



**2014
SUSTAINABILITY
REPORT**

**With innovation,
leadership
and vision...**

We are a company focused on:



Reducing and Renewing the use of water and energy, Reducing atmospheric emissions.



Renewing our input and Reducing, Reusing and Recycling solid waste generated by our operations.



Satisfying the Hygiene and Personal care needs of the Mexican families and enhancing the economic development and social welfare.



Striving for achieving that economic flow and social benefits reach out more people.



In **Kimberly-Clark de México** (KCM), our activities are the manufacturing and merchandising of Hygiene and Personal care products for everyday consumers, at home and away from home. Some of our products are: disposable diapers and children's care products, baby's feeding accessories, feminine pads, incontinence products, bathroom tissue, table napkins, facial tissues, hand and kitchen towels, wet wipes, institutional and healthcare products. Our main brands are Huggies®, KleenBebé®, Kleenex®, Kimlark®, Pétalo®, Cottonelle®, Suavel®, Diapro®, Marli®, Depend® and Kotex®. Due to constant innovation and its focus on the consumer, the company maintains a leading position in most markets in which it participates. KCM trades on the Mexican Stock Exchange – Bolsa Mexicana de Valores under the ticker symbol "KIMBER".

**...we move forward
with our sustainability
strategy**



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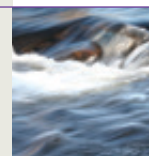
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Message from the CEO (GRI 1.1)

In 2014 our company faced a complex global environment, and in our own country economic growth was significantly lower than expected—a scant two percent increase in GDP. This plus inflation in the dollar prices of our inputs and a rise in the price of natural gas and water, alongside other foreign-exchange pressures, dampened our financial results for the year.

Nevertheless, through increased operating efficiency, savings on the cost of the energy we use, and our “Less is More” sustainable innovation program, we were able to save a record Ps.929 million in costs and expenses, equivalent to 5.06% of the cost of goods sold.

Although 2014 was a tough year on the economic side of our sustainability strategy, we continue to have a positive economic impact on our stakeholders. Our consumers are our main impulse for innovation, and we offer them products that improve their quality of life and benefit our clients, suppliers, employees and their families, governments, and the communities where we operate.

So even though the economic results of 2014 made for a year less favorable than we are generally known for, they did support, as in the past, our progress on the social, occupational safety and environmental pillars of our sustainability strategy.

On the social side of our strategy, we continued our support for more than 200 charitable institutions, and in addition to our usual donations, we joined in solidarity with communities devastated by hurricane Odile in Baja California Sur. We are also proud of the way our employees devoted themselves personally to this effort, over and above what the company contributed, in supporting hurricane victims, a volunteer effort that earned them the recognition of the Mexican Red Cross (page 62 of this report).

Also in the social area, KCM employees in various regions continued to participate in social initiatives supporting education, culture, occupational and household health and safety, training in civil protection, personal development, sports and the volunteer corps.

In the area of occupational health and safety, we are proud to report that we reversed the trend of the last two years in key indicators, and in 2014 we were in line with our vision for 2015. In fact, in 2014, KCM topped the global rankings of Kimberly-Clark Corporation with the best Lost Time Reportable Incident Rate (LTRIR) (page 60 of this report).

Although we have done well on this front, we will not cease in our efforts towards occupational health and safety, because the only truly outstanding result is zero work-related illnesses and zero accidents.

In support of occupational health, the KC Professional business area worked intensively on the “Health is in your Hands” campaign, an educational program about protecting ourselves from illness by washing our hands and disinfecting surfaces, avoiding the transmission of disease-bearing germs in public places and the workplace (pages 48, 63 and 64 of this report).

Finally, in the area of environmental care, we continued our progress on basic aspects.

As for water saving, we are close to reaching our 2015 vision of using 12.7 m³ of water per metric ton of product (9.3% below the 2010 baseline), with an average reading of 12.9 m³/mton in all our operations (page 76 of this report).

In tissue paper manufacturing, in particular, our average water use is 15.9 m³/mton, still a benchmark in the industry, where publicly

available information shows the use of more than 25 m³/mton.

As part of our commitment to developing and installing cutting-edge technology, in the second half of 2014 we started up the Bajío #4 tissue paper machine at the plant in San Juan del Río, Querétaro, on time and as planned. The investment, which stayed within budget, gives us the capacity to produce 60,000 metric tons of tissue per year.

After 10 months of operation, this machine has achieved a water use of just 7.9 m³/mton of paper produced—half the average for our operations as a whole.

In energy efficiency, we kept our consumption to 8.39 BTU/mton in 2014, slightly better than our 2015 vision of 8.4 million BTU/mton (page 80 of this report).

The Bajío #4 tissue paper machine is also a model of energy efficiency, and its state-of-the-art technology, particularly for paper drying, reduces the amount of natural gas used per metric ton of product by 30%. In 2015, this will help us to continue improving our energy usage readings at the company level.

In the area of solid waste management, we were able to monetize more of our waste in 2014 (by recycling and co-processing), to 99.71%, above our 2015 target of 99.2%.

Furthermore, for the fourth year in a row we achieved “zero landfill” disposal of the cellulose waste we generate in recycling post-consumer paper (page 79 of this report).

In atmospheric emissions of greenhouse gases (GHG), under an electrical energy supply contract with Iberdrola that obtains power from combined-cycle centrals and wind farms, we were able to reduce our emissions by more than 118,000 met-

ric tons of CO₂ equivalent from 2013 to 2014, and reduce our GHG generation index from 0.77 to 0.64 metric tons of CO₂e per metric ton produced (page 81 of this report).

Our Logistics area succeeded in increasing the quantity of product transported per kilometer traveled, optimizing cubic capacity, using more efficient vehicles, training our drivers and delivery personnel, and optimizing front-haul and back-haul systems (page 83 of this report).

Finally, KCM is proud to have earned the Crystal Tree Award in 2014, which is a recognition given by Kimberly Clark Corporation to global operations that have demonstrated excellence in their sustainability practices. This strengthens our conviction that through Innovation, Leadership and Vision, we are pursuing our sustainability strategy (page 84 of this report).

To conclude, I'd like to express my gratitude to all our personnel for their commitment and dedication in 2014. Despite the many challenges encountered, they passionately embraced this company's business strategy and today they continue supporting our progress toward meeting the goals of our strategy for profitable, sustainable growth.



Pablo R. González G.
Chief Executive Officer

Results Overview (GRI EC1, 2.8, 1.2)

Financial results <i>(Ps. million)</i>	2013	2014	Chge. (%)
Net sales	29,678	29,107	(1.9%)
Operating profit	7,208	5,870	(18.6%)
Pretax income	6,609	5,074	(23.2%)
Consolidated net income	4,619	3,544	(23.3%)
Earnings per share (Ps.)	1.47	1.14	(22.4%)
EBIDTA	8,725	7,486	(14.2%)

Environmental results	2013	2014	2010 (Baseline)	Chge. vs. Baseline (%) / remarks
Environmental care investment and expense (US\$ million)	19.6	17.9	17.7	According to capital plan and expenditure budget
Use of water per metric ton produced (m ³ /mton)	13.4	12.87	14.0	8.1%
Cellulose waste deposited in landfills (thousands of metric tons)	0	0	55	100% cellulose waste treated
Total energy used per metric ton produced (millions of BTU / mton)	8.39	8.39	8.9	(5.7%)
GGE Emissions (mton CO ₂ e)	803,718	685,099	752,186	(8.9%)
GGE Emissions (mton CO ₂ e / mton)	0.77	0.64	0.77	(16.9%)
GGE Emissions (mton CO ₂ e / Ps.10,000 of sales)	0.349	0.258	0.433	(40.4%)

Social and workplace safety results	2013	2014	Chge. (%)
Employees and community impact			
Work force	7,805	7,859	0.69%
Donations (Ps. million)	23.1	28.0	21.1%
Profit-sharing paid to employees	619	717.5	15.9%
Training index (% man-hours / employee)	2.5	3.3	32.0%
Number of penalties or fines for noncompliance with laws or regulations	0	0	N.A.
Safety			
Total accident frequency index	0.89	0.77	(13.5%)
Severity index	9.91	8.4	(15.2%)
Serious and critical accident frequency index	0.15	0.09	(40.0%)
Serious and critical accident index	15	9	(40.0%)
Fatalities	1	0	

Summary of performance indicators

Economic Axis <i>(Ps. million)</i>	2012	2013	2014
Net sales	29,289	29,678	29,107
Operating income	6,629	7,208	5,870
Income before taxes	5,976	6,609	5,074
Consolidated net income	4,140	4,619	3,544
Basic earnings per share (Ps.)	1.31	1.47	1.14
EBIDTA	8,127	8,725	7,486

Social Axis	2012	2013	2014
Employees			
Number of employees	7,782	7,805	7,859
% Employees with union membership	66.2	66.1	66.6
% Men / women	90.3 / 9.7	90.6 / 9.4	90.8 / 9.2
Salaries and benefits (Ps. million)	1,745	1,820	1,810
PTU (Ps. million)	521	619	718
Employee turnover (%)	14.1	11.9	12.1
Absenteeism (%)	1.09	1.11	1.31
Job retention (average seniority in years)	9.4	9.3	9.4
Training index (% total man hours)	3.1	2.5	3.3
Noncompliance of principles on human rights: equity, no child labor, trade union rights and nondiscrimination in the workplace. (GRI HR4, HR11)	0	0	0
Verified violations of the Ethic Code on topics like corruption, bribery or conflict of interest. (GRI SO4)	0	0	0

	2012	2013	2014	2015 Vision	Progress vs. goal
Community					
Number of institutions supported	>200	>200	>200	>200	●
Donations (Ps. million)	15.9	23.1	28		
% Donations / income before taxes	0.27	0.35	0.56	>0.25	●
Employees' support to social programs	✓	✓	✓	✓	●
Safety					
Total accidents (serious and critical)	16	15	9	0	●
Frequency index (total accidents)	0.88	0.89	0.77	0.7	●
Frequency index (serious and critical accidents)	0.17	0.15	0.09	0.12	●
Severity index (days/200 thousand man hours)	6.99	9.9	8.4	5.0	●
Fatalities	1	1	0	0	●

- Progress vs. goal
- Programs are being strengthened and new projects are being identified
- Redesign of programs and actions

Environmental Axis <i>(P. billion)</i>	2010 <i>(Baseline)</i>	2011	2012	2013	2014	2015 Vision	Progress vs. goal
Environmental investments and expenditures (US\$ million)	17.7	18.1	18.8	19.67	17.9		
Total use of virgin wood fiber (mton)			245,620	261,100	246,632		
Certified fiber (%)		n.d.	100	100	100	100	●
Consumption of recycled fiber - tissue (%)	64	65	67	68	71	63%	●
GHG emissions							
Total GHG emissions (mton of CO ₂ e)	752,186	773,770	790,979	803,718	685,099	<700,000	●
Direct	337,752	335,206	325,535	331,096	335,446		
Indirect	414,434	438,564	465,444	472,622	349,653		
CO ₂ e / mton of production	0.77	0.79	0.8	0.77	0.64 ⁽¹⁾	0.73	●
Sodisa-Distribution							
Sodisa transport emissions (mton of CO ₂ e)	33,239	35,920	34,796	33,984	29,576		●
Kilometers traveled (thousands of km)	21,867	24,538	23,413	22,864	20,563		
CO ₂ e / 1000 km	1.52	1.46	1.49	1.49	1.44	1.40	●
Fuel used (lt / km)	0.59	0.57	0.58	0.58	0.558	0.54	●
Waste Management							
Cellulosic waste sent to landfills (thousand mton)	55	0	0	0	0	0	●
Percentage of value added waste (%)		n.d.	98.1	99.27	99.71	99.5	●
% Landfill		n.d.	1.9	0.73	0.29	0.5	●
Water							
Total volume of water used (thousands of m ³)	13,072	13,603	12,836	13,354	13,098		
Groundwater	4,540	5,160	4,660	4,975	5,186		
Surface water (fresh and post-consumption)	8,532	8,443	8,176	8,379	7,912 ⁽²⁾		
% Post-consumption water	46.9%	48.7%	50%	49.9%	47.2% ⁽⁵⁾	>45%	●
Water used per ton of tissue produced (m ³ /mton)	15.5	15.5	15.6	15.8	15.9	14.7	●
Total water used per mton produced (m ³ /mton) ⁽³⁾	14.0	13.6	13.5	13.4	12.9 ⁽³⁾	12.7	●
Volume of water discharged ⁽⁴⁾			9,923	10,828	10,607		
Energy							
Total energy consumption (billions of BTU)	8,336	8,257	8,174	8,353	8,537		
Energy use / mton of production (millions of BTU / mton)	8.9	8.8	8.6	8.39	8.39	8.4	●

- Progress vs. goal
- Programs are being strengthened and new projects are being identified
- Redesign of programs and actions

(1) GHG emissions in 2014 were 16.4% lower than in 2013, due primarily to the supply of electrical energy produced in combined-cycle power plants and wind farms.

(2) Includes post-consumer water.

(3) Total KCM operations in m³ / mton.

(4) According to DBO, SST, NOM-001 SEMARNAT-1996 regulations and state and municipal laws.

(5) Percentage of post-consumer water captured vs. total water used in tissue operations.





About us

KCM has been operating without interruption since 1959. In 2014, we celebrated our 52nd anniversary of listing on the Mexican Stock Exchange and we have been included in the Mexican Stock Exchange's Sustainability Index since 2011.

At Kimberly-Clark de México S.A.B. de C.V. (KCM), we make, distribute and sell basic consumer products that meet personal care and hygiene needs for all segments and ages of the population, inside and outside the home. These include disposable diapers, feeding products, infant learning and transport, training pants, feminine napkins, panty liners and tampons, incontinence products, wet wipes, shampoo and lotions for babies and children, hair dyes, dry and moist toilet paper, hand towels, paper towels, facial tissue and health care and institutional products used in public places, businesses, stores, hotels and hospitals. (GRI 2.1)



Kimberly-Clark de México

Relationship with Kimberly-Clark Corporation

Kimberly-Clark Corporation (KCC) owns 47.9% of KCM, and supplies technical services that are key for executing innovation initiatives in our products and processes, and for developing cutting-edge technology. It is also through our partnership with KCC that we share world-class information regarding operating, commercial and sustainability practices. This strategic partnership promotes the competitiveness of both companies and generates added value that translates into economic, environmental and social results.

Click on the following link for more about our history: <http://kimberly-clark.com.mx/en/about-kcm/history>

Our brands and business lines (GRI 2.2, 2.8)

With brands that are well known around the world, we are market leaders in virtually every one of our categories. We are committed to a commercial strategy that enables us to reach all segments of the Mexican population through various sales and distribution channels. Through our KC-Professional business, we reach companies, hospitals, hotels, retail stores and public places in general, with specific hygiene and personal care solutions.

Our Health Care business provides medical supplies and devices to public and private hospitals.

Through our focus on New Avenues for Growth, we are continually analyzing possible acquisitions and joint ventures that can open up new product categories, as part of our ongoing determination to help improve people's quality of life and support our own sustainable growth.



Babies and Infants

Hygiene and personal care products, such as disposable diapers, training pants, shampoo, body lotion and wet wipes, as well as feeding products and transport.

Diapers



Training pants



Shampoo and soap



Feeding products and transport



Wet wipes



Household Products

Household hygiene and personal care products such as toilet paper, table napkins, kitchen towels, cleaning and disinfectant towels, aluminum foil and food stretch wrap.

Toilet paper



Table napkins



Kitchen towels



Aluminum foil



Food wrap



Women

Feminine care products (feminine pads, panty liners and tampons).

Feminine pads



Panty liners and tampons



Intimate shampoo



Perfume, cream



Personal care

Products for light and advanced adult incontinence and for personal care.

Underwear (adult)



Facial



Soap



Professional

Products for away from home use in public places, institutions, businesses and companies, such as hand towels, toilet paper, industrial wipers, antibacterial soaps, air fresheners, and electronic and manual dispensers.



Health Care

Medical supplies and devices to public and private hospitals.



Foreign trade

In 2014, we exported merchandise totaling Ps.1.84 billion to the United States, Asia, Central and South America (GRI 2.2 y 2.3) including the operations of our subsidiary Evenflo Feeding Inc. in the United States.

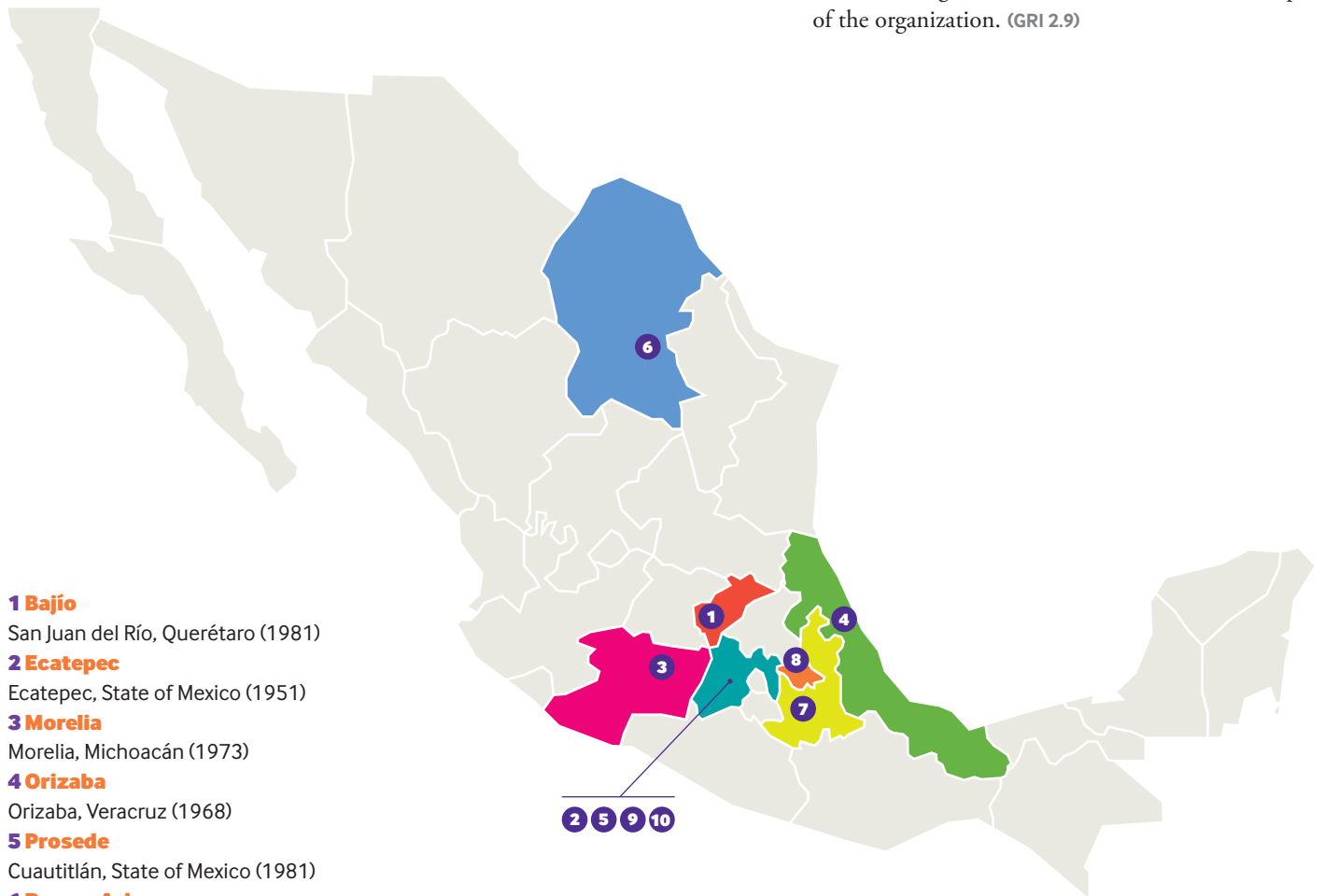
Operating structure

We have ten production plants located in the states of Mexico, Querétaro, Puebla, Tlaxcala, Michoacán, Veracruz and Coahuila, and six distribution centers, located strategically in the Mexico City metropolitan area, and the North, Pacific and Southeast regions of the country.

