Report 2019

interlub group

THE UNCOMMON LUBRICANT COMPANY



SOCIAL RESPONSIBILITY

2019 has been an “uncommon” year for our organization. Among our greatest achievements, we not only established 400 new business relationships with clients in Mexico and Brazil and launched 85 new products, but we also rose to the “Gold” category of Las Mejores Empresas Mexicanas®, drove our international expansion into Peru, the U.S., and Canada, and reached the final round of the Premio Nacional de Tecnología e Innovación®.

But what makes us proudest is that we achieved all of these business milestones without compromising our unwavering commitment to social responsibility. As you'll see in the following pages, we continue to create high-value jobs with multiple growth paths, and we continue to improve the quality of life of our clients, employees, and partners.

For this, we thank the employees from every area who helped drive all the initiatives presented in this report. Thanks to their dedication and example, we not only inspired positive change within our organization, but also inspired more than 1,700 people who visited our plant or heard us speak at a conference throughout the year.

Let's keep challenging the common in 2020, for the common good.

Rene Freudenberg



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OUR MISSION

To solve the least common and most critical friction and wear challenges.



OUR VISION

To achieve a unique global position through our capacity to innovate and co-create solutions beyond the common.

OUR REASON FOR BEING

To develop ourselves as people in order to make an impact on society.



OUR OBJECTIVES

1. Drive paradigm change and innovation within our community.
2. Strengthen and align our internal narrative (organizational culture) with our commercial narrative (brand promise).
3. Position ourselves as an attractive company for talent, nationally and internationally.
4. Build bridges with potential strategic allies, nationally and internationally.

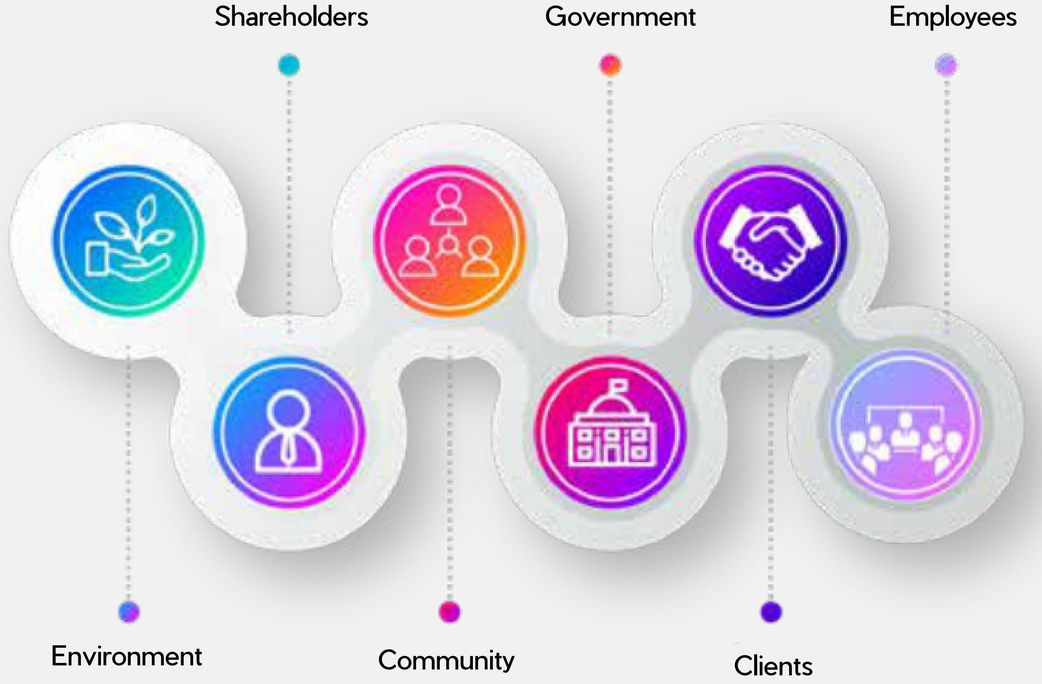
OUR VALUES

1. We are socially responsible
2. We are a role model
3. We are pioneers
4. We are bold
5. We are daring

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE



STAKEHOLDERS



POLÍTICA GENERAL DE RESPONSABILIDAD SOCIAL

At Interlub Group, we understand Social Responsibility as the commitment to ensure a profitable and sustainable operation that has a positive, meaningful impact on the efficiency of the industrial environments in which we operate, both nationally and internationally.

