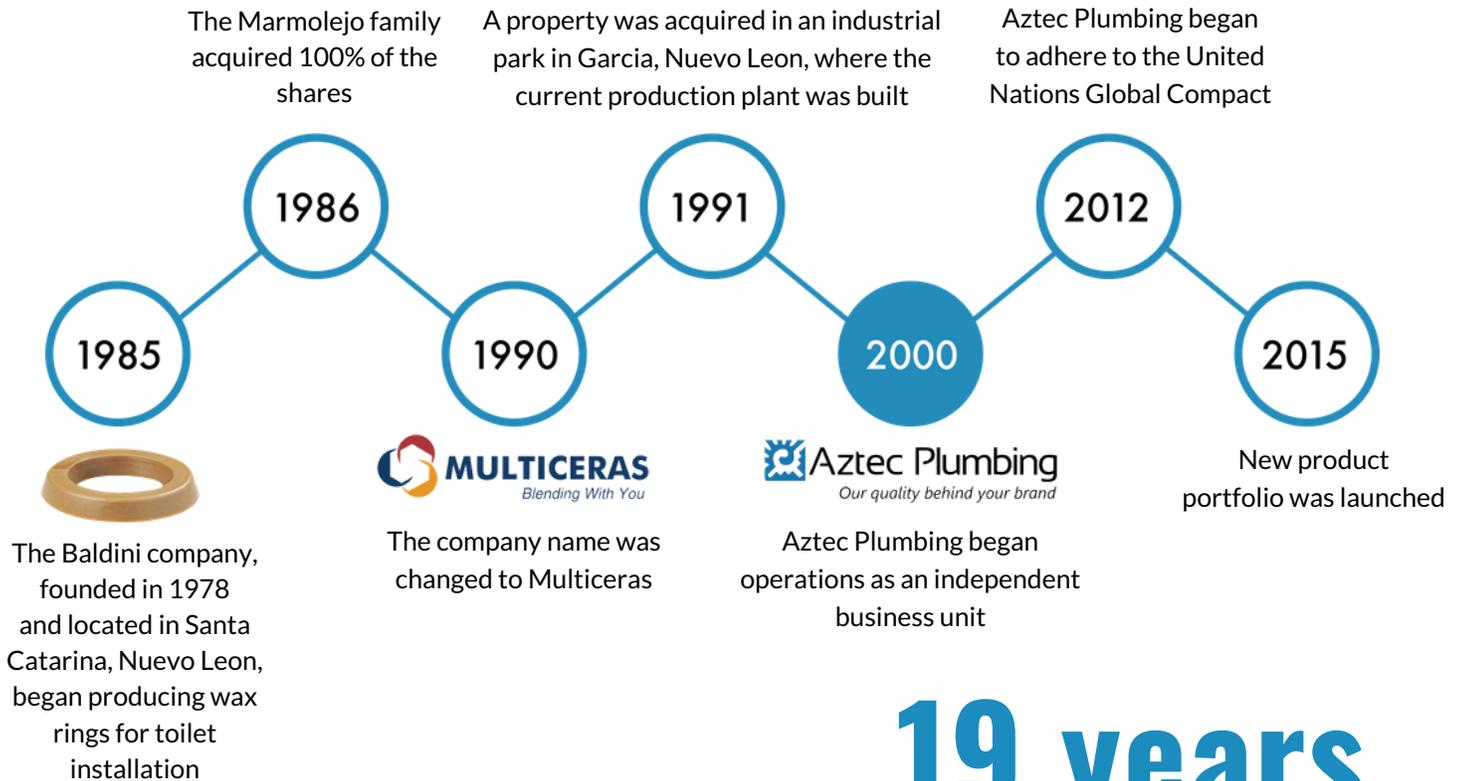
MISSION

At Aztec Plumbing we supply reliable, private-label products that generate prestige for our customers.

VISION

To be a global competitor and a contributor to the success of our customers, employees, suppliers, and community.

