

**UN GLOBAL COMPACT 2018**



**September 29<sup>th</sup>, 2018**

**LETTER FROM JAVIER CASTRO**

I am happy to confirm that Bazz Houston International (BHI) affirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

Attached is our annual Communication on Progress, and in it we describe actions taken within the past year to integrate the Global Compact and its principles into our business model, culture and daily operations.

In this report we focus on BHI's continuous efforts to reduce its carbon footprint and to be environmentally responsible in the two countries where we operate. It also covers our continued commitment in the areas of Labour and Human Rights.

We are committed to sharing this information with our stakeholders using our primary channels of communication and during our annual board meeting.

Yours Sincerely,

Javier Castro  
President & CEO  
BHI Manufacturing Solutions

## **Communication Progress**

This is the annual update from BHI and it focuses on the two areas which continue to be of most immediate concern to us: Environment and Labor. BHI considers these two areas to be intricately linked as everything that BHI does to help the environment also helps its employees, as many of the initiatives outlined below, involve everyone's understanding as well as cooperation.

This report also covers BHI's continuing commitment in the areas of Human Rights and Anti-Corruption.

## **The Environment**

BHI is fully committed to being a good corporate entity and evaluates all possible means to reduce its carbon footprint. We strive to protect the two local environments where we manufacture products; United States & Mexico. BHI USA is located in California which has possibly the strictest environmental rules in the world with a continual focus on ever stricter regulations concerning all aspects of the environment. BHI is a relatively small company with approximately 200 employees overall. However, in spite of its small size the company is committed to continuing to reduce its environmental impact as much as possible.

**BHI's Hazard Communication policy states:** It is the policy of BHI that the first consideration shall be the protection of the safety and health of all employees and to consider any impact to the environment. Chemicals considered must be the safest choice for the employees and the environment. As newer, safer alternatives become available; those new products must be considered. The intent of this policy is to ensure that employees, who use, handle and/or work around potentially hazardous substances and/or conditions are able to recognize the associated risks, apply appropriate control measures, and safeguard themselves from injury or illness. Our hazardous communication program is in compliance with the United Nations required Globally Harmonized System (GHS) and Safety Data Sheets (SDS).

## **Electric Forklift**

BHI sold 3 propane forklifts, after purchasing 1 new electric forklift.

## **Measure of Outcomes:**

0% tailpipe emission on this new forklift which lessens impact on operators and environment. Active mast control that comes with the forklift limits forward tilt angle of forklift which improves operator safety by eliminating potential operator error.

### **Improved Material Handling Equipment**

BHI has added electric pallet jacks to use in the handling and movement of materials.

#### **Measure of Outcomes:**

The electric pallet jacks are alternates to forklifts; reducing forklift usage. The new electric pallet jacks are especially used in the shipping/receiving department where activity usage is continuous.

The electric pallet jacks also help to minimize employee's overall physical effort of pulling, pushing; which in turn limits the possibility of injury as would otherwise when using standard pallet jacks.

### **Company Vehicle Replacements**

BHI has replaced 3 older model company trucks with two new 2017 models equipped with Selective Catalytic Reduction (SCR) technology.

#### **Measure of Outcomes:**

The new vehicles use diesel instead of gas, have better exhaust and evaporative emission control, and are equipped with Selective Catalytic Reduction (SCR) technology. Vehicles are in compliance with the Greenhouse Gas Exhaust Emission Standards, Clean Air Act, California Exhaust Emissions Standards, etc.

### **Sold Underutilized Equipment**

BHI has eliminated all underutilized and / or obsolete equipment.

#### **Measure of Outcomes:**

6S principles were applied; space was made for new planned equipment purchase, employee walkways have been widened for safety, and the shop is clean and organized.

### **Change in Shipping Boxes**

BHI US and Mexico plants replaced shipping boxes with ones containing 100% recycled material.

#### **Measure of Outcomes:**

The boxes BHI purchases for customer shipments in both the US and Mexico contains 100% recycled materials. That is 25% more recycled material than boxes used previous years. BHI recycles all cardboard to reinforce the 3R initiative "Recycle, Reuse, Reduce", which in turn conserves natural resources, saves energy, and reduces the amount going to landfills.

### **Change in Intercompany Boxes**

BHI purchased over 1,000 plastic totes for both US and Mexico plants.

### **Measure of Outcomes:**

BHI purchased over 1,000 plastic totes, reinforced with fiberglass to ensure their durability and sustainability. Cardboard boxes are no longer used to route parts between departments, between plants, or to send parts to vendors for outside processing. The use of cardboard boxes has been reduced exponentially.

### **Water Usage**

California continues to suffer from extreme drought conditions. BHI takes this very seriously and is making every effort to reduce water consumption.

### **Measure of Outcomes**

BHI has managed to reduce its water usage by approximately 10% by changing the processes and equipment in the deburring area and continues to look to make further reductions.

### **New Deburring Equipment**

Purchase of new vibratory bowls for the deburring department.

### **Measure of Outcomes**

The new vibratory bowls provide efficient energy usage and have significant noise reduction. They have variable speeds, self-start and process timers. Optional accessories were added to ease the process for our employees, such as less leaning, sifting through parts, and lifting. Optional accessories were purchased to aid in separating parts, ability to remove parts without draining the unit, therefore reducing water and deburring media usage.

### **Waste Reduction**

New water fountains were purchased.