To this end, we are firmly committed to respecting, at all times, the dignity of people, communities, and the environment as a whole, contributing to the common good for the benefit of our main stakeholders: employees, clients, suppliers, society, government, and the environment.

The promotion of constant innovation, contributing to the country's technological and scientific development.

The development of bio-oriented solutions, positively impacting the environment.

The specialization of our solutions to meet the most critical and demanding requirements of our clients.



QUALITY OF WORK LIFE

The company is committed to its employees to:

Offer a safe work environment and protect their physical wellbeing, continuously improving the workplace through prevention measures and health promotion.

Guarantee the confidentiality of their personal data and transparency in its use.

Provide staff with truthful, clear, and timely information about the organization's processes, objectives, and results, as well as its benefits and opportunities.

Recognize their personal capability, performance, and improvement proposals.

Foster a culture of dialogue and positive conflict management that respects everyone's right to express themselves and be heard.

Provide fair and dignified treatment to people who, for any reason, end their employment with the organization.

Provide legal and financial protection to employees in the event of workplace accidents.

Not discriminate on the basis of origin, sex, belief, or social status.

Commitment to our suppliers:

Select our suppliers based on clear and objective criteria.

Only maintain business relationships with organizations whose operations do not conflict with Interlub Group's principles.

Establish transparent relationships with them, based on criteria of fairness, respect, and efficiency, that build mutual trust.

Respect our suppliers' confidential information and copyrights.

Share relevant information that affects our relationship with suppliers in a timely manner, in accordance with the applicable guidelines.

Treat our suppliers' employees respectfully and professionally.

Always honor the commitments we make.

QUALITY OF WORK LIFE

Commitment to our clients:

Build, day by day, relationships of commitment and honesty with each of our clients through our actions and decisions.

Develop our advertising strategies by balancing truthfulness about our products with the creativity to spark and promote interest in them.

Respect the personal dignity of each of our clients at all times, as well as their resources, time, and points of view – without discrimination based on origin, sex, belief, or social status.

Inform our clients truthfully and promptly about any relevant aspect of our products and services.
Offer our clients solutions that generate real benefits.

Build long-term relationships based on trust, for mutual benefit.



ENVIRONMENTAL PROTECTION

Interlub Group's commitment to the environment consists of:

Developing new bio-oriented, environmentally friendly lubrication technologies.

Applying environmental sustainability criteria in the design of our production processes, incorporating low-impact manufacturing practices, the confinement of hazardous materials, recycling, and the optimized use of non-renewable resources.

Promoting a culture of respect for the environment, care for natural resources, and health protection, both within and outside the organization.

Participating in initiatives aimed at protecting the environment around us.

Developing internal programs focused on accident prevention and participating in civil protection programs in the event of environmental disasters.

Providing authorities and society with relevant information.

SOCIETY AND GOVERNMENT

Interlub Group's commitment to society consists of:

Complying with the laws, standards, regulations, and contractual commitments applicable to our operations.

Contributing to transparency and the ethical development of society.

Promoting a culture of respect for the rule of law in our environment, as well as exemplary citizenship among the organization's employees.

Providing truthful information to government institutions, the media, and the general public.

Building connections with knowledge and research centers.

Supporting culture and the development of sports.

Seeking the wellbeing of people selflessly.

2019 Report

Work Well-being



EQUALITY FOR EVERYONE

In 2019 our roster of employees was as follows: 189 administrative employees — 95 women and 94 men.