The company's headquarters are located at Jaime Balmes N° 8, 9th floor, in Los Morales, Polanco, Miguel Hidalgo, in Mexico City. As of December 31, 2014 we had a total of 7,859 employees. (GRI 2.3,2.4,2.5,2.7,2.8)

During the reporting period there have been no significant changes in the size, structure or ownership of the organization. (GRI 2.9)

Plantas



1 Bajío

San Juan del Río, Querétaro (1981)

2 Ecatepec

Ecatepec, State of Mexico (1951)

3 Morelia

Morelia, Michoacán (1973)

4 Orizaba

Orizaba, Veracruz (1968)

5 Prosepe

Cuautitlán, State of Mexico (1981)

6 Ramos Arizpe

Ramos Arizpe, Coahuila (1993)

7 Texmelucan

San Martin Texmelucan, Puebla (1973)

8 Tlaxcala

Tlaxco, Tlaxcala (1995)

9 Toluca

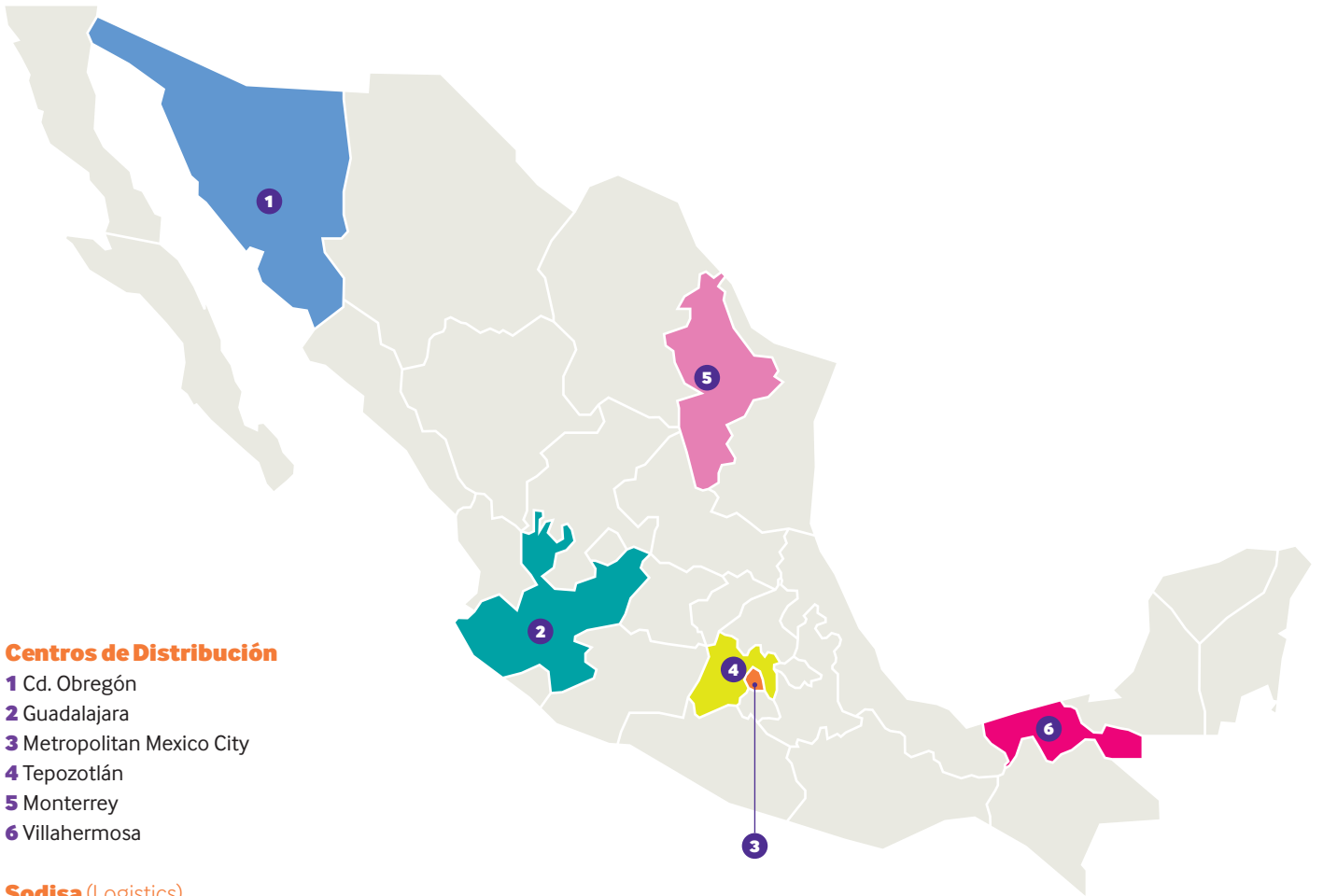
Parque Vesta, Toluca, State of Mexico (2011)

10 Evenflo

Cuautitlán, State of Mexico (2012)



Distribution centers / Sodisa / Headquarters



Centros de Distribución

- 1 Cd. Obregón
- 2 Guadalajara
- 3 Metropolitan Mexico City
- 4 Tepozotlán
- 5 Monterrey
- 6 Villahermosa

Sodisa (Logistics)

Tlanepantla,
State of Mexico (1981)

Headquarters

Los Morales, Polanco, Mexico City





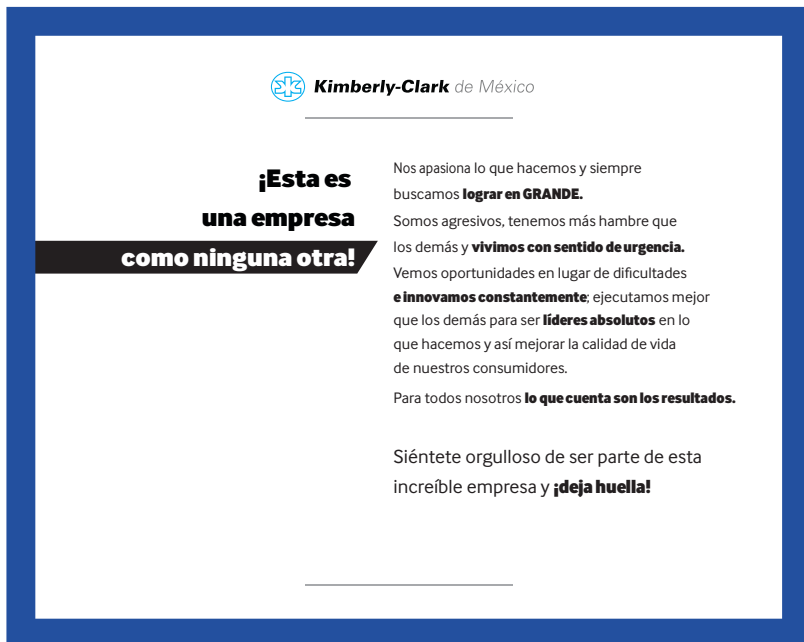
Sustainability Strategy

*With Innovation,
Leadership and
Vision we move
forward with our
sustainability strategy.*

Our Mission, Vision and Values (GRI 4.8)

Our **Mission** is to substantially improve people's quality of life by making, distributing and selling indispensable hygiene and personal and family care products that are used inside and outside the home.

Through dialogue with our stakeholders, we seek to promote better hygiene and personal care habits through the use of our products, which translate into greater health and welfare for all.



Our **Vision** is to achieve sustainable results and meet our long-term goals according to the three pillars of our sustainability strategy: Economic, Social, and Occupational and Environmental Safety.

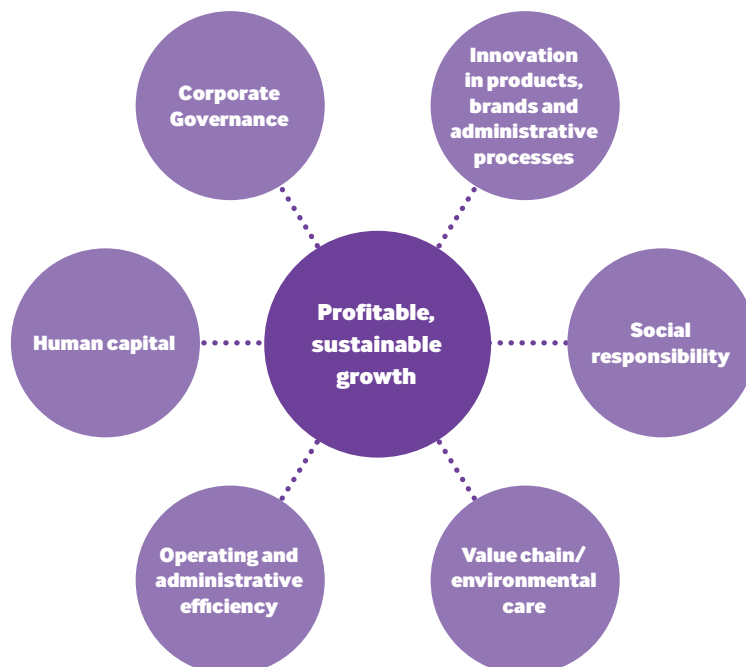
The company's organizational culture is built upon the following **Values**:

- **Leadership:** *Of our employees, our brands, and the company as a whole, in achieving sustainable growth.*
- **Innovation:** *Focusing our work on what adds value in order to stand out. Constantly seeking ways to be more efficient in everything we do. Products that provide value to our consumers, to meet their hygiene and personal care needs.*
- **Achievement:** *Achieving results and meeting our goals is all that counts. Results positively impact our stakeholders.*
- **Passion:** *Doing all that's necessary and more to meet our goals efficiently, boldly and with a sense of urgency. We feel proud to belong to KCM and to make a lasting mark on our world.*

Within the scope of these values, we promote a spirit of authenticity through our legacy of honesty, integrity and doing the right thing. All of Kimberly Clark's employees make this company, and we share a responsibility for the results of the business, its sustainable development and its future. We also respect and care for the communities where we live and work.

Our business model

Our business model focuses on achieving profitable, sustainable growth through constant value generation in all fundamental aspects of the company's operation and management.





Sustainability Strategy: Reporting and feedback (GRI 4.1)



In the structure of our Sustainability Report, we try to incorporate the most material aspects for our main stakeholders, which are our shareholders, employees, clients, consumers, suppliers, non-governmental organizations and authorities. (GRI 3.5)

The design, implementation and updating of our sustainability strategy is led by the Executive Sustainability Committee, which is a multi-functional body whose strategy covers essentially all of the company's operations and activities and which thus requires the active participation of all the employees.

That is why KCM's Executive Sustainability Committee is made up of directors from the Operations, Social Responsibility, Institutional Communications, Innovation, Sustainability, Legal, Human Resources, Finance and Internal Audit areas. The Committee is responsible for designing and submitting sustainability policies, vision and goals to the company's Chief Executive Officer for approval, so they can be embodied in guidelines that are the basis for specific action plans.

- KCM Employees**
- Operations
 - Social Responsibility/Institutional Communications
 - Finance/Investor Relations
 - Internal Audit
 - Legal
 - Human Resources
 - Sustainability and Regulatory Systems
 - Innovation and Technological Development

The Committee is also responsible for reviewing and enriching the strategy to adapt it to the changing needs and relevant input by our stakeholders.

The Committee also reports on progress and trends in the area of sustainability to the Board's Audit and Corporate Practices Committee, which in turn informs the Board of Directors as part of its activities report.

The Chief Executive Officer in turn reports to the Board of Directors on the actions being taken to minimize risks in the company's sustainable operations, as well as possible impacts and opportunities to face future challenges.



The various aspects of our economic performance have direct and indirect impacts on our stakeholders and on the economic development of all Mexicans, and the social benefits extend to an increasing number of people.

Pillars of our strategy (GRI 4.8)

KCM's Sustainability Strategy rests on three fundamental pillars:

Economic. The results of the company's economic and financial performance support its sustainable growth and the company's contribution to programs that make up the social, workplace and environmental safety components of our strategy.

We are convinced that in order to achieve economic results consistent with our Vision, we need to continually reinforce our commitment to our consumers, our products and our brands.

In 2014, the company invested Ps.1.64 billion in capital expenditures to support our innovation plans, information systems, environmental care, occupational health and safety, logistics and capacity expansion.

Social and Occupational Safety. The key objective of this pillar is to generate more value for society through the company's operations, and to

ensure the welfare of our employees in terms of occupational health and safety.

This is why we are constantly strengthening our commitment to our human capital, to our consumers, to the communities where we operate and, in general, to the more than 200 institutions that we support with product donations each year.

Occupational health and safety, training and the professional development of our main asset, our employees, are the strategic priorities of this pillar.

Furthermore, the solidity and transparency of our corporate governance and our people's commitment to the KCM Code of Conduct are fundamental aspects of our business ethic.

This strategic pillar also prioritizes the pursuit of better channels for communication and dialogue with our consumers, in order to constantly increase our ability to meet their hygiene, health and personal care needs.



Environmental. The key objective of this pillar is to be sure we comply with all the current environmental laws, and can identify and seize opportunities to increase our energy efficiency, reduce atmospheric emissions, monetize our solid waste, reduce water consumption and deploy efficient wastewater treatment systems that protect receiving waters and the biodiversity they contain.

Our environmental strategy focuses on the 5 “Rs” (Results, Reuse, Reduce, Recycle and Renew) through all parts of our value chain, including suppliers, production processes, administrative offices, logistics, support and client areas. To this end we seek excellence in the design and execution of our Environmental Management System, which is aligned with the global guidelines of Kimberly-Clark Corporation and the ISO 14001 standard.

KCM’s environmental performance is governed by our General Environmental Policy, which establishes that environmental care is the cornerstone of all our operations and businesses, and an integral part of the responsibilities and performance of every job in the organization.

Every year, our expenditure budget and capex program include investment in environmental projects to ensure compliance with changes in the laws and regulations that apply to our operations, and promote specific sustainability projects in areas such as waste management, water and discharge management, GGE reduction and energy efficiency.

We have a sustainable innovation plan called “Less is More” that promotes a continuous improvement in the environmental impact of our products’ lifecycle, and which in 2014 resulted in Ps.160.2 million in cost savings through a redesign of products, preserving or improving their quality while using less raw materials, energy and packaging.

The simultaneous integration of the three pillars of our sustainability strategy into the company’s day-to-day operations embodies our commitment to stakeholders and to the social and economic development of Mexico.

In the various sections of this report we will describe the main results of each of the programs related to the pillars of our sustainability strategy. Our progress against the goals contained in our 2015 Vision can be seen in the section entitled “Summary of Performance Indicators.” (GRI 3.5 y 3.6)

To sum up, the key points of our sustainability strategy are the following:

- *Generation of economic results that translate into profitable, sustainable growth.*
- *Having a solid model of Corporate Governance and business ethics.*
- *Responsibility for environmental care throughout our value chain.*
- *Development of our Human Capital.*
- *Disruptive innovation in our products and in everything we do that benefits our consumers, under the “less is more” principle—less materials used, more quality, more functional products and services, and products that are more accessible to the consumer.*
- *Social responsibility toward the communities where we operate. Support in the form of product donations to charitable institutions and needy families in areas affected by natural disasters.*
- *Commitment to our stakeholders.*



Analysis of impacts, risks and opportunities (GRI 1.2 y 4.11)

Understanding risks and potential impacts at all levels of the organization and its Corporate Governance structure enables us to detect opportunities for generating competitive advantages and responding more effectively to the goals and challenges voiced by our stakeholders.

Our analysis and evaluation of economic, environmental and social risks and impacts is reviewed and updated every year. In this process we prioritize and strategically tackle the risks depending on their scale and likelihood of occurrence.

The risks that are under our control are assigned specific actions to minimize their probability of occurrence and/or negative impact on the business. This analysis also permits us to detect opportunities

for continuing to work along the three pillars of our sustainability strategy, so identifying risks, potential impacts and opportunities has a substantial impact on annual expenditures budgets, capital plans and company cost reduction plans.

For those risks that are not under our direct control, for example the possibility of a domestic or global economic crisis, sluggish economic growth, natural disasters, inflation in dollar-denominated inputs, crime and regulatory changes, among others, we design specific strategies to mitigate their potential impact.

From our perspective, understanding risks and potential impacts at all levels of the organization and its Corporate Governance structure enables us to detect opportunities that, regardless of whether or not these risk events materialize, help us to focus on being more competitive and responding more effectively to the goals and challenges voiced by our stakeholders.





Risks	Real or potential impact	Opportunities
Environmental		
Water	<ul style="list-style-type: none"> Lack of availability. Poor water quality supplied to operations. Regulatory changes. Impact on biodiversity. 	<ul style="list-style-type: none"> Invest in treatment plants for supply and waste water Use of post-consumer water instead of fresh water. Closed water cycles (4.5x recirculation). Best practices for obtaining discharge quality certification (quality beyond regulatory minimum). Investment in advanced technology
Solid waste	<ul style="list-style-type: none"> Environmental impact. Excessive use of sanitary landfills. Changes in applicable laws and regulations. 	<ul style="list-style-type: none"> Development of solid waste and special waste handling systems. Co-processing of fiber sludge instead of sending it to sanitary landfills. Monetization of waste for recycling and co-processing, according to the Zero Landfill objective. Increase in operating productivity/waste reduction. Sustainable innovation: "Less is More" program. Lifecycle analysis.
Energy	<ul style="list-style-type: none"> Increase in prices and availability. Industry competitiveness GGE emissions. 	<ul style="list-style-type: none"> Energy management systems. Identification and execution of projects and investments to improve energy efficiency. Supply contracts with private companies that produce energy with low GGE emissions. Use of clean energies. Cogeneration of thermal and electric power. Increase in operating productivity.
Biodiversity and climate change	<ul style="list-style-type: none"> Impact on protected forests and areas. Impact on biodiversity from wastewater discharge. Impact on our facilities from climate change. Compliance with laws and regulations. Regulatory changes. 	<ul style="list-style-type: none"> Use of 100% virgin pulp fiber from certified forests. Use of recycled fibers from post-consumer paper (60%). Report to CDP Forests and benchmark. Wastewater discharges in keeping with legislation and above quality standards. Risk prevention and property safety manual. Training in evacuation and damage control procedures. Commitment to national strategy for climate change. Investment in insurance to protect the company's property: 2013: Ps.55 million, 2014: Ps.65 million (GRI EC2). Identification of adaptation and mitigation actions. Capital expenditures to ensure regulatory compliance in emission quality. Report on GGE emissions from fixed and mobile sources in the annual Operating Certificate. Registry of GGE emission mitigation-reduction projects. Transition to use of cleaner energies / cogeneration.



Risks	Real or potential impact	Opportunities
Social		
Occupational health and safety / Loss prevention	<ul style="list-style-type: none"> • Possibility of serious/incapacitating accidents or fatalities. • Absenteeism/loss of productivity due to illness. • Natural phenomena associated with climate change that affect our operations. • Safety of our drivers. 	<ul style="list-style-type: none"> • Ongoing improvement of the SAES system. • Preventive health programs for personnel and their families. • Preparation and execution of preventive training plans with high industry standards. • Training in evacuation and damage control procedures. • Program of regular drills. • Appropriate personal safety equipment. • Training of instructors / fire brigades. • Systems for handling chemicals and hazardous waste. • Training drivers of our transportation and distribution fleet. • Prevention of truck theft / radiolocation systems. • Training in appropriate handling of risk situations. • Investment in insurance to protect the company's property: 2013: Ps.55.3 million, 2014: Ps.65 million.
Relationship with communities and unions	<ul style="list-style-type: none"> • Lack of acceptance by community. • Possibility of strikes. 	<ul style="list-style-type: none"> • Broad communication of company's mission, vision and values. • Support for local social initiatives. • Dialogue with community representatives. • Strengthening of labor relationships with unions / Incentives for productivity and occupational safety. • Mixed Health and Safety Commission. • Cultural and family events. • Benefits in excess of what is required by Federal Labor Law.
Labor market competitiveness	<ul style="list-style-type: none"> • Retention of key employees and employees with high growth potential in the company. 	<ul style="list-style-type: none"> • Career development plans. • Competitive compensation system. • Encourage employees to commit to KCM's mission, vision and values. • Financial results - level of profit-sharing. • Programs to reduce turnover and absenteeism. • Actions to encourage work-family balance.
Social responsibility	<ul style="list-style-type: none"> • Meet our stakeholders' expectations. • Respect for Human Rights. • Operating and Financial Transparency. 	<ul style="list-style-type: none"> • Creation of mechanisms for dialogue. • Product donations to charitable institutions and needy families. • Structure of Annual Sustainability Report. • Actions to support stakeholders. • Solid corporate governance. • Training personnel in Code of Conduct. Orientation and ongoing follow-up. • Supplier code of ethics. • Comprehensive audits of supply chain: quality, service, internal control systems, transparency and respect for human rights. • Whistleblower mechanisms and exhaustive investigation of each case / Report to Board of Directors' Audit and Corporate Practices Committee.

Risks	Real or potential impact	Opportunities
Economic		
Economic imbalances in Mexico	<ul style="list-style-type: none"> Economic crisis or sluggishness of domestic market and economy. Increase in inflation and exchange-rate volatility. Higher financial costs. Narrower profit margins. 	<ul style="list-style-type: none"> Technological innovation to generate added value in our products. Investment in prices to generate scale and protect market share. Strategic promotion of the use of our brands in public places, out of home. Generate added value in our products that can be reflected in price increases to offset impacts, maintaining competitiveness. Operating efficiency and cost cutting programs. Use of financial derivatives to hedge risks. Increase in use of local recyclable fiber.
Global economy, particularly trends in U.S. economy	<ul style="list-style-type: none"> Complex global economic situation affects both domestic market and exports. Exchange rate volatility. 	<ul style="list-style-type: none"> Invest efficiently and be prepared for periods of more rapid growth. Strengthen competitive advantages in innovation and costs. Export growth projects. Import substitution programs. Vertical integration and development of domestic suppliers.
Energy, water, solid waste and atmospheric emissions	<ul style="list-style-type: none"> Increase in cost and lower availability of energy and water. Increase in cost of appropriately handling solid wastes and complying with atmospheric emission regulations. Stricter environmental regulations. 	<ul style="list-style-type: none"> Private electrical energy supply contracts. Use of clean energies. Efficient fuel consumption. Projects to improve energy efficiency. Used of post-consumer water and closed water systems. Investment in wastewater treatment - quality of discharges. Obtain water quality certifications. Full compliance with all obligations related to existing water use and exploitation concessions. Monetization of solid waste through recycling and co-processing. Increase in operating productivity and efficiency. Efficient investment and spending in environmental control and performance.
Competitiveness and brand strength	<ul style="list-style-type: none"> More intense competition can affect financial results. Global brands with specific quality problems in one country can affect local brand reputation. 	<ul style="list-style-type: none"> Leadership in innovation and generation of value for consumers. Competitive advantages in product and cost performance. Ongoing improvement strategies for KCM's reputation and brand strengthening. Proper handling of social media and dialogue with stakeholders. Digital strategies for engagement with stakeholders. Excellence in managing quality, service and attention of clients and consumers.
Transportation and distribution network	<ul style="list-style-type: none"> Increase in diesel fuel prices. Increase in maintenance cost for KCM fleet. Loss of product due to road crime/safety issues. 	<ul style="list-style-type: none"> Efficient and controlled logistical planning. Minimize empty trips to reduce consumption of diesel and shipping costs. Efficient purchase and handling of spare parts inventory; preventive maintenance program. Fleet optimization strategies with clients and outside carriers. Timely and efficient investment in advanced-technology transportation equipment. Continuing program of packaging and stacking optimization. Strategies and improvement of fill rate and client service. Prevention of truck theft/radiolocation systems. Drivers trained in properly handling risk situations. Ongoing contact with authorities for prevention and surveillance actions.
Supply chain	<ul style="list-style-type: none"> Sudden interruption of supply due to market variables beyond our control. Higher raw materials costs. Inconsistent materials quality. Product safety and hygiene. 	<ul style="list-style-type: none"> Development of two or more vendors with sufficient capacity to supply each raw material. Efficient handling of inventories in raw materials with greater market risks. Developing fair and above-board relationships in the supply chain. Projects to improve client-supplier operating efficiency. Sustainable innovation projects ("Less is More"). Cost- and expense-cutting projects. Quality assurance systems for raw materials. Medical approval of materials, world class manufacturing practices and HACCP system. Regulatory compliance in the supply chain.





Corporate Governance

For KCM, maintaining a solid, transparent Corporate Governance consistent with the principles of ethical business, the company's bylaws and the Code of Best Corporate Practices, is a permanent focus of concern.