HISTORY



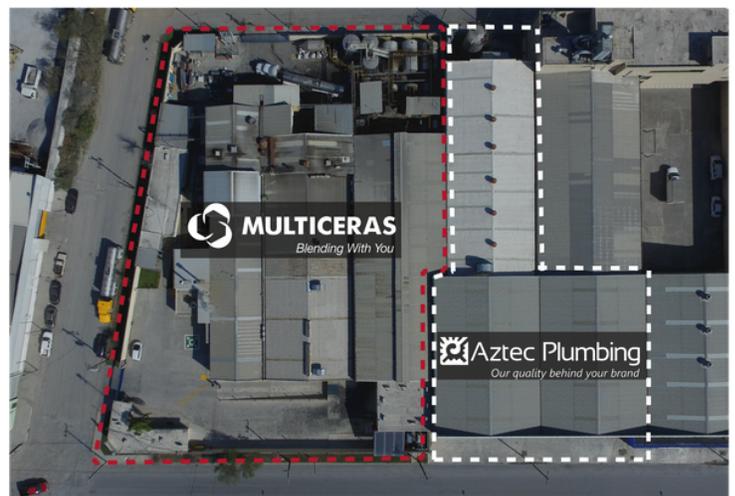
19 years

OF CONTINUOUS IMPROVEMENT
SERVING THE PLUMBING
INDUSTRY

LOCATION

GRI 102-3, 102-4

The **Aztec Plumbing** production plant and headquarters are located in **García**, Nuevo León, Mexico, next to the **Multiceras** plant, our supplier of the wax blend for our toilet wax rings.



PRODUCTS

GRI 102-2

We have introduced several new products for the plumbing industry to complement our main offering of toilet wax rings.

Our portfolio of products offers:

- Private label opportunities (“Our quality behind your brand”)
- Outstanding customer service
- Excellent performance

Some products were developed by our **research staff** with our own technology, including our patented **Plumber Putty**. Other products are sourced from **carefully selected suppliers**.



Toilet Wax Rings



Bolt Kits



Plumber Putty



Leak Detector



Cutting Oil



PTFE Thread
Seal Tape



Pipe Joint
Compound



Copper Fitting
Brushes

MARKETS

GRI 102-6



ALLIANCES AND EXTERNAL INITIATIVES

GRI 102-12

We believe it is our ethical duty to contribute to the social and economic development of Mexico. Therefore, we have undertaken several initiatives and committed to international standards, such as the 2030 United Nations' Agenda for Sustainable Development. We continually strive to maximize the benefits of sustainability.

2030 Agenda for Sustainable Development

We develop processes and activities with a focus on sustainable development goals, such as:



United Nations Global Compact

Since October 2012, we have adhered to the Ten Principles of the UN Global Compact regarding human rights, labor, environment, and anti-corruption.



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Ethical Trading Initiative

To adopt international standards regarding ethical trading, we have included the ETI Code in our policies.



**Ethical
Trading
Initiative**

For workers' rights.
For better business.

AUDITS

We routinely seek improvement through self-evaluation, as well as social responsibility audits requested by our customers. We have met the Retail Ethical Sourcing Assessment (RESA) standards requirements.