94



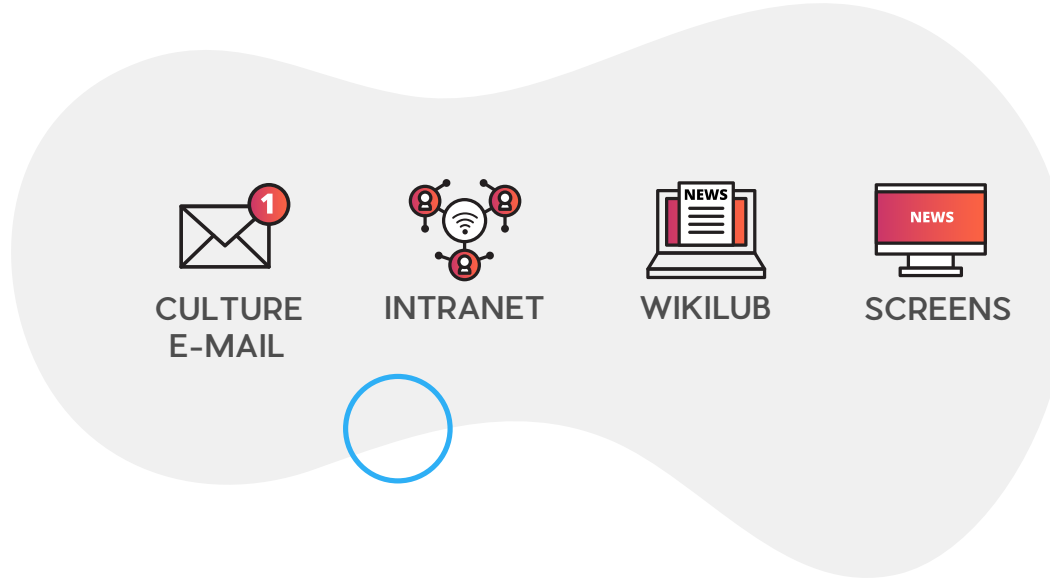
95

SALARIES

BENEFIT	DETAIL	NOTE
Christmas bonus (Aguinaldo)	30 DAYS	Above what is required by law
Vacation premiuml	45%	Above what is required by law
Profit sharing		As required by law
IMSS (social security)		As required by law
Infonavit (housing fund)		As required by law
Support fund	$5,000.00	Upon reaching 1 year at the company
Languages	100%	Upon reaching 1 year at the company
Child birth support	5 days paid leave	Applies to fathers only
School supplies support	$500 por hijo	From preschool through high school
Marriage support	3 days paid leave	
Funeral expenses support	$3,630/2 days	In case of death of a first-degree relative
Life insurance	$220,000- $44,000	Natural death / accidental death
Major medical expenses insurance		Upon completion of the training contract
Subsidized cafeteria	$25.00	Ongoing cafeteria service

TRANSPARENCY WITH EMPLOYEES

Interlub Group has various mechanisms to keep employees informed of important developments: Interlub Culture email / intranet / Wikilub / screens.





FORCED LABOR AND CHILD LABOR

At Interlub Group we prohibit forced labor and child labor; our internal work regulations establish that the employee workweek runs Monday through Friday, totaling 40 working hours.
Our employees' ages, as of December 2019, were as follows: 72 people aged 20 to 30, 94 people aged 30 to 50, and 17 people aged 50 and older.

FAMILY RELATIONSHIP

MY CHILD AND MY JOB (CHILDREN'S DAY)

For the first time, we held an event different from previous years, combining the company and family in an authentic way. The kids had fun while learning about our company and what their mom or dad does there – a chance for them to discover something new, and for us to learn from them. As a result, 90 children who were relatives of our employees attended.





Mother's Day

This year we once again organized a special breakfast for the mothers of Interlub Group. This year we were joined by 17 mothers who work in different areas of the organization.

- **Results: attendance of 17 mothers.**

BENEFITS FOR FAMILY MEMBERS

Agreements and benefits: Interlub Group makes annual agreements with different companies so that our employees and their families receive discounts and benefits on various products and services. In 2019 we maintained and established 29 agreements.