Accordingly, the company issues documents to provide clear, precise information about its financial situation and sustainability practices. Among the various informative documents it issues for the National Banking and Securities Commission (CNBV), the Mexican Stock Exchange (BMV), the investing public and other stakeholders, are the following:

- Annual financial statements.
- Written communiqués from the secretary of the Board of Directors describing the status of books of minutes for shareholders' meetings, meetings of the Board of Directors, stock registry books, and for variable-capital corporations, the record of increases and reductions in capital stock.
- The document referred to in article 84 and article 84 bis of the General Provisions, signed by the Independent Auditor.
- Annual report for each fiscal year.
- Information on the total number of shares that make up the company's capital stock.
- Information on the degree of compliance with the Code of Best Corporate Practices.
- Comparative Quarterly Reports.
- Quarterly conference calls.
- Annual Sustainability Report.
- Legal Information: Notice of shareholders' meetings, summary of agreements adopted in the shareholders' meetings, minutes of shareholders' meetings, accompanied by the attendance list signed by the selected examiners, indicated number of shares corresponding to each shareholder and, for proxy votes, the total number of shares represented.
- Notice of dividend payments.
- Notice of share issuance or exchange.
- Notice to shareholders or investing public.
- Repurchase of the company's own shares.
- Material events, as established by the Securities Market Law and the General Provisions.
- Press releases regarding material events.

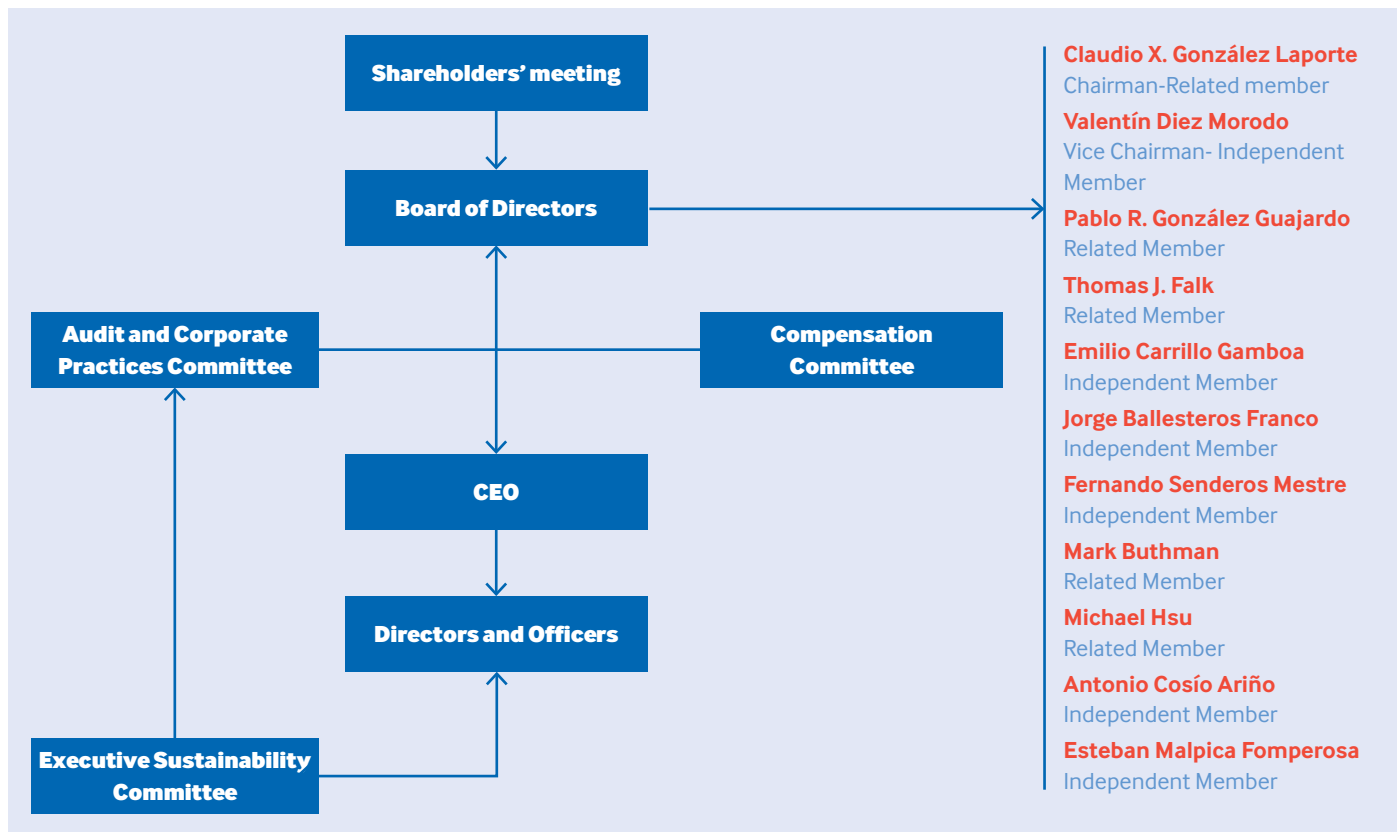
Kimberly-Clark de Mexico, S.A.B. de C.V. is listed on the BMV under the ticker symbol Kimber, and is governed by the Securities Market Law and the General Mercantile Corporations Law. The company has two series of outstanding shares: Series A (exclusively for investors considered Mexican) and Series B (unrestricted subscription).

The Company has a program of Certificates of Ordinary Participation (CPOs), each of them representing one Series A share, as well as a program of American Depositary Receipts (ADRs), each of them representing five CPO's, listed on the over-the-counter (OTC) market in the United States.

Foreign investors who wish to acquire a stake in KCM's capital, can only acquire Series B shares or CPO's. KCC owns 47.92% of the shares of KCM, and the rest is distributed among the greater investing public. (GRI 2.6)

KCM has been listed on the Mexican Stock Exchange (BMV) for more than 52 years, and we have been included in the IPC Sustainable Index created by that stock exchange since its inception in 2011.

The listing of KCM's shares has never been suspended by the market authorities.



Shareholders' meetings

The highest governance entity of KCM.

The annual ordinary and extraordinary shareholders' meetings of Kimberly-Clark de Mexico, S.A.B. de C.V. were held on February 27, 2014, with 95.56% of the outstanding shares represented. Shareholders voted to approve the following resolutions:

- Acceptance of the report presented to the meeting by the Chief Executive Officer and the respective opinion of the Board of Directors.
- The independent auditor's report for the fiscal year ended December 31, 2013.
- The individual and consolidated financial statements of the company as of December 31, 2013, and the report by the Board of Directors regarding the accounting policies and criteria used in preparing the financial information.
- The report on compliance with the company's fiscal obligations, as well as the report of activities by the Audit and Corporate Practices Committee.
- The payment of a dividend of Ps.1.40 for each of the shares subscribed and paid in.
- Payment of a compensation of Ps.65,000 (Sixty five thousand Mexican pesos) to members of the Board of Directors, both Regular and Alternate, for each meeting of the Board of Directors that they attend.
- The allocation of up to Ps.1.30 billion for the acquisition of the company's own shares in fiscal year 2014.
- The cancellation of 12,544,597 ordinary registered shares with no par value, class I, acquired through the stock repurchase program.



- The amendment of paragraph one of the company's bylaws to reflect the corresponding reduction in the fixed portion of its capital stock.

<http://kimberly-clark.com.mx/en/finance>

The reports prepared by the Chief Executive Officer and Chairman of the Board for shareholders describe the salient aspects of the company's operations during each fiscal year, including social responsibility and sustainability issues.

The highest organ of governance—the shareholders' meeting—is informed of the availability of the Company's annual sustainability reports or other material aspects relating to it, so that they can oversee the company's identification and management of its economic, environmental and social performance, the related risks, and the code of conduct and its principles. (GRI 4.9)

Equitable treatment of shareholders

The Board of Directors has a fiduciary responsibility to protect the interests of shareholders as stipulated in the company's bylaws, the applicable legislation and the Code of Best Corporate Practices.

Each of our series A and B shares entitles the holder to one vote in ordinary and/or extraordinary meetings, and have the characteristics stipulated by the General Mercantile Corporations Law and the Securities Market Law.

Shares representing the minimum fixed portion and variable portion of our capital stock are divided into the following series: Series A, made up of shares that must represent at least 52% of the total capital and may only be acquired and subscribed by investors considered Mexican under the terms of the applicable laws and regulations; and Series B, made up of shares that may not at any time exceed 48% of the capital stock, and which may be acquired and subscribed by any company or entity that is defined as a foreign investor under existing laws and regulations.

All the shares representing the company's capital stock confer equal rights and obligations upon their holders within their respective class and series.

On November 24, 1989, NAFIN created a trust for the issuance of ordinary participation certificates (including CPO's), in which KCM placed Series A shares representing approximately 30% of its capital stock. NAFIN created the trust in order to permit foreign investors to acquire ordinary participation certificates representing an economic interest in shares issued by various Mexican companies, whose bylaws limit foreign participation in their equity (like KCM).

Each CPO represents one (1) Series A share, but CPO holders do not have the right to vote that would normally correspond to the Series A shares placed in the trust. Under the terms of the trust, NAFIN, as trustee, votes the Series A shares placed in trust in the same direction as the majority of the remaining Series A shareholders.

Foreign investors who wish to acquire a stake in KCM's equity may only acquire Series B shares or CPOs. CPO holders have the right to receive the economic benefits corresponding to the Series A shares underlying the certificates. NAFIN, as trustee, distributes the dividends paid to Series A shares through Indeval.

Since each one of the ADRs issued under the KCM program and listed on the U.S. OTC market represents five (5) CPOs, the ADRs do not give their holders voting rights with respect to KCM Series A shares. ADR holders have the right to receive the economic benefits corresponding to the Series A shares underlying the CPOs in question.





KCM recognizes the existence of stakeholders that do not own equity in the company but who have a legitimate interest in its stability and performance, and thus provides public information and channels of communication and dialogue for hearing their complaints or suggestions.

Board members appointment process

New members of the Board of Directors are appointed by shareholders in the ordinary annual meeting. In the meeting held on February 27, 2014, shareholders voted to accept the resignation of board member Robert Abernathy, and to nominate Michael Hsu, currently Group President for KC North America at Kimberly-Clark Corporation, to take Mr. Abernathy's place as a regular Board Member of the company.

In the same meeting, shareholders ratified Emilio Carrillo Gamboa as Chairman of the Audit and Corporate Practices Committee, and confirmed the positions of the remaining regular and alternate board members.

Independent Board Members

Fifty percent of KCM's regular board members are independent (outside) members, and each of these board members has an alternate who is also an independent member.

In the above-mentioned annual shareholders' meeting, shareholders voted to ratify the independent status of each Board Member qualified as such.

The definition of independence and procedure for appointing Board Members is stipulated in KCM's bylaws, which can be viewed at:

<http://kimberly-clark.com.mx/data/global/reportes/Escritura%2070,309%2024%20de%20marzo%20de%202014.pdf> (GRI 4.6)

In keeping with the company's bylaws and article 26 of the Securities Market Law, independent board members are selected on the basis of their experience, capacity and professional prestige, and also are expected to perform their functions free of conflict of interest and without regard to their personal, equity or economic interests. Furthermore, minority shareholders that hold at least 8.5% of the capital stock have the right to appoint one regular member and that member's alternate on the Board of Directors. (GRI 4.3, 4.7)

Board of Directors (GRI 4.1)

This is the entity responsible for administering and directing the company, ensuring that it adheres to its mission and vision, and protecting the interest and equity of its shareholders. To do so, it establishes general strategies to guide the company's businesses and oversees the management and direction of the company in an effort to create value for society at large.

The board is made up of twelve regular members, six of them independent, in accordance with Mexican legislation and the Code of Best Corporate Practices. An alternate is appointed for each regular member, and members may be reelected in the annual shareholders' meeting. The Board of Directors has a Secretary, who is independent of the company and participates in meetings with the right to speak but not to vote.

Updated profiles on each of KCM's board members as of December 31, 2014, can be found at:

<http://kimberly-clark.com.mx/en/about-kcm/board-members-profiles>

The experience, capacity and professional prestige of KCM's board members attests to the solidity and transparency of its corporate governance and the creation of value that benefits both the company and its stakeholders.

In general, the Board of Directors has all the authority necessary to carry out the administration of the company and to take any legal or material actions directly or indirectly related to its corporate purpose.

Through the various matters that are reported to it by the Chief Executive Officer and the support Committees, the Board of Directors evaluates the company's sustainable development and the risks and potential impact on the company's proper performance, according to its economic, social, occupational safety and environmental performance priorities, as well as strategies to anticipate or eliminate these risks and impact. (GRI 4.9)

Meetings of the Board of Directors

In 2014, recognizing the importance of maintaining solid Corporate Governance, the Board of Directors met seven times, which is three times more than is required under the Securities Market Law and the Code of Best Corporate Practices. Average attendance by Board Members was 97.61%. On June 23, 2014, KCM sent its responses to the questionnaire regarding the degree of compliance with the Code of Best Corporate Practices to the Mexican Stock Exchange, as required.

Among the issues dealt with in the Board Meetings were reports by the Chief Executive Officer, the company's financial statements, its commercial strategy and business challenges, analysis of risks and opportunities, accounting criteria, capital expenditure and stock repurchase programs, debt management, guidelines on internal control and internal audits, new avenues for growth, review of the annual sustainability report, and material comments on this regard and, in general, reports by the Audit and Corporate Practices Committee and the Compensation Committee, both of which are intermediate bodies of the Board of Directors, and by the independent auditor.

Composition of the Board of Directors as of December 31, 2014

Name	Position	Date appointed	Age
Claudio X. González Laporte	Chairman Related regular member	13 December 1961	80 years
Valentín Díez Morodo	Vice Chairman Independent regular member	21 April 1983	74 years
Pablo R. González Guajardo	Related regular member	25 February 2010	47 years
Thomas J. Falk	Related regular member	28 February 1992	56 years
Emilio Carrillo Gamboa	Independent member	26 February 1981, ratified without interruption for each year since then, except for 1988 when he was serving as Mexico's ambassador to Canada.	77 years
Jorge Ballesteros Franco	Independent member	28 February 1997	68 years
Mark Buthman	Related regular member	28 February 2003	54 years
Antonio Cosío Ariño	Independent regular member	25 February 1987	78 years
Michael Hsu	Related regular member	27 February 2014	50 years
Esteban Malpica Fomperosa	Independent member	20 March 1996	65 years
Christian A. Brickman (*)	Related regular member	27 February 2013	50 years
Fernando Senderos Mestre	Independent regular member	23 February 1994	64 years

(GRI 4.1, 4.2)

(*) Resigned from the Board in 2014. On February 26, 2015, shareholders approved the appointment of Ms. Elane Stock to succeed Mr. Brickman. Ms. Stock is currently Group President of KC North America at Kimberly-Clark Corporation.

Audit and Corporate Practices Committee

Through the Chief Executive Officer and the Audit and Corporate Practices Committee, the Board of Directors is informed of material issues regarding the company's sustainability strategy.

This is a support committee for the Board of Directors, responsible for oversight, internal control, audit, accounting policies and criteria and, in general, ensuring that the company operates in a transparent manner.

The main duties and responsibilities of the Committee have to do with approval, follow-up, review and oversight in the areas of: financial statements, code of conduct, internal and external audits, execution of the agreements passed in Shareholders' Meetings and Board Meetings, internal control systems, risk management, legal and regulatory aspects, sustainability issues and other Corporate Practices matters.

The internal auditor, who also sits on the Executive Sustainability Committee, informs the Audit and Corporate Practices Committee twice a year on material issues with regard to its strategy, objectives, global trends and evaluations conducted in the areas of social responsibility and environmental performance, which are discussed by the Board at the appropriate time.

The Audit and Corporate Practices Committee is made up of three independent regular members and one independent alternate. The Chairman can only be appointed and/or removed by the Shareholders' Meeting.

This Committee met four times in 2014, and the meetings were attended by internal and external auditors. It also requested reports from key executives regarding preparation of the financial information as it deemed necessary for the performance of its duties.

In accordance with the Securities Market Law, the Committee receives and, when necessary, investigates observations from the company's stakeholders—shareholders, board members, directors, employees and, in general, any other party—regarding a possible breach of the Company's operating guidelines and policies, internal control systems, internal audit and accounting records. (GRI 4.4, 4.16)

In 2014, the Audit and Corporate Practices Committee did not record any breach of the above-mentioned rules and policies.

The current members of the Committee are: Emilio Carrillo Gamboa (Chairman), Fernando Ruiz Sahagún, Antonio Cosío Ariño and Esteban Malpica Fomperosa. (GRI 4.1)

Compensation Committee

The Compensation Committee reviews and oversees the individual performance of company officers and executives, and establishes the compensation policies, taking into account, among other factors, the competitiveness of this compensation in the labor market and the extent to which the executives have met company goals.

This committee supports the Board of Directors in handling issues relating to human capital.

The current Committee members, who are appointed by the Board of Directors, are: Valentín Díez Morodo (Chairman and Independent Member), Thomas J. Falk (Related regular member) and Fernando Senderos Mestre (Independent member). (GRI 4.1)





The committee meets at least once a year and the Committee Chairman reports to the Board of Directors on its activities or recommends matters for Board approval.

Company officers or special guests may be invited to meetings of the Board of Directors and its support Committees, to make presentations on specific matters of concern, for analysis and decision-making.

In the Committee meeting held in January 2014, members reviewed the organizational chart of the company's top management, the succession plans for each area and the professional experience of possible candidates, and comments on employees considered to have especially high potential based on their outstanding performance. They also analyzed financial and market data in order to determine the annual raises that would be given to full-time and unionized personnel, a market competitiveness study of compensation for top executives, including the Chief Executive Officer, prepared by an independent consultant, the results of the variable compensation plan for the preceding fiscal year, and the proposal for this plan in 2014.

The targets and results of the sustainability strategy in the economic, social and occupational safety and environmental performance pillars, determine individual goals and incentives for senior officers and managers. (GRI 4.5)

Participation in associations (GRI 4.12)

Kimberly-Clark México, S.A.B. de C.V., is an active member of the National Chamber of Pulp and Paper Industries (CNCIP), the Mexican Employers' Confederation (COPARMEX), the Communications Council, the Business Coordinating Council (CCE) and, within this Council, the Commission on Private Sector Studies for Sustainable Development (CESPEDES).

Our partner Kimberly-Clark Corporation is a member of the Corporate Eco Forum, a community of global leaders focused on promoting business sustainability, the Forest Stewardship Council (FSC), a nonprofit organization that protects forests for future generations, and the World Business Council for Sustainable Development (WBSD), an organization led by CEOs that encourages the global business community to create a sustainable future for business, society and the environment.

As part of its commitment to best sustainability practices around the world, KCM has access to KCC's activities and programs in these organizations.

In 2014, we were once again included in the Sustainability Committee of the Mexican Stock Exchange, whose purpose is to promote actions to improve sustainable performance standards by the issuers on the Mexican stock market. In this forum, members analyze international sustainability trends and identify challenges and opportunities for Mexican companies in particular. (GRI 4.13)

Management and key executives

Our management team is made up of professionals committed to KCM and its values of Leadership, Innovation, Passion and Achievement. Most of them have extensive experience within the company. For more about these individuals, visit¹:

<http://www.kimberly-clark.com.mx/en/about-kcm/senior-management-team>

Code of Conduct (GRI 4.8)

The KCM Code of Conduct establishes the principles by which its employees must abide in all business activities, including their relations with fellow workers, other departments, and any other company stakeholders—clients, suppliers, shareholders, consumers and government authorities.

¹ Management team as of December 31, 2014.

Our focus is that all company personnel understand and apply these principles and have the necessary tools to inform about breaches to the Code and to contribute voluntarily to any given investigation.

Training in the Code of Conduct

The company's Code of Conduct was republished in 2014 to ensure the highest ethical and integrity standards in all spheres of the company's operations.

The new Code of Conduct consists of the following sections:

- Occupational safety
- Workplace respect
- Freedom of association
- Diversity and non-discrimination
- Human rights
- Conduct toward our company
- Conduct toward the work team
- Conduct toward clients, suppliers and consumers
 - anti-corruption policies and ban on giving or receiving bribes
- Confidentiality of consumer and employee information
- Competition
- Public agencies
- Conflicts of interest
- Confidential information
- Gifts, entertainment and other favors
- Breach of accounting practices and internal controls
- Precise record-keeping
- Fraud prevention
- Drugs and alcohol
- Breaches of the Code of Conduct
- Code of Conduct hotline
- Whistleblower protection policy

The new Code was printed and distributed to all company personnel as part of its annual communication program. Additionally, the new Code was introduced during the Innovation Day event at KCM's sustainability stand, highlighting the latest changes.

We have a new Code of Conduct to reinforce the anti-corruption policies, a ban on giving or receiving bribes, on respecting human rights, training, and mechanisms for filing complaints or reports.

We continued our orientation plan for newly hired personnel last year, including training in the correct interpretation of the rules contained in the Code of Conduct and the obligation to comply strictly with policies and guidelines.

Senior executives and managers are also responsible for regularly discussing the effective application of the Code with their personnel, and between areas, particularly those that are more susceptible to the presence of corruption.

Some of the highlights of the new Code of Conduct, which establishes strict rules of conduct in specific circumstances, are the following:

- **Discrimination.** At KCM, we have a discrimination free employment policy, including gender equality, both for hiring of new applicants and promoting existing ones.
- **Human Rights.** The company is committed to respecting and defending human rights and refuses to do business with parties or companies that violate these rights, including child labor, any type of abuse, forced or obligatory labor or discrimination of any kind.