SUSTAINABILITY



CORPORATE GOVERNANCE

GRI 102-18, 102-19, 102-20, 102-26

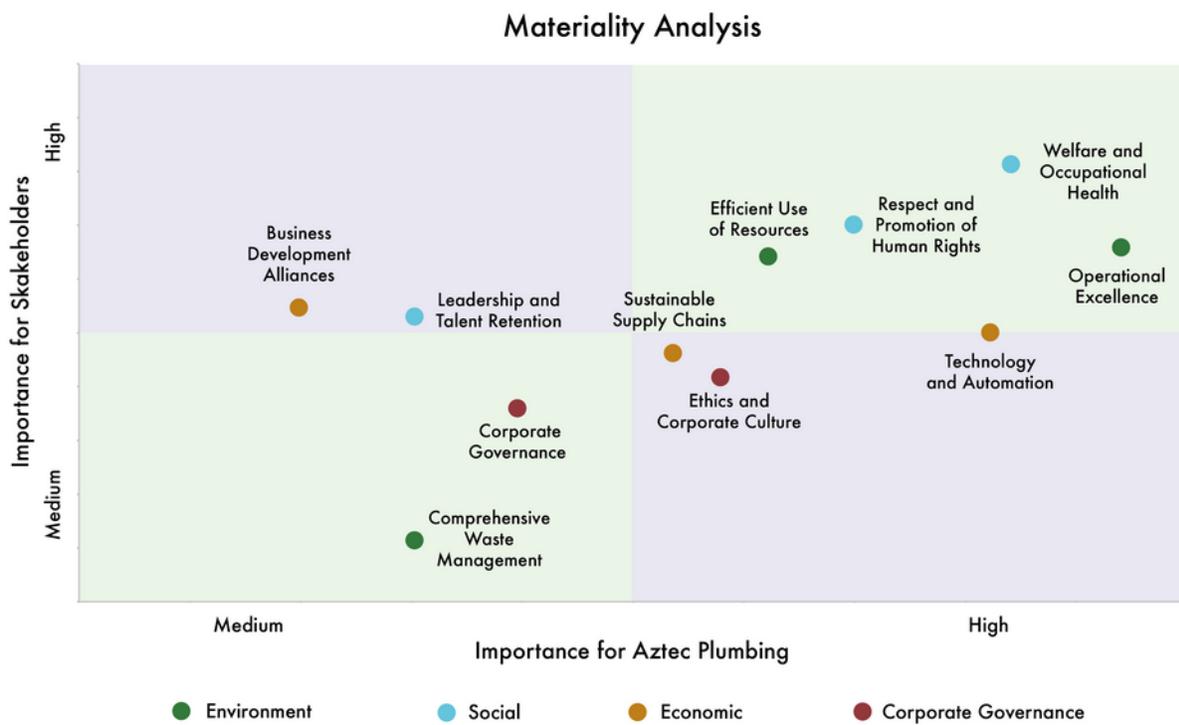
The Executive Board is our highest level of internal administration. It seeks to assure that internal procedures are correctly followed, authorizes the annual budget and strategy, and is responsible for monitoring progress. Our Advisory Council of independent members provides advice on the integrity of the company in ethical, legal, and strategic matters.

General management is responsible for the management, operation, and execution of the strategy defined by the Executive Board. The Chief Executive Officer is supported by the Chief Operating Officer and other management executives.

MATERIALITY

GRI 103-1, 103-2, 103-3

The company's sustainability strategy is based on 11 social, economic, environmental, and governance principles defined through a stakeholder exercise in 2019.



We continually integrate these principles into **company policies** and **initiatives** and analyze and monitor our **progress**.

CONSULTATION WITH STAKEHOLDERS

GRI 102-21, 102-40, 102-42, 102-43, 102-44

	Expectations	Actions Taken	Communication Channels & Frequency
Shareholders	Maximize economic value of the company sustainably, ensure its long-term survival and leadership position in the market, comply with the law and ethical considerations.	Establishment and execution of the business strategy. Participation of a board member as Sustainability Leader.	Monthly financial statements. Quarterly board meetings. Executive meetings.
Customers	Provide customers with trustworthy and personalized solutions that help them compete in their markets.	Customer audits on quality, safety, environment, management, and social responsibility. Follow norms and achieve certifications.	Biannual customer satisfaction survey. Visits to customer premises. Participation in national and international events.
Employees	Guarantee a good working environment, support initiatives that promote personal and professional development, ensure employee safety, promote diversity, and provide equal opportunities for men and women.	Bonus and awards program. Code of Conduct. Training programs. Scholarship program. Healthy living program (nutrition and exercise).	Quarterly communication newsletter. Monthly breakfasts with Direction. Annual working environment questionnaire. Annual evaluations of performance and values. Open channel for complaints.
Community	Become involved in the communities where we operate.	Volunteer and donate. Get involved with civic organizations and cooperate with neighboring companies on shared issues.	Monitor progress of annual work plan.
Government	Ensure all operations comply with the law.	Fulfill municipal, state, and federal safety and environmental requirements. Collaborate with local authorities in areas where we operate or have influence.	Communicate with municipal, state, and federal government.
Suppliers	Establish long-term relationships with strategic partners in our value chain.	Communicate with key suppliers to ensure quality of products and services.	Monthly supplier evaluations. Supplier visits.