Partner brands included: Bimbo, Nestlé, EasyFit, Innovasport, KidZania, Chopo, Cinepolis, Las Fabulosas Papas, Selva Adventure Fun Park, Roca Azul, S'S Dental, High Vision, Sky Zone, Chimulco, and Selva Mágica.

EDUCATION, TRAINING, AND PROFESSIONAL DEVELOPMENT

2,349 hours
Hours of training

209
Employees trained

$244, 682.52
Invested in language classes

$208, 358.00
Invested in other courses

$1,034, 891.00
Invested in master's and bachelor's degrees

SAFE WOMEN

Our female employees' safety is very important to us. That's why we invited a team from the Zapopan Police to train them in self-defense for women in at-risk situations.



TRABAJO SALUDABLE

PROSTATE CANCER PREVENTION

On Friday, November 15, the Fundación Cruz Rosa gave a talk on prostate cancer prevention, led by specialists.



VISION HEALTH

On October 17, 18 employees were able to get a free eye exam and obtain new glasses frames at a special discount for Interlub Group.



DENTAL CHECK-UP



On December 2, 15 employees took advantage of a visit from a local dentist to get a dental check-up.

- **15** people were seen on December 2.



SHIELDING CULTURE

On October 10 we were visited by staff from Fundación PAS, a nonprofit civil association dedicated to creating prevention and response models through alliances with recognized organizations and professionals in the field, providing resources that contribute to the Prevention of Child Sexual Abuse (ASI) through civil society and public and private institutions, with the aim of building a "culture of protection against child sexual abuse." They gave a talk dedicated to creating prevention and response models, providing resources that contribute to the Prevention of Child Sexual Abuse (ASI). Content:

1. The challenge of raising girls, boys, and teens in a digital age
2. The importance of communication in preventing child sexual abuse
3. Online risks and the dynamics of digital natives
4. Digital citizenship

MOVIE NIGHTS

We continued our movie nights, screening classic films in our auditorium and creating a space to share popcorn.

- Results: 11 events held during the year.

AFTER WORK

También, seguimos con nuestros encuentros "AfterWork Drinks", un espacio para conectar a colaboradores de todas las áreas, compartir los principales casos de éxito del trimestre e intercambiar ideas.

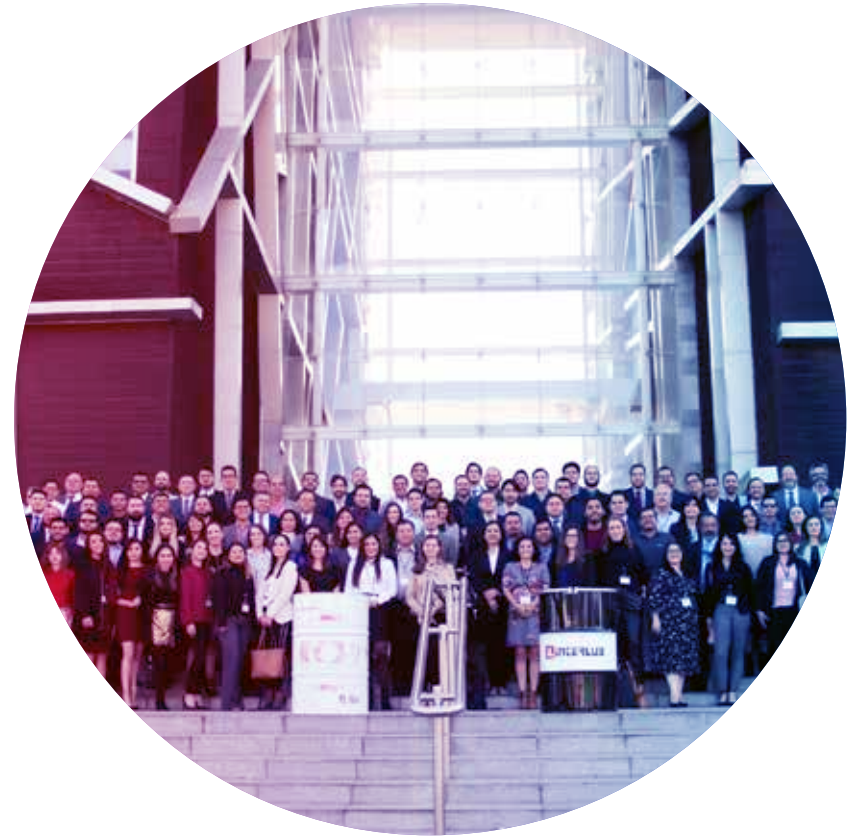
- Results: 4 events held in total.