- **Confidentiality.** All employees must sign a Confidentiality Agreement regarding Commercial, Invention and Project Information and Ideas, by which they are obliged to protect trade secrets and confidential information pertaining to the company. Suppliers and clients whose business relationship with KCM requires the exchange of sensitive information must sign confidentiality agreements to protect the trade and technology information of the parties involved.
- **Conflicts of interest.** To avoid conflicts of interest, the Code of Conduct establishes that KCM employees must not accept gifts that may influence their commercial or business decisions, or which may create a commitment. Additionally, every year our employees sign a pledge to comply with policies on Conflicts of Interest, Interaction with Outside Parties and Gifts and Confidential Information, reaffirming their commitment to the ethical principles and regulations of the company in its relationship with clients, suppliers and other outside parties. The goal is to avoid any situation in which the interests of an employee is or may appear to be in conflict with those of the company.
- **Anticorruption policies and ban on giving or receiving bribes.** For the company, transparent operations, both internally and with its stakeholders, are crucial to its ability to identify and control risk. KCM has a process for identifying the risk of corruption in its various commercial, administrative and operating areas, on the basis of which it creates policies and internal control procedures, as well as internal and external audits to mitigate these risks. (GRI SO2)

This includes a strict ban on giving or receiving any type of gratification, in cash or in kind, that

may compromise the professional relationships of employees through goods and services interchanged with third parties. (GRI SO3)
Furthermore, there are specific laws governing companies' relationships with government authorities, agencies, and employees, and Kimberly-Clark de México, S.A.B. de C.V. and its subsidiaries and affiliates, as well as officers and employees acting on its behalf, are strictly prohibited from receiving gratifications or making illegal payments, whether in cash or in kind, directly or indirectly, to government officials or employees.

KCM employees must avoid extending invitations that exceed reasonable, necessary and common limits for maintaining professional and cordial relations. Offering, promising or directly or indirectly supplying any item of value, regardless of the amount, to induce or influence the decision of a public official constitutes a serious violation of the Code.

The new Code of Conduct may be consulted by any employee through the company's intranet site. It is also available for stakeholders outside the company on the corporate webpage at:

<http://kimberly-clark.com.mx/en/about-kcm/code-of-conduct>

To ensure that complaints, suggestions and reports relating to the Code of Conduct are processed appropriately, the company has systems through which our stakeholders can contact us through internal information systems (intranet), the public webpage for anonymous reports on violations of the Code, and external hotlines.

In 2014, the company did not make any financial contribution in cash or in kind to political parties or related institutions. (GRI SO6)

Transactions with related parties and conflicts of interest (GRI 4.6)

In 2014, the company did not carry out any transactions with related parties that are controlled by or control the Company, directly or indirectly, with companies that are under common control with the Company, with parties whose direct or indirect stockholders in the Company could have a significant influence over it, or who are related in some way to these parties. The company also did not carry out any transactions with key administrators, including board members and senior officers of the corporation.

With regard to companies that have a significant influence over the Company, KCM carried out transactions with Kimberly-Clark Corporation (KCC) for the purchase of products and technical services amounting to Ps.1.40 billion in 2003 and Ps.1.40 billion in 2014. In those same fiscal years, KCM obtained revenues from KC in connection with the sale of finished products overseas in the amount of Ps.556 and Ps.465 million, respectively.

These transactions were carried out at market terms (in other words, at terms similar to those which would have been applied in a transaction with any third party) and reviewed by the Audit and Corporate Practices Committee in accordance with the applicable legislation and the company's bylaws.

In 2014, as in the past, there were no situations regarding anti-competitive behavior and violations of anti-trust and monopoly legislation. (GRI SO7)

Internal audits (GRI 4.9)

The internal audit area conducts regular audits over the course of the year in order to monitor compliance with the policies, controls and guidelines of the Code of Conduct, on the part of the various business, operating and administrative areas of KCM and its Subsidiaries and Distribution Centers.

In 2014, a total of 36 planned and unplanned audits were conducted of the company and its subsidiaries, including issues of internal control and application of anti-corruption and bribery policies in the finance, operations, sales and marketing, purchasing, distribution, human resources, information systems and project administration areas. (GRI SO2)

Through the internal and external systems for reporting breaches of the Code of Conduct, a total of forty reports were received in 2014, including eight complaints (20% of the total) involving alleged acts of corruption, bribery or conflicts of interest.

Through the channels created for anonymously reporting breaches of the Code of Conduct, in 2014 there were eight reports of possible cases of corruption, bribery or conflict of interest. No sanctions were applied, as there was no evidence found to support the complaints received.

Six of these reports were investigated and concluded by the Audit, Property Security and Human Resources areas, which found no evidence to support the charges made. The other two reports are still the process of investigation.

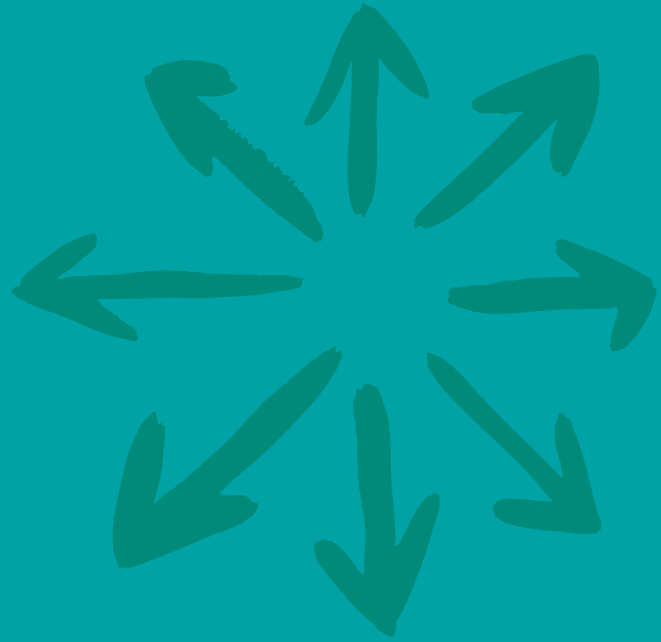
The remaining reports had to do with complaints regarding the conduct of employees toward their co-workers and, to a lesser extent, mistreatment of external suppliers. In these cases, the Human Resources Manager and immediate superior of the parties involved intervened to ask them to improve their attitude, because the incidents were not deemed to involve serious violations of the Code. (GRI SO4)

The results of the audits were reported to the Internal Audit Committee and the Audit and Corporate Practices Committee of the Board of Directors, and in some cases Committee members requested that the investigations in question be broadened.

In 2014, there were no sanctions or fines relating to non-compliance with applicable laws and regulations, nor did the company make any financial or in-kind contributions to political parties or related institutions. (GRI EN28, SO6, SO8)



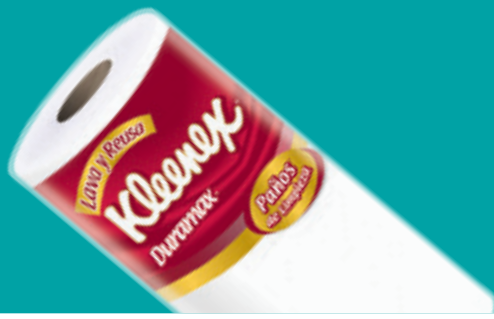




Social Responsibility

KCM supports its stakeholders

A fundamental aspect of KCM's sustainability strategy is its commitment to maintaining effective communication and dialogue with its stakeholders, so that we can understand and meet their needs and have valuable feedback for our sustainability vision.



Methods of communication and dialogue with stakeholders (GRI 3.5, 4.14, 4.15, 4.16)

The following table sums up the criteria the company applies to the inclusion of communication channels in recognition of their importance in maintaining effective dialogue. It also includes specific communication mechanisms that are used, stakeholder support actions taken by KCM as a result of that dialogue, and the frequency with which communications are conducted.

Stakeholder	Criteria for inclusion	Communication mechanism	Action	Frequency
Employees and their families	<ul style="list-style-type: none"> Human capital is the company's most important asset, because it generates results and sustainable development. 	<ul style="list-style-type: none"> Performance evaluations and feedback. Communiqués on the intranet or by e-mail. Complaints and suggestion box. Participation and voting on Innovation Day. Internal digital magazine. Posters to promote KCM values and attitudes. Family togetherness events. Program to encourage reading (Reading makes you Great). Safety Week. Annual Sustainability Report. 	<ul style="list-style-type: none"> Design of career plans. Need-specific training. Handling complaints and suggestions in general. Access to mobile library. Work-family balance. "Kuida tu Salud" program. Medical checkups, vaccines and talks on common illnesses and their prevention. Recognition of innovations that add value. Personal and group motivation and recognition. 	Ongoing, and depending on the event
		<ul style="list-style-type: none"> The Chief Executive Officer informs employees of the quarterly results, risks, opportunities and progress toward goals in all the company's main areas. Training in the Code of Conduct and internal control policies. Anonymous channels for reporting breaches of the Code of Ethics. 	<ul style="list-style-type: none"> Review of strategies and goals. Promotion of teamwork and inter-area effort. Economic results mean income for employees and their families. Training in Code of Conduct and internal policies. Whistleblower Protection Policy. 	Quarterly, annual, and according to each area's program
Investors and financial institutions	<ul style="list-style-type: none"> Represent the shareholders that have placed their trust in the company Provide financing for strategic projects that contribute to the company's sustainable growth 	<ul style="list-style-type: none"> Press releases Quarterly financial and operating meetings and reports Roadshows Shareholders' meetings Annual Financial Report Annual Sustainability Report 	<ul style="list-style-type: none"> Response to inquiries. Analysts' opinions. Dividend payments. Data room. Follow-up on resolutions passed in shareholders' meetings. Answer to specific questions on issues covered by the Sustainability Report. 	Quarterly, annual, and according to the event

Stakeholder	Criteria for inclusion	Communication mechanism	Action	Frequency
Suppliers	<ul style="list-style-type: none"> • A key component of our value chain and operating efficiency. • KCM operations have positive economic repercussions for the value chain. • The collection of post-consumer paper for recycling creates an economic chain that generates jobs and favors environmental care. • Suppliers are an important part of KCM's efforts to achieve sustainable development in all three strategic pillars. 	<ul style="list-style-type: none"> • Complaints and suggestion box. • Business meetings. • Quality, service and sustainable practice performance evaluations. • Code of ethics for suppliers. • Annual Sustainability Report. • Surveys on the pillars of KCM's sustainability strategy. 	<ul style="list-style-type: none"> • Response to inquiries. • Joint development agreements. • Exchange of best environmental management practices. • Inventory optimization. • Service feedback. • Definition of Sustainability Indicators in the value chain and LCA. • Work on the Sustainable Innovation Program. • "Less is More." • Sustainable practice audits (significant suppliers). 	Ongoing / annual
Clients	<ul style="list-style-type: none"> • A fundamental component of our value chain. • They transmit our products to the end consumers. • They help reflect the added value of brands and products with the consumer. 	<ul style="list-style-type: none"> • Complaints and suggestion box • Negotiation and service activities of our sales representatives. • Client hotline • Participation in special events (sustainability forums, pilot sustainability projects, contests of sustainable suppliers). 	<ul style="list-style-type: none"> • Response to inquiries. • Strategic business meetings. • Improvement in customer service. • Specific commercial programs. • Corrective actions in response to audits. • Exchange of sustainable practices. • Participation in client "Supplier of the Year" contests. • Promoting fair and above-board relationships 	Ongoing and depending on the event
Consumers	<ul style="list-style-type: none"> • The core reason for our activities. Our products improve the quality of life of people and their families. • We encourage the adoption of best safety and hygiene practices. 	<ul style="list-style-type: none"> • Responsible advertising. • Hotline for clients and consumers. • Group sessions. • E-mail. • Voice mail. • KCM 3.0 - advice, suggestions, digital network / social media (Twitter, web page, Facebook, specialized micro-sites). • Surveys on the pillars of KCM's sustainability strategy. 	<ul style="list-style-type: none"> • Detecting needs through market research in various socioeconomic segments. • Innovation of value-added products give them more value for their money. • Launch of new products. • Guidance on hygiene, health and personal safety. • Social entertainment and apps. • News on available promotions. • Post-sale service. • Structure of Sustainability Report. • "Health is in your Hands" Campaign. • Exceptional Places to Work Program. 	Ongoing
Communities	<ul style="list-style-type: none"> • Through our operations, we are permanently present in communities, generating jobs and supporting each other with qualified labor and social and economic well-being. 	<ul style="list-style-type: none"> • Surveys • Meeting needs and responding to requests from community groups. • Labor relations with local unions • Job bank • Support for municipal/state government initiative to promote environmental care (use of water and energy, handling of solid waste). 	<ul style="list-style-type: none"> • Answer to inquiries. • Job offers. • Social volunteer actions of our employees. • Assistance in civil protection efforts. • Cultural and recreational activities. • Family togetherness events. • Product donations to more vulnerable groups. • Programs to support continuing education (CENEVAL, English classes, etc.) • Use of post-consumer water. 	Ongoing as needs are detected

Stakeholder	Criteria for inclusion	Communication mechanism	Action	Frequency
Federal, state and municipal authorities	<ul style="list-style-type: none"> Ensure compliance with applicable laws at every level of government. Specific industrial safety and labor efforts, social support and civil protection. Payment of taxes that fund social programs, infrastructure and economic development. Development of public health policies, labor aspects and environmental protection. Environmental legislation initiatives. 	<ul style="list-style-type: none"> Inspection visits to plants and distribution centers Meetings to resolve specific problems and needs Registry of procedures, permits and payments Audits and inspections to obtain Clean Industry and Water Quality Certifications. Environmental Impact Statements. Annual Operating Certificates. E-mail. Industry's position regarding legislative proposals, through CNICP and CCE. 	<ul style="list-style-type: none"> Assistance in environmental education programs (brochures and campaigns) Support in educational and cultural activities. Prompt and sufficient tax payments. Compliance with product regulation standards as well as environmental laws and regulations. Participation in social and cultural events organized by authorities. Participation in forums for analyzing legislative proposals or amendments to existing environmental , regulatory and labor laws. 	Ongoing

Economic impact on our stakeholders (GRI 2.8, 4.16, EC1, EC3, EC6, EC9)

Our results in the economic pillar of our sustainability strategy have a positive impact on our stakeholders and help us meet goals in the other two pillars: social, and occupational safety and environmental care.

Ps. million	2010	2011	2012	2013	2014
Clients (Net sales)	26,197	26,732	29,289	29,678	29,107
Suppliers / the productive chain we promote (GRI EC9) (Cost of goods sold and operating expense)	17,867	18,869	20,245	19,922	20,918
Employees and their families / wages and benefits (Wages and benefits) ¹	2,009	1,982	2,350	2,515	2,336
Investment ² (CAPEX)	867	1,906	2,635	1,637	1,645
Lenders / Banks (Net interest expense)	420	740	652	599	796
Federal and State Governments (Taxes)	2,247	2,132	2,471	2,806	2,081
Communities (Donations)	8.09	10.4	15.9	23.1	28
Shareholders (Dividends)	3,456	3,606	3,784	4,146	4,378

Notes:

1. Includes Social Security (IMSS) and employee profit-sharing.

2. Includes Ps.1.63 billion for the acquisition of Evenflo in 2012. (GRI 2.3, 2.8)

Comments – 2014 Results

In a global climate marked by a solid recovery in the United States economy and a certain stability in the euro zone despite the risk of deflation, a continuing slowdown in China and stagnation in Brazil, Mexico's economic performance was significantly weaker than expected last year, growing by a scant 2%, compared to a projection of 3.9% at the start of 2014.

As a result of this sluggish economic growth and slowdown in consumption, our main categories failed to come up to our own growth projections. We invested more in prices during the year, which definitely helped defend our leadership position in the market, but it had a dampening effect on net sales, which declined by 2% from the previous year.

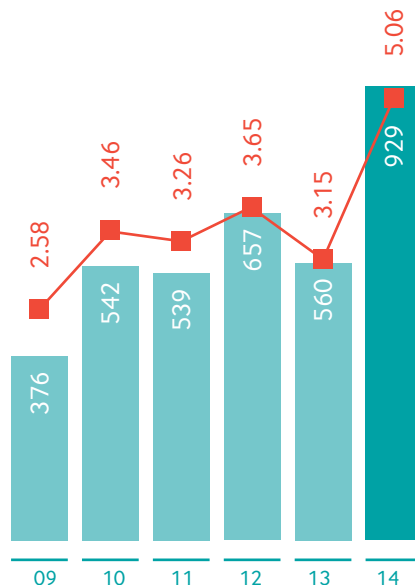
We are convinced that our strategy was correct, however, because scale is an important element of our medium- and long-term business strategy.

Other negative effects from the dollar denomination of our raw materials and higher natural gas and water prices, along with exchange-rate pressures particularly in the last quarter of the year, negatively affected our financial results.

As a result of operating efficiency improvements, our “Less is More” Sustainable Innovation program and savings on energy costs, we were able to save a record Ps.929 million through our cost- and expense-cutting program in 2014, equivalent to 5.06% of the cost of goods sold.

EBITDA generation⁽¹⁾ remained solid, totaling Ps.7.49 billion for the year, and coupled with a rise in financing, gave us a cash position of Ps.5.05 billion at the end of 2014.

In the year as a whole, we invested Ps.2.59 billion, Ps.1.64 billion of which were capital expenditures and Ps.934 million were for the repurchase of our own shares.



Savings in Ps. million and in proportion to COGS (%)

In 2014 we invested Ps.1.64 billion in capex and generated savings of Ps.929 million. Of this amount, 33%, or Ps.307 million, were the result of our sustainable innovation and energy efficiency programs.

KCM paid its shareholders dividends totaling Ps.4.38 billion, continuing its historic record of paying dividends that exceed the rate of inflation.

In 2014 we placed Ps.750 million in Securities Certificates and US\$250 million in ten-year global bonds at a fixed annual interest rate of 3.8%. We also paid off Ps.2.30 billion in debt.

(1) Earnings Before Interest, Taxes, Depreciation & Amortization.





The new tissue paper production machine (Bajío #4), at the San Juan del Río complex, started production in 2014 as planned, with less investment than originally projected. This new machine has state-of-the-art technology that provides for superior water usage, thermal energy and GEI emission standards.

Sustainable Innovation

The economic pillar of our sustainability strategy not only generates value for our stakeholders but channels investment to innovation, sustainability, industrial health and safety, logistics, information systems and capacity expansion projects that support our sustainable growth, generating more jobs and social welfare in the communities where we operate.

In 2014, the company invested the equivalent of Ps.1.64 billion in capital projects, the largest of which was the new Bajío #4 tissue paper machine at the San Juan del Río complex.

This machine started up production in 2014 as scheduled and within budget. It is equipped with cutting-edge technology that results in excellent water use, thermal energy and GHG emission performance.

In 2014 we continued to move forward with our sustainable innovation efforts, reducing the use of polypropylene by 2,492 metric tons through a proprietary technology in nonwoven fabric operations.

Our eco-friendly KC-Professional line of products for out-of-home use, made up of toilet paper, hand towels and napkins, among other products, saw an impressive double-digit sales growth from 2013 to 2014, and Kleenex Cottonnelle Bio-Compact toilet paper succeeded in reducing the amount of packaging material used by 21%, and CO₂ emissions by 38% because more rolls can be carried in each truck. Sales of this product surpassed initial projections in the first year following its launch.





Actions that benefit our consumers and clients

Our products are one of the ways we fulfill our Mission. KCM is a trusted brand, but this entails an even greater responsibility to work hard to meet the needs and expectations of our clients and consumers.

Our focus on sustainability through our products involves the following guidelines:

- Awareness of the implications of using non-renewable raw materials and optimizing all resources.
- Innovate in our products, offering cost benefits, efficiency, functionality and environmental performance throughout their life cycle. Offer high quality products to all market segments and channels and facilitate access to hygiene and personal care products for families with less purchasing power.
- Integrate into our system of innovation in materials development and product design factors such as the optimization of materials used by weight and volume, our carbon and water footprint, responsible use of natural resources and post-use disposal
- Be responsible in our communication with stakeholders regarding the advantages and benefits of our products.



In 2014, we were not subject to any fines for non-compliance with laws and regulations concerning the provision and use of our products and services. (GRI PR9)



Product hygiene and safety

In 2014, there were no fines or sanctions for incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services. (GRI PR1, PR2, PR9)

Our stakeholders tell us that the safety and functional performance of our products is important to them.

The very nature of the products we offer consumers impels us to maintain strict controls to ensure that no product causes any type of harm to its users, and this is a daily task that encompasses everything from the conceptualization of the product, research and development, the technology used to make them, the certifications obtained, production and sales and distribution controls, through the way the consumer uses and disposes of them.

All of our plants have a program called Hazard Analysis and Critical Control points (HACCP) and others to make sure we comply with product health and safety regulations and appropriately manage sanitary risks. For some products that are sold outside Mexico, we must also abide by regulations from the U.S. Food and Drug Administration (FDA), as well as specific regulatory aspects required by public health authorities in other countries.

Depending on the product, medical clearance and public health registry may also be required, to ensure that the components meet the highest health and safety standards. KCM conforms to KCC's global Medical Clearance guide, which describes user safety review practices involving a product performance checklist, including clinical testing to ensure that each component and the final product are safe to use. (GRI PR1, PR3)

Quality assurance

Ensuring that our products meet the technical and functional specifications of our consumers is a priority in all our operations. KCM's quality management system is based on ISO 9000 and KCC global guidelines that establish what systems and procedures are needed to ensure the quality of our raw materials and the finished products: statistical process controls, lot acceptance criteria, and real-time quality statistics (EWMA chart). The quality assurance system also pays attention to trends in consumer complaints and claims for each product category, effective attention to consumers, preventive actions and personnel training.

In 2014 there were no violations of product information and labeling regulations or voluntary codes. (GRI PR4)



The Chairman of the Board listens to an explanation about the Crystal Tree Award for Sustainability 2014.

It is also our way of responding to our stakeholders' concerns, because meaningful innovation adds value to the company and the consumer, one of the most important aspects of the strategic pillar of our strategy.

The innovation process for KCM products begins with our unceasing effort to understand our consumers, their needs, habits and customs and the way they use our products. Our leadership position entails an obligation to generate more added value through meaningful innovation that fully satisfy those needs and expectations, better than any competitor.

At KCM, the responsibility of continuously innovating in our products is a multi-functional task, involving areas like Innovation, Market Research, Marketing, Sales, Operations and, in general, any employee who comes up with a potentially successful idea.

In addition to our own resources, our alliance with Kimberly-Clark corporation is crucial for supporting product innovation initiatives and selecting cutting-edge technology, whether proprietary or external, to increase productivity, optimize raw material use and reduce the consumption of resources like water and energy.

On September 11, 2014, we held "Innovation Day" for the entire corporation, and besides introducing the most important innovations of the last six months, we set up a special "KCM Sustainability" stand, presenting and explaining our sustainability strategy so that employees could become more familiar with its three pillars, recent achievements, and short- and medium-term goals.

