



MULTICERAS

Group



Sustainability Report

2020



Aztec Plumbing
Our quality behind your brand



VOLKOM

Arca **CHEM**

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President and CEO's Letter

GRI 102-10, 102-14, 102-15, 102-23

Dear Friends,

I am pleased to share with you our achievements as an organization during 2020, a year that will be marked in history as one of the most difficult and challenging for the world due to the COVID-19 pandemic.

Despite all of the challenges caused by the pandemic, we were quickly able to adapt, and we prioritized the health of our employees above all else. We implemented a work-from-home campaign, accommodated vulnerable personnel, and coordinated activities according to key functions and roles to keep operations running smoothly.

We created several COVID-19 committees, and we also took this opportunity to promote training for our management team and to establish new scorecard criteria to measure our success in mitigating the impact of COVID-19 on staff, customers, suppliers, business partners, and the community.

Because most of our clients participate in essential industries, the effect of COVID-19 on our financial results was minimal. Our focus was on overcoming all of the external challenges in order to continue supplying our products and services in a timely manner.

Beginning this year, we have decided to consolidate the achievements of our Multiceras and Aztec Plumbing companies and present them in a single Sustainability Report for newly created corporate entity Multiceras Group.

At Multiceras Group, we proudly ratify our continued commitment to the UN Global Compact. We are convinced that its Ten Principles have been an essential guide in these uncertain times. In this report, we demonstrate the decisions we have made for the benefit of all of our stakeholders and how they have helped us promote sustainable development.

Yours sincerely,

Raúl Marmolejo Velez
Multiceras President and CEO

Corporate Profile

GRI 102-1, 102-5

Mexican-based Multiceras Group includes the family-owned companies Multiceras, Aztec Plumbing, and Arca Chemicals. While each company has its own specific focus, they all share the same values and various management functions. In order to better serve our clients, we have decided to create Strategic Business Units (SBUs). Each SBU will be dedicated to a particular market and employ a specific business model, which will allow us to improve our understanding of customer needs and requirements. Our first SBU, Volkom, was launched in 2020 and will focus on industrial markets.



Founded in 1978, Multiceras is dedicated to the design, manufacture, and commercialization of **natural, synthetic, and petroleum waxes**, as well as related products for industrial applications.



Aztec Plumbing began as an independent company in 2000 to manufacture and market **wax rings** and other products for the plumbing industry.



Our first Strategic Business Unit, Volkom, was launched in 2020 to offer **wax emulsions** for the **manufacture of wood and drywall panels** and to provide R&D for new products and services for the automotive and metal mechanics sectors.



Established in the **United States** in 2008, Arca Chemicals is an import-export company that specializes in the purchasing and distribution of raw materials and **final products** mainly in the USA and Mexico, serving as a commercial bridge between enterprises of both countries.

History

The company was founded under the name Baldini

1978

The plant was relocated to Santa Catarina, Nuevo Leon

1983

The company was divided into **Multiceras** for the manufacture and commercialization of waxes, and **Multiquim** for the distribution of chemical products

1990

1981

The first production plant was established in Saltillo, Coahuila

1985

The company started the production of wax rings for the **plumbing industry**



1991

The current production plant and corporate offices were built in **Garcia, Nuevo Leon**



Arca Chemicals was established in the United States

2008



Candelilla Institute

Multiquim was sold to Noveon, Inc.

2002

2004

Candelilla Institute was founded

2000

Aztec Plumbing began as an independent company



EMPRESA SOCIALMENTE RESPONSABLE

Multiceras received the Socially Responsible Company award from CEMEFI

2013



CITEC



Volkom starts as a new Strategic Business Unit (SBU) to manufacture and distribute industrial wax emulsions and other quality products

2020

2012

Multiceras and Aztec Plumbing adhered to the **Global Compact** and began to present sustainability reports the following year

2018

New laboratory facilities were created to increase our capacity for R&D and innovation

Location

GRI 102-3, 102-4



The production plants of Multiceras and Aztec Plumbing, as well as their corporate offices and laboratories, are located in **García**, Nuevo Leon, Mexico.

Corporate Governance

GRI 102-18, 102-19, 102-20, 102-26

The **Executive Board** of Multiceras Group provides our highest level of governance. It sets strategy, authorizes the annual budget, oversees internal procedures, and monitors progress.

Our **Advisory Council** of independent members provides advice on ethical, legal, and strategic matters.

General management is responsible for executing the strategy set by the Executive Board, managing operations, and approving policies. The Chief Executive Officer is supported by the **Chief Corporate Officer**, **Chief Commercial Officer**, and other management executives.

Each Strategic Business Unit (SBU) has a manager who is responsible for executing the unit's specific strategy, as well as for its sustainable growth.



Social Responsibility

GRI 102-16, 102-41

At Multiceras Group, 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. All employees are trained in our Social Responsibility Policy, Internal Regulations, Code of Ethics, and Code of Conduct.

Social Responsibility Mission

We will increase our value to all of our stakeholders — customers, suppliers, employees, and community — by integrating sustainability and social responsibility into all aspects of our operations.

Social Responsibility Vision

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

Social Responsibility Policy

“Multiceras Group operates through a sustainable business model based on the creation of shared values with our stakeholders, seeking permanence in the market through legal compliance, respect, and concern for the environment and society.”



Ethics

GRI 102-17, 102-25, 205-2, 205-3

We strongly reject any kind of corruption, extortion, or bribery. All staff have been trained in our Code of Ethics, and new staff also receive training on its various reporting mechanisms.

100%

Trained Staff

The Code of Ethics addresses the following situations and provides protocols to deal with them:

Conflict of
interest

Bribes

Fraud

Corruption

Money
laundering

During 2020 no instances of corruption were detected.

SUSTAINABLE PROCUREMENT POLICY

Through our Sustainable Procurement policy, we strive to align our value chain with our ethical, social, and environmental principles and require all suppliers to commit to compliance with our Suppliers Code. We take the sustainability profile of a supplier and the impact of the product it offers into consideration when evaluating and selecting sources of raw materials.



