



 **Aztec Plumbing**
Our quality behind your brand

**ANNUAL
SUSTAINABILITY
REPORT
2018**

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1. President and CEO's Commitment Letter

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

Dear Friends:

When we founded our company, almost 20 years ago, we decided to focus our efforts on growth through three fundamental axes: product quality, customer satisfaction, and employee well-being. Over the years, this vision has been realized, and we are now focusing on sustainability through a robust approach to social responsibility.

Six years ago, we formalized our social responsibility program, expanded on who we consider to be our stakeholders, and began to adhere to the United Nations Global Compact.

The R&D and Sales departments are always working on our product portfolio to better serve our plumbing customers, and our 2018 results have exceeded our goals, inspiring us to reach even higher. Strategic planning over the coming months will determine which key indicators we will be focusing on in the supply of sealants and lubricants to the plumbing industry in the Americas.

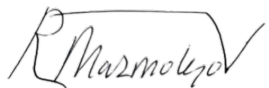
We have also reached important milestones in our investment in technology, equipment, and training. We automated two of our key product lines, making them more productive and cleaner. We acquired a machine that increases the capacity of one of our new product lines by 100%. We also strengthened relationships with key suppliers whom we consider business partners in our value chain.

At Aztec Plumbing, we all abide by our Code of Conduct, which is based on our corporate values and supports a healthy working environment.

I am pleased to present the information in this Sustainability Report, demonstrating our commitment to the Ten Principles of the UN Global Compact regarding human rights, labor, environment, and anti-corruption.

On behalf of Aztec Plumbing's Executive Board and General Management, I am also proud to ratify our adherence to the UN Global Compact.

Yours sincerely,



Raúl Marmolejo Vélez
Aztec Plumbing President and General Director





2. About Us

GRI 102-1, 102-5

Aztec Plumbing is dedicated to the manufacture of wax rings and other products for the plumbing industry. It belongs to the Multiceras Group, a wax operation specializing 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.

