



Aztec Plumbing

Our quality behind your brand

2016
4TH ANNUAL
SUSTAINABILITY REPORT

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1. PRESIDENT'S COMMITMENT LETTER

Dear Friends:

It is an honor and a pleasure for me to share with you Aztec Plumbing's achievements in 2016 — our fourth year of adherence to the UN Global Compact's Ten Principles, which have reinforced our efforts to become an even more socially responsible company.

In this report you will read about our many activities and programs. I can assure you that every year we do our best to improve our social responsibility engagement with even greater enthusiasm and dedication, while always aligning these efforts with our business objectives and the well being of our stakeholders.

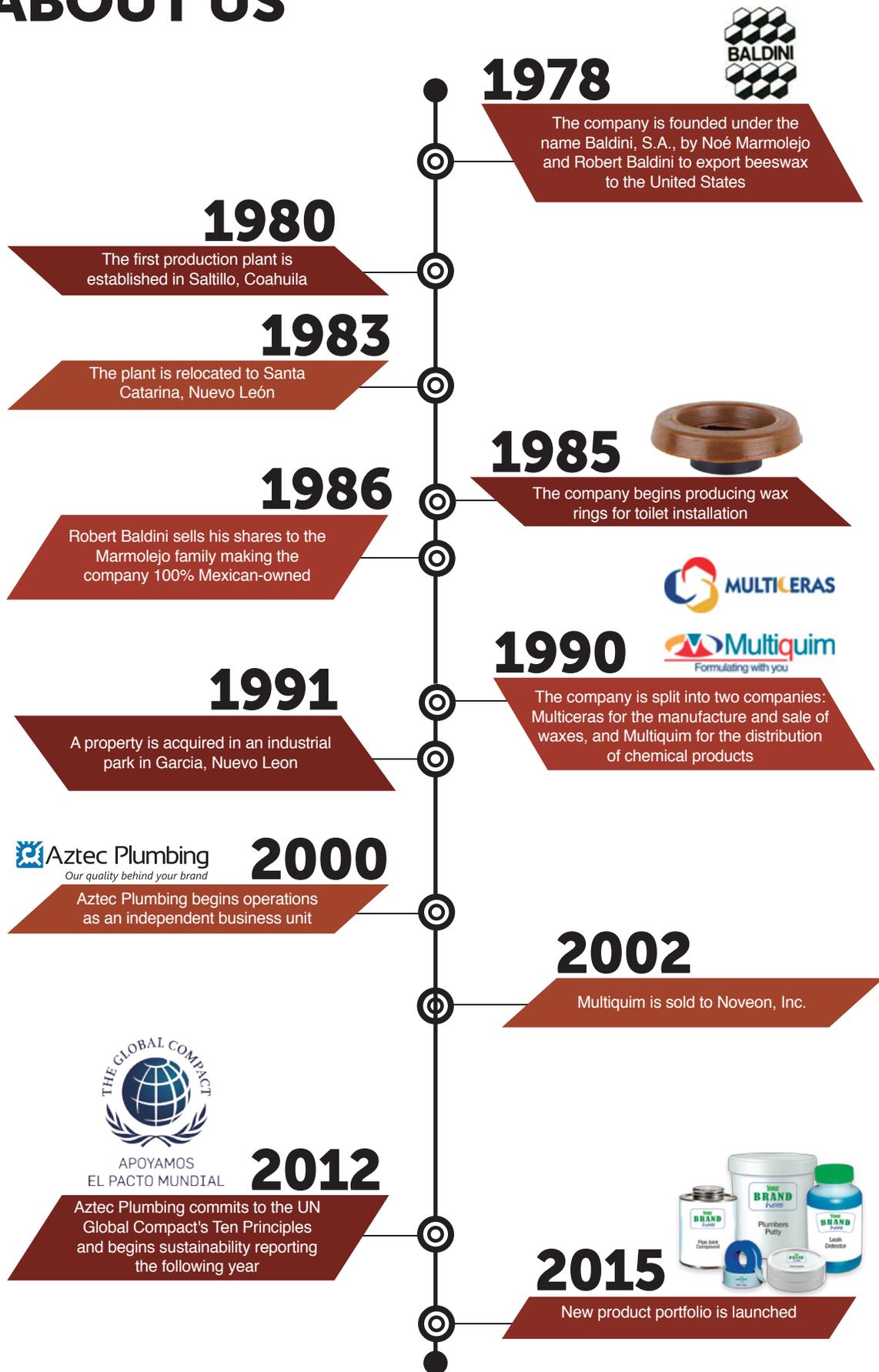
In October 2016 we re-launched our corporate values with the addition of two new values aligned to the integrity and well-being of our employees and society: Diligence and Respect. The five values are now Commitment, Excellence, Creativity, Diligence, Safety, and Respect. This last value, Respect, represented by a tree on a green background, has been an important focus these past four years — respect for our employees, respect for our community, and respect for the environment. I can think of no better proof of our company's commitment to social responsibility.