Corporate Values

GRI 102-16

**COMMITMENT**

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

RESPECT

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

EXCELLENCE

Drives us to perform at our highest level.

SAFETY

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

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 the best solutions.

Complaint Mechanisms

GRI 102-17

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



EXTERNAL COMPLAINTS

We are open to receiving complaints regarding employee violations of our Code of Conduct through one of our emails:

cuentanos@multiceras.com
ethics@aztec-plumbing.com

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. For example, we have suggestion boxes located throughout our facilities, and all employees have direct access to Human Resources personnel.

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.



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.



ETHICAL TRADING INITIATIVE

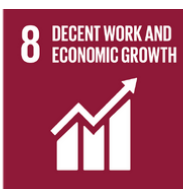
To adopt international standards regarding ethical trading, we have included the ETI Code in our policies.



For workers' rights.
For better business.

Strategic Sustainability Objectives

The Mexican chapter of UN's Global Compact invited us to participate in the SDG Ambition Program, which aims to help companies align their sustainability objectives with Sustainable Development Goals (SDGs). Once the alignment of objectives has been achieved, the program will allow the acceleration of compliance with the SDGs. Thanks to this initiative, we have started with the establishment of our Strategic Sustainability Objectives.



As stated above, we have established three overarching **Strategic Sustainability Objectives**, each aligned with specific Sustainable Development Goals (SDGs).



1 Incorporate innovation into shared value initiatives throughout the value chain.



2 Seek the efficient use of resources and the promotion of a circular economy to reduce negative impacts on the environment.



3 Promote well-being through the creation of opportunities and quality jobs.



Multiceras Profile

GRI 102-1

Multiceras is a Mexican corporation specializing in the design, fabrication, and commercialization of natural, synthetic, and petroleum waxes, as well as related products for industrial applications. The company is composed of an interdisciplinary team that promotes innovation and creativity, aligned with a sustainability model based on ethics, human rights, and respect for the environment.

Mission

At Multiceras, we provide reliable and personalized solutions that contribute to the competitiveness of our customers.

Vision

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

Presence

GRI 102-3, 102-4, 102-6

Our production plant is located in García, Nuevo León, Mexico. We have administrative offices in Cuatro Ciénegas and Saltillo; sales representatives in the Bajío Area and Mexico City; and distributors all over the world.



Markets

Distributors

UNITED STATES



CANADA



JAPAN



MEXICO



COLOMBIA



Products

GRI 102-2



Applications

We serve more than 30 different industries, including school supplies, cosmetics, pharmaceuticals, and industrial coatings. In 2020 we introduced Strategic Business Units (SBUs) in order to better serve customers that share similar markets and needs. Our first SBU, Volkom, serves customers requiring large volumes of product for industrial uses, such as wood panels or drywall. We have grouped other industries into several markets: Life Sciences, Adhesives and Sealants, Packaging and Printing, and Industrial Coatings.



Associations

GRI 102-13

Multiceras 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:



Certifications, Audits and Awards

ISO 9001:2015

Since 2000, we have been ISO 9001-certified, and in 2018 we obtained the ISO 9001-2015 certificate. In 2020, the last follow-up audit of the current certificate was completed, which was carried out remotely in compliance with health protocols.



SOCIAL RESPONSIBILITY

Periodically, we seek continuous improvement through internal and external social responsibility audits. In 2020 we met the requirements of a SMETA 6.1 audit of four pillars: Labor Standards, Health and Safety, Environment, and Business Ethics.



AWARDS

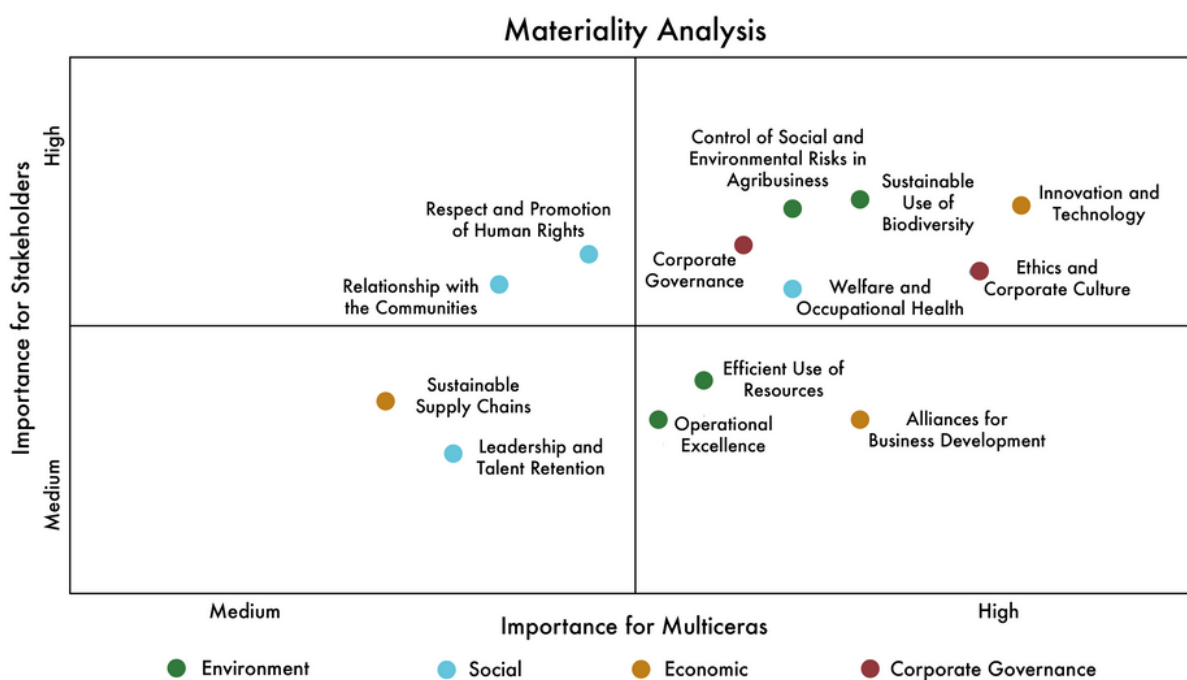
In 2020 we received our eighth consecutive Socially Responsible Enterprise Award, granted by CEMEFI (Mexican Centre for Philanthropy).



