



2ND ANNUAL SUSTAINABILITY REPORT
July 2013 to December 2014

INDEX OF CONTENTS

1. CEO Commitment Letter	2
2. Aztec Plumbing and Sustainability	3
3. Corporate Social Responsibility	4
4. Human Rights	5
4.1. Employees	6
4.1.1 Guidelines Governing Conduct	6
4.1.2 Communication and Transparency	7
4.1.3 No Discrimination	8
4.1.4 Health and Safety	10
4.1.5 Security	12
4.1.6 Personal and Professional Development	12
4.2. Community	16
4.2.1 Donations to Non-Profit Organizations	17
4.2.2 Donations to the Candelilla Region	17
5. Labor	19
5.1 Freedom of Association	20
5.2 Forced Labor	20
5.3 Child Labor	20
5.4 Diversity Acceptance	20
6. Environment	21
6.1 Efficient Use Of Resources	21
6.2 Environmental Responsibility	22
6.3 Campaign 3R's: Reduce. Reuse. Recycle	22
6.4 Drawing Contest	24
7. Anticorruption and Fair Trade	25
7.1 Ethical Finance	25
7.2 Industry Associations	25
7.3 Software Copyright	26
7.4 Conflict of Interest	26
7.5 Ethical Commercial Relations	26
8. Acknowledgments	27

1. CEO COMMITMENT LETTER



Dear Friends:

Every company evolves differently, and at Aztec Plumbing we strive to not only successfully face the challenges of business, but to also leave a positive legacy for our stakeholders, our communities, and our environment.

These turbulent times in the global economy bring the opportunity for economic success and the responsibility to do business with the highest ethical standards.

This is our second annual report on our adherence to the UN Global Compact's Ten Principles, and I am proud on how much we have accomplished. However, there are always improvements to be made.

As CEO of Aztec Plumbing and on behalf of my colleagues, I confirm our commitment to follow and strengthen the Ten Principles, with creativity and enthusiasm, while we seek to improve our fiscal performance.

Yours faithfully,

A stylized handwritten signature in black ink, consisting of a large loop and a long horizontal stroke.

Fernando Montaña Salinas
CEO

2. AZTEC PLUMBING AND SUSTAINABILITY



Aztec Plumbing S.A. de C.V. was incorporated in 2000 as an offshoot of Multiceras S.A. de C.V. The two companies share facilities in Garcia, Nuevo Leon, as well as administrative resources, including Administration, Human Resources, and Social Responsibility departments — so many of the results presented in this report are common to both companies.

Aztec Plumbing is committed to respecting human rights and labor standards, preserving the environment, and rejecting corrupt practices. This report presents our progress in each of these areas.

In this, our second sustainability report, we present results for a year and a half (July 2013 to December 2014). Our first report was made for the period July 2012 to June 2013, but we applied to the Global Compact to change our reporting period to align with the calendar year for strategic comparison purposes. Our next report will provide results for calendar 2015.

During this current reporting period, Aztec Plumbing made great progress in sustainability, including identifying our practices and refining our vision and direction as a company. New projects have been launched and management systems implemented.

Many of our customers have worked with us on Social Responsibility in various ways — for example, inviting us to join them in their efforts, sharing their policies, and requesting that we perform Social Responsibility audits. One of our customers conducted an audit of our facility that included a review of our Social Responsibility policies and practices. Some areas for improvement were identified, and we immediately addressed these concerns. We are happy to report that this customer has extended our contract to supply more of its distribution centers in the United States.



Drawing: Ernesto Gerardo Castillo Lopez,
12 years old, son Cristina Lopez

Another achievement was to develop a management model that tracks strategic indicators for each area of the company: Operations, Sales, Purchases, Information Technology, Administration, and Human Resources. We can confirm that all employees are aware that their participation is vital to accomplish our objectives, as stated in our Social Responsibility Policy.

3. CORPORATE SOCIAL RESPONSIBILITY POLICY

Aztec Plumbing is committed to operating through a sustainable work model, based on the continuity and financial health of business, respect and care of the environment, and contribution to society's well-being.

Aztec Plumbing has established the following objectives for our stakeholders:



SHAREHOLDERS

Maximize the economic value of the business with sustained performance, assuring its leadership and continuity while promoting ethical and transparent behavior.



CUSTOMERS

Respect customers' rights by providing clear information about our products and services, developing improvements to increase customer satisfaction, and implementing fair and transparent trade policies.



SUPPLIERS

Deem our suppliers as allies and long-term strategic partners within our value chain by arranging win-win agreements that align with their objectives and contribute to their development.