On behalf of the board of directors and management of Aztec Plumbing, I reaffirm with pride our commitment to the UN Global Compact's Ten Principles.

Yours faithfully,

Raúl Marmolejo Vélez
President

2. ABOUT US





3. AZTEC PLUMBING AND SUSTAINABILITY

The year 2016 was one of many challenges, where decisions were made that will definitely change the world outlook in the short- and long-term. As Aztec Plumbing is a company with a global presence, events that happen in other countries have an important impact on our business. Our diversification into new products for the plumbing industry, in addition to wax rings, has better positioned us for uncertain times.

Several of our Social Responsibility programs focused on one of our stakeholders: Employees and their Families. We offered a nutritional program that supported their efforts to improve their health by attaining their ideal weight. We also celebrated World Environment Day with several initiatives, including the donation of trees for employees to plant at home.

We have a close relationship with our sister company Multiceras, which provides us with the raw materials to produce our wax rings. We share Administration, Human Resources, and Social Responsibility departments, so many of the results presented in this report are consistent for both companies.

We believe that following the Global Compact's 10 principles will help us secure the future of our company. We will continue to promote actions to ensure respect for human rights, compliance with labor standards, preservation of the environment, and the fight against corruption.

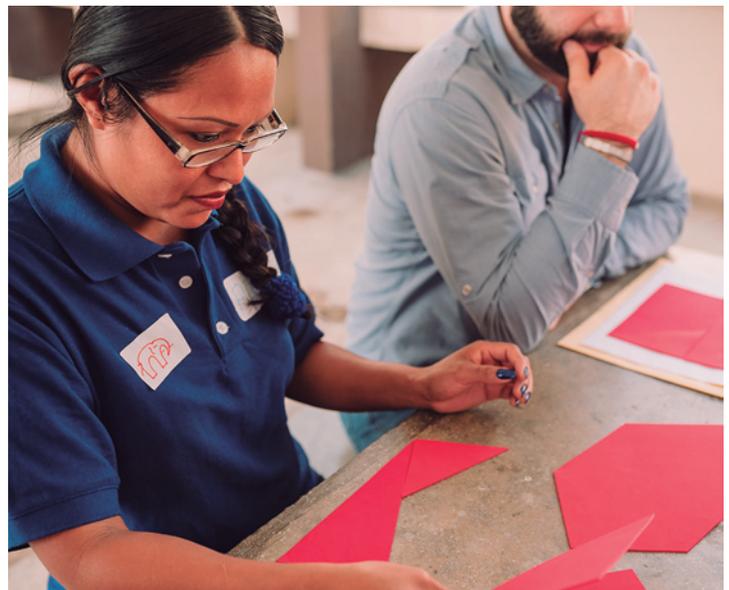
4. CORPORATE VALUES

Because one of last year's objectives was to improve the work environment, our corporate values were reviewed and improved so that employees could more easily incorporate them into their day-to-day activities.

In October we held a company event with animated videos, presentations, and team-building exercises to reaffirm our four original corporate values (Commitment, Excellence, Creativity, and Safety) and to introduce two new values: Respect and Diligence.



To reinforce these values at work and at home, we gifted each employee with a pitcher and six matching glasses representing each value.



Dr. Rosa María Sánchez, an organizational development consultant, helped us organize the event.

5. 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 for 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.



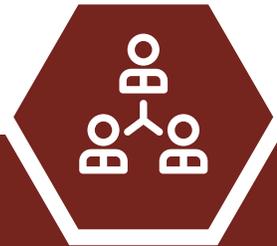
EMPLOYEES AND THEIR FAMILIES

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.



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.



COMMUNITY

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

6. NEW PRODUCTS

We introduced several new products for the plumbing industry to complement our main offering of toilet wax rings. Some were developed by our research staff with our own technology, and we even patented our Plumbers Putty. Other products were sourced from carefully selected suppliers.