Kimberly-Clark de México

La estrategia de sustentabilidad de KCM está basada en tres pilares:

Eje económico - Los resultados en ventas y utilidades que hemos logrado a lo largo de nuestra historia y los que nos comprometemos a seguir logrando en el futuro.

- Ningún esfuerzo es sustentable en el largo plazo si no generamos los resultados para crecer con rentabilidad.
- En nuestro modelo de negocios la innovación en todo lo que hacemos es pieza clave para acelerar nuestro crecimiento sustentable.

Eje social y de seguridad - KCM siempre ha sido una empresa socialmente responsable.

- Compromiso con un gobierno corporativo sólido, eficiente y transparente (51 años de cotizar en la BMV y parte del IPC sustentable).
- Código de conducta actualizado a estándares internacionales.
- Compromiso con nuestros grupos de interés (accionistas, consumidores, empleados, clientes).
- Compromiso con la salud, la seguridad y el desarrollo profesional de nuestro capital humano - (empleados y sus familias).
- Compromiso con las comunidades de vida.
- Compromiso con las familias mexicanas que en empleos y mejoran su calidad de vida.
- Apoyo a instituciones, fundaciones y a las familias mexicanas que en casos fortuitos necesitan recibir ayuda para satisfacer sus necesidades básicas.

Eje ambiental - KCM siempre ha sido una empresa que respeta el medio ambiente.

- Compromiso con el cuidado del medio ambiente- nuestras 5 R's (Resultados, Reducir, Reutilizar, Reciclar y Renovar).
- Cumplimiento de leyes y normas ambientales.
- Cumplimiento con la cadena de valor desde la procuración de materias primas y fibras sustentables, su transformación eficiente y respetuosa con el medio ambiente y los recursos naturales, la eficiencia administrativa, de logística y de comercialización, hasta la satisfacción de las necesidades de higiene y cuidado personal de nuestros consumidores.
- La innovación sustentable aplicada al diseño de nuestros productos nos permitió en 2013 reducir 1,600 toneladas de materiales y empaque que ya no están presentes en nuestros productos, manteniendo o mejorando desempeño. (Ahorro > \$ 150 millones).
- El 100 % de nuestros residuos de lodos celulósicos (reciclado) no llegan a rellenos sanitarios. Se coprocesan en otras industrias.
- 65% + uso fibra reciclada y 100% uso fibras vírgenes de bosques certificados que no se deforestan.
- Constante reducción en el uso de agua, energía por tonelada producida y emisiones de gases de efecto invernadero.

Recuerda, ¡KCM necesita de tu esfuerzo, dedicación y compromiso para innovar en todo y acelerar nuestro crecimiento sustentable!

Septiembre, 2014

We also had an interactive carbon footprint calculator that visitors could use to calculate the carbon dioxide-equivalent emissions produced by their transportation habits, diet, use of electricity, water, gas, travel, etc., and how many trees they would have to plant each year to offset them, in addition to opportunities to reduce their carbon footprint and household spending.

This complements the activities conducted to promote our sustainability philosophy through events and publications on the intranet and KCM's digital magazine.

The event was attended by all the company's administrative and operating areas, the Chief Executive Officer and Chairman of the Board of Directors.

In 2014 we introduced meaningful innovations in all our business categories:

Baby care

In baby diapers, we improved the Huggies® Ultra-Comfort® high-end segment with a new “Cotton-Flex” cover that prevents chafing, giving babies maximum freedom and comfort to move around.



In the middle segment, we improved our Kleen-Bebé® Suavelastic Max® diaper, introducing a new anti-leak protection, three times effective, along the inside leg openings that is unique in the market.



In the budget segment, we re-launched KleenBebé® Comodisec® Max offering greater coverage and improved functionality, making this the best product in its segment.



In wet wipes for babies, we re-designed KleenBebé® Suavelastic Max®, with a heavier grade and texturized finish for superior cleaning.



In the toiletries category, we offered shampoo, lotion, and hair gel solutions, and a graphic solution in Huggies® Kids pull-ups with 3D thermoshrinkable print. In the middle segment, we launched the KleenBebe® line with chamomile shampoo, bath wash and bar soap.



Home care

In the premium segment, we launched a new Kleenex® Cottonelle® Unique toilet paper, made with proprietary UCTAD technology that gives the tissue a fabric-like texture that offers better functionality and appearance. The design and manufacturing process for this product also involves significantly less water and energy per metric ton produced with reductions of 19.0 % and 7.5 %, respectively. (GRI EN6, EN7, EN18)





In the high-end segment, we improved our Pétalo® Rendimax® toilet paper by incorporating a new embossed texture that makes it thicker, meaning a higher yield for each household.



In the budget segment, we re-launched Vogue® toilet paper with a new embossed design for enhanced thickness, and the new “Neutro Olor” technology to control odor.



In other variations of our Pétalo® line, in the Pétalo Ultra Care® and Pétalo Ultra Resistente® brands we increased product whiteness, appearance and softness through the use of fibers from certified forests. (GRI EN26)



In the paper napkin category, we launched Kleenex® Motivos in the premium segment, the only napkin with a combination of colors and elegant designs.



In the middle segment, we launched the new Suavel®, now with four new designs and colors and larger, softer sheets, which give consumers more value for their money.



In the high-end segment, we developed our Pétalo® Uno x Uno, a thicker, laminated napkin unique in its category, featuring a novel, practical and hygienic presentation for multiple uses.



In the paper towel category, we launched a new brand of Servitoalla® Pétalo Multicortes®, with lines of perforation that are closer together, so consumers can choose how much they want to use.



Finally, sales of our Kleenex® Cottonelle® BioCompact toilet paper, launched in the second half of 2013, rose substantially in 2014. This product is the only compacted toilet paper on the market, and its proprietary technology uses less packing material and less transportation and storage space, in turn reducing the amount of fuel used to carry the products, and lowering GGE emissions by up to 35%. (GRI EN26)



Feminine protection and incontinence products

We launched the new Kotex® Unika® thin nighttime pad, with a rapid-absorption core and a different shape in front and back for greater comfort, as well as a locking-wing system for greater freedom of movement.



We also introduced a new daily feminine hygiene line, whose first phase includes intimate shampoo, Pink by K® fragrances and Kotex® intimate wipes.



In the incontinence business, we expanded our portfolio with the launch of unisex Depend® brand underwear that offers customers a product with superior absorption, discretion and comfort.



Baby care and feeding

The Evenflo® Advanced® line launched the new “Advanced Slim Fit” bottle, with a fresh design and ergonomic shape, making baby feeding easier.



In the glass baby bottle segment, we added a new hexagonal “Twist” bottle to the portfolio, with the “Relax Fit” venting system to help avoid gas and colic.



In the training cup category, we introduced the patented “Tilty” system, which teaches kids to drink from cups by ensuring an efficient outflow of liquid because of the cup’s tilted bottom.



And finally, in the furniture segment, we incorporated the “value” lines of transport systems, carriages and car seats, increasing the range of options that Evenflo® offers the market to consumers with limited purchasing power.



Out-of-home products (KC Professional)

In our out-of-home product category, we launched a “Great Places to Work” platform to support our program Health is in your Hands, intended to raise awareness about the importance of properly washing and drying hands to prevent illness from spreading, as well as practical advice for interrupting the germ transmission process.



Lugares de Trabajo
Excepcionales®

In support of this platform, we launched antibacterial soaps, sanitizers, gel disinfectant and anti-viral facial tissue.



In the Jumbo® toilet paper category, we launched Kleenex® and Pétalo® tissue with odor control technology, and extended the Kleenex® Cottonelle® Bio Compact tissue to the traditional toilet paper category, with the same environmental performance advances described earlier.

Finally, in the napkin category, the new Kim Pop® one-by-one system for restaurants was enhanced with an innovative dispenser.



Categories with high growth potential

In 2014, the categories we consider to have high growth potential, which include incontinence protection underwear, kitchen towels, shampoo and lotion for kids, wet wipes for household cleaning and disinfection, hair dyes, intimate wipes, nursing pads and our ecological KC-Professional line, all saw double-digit sales growth.

With innovation, leadership and passion, we are advancing into new businesses that offer our consumers more hygiene and personal care product options.



Customer relations

We are committed to our clients: to maintaining fair, above-board and efficient business relations, and to promoting access to quality products in all market segments.

As part of our business model, we maintain fair and above-board relations with our clients. We work hand-in-hand with them on various fronts to ensure a broad range of quality products for hygiene and personal care for Mexican families, the presentations consumers need, and programs to facilitate access for households with lower purchasing power.

Through our respective corporate sustainability areas, we are working together on identifying and executing projects to support sustainable development in our value chain. Our sales and logistics areas identify and implement initiatives to continually improve customer service.

With our main client, in 2014 we participated in a pilot Product Sustainability Index project in the toilet paper category, which helps us detect opportunities for improvement in the sustainable development of the value chain.

Consumer communication and service

(GRI PR5)

Besides maintaining a strategy of communicating with our clients and consumers responsible about our products' advantages and benefits through media like TV and magazines. Like our creative agencies, we abide by the advertising code of ethics and laws on this matter, including promotional and sponsorship activities. (GRI PR6)



In 2014 we had no incident involving violation of advertising and promotional marketing communication regulations. (GRI PR7)

For KCM, digital media are an integral part of our consumers' daily lives. They affect their consumption habits and the way they relate to our brands.

Our E-marketing platform, or KCM 3.0, was created in 2013 to anticipate global trends clearly indicating that digital communication between companies and their consumers is increasingly important for understanding their needs and concerns. In fact, the group of consumers we identify as "millennials" (born between 1980 and 2000) represent a social generation that is highly active in the digital media as a way to express their ideas, interact with brands and acquire products through e-commerce.

For each of our product categories, we have designed and strengthened digital brand strategies that we use to develop a strong flow of communication with consumers. With this we seek to provide our primary stakeholders more efficient, personalized attention through the use of the social media.

In 2014, we were recognized by consumers for 5 out of 10 of the best brand pages on Facebook, particularly Club Huggies® Kleen Bebé®, Cottonelle® Mexico, Kotex® Mexico and Kleenex® Mexico.

To commemorate Mother's Day 2014, our Huggies® brand developed a video entitled "The Most Special Look is for you, Mom," which captured a high number of views on YouTube®. The magazine *Alto Nivel* recognize it as the best Mother's Day campaign for 2014. We also interact with our younger consumers through Twitter®, keeping them up to date about activities that might interest them, like festivals and concerts.

Through our KCM 3.0 platform, we are part of daily life for millions of consumers, sharing content, interacting and innovating in our permanent effort to offer them the best attention and care.

Meanwhile, the consumer service and care area offers recommendations and specific information about product use through traditional and digital media. With a warm, open, attitude, we provide consumers with advice on baby care, caring for adults with incontinence, intimate hygiene and sexuality for teenagers, among other issues, responding to their concerns and fears, while sharing their achievements and joy.

The Baby Development Center, Mundo Kotex® and the Depend® Incontinence Center are examples of our model of consumer care and attention.



¹ Call for entries by the market research agency Millward Brown.



In our interactions with consumers, we are strict about protecting their personal information in accordance with the law, respecting their ARCO (Access, Rectification, Cancellation and Opposition) rights.

In 2014, we received no claims regarding respect for privacy or theft of personal data pertaining to our consumers. (GRI PR8)

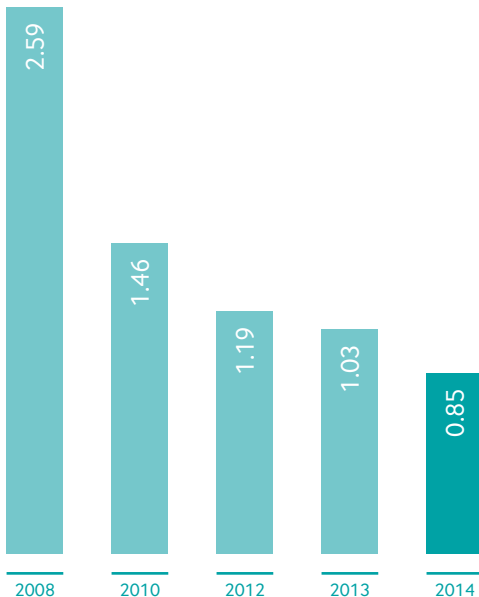
Finally, according to our policy that establishes that 100% of complaints must be addressed to make sure that clients and consumers are satisfied, we investigate the probable causes of these complaints and, when necessary, take corrective actions.

Once again, in 2014, we improved our quality performance indicators, with a 17.5% reduction in complaints and claims for our main product categories vs. 2013. (GRI PR5)

Actions to support our human capital

Human capital is this company's most important asset. In order to meet our goals, we need to recruit, retain and motivate our employees and provide an inclusive, harmonious and safe workplace.

That is why we have an outstanding team—capable, competitive, bold and efficient—that is prepared to innovate and meet the challenges we face as a company in our sustainable development.



IQR Index

Job creation and stability

KCM has always been committed to Mexico's growth. At the close of 2014, we had 7,859 employees, 0.7% more than in 2013. We continue to have a policy of hiring people from close to our work centers, generating local jobs, and we are strict about developing efficient work teams with no redundant activities, so we are continuously revising our organizational structure. (GRI LA1, EC7)

Our employees' commitment to the company grows over time, and that is the reason for our high rate of retention. We currently have an average seniority for 12.31 years for our non-union personnel, and 8.0 years for union personnel.



When we fill vacancies we first identify people within the company with the potential to advance their careers, based on their performance and skills, and thus promote the retention of talent and control turnover. In 2014, the turnover index among our non-union personnel was 10.21%, where it has been for more than 10 years, and among union personnel, 12.98%, down slightly from 13.03% in 2013. (GRI LA2)

In 2014 the average seniority of our workers continued to rise as employee turnover declined.

Throughout its history, KCM has maintained the practice of protecting jobs and generating economic results that enable it to expand production capacity and create jobs to promote sustainable growth. We are committed to pursuing a continuing, permanent improvement in productivity, maintaining a stable source of jobs and healthy financial situation within the company.

Our absenteeism index remained at a highly competitive level within the industry: 0.97% among non-union personnel, and 1.48% for union personnel. (GRI LA7)

Employees by gender, age and category ¹ (GRI LA1, LA13)										Total	
Category	Gender	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
	Age range	<30-39		40-49		50-59		>60		N°	
Non-union ¹	Directors			6		10		1		17	0
										17	
	Managers	23	21	66	14	50	8	22	2	161	45
										206	
	Area heads	157	64	138	34	114	20	58	8	467	126
										593	
	Others	485	110	539	73	390	43	150	20	1,564	246
										1,810	
	Total non-union									2,209	417
										2626	
Union ²	Total union	2,737	130	1,223	107	693	52	274	17	4,927	306
										5,233	
Total		3,402	325	1,972	228	1,257	123	505	47	7,136	723
				3,727	2,200	1,380	552			7,859	

1. 4% with contingent contract.

2. 24.3% with contingent contract.

3. Tracking contingent contracts and their conversion to permanent contracts is supervised by the Human Resources Department. The percentage of contingent contracts in unionized personnel is higher because of the seasonality of some of our operations.

Personnel selection and recruitment

When one of our areas needs to fill a position, it writes up a job description for the Human Resources selection and recruitment area. In pursuing talent and recruiting employees, we rely primarily on the electronic and communications media, and inter-company networking.

We support the professional education of university students through our internship program, and we have a “seedbed” program through which we hire recent graduates for training in highly technical specializations, while supporting them in developing their leadership capacities.

We have a policy of hiring people from communities close to our work centers. The directors of the areas where we have significant operations are from those places (GRI EC7). We are continuously going over our organizational structure to keep it flexible and ensure we can develop efficient work teams with no redundancies, and leave room for professional development. Tracking contingent contracts and their conversion to permanent contracts is supervised by the Human Resources Department.

Benefits to our human capital

In 2014, the company paid out Ps.717.5 million in employee profit-sharing, which for unionized personnel was the equivalent of 14.3 months of the general average salary.

Benefits above the legal requirements

100% of our non-union and union personnel are registered with the Mexican Social Security Institute (IMSS). (GRI LA3)

Both non-union and union personnel receive benefits above what is required by the Federal Labor Law. For our union employees, there are scholarships for the children of employees, savings fund, more holidays than stipulated in the Federal Labor Law, life insurance, advance profit-sharing, vacation bonus higher than the legal minimum, year-end bonus, and funeral expense assistance for employees and family members, and, depending on the collective bargaining contract in effect in some plants, there are benefits such as assistance for acquiring school supplies, monthly basic food supplies, and IMSS disability subsidy.

Among non-union personnel our benefits also exceed those required by law: a higher year-end bonus (in terms of working days), vacations and holidays.

As a result of our high rate of retention and average seniority, KCM today is made up of a range of employees who combine experience and tremendous talent with youth and high growth potential.



The vacation bonus is 25% higher than the Federal Labor Law requires, and we offer a disability subsidy, monthly basic food supplies, major medical insurance, life and accident insurance, savings fund, purchase of products at preferential prices, and preferred-rate loans.

Compensation and Performance Evaluation Policy

KCM's Compensation Policy involves providing a salary and benefit package that is competitive in our market, and aligned with our shareholders' interests, allowing us to attract and retain highly competent people who share this company's principles and values.

At the executive level, a percentage of their income is aligned with the company's financial and strategic results and their individual performance.

As we indicated, in general our benefits are in excess of those required by the Federal Labor Law.

Every year a Performance Evaluation Program is conducted. All non-union personnel are evaluated based on individual objectives in keeping with their job description and the goals of their area, as well as their contribution to the company's results. (GRI LA12)

The Performance Evaluation is the main criterion for determining salary raises according to parameters authorized by the Compensation Committee. This is also the starting point for training and personal development plans, as well as the determination of areas for improvement and correction plans. Depending on the performance rating, salaries can be increased by more than double the average, or no raise may be given at all.

Depending on the hierarchical level of the position, a substantial amount of the total income the employee receives is subject to the company's financial results. For general levels, through employee profit-sharing, and for executives, the annual bonus plan, the primary objectives of which are based on the company's financial results and the progress of its strategic plans, as well as the achievement of individual goals by our employees.



At the top levels of the organization, our retention efforts take the form of an employee stock plan, which ensures that management's interests are aligned with those of the shareholders.

This annual performance evaluation process has been extended to union personnel in all of the company's plants. At the plant level, the evaluation is conducted by the supervisor and endorsed by the area leader, and includes conversations with employees about their performance. The evaluation is what determines their possibilities of promotion and qualification for the training program. Salary increases for these employees are reviewed annually with their union and determined directly based on the wage table used in the collective bargaining contract.

For union employees, salaries are reviewed annually, and benefits twice annually, in the collective bargaining contracts for each plant, according to

market parameters. In addition to the benefit plans established in each collective bargaining contract, which exceed those required by law, some of our plants have Productivity Programs under which employees are given additional income upon reaching certain production, safety and absenteeism goals that are established by mutual agreement between the company and the union.

The parameters for wage and salary increases, primary changes to the benefit programs and specific individual details of each executive's compensation package, are reviewed annually by the Board of Director's Compensation Committee, which also goes over the succession plan for the company's senior management, key high-potential personnel and market comparisons regarding executive compensation, prepared by an independent consultant, adding to the transparency of our Human Resource practices. (GRI LA12)

The starting salary in collective bargaining contracts for our plant employees is 2.7 times higher than the local minimum wage. (GRI EC5)

Pension Plan

KCM has a Pension Plan for its non-union employees when they reach the age of 65 after a minimum of 10 years of service at the company; they can move up their retirement age to 60 with a 5% reduction for each year, and at the express request of the company, they can also defer retirement to the age of 70.

The defined benefit provided under this plan complements the social security (IMSS) benefits to which workers are entitled, and guarantees at least an amount equivalent to the legal severance pay of 3 months plus 20 days per year of salary, and includes a provision for death or total and permanent disability before 60 years of age, with a minimum of 55 years.

The program is fully financed by the company through a trust, and an actuarial assessment is conducted each year to determine the plan's obligation and cost. Currently the funds supplied by the company cover all of the plan's obligations and exceed the amounts required under accounting standards.

A Pension Plan Technical Administration Committee exists to manage the plan, made up of the following company officers:

- Chief Human Resource Officer
- Chief Financial Officer

- Internal Auditor
- Corporate Comptroller
- Compensation Manager
- Treasurer

The Committee meets at least twice a year and among its responsibilities is to approve withdrawals by participants, review and approve the bases for calculation of the actuarial assessment, financing, selection of institutions to manage the funds, and any change that must be made in the Plan. (GRI EC3)

Training (GRI LA11)

Our employees' passion and innovation is what distinguishes KCM as a leading company in its industry.

The Human Resources Department establishes institutional training programs, and each site administers and executes its programs in accordance with its operating needs.

In 2014, training and preparation programs were introduced to strengthen our areas and develop the abilities and attitudes that ensure better growth opportunities for our employees, personally and professionally.

Our programs focus on improving safety in our facilities and improve the occupational health of all of our employees. We also provided courses in mastering the duties established in each job description, promoting innovation, the continuous improvement process, and technical training for updating and developing our employees' skills.

Among our institutional programs are:

- **Orientation:** All of our employees take an orientation course on general issues at KCM: our values, our Code of Conduct, Sustainability, business lines, and operating and administrative areas. The main purpose of the orientation programs



is to integrate newly hired personnel as quickly as possible into their work teams so they can do their jobs better, understand the market and its challenges, and become familiar with KCM's operations, products, systems and administrative controls, organizational culture, values and attitudes. All of this is intended to generate a sense of belonging in a relatively short period of time.

- **World-class manufacturing:** A specific program for operational issues such as safety, quality, the environment, and maintenance control, with a parameter of 5% of time in training.
- **Innovation:** Focused on our Research & Development Personnel, this program gives them tools and skills to develop their creative capacities, rapidly design prototypes, problem-solving, techniques for developing open innovation, and intellectual property protection.
- **Safety.** We have a number of programs, both in our plants and in our corporate offices, dealing with various safety issues. In 2014, we strengthened training in our prevention systems, like behavior-based safety, HELP safety, emergency brigades, forklift operation, and safety and loss prevention.
- **Talent Formation Center.** An online tool available to all employees, enabling them to enter training programs in the areas of management, sales, marketing, coaching, teamwork, problem analysis, English, instructor training, etc.