EMPLOYEES AND THEIR FAMILIES

Provide a welcoming work environment by encouraging quality working life initiatives throughout the company, ensuring physical integrity, promoting diversity and equal opportunity in the workplace, and creating programs for employees' families.



COMMUNITY

Promote improvements in quality of life of the communities near our operations and those where our employees live.



ENVIRONMENT

Use manufacturing processes that do not negatively affect the environment, including operations and new technologies that minimize residues, reduce energy usage, prevent air and water pollution, and comply with environmental regulations.

4. HUMAN RIGHTS

Since the Universal Declaration of Human Rights in 1948, there have been several endeavors to ensure that all human beings — regardless of their race, gender, social condition, education, or religion — share the same rights.

The United Nations Global Compact calls on us to respect these rights — not only with our employees but also with the people who live in our communities — and ensure that we are never an accomplice to the infringement of these rights.

We can accomplish this with the promotion of company values to our employees in the hope that they will not only adhere to them at work, but also in their homes and communities.

Even before becoming a member of the Global Compact, Aztec Plumbing worked to embody these human rights principles. We recognize this is a process that must be reinforced year after year, and that sharing, learning, and cooperating among companies will ensure that the “universality” of these rights will become a global reality.

Here we present our progress on these two principles of the Global Compact.



4. HUMAN RIGHTS

4.1 Employees

4.1.1 Guidelines Governing Conduct

Aztec Plumbing has created a set of guidelines outlining company policy on the expected behavior of employees, the regulation of work, and relations between employees, especially between superiors and subordinates. The guidelines also outline sanctions for non-compliance or lack of compliance, which if unresolved can lead to termination of employment and possibly the involvement of the relevant authorities.

The guidelines include:

a) Code of Conduct

All the guidelines in the Code of Conduct are based on our values, which are:

- Commitment: honesty, teamwork, responsibility, and safety.
- Quality: integrity, excellence, and service.
- Creativity: leadership, continuous improvement, and openness to change.

b) Harassment Policy

This policy outlines expected behavior for employees, especially in boss-subordinate relationships, are to prevent employees from feeling intimidated and to ensure they can relax in an atmosphere of respect. The policy also specifies the complaint process and how harassment and bullying reports (by a victim or a witness) will be investigated and dealt with.

c) Internal Labor Regulations

Internal Labor Regulations filed with the Local Conciliation and Arbitration Board outline the provisions of the law and benefits and actions to be taken by the company in the following areas:

- Job vacancies and hiring process.
- Organization of employees.
- Location, work hours, and schedules.
- Bank holidays and vacations.
- Permissions and disabilities.
- Place and paydays.
- Health and safety measures.
- Disciplinary measures.
- Measures to prevent discrimination and/or harassment.
- Termination of contract.



Aztec Plumbing ensures the protection of human rights and promotes fair labor practices for all its employees. Our company guidelines seek to promote a culture of respect, support, and harmony in the workplace.

In 2014 all new employees (100%) were trained in these guidelines.

4. HUMAN RIGHTS

4.1.2 Communication and Transparency

The company launched a transparent communication system in June 2014 that provides various options for employees to report any situation that goes against company policy. Our Human Resources and Social Responsibility departments monitor these communications, with the support of senior management.

The different communications options are:

a) E-mail

We established a new e-mail account: cuentanos@multiceras.com, which is monitored by the Human Resources manager and the Sustainability Leader. Since its launch there has only been one comment, which was immediately addressed.

b) Suggestion Box

The suggestion box was reactivated, and the Social Responsibility team monitors submissions.

c) Breakfast With the CEO

Every month CEO Fernando Montaña, along with two people from his management team, host a breakfast for seven employees at all levels, seeking to openly discuss their experiences and concerns. The Human Resources department follows up on comments and suggestions for improvement. In 2014 there were seven breakfasts during which 53 comments on areas of opportunity were offered. Improvements have been implemented in 30% of the cases, and we are still working on the remainder.



d) Employee Satisfaction Survey

The Human Resources department conducts an annual survey on employee satisfaction. The results are shared with management, and action plans on areas of opportunity are set.

In 2014 a total average score of 7.1 was obtained, which was 17% lower than 2013's score of 8.56. Areas of improvement included:

- Clarity of objectives (8).
- It is clear what is expected of me (8).
- Adequate working hours (8).
- Suitable job (8).
- I have the resources I need (8).
- My job allows me to care for my family (8).