Materiality

GRI 103-1, 103-2, 103-3

The company's sustainability strategy is based on 13 social, economic, environmental, and governance principles defined through a stakeholder exercise undertaken in 2019.



We continually integrate these principles into company policies and initiatives and analyze and monitor our progress.

Consultation with Stakeholders

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

EXPECTATIONS

ACTIONS TAKEN

COMMUNICATION CHANNELS

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. Dedication of a board member to sustainability management.

Monthly financial statements. Quarterly board meetings. Executive meetings.

CUSTOMERS

Provide customers with trustworthy and personalized solutions that help them compete in their markets.

Customer 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, such as In Cosmetics and Suppliers' Day.

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 senior leadership. Annual working environment questionnaire. Annual evaluations of performance and values. Open channel for complaints.

COMMUNITY

Contribute to the quality of life in our Candelillero communities. Become involved in the communities where we operate.

Understand the needs of our Candelillero communities. Volunteer and donate. Get involved with civic organizations and cooperate with neighboring companies on shared issues.

Annual Candelillero survey. Communicate with local authorities and Candelilleros through the Department of Agribusiness. Monitor progress of annual work plan.

GOVERNMENT

Ensure all operations comply with the law.

Fulfill municipal, state, and federal safety and environmental requirements. Adhere to SEMARNAT requirements to ensure Candelilla sustainability. Collaborate with local authorities in areas where we operate or have influence.

Communicate with SEMARNAT personnel to process permits. Communicate with municipal, state, and federal government. Participate in governmental forums and committees.

SUPPLIERS

Establish long-term relationships with strategic partners in our value chain.

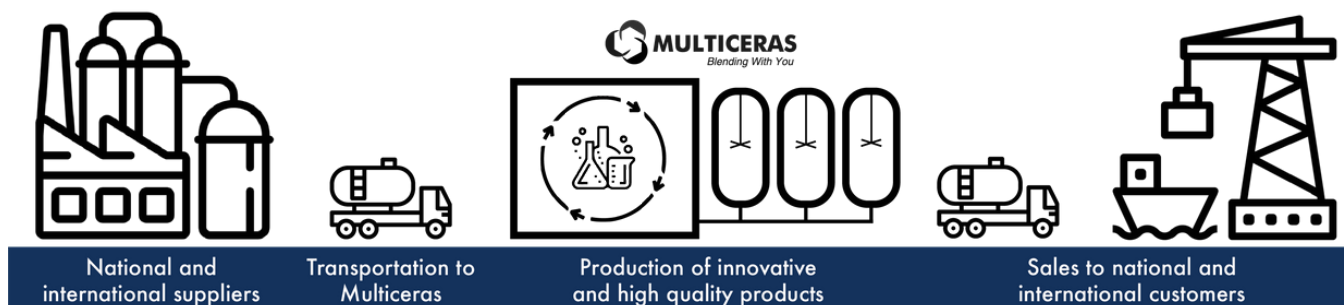
Communicate with key suppliers to ensure quality of products and services. Participate in events coordinated by organizations such as American Fuel & Petrochemical Manufacturers and European Wax Federation.

Monthly supplier evaluations. Supplier visits.

Supply Chain

GRI 102-9

At Multiceras, we have two well-defined supply chains. The first one provides us with the majority of our products, such as emulsions, petroleum-derived products, synthetic waxes, and specific formulations of wax blends.



The second is our agribusiness supply chain in which we collaborate with local independent producers to obtain the raw materials for Candelilla wax, our most emblematic product, through methods that are environmentally friendly and that create value in these communities.

Our Candelilla wax supplier program provides opportunities for the development of communities through the sustainable use of forest resources, allowing us to offer products that are distinct from those of our competitors in how they are responsibly sourced and processed.



Candelilla Wax Supply Chain

GRI 102-9



CANDELLERO ORGANIZATIONS

In some communities, Candelilleros have organized into Rural Production Societies, which allow members to access the Mexican Social Security Institute (IMSS).

CANDELLA PLANT COLLECTION

Our team of forestry engineers supports Candelillero communities, helping them obtain harvesting permits that allow them to collect Candelilla plants without harming the sustainability of the species.

WAX EXTRACTION

The equipment needed for the extraction is installed in the community, and the extracting agent is provided. In some of the communities, citric acid has been implemented as an extracting agent.

TRANSPORTATION TO MULTICERAS

Our buyers visit the more isolated communities, providing the Candelilleros guaranteed purchase quotas.

REFINEMENT AND PREPARATION OF THE FINAL PRODUCT

Our R&D and innovation teams work with customers to understand their needs and provide solutions through products that have been tailored for them.

PERMITS FOR EXPORTATION AND LOGISTICS

The exportation of Candelilla wax requires a CITES permit. Our sales department obtains the permits and organizes the logistics needed for shipments.

SALES AND CUSTOMER SERVICE

These teams ensure that all requirements are met.

Allies in Social Responsibility



In previous years, our client Yokozeki made donations that made it possible to **improve** the **quality of life** of the inhabitants of the Candelilla communities, through volunteer work and the installation of rigid roofs in the Candelilla wax extraction units.

Due to COVID-19, this year no volunteer activities were possible, but the donation made by Yokozeki was used to buy food baskets for the Candelilleros in different areas. These **food baskets** were distributed in July and August.



L'ORÉAL



As part of our L'Oréal solidarity-sourcing initiative, we signed the Candelilla Sustainable Sourcing Agreement, which aims to:

Objectives

- 1) Provide Candelilleros and their families with access to **social security** benefits; and
- 2) Improve work safety conditions for Candelilleros through financing the substitution of sulfuric acid with the much safer **citric acid** in the extraction of Candelilla wax.

L'Oréal was concerned about the impact of COVID-19 on the vulnerable communities where the Candelilleros live and made a donation, which was used to buy food baskets to be distributed in the communities that are in their Solidarity Sourcing Program.