### **Measure of Outcomes**

The fountain chills water, and automatically fills bottles. Since its inception, the water fountain has counted approximately 10,200 water bottles filled, bottles which would otherwise end up in a landfill. We have seen a substantial reduction in plastic bottles and paper cup usage.

BHI encourages the use of reusable containers; we provide company branded aluminum water bottles to employees during plant meetings as rewards.

### **Hazardous Material Recycling**

BHI is committed to the safe removal and recycling of waste (hazardous, non-hazardous and discarded electronics) in an environmentally responsible way.

### **Measure of Outcomes**

BHI has contracted a recycling company that shares our vision and is committed to using a “True Recycling” “Closed Loop” system. Meaning, recycling hazardous and nonhazardous waste and turning it back into on site reusable energy, reducing the use of our natural resources; reducing the impact that hazardous waste has on the environment, and keeping waste out of landfills.

By utilizing hazardous waste solids to convert to energy to power solvent recovery stills, the carbon footprint is sharply reduced. By returning recycled technical grade solvents back to industry, fewer raw materials are consumed to manufacture new product.

### **Ergonomic Chairs**

All chairs in the front office were replaced.

### **Measure of Outcomes**

All chairs in the front office were replaced with ergonomic chairs comprised of recycled material. The chairs have adjustable back angle, back height, forward lilt, seat back depth, seat height, etc. to accommodate employee individual needs. This in turn limits the possibility of injury as would otherwise an uncomfortable chair.

The chairs are comprised of recycled material reinforcing the 3R initiative.

## **CURRENT INITIATIVES**

BHI has an effective 6S Program in place at both the California and Tijuana facilities. This program will continue indefinitely as it continues to set new and more aggressive goals in the coming years.

### **MEASURE OF OUTCOMES**

1. The 6S program is an ongoing endeavor with considerable improvements made on a quarterly basis through committees geared toward improved shop organization, standardization and cleanliness. Overall there has been an average of 30% improvement across all departments and considerable progress has been made.
2. BHI has seen a significant increase in employee’s enthusiasm to improve as they see the benefits.
3. BHI has seen employee initiatives in cleaning work spaces become self-driven without directives from the 6S team.

4. Reduction in underutilized and obsolete material sorted, identified and removed
5. Posting visual signage has increased visibility of safety goals.

## **HUMAN RIGHTS**

BHI fully supports and respects the protection of human rights worldwide and continues to ensure that both it and the companies with whom it conducts business are also supporting this principle.

BHI continues to uphold human rights in the following ways:

1. Highly detailed Company Employee Manual is updated last in May 2017
2. BHI continues to employ a diverse workforce.
3. Women & Minorities continue to be very well represented at the Managerial level.
4. Regular training sessions are held to explain the implications of this policy and attendance is mandatory for ALL employees and managers.
5. BHI continues to offer Full Benefits including Health Care for both employees and their families, 401K with a 50% match, and Paid Time off (PTO).
6. Safety Training Programs.
7. Monthly Departmental Meetings where employees are encouraged to make suggestions, recommendations, improvements, address concerns or needs within their department. All with the purpose to ensure our employees' department needs are addressed.
8. Monthly Plant Meetings where employees are encouraged to participate. The company operates an "OPEN DOOR" policy in which employees are made to feel comfortable addressing any issue.
9. This strict code of conduct for employees and vendors applies equally to the USA and Mexico
10. Any gifts received from customers or suppliers are raffled off to employees.
11. Educational classes held in the past year included:
  - Blueprint Reading Training - Beginner and Advanced
  - Lean Manufacturing Training

## **MEASUREMENT OF OUTCOMES**

1. Employee turnover continues to be minimal.
2. Increase in new personnel
3. BHI has not been subject to any investigations, legal cases or incidents concerning Human Right violations.

## **PHILANTHROPY**

BHI is active in philanthropy in many different ways in both US and Mexico as well as overseas. Initiatives are being started by employees in many instances and then supported by the BHI Management Team. Organizations currently supported include those devoted to Feeding the Hungry & Homeless; Orphans in Tijuana, Mexico; Educational, Food, Medical Aid to several different groups.

## **MEASUREMENT OF OUTCOMES**

In every instance funds are being donated directly to the organizations concerned and in many cases BHI is able to confirm that the vast majority of the donated funds (up to 100% in several instances) go directly to the selected programs.

BHI is currently supporting the following Organizations:

- Parents in Partnership (Clothing and Community Services)
- Nuts, Bolts & Thingamajigs (NBT), (Scholarships & Grants for Students)
- National Multiple Sclerosis Society (Cure for MS)
- Second Harvest (Food program)
- Salvation Army (Food Program)
- Orange County Food Bank (Food Program)
- Virgen de Guadalupe Church (Mexico)
- Fundación Castro-Limon for Children with Cancer (Mexico)

## **ANTI CORRUPTION**

BHI fully supports the UN Convention against corruption, bribery and extortion and does not work with any organizations which are corrupt.

1. Company policy is extremely strict and clear in this respect and any attempt to bribe a company employee would be dealt with immediately.
2. BHI employees also understand that bribery or corruption is strictly against company policy.
3. It is company policy that any gifts received from customers or suppliers are raffled off to employees.

## **MEASUREMENT OF OUTCOMES**

BHI has not been involved in any legal cases, rulings or other events related to corruption and bribery.