4. HUMAN RIGHTS



4.1.3 No Discrimination

The company has a series of internal procedures that ensures transparency and non-discrimination in hiring, promotion, acknowledgement, and termination of employment.

a) Hiring

When there is a vacant position within the company, the recruitment and selection process is as follows:

1. The opportunity to fill the vacant position is first offered to employees thorough internal communications.
2. If no suitable candidate presents him- or herself, we search outside the company.
3. We seek at least three candidates, and several interviews are performed with Human Resources and with the position's owner, until the best candidate is identified.
4. An offer is then made, explaining in detail the duties of the role, the schedule, and the salary. If the candidate is interested, then a start date is set. The candidate must supply a copy of proof of age, studies, address, and work experience. In order to verify the information, original documents are also requested and returned thereafter.
5. The new employee will sign a provisional contract for up to three months, learn the guidelines and policies of the company, and undergo special training for the role.

4. HUMAN RIGHTS

b) Promotion

The personal and professional growth of our employees is important, and we continuously provide training and opportunities to become involved in projects to improve their skills. When employees are ready to take on more responsibility and grow within the organization, or when a position becomes available, we make every effort to promote them.

These promotions are free from discrimination; the only requirement is that the employee has the knowledge and experience to successfully meet the challenges of the new position.

c) Acknowledgement

Every year we acknowledge employees who have excelled in implementing our values in their daily work. There are three different kinds of recognition, and there are various processes to choose the person who receives each one.

- **Commitment:** To reward this value the results of performance evaluations are reviewed.
- **Quality:** The person receiving this award is chosen by vote of all team members. They are asked to vote for the person they consider to have done his or her job with quality and who is also an example to follow.
- **Creativity:** This award is given to a person who has designed and implemented an idea or project that is innovative, strategic, and especially creative.

WINNERS 2013

Commitment	- Alejandra Manuel
Commitment	- Adán Cruz
Quality	- Josefina Rosales

WINNERS 2014

Commitment	- María Blasa Salas
Commitment	- Adán Cruz
Quality	- José Guadalupe Castellanos



José Guadalupe Castellanos Mendoza – 2014 Employee Quality Award Winner

"Receiving the Employee Quality Award from my co-workers increases my commitment to being more efficient in the workplace and to help my colleagues who are unfamiliar with details of everyday activities."

4. HUMAN RIGHTS



d) Seniority Award

We are proud to have Aztec Plumbing employees committed to the company.

In 2013 seniority awards were given to two employees:

- 1 for 5 years, and
- 1 for 10 years.

In 2014 seniority awards were given to 5 people for working with us for 5 years.

e) Termination of Employment

Aztec Plumbing has a procedure for job termination, either by decision of the employee or the company. Human Resources is responsible for making the appropriate arrangements. It is also responsible for conducting an exit interview to ascertain the reasons for termination. A letter is given that stipulates the work period and the salary received, as well as any corresponding settlement.

4.1.4 Health and Safety

Aztec Plumbing has strict rules on employee safety. Our safety policy is shared with all employees and is displayed in all areas of the company.

a) Fire-fighting Network

In 2014 a fire-fighting network was installed, which represented an investment of approximately MXN\$4 million. The system was successfully tested during the month of November 2014.

b) Health and Safety Committee

In July 2014 the Health and Safety Committee was organized and registered with the Ministry of Labor and Social Welfare. The committee makes periodic inspections and monitors the resulting action plans.

c) Drills

During 2014 evacuation drills were performed to ensure that all staff know the correct procedure for emergencies.



At **Aztec Plumbing**, we are all committed to **Health** and **Safety**. By reducing risk, continuously improving our processes, and training our staff, we create a safe working environment in compliance with regulations and standards.

4. HUMAN RIGHTS



d) Personal Protective Equipment

Appropriate personal protective equipment for each work area has been identified, such as shoes, belts, goggles, wristbands, and aprons. This equipment is provided by the company to all employees and is replaced every six months, or sooner if required.

e) Safety Training

Safety training is vital to cope effectively with any contingency that may arise in the workplace. Three brigades were organized and received special training:

- Fire Combat Brigade: Fire laboratory, The ABCs of extinguishers, Practice with extinguishers, Practice with hoses, etc.
- First Aid Squad: CPR courses for adults, Bleeding wounds and burns, etc.
- Evacuation, Search and Rescue Brigade: Trained in rescue and transfer.