- **Reading Makes you Great.** Through this project, KCM promotes the habit of reading among our employees and their families. We have a mobile library that lends out books on a variety of topics. Every Friday, the Social Responsibility and Institutional Communication area sends out an e-mail with weekend reading recommendations, including short readings.

In 2014, we provided 628,860 work-hours of training to our male and female employees, a 36.4% increase over 2013. This is 3.3% of the total amount of work hours during the year. We invested Ps.6.9 million in training, in addition to the time given by the personnel who taught the courses or update seminars to co-workers from their area or other areas. The number of participants increased 13.5%. (GRI LA10)

	2012	2013	2014
Training in work-hours	579,833	461,172	628,860
Training index (% training hours - total work hours)	3.1	2.5	3.3

Training and development plans

We are committed to providing all of our employees with the elements they need to continue their professional development. Based on the results of a census on educational levels among our union workers, we designed programs to help them complete their high school and college degrees. The program gives them access to classes both on and off site and, when necessary, transportation to or from the educational centers. This means we have better-trained workers, some of whom earn University Technical Degrees. (GRI LA11)

For our non-union personnel, besides designing specific training plans to enhance their skills and dominion over their duties, the Board of Director's Compensation Committee defines succession and career plans for employees considered to have high potential.

Work-family balance

KCM believes that in today's complex business world, we must make room for our employees to lead a harmonious life with their families. For this reason, in locations where we have our largest operations, we promote family togetherness events for the company, its employees and their families (see section on KCM Actions in support of Communities).

In contrast to the recommendations of some organizations involved in obtaining Social Responsibility Certifications, our policy does not include work schedules of less than eight hours a day or forty hours a week, nor a shorter work week with more hours per day, because it believes this type of action would affect the company's productivity and its capacity to create economic benefits for its employees and their families.

KCM believes that its work ethic must focus on respect for the integrity of the person and on work as a means of personal realization and satisfaction for its employees, making an effort to eliminate unproductive practice and improving its relationship with both union and non-union employees.

Nevertheless, KCM is aware of the need to favor a balance between work and family live, and provides its employees with a series of paid leave systems to meet family responsibilities:

- Maternity of paternity leave
- Prenatal care
- Care of family members with unexpected health problems that temporarily require special care
- Attending to matters relating to their children's schooling or day-care centers
- Life insurance and medical insurance for spouses and children up to the age of 25
- Job support and medical insurance in the event of pregnancy complications
- More vacation days than stipulated in the Federal Labor Law
- More holidays than stipulated in the Federal Labor Law

The company also promotes good labor practices in the areas of gender equity, prevention and elimination of workplace violence and sexual harassment, and 100% of its union and non-union personnel are registered with the Mexican Social Security Institute (IMSS) from the time they are hired, and are eligible to take advantage of that institution's child care facilities.

In various locations we also give talks to workers and their families about basic health issues such as obesity, diabetes, breast cancer, cervico-uterine cancer, addictions, etc. (GRI LA8)

We have a high rate of return for our women employees after they give birth, and in specific cases the company can be more flexible in its provision of maternity leave, in order to prevent pregnancy complications that could affect parents and the stability of the newborn. (GRI LA15)

As we explained earlier, the company has a retirement plan for its non-union personnel that complements IMSS benefits, ensuring that our employees have an income and secure equity that will enable them to maintain their quality of life after they retire.

Human rights protection and equal opportunities

At KCM, in keeping with our Code of Ethics, we respect and demand respect for human rights.

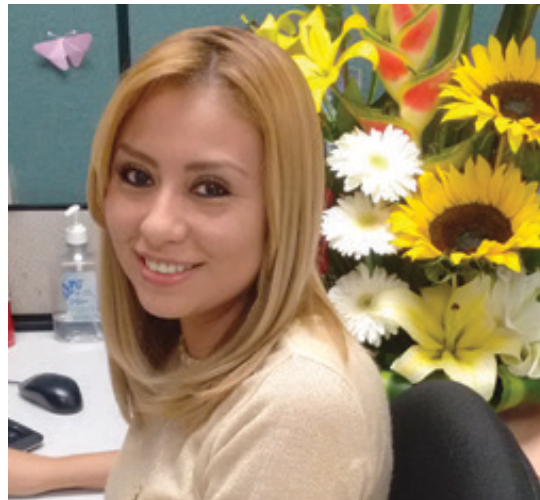
- **War on child labor and slavery.** All of our employees are of legal age to work. We maintain strict records of hours worked and pay for them, either in normal hours or overtime, as stipulated in the contracts. No risks of incidents with child labor were recorded in our own operations or in our supply chain. (GRI HR6, HR7)
- **Freedom of association.** We encourage respect for union rights. Unions represent 66.6% of this company's workers. Our relationship with these unions is cordial and affords an efficient channel for open communication on labor matters, safety, hygiene, training and productivity, among other shared concerns. (GRI LA4, LA5, HR5)
- **Non-discrimination and equal opportunities.** In our Code of Conduct, fairness is a primordial element, and in our employment policy we offer

Unwavering respect for human rights is a practice we encourage throughout our value chain.

equal opportunities in hiring or promoting employees without regard to age, gender, race, color, religion, creed, sexual orientation, nationality, physical disability or pregnancy. Women make up 15.9% of our non-union personnel and 9.2% of our total work force. At executive levels, meaning those with other employees reporting to them, women represent 21% of our non-union personnel, demonstrating their leadership and talent for teamwork every day.

Out of 615 employees working in our corporate offices, 37.2% are women. Based on the average salaries for all the location where the company operates, non-union women employees earn an average of 5.4% more than men.

According to our system of position valuation, the average salary is governed by the point value assigned to each position, regardless of gender, age, or any other condition. (GRI LA14)



- **Proper working conditions.** The Human Resources and Safety areas are continually reviewing work centers to prevent risks to health and hygiene, safety and ergonomic design.

Occupational health and safety

(GRI LA8)

Our Health strategy for employees is focused on prevention, both from the theoretic basis as from daily practice

Health is a fundamental issue and a basic part of our philosophy of prevention. Every year we conduct campaigns that provide education in the areas of health, personal care, treatment of illness and improving quality of life in various areas such as obesity, alcoholism, smoking, diabetes, high blood pressure, sexually transmitted diseases, cervical-uterine cancer, and others.

We also work with internal resources and invite federal health and family agencies PREVENIMSS and DIF to supply vaccines, mammograms, blood pressure and weight checks.

We invest in sports facilities and we promote sports at our various locations, both for our employees and for their families and the community.

All of our employees are given medical checkups by internal physicians when they are hired, and their health is tracked through regular checkups. Personnel suffering from a particular illness are monitored, and if their state of health requires a change in activities, we seek to relocate them to tasks they can perform.

During the Safety Week held on October 6-10, 2014 which opened with a message from the CEO to all our employees, voluntarily clinical exams were conducted on personnel by external laboratories, and anti-tetanus and flu vaccines given by IMSS personnel. Participants also heard talks from doctors specializing in various areas such as breast cancer: theory and practice of self-exam; personal safety measures; common muscular-skeletal disease; and exercise—what, how and when?



At our administrative offices we have had a great deal of success with our “Kuida tu Salud/Kimberly Contigo” program, which has exceeded our initial expectations for weight reduction and number of participants who have the guide and supervision by nutritionists to reach their goals through a change of habits and healthier eating.

In its first two years the program has helped more than 200 people lose an average of almost 3 kilos, besides creating support groups among program participants to carry out physical and motivational activities together.

Personnel were also given talks on appropriate nutrition, obesity and metabolic risk, among other topics. A campaign was held to motivate good hydration as a way to prevent illness and drink water instead of liquids with high caloric content. (GRI LA8)





Safety and Loss Prevention Policy

We are committed to continuous investment in health and safety programs to reach our strategic goals.

Our General Safety and Loss Prevention Policy establishes that Safety is a primordial value and an integral part of the responsibilities of each job title. This policy also states that the company must create a workplace protection and environment team to prevent occupational illness.

<http://kimberly-clark.com.mx/en/sustainability/security-policies>

Preserving the occupational health and safety of our employees is a commitment that depends on both the company and our people. That's why this issue is one of the three pillars of our sustainability strategy and a fundamental component of our organizational culture.

In our opinion, there is no production goal or result that justifies jeopardizing the physical safety of any of our employees, communities, or any other person who interacts with KCM.

Every individual is responsible for enforcing the policy, and at KCM we provide the organization, the equipment, the facilities, procedures and training and development programs needed to maintain operations and processes in optimum safety conditions, under a philosophy of continuous improvement. Each operating area conducts a risk analysis in order to generate prevention and training plans. The creation of brigades and the organization of regular drills, the correct use of safety equipment, behavior-based safety, investigation of accidents and



incidents and detection of risk points in the equipment are all part of this effort.

Safety Management and Occupational Risk Prevention System

The occupational health and safety of this company are managed through the Safety Administration and Evaluation System (SAES).

The system establishes organizational structures, risk identification, audits, measurement and control, preventive activities and corrective actions in order to keep our operations free of accidents and occupational illness.

As a daily practice, before beginning work on a shift, all of our personnel are alerted about personal safety issues through a brief talk on basic security issues for their work areas.

The SAES establishes eight basic guidelines:

- Managers' leadership and commitment
- Risk identification, prevention and control
- Engineering management

- Analysis of operations and safe operating procedures
- Operating training
- Emergency response plan
- Investigation of accidents and incidents
- Legal documentation - compliance with regulations



Each plant has a Safety Consulting Council that meets regularly, along with a Mixed Health and Safety Commission, in compliance with standard NOM-019-STPS. These committees are made up by personnel of various areas, both union and non-union, representing 100% of the employees. This means safety actions are transmitted to everyone. Also, some of the productivity programs included in collective bargaining contracts have agreements on safety indicators which, if not met, limit the incentives for the workers. (GRI LA6, LA9)

Finally, given that our plant operations differ depending on their type, each plant has specific practices that conform to SAES guidelines, with enough flexibility to cover the specific risks of the plant.

SAES Audits

In addition to the routine audits carried out by SAES coordinators at the plants where they are located, we have a program of audits by our strategic partner KCC, which acts as independent auditor and applies strict OH&S system standards.

For every KCM plant, our partner KCC conducts annual reviews together with the SAES coordinators of other plants, identifying and establishing national and global rankings as to the degree of application and compliance with the established guidelines.

Among Kimberly-Clark Corporation's global operations, KCM ranked first in terms of the Lost Time Reportable Incident Rate (LTRIR) in 2014, because our Tlaxcala, Bajío, Ramos Arizpe, Orizaba and Morelia plants all had a year free of incapacitating accidents.

In terms of Total Reportable Incident Rate (TRIR), our Texmelucan, Morelia and Orizaba plants had no accidents and the Prosepe, Ecatepec, Ramos Arizpe and Bajío plants obtained outstanding results.

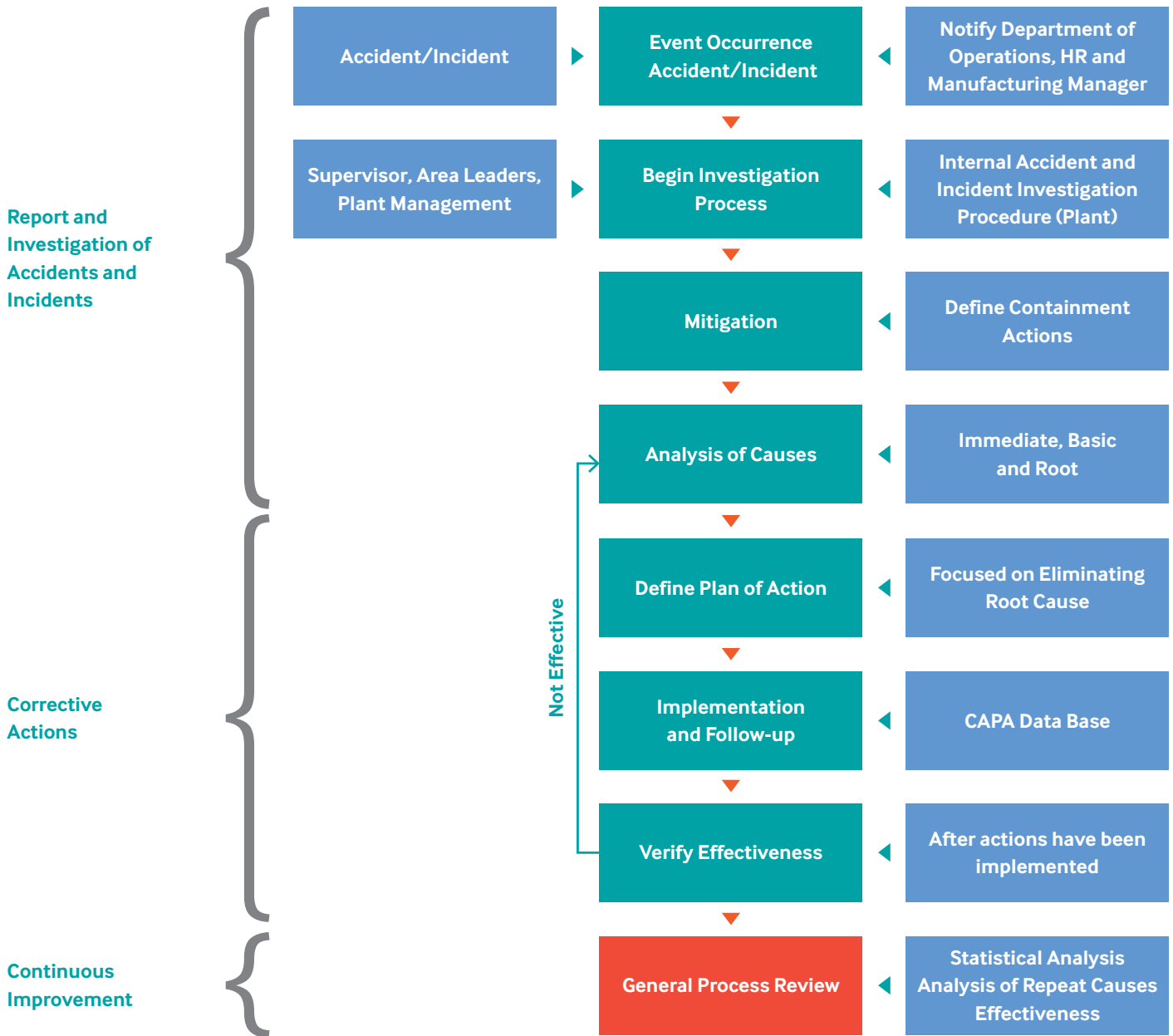
To complement our auditing efforts, we have the Sentinel Events initiative, whose purpose is to improve industrial health and safety performance and programs by identifying and reporting conditions and incidents dangerous enough to pose the risk of a fatality or permanent disability, identifying and documenting the appropriate preventive or corrective actions.



Lost time global index reported by work accidents
2014

(1) GHC (Global Health Care) is the result of a spinoff by Kimberly-Clark Corporation in late 2014.

Accident and Incident Investigation Process



In some of our plants we are working on industrial safety issues together with neighboring companies in the industrial zone, which includes training, accident prevention and B2B support in the event of an accident. We also share our safety practices and standards with small and mid-sized enterprises located near our operations, as a way to benefit the zone of influence of our plants in their communities.

Results

We maintain outstanding Safety Indicator levels compared to other industries and other KCC locations, which has earned us a Risk Degree Premium from the Mexican Social Security much lower than average for the manufacturing industry. To stay on track, we continue to work on meeting strategic goals established in our 2015 Vision in terms of frequency and severity indicators.

¹ Source: DPM/Division of Occupational Health Information and coordination, Workplace Risk Basis 2013 / Statistical Log IMSS 2013

Safety indicators ¹ (GRI LA7)	2012	2013	2014	2015 Vision
Total accidents	83	89	77	
Total serious and critical accidents	16	15	9	0
Total Accident Frequency Index (Accidents/200,000 WH)	0.88	0.89	0.77	0.70
Serious ² and Critical Accident Frequency Index (Accidents/200,000 WH)	0.17	0.15	0.09	0.12
Severity index (Lost Days / 200,000 WH)	6.99	9.9	8.4	5.0
Fatalities	1	1	0	0

1. Includes indicators from Evenflo.

2. The annual frequency indicator is determined by the Company by dividing the number of serious or critical accidents (which cause workers to lose more than one day of work) during a calendar year, for every 200,000 work hours.

In 2014, we were able to substantially reduce the number of work-related accidents, which was reflected in a reduction in the corresponding frequency indicators. As for the severity index, although we achieved an improvement over 2013, we are still higher than we want according to our 2015 Vision.

We are also bolstering training in activities involving contact with electrified equipment, because in this indicator we are above the KCC global average.

In 2014 there was one case of occupational illness by a plant worker at the toilet paper department of the Toluca Plant, who contracted Quervain's disease in the tendon of her right hand. She returned to work after a 26-day sick leave.

We recognize that regarding our employees' and visitors' health and safety, the only truly outstanding result is zero accidents.

Social responsibility and actions that benefit communities

At KCM, we recognize that our operations affect the communities where operate, economically, socially and environmentally.

Through social responsibility and sustainable development programs, our plants generate opportunities and have a positive impact on the communities surrounding our operations, generating jobs, caring for the environment around our production processes and taking initiatives to support society.

Among the most important lines of action we took in terms of community engagement were:

- Support for charitable institutions, foundations, and society in general in providing disaster support
- Household hygiene, health and safety
- Cultural and educational activities
- Community support programs: volunteer corps and recreation

Support for institutions and foundations (GRI EC8)

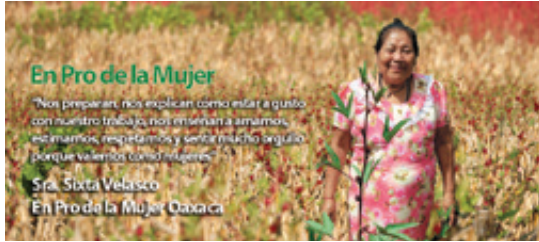
In 2014, we supported more than 200 institutions with product donations, because we want to give lower-income segments of the population access to our hygiene and personal care products. In addition to the annual donations we habitually make, in 2014 we supported low-income families whose homes were damaged and destroyed by hurricane Odile in various municipalities of Baja California Sur.

This past year our donations totaled Ps.28 million, 21% higher than in 2013, equivalent to 0.56% of pretax profits and higher than our 2015 target for this indicator.

A substantial number of our employees also contributed personally to mitigating the effects of this natural disaster, with donations to the Mexican Red Cross of food and monthly baskets of KCM products that the company gives them as part of their employee benefits.



We also made cash donations to causes like the Mexican Foundation for Rural Development, which works with rural families in various states of Mexico to provide training, promote productivity and human development and ultimately to ensure that low-income families in rural areas of Mexico can lead dignified, sustainable lives.



“Poverty demands a people-focused strategy, to develop their capacities and make the available resources more productive.”
Lorenzo Servitje S.

Photo courtesy of the Mexican Foundation for Rural Development.

Health and hygiene

Prevention and health care are areas in which the company is concerned not only for its employees but, to the extent possible, their families as well.

During the Occupational Health and Safety week activities held in the locations where we operate, we stressed topics like the importance of prevention and health care, and preventing accidents inside and outside of the home to protect personal safety and property.

We carried out vaccination campaigns for employees and their families and held events on prevention and early detection of breast and cervical-uterine cancer, obesity and diabetes control and support for institutions like JUVENIMSSS for preventing substance addiction.

In our out-of-home product business (KC Professional®) we introduced the “Exceptional Places to Work” platform, the goal of which is to offer comprehensive solutions to facilitate out-of-home hygiene and prevent illness.

Through a product line developed specifically for this purpose, we seek to reduce job absenteeism and increase productivity in all work centers.



In 2014 the platform’s focus is the “Health is in your Hands” program, which raises awareness among employees and people working in or visiting public places about the importance of properly washing and drying hands as a way to prevent illness by interrupting the germ transmission chain.

¿Camino al trabajo?
Ve de la mano con tu salud y viaja con tranquilidad sanitizando tus manos luego de usar el transporte público.

Recuerda seguir todos los días estos simples pasos para disfrutar de una mejor salud.

- 1** Lave tus manos con agua y jabón, es la mejor forma de eliminar gérmenes y bacterias.
- 2** Seca tus manos con una toalla de papel, reduce la cantidad de gérmenes y bacterias hasta un 77%.
- 3** Sanitiza tus manos con alcohol en spray; elimina el 99.9% de las bacterias.

LA SALUD ESTA EN TUS MANOS® es un programa que promueve los buenos hábitos de higiene ayudando a mejorar tu salud y bienestar. Para mayor información sobre este programa visita nuestro página web: www.lasaludestaentusmanos.com

Kimberly-Clark PROFESSIONAL | LA SALUD ESTA EN TUS MANOS®



KC Professional's "Exceptional Places to Work" program seeks to improve hygiene habits in work centers and public places.

By identifying critical zones in work centers and through appropriate communications materials, we try to improve the health, safety and wellness of all people out of the home.

The company's social responsibility actions include programs to support education, culture, recreation and volunteer work to benefit the underprivileged. Most of these programs are developed in conjunction with the interests of the communities.

In operations with a larger impact on surrounding communities, we introduced social engagement and community support programs, the highlights of which are shown below: (GRI SO1, SO10, LA8, LA9, LA11)



Program	Result
Ecatepec Plant	
Support for education and culture	<ul style="list-style-type: none"> We continued our program of providing preparatory school instruction to unionized workers, and English classes to children of plant workers and administrative employees. In 2014, we promoted educational development with a vision focused on the challenges of the working world, through agreements with Universities and school visits. We gave scholarships to workers' children and offered a specialization course for SMEs. We also delivered career recognition awards. We continued our program of promoting reading by recommending novels by well-known authors and personal improvement books. The Ecatepec plant ranked first in KCM in terms of the number of hours read in 2014: 42,569.
Family togetherness	<ul style="list-style-type: none"> We promoted visits to the Papalote Children's Museum, the Ripley Museum and Wax Museum for personnel and their families. Administrative employees staged a traditional Christmas Pageant for plant workers and their families on December 12, and the plant held celebrations for Children's Day and Mother's Day.
Health and safety	<ul style="list-style-type: none"> Through PREVENIMSSS, workers and their families were given basic medical checkups including mammograms, Pap tests, stool testing, vaccinations, blood pressure, hearing exams, spirometry, throat swabs, and febrile reactions. A training course was held for supervisors, safety campaigns, safety week events with workshops and motivational talks, brigade member training, and pressure receptacle training. The Ecatepec Plant is a member of the PAMI Group (Mutual Industry Support Group). Personnel were recertified in forklift handling and high-risk jobs. The plant sponsored an internal soccer tournament.
Community activities	<ul style="list-style-type: none"> Products were donated to institutions in the community (Red Cross, DIF, schools and convents). Agreements with movie theaters and amusement parks in the area to provide access for low-income families. Member of COPARMEX and UNIDEM.
Environment	<ul style="list-style-type: none"> The Ecatepec Plant obtained Clean Industry Certification for 2014, as well as PROFEPA recognition for the National Environmental Audit Program.