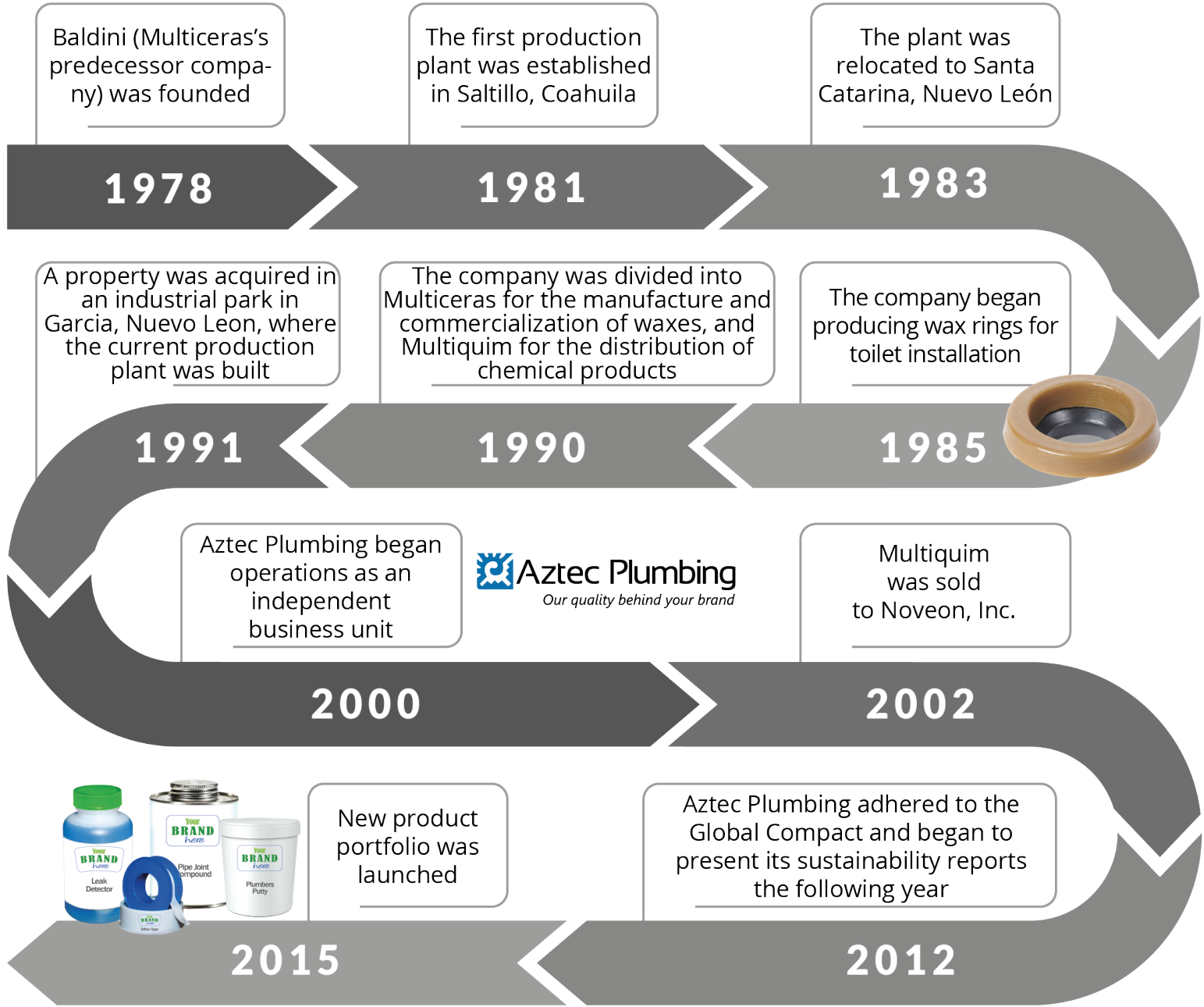
MISSION

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

VISION

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

Aztec Plumbing began as an independent company in 2000, when its operations were separated from its parent company, Multiceras, which continues to supply the wax blend for Aztec Plumbing's main product: wax rings for the plumbing industry.



3. What We Do

3.1 Our Products

GRI 102-2

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.

Toilet Wax Rings

The perfect blend of petroleum-derived materials to ensure proper consistency, reliable performance, and excellent sealing results.



Hardware

Special bolt kits for toilet installation in any material or plating, as well as bolts, washers, and nuts.



Cutting Oil

Formulated to reduce friction during the machining process, keeping copper tubing at a stable temperature.



Sand Cloth

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



As always, our portfolio of products offers:

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

Plumbers Putty

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



Copper Fitting Brushes

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



PTFE Thread Seal Tape

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



Leak Detector

Formulated to locate gas leaks in pipe lines, valves, pressure vessels, cylinders, tanks, etc.