They also donated 1,000 antibacterial gels that were also distributed among the Candelilleros. This benefited 349 Candelilleros and their families.

In December, the remaining funds from the Solidarity Sourcing Program were used to provide food baskets to 261 Candelilleros.

Aztec Plumbing Profile

GRI 102-1

Part of the Multiceras Group, Aztec Plumbing is dedicated to the manufacture of wax rings and other products for the plumbing industry. Our two production plants are located in García, Nuevo León, Mexico.

Aztec Plumbing began as an independent company in 2000, when its operations were separated from its parent company, Multiceras, which continues to supply the waxes for Aztec Plumbing products.

Mission

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

Vision

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

Products

GRI 102-9

We have introduced several new products for the plumbing industry to complement our main offering of toilet wax rings.

- Private label opportunities,
- Outstanding customer service, and
- Excellent performance.



Some products were developed by our research staff with our own technology, including our patented Plumbers Putty. Other products are sourced from carefully selected suppliers.

Toilet Wax
Rings



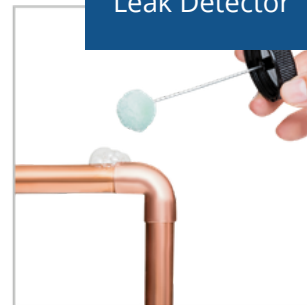
Bolt Kits



Plumbers
Putty



Leak Detector



Cutting Oil



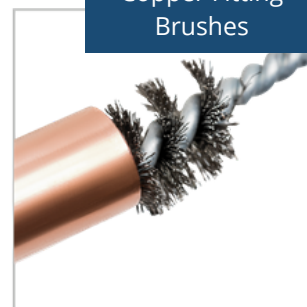
PTFE Thread
Seal Tape



Pipe Joint
Compound



Copper Fitting
Brushes



Markets

GRI 102-6



Audits

We periodically undergo social responsibility audits requested by our clients. In 2018 we satisfactorily complied with the requirements of the **RESA** standard (Retail Ethical Sourcing Assessment), which is valid for three years. Due to COVID-19, this year presented a special challenge; however, to assure the **Quality** of our products, we were able to satisfactorily comply with a remote audit requested by one of our clients.

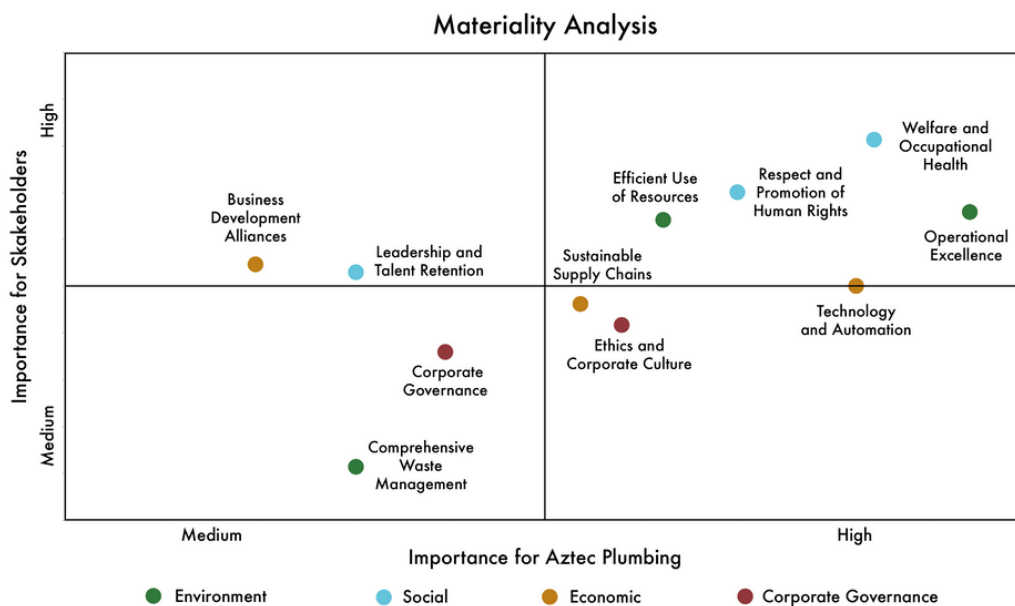
Aztec Plumbing meets and follows the Customs-Trade Partnership Against Terrorism (C-TPAT) Standards. In order to guarantee the integrity of customers' products, we have implemented specific security procedures aligned throughout our supply chain. In 2020 we successfully completed a remote **SCAN** (Supplier Compliance Audit Network) audit.



Materiality

GRI 103-1, 103-2, 103-3

The company's sustainability strategy is based on 11 social, economic, environmental, and governance principles defined through a stakeholder exercise undertaken in 2019.



We continually integrate these principles into company policies and initiatives and analyze and monitor our progress.

Consultation with Stakeholders

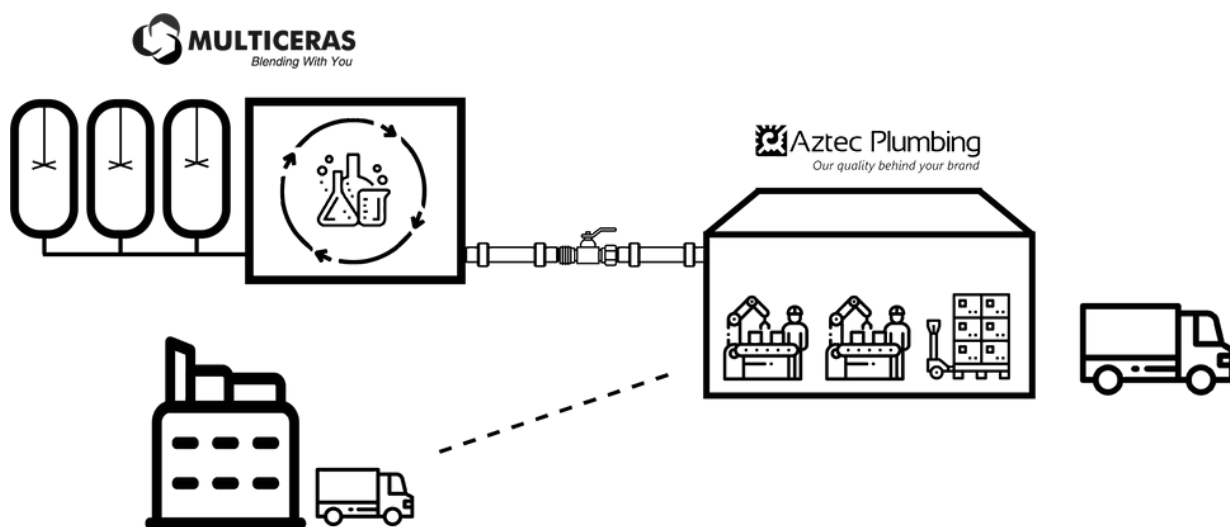
GRI 102-21, 102-40, 102-42, 102-43, 102-44