Program	Result
Orizaba Plant	
Support for education	<ul style="list-style-type: none"> 15 visits were made to the Orizaba complex by 571 high school and preparatory school students in order to help them develop a view of joining the workforce in the future.
Civil safety	<ul style="list-style-type: none"> Together with the Civil Protection authorities talks and field practice were provided at various schools regarding the use of fire extinguishers, first aid and management of disturbing phenomena (disasters associated with climate change). In coordination with the civil protection authorities and other companies in the zone, our fire brigade took part in fuel spill drills. An agreement was signed under which the Volunteer Firemen's Corps of Orizaba received technical assistance and training.
Community donations	<ul style="list-style-type: none"> 70 streetlights were donated to the municipality of Orizaba and 60 streetlights to the municipality of Ixtaczoquitlán. Monthly donations were given to the National Association for Personal Advancement (ANSPAC), an organization that works with the spouses of unionized workers. Products were donated to shelters, orphanages, health care centers and parishes, benefiting almost two thousand people.
Family togetherness	<ul style="list-style-type: none"> In 2014, the Kimbies® soccer academy sponsored by the Orizaba plant and six categories for young people between 7 and 16 years old, family members of unionized employees. Children's Day festivities were held, attended by 300 kids and 500 adults. Three theater performances were offered on issues of safety awareness, attended by 584 workers and their families. The plant continued the annual PrevenIMSS program which evaluates critical health indicators.
Environment	<ul style="list-style-type: none"> The Orizaba Plant earned the international KCC "Crystal Tree Award" for meeting the highest standards in the area of sustainability.
Ramos Arizpe Plant	
Educational support	<ul style="list-style-type: none"> Through agreements with educational institutions, we offered internships to students selected on the basis of their academic performance. Study programs for workers to complete their undergraduate degrees (recognized by the Ministry of Education) and improve their professional participation. The plant coordinated with ANSPAC on personal development and improvement programs for workers' spouses and members of the local community.
Environmental care	<ul style="list-style-type: none"> Together with companies, universities, research centers and the state government, the plant develops environmental projects of common interest with financing mechanisms to ensure compliance with environmental laws. We sponsored the Coahuila state Ministry of the Environment by printing brochures for their Energy Savings Manual, including practical advice for reducing energy consumption in the home. The Ramos Arizpe Plant earned the international KCC "Crystal Tree Award" for meeting the highest standards in the area of sustainability.
Civil protection	<ul style="list-style-type: none"> Support for neighboring community and companies in the event of major emergencies, through the Local Mutual Support Committee (CLAM).

Program	Result
Bajío Plant	
Promotion of environmental care	<ul style="list-style-type: none"> This work was carried out in conjunction with the Municipality of San Juan del Río, to promote water care and environmental protection.
Safety and civil protection	<ul style="list-style-type: none"> Safety days with talks and practical activities. Fire drills on Fireman's Day.
Community donations	<ul style="list-style-type: none"> Product donations to the DIF and the Palmillas Convent in San Juan del Rio.
Health-sports promotion	<ul style="list-style-type: none"> Soccer tournament.
Tlaxcala Plant	
Community donations	<ul style="list-style-type: none"> In 2014 products were donated to various institutions, including the Mexican Red Cross Tlaxcala, the DIF, Women's Hospital, Casa de los Niños de Todos, Comunidad Hermengildo Galeana, community of Tlaxco and community of Tetla.
Family togetherness	<ul style="list-style-type: none"> Plant visits by schoolchildren and family members.
Sports promotion	<ul style="list-style-type: none"> Soccer tournament.
Safety	<ul style="list-style-type: none"> Special training events during Safety Week and presentation of diplomas.
Environment	<ul style="list-style-type: none"> Renewal of the Plant's Clean Industry Certification from PROFEPA through May 2016. Solid Waste Co-Processing Certification from PRO-AMBIENTE, S.A.
Corporate Offices	
Reading changes your life	<ul style="list-style-type: none"> We continued supporting good reading habits through or mobile library and internal virtual magazine, for employees, their families and the community at large.
Social support	<ul style="list-style-type: none"> Product donations to charitable and educational institutions. KCM employees were particularly generous in donating to the Red Cross after hurricane Odile devastated parts of BCS.
Health and training	<ul style="list-style-type: none"> "Kuida tu Salud" program for weight reduction and improving dietary habits and physical activity. Participating employees dropped 635 kg in 2014, equivalent to an average of 3 kg per person. Talent retention center - Training and development of higher capacities. Training in the new Code of Ethics. "Health is in your Hands" and "Hydrate with Natural Water" campaigns.
Sustainability	<ul style="list-style-type: none"> In 2014, we recycled almost 9 metric tons of post-consumer paper from our administrative offices. Introduced Personal Carbon Footprint measurement tool. Distribution of the 2013 Sustainability Report on the company intranet. Communication activities about the importance of a Sustainability Strategy as a competitive advantage. Sustainability stand on Innovation Day. Articles about ecology in KCM's online magazine - How KCM helps reduce GHG emissions and water consumption per metric ton produced.





Program	Result
Morelia Plant	
Civil safety	<ul style="list-style-type: none"> • Safety Week, with the participation of the IMSS, volunteer firemen and the Ministry of Agriculture and Natural Resources.
Family togetherness	<ul style="list-style-type: none"> • Tree planting by family members. • Scale model contest. The judging committee was composed of representatives from the Health and Safety Committee, Union and plant management. • Celebration of Children’s Day with family members.
Educational support	<ul style="list-style-type: none"> • Training courses in the issues of safety, maintenance and environmental care, for 39 university students studying Mechatronics, Wood Technology Engineering and Industrial Engineering.
Prosepe Plant	
Volunteer actions	<ul style="list-style-type: none"> • Through the “Serving Together” program, our employees carry out charitable activities in disadvantaged communities in need of social assistance for one week of the year. The program includes schools, orphanages, children’s hospitals, charitable institutions and nearby municipalities.
Community donations	<ul style="list-style-type: none"> • In 2014 we supported the Juárez and Vicente Villada hospitals, the orphanage of Nuestra Señora de la Salud, a home for senior citizens, the 5 de Mayo School and the Orfanato Guadalupano de Atizapán de Zaragoza in the State of Mexico. • Baby diapers and feminine napkins were donated to orphanages and the local DIF.
Training and productivity	<ul style="list-style-type: none"> • Twenty instructors were trained for DC-5 Certification with the Ministry of Labor and Social Planning. • Advisory program for the CENEVAL exam to help employees who want to complete their preparatory school education.
Educational support	<ul style="list-style-type: none"> • TESCO Dual Education Agreement. This program began in July 2014, and provides a model for connecting theoretic classroom work with practical training in the productive sector. • PSD Library. Promotes reading habits among employees, family members, and communities, contributing to their intellectual and cultural development. • In addition to books supplied by the company, employees can donate their books, whether physical or digital, to expand the titles available at the library.
Environment	<ul style="list-style-type: none"> • Plant personal participated in the Environmental Leadership Program for Competitiveness given by PROFEPA. • The PSD Plant earned the international KCC “Crystal Tree Award” for meeting the highest standards in the area of sustainability.

There were no negative impacts on communities from our operations in 2014. (GRI SO9)





Supporting environmental care

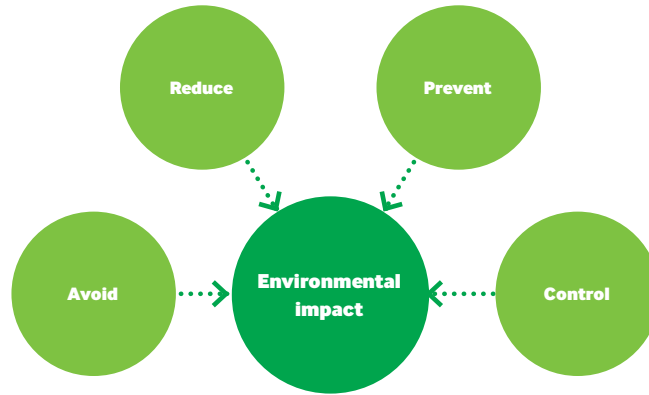
Environmental care is part of the essence of any company. Today we generate an impact, and our obligation is to prevent, control, mitigate, and to the extent possible, eliminate this impact. The environment is the milieu in which we operate to create value for society. Every company is responsible for recognizing the value of ecosystems and ensuring a better future for the next generations.

Environmental policies

At Kimberly Clark de México, we have a General Environmental Policy that makes environmental care a key value in all of the company's operations and businesses, and an integral part of every job description.

<http://kimberly-clark.com.mx/en/sustainability/environmental-policies>

For this reason, everyone who works at KCM is responsible for avoiding, reducing, preventing and efficiently controlling the environmental impact of their activities, and for pursuing a strategy of commitment to sustainable development programs throughout the value chain.

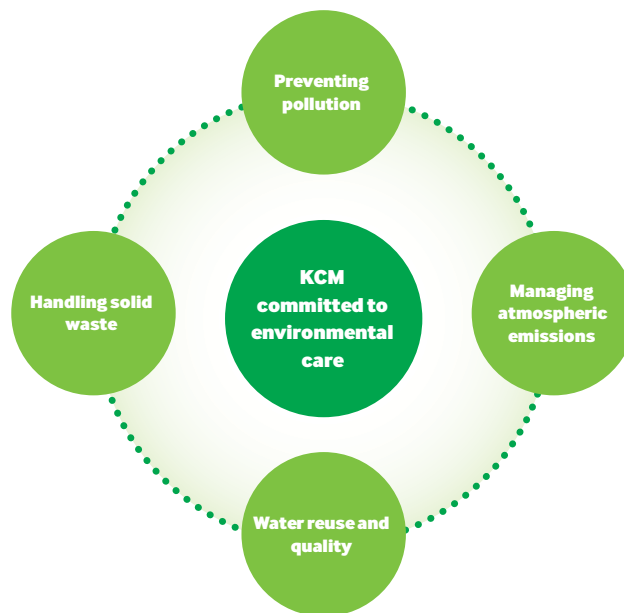


In accordance with our Environmental Policies, we establish environmental performance goals and standards that cover the handling of solid waste, water use, control of discharges, energy efficiency, atmospheric emissions and preservation of biodiversity. In each of these areas we work with the appropriate stakeholders (communities, employees, suppliers and authorities).

Our environmental policies were updated in 2014, and can be viewed on our website at:

<http://kimberly-clark.com.mx/en/sustainability/environmental-policies>

In pursuit of these goals, we invested a total of US\$17.91 billion in environmental care in 2014, aimed at addressing initiatives in the areas of:



In 2014, the company did not receive any financial support from governments toward its expenses and investments in environmental and social programs. (GRI EC4)

Environmental investment and expenditures

(GRI EN30)

Factors	US\$ million
Air	5,728
Water and wastewater	7,044
Hazardous waste	69
Non-hazardous solid waste	4,187
Preventing pollution	6.0
Others	873
Total	17,907

¹ Not including investment in the new tissue machine #4 at the Bajío Plant, which reduces water and thermal energy use. The total cost of the Bajío 4 project was US\$81.1 million.

Monetization of direct materials used (GRI EN1)

Total	2013	2014	Unit
Virgin wood pulp	250,967	246,632	mton r
Recyclable fiber	650,816	686,925	mton r
Nonwoven fabrics	9,200	16,633	mton nr
Packaging and cardboard	25,347	26,400	mton r/nr
Boxes	71.43	77.78	Millions of pieces r
Polymers and flexible film	64,597	50,100	nr

r-renewable / nr-non renewable

Value chain strategy

Our strategy for continuous improvement in each phase of the value chain places special emphasis on the productive operations that we control directly, trying to do more with less, to make them more competitive, flexible and efficient, optimizing our use of natural and non-renewable resources and identifying risks and opportunities at each plant.

The corporate group on sustainability and the environmental coordinators of each plant prepare expenditure and investment budgets every year, in which they plan what will be spent on improvement environmental performance and ensuring complete compliance with the applicable regulations. In the communities where we operate, we maintain an open dialogue with authorities and related stakeholders in reviewing and updating our environmental goals and policies.

Selection of sustainable raw materials

We make an effort to consume raw materials wisely at each one of our plants, working to make our production lines as efficient as possible. Among the most representative of our direct materials (those that are present in our final products) are absorbent fibers, nonwoven fabrics, paperboard, plastics and packaging materials. A significant part of the absorbent fibers we use come from post-consumer paper and paperboard, which replace virgin wood pulp in the products.

To manage the risks affecting our operations, we spent Ps.55.3 million insuring our assets in 2013, and Ps.65 million in 2014. (GRI EC2)

Environmental Management System (GRI 4.12)

KCM's environmental management system manual and its application were developed on the basis of ISO 14001 standards, the KCC global management system and the specificities of each of our operations. We keep a centralized record of compliance with environmental laws and standards, progress of investment projects and energy efficiency goals, control of water consumption, wastewater discharge quality, waste management, control of atmospheric emissions and regulatory changes.





Our productive strategy has focused on improving the efficiency of our manufacturing and conversion equipment, and this past year we set productivity records at all our tissue paper and diaper plants and in several personal care lines. We also maintained excellent control over our inventories, with turnover dropping from 9.0 in 2013 to 9.6 in 2014.

The results of our environmental management system and the environmental efficiency of our operations are reviewed monthly in operating meetings with area directors, the directors of Manufacturing and Plant, Purchasing, Quality Assurance, Engineering and Maintenance, Operating Comptroller and Industrial Safety manager. The efficacy of our environmental management system and our performance in terms of occupational health and safety is audited by the sustainability group, the plant environmental coordinators, and on a regular basis by the Environmental Control and Regulatory Affairs group of Kimberly-Clark Corporation.

The Executive Sustainability Committee is responsible for designing and applying the strategy, and reviews relevant aspects of our environmental performance on a quarterly basis.

Sustainable development with our suppliers (GRI HR1)

Our commitment to our suppliers involves sharing of best sustainable practices and identifying projects for developing raw materials with high standards of environmental care and protection.

Our supplier evaluation system takes into account the quality of the goods and services they provide us, the level of service and their commitment to our sustainability strategy in the value chain, including the protection of human rights, environmental care, preservation of biodiversity, and transparent operations.

This evaluation system includes regular audits of our suppliers' facilities. (GRI HR6 y HR7)

We also conduct surveys among our suppliers asking them what they believe to be the most important aspects of our sustainability strategy. The most recent results are:

Economic pillar – Code of Ethics, Mission, Vision and Values, and economic impact on stakeholders.

Environmental strategy – Regulatory compliance, analysis of environmental risks and impact on communities, and integration of suppliers to the KCM Sustainability Strategy.

Environmental pillar – The most important issues are treatment of wastewater discharge, GHG emissions, the consumption of energy from renewable sources, and water consumption.

Social and labor pillar – The key aspects are the health and safety of our employees, the training and preparation of our people, and the balance between work and family.

Society and products – Surveys show that the most important aspects in this area are product innovation, investment and creating jobs in the communities, and safety and performance in hygiene and personal care products.

The preferred channels of communication are e-mail and the company's webpage.

Since late 2014 we have been working on designing a Code of Ethics for our suppliers and basic sustainable development criteria for our value chain. To this end, we have conducted specific surveys of our most significant suppliers.

This code, along with an evaluation of basic environmental performance indicators, will be implemented in 2015, and the audit process based on these new criteria will begin in 2016.

Based on the principal results of these surveys, the yield indicators for our Sustainability Strategy focus on these issues, in addition to priority aspects identified by other stakeholders like employees, consumers, clients, shareholders, NGOs, authorities and communities (see Social Responsibility chapter), not to mention transparent operations, accountability and respect for human rights.

At Kimberly Clark de México, we promote the generation of indirect jobs, and include domestic supply alternatives in our supplier development processes, based on the following criteria: (GRI EC6, EC9, HR6, HR7, PR1)

- Commitment to KCM’s sustainability strategy
- Geographic location.
- Compliance with industrial quality and legislation.
- Cost.
- Performance valuation (includes parameters for quality, service and environmental care, among others).
- Conformity with health and safety guidelines on the use of materials (safety clearance).
- Financial stability.
- Capacity of current and future suppliers to innovate on their own or in conjunction with KCM R&D areas.

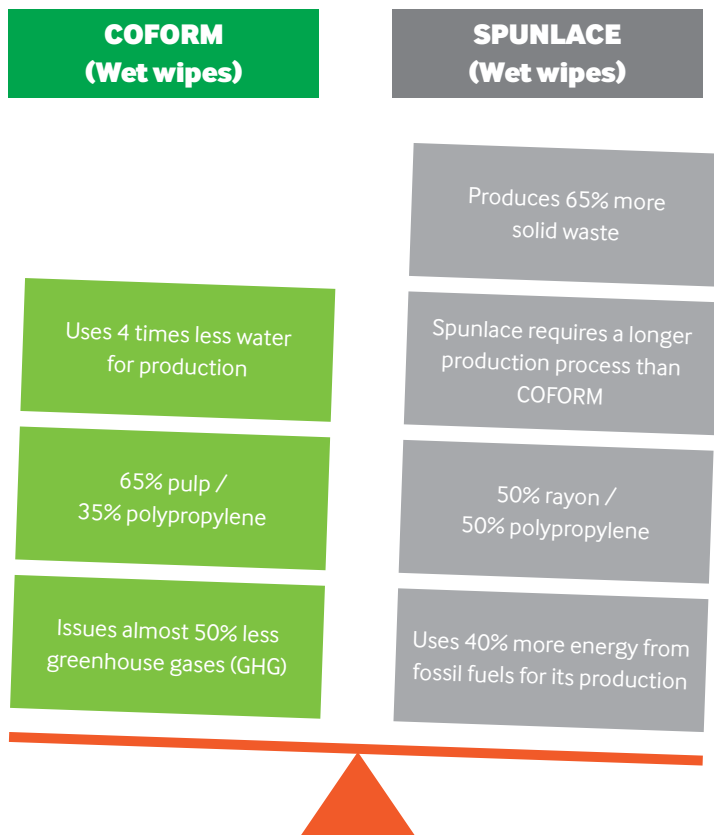
- Signing of confidentiality agreements as required for maintaining good commercial relations.
- Environmental impact analysis of the entire value chain and product lifecycle.
- Respect for human rights throughout the value chain. (GRI HR2)

Lifecycle analysis

In recent years, we have been conducting a lifecycle analysis of the company’s most significant products. For example, in our wet wipes business, we compare the lifecycle of our proprietary COFORM technology with the SPUNLACE material our competitors use, from the standpoint of environmental impact.

As this graph shows, KCM’s COFORM technology has a smaller environmental footprint, and the wipes made with this material are around 90% biodegradable.

In our disposable baby diapers, over the last 20 years we have reduced their weight and volume by almost 60%, and the amount of packaging per unit by more than 40%.



We also conducted a lifecycle analysis based on a study carried out in the United Kingdom by the Environmental Protection Agency of that country called “Life Cycle Assessment of Disposable and Re-usable Nappies.”

The main conclusion of this study is that throughout their lifecycle, disposable diaper and reusable cloth diaper systems have a very similar environmental impact, although the lifecycle phases that are the main source of these impacts are different for each system.

Considering that the absorbent pulp used by KCM comes from certified forests, that the production process is highly efficient in the consumption of water and energy, and that the byproducts generated are recycled or co-processed in other industries, it seems fair to say that the environmental impact of disposable diapers made in Mexico is less than cloth diapers, which require considerable amounts of energy and water for washing and drying, resulting in air acidification and emitting more greenhouse gases.

This not to mention quality-of-life improvements for parents who no longer have to wash diapers every day, and can devote the time for other personal or family activities.

In our tissue production business for use in toilet paper, napkins, facial tissues, paper towels, hand towels, etc., we are currently working with the Technical Committee of the National Pulp and Paper Industry Chamber (CNICP) and the consulting firm CADIS on a lifecycle study for the pulp and paper industry, which will be completed in 2015. The goal is to determine our industry’s water and carbon footprint, and identify opportunities for more sustainable development in the future. (GRI 4.12)

Supply of certified and post-consumer absorbent cellulose fibers

For KCM, making absorbent products for hygiene and personal care makes us responsible for properly managing risks to our forests, and for this reason, we use two types of fiber:

Virgin fiber (GRI 4.12): The virgin pulp we acquire comes from certified forests. We request and verify that 100% of the suppliers of this resource have one or more of the following certifications:

- Forest Stewardship Council (FSC)1
- Sustainable Forest Initiative¹
- Canadian Standards Association’s National Sustainable Forest
- Program for the Endorsement of Forest Certification Schemes
- Canadian Sustainable Forest Management (CSA)
- Sistema Brasileiro de Certificação Florestal.

¹ Most important certifications for KCM

These suppliers share a practice of setting up appropriate sites for production of pulp, seeking to generate this type of resource sustainably through reforestation programs, protection of biodiversity, soil quality, transformation of wood pulp with international standards, etc. (GRI EN14)

In 2014, we continued to report on forest risk management to CDP Forests and, for the second year in a row, our indicators were better than the average for our industry.

As a result of best practices implemented in 2014, we achieved a significantly better score in our CDP Forests evaluation, better than the average for our industry and for all the sectors evaluated by CPD in 9 out of 10 performance indicators evaluated.





Recycled fibers: These come from the reuse of post-consumer fiber, which is put through various physical and chemical treatments that enable it to be recycled into new products. (GRI EN26)

At KCM, we have three plants with cutting-edge technology for recycling post-consumer fiber, and in 2014 we incorporated 62.6%⁽¹⁾ of internally produced recycled pulp into our manufacturing mix. (GRI EN2)

We obtain our post-consumer fiber mainly from suppliers who have waste collection centers set up in offices, printing presses and homes, whose characteristics and properties make it eligible for conversion into raw materials. Also, the waste generated in our production lines and product lots that do not meet our quality standards are sometimes put back into processes designed to recover high-value materials that retain the required specifications and can therefore be re-used in our processes.