3.2 Markets

GRI 102-6



4. How We Do It

4.1 Location

GRI 102-3, 102-4

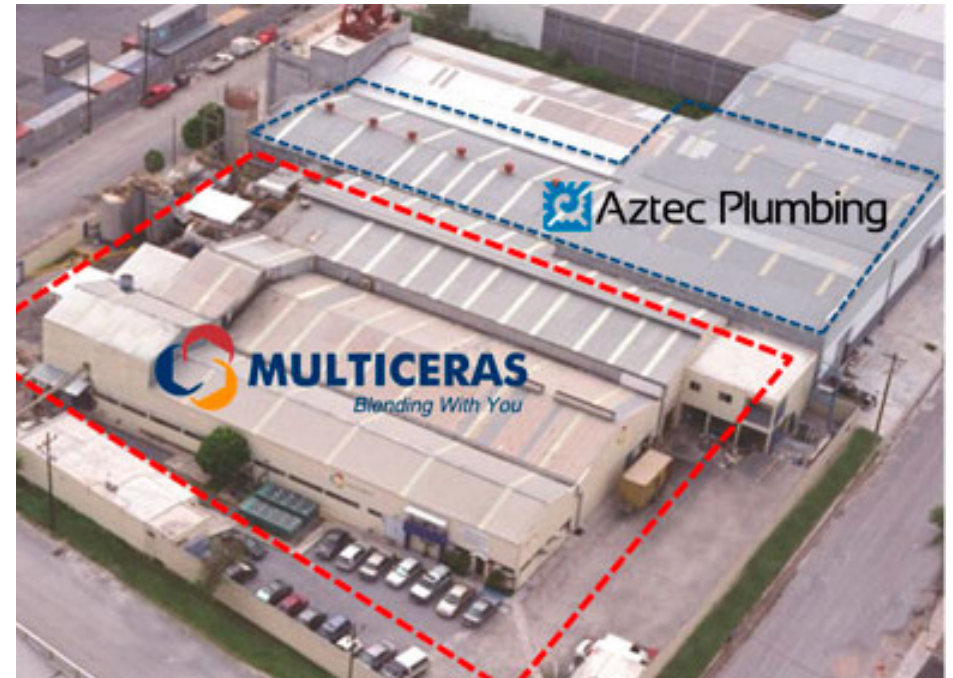
Our production plant is located in García, Nuevo León, Mexico.

4.2 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.



5. 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.

5.1 2030 Agenda for Sustainable Development

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



5.2 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.

5.3 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.

5.4 Audits

We routinely seek improvement through social responsibility audits requested by our clients.



6. What Defines Us

GRI 102-16

We believe in the importance of integrity and ethics. We nurture a working environment based on values and principles that make a positive impact on all aspects of business and support dynamic growth. Multiceras supplies the wax that Aztec Plumbing uses to make its wax rings.

6.1 Code of Conduct and Corporate Values

Our Code of Conduct identifies the behavior and attitude that is expected of all Aztec Plumbing employees, who are trained on it from Day 1. This ensures an optimal working environment based on international best practices for labor standards and human rights. Currently, 100% of Aztec Plumbing employees have received this training.

Commitment motivates us to give our all to the team and trust that we can achieve our goals together.

Excellence drives us to perform at our highest level.

Creativity inspires us to generate ideas, push boundaries, and discover original solutions.

Service allows us to anticipate customers' needs and collaborate with them to create solutions tailored to their business.

Safety guides our behavior and demands that we be vigilant in minimizing risks and preventing accidents.

Respect means honoring ourselves, others, and the environment that sustains us all.

The two companies share Administration, Human Resources, and Social Responsibility departments, so many of the following targets are common to both.

The Code of Conduct is based on our corporate values:



6.2 Ethics

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.

6.3 Equality and No Discrimination

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, are prohibited.

We support equal opportunity for men and women — 77% of our personnel are women.

6.4 Anti-corruption

GRI 102-25

All personnel receive training on our conflict of interest policies to avoid personal interests influencing decisions. As part of our corporate values and our adhesion to the Global Compact, we strongly reject all kinds of corruption, extortion, and bribery.





6.5 Complaint Mechanisms

GRI 102-17

6.5.1 External Complaints

We are open to complaints regarding violations of our Code of Conduct from employees through our email: cuentanos@multiceras.com

6.5.2 Internal Complaints

We have multiple mechanisms in place that allow employees to provide suggestions, denounce behavior and violations of the Code of Conduct, and give general feedback to the company.

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

6.6 Corporate Government

GRI 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.

General management at Aztec Plumbing 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.

7. Our Social Responsibility

Due to the company's growth and our voluntary adoption of social responsibility standards, we have achieved our vision of becoming a global enterprise. Six years ago, we officially began to focus on balancing our social, economic, and environmental impact.

We are now beginning a new phase of our social responsibility program, which formalizes operations, strengthens stakeholder relationships, and adopts international standards and initiatives, allowing us to provide clients with enhanced processes and products.



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.