4. HUMAN RIGHTS

f) Facility Improvements

After the installation of a second production line, improvements were made to ensure safety aspects such as:

- Establishing safety corridors
- Installing eye washers
- Improving the workplace organization method called 5-S
- Installing a safety guard in the wrapping machine
- Identifying evacuation route

4.1.5 Security

Aztec Plumbing has established practices to comply with Customs-Trade Partnership Against Terrorism (C-TPAT) procedures, such as:

- CCTV (Closed-circuit television)
- Demarcated areas of shipment and receipt
- Certified security cargo seals complying with PAS-ISO-17712 standards
- Optimized transport conditions to prevent damage to our products

4.1.6 Personal and Professional Development

We contribute to the development of employees through practices that motivate their work performance and improve their quality of life.

a) Training

Professional development within the organization is very important, which is why we seek to keep employees up-to-date in their respective areas. In 2014, 58 employees attended training courses for a total of **928 hours and an investment of MXN\$545,000.**



4. HUMAN RIGHTS

b) Scholarships

Aztec Plumbing provides a scholarship program for employees to study English, high school, and university.

HIGH SCHOOL DIPLOMA

In collaboration with SEduca program from the Nuevo Leon state government, we provide employees with the opportunity to study for their high school diploma. Aztec Plumbing pays for transportation and expenses.

BACHELOR DEGREE

Aztec Plumbing provides a partial scholarship to employees with outstanding performance who are interested in studying for a bachelor degree.

14 employees have been benefited of these programs

Because English is a critical skill in our company, employees looking to learn or improve their command of this language are given scholarships.

ENGLISH



Alejandra Manuel – Currently studying High School

"I have always had a desire to improve myself but I never had many opportunities. I studied Secondary School online, but after my marriage I could no longer continue my studies. When Aztec Plumbing gave us the opportunity to study High School, I decided to take advantage of it. My goal is to continue studying as far as I can. I want to do this for myself, for my children, and for my family."

4. HUMAN RIGHTS



c) Activities and Events

We organize recreational activities to promote family life while preserving and celebrating Mexican traditions and holidays. All employees are invited to participate if they wish.

a. Activities

- i. Rosca de Reyes (January 6)
- ii. La Candelaria Day (Candlemas) (February 2)
- iii. St. Valentine's Day
- iv. International Women's Day
- v. Mother's Day
- vi. World Cup Games
- vii. Independence Day
- viii. Day of the Dead
- ix. Guadalupe Virgin Day

A total of
MXN\$98,558 was
invested in activities
in 2014.

Events are also held to celebrate important dates where all employees are invited to attend in the company of their families.

b. Events

- i. Children's Day and Mother's Day
- ii. Father's Day
- iii. End of the Year Celebration

4. HUMAN RIGHTS



d) Running Club

In order to improve the health of our employees, as of June 2014 employees are invited to participate in a race. The company sponsors 50% of the enrollment fee for the employee and a family member. The program has had an excellent response and has helped to strengthen family ties and friendships.



e) Football Team

In August 2011 a football team was organized. In 2014 they played in the Lomas Soccer League, located in Garcia, Nuevo León. This activity has helped create camaraderie among employees and improved their fitness.

f) Benefits

f.1 Vision

A Visual Health campaign is organized every year, where Aztec Plumbing invites different suppliers to perform a visual check on all personnel. In 2014, 40 people were provided with eyeglasses representing an investment of MXN\$42,099.

f.2 Vaccines

To help prevent contagious diseases, such as influenza, a vaccination campaign was undertaken, in which 64 employees and family members were vaccinated.

f.3 School Supplies Support

Aztec Plumbing provides a bonus for school support to employees' children under the age of 13 to purchase school supplies at the start of classes. In 2014, 47 children benefited from this program, representing an investment of MXN\$40,500.

f.4 Transportation

Aztec Plumbing has a fleet of three minibuses to provide transportation for employees to and from work.



4. HUMAN RIGHTS

f.5 Event Facility

Aztec Plumbing offers an outdoor facility near its factory for use by employees and their families to hold events without cost. In 2014, 10 employees used the facility.

f.6 Christmas Present Bonus

Every December Aztec Plumbing gives a MXN\$300 Christmas present to employees' children under the age of 12. In 2014, 78 children were given the bonus, representing an investment of MXN\$23,400.

f.7 Birth, Death, and Marriage Support



- **Birth:** A cash bonus is given to employees who have a new baby. Three employees received this bonus in 2014.
- **Death:** When an immediate family member of an employee dies, a cash bonus is given to help with the expenses. In 2014 two people received this bonus.
- **Marriage:** A cash bonus is given to employees who get married. One person received this bonus in 2014.