As always, our portfolio of products offer:

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

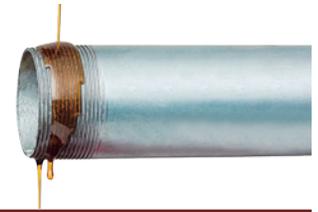
Plumbers Putty

Creates a watertight seal around faucets and drains. It remains soft and flexible; is water- and gas-proof; and will not harden, shrink, crack, or crumble.



Pipe Joint Compound with PTFE

Forms a film of Polytetrafluoroethylene (PTFE) in pipe joint thread connections for lasting protection against leaks.



PTFE Thread Seal Tape

A white tape made from PTFE that creates a tight seal and permits easy disassembly.



Sand Cloth

Ideal for cleaning and polishing copper tubing for soldering, as well as many other plumbing applications.



Copper Fitting Brushes

Ideal for cleaning the inside of copper tubing and fittings prior to soldering.



7. HUMAN RIGHTS

Aztec Plumbing is a strong proponent of the protection of human rights and recognizes their importance for a healthier, respectful, more humane, and tolerant society. To this end we strive to improve the well-being of our employees, members of our community and members of Candelillero communities, which are the rural producers that extract candelilla wax, one of Multiceras' products. Here we present our progress in this area.

7.1 EMPLOYEES

7.1.1 COMMUNICATION AND TRANSPARENCY

E-mail and Suggestion Box

We have an e-mail account for employees to communicate with management anonymously (cuentanos@multiceras.com). Our Human Resources Manager and Sustainability Leader receive these e-mails. We also have a suggestion box at our plant entrance, which is monitored by the Social Responsibility department.

Breakfast with the CEO

Every year Aztec Plumbing CEO Fernando Montaña and two members of his management team invite seven employees from all levels to a breakfast meeting where everyone shares their expectations, experiences, and concerns. The Human Resources department then follows up on comments and proposals for improvement. In 2016, 18 improvement actions were implemented thanks to information obtained from this event.



Quarterly Communication Meeting

Each quarter our CEO conducts a Skype meeting with all employees to report on company progress and activities. The meetings are recorded and can be accessed by employees who work on other shifts.

Newsletter

Our Marketing department publishes a quarterly newsletter containing highlights from managers on what is happening in each area of the company.



7.1.2 SAFETY

Safety is so important to Aztec Plumbing that it is one of our six corporate values. We continually train our employees on all safety rules and protocols and post the Safety Policy in key areas of our facilities for their reference.



En **Aztec Plumbing** la **Seguridad, Salud y Bienestar** es un compromiso de todos nuestros colaboradores, teniendo como parte integral la reducción de riesgos, mejora continua de nuestros procesos y capacitación del personal, suministrando un ambiente laboral seguro, dando cumplimiento a la normatividad y estándares aplicables.

Personal Protective Equipment

Appropriate personal protective equipment for each work area has been identified — for example, shoes, belts, caps, masks, gloves, and goggles. This equipment is provided by the company to all employees and is replaced every six months, or sooner if required.



Safety Drills

On July 29, 2016, we held a drill for our first aid, evacuation, search and rescue, and fire-fighting brigades.



Safety Leader

In June 2016 Multiceras created the position of Safety Leader to manage industrial safety and occupational hygiene. Our new Safety Leader has developed plans and programs to prevent accidents and occupational hazards at both companies.



Health and Safety Committee

Aztec Plumbing has had a Health and Safety Committee registered with Mexico's Ministry of Labor and Social Welfare since 2014. The committee's mandate is to safeguard life and preserve the health and physical integrity of our workers. In 2016, 12 inspection tours were made, and 82% of all findings were resolved.

Fire-Fighting System

In 2014, a fire-fighting system was installed. We perform regular tests and fire drills. An outside contractor performs quarterly maintenance.

Safety Training

Aztec Plumbing has three emergency brigades. Employees in each brigade receive specific training:

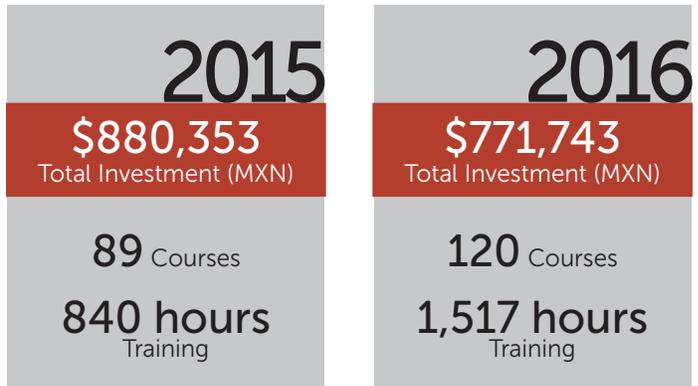


7.1.3 PERSONAL AND PROFESSIONAL DEVELOPMENT

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

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 2016 we increased the number of courses and hours for our employees.