	EXPECTATIONS	ACTIONS TAKEN	COMMUNICATION CHANNELS
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. Dedication of a board member to sustainability management.	Monthly financial statements. Quarterly board meetings. Executive meetings.
CUSTOMERS	Provide customers with trustworthy and personalized solutions that help them compete in their markets.	Customer 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 senior leadership. Annual working environment questionnaire. Annual evaluations of performance and values. Open channel for complaints.
COMMUNITY	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.	Monthly suppliers evaluations. Supplier visits.

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.



Social Performance



Our People

GRI 102-7, 102-8, 102-41, 401-1, 401-3, 407-1

One of our pillars of social responsibility is our employees. Each employee is key to our success and part of what makes Multiceras and Aztec Plumbing leading companies.

MULTICERAS	2018	2019	2020
Men	91	86	82
Women	28	22	17
Total	119	108	99
Percentage of personnel with a collective contract	28%	32%	39%

AZTEC PLUMBING	2018	2019	2020
Men	14	15	21
Women	48	55	76
Total	62	70	97
Percentage of personnel with a collective contract	85%	83%	88%

- 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.
- We outsource some security, cleaning, and first aid services to outside contractors.

Employment data for 2020:

Average monthly rotation

Average monthly absenteeism

New hires

Parental permits

MULTICERAS	AZTEC PLUMBING
1.74%	10%
2.49%	5.70%
14*	40*
5	1

*Men

*7 Men 33 Women

We value the commitment of our employees and provide **awards** to those who meet **five-year** milestones with the company. In 2020, **13** awards were given at **Multiceras** and **8** at **Aztec Plumbing**:



MULTICERAS YEARS AZTEC PLUMBING

9

5

4

1

10

2

1

15

1

20

2

1

25



Equality and No Discrimination

GRI 406-1

At Multiceras Group 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, is prohibited.

We support equal opportunity for men and women. Women represent 28% of administrative staff, and 14% of key positions within the company are held by women.

In 2020 no discrimination complaints were filed.



On March 9, to celebrate International Women's Day and following the “**A day without us**” initiative, all female employees were given the day off with pay. That day, male employees attended **awareness-raising** talks given by personnel from Nuevo Leon’s **Human Rights Commission**.

Communication

It is essential that we foster an environment of transparency and trust. We do this by having continuous conversations through practices and events that allow us to listen to all of our team members.

BREAKFAST WITH SENIOR LEADERSHIP

Normally a breakfast is held with **senior management**, where some employees from the different areas are invited so that they can express their **concerns**, **suggestions**, and **complaints**. Due to COVID-19, only the first two breakfasts could be held this year.

COMMUNICATION WITH THE CEO

The CEO held several **virtual meetings** throughout the year to acknowledge staff efforts in dealing with the challenges COVID-19 presented us, as well as to share **company results** and successes.

COFFEE TALK

Human Resources implemented a Coffee Talk program, organizing virtual meetings within different areas of the company. The meetings were intended to foster interpersonal relationships.

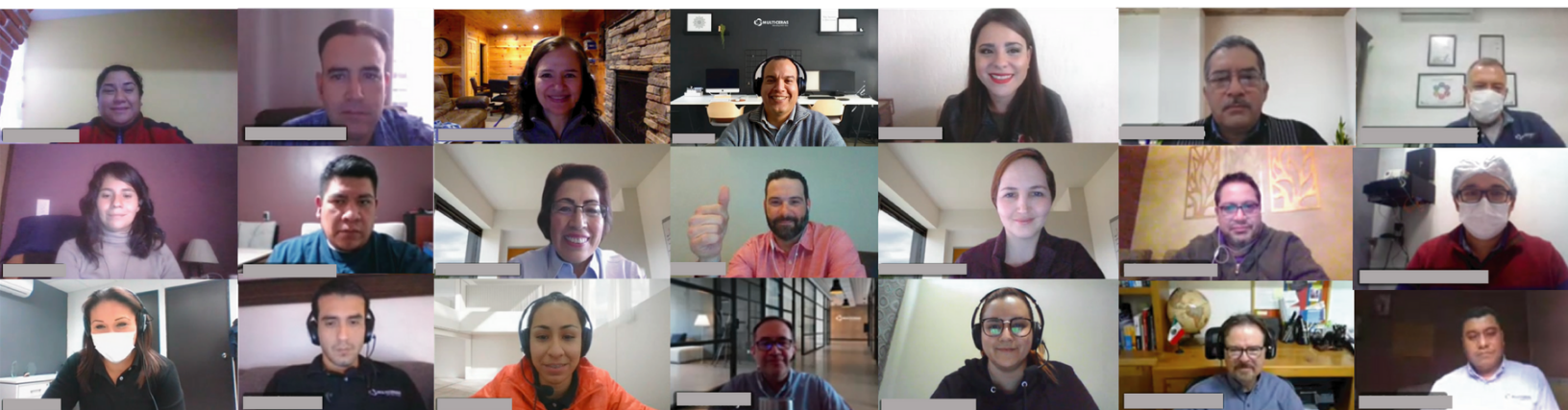
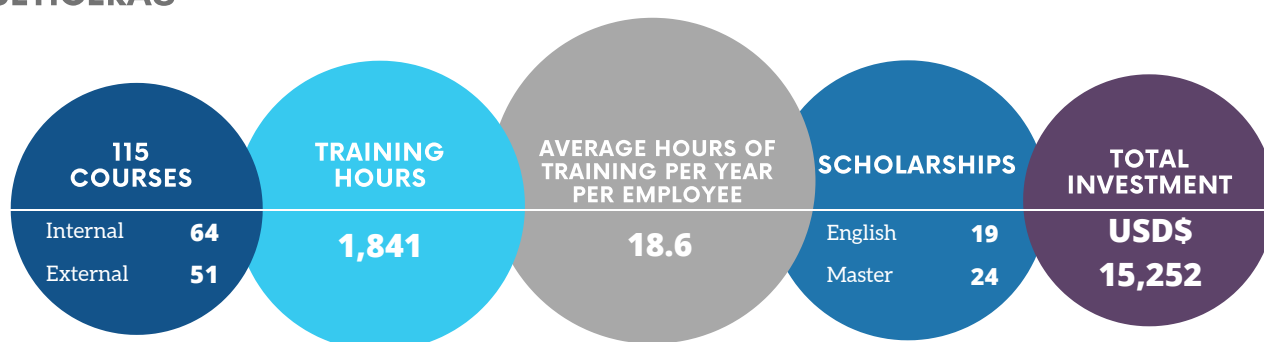
Training and Evaluation