ANNUAL CONVENTION

We closed out 2019 with our traditional annual convention. This year we invited our employees to the auditoriums of the Universidad de Guadalajara and the Biblioteca del Estado de Jalisco. The central theme was “Capitalizing on the strengths we've built.” Over the course of 5 hours, attendees learned about the year's main results, achievements, and lessons learned, and about the goal for 2020.

- Results: attendance of 135 administrative and 85 operational employees.



RISK CONTROL



January	0
February	0
March	0
April	0
May	0
June	0
Juy	0
August	1
September	0
Octtober	1
November	0
December	0

Total accidents recorded in 2019

=2

2019 Report

Social Welfare



COMMUNITY AND LOCAL SUPPORT MARKET (TIANGUIS)

This is a new practice we began this year, consisting of holding a marketplace three times a year for employees to shop, inviting Mexican businesses and various associations that sell products to raise funds.
First event: on February 11, Mexican artisans, a Mexican company, and the association “Niños y adolescentes en armonía” visited our facilities to offer their products.
Second event: on Monday, June 17, we held our 2nd Tianguis, in which the Mexican company Chiquihuite and the association “Mi pequeño especial” took part.



FOR AN INCLUSIVE SOCIETY

On February 20, 2019, we invited our employees to an informational talk by the civil association UNIDOS. The workshop's goal was to raise our employees' awareness about the social inclusion of people with disabilities in the workplace. Lety Montiel's presentation was very inspiring.





ENVIRONMENTAL EDUCATION

On February 21, 2019, a group of Interlub Group volunteers led a workshop at the Valentín Gómez school on why and how to separate trash. We also brought 3 painted, personalized drums so students could put their new knowledge into practice.

SHARE PARTY

On March 14, 2019, we invited our employees to donate blood. Thanks to the willingness of 11 people, 33 lives will be saved.









GIVING SMILES

In April 2019 we invited our employees to sponsor a child from the Caritas A.C. community dining hall. The children wrote letters requesting a gift. This year we sponsored 40 children and, at the Children's Day party, painted smiles on their faces.





COPARMEX ESR COMMITTEE VISIT

We know that social impact and transformation can only be achieved as a team. For this reason, this year we opened our doors to the Coparmex Jalisco Social Responsibility Committee. At an event held on November 29, we brought together 25 people from 13 companies in the region to share best practices and experiences

SUPPORT AND PROMOTION OF EDUCATION

Inspiring the changemakers of the future is a task we set for ourselves some years ago. This year we once again welcomed hundreds of university students to our facilities. Among them: 60 students from Universidad Incarnate Word Campus Bajío (March 20), 39 students from Universidad de Guanajuato (October 11), 35 students from the School of Mechanical Engineering and Naval Sciences at Universidad Veracruzana (October 11), and 27 students from Universidad Tecnológica del Estado de Zacatecas (October 22).
We also collaborated again with Tec de Monterrey. On September 27 we took part in an EGADE Business School class. During Semana-i 2019 (Nov 2019), we opened our doors to 25 undergraduate students and gave them an innovation challenge.

CORPORATE SOCIAL RESPONSIBILITY TALK

IWe were also fortunate to be invited to share our Corporate Social Responsibility experience with employees of Grupo Requiez. Our colleague Sofía Lozano gave informational talks to 30 employees at the Acatlán de Juárez Logistics Center plant and at the Metal-Mechanic Plant in Col. Francisco Sarabia.





NATIONAL QUALITY AWARD EVALUATOR

For the second year in a row, three of our employees — Quality, Safety and Hygiene Assurance Manager Hugo Otero, General Accountant Pablo Barba, and our Director of Design Daniel Pandza — served as evaluators for the National Quality Award.