ETHICS

GRI 102-17, 102-25, 205-2, 205-3

We strongly reject any kind of corruption, extortion, or bribery. All staff have been trained on our Code of Ethics, and new staff also receive training on its various reporting mechanisms.



The **Code of Ethics** addresses the following situations and provides protocols to deal with them:

- Conflict of interest
- Bribes
- Fraud
- Corruption
- Money laundering

During 2019 no instances of corruption were detected.

100% Trained Staff

Sustainable Procurement Policy

Through our Sustainable Procurement policy, we strive to align our value chain with our ethical, social, and environmental principles and require all suppliers to commit to compliance with our **Suppliers Code**. We take the sustainability profile of a supplier and the impact of the product it offers into consideration when evaluating and selecting sources of raw materials and supplies.

SOCIAL RESPONSIBILITY POLICY

GRI 102-16, 102-41



“

“Aztec Plumbing operates through a sustainable business model, based on the creation of **shared values** with its **stakeholders**, seeking permanence in the market through **legal compliance**, respect, and care for the **environment** and the welfare of **society**.”

”

At Aztec Plumbing, we conduct ourselves with a firm adherence to the respect of human rights and International labor norms. Through our social responsibility policies, we support initiatives that prohibit child labor and forced labor within our company and within our suppliers and contractors. We also recognize the right to collective bargaining and freedom of association, according to the law and rules within and outside of the company.

We integrate into our policies and operations a strict adherence to our Code of Conduct, to contribute to quality of life at work, equal opportunity, and the wellbeing of our employees and their families.

All employees are trained in our Social Responsibility Policy, Internal Regulations, Code of Ethics, and Code of Conduct.

Social Responsibility Mission

We will increase our value to all of our stakeholders — customers, suppliers, employees, and the community — by integrating sustainability and social responsibility into all aspects of our operations.

Social Responsibility Vision

To be a global leader in sustainability and social responsibility that drives growth.

CORPORATE VALUES

GRI 102-16



COMPLAINT MECHANISMS

GRI 102-17

All complaints, both internal and external, are processed in a **confidential manner**, with a guarantee of no retaliation and **respect for human rights**.

External Complaints

We are open to complaints regarding employee violations of our Code of Conduct through our email: ethics@aztec-plumbing.com.