4.2 Community

To help mitigate the needs that exist within the Candelillero community (a supplier of candelilla wax to Multiceras) and address the social problems these stakeholders face, Aztec Plumbing has joined Multiceras in providing donations to non-profit organizations and strategic donations directly to communities inhabited by Candelilleros and their families.



4. HUMAN RIGHTS

4.2.1 Donations to Non-Profit Organizations

a) Casa Simón de Betania

Staffed by the religious congregation Servants of the Lord of Mercy, this organization serves terminally ill people with AIDS, cancer, tuberculosis, and other diseases. Aztec Plumbing donated MXN\$10,604.30 for improvements to the center and to purchase a hospital bed. We also made a donation to the construction of a new house in Mina, Nuevo León.



b) Children's City in Salamanca, Guanajuato

Founded in 1977 by Father Pedro Gutiérrez, this center is home to more than 300 orphans. They are given an education and offered various activities, such as Tae Kwon Do and other sports, and a choir that is famous in the region and that organizes concerts.

Aztec Plumbing donated clothing to the Tae Kwon Do team, consisting of 38 pants and t-shirts, representing an investment of MXN\$8,500. We also provided cleaning materials for house maintenance.

c) New Dawn ABP Association

The t-shirts Aztec Plumbing donated to Children's City in Salamanca were purchased from New Dawn ABP Association, an organization that seeks to improve the quality of life of children and youth with cerebral palsy and their families. It was important for us to make this strategic alliance in support of both organizations.

4.2.2 Donations to the Candelilla Region

a) School Supplies

In order to promote children's rights in the Candelilla region, two campaigns were organized to provide school supplies to motivate students to continue with their studies. In 2013 and 2014 Aztec Plumbing employees were invited to participate by donating school supplies or money to purchase them. In addition to school supplies, other items were donated to improve school conditions (fans, balls, curtains, etc.).



AUGUST 2013

**48 SCHOOL MATERIAL KITS
CHILDREN FROM 2
COMMUNITIES**

AUGUST 2014

**100 SCHOOL MATERIAL KITS
CHILDREN FROM 6
COMMUNITIES**

4. HUMAN RIGHTS

b) Volunteering

In August 2013 Aztec Plumbing organized a group of 19 employees and members of their families to engage in cleaning, painting, and tree planting in schools in Candelilla communities. Teachers and students were consulted so that they could participate in improving their facilities. In addition to the benefits obtained by the communities, our volunteers were grateful for the opportunity to serve.



c) Christmas Presents

In December 2014 we organized for the first time a Christmas presents donation. From 4 Candelilla communities (Carricitos, Las Presas, General Coss and La Leona) 23 children were chosen and asked to make a card with their desired gift. All Aztec Plumbing employees were invited to participate by buying the gift and also a package to mitigate the cold, consisting of a blanket, pants, tennis, jacket, socks, gloves and scarf. Supporting the cause, 36 company employees volunteered as mentors and some with gifts and others with cash, managed to get the different packages of gifts for all. Also sweets were bought to offer little bags to 100 children from other communities.



d) Second Hand Furniture for Schools

As part of a Aztec Plumbing plant upgrade, we donated furniture in good condition, such as desks, bookcases, and filing cabinets, to schools in Candelilla communities.

5. LABOR

Global Compact principles concerning labor standards ensure that employee rights are respected at all times — for example, the right to form a union, ensuring that work is not forced, non-discrimination within a company, and especially the eradication of child labor. Aztec Plumbing has established recruitment and work policies that respect these principles. Here are the activities we have undertaken this past year and a half, and that we consider measurements of our implementation of these principles.



5. LABOR

5.1 Freedom of Association

Aztec Plumbing conducts annual union negotiations and reaches agreements that are reflected in our Collective Bargaining Agreement. Furthermore, the company takes no actions against employees who seek to bargain collectively.

5.2 Forced Labor

Aztec Plumbing is against any form of forced contract, and we adhere to our policies and procedures on how to handle scheduling, bank holidays, and overtime.



- Before beginning to work at Aztec Plumbing, employees are provided an offer of employment and a contract containing information on working hours, shifts, and bank holidays, as provided for by law. The contract is read and signed before beginning work — if there is any doubt or disagreement, the employee may apply to the Human Resources department for clarification.
- The Human Resources department performs regular comparisons with companies in our industry through expert benchmark studies.
- Employees have the right to resign at any time and to refuse to work overtime.