SPONSORSHIP OF CHILDREN AND SENIORS

In December we launched an internal campaign and managed to sponsor 24 senior citizens and 36 children from the Caritas A.C. community dining hall.





UTEG INTERNS

As part of our commitment to society, and once again promoting and supporting education, this year we participated actively in and finalized a project with the UTEG University Center, which consisted of hosting 5 psychology students as interns. They attended our facilities from January, Mondays and Fridays from 9:00 a.m. to 2:00 p.m., through the end of May.



2019 Report



Environmental Well-being

RESEARCH AND DEVELOPMENT WITH ENVIRONMENTAL PURPOSE

Developing lubricants that reduce the environmental impact generated by the steel, mining, glass container, railway, metal-mechanic, automotive, and food industries has been the focus of our business since our founding.

We began developing lubricants that withstand extreme loads and temperatures, thereby reducing annual lubricant consumption. Documented success stories at our clients' plants have shown an average consumption reduction of 25%. In some cases, this means a reduction of thousands of tons of lubricant.

In recent years we've focused our research and development efforts on replacing common raw materials with lower-environmental-footprint alternatives. For example, for the mining industry we developed a lubricant that not only withstands extreme operating conditions better than current technology, but also replaces asphalt-based lubricants (a product containing heavy metals that harm the environment) or PAO-based lubricants (a material generated through the refining of mineral oils).

For automotive industry suppliers, we introduced a line of water-based release agents (mold-release products) that replace current solvent-based technology, which affects the health of workers in the industry.

Finally, we invested in new technologies that allow us to substitute imported raw materials. Beyond benefits such as greater supply security, better performance from custom-made materials, and better formula costs, we're reducing the environmental impact generated by product transportation.

Recent years' successes have inspired us to push forward the substitution of harmful raw materials with lower-impact materials. This is reflected in this year's statistics: of the 85 new products we developed in 2019, 45% qualify as bio-oriented developments.

45% of the products we developed in 2019 are classified as Bio-Oriented.
We replaced common raw materials with others that have a lower environmental footprint.

45% of the **products** we developed in 2019 are classified as **Bio-Oriented**

We substitute standard raw **materials** with alternatives that have a lower **environmental impact.**



REFORESTATION

In 2019 we once again drove our reforestation initiative. On July 27, 2019, we brought together 45 employees and their families at the Bosque Pedagógico del Agua. With the support and guidance of Colectivo Ciudadano, we not only planted 35 trees but also fostered a culture of environmental stewardship and built new bonds among our employees.



35 Trees planted, maintained every 6 months

45 People took part in the reforestation effort

ENVIRONMENTAL EDUCATION

On February 21, 2019, a group of Interlub Group volunteers led a workshop at the Valentín Gómez school on why and how to separate trash. We also brought 3 painted, personalized drums so students could put their new knowledge into practice.



We reduced the generation of hydrocarbon-contaminated water by **14% through a water recovery program**

We **reduced** the generation of **hazardous** waste by **19%.**

We recovered 68.7% of special-management waste.

AUDITS

Internal: 1
External (certifying bodies): 1
Clients: 1
Suppliers: 6

BUSINESS ETHICS

At Interlub Group, our ethical values and principles have always guided our conduct. For this reason, we have internal policies that allow us to build and maintain solid, transparent relationships with our main stakeholders, as well as mechanisms that let us prevent and avoid discrimination, acts of corruption, and complicity in situations that affect human rights.



During 2019, we held various workshops and training sessions presenting our ethics documents, using mechanisms that helped our employees learn and understand each of them:

Non-discrimination policy
Human rights policy
Anti-corruption policy
Internal code of ethics and conduct
Supplier code of ethics
Preventive policy against workplace harassment



These were delivered through a total of 2 workshops lasting 45 minutes each, and 5 training sessions lasting 35 minutes each; a total of 75 employees received this information. At the end of each workshop, a short quiz was given to verify the information had been understood.