"I attended the safe forklift driving training. If this indispensable piece of equipment is not handled properly and with caution it can become a deadly weapon. At Aztec we are convinced that quality and safety are indispensable to the growth of the company.

I took this training along with my team of warehousemen. Because I am the warehouse supervisor, I need to understand all the tools the team uses to perform our duties."

- Gerson Gallardo



Scholarships

Aztec Plumbing has a scholarship program for employees. This year we provided six English scholarships, one high school scholarship, and one management program scholarship.



"I am 32 years old and was born in San Luis Potosí. I arrived in Monterrey at the age of 16. Five years ago I started working for Aztec Plumbing. The company gave me the opportunity to attend high school, and I graduated in 2016. I am happy because I am showing my children that when you are committed to something you can achieve your dreams."

- Alejandra Manuel Cruz

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.

Events are also held to celebrate important dates where all employees are invited to attend along with their families.

A total of MXN\$404,790 was invested in activities in 2016.

Activities

- Rosca de Reyes (January 6)
- La Candelaria Day (February 2)
- International Women's Day
- Independence Day
- Day of the Dead
- Guadalupe Virgin Day



Events

- Children's Day
- Mother's Day
- Father's Day
- End of the Year Celebration



Stop Smoking Program

On January 1, 2016, smoking was prohibited on company premises. We supported 14 employees who decided to quit smoking by offering them a three-month smoking-cessation program during which nicotine patches were provided. This method helps to gradually decrease nicotine addiction and thus reduce withdrawal symptoms to help make quitting easier.

Health Campaign

In November 2016 we organized a health campaign with the support of IMSS medical clinic for all Aztec Plumbing staff, which included free influenza vaccinations, Albendazole (to eliminate parasites), condoms, and toothbrushes.



Running Club

We have a running club named “MAZ + RUNNERS”, where Aztec Plumbing sponsors 50% of the race registration fee for each employee and one family member. In 2016 the club participated in 12 races, with a total of 215 registrations.



Men's and Women's Football Teams

In 2011 a men's soccer team was organized, and each year the team has participated in the Lomas Soccer League in Garcia, Nuevo León. In 2015 a women's soccer team was formed and participates in the Mision San Juan municipal league in Garcia, Nuevo León. In 2016, 15 games were played. We are pleased to support our employees in their athletic and fitness goals.





Benefits

Vision

A Visual Health campaign is organized every year, where Aztec Plumbing invites different suppliers to perform a vision assessment on all staff. In 2016, 67 people were provided with eyeglasses representing an investment of:

\$84,840 MXN

School Supplies Support

Aztec Plumbing provides a bonus for school support to employees' children from kindergarten to high school to purchase school supplies at the start of classes. In 2016, 58 children benefited from this program, representing an investment of:

\$58,500 MXN

Christmas Present Bonus

Every December Aztec Plumbing gives a MXN\$450 Christmas present to employees' children under the age of 12. In 2016, 51 children were given the present, representing an investment of:

\$22,950 MXN

Transportation

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

Event Facility

Spending time with our families and friends helps us improve our physical and emotional well-being. Aztec Plumbing has a recreational facility that provides space for employees to conduct celebrations with family and friends at no cost. During 2016, 12 employees made use of this facility.

Healthy Eating Program

In January 2016, we started the Healthy Eating program, where a nutritionist comes to our facilities and makes an anthropometric assessment to interested employees. Everyone is given advice and a diet. The company subsidizes 80% of the cost. In 2016, 64 employees participated for a total weight reduction of 154 kg.

Birth, Death, and Marriage Support

- Birth: A cash bonus is given to employees who have a new baby. Two people received this bonus in 2016.
- Death: When an immediate family member of an employee dies, a cash bonus is given to help with the expenses. In 2016, one of our employees received this bonus.
- Marriage: A cash bonus is given to employees who get married. One person received this bonus in 2016.