GRI 404-1, 404-2, 404-3

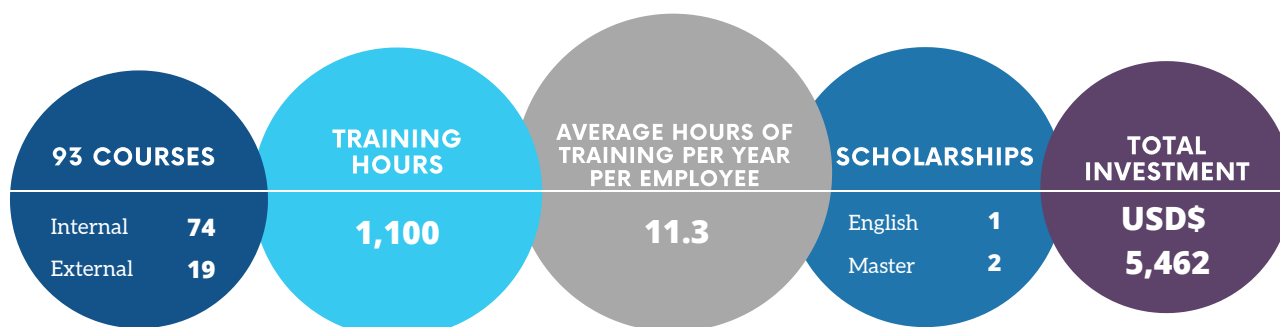
We invest in courses and training to foster employee development. We provide employees with resources to acquire knowledge, innovate, and increase their productivity.

This year, 16 key employees were enrolled in an online Master of Business Administration: ThePowerMBA. All of our administrative staff receive performance evaluations.

MULTICERAS



AZTEC PLUMBING

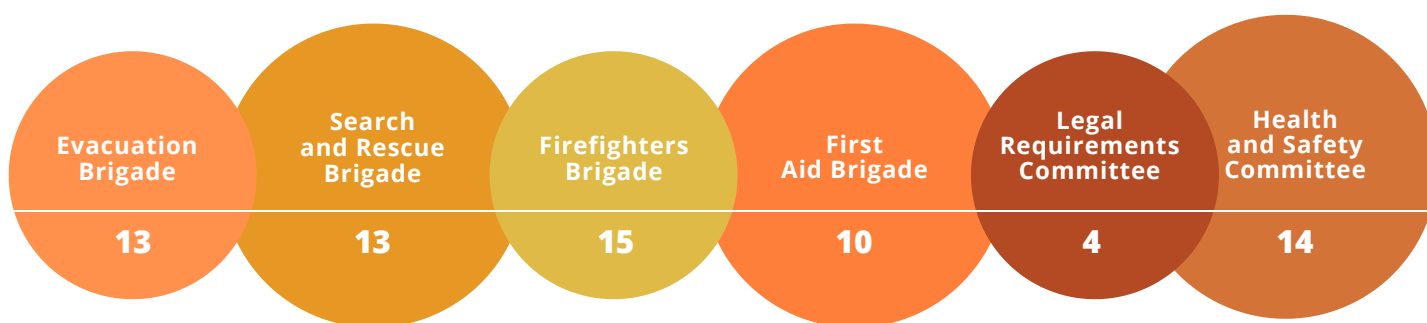


Safety

GRI 403-1, 403-2, 403-4, 403-5, 403-9

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. Training is given annually to personnel belonging to our brigades and committees.

STAFF PARTICIPATION



This year, due to COVID-19 restrictions and attendant exceptional safety measures, evacuation drills presented a challenge, but, fortunately, we were able to carry them out. One of the drills was even performed during the night shift, which assured us that all operating personnel understand how to properly evacuate our facilities.



Many of our processes involve the handling of chemicals, hot materials, and steam. In order to prevent injuries, we perform risk analyses in designated areas, making sure to include key personnel. Every incident (minor injury) or accident (major injury) is thoroughly investigated to determine the cause(s), and the results of the investigation are incorporated into our internal methodologies to prevent future recurrences. In 2020 we had:

	MULTICERAS	AZTEC PLUMBING
Accidents (major injuries)	1	4
Incidents (minor injuries)	3	8
Fatalities as a result of work-related injury	0	0
Total number of hours worked	83,059	169,148
Rate of high-consequence work-related injuries	2.41	4.73
Rate of recordable work-related injuries	7.22	9.46
Rate of fatalities as a result of work-related injury	0	0

Health

GRI 403-3, 403-6, 403-8

The year 2020 presented unprecedented challenges in the area of healthcare. COVID-19 forced the company to undertake various measures to prevent our employees from being exposed to the coronavirus and to ensure the continuity of our operations for the benefit of our customers.