5.3 Child Labor

All Aztec Plumbing employees (100%) are 18 years or older — as stipulated in our company guidelines. Before beginning to work at Aztec Plumbing, employees must provide the company with a copy of proof of age (e.g., birth certificate), and this is checked against the original document.

5.4 Diversity Acceptance

We seek the progress of men and women without discrimination — 85% of our staff are women.

In recruiting, hiring, promoting, rewarding, and terminating employees, we do not question or discriminate with regard to religion, ethnicity, sexual orientation, or social status.

6. ENVIRONMENT

“One world. Use it wisely.”



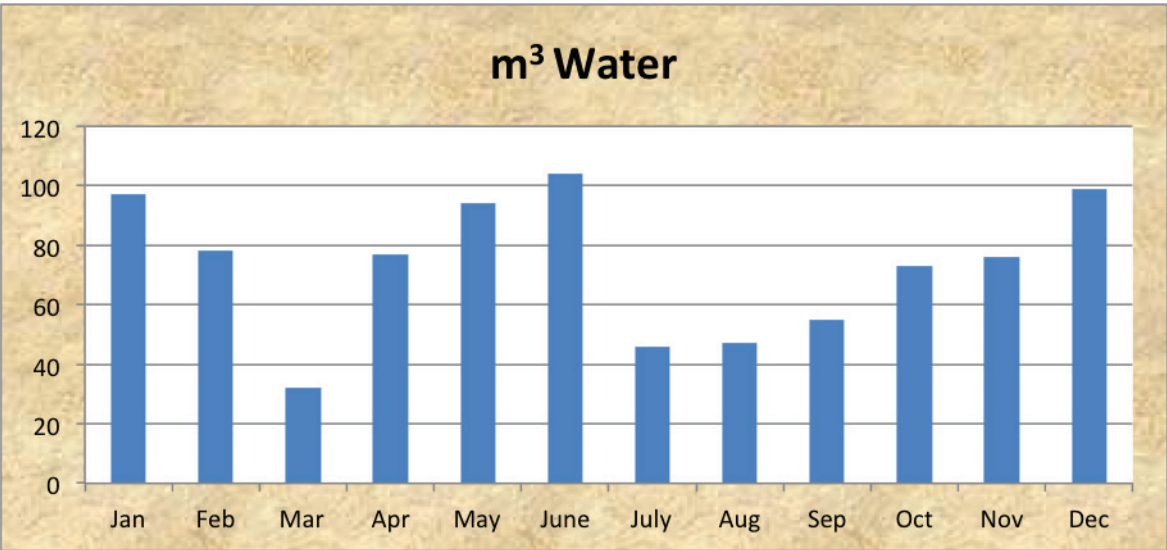
This is the motto of our Social Responsibility program. At Aztec Plumbing we seek to maximize our use of resources while minimizing our ecological footprint. Here are the activities and measures we have implemented to support the environmental principles of the Global Compact.

6.1 Efficient Use of Resources

Efficiency means, “do more with less” — as in, using the least possible resources for maximum effect. In all our operations we seek to reduce our consumption of resources such as water and energy, and to minimize pollution, which also results in improved competitiveness by reducing costs and strengthening our sustainability. In 2014 we began keeping monthly statistics for resource-saving initiatives so that we can benchmark our progress going forward.

6.1.1 Water

Water covers nearly 80% of the Earth’s surface. Although it seems a very abundant resource, less than 1% of this is fresh water — that is, suitable for domestic, industrial, commercial, or tourist uses. At Aztec Plumbing we take the responsibility for preserving this vital liquid very seriously.

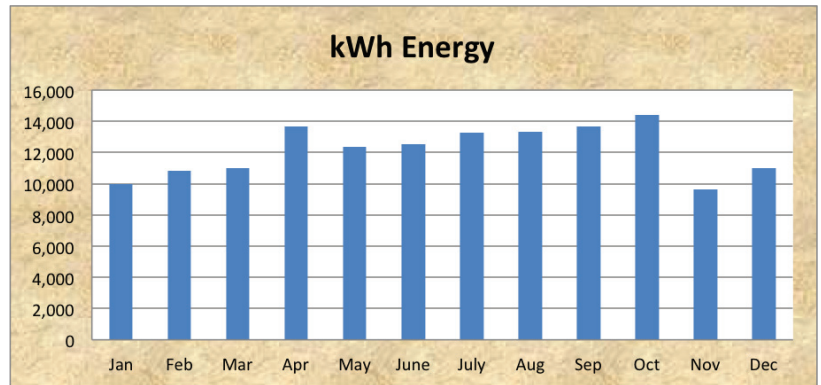


6. ENVIRONMENT

6.1.2 Energy

The decrease in energy consumption in all operations not only brings significant benefits to the environment, but also reduces costs and improves our competitiveness. In 2014 two projects were implemented:

- A bank of capacitors 25kVAr in the 220V substation was installed, which standardizes the consumption of electricity.
- Saving-lamps were installed.