7.2 COMMUNITY

We consider “community” to not only include the people living near our facilities, but also the neighborhoods where our employees live, the organizations that help people in Monterrey, schools, universities, and, in general, all those groups of people who every day face their own problems and whom we can support either with our money or our time. It is a privilege to be in a position to help others, and we encourage our employees to contribute where they can — for example, through donations, participating in raffles, and volunteering.

7.2.1 DONATIONS

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. During our Healthy Eating campaign, we organized a team competition to donate an amount of money for each kilo lost. With the money we bought material for Casa Simon de Betania.



Relay For Life

In May 2016 our customer Fluidmaster Inc. invited us to participate in a Relay For Life event in San Juan Capistrano, California. Through our donation of US\$1,500, we learned more about the Relay for Life organization and supported its mission to raise funds and awareness for cancer through the American Cancer Society.
<http://www.relayforlife.org>



© Logo is property of American Cancer Society, Inc.

Asociación Down de Monterrey, A.C.

In October 2016, Cristina Gallo and Daniel Casas attended the Golf Tournament organized by the Down Association of Monterrey. This association founded in 1978 has the mission to offer networks of support to improve the quality of life of people with Down Syndrome and their families. We made a donation of MXN\$ 30,000.



7.2.2 DONATIONS TO THE CANDELILLA REGION

Volunteering

In August 2016 we volunteered at the San Isidro kindergarten in the community of Viesca, Coahuila, where 23 volunteers participated in maintenance and painting activities. The school was visited in advance, and the teachers and parents were involved so that they could also participate in the improvement of the facilities. Aztec Plumbing also donated the material for a perimeter mesh, which was installed by the parents.

BEFORE



AFTER



School Supplies

Before the beginning of each school year we organize a collection among our employees of school supplies or cash donations to prepare school packages for delivery to schools in Candelillero communities. This year we were again able to increase the number of children who received these packages.



2014	2015	2016
100 school kits 6 communities	125 school kits 5 communities	154 school kits 6 communities

Christmas Presents

All Aztec Plumbing employees were invited to donate a gift or cash for the Christmas presents for children in six Candelillero communities. There were also packages for seniors. The children's package consisted of a toy and items to mitigate the cold (jacket, socks, gloves and scarf), while the seniors received articles to mitigate the cold.



2015	2016
47 Children 16 Seniors 19 Employees who donated 298 Presents	78 Children 22 Seniors 43 Employees who donated 478 Presents

8. 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 that we consider measurements of our implementation of these principles.

8.1 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.

Code of Conduct

The guidelines in the Aztec Plumbing Code of Conduct are based on our values, which are:

 <p>Commitment</p>	 <p>Excellence</p>	 <p>Creativity</p>	 <p>Diligence</p>	 <p>Safety</p>	 <p>Respect</p>
Motivates us to give our all to the team and trust that we can achieve our goals together.	Drives us to perform at our highest level.	Inspires us to generate ideas, push boundaries, and discover original solutions.	Spurs us to execute tasks with effort and care, attending to details large and small, and achieving the best possible result.	Guides our behavior and demands that we be vigilant in minimizing risks and preventing accidents.	Means honoring ourselves, others, and the environment that sustains us all.

Harassment Policy

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

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

Aztec Plumbing supports the protection of human rights and promotes fair labor practices for all our employees. Company guidelines seek to promote a culture of respect, support, and harmony in the workplace. All employees are expected to know and follow these regulations.

8.2 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.

8.3 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 work at Aztec Plumbing, employees are provided with 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.
- Our Human Resources department performs regular compensation comparisons with companies in our industry through benchmark studies.
- Employees have the right to resign at any time and to refuse to work overtime.

8.4 CHILD LABOR

All Aztec Plumbing employees (100%) are 18 years or older, as stipulated in our company guidelines. Before beginning 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.