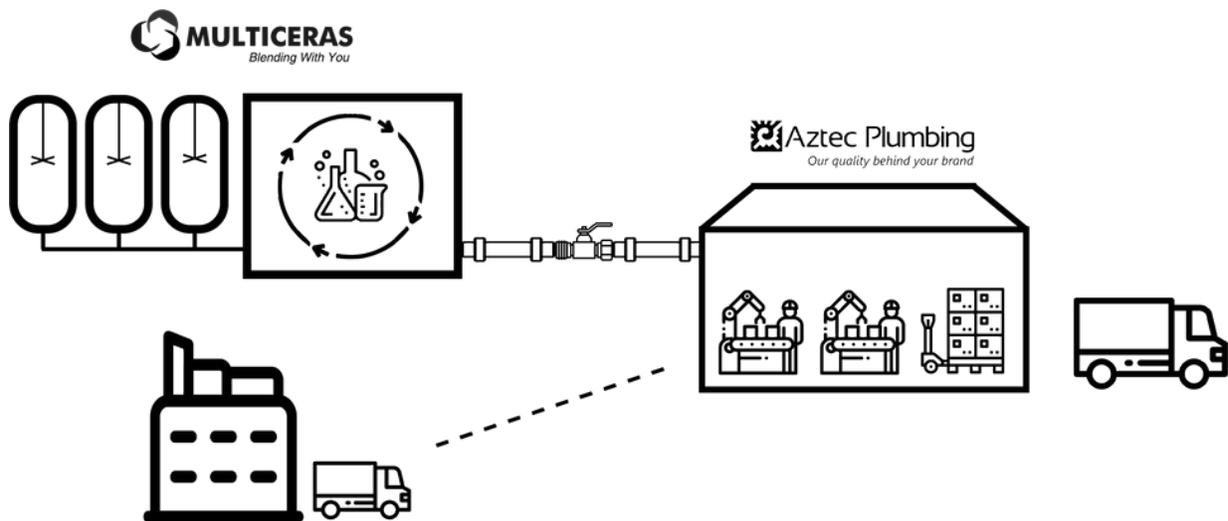
Internal Complaints

We have suggestion boxes located throughout our facilities, and all employees have direct access to Human Resources personnel.

SUPPLY CHAIN

GRI 102-9

Our supply chain varies, depending on the type of product. For our best-selling product, the toilet wax ring, the wax raw materials are supplied by Multiceras, which is located next to our plant. This has allowed us to improve the wax-blend formulations it supplies us, as well as ensure the quality and reliability of the product. Other wax-ring raw materials are produced by local Mexican companies. For other products, some elements are produced by Mexican or foreign companies, and others are produced in our plant.



Aztec Plumbing meets and follows the Customs-Trade Partnership Against Terrorism (C-TPAT) Standards. In order to guarantee the integrity of customers' products, we have implemented specific security procedures aligned throughout our supply chain.



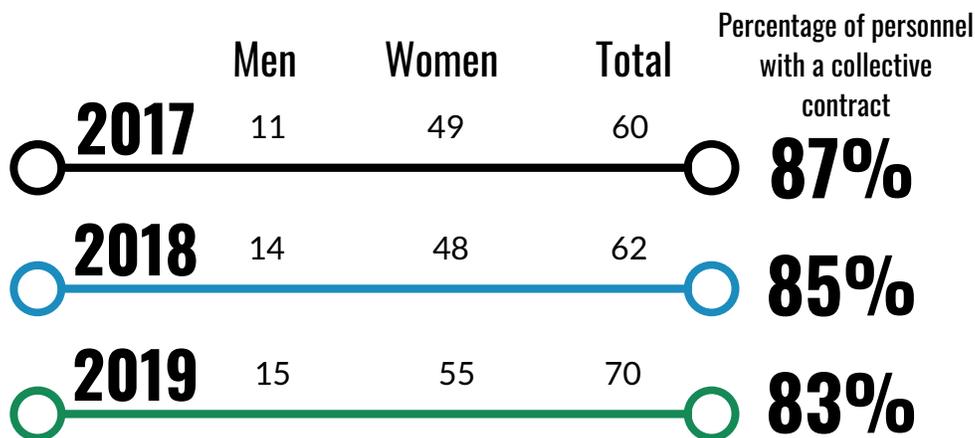
SOCIAL PERFORMANCE



OUR PEOPLE

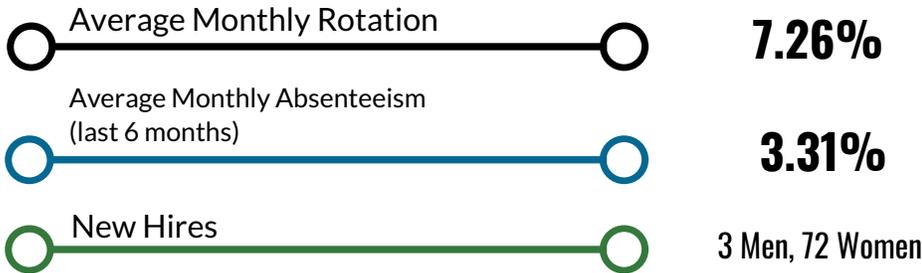
GRI 102-7, 102-8, 102-41, 401-1, 401-3, 407-1

One of our pillars of social responsibility is our employees. Each employee is key to our success and part of what makes Aztec Plumbing a leader.



- We respect the **right to collective bargaining**, and **100%** of employees working in operations have a collective labor contract that has been approved by local authorities.
- In addition to Aztec Plumbing personnel, some contractors provide us with **staff for security, cleaning, and first aid**.