VISION

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

7.1 Our Social Responsibility Pillars



Our People



**Local
Communities**



Environment



**Innovative
Solutions**

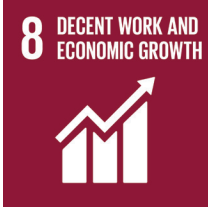
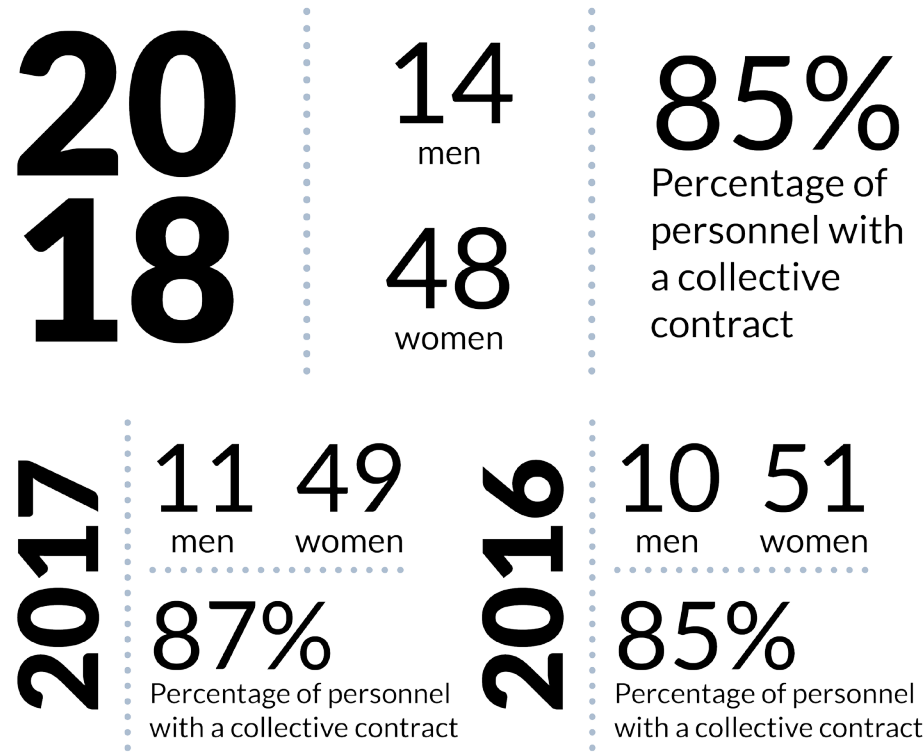
7.2 Our People

GRI 102-7, 102-8, 102-41

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.

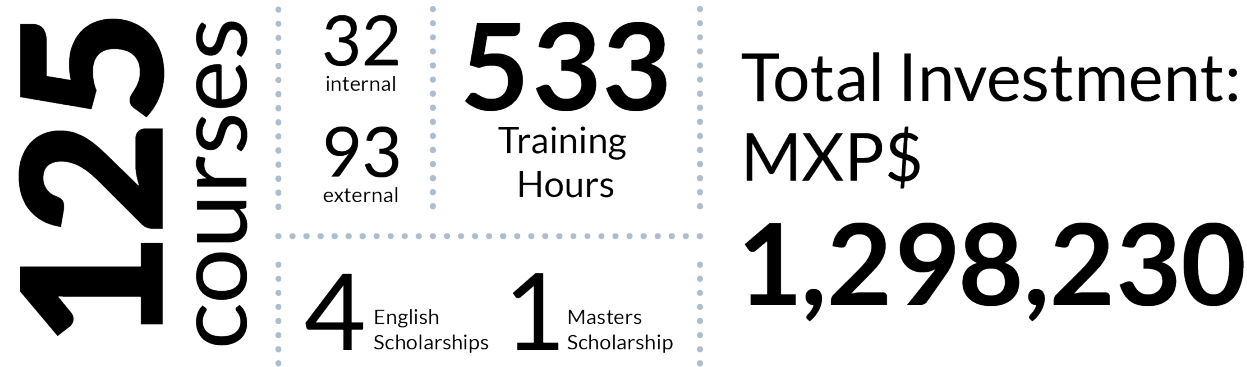
We respect the right to collective bargaining, and 100% of employees working in operations have a collective labor contract that has been approved by local authorities.