Leonardo Marín Padilla - 12 years old
Son of Lorena Patricia Padilla



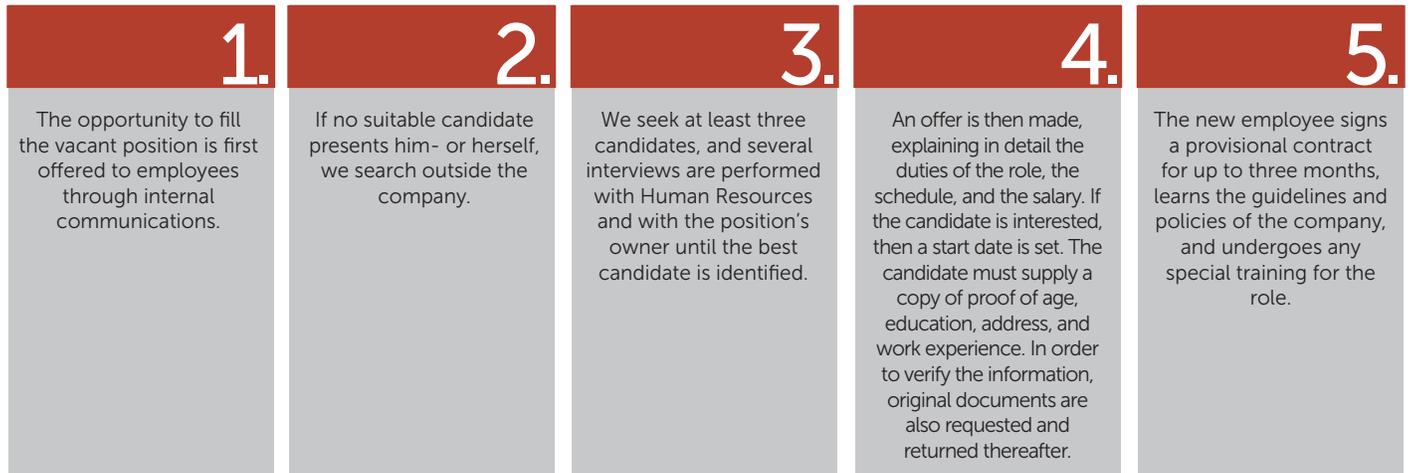
Rodrigo Gael Reyes Barrios - 12 years old
Son of Gloria Guadalupe Barrios

8.5 NO DISCRIMINATION

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

Hiring

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



Promotions

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 new 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.

Acknowledgements

An annual acknowledgement is given to employees who have excelled in the implementation of our organizational values in their daily work. Because two new values were added this year, we were able to increase the number of awards. The following outlines the selection process for each award:



WINNERS

2014

COMMITMENT

María Blasa Salas Puente
Adán Cruz

QUALITY

José Guadalupe Castellanos

2015

COMMITMENT

Daniel A. Casas Salazar
Ruth Garza Solís

QUALITY

Genaro R. Tapia Castillo

CREATIVITY

Alejandra Villavicencio M.

2016

COMMITMENT

Cristina Gallo González
Cruz María Salas Puente

EXCELLENCE

Josefina Rosales Rivera
María Teresa de Jesús Hernández Gaona

DILIGENCE

Daniel Alejandro Casas Salazar
Ruth Garza Solís

RESPECT

Gerson Ismael Gallardo García
María Blasa Salas Puente

SAFETY

Claudio Luis de la Garza Alvarado
Genaro Ramón Tapia Castillo

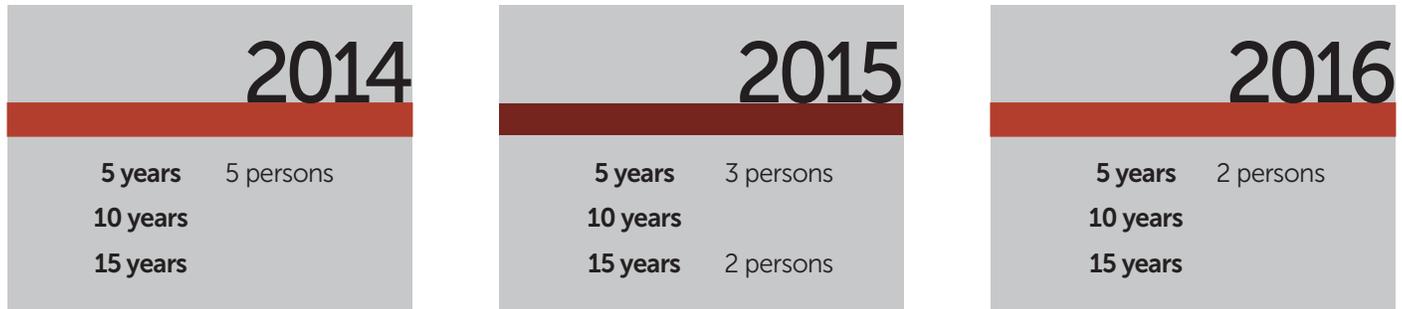
"I have been at the company for seven years as a dispenser area operator. When I received this award, I was excited, as I did not expect it. This award motivates me to commit myself even more to my daily work, especially using the appropriate safety equipment. I am grateful to my colleagues for choosing me and to Aztec Plumbing for giving me the opportunity to work here. I am sure that I will not let them down."