Employment data for 2019:



We value the **commitment** of our employees and provide **awards** to those who meet five-year milestones with the company. In 2019, **six awards** were given:



EQUALITY AND NO DISCRIMINATION

GRI 406-1

Inclusion is part of our culture. We seek the development of our employees without any discrimination. In our policies and internal procedures, discrimination due to gender, religion, ethnicity, and sexual orientation, as well as human rights violations, is prohibited.



We support equal opportunity for men and women: 79% of staff are women, and 50% of the women in the administration area hold key positions within the company.

In 2019 no discrimination complaints were filed.

TRAINING AND EVALUATION

GRI 404-1, 404-2, 404-3

We invest in courses and training to foster employee development. We provide employees with resources to acquire knowledge, innovate, and increase their productivity. These are the 2019 results:

95
courses

73 INTERNAL AND 22 EXTERNAL

Training Hours

884

Average hours of training per year

12.63

English Scholarships

2

MXP\$
338,965
Total
Investment



COMMUNICATION

It is essential that we foster an environment of transparency and trust. We do this by having continuous internal communication through practices and events that allow us to listen to all members of our team.

Breakfast with Senior Leadership

Every month we host a breakfast for employees and executives during which employees are given a chance to express their concerns, suggestions, and complaints.

Communication with the CEO

Our CEO calls regular general meetings (which can be attended virtually) during which he presents the results obtained at different points in the year.

"Somos MAZ" Newsletter

We publish an internal newsletter that provides employees with details on actions that have been taken by every department, as well as their successes and challenges.

HEALTH

GRI 403-3, 403-6, 403-8

We promote the **health** and **well-being** of our employees through different mechanisms, providing **100%** of our staff with the following **benefits**:

- Yearly health exams
- Vaccine campaigns
- Information campaign on breast cancer risks
- First aid Ambulance service
- Nutritional services
- Sports encouragement (football team, participation in monthly running races)
- Smoke-free environment



SAFETY

GRI 403-1, 403-2, 403-4, 403-9

The safety of our employees is paramount. We are always investing in infrastructure, and we are continually working with our personnel to improve their preparedness for an emergency. Training is given annually to personnel belonging to our brigades and committees.

Personnel Participation

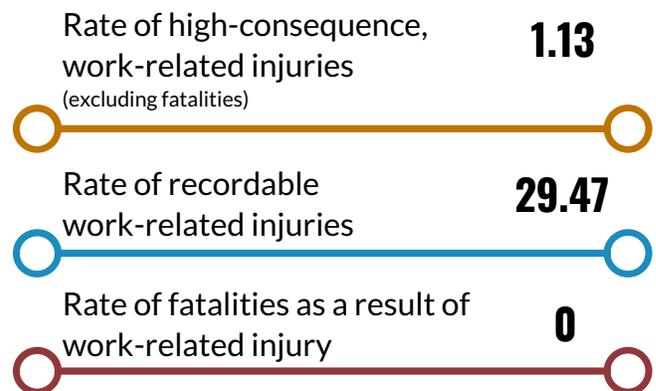
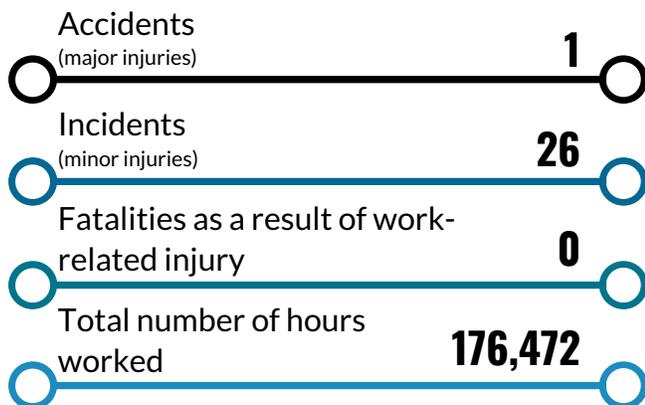
Evacuation Brigade	14	Search and Rescue Brigade	14
Firefighters Brigade	18	First Aid Brigade	11
Legal Requirements Committee	4	Health and Safety Committee	14



Complying with federal regulations, we have evacuation drills. Following the international Good Labor Practices recommendations, we have also implemented nocturnal evacuation drills.