In addition to Aztec Plumbing personnel, some contractors provide us with staff for security, cleaning, and first aid.



7.2.1 Training

We invest in courses and training to foster employee development. We provide them with the tools to acquire knowledge, innovate, and increase their productivity. The following are the 2018 results:



7.2.2 Culture and Values

It is a priority for us to improve the quality of life and wellbeing of our team. Each year, we acknowledge the individuals who have embraced our values and demonstrated their commitment to the company over the years. In 2018 we presented eight Value Awards:



We also award employees who have been with Aztec Plumbing for more than five years. In 2018, 12 people received this commitment award.

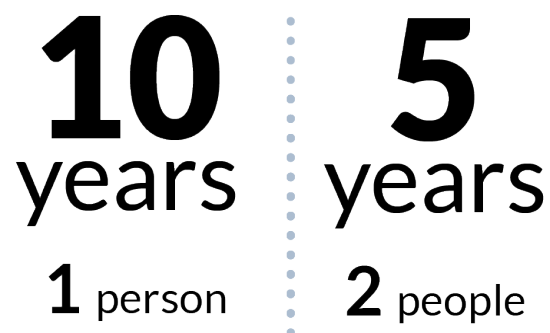


Alejandra's Commitment Award

"For me, the value of Commitment shows what I want and what I can do at Aztec Plumbing, day by day. When you are committed to your work, you enjoy it, you do it with pleasure, and you focus on finding things that work out as well as possible.

I never imagined that I would be awarded, I thought that they were only given to leaders or employees with personnel reporting to them. I do my job without waiting for recognition; I simply try to make things as good as possible. I realize that at Aztec Plumbing there are people who are watching your work, observing the effort you make to arrive early and to do your job in the best way.

It feels very nice to receive this award; it motivates me to continue working, enjoying what I do, and continuing to strive for excellence."



7.2.3 Communication and Transparency

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 of our team.

a) Breakfast with High Administration

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

b) Communication with the CEO

Our CEO calls regular general meetings, which can be attended virtually if one is unable to be physically present, during which he presents the results obtained at different points in the year.

c) Somos MAZ Newsletter

Each trimester 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.



7.2.4 Safety

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.

a) Improvements in Infrastructure

- Increased visual and auditory signs in production area
- Installation of electronic locks in tanks
- Transition to LED lamps
- Installation of electric fence around perimeter

b) Training

- Evacuation Brigade
- Rescue Brigade
- Firefighters Brigade
- Evacuation Drills

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



7.2.5 Health

We ensure the health and wellbeing of our employees through diverse mechanisms:

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



7.2.6 Infrastructure

We are constantly investing in infrastructure and equipment that allow us to increase the productivity of our team.

- Extension of food hall
- New offices for maintenance department
- New offices for human resources department



7.2.7 Economic Aid and Benefits

Aztec Plumbing employees receive benefits and incentives beyond those required by law, which allow them 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



7.2.8 Volunteering and Donations

To nurture a culture of volunteering and social responsibility, we have created programs that encourage our team to support charities for vulnerable groups.

a) School Supplies

We try to lower student drop-out rates by providing school supplies to students from the Chihuahuan Desert communities.

| | | |
|-----------|----------------------|-----------------|
| 13 | 220 | \$19,600 |
| Donors | School supplies kits | Donation MXP\$ |

b) Winter Clothes

We help families and vulnerable groups from the Chihuahuan Desert communities by donating warm clothing to help mitigate the low temperatures the region is known for during winter months.

| | | |
|-----------|---------------|-----------------|
| 23 | 182 | \$27,500 |
| Donors | Beneficiaries | Donation MXP\$ |

c) Volunteering

To nurture a sense of citizenship in children, we volunteered at the primary school Fundación San José, where we gave courses in collaboration with Asociación Formando Emprendedores (Preparing Entrepreneurs Association).