6.2 Environmental Responsibility

At Aztec Plumbing we are committed to complying with the environmental legal framework that applies to our sector:

- COA – Annual Operating Certificate
- DAR – Report of wastewater discharge in accordance with the provisions of the norm NOM-002-SEMARNAT-1996

6.3 Campaign 3-R's: Reduce. Reuse. Recycle

At Aztec Plumbing we are convinced that a good practice to save our environment is recycling. Some of our raw materials come in cardboard packaging, so recycling this material can help safeguard the environment — approximately every ton of recycled cardboard saves 140 liters of oil, 50,000 liters of water, 2m³ of landfill space, and 900 kg of CO₂. In parallel with this practice, we are also seeking to reduce the purchase of raw materials packed in this manner.



6. ENVIRONMENT

6.3.1 Reduce

- Leased Computer Equipment

Currently 80% of our equipment is leased from Hewlett-Packard Mexico, under contracts of 24 and 36 months. At the end of these contracts we return the equipment, or, if advantageous, we acquire the equipment at a reasonable cost.

- Remanufactured Print Cartridges

Our supplier provides us with cartridges to meet our printing needs, as well as service and repair, and guarantees the quality of these. We also enjoy a significant savings in our cost of supplies of up to 70%.

- Municipal Solid Waste

In 2014 we achieved a decrease of municipal solid waste of 10% — the equivalent of 150m³ of waste. Through agreements with suppliers, we hope to achieve a reduction of 31% in cardboard generation.

6.3.2 Reuse

On June 5, 2014, to commemorate Worldwide Environment Day, we offered a water bottle to every employee. We acquired the bottles through the proceeds of the recycling of aluminum cans and bottles made of polyethylene terephthalate (PET), encouraging the continuation of this practice and waste reduction.

6.3.3 Recycle

	2013	2014
Pellets (wood)	37,298 kg	44,574 kg
Cardboard	27,490 kg	19,009 kg
Aluminum cans	25 kg	32.8 kg
PET	11.5 kg	13.5 kg



- Battery Recycling

In addition to recycling programs begun in previous years, in late 2013 Aztec Plumbing began recycling batteries as well. This initiative came from the son of one of our employees, who participated in the drawing contest and presented a character, Basurín, who was then used to launch our battery recycling campaign. To acknowledge this child's idea the company granted him with a computer.



- Recycle and Reuse of Technological Equipment

Electronic waste results in great damage to the environment, and this risk grows as equipment quickly become obsolete. The UN estimates that each year more than 50 million tons of technological waste is generated. Aztec Plumbing delivers its technological waste to specialized companies that recycle and reuse this equipment.

6. ENVIRONMENT

6.4 Drawing Contest

Our second annual drawing competition for employees' children was another great success. The campaign helps to promote family values, and we invite participants to reflect on the environment. This year the theme was Renewable Energy. It was interesting to see how the children approached this issue and how they generated creative ideas.

The winners this year were:



DARIEN ALFREDO MARQUEZ HERNANDEZ

10 years old

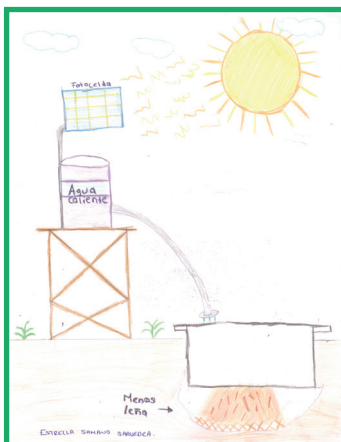
Most colorful drawing.



SARA MICHELLE HERRERA MENDEZ

11 years old

Most artistic drawing. Sara used the technique of Modern Art called "Cutouts".



ESTRELLA SAMANO SAAVEDRA

12 years old

Most original idea. Estrella proposed using solar cells to heat the water used in the extraction of candelilla wax in order to save fuel. This creative and ecological idea is something that might be implemented in the future!

7. ANTICORRUPTION AND FAIR TRADE

Corruption is an evil presence in many areas of daily life, and that is why we have to make an extra effort to combat it and fulfill the ultimate principle of the Global Compact. At Aztec Plumbing we are aware of different situations that could foster corruption and have sought ways to counter them.