Our different production lines include hot-material handling and sharp cutting tools. In order to avoid and reduce potential injuries, we perform risk analysis in designated areas, using our own staff and outsourcing to specialized consultants where necessary. We thoroughly investigate all incidents and accidents to determine their cause(s) and implement new processes and protocols to avoid future recurrences.

In 2019 we had:



ADDITIONAL BENEFITS

Employees receive benefits and incentives beyond those required by law, which allow them and their families to have a higher quality of life.

- Visual health aid
- Personnel transportation
- Use of recreation center for events
- Bonus for birth or adoption of children, death of family members, and marriage
- Education aid for employees' children
- Christmas bonus for employees' children



COMMUNITY ENGAGEMENT

GRI 413-1

To nurture a culture of volunteering and social responsibility, we invite our employees to participate in various volunteering opportunities.



Volunteering in Candelillero Communities

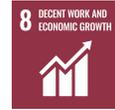


To improve the conditions of educational and community spaces, we carried out maintenance and gardening work.

Aztec Plumbing volunteers and their families helped make improvements to the Tuxtepec community school and chapel in Ramos Arizpe, Coahuila, and installed swings in the playground.



ENVIRONMENT



We are committed to the ideals of innovation and efficiency in our processes, as they allow us to decrease our negative environmental impact.

Environmental Policy

“ At Aztec Plumbing, we are committed to the **protection and conservation** of the **environment**, preventing injuries and illnesses in the workplace, and providing a **safe working environment**, by complying with **legal requirements** and **best practices**. ”

Environmental Goals

Energy

Reducing **20%** of our CO₂ emissions by 2025.

Water

Reducing **10%** of our clean water usage for general services by 2025.

ENERGY CONSUMPTION

GRI 302-1, 303-1

	2018	2019
Electric power (kWh)	186,088	186,073
Water (m ³)	567	909
Fuel (l)	*	1,251

*There is no data for this period.

MATERIALS

GRI 306-2

Special handling waste (Metric Tons)
These wastes are handled by the local authority.

2018 2019



CARBON FOOTPRINT

GRI 305-1, 305-2

Indirect emissions of greenhouse gases (GHG) Scope 1

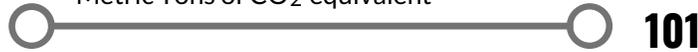
2019



Indirect emissions of greenhouse gases (GHG) Scope 2



Metric Tons of CO₂ equivalent



All carbon-footprint calculations were obtained through the **company's internal measurement system**, and using the emission factors available in the **National Emissions Registry** of the Ministry of Environment and **Natural Resources** of the **Mexican government**.

SOLAR PANELS

GRI 302-4

In 2019 we installed 70 solar panels. These have a capacity to generate 37,647 kWh annually, which is equivalent to a replacement capacity of 20% with clean energy. In 2019 the solar panels generated 11,340 kWh.



REPROCESSING

GRI 301-2

Our Quality Assurance Department ensures that products meet customer specifications, and our materials-recovery process ensures the reprocessing of wax from products that did not meet our standards.

INNOVATION



We work closely with our customers to understand their needs and to offer products that meet their requirements. We seek to continuously improve product performance and to develop solutions for the plumbing industry.

Innovation is one of the foundations of our business, which is why we nurture in our personnel the values of innovation and creativity. We invest in R&D, plant, technology, and personnel to create high-quality products with outstanding functionality.



We have a **physical space** dedicated to the **creation and development** of ideas, which allows us to **differentiate ourselves** from our competitors.