Ramón Tapia: 2016 Employee Safety Award Winner



Seniority Award

We are proud to have Aztec Plumbing employees committed to the company. Employees who stay with the company in multiples of five years receive an award. Each employee is recognized for his or her years of service and given a cash prize.



Termination of Employment

Aztec Plumbing has a procedure for job termination, either by the 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 to the terminated employee that stipulates the work period and the salary received, as well as any outstanding compensation.

8.6 DIVERSITY ACCEPTANCE

We seek the progress of men and women without discrimination — 88% of our personnel are women.

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

9. 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.

9.1 EFFICIENT USE OF RESOURCES

We seek to reduce the consumption of water, gas, and energy in our operations, as well as to make our processes more efficient so that these resources are used efficiently.

9.1.1 Water

During 2016, we had a 19% reduction on our water consumption compared to the previous year.

 Water m ³	
2014	878
2015	631
2016	514



Ángel Gadiel Sosa Chiquito - 5 years old
Son of Koty Guadalupe Chiquito Prieto

9.1.2 Energy

The decrease in energy consumption in all operations not only brings important benefits to the environment, but also translates into competitiveness by reducing costs.

In 2016 we were able to reduce our energy consumption, because although in 2016 we had a 2.6% increase in energy consumption against 2015, the increase in production was 3.5% for the same period.

 Energy kWh	
2014	145,736
2015	135,411
2016	138,965



Joselin Mayrett Mendoza González - 2 years old
Son of Claudia Mayrett González

9.2 ENVIRONMENTAL RESPONSIBILITY

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

COA - Annual Operating Certificate.

DAR - Report of wastewater discharge in accordance with the provisions of the norm NOM-002-SEMARNAT-1996.

9.3 CAMPAIGN 3-R'S: REDUCE. REUSE. RECYCLE.

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.

9.3.1 Reduce

Leased Computer Equipment

At present 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.

9.3.2 Reuse

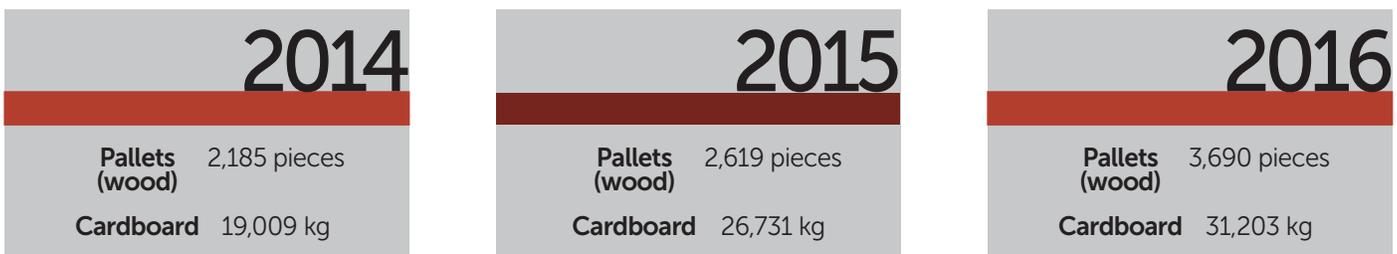
Remanufactured Print Cartridges

Our supplier provides us with remanufactured print cartridges, as well as service, repair, and quality guarantees for them. This is good for the environment and saves us up to 70% in our cost of supplies.

9.3.3 Recycle

Cardboard and Wood

We recycle cardboard and wood that we use in our processes. We also recycle small quantities of aluminum cans, PET, and used batteries.



Recycling 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.

9.3.4 "Green Week" Campaign

To commemorate World Environment Day (June 5), we launched a Green Week campaign. All employees were given a bottle of water and were invited to join one of four committees: car-sharing, energy saving, water saving, or tree planting. A total of 23 employees participated.