At the end of March, the Mexican government decreed the temporary suspension of activities of companies considered non-essential. Because Multiceras and Aztec Plumbing are part of the value chain of essential industries, both companies continued to operate, following the extraordinary measures requested by the health authorities.



In order to protect our employees, Multiceras Group established various strategies to support occupational and mental health. We established several committees with the participation of each department leader, who was responsible for regular reporting and timely follow-up on COVID-19 initiatives and issues.



The following **occupational health measures** were implemented:

- ✓ **Restriction** of trips, visits by suppliers or people outside the companies, and face-to-face training.
- ✓ Implementation of screening protocols upon entering company premises, such as **taking temperature** and answering a questionnaire through a mobile application.
- ✓ Disinfectant mats and **antibacterial gel** were installed in common and high-traffic areas.
- ✓ Mandatory wearing of **face masks** by all employees while travelling to and working within our facilities. We provide face masks at the beginning and end of the day, as well as after meals.
- ✓ **Work-from-home** arrangements (total or partial) where practicable.
- ✓ Following the recommendations of the Mexican Ministry of Health, a leave of absence with pay for four months was granted to employees considered **vulnerable** due to their medical history. Upon their return to work, we took great care with safe interaction protocols, work spaces, and delivery of a special kit (antibacterial gel, gloves, alcohol, masks, etc.).
- ✓ All staff were given antibacterial gel and **washable face masks**.





- ✓ Measures were established to ensure **safe physical distancing**, including installing signage in offices and common areas, as well as acrylic shields.
- ✓ A full subsidy for the **dining room** was granted to all employees; we also established a rotating dining schedule to reduce crowding.
- ✓ Establishment of **protocols** for suspected cases of COVID-19, which consist of carrying out **rapid tests** and immediate referral of staff to a health center to confirm or rule out the contagion.
- ✓ Redesigning of **transport routes** to avoid the use of public transportation.
- ✓ Random **rapid tests** are performed on employees for timely detection and prevention.
- ✓ Specific routines for **disinfection** of operational areas, personnel transportation, and common areas.



We are aware that the stress of living under COVID-19, as well as the sudden changes we have experienced to adapt to this new reality, are potentially damaging to our physical and mental health. In order to raise awareness and sensitize our employees on physical and mental health issues, the Comprehensive Well-Being Program was established, which includes the following initiatives:

WELLNESS GUIDE



Information for the whole family on coping with quarantine and that promotes **#StayAtHome**.

WELLNESS CAPSULES



Short recommendations and techniques to apply at home and work.

WELLNESS AWARENESS

Talks and workshops with mental health professionals to help us understand our unusual circumstances and support personal, family, social, and work well-being.



EMPLOYEES BENEFITS



Despite the COVID-19 situation, we maintained all activities focused on ensuring the occupational health and well-being of our employees. 100% of staff enjoy the following benefits:

- Yearly health exams
- Vaccine campaigns
- First aid
- Ambulance service
- Smoke-free environment

ADDITIONAL BENEFITS

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
- Bonus for birth or adoption of children, death of family members, and marriage
- Education aid for employees' children
- Christmas bonus for all employees
- Christmas bonus for employees' children
- Family days
- Full days and half days, additional to those required by law

Community Engagement

GRI 413-1

At Multiceras Group, we work to create shared value in the communities in which we operate. We seek to carry out activities, alongside our employees wherever possible, to nurture a culture of volunteering and social responsibility. Due to COVID-19, our traditional volunteering could not be organized this year, but with the help of some of our clients and corporate donations, food baskets were delivered to a total of 961 Candelillero families in Nuevo León and Coahuila.

Candelillero Communities



Candelilla wax is extracted from the Candelilla plant, which is native to the Chihuahuan Desert. The plant generates a wax coating that allows it to avoid dehydration due to the desert's harsh temperatures. In Mexico, Candelilla is found in the semi-arid areas in the states of Chihuahua, Zacatecas, Durango, Nuevo León, and Coahuila. Coahuila is where the largest number of Candelilleros are dedicated to the harvesting of Candelilla and the extraction of the plant's wax.

For decades, Candelilla wax has been extracted by the inhabitants of the communities of this region through a process of heating water and adding an extracting agent. All equipment and supplies required for this work are supplied free of charge to Candelilleros who maintain a buy-sell relationship with Multiceras. The law requires that to harvest the Candelilla plant, it is necessary to submit a technical justification study to the Mexican Environment and Natural Resources Ministry (SEMARNAT), which then issues a harvesting permit.



Through innovation and the development of products from Candelilla wax, Multiceras will continue investing in these communities, supporting the use of forest resources in a sustainable way, and promoting economic development in the region. To reduce the risks associated with the Candelilla extraction process and to promote greater economic activity in the region, Multiceras has undertaken various initiatives in the communities:

01

Training of Producers

Our staff provide training to Candelilleros in terms of product quality and sustainable forest use.

02

Social Security

Multiceras is the only Candelilla wax provider that helps Candelilleros access government social security benefits, such as medical services, financial protection in the case of accidents and injuries, and pensions. In 2020 we helped 75 Candelilleros access social security benefits, with an investment of **USD\$ 53,522.**

03

Financing of Administrative Expenditures

To support Candelillero communities, we opened a forestry office in 2017. The office has a team of forestry engineers, who perform all necessary studies and monitor paperwork. In 2020 expenditures amounted to **USD\$ 99,946.**

04

Guaranteed Purchase

We guarantee our purchase of certain levels of Candelilla wax regardless of international demand, providing Candelilleros with a guaranteed income.

05

Infrastructure

We provide our Candelilleros with the equipment they need to extract the Candelilla wax. We also supply them with all necessary items used during the wax extracting processes, such as the extracting agent and packaging materials. In 2020 we helped with the repair of extraction equipment and provided new equipment, with a total investment of **USD\$ 11,084.**



Environment

At Multiceras Group we are committed to the deals of innovation and efficiency in our processes, as they allow us to decrease our negative environmental impact.

Environmental Policy

At **Multiceras Group**, we are committed to protecting and conserving the environment, preventing injury and illness in the workplace, and providing a safe working environment by complying with legal requirements and best practices.