APPENDIX

GRI INDEX

GRI 102-55

GRI	Description	Page
Company Profile		
102-1	Organization's name	2
102-2	Activities, brands, products, and services	4
102-3	Site's location	3 and 25
102-4	Operation's location	3
102-5	Property and legal status	2
102-6	Markets	5
102-7	Organization's size	14
102-8	Employees' information	14
102-9	Supply chain	13
102-10	Organization's significant changes	1
102-12	External initiatives	5
102-14	Statement of senior executives responsible for decision making	1
102-15	Impacts, risks, and main opportunities	1
Ethics and Integrity		
102-16	Values, principles, standards, and rules of conduct	11 and 12
102-17	Mechanisms of advice and ethical concerns	10 and 12
Governance		
102-18	Governance structure	7
102-19	Delegation of authority	7
102-20	Executive level responsibility for economic, environmental and social issues	7
102-21	Consultation with stakeholders on economic, environmental and social issues	9
102-23	President of the highest governance body	1
102-25	Conflict of interests	10
102-26	Role of the highest governance body in the selection of objectives, values, and strategy	7
102-32	Role of the highest governance body in the preparation of sustainability reports	25
Participation of Stakeholders		
102-40	Stockholders' list	9
102-41	Collective bargaining agreements	11
102-42	Identification and management of stakeholders	9
102-43	Focus on the participation of stakeholders	9
102-44	Key issues and concerns	9

GRI	Description	Page
Reporting Practices		
102-49	Changes in reporting	25
102-50	Period covered by the report	25
102-51	Date of the last report	25
102-52	Report preparation cycle	25
102-53	Contact person for questions about the report	25
102-55	GRI Content Index	24
Management Approach		
103-1	Explanation of the materiality issue and its coverage	8
103-2	The management approach and its components	8
103-3	Evaluation of the management approach	8
Anti-corruption		
205-2	Communication and training on anti-corruption policies and procedures	10
205-3	Corruption cases confirmed and measures taken to solve them	10
Supplies		
301-2	Recycled materials	22
Energy		
302-1	Energy consumption within the organization	21
302-4	Reduction of energy consumption	22
Water		
303-1	Water withdrawal by source	21
Emissions		
305-1	Direct GHG emissions (scope 1)	22
305-2	Direct GHG emissions (scope 2)	22
Effluents and Waste		
306-2	Waste by type and disposal method	22
Employment		
401-1	New employee hiring and personnel rotation	14
401-3	Parental permits	14

GRI	Description	Page
Health and Safety at Work		
403-1	Representatives of workers in formal worker-company health and safety committees	18
403-2	Hazards identification, risk assessment, and incident investigation	18
403-3	Occupational health services	17
403-4	Employees participation, consultation, and communication about health and safety at work	18
403-6	Promotion of employees' health	17
403-8	Health and safety at work management system coverage	17
403-9	Work-related injuries	18
Training		
404-1	Average hours of training per year per employee	16
404-2	Programs to improve employee skills and transition assistance programs	16
404-3	Percentage of employees who receive periodic performance evaluations and professional development	16
No Discrimination		
406-1	Cases of discrimination and corrective actions taken	15
Freedom of Association		
407-1	Freedom of Association and Collective Bargaining	14
Local Communities		
413-1	Operations with local community participation, impact assessments, and development programs	19

ABOUT THIS REPORT

GRI 102-32, 102-49, 102-50, 102-51, 102-52

Through this Sustainability Report, we present results, activities, and commitments of Aztec Plumbing S.A. de C.V., from January 2019 to December 2019. This report is published annually on April 1, this being the seventh edition approved by the Executive Board.

The Social Responsibility department is in charge of collecting and preparing the information that has been presented in this report. This report was made following GRI 4 guidelines, and we will not request verification of this report.

As Aztec Plumbing is a private company, this Sustainability Report does not include financial statements. Our Management and Finance Departments are responsible for keeping all information documented and archived, as well as following all legal requirements.

Past reports are published on the Aztec Plumbing profile on the Global Compact website: <http://www.unglobalcompact.org/participant/18081-Aztec-Plumbing-S-A-de-C-V->

This report has been prepared to conform with the GRI: Option Essential Standards.

CONTACT

GRI 102-3, 102-53

Please contact us with any suggestions or for further information at:

Mireya Marmolejo

Sustainability Leader

mireya.marmolejo@multiceras.com

Cuadrados No.134

Arco Vial

CP: 66023

García, Nuevo León