

UN GLOBAL COMPACT 2019



May 6th, 2019

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).

Sold Underutilized Equipment

BHI has continued to eliminate underutilized and / or obsolete equipment and replace it with new equipment.

Measure of Outcomes:

BHI held an event 2018 to remove more underutilized or obsolete equipment and was successful in removing over 70 items from the facility.

New Spot Welding Equipment

Purchase of two new Spot Welders and a chiller for Welding department.

Measure of Outcomes

The new spot welders provide efficient energy usage and have improved safety controls to prevent the potential for injury. The chiller used for the spot welding coolant replaced a system that used water as a substitute for this robust system.

Plastic Bottle Reduction

New water fountain has had continued success.

Measure of Outcomes

The water fountain we purchased last year to fill water bottles has saved an additional 5,300 plastic bottles that would otherwise end up in a landfill. In total BHI has counted approximately 15,500 bottles reduced. BHI encourages the use of by providing company branded plastic water bottles to every employee.

LED Lights

BHI has partially installed LED lights in the shop floor of its Mexico plant.

Measure of Outcomes

BHI has begun the transition of installing LED lights in the shop floor. One LED light replaces 4 standard incandescent lights and provides more light for the shop floor employees. LED lights consume up to 80% less power than incandescent bulbs. 95% of the energy output in an LED light is converted to light which helps reduce usage of energy. Reduction in energy reduces demand from power plants thus decreasing greenhouse gasses.

E-Waste

BHI continues to be committed to the safe removal of electronic waste from our facility in an environmentally responsible way.

Measure of Outcomes

BHI safely removed 5 pallets of E-Waste using a certified E-Waste recycling company. E-Waste recycling with certified electronic waste company ensures the proper disposal of hazardous and nonhazardous electronics. Recycling electronics helps to reduce the natural resource demand needed for making new electronics. Conserving natural resources leads to a reduction of pollution and energy emission which reduces greenhouse gases being put into the earth's atmosphere.

Ergonomic Chairs

All chairs located in the production, shipping and quality areas on the shop floor were replaced.

Measure of Outcomes

Continuing the path BHI began last year by replacing the front office chairs, all chairs in the production, shipping and quality areas on the shop floor 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.

Ergonomic Desks

BHI has replaced several desks with standing desks.

Measure of Outcomes

BHI has begun replacing some employees sitting desks with standing, and adjustable (sitting/standing) desks. Standing while working improves posture and has been shown to slightly improve the number of calories one burns per hour.

CURRENT INITIATIVES

Bazz Houston continues to work on the implementation of the **6S Program** in both the California and Tijuana facilities. This program started in 2014 and will continue indefinitely as we continue to set new 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 10% 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/Math - Fabrication
 - Continuous Improvement - Fabrication
 - Continuous Improvement - Tooling & Engineering
 - AS 9100 Auditor Training
 - Crestcom Bulletproof Manager – Management Tool Box for Leaders in the Company

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.

This year BHI began a food drive during the summer with the aim of helping the less fortunate. BHI chose the summer months to begin a food drive due to the summer months being comparatively low in donations vs. the winter time. BHI was successful in raising and donating over 1,500lbs of food to the OC food bank from the people within the company.

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:

- Nuts, Bolts & Thingamajigs (NBT), (Scholarships & Grants for Students)
- National Multiple Sclerosis Society (Cure for MS)
- Orangewood Foundation (School Supplies)
- Orange County Food Bank (Food Program)
- CHOC (Toy Donation)
- Virgen de Guadalupe Church (Mexico)
- Fundación Castro-Limon for Children with Cancer (Mexico)
- Bomberos Tijuana for firefighters (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.