Environmental Goals

ENERGY

Reducing
20% of our CO₂
emissions by 2025



WATER

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

Energy Consumption

GRI 302-1, 303-1



MULTICERAS	2018	2019	2020
Electric Power (kWh)	583,715	594,576	663,976
Water (m ³)	7,244	9,834	7,783
Natural Gas (m ³)	478,417	527,446	531,844
LP Gas (l)	*	48,963	61,852
Fuel (l)	81,257	73,411	40,698

AZTEC PLUMBING	2018	2019	2020
Electric Power (kWh)	186,088	186,073	188,660
Water (m ³)	567	909	1,109
Fuel (l)	*	1,251	1,260

*No data for this period

Materials

GRI 306-2

MULTICERAS	2018	2019	2020
Recycled waste (t) We recycle cardboard and pallets	36.67	29.10	19.86
Hazardous waste (t) We hire a certified third-party to properly dispose of hazardous waste	2,838	8,732	5,102
Special handling waste (t) These wastes are handled by the local authority	56.46	62	73.80

AZTEC PLUMBING	2018	2019	2020
Special handling waste (t) These wastes are handled by the local authority	21	25	25

Carbon Footprint

GRI 305-1, 305-2

MULTICERAS	2018	2019	2020
Indirect emissions of greenhouse gases (GHG) Scope 1	1,353	1,403	1,444
Indirect emissions of greenhouse gases (GHG) Scope 2	307	313	335
Tons of CO ₂ equivalent	1,660	1,716	1,779

AZTEC PLUMBING	2019	2020
Indirect emissions of greenhouse gases (GHG) Scope 1	3	25
Indirect emissions of greenhouse gases (GHG) Scope 2	98	95
Tons of CO ₂ equivalent	101	98

All carbon-footprint calculations were obtained through the company's internal measurement system using emission factors available from Mexico's National Emissions Registry.

Solar Panels

GRI 302-4

At **Multiceras**, we installed 164 solar panels in 2019. These have a capacity to generate 88,202 kWh annually, which is equivalent to a replacement capacity of 20% clean energy. In 2020 the solar panels generated **35,990 kWh**.

At **Aztec Plumbing**, we installed 70 solar panels in 2019. These have a capacity to generate 37,647 kWh annually, which is equivalent to a replacement capacity of 20% clean energy. In 2020 the solar panels generated **21,800 kWh**.



Biodiversity

GRI 304-2, 304-4

We recognize the importance of protecting biodiversity and commit to using natural resources responsibly, operating in accordance with national legal frameworks and regulations, and promoting sustainable projects of social and economic benefit to the Candelilla communities.

Candelilla is listed in Appendix II of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), which means that its international trade is regulated. This is done to avoid harvesting rates that are incompatible with Candelilla's survival as a species.

To legally export Candelilla wax, it is necessary to receive a CITES permit from SEMARNAT (Mexican Environment and Natural Resources Ministry), which is responsible for ensuring the lawful origin of the product and compliance with the harvesting permits for each community.

The agribusiness team of Multiceras supports the Candelilleros in the preparation of the Forest Studies to obtain their harvesting permits to be able to collect the Candelilla plant in their communities. They also obtain the CITES permit to be able to export Candelilla wax. Multiceras only exports wax that complies with all regulations.



Innovation

At Multiceras Group, we pride ourselves on developing targeted solutions for our customers 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.

Innovation is one of the foundations of our 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.



INNOVATION IN EMULSIONS

We have developed new formulations with differential characteristics in emulsions for the construction industry.

The development of these formulations has allowed our customers to reduce their environmental impact, increase the shelf life of the product, and reduce safety risks in their processes and products.

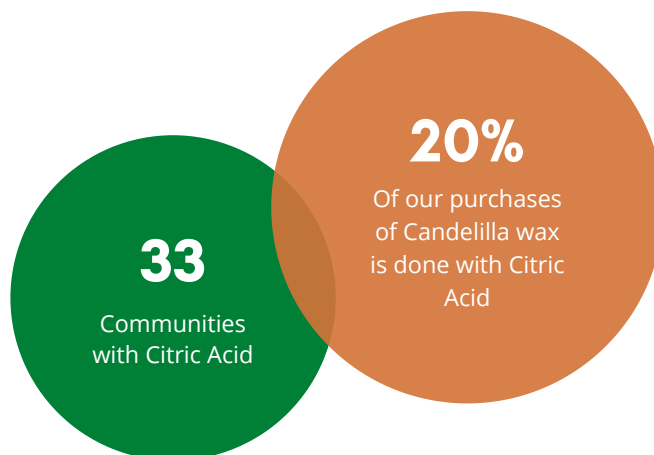


INNOVATION IN THE EXTRACTING PROCESS

The Candelilla wax extraction process has been unchanged for decades. Our **R&D team** has been working to modernize this process to create a higher return of wax per plant, make the process safer, and increase the quality of the product.

The extraction of Candelilla with **citric acid** (instead of the traditional sulfuric acid) has been one of our most significant achievements in this area, making the extraction process much safer for Candelilleros.

Currently, we have 33 communities where wax extraction is done with citric acid, which represents 20% of our purchases of Candelilla wax.



Appendix

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About This Report

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Through this Sustainability Report, we present results, activities, and commitments of Multiceras, S.A. de C.V. and Aztec Plumbing, S.A. de C.V., from January 2020 to December 2020. This report is published annually on March 1, this being the eighth edition approved by the Executive Board.

The Sustainability department is responsible for collecting and preparing the information that has been presented in this report. This report was made following GRI 4 guidelines: Option Essential Standards, and we will not request verification of it.

As Multiceras and Aztec Plumbing are private companies, 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 under the companies' profiles on the Global Compact website:

MULTICERAS

<https://www.unglobalcompact.org/what-is-gc/participants/17892-Multiceras-S-A-de-C-V->

AZTEC PLUMBING

<http://www.unglobalcompact.org/participant/18081-Aztec-Plumbing-S-A-de-C-V->

Contact

GRI 102-3, 102-53

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