We volunteered at a school in Ejido de Acámbaro, in the Castaños Municipality, Coahuila. Volunteers and their families renovated the food hall, painted the exterior and interior, improved the play area, and fixed the library's bookshelves, among other things.

| | | |
|------------|-----------|------------------|
| 23 | 18 | Beneficiaries |
| Volunteers | | primary students |



7.3 Local Communities

As in previous years, we have made a donation to the American Cancer Society, at the invitation of one of our clients.

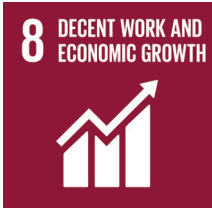
Each year we support the Nuevo León Firefighters with a donation, with whom we have a good relationship.

In 2018 we donated 100 blankets to the Mexican Red Cross in Saltillo, Coahuila, which were distributed along with other donations to vulnerable communities.



7.4 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 supplying a safe labor environment, by complying with legal requirements and best practices to constantly improve our processes.

ENVIRONMENTAL GOALS

ENERGY

Reducing 20% of our CO₂ emissions to the atmosphere by 2025.

WATER

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

| | 2017 | 2018 |
|-------------------------|---------|---------|
| Energy 220W (kW) | 131,687 | 186,088 |
| Water (m ³) | 779 | 567 |

7.4.1 Plant Donation

To celebrate International Environment Day and to nurture our local bee population, we donated 105 plants to employees who are committed to taking care of them.

7.4.2 Management and the Environment

At Aztec Plumbing we have managerial staff who research efficiency through innovation.

- Reducing our material footprint
- Recycling materials
- Saving energy
- Using water efficiently
- Using transport efficiently
- Caring for natural resources
- Increasing the efficiency of logistics

7.4.3 Waste

We promote the recycling of raw materials and waste materials from our operations, such as pallets, cardboard, PET, and aluminum, to reduce the amount of waste we produce.

We also comply with all regulations on the storage, handling, and disposal of solid and dangerous waste.



7.5 Innovative Solutions

We develop targeted solutions for our clients across industries, working closely with them to gain a deeper understanding of their business, so that we can offer a product that is tailored to their needs.

We believe that innovation is one of the foundations of 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.

7.5.1 Affiliation to Associations

GRI 102-13

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



8. Consultation With Stakeholders

GRI 102-20, 102-21, 102-40, 102-42, 102-43, 102-44

| Stakeholders | 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. Twice yearly board meetings. Executive meetings. |
| CLIENTS | Provide clients with trustworthy and personalized solutions that help them compete in their markets. | Client 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 the Operations director. Biannual working environment questionnaire. Biannual evaluations of performance and values. Continuous open channels for complaints. |



| Stakeholders | Expectations | Actions Taken | Communication Channels & Frequency |
|--------------|--|---|--|
| COMMUNITY | Contribute to the quality of life and 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. | Biannual supplier evaluations. Supplier visits. |



9. GRI Content Index

GRI 102-55

| Indicator | Content | Title/Subtitle in the Report | Página |
|--------------------------------------|--|--|--------|
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| GRI 102-2 | Activities, brands, products and services | 3.1 Our Products | 4 |
| GRI 102-3 | Site's location | 4.1 Location | 6 |
| GRI 102-4 | Operation's location | 4.1 Location | 6 |
| GRI 102-5 | Property and legal status | 2. About Us | 2 |
| GRI 102-6 | Markets | 3.2 Markets | 5 |
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| Strategy | | | |
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| Ethics and Integrity | | | |
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| Governance | | | |
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10. 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 2018 to December 2018. This report is published annually on April 1, this being the sixth 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. Despite its being the sixth report that has been produced and published by Aztec Plumbing on the Global Compact platform, this is the first year where the GRI 4 guidelines have been adopted, and we will therefore 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 Aztec Plumbing's 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.

10.1 Contact

GRI 102-3, 102-53

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

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