9.4 DRAWING CONTEST

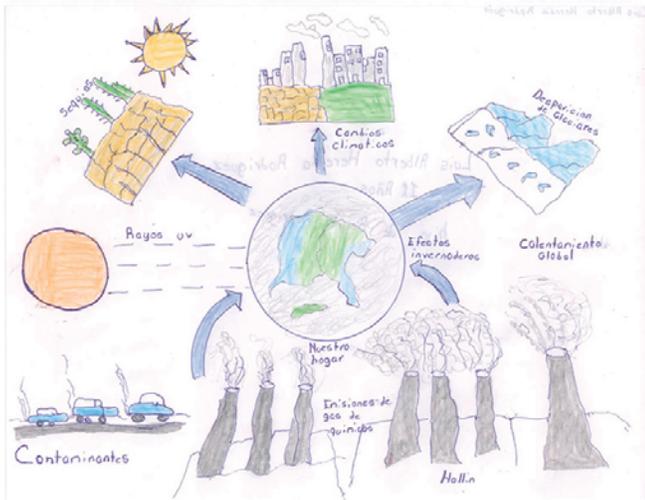
This year we once again organized a drawing contest for the children of our employees. The contest helps to promote family values, and participants are invited to reflect on the environment. This year the theme was Climate Change. When the children began to deliver the drawings, we realized that, contrary to expectations, many children had not heard about it in their schools or with their families, as some made drawings about different climates (rainy, cold, warm), and not about the imminent problem we are experiencing from climate change.

The winners this year were:



Giancarlo Guadalupe Hernández Flores - 9 years old

Won the most artistic drawing award. His drawing is excellent, and the passage from black and white to color is very imaginative, especially as it correctly gives the idea of what the world would look like after climate change.



Luis Alberto Heredia Rodríguez - 11 years old

Won the most scientific drawing award. This is the first time this prize was awarded. Luis Alberto showed considerable knowledge on this subject.



Mariana Zoe Díaz Tavares - 10 years old

Won the prize for the most original idea. The characters Mariana presented in her drawing are very expressive. The idea of showing what can happen if we do not do something to avoid climate change is very nice, but above all it makes you think.



Myriam Monserrath García Rosales - 10 years old

Won the most colorful drawing award. We chose Myriam's drawing because in addition to using very bright colors, her idea of using solar energy is very illustrative.

10. 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 know that the only way to fight corruption is to do the right thing. 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.

10.1 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 with 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 in accordance with all laws and regulations.

10.2 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 on decisions made on behalf of the company. When starting to work for the company, all employees must read and sign this policy.

10.3 SOFTWARE COPYRIGHT

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

10.4 ETHICAL COMMERCIAL RELATIONS



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

10.4.1 Customers

Aztec Plumbing has a number of practices to establish a win-win relationship with our customers:

- We have a sales team, which is responsible for finding new customers and servicing current customers.
- More than 80% of our customers give us positive feedback on product price, quality, and performance, as well as order fulfillment and customer service.
- We set contribution margins to allow us to be competitive in the markets we serve.
- According to customer needs and specifications, contracts are established or purchase orders are created.
- 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.
- We participate in plumbing industry trade shows and exhibitions at which we showcase our products.

10.4.2 Suppliers

Aztec Plumbing has a number of practices to establish a win-win relationship with our suppliers:

- We have a supplier selection process in which we evaluate value propositions and choose the most suitable supplier for our requirements.
- Approximately 95% of our suppliers are Mexican, which helps to promote the local economy.
- We are constantly working with suppliers to improve products, processes, and prices to the benefit of both parties.
- 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.
- We encourage open communication at all levels of the company: buyer, purchasing manager, director, and president.
- 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.



11. ACKNOWLEDGEMENTS

We thank everyone who made this report possible:

- Raúl Marmolejo – President
- Fernando Montaña – General Director
- Francisco Díaz – Administration and Finance Director
- Edgar Contreras – Unit Business Manager
- Juan Carlos Martínez – Human Resources Manager
- Alejandro Canizales – Financial Manager
- Daniel Casas – Production Manager
- Cristina Gallo - Logistics and International Trade Leader
- Alejandra Villavicencio – Researcher
- Gerson Gallardo – Warehouse Supervisor
- Ramón Tapia – Operator
- Alejandra Manuel Cruz –Technician
- David Estrada – Safety Leader
- Lizeth García – Industrial Relations Leader
- Hugo Rodríguez – Administrative Coordinator
- Abundio Villanueva – IT Coordinator
- Marycarmen Cirilo – Market Intelligence Leader
- Mireya Marmolejo – Sustainability Leader
- Yesenia Yáñez – Social Responsibility Leader

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



Luis Sámano Saavedra - 9 years old
Son of José Luis Sámano