The only way to fight corruption is to do things right, so in addition to avoiding bribery, extortion, and other forms of corruption, we have also developed specific policies and programs to address this issue. We pledge to respect the law and to promote our corporate values both inside and outside the company — especially when dealing with our customers and suppliers.

7.1 Ethical Finance

Aztec Plumbing has a Department of Administration and Finance that is responsible for managing and safeguarding the assets of the company with an eye toward profit and growth for the company and for its stakeholders. We strive to maintain best practices by establishing policies and procedures to help us achieve our goals, which are aligned to the mission, vision, and values of the company.

Furthermore, and to ensure proper compliance with the obligations of the business, we conduct periodic reviews with tax and accounting experts to validate that the operation of the business is conducted through legal procedures.

7.2 Industry Associations

Aztec Plumbing participates in various chambers and associations aimed at promoting better business practices, sharing information, and lobbying national and international regulatory bodies to support the market.

The organizations in which we participate are:

- CANACINTRA – Industry and Transformation National Chamber
- CAINTRA – Industry and Transformation Chamber of Nuevo Leon
- PRO-MÉXICO

7.3 Software Copyright

We respect copyright, and 100% of the software we use has a valid license.

7.4 Conflict of Interest

Aztec Plumbing has a Conflict of Interest Policy to prevent the personal interests of an employee from influencing his or her judgment or decisions made on behalf of the company.

7.5 Ethical Commercial Relations

Our Social Responsibility Policy includes objectives for our customers and suppliers.

7.5.1 Customers

- a) We have a sales and customer service team, which is responsible for finding new customers and servicing current customers.
- b) Approximately 80% of our customers provide us with quantitative feedback on product performance and quality, compliance with promised delivery times, and price. Feedback results have been positive — our customers tell us that we are meeting and often exceeding their expectations.
- c) We set contribution margins to allow us to be competitive in the markets we serve.
- d) According to customer engagement contracts are established or purchase orders are handled.
- e) If an order does not meet a customer's specifications our quality team follows a protocol to solve the problem. For international sales, all legal requirements are verified and met to export our products.

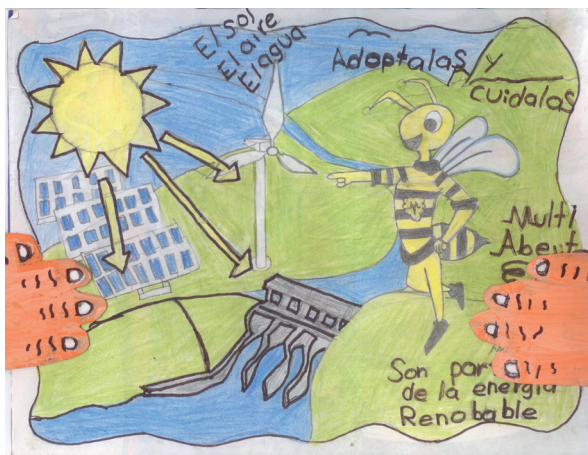
7.5.2 Suppliers

- a) We have a supplier selection process in which we evaluate value propositions and choose the most suitable supplier for our requirements.
- b) 95% of our suppliers are Mexican, which helps to promote the local economy.
- c) We are constantly working with suppliers to improve products, processes, and prices to the benefit of both parties.
- d) We make and receive plant visits for current and potential suppliers to confirm capacity and standards that may be needed to meet future customer requirements.
- e) We encourage open communication at all levels of the company: buyer, purchasing manager, director, and president.
- f) We establish terms that are successful for both parties. Negotiations are summarized in a series of clauses in the purchase orders, mainly on product features, price, and delivery time. If suppliers do not meet these criteria, we have a direct communication with them to fix the problem in the best way.

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7. Adán Cruz – Purchasing and Warehouse Leader
8. César Romero – Process Engineer
9. Máximo Juárez – Accounts Payable Leader
10. Hugo Rodríguez – Administrative Coordinator
11. Reynold Valdez – IT Coordinator
12. Liliana Ayala – Market Intelligence Leader
13. Alejandra Manuel – Wax rings Technician
14. José Guadalupe Castellanos – Warehouse Technician
15. Mireya Marmolejo – Sustainability Leader
16. Alejandra Martínez – Social Responsibility Leader



Drawing: Ernesto Gerardo Castillo López,
9 years old, son of Inés Flores

Special thanks to all of the children who participated in our drawing contest this year and whose artwork we use throughout this report.