The waste paper generated in our corporate offices is 100% recycled in one of our plants in Ecatepec, in the State of Mexico, totaling 9.6 metric tons last year.

The incorporation of recycled fibers into our production chain has led to the creation of collection centers for these materials. These in turn have generated a link that brings participants into the economic chain and reduces the economic impact of waste. (GRI EC9)

In 2014 we acquired more than Ps. 1.80 billion in post-consumer paper, cardboard, printed magazines and newspapers from our suppliers to obtain recycled fiber for our operations. (GRI EC9)

In our export sales we have Green Seal™ certification as a supplier of products with up to 60% recycled content.

Efficient water use and discharge control

Water is a vital resource for our communities and the biodiversity around us, and an indispensable component of our operations. It therefore occupies a prominent place in our analysis of the risks and potential impact of our operations.

KCM's Environmental Policy regarding efficient water use and discharge control makes all of our manufacturing operations responsible for improving processes to manage these in order to reduce consumption and comply fully with current legislation on water use and the quality of wastewater discharges.

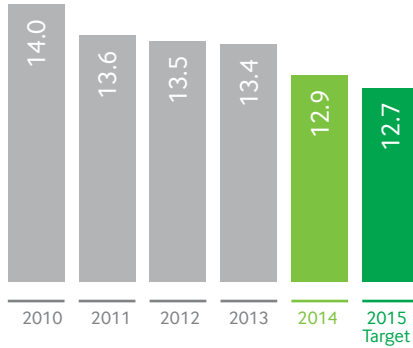
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In 2014, the volume of concessioned water extracted from the subsoil and surface water bodies (including the use of post-consumer water) used in our operating units totaled 13,097,724 m³. This was 1.9% lower than the previous year, even with a total increase of 2.2% in the volume of product we made, in terms of metric tons. (GRI EN8)

Volume of water used by supply source (thousands of m³)

Source	2010	2011	2012	2013	2014
Ground or well water	4,539.60	4,812.20	4,660.20	4,975.10	5,186
Surface water	8,532.2	7,961.7	8,175.90	8,378.9	7,911.6
Total	13,071.80	12,773.90	12,836.20	13,354.00	13,097.60
Total water use / mton	13.96	13.6	13.51	13.4	12.87

¹ The use of recycled fibers in KCM products in 2014 was 71% counting the use of direct-entry recycled fibers.



Water used per metric ton produced in total KCM operations
m³/mton

In 2014, we reached our goal of water use in m³/mton produced for total operations (-7.8% vs. the new baseline for 2010).

Use of post-consumer water

In order to reduce our consumption of fresh water, throughout the years we have invested in cutting-edge technology involving coagulation, sedimentation, flocculation, flotation, aeration

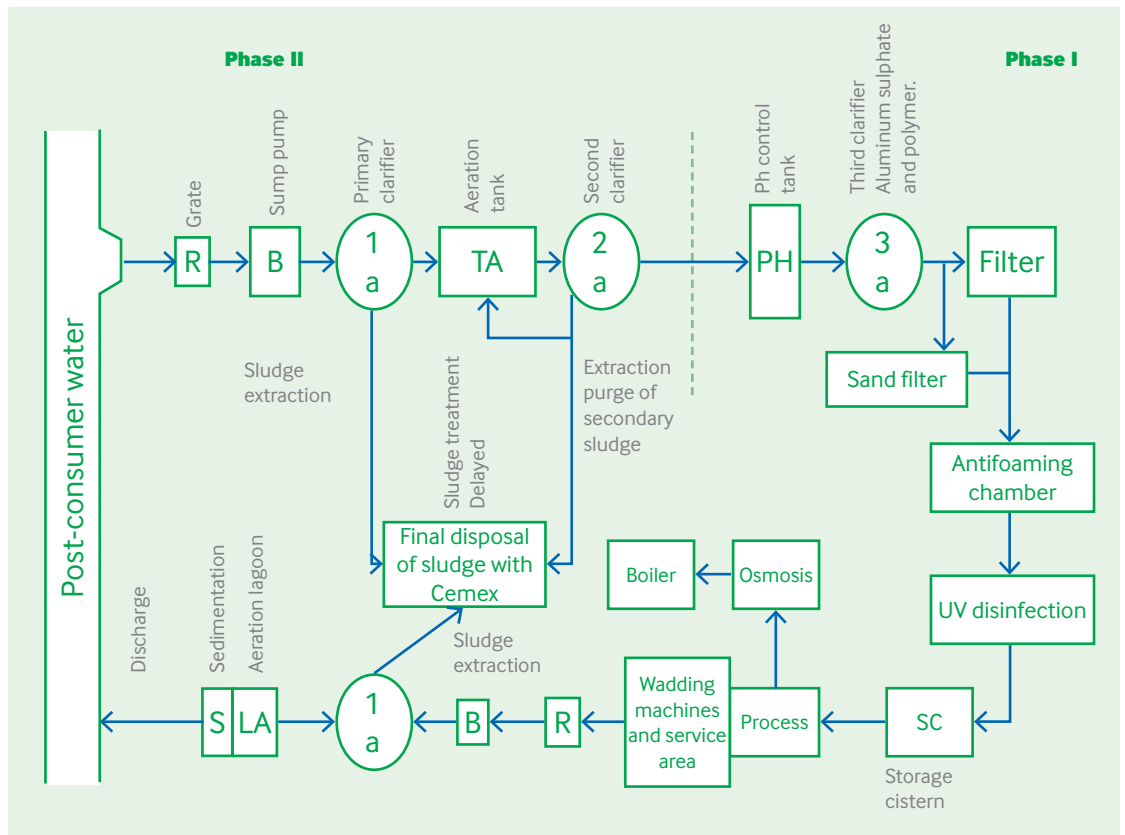
and disinfection, for internally treating and circulating the water used in our processes, as well as for re-using and taking advantage of alternative supply sources.

100% of our plants have the necessary equipment installed to take advantage of this resource, and the Ramos Arizpe, Bajío, Ecatepec and Orizaba plants have closed cycles that recycle process water up to 4.5 times. (GRI EN10)

Post-consumer water treatment system



Post-consumer water treatment process at the Ecatepec Plant





Use of water in tissue paper manufacturing operations

This resource is an integral part of our tissue paper manufacturing and our process for recovering recycled fiber from post-consumer paper, and serves as a vehicle for transporting raw material during the paper manufacture.

In our tissue paper manufacturing operations, we use fresh underground water, fresh surface water and post-consumer surface water.

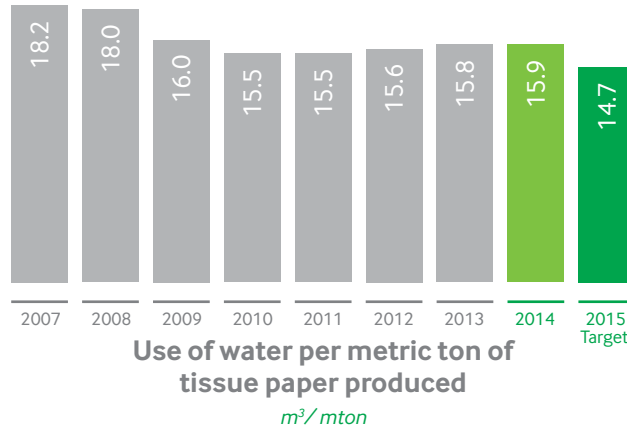
In 2014, the post-consumer water we captured represented 47.2% of the total water used in our operations.

Our performance in the internal treatment of incoming and outgoing process water has remained at record efficiency levels, reusing water up to 4.5 times. This shows that, alongside our growth as a company, we maintain operating and efficiency levels in the use of this resource.

At the global benchmark level, Kimberly-Clark Corporation has established a target for water use per metric ton of tissue paper produced of 30 m³ for machines that started up operations before 2010 and 20 m³/mton for machines that started up operations after 2011.

All of KCM's machines (except for Bajío #4) began production before 2010, which gives an average use of 15.9 m³/mton, as reported.

Publicly industry information shows that water consumption can be higher than 25 m³ / mton of tissue paper manufactured, making KCM the benchmark in the industry.



The Bajío #4 machine, which started up operations in the second half of 2014, has cutting-edge technology that includes closed water cycles, high fiber retention efficiency, Visconip® pressing design and filters that use very little water for operative cleaning.

This technology has reduced water use to just 7.95 m³/mton produced at present, making KCM a global industry benchmark. (GRI EN10)

The Ramos Arizpe Plant has been recognized globally by KCC as one of the three plants that uses the least amount of water per metric ton produced. This plant improved its use per metric ton produced from 12.16 m³ in 2013 to 11.66 m³ in 2014. (GRI 2.10)

Although our use of water per metric ton of tissue paper production has been stable for the last five years, we hope to begin reducing it in 2015, by ongoing optimization of water recirculation and treatment systems, and because of the very low water consumption of the new Bajío #4 tissue paper machine, which will be working at full capacity and should help us reduce our average consumption.

Wastewater discharge

This year, our discharge of treated wastewater into national water bodies totaled 10,606,691 m³ of water, with a quality (in SST and DBO terms) within regulatory limits. (NOM 001 SEMARNAT 1996 and applicable state and municipal standards). (GRI EN21)

In 2014, our discharge of wastewater was reduced by 2.1% vs. 2013 despite a 2.2% increase in production.



Also in 2014, our Bajío Plant once again obtained Quality Water Certification from the National Water Commission (Conagua). This certificate attests to the extra effort we make in the treatment of wastewater and in seeking out a standard that goes well beyond regulatory compliance. (GRI 2.10)

Because of our constant attention to managing the quality of our discharges, there were no watershed regions damaged, nor supply sources affected by our operations. (GRI EN25, EN9)

For the fourth year in a row, we attained our goal of zero landfill in the disposal of cellulose sludge.

Solid waste management system

KCM's environmental policy regarding the reduction and handling of solid waste makes everyone working in the company responsible for reducing, reusing, and recycling the wastes from our activities to the greatest extent possible, and for innovating in the design of our products and packages to reduce solid waste generation.

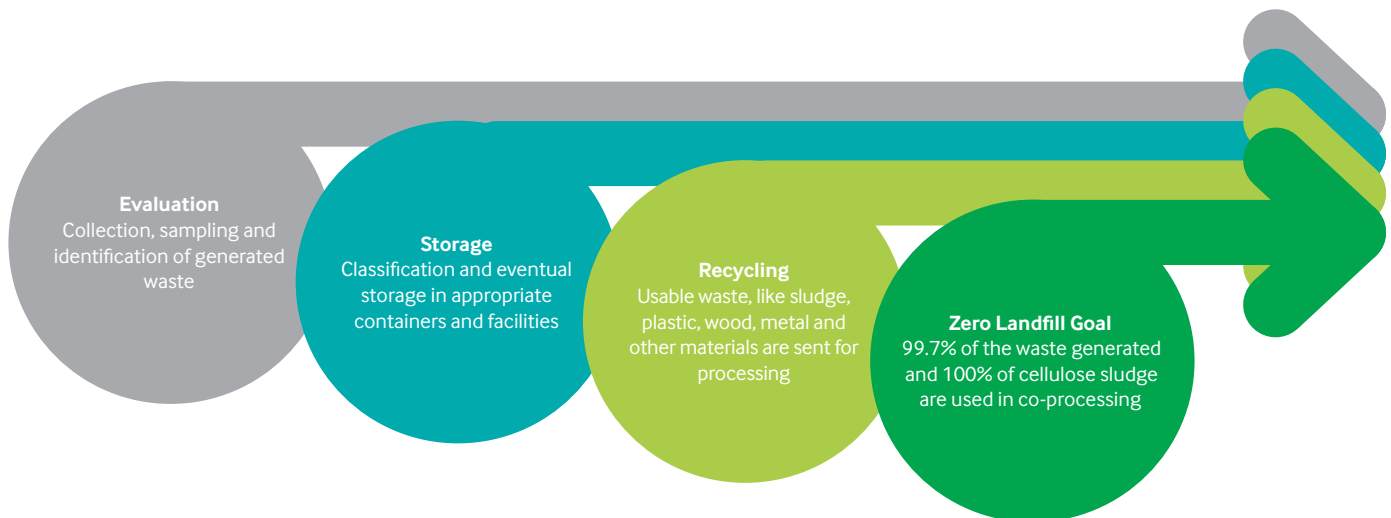
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Sustainable Innovation

Through sustainable innovation efforts, in 2014 we were able to reduce the amount of materials we use in our products and packaging by 2,492 metric tons, maintaining and, in some cases, improving our performance, according to the results of consumer preference studies.

In the last two years, our "Less is More" Sustainable Innovation program has succeeded in eliminating around 4,000 metric tons of material from our products and packaging, with a savings of close to Ps.160 million. (EN 26)

Through our waste management system, we have achieved our goal of zero landfill in the disposal of cellulose waste and a 99.7% monetization of other wastes through recycling and internal or external cogeneration. (GRI EN26)



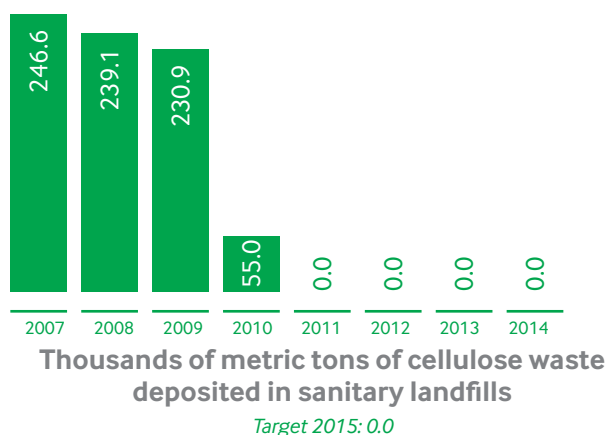
Comprehensive waste management (GRI EN22)

KCM comprehensively manages its wastes by type:

Solid urban and special handling waste: Waste materials like plastic, cardboard (not recyclable within our operations), metals and wood are sold as monetizable materials and turned over to external recycling processes.

In manufacturing processes that include the use of recycled fibers, we derive cellulose sludge from our wastewater treatment, and separate out impurities like inks and adhesives from post consumer paper. For this type of waste, we have non-CRETI certification, which means the residues produced by our productive activities are not Corrosive, Reactive, Explosive, Toxic or Flammable.

Another achievement was that, for the fourth year in a row, we sent 100% of our sludge for co-processing through synergies with the cement industry, avoiding its final disposal in sanitary landfills or other types of containment.



Hazardous waste: In handling our hazardous waste we comply with the provisions of the General Law on Comprehensive Waste Prevention and Management, its corresponding regulations and other standards in this area.

In 2014, we also monetized 370 metric tons of cellulose dust and super-absorbent sodium polyacrylate (by-products of our childcare product waste recycling plant), which were used in community-owned cropland of Grupo Ambiental SAHRA in the State of Mexico for the regeneration of agricultural soils.

Waste generated 2014 (mton)

Type of waste	Destination	
	Monetization	Landfill
Wastewater sludge treatment	370,349	
Paper	6,211	45
Plastic	5,105	263
Blended plastic	3,233	247
Plastic mixed with pulp	2,492	248
Wood	3,067	111
Metal	2,133	14
Cardboard	4,589	12
Others	2,559	227
Total by type	399,738	1,167
Grand total	400,905	
% by type	99.71%	0.29%

Energy efficiency

One of our main strategic indicators of sustainability is energy consumption. Most of the energy we use is electricity from the national supply network (CFE) and Iberdrola, from fossil fuels like natural gas, and steam generation.

This past year, 60.94% of our energy came from direct sources (natural gas and steam), while 39.06% of our energy came from indirect sources (wind energy and the national electrical network). (GRI EN3, EN4)

Energy consumption by source in billions of BTU

Year	Total	Natural gas	Steam	Fuel oil	Wind	National supply network ⁽¹⁾
2010	8,336	4,933	285	2	303	2,813
2011	8,257	4,830	257	0	291	2,879
2012	8,174	4,693	256	0	383	2,842
2013	8,353	4,816	235	0	212	3,090
2014	8,537	4,962	241	0	207	3,125

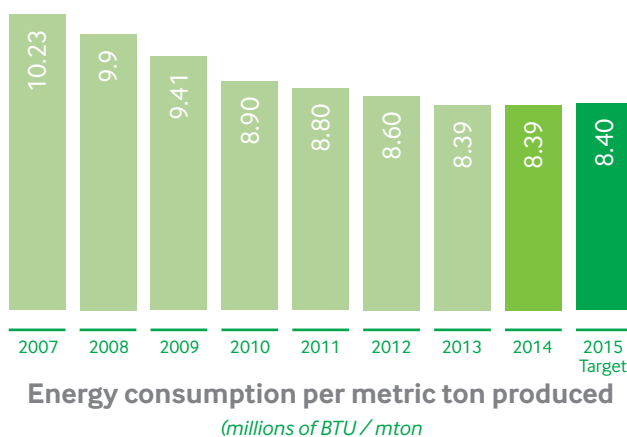
(1) 78.9% Iberdrola (combined cycle and wind farm) and 21.1% CFE.

In 2014, we maintained our progress toward reducing energy consumption per metric ton produced by 5.73% from the base year (2010) and achieved a reduction of 201 billion BTU compared to the year 2013. (GRI EN5)

Our energy efficiency initiatives in 2014 brought savings of Ps.50.89 million , through measures such as increasing the power factor, drying hood, efficiency, caloric efficiency of drying processes and a change of lighting to incandescent systems in all our plants.

In fact, in 2014 we reached the goal we had initially set in our 2015 vision, in terms of energy consumption per metric ton produced, so we are conducting the corresponding analysis of our operations to identify additional opportunities and set goals for the 2020 plan, which will be formulated in 2015.

Also significant was the start of production at the Bajío #4 tissue paper machine in the second half of 2014. In addition to the above-mentioned water consumption advantages, it also consumes 30.2% less gas per metric ton compared to similar machines, because its technology combines cold and hot air in the drying hood, limiting the natural gas used for this purpose through more efficient combustion.



Managing atmospheric emissions

We recognize that climate change poses a risk to the company and to society, and we actively work to mitigate and adapt to it by reducing our emissions.

In accordance with our environmental policy on energy efficiency and greenhouse gas (GHG) reduction, KCM sets goals for optimizing its productive and administrative processes and identifies and executes projects to reduce its energy consumption and GHG emissions per metric ton produced. We have also committed to the national climate change strategy.

<http://kimberly-clark.com.mx/en/sustainability/environmental-policies>



In analyzing business risks and potential impacts, KCM recognizes the importance of assisting in actions to mitigate and adapt to climate change. All its personnel are given responsibility for the efficient use of energy resources and for implementing technological solutions to reduce our emissions.

Through the Energy and Maintenance System, KCM monitors and reports on atmospheric emissions of all gases that eventually become CO₂ equivalent, and in keeping with the guidelines of Kimberly-Clark Corporation, we follow the EPA methodology The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition) for reporting on GHG issues, and EPA Climate Leaders for calculating the Global Warming Potential. These procedures and methodologies are reviewed and updated as new criteria and scientific data become available. Since the year 2013, our calculation of direct emissions has included those of our subsidiary Sodisa—the

transport company that distributes some of KCM's products to distribution centers and clients, as well as inter-plant materials. These emissions have historically amounted to between 4% and 4.5% of our total emissions.(GRI EN29)

In 2014, our energy efficiency projects, record productivity in various operations, and the use of indirect energy from combined cycle sources succeeded in lowering our GHG emissions per metric ton produced by 16.9% from 2013. Our total emissions in 2014 were 685,099 metric tons of CO₂ equivalent, 14.7% less than in 2013, despite a 2.2% increase in production in terms of metric tons.

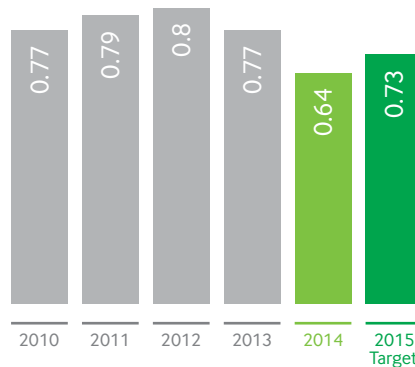
Our direct emissions were increased by 1.3% and our indirect emissions decreased by 26.0%. (GRI EN16, EN18)

Total annual emissions of GHG (mton of CO₂e)

Año	Direct GHG emissions	Indirect GHG emissions	Total GHG emissions
2010	337,752	414,434	752,186
2011	335,206	438,564	773,770
2012	325,535	465,444	790,979
2013	331,096	472,622	803,718
2014	335,446	349,653	685,099

Other atmospheric emissions (mton) (GRI EN 20)

	2012	2013	2014
Nox	281.4	287.2	293.9
SO ₂	1.53	1.56	1.6
PST	20.88	21.29	21.8



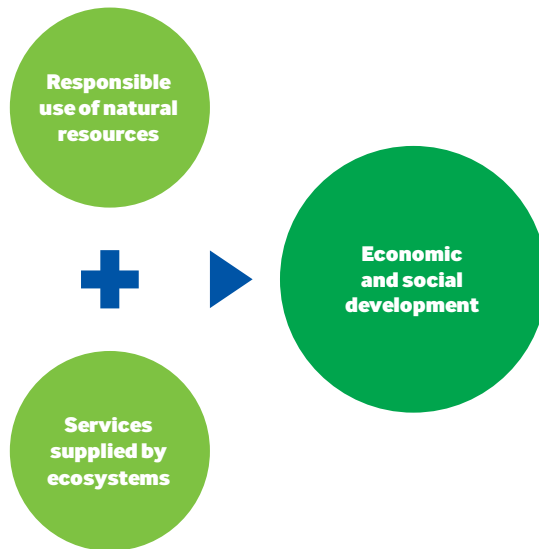
Emissions of CO₂e / mton produced

Target 2015: 0.73

Includes the effect of international modifications to the application of GHG emission factors.

Biodiversity conservation

KCM recognizes and supports the importance of preserving biodiversity and the services that ecosystems provide to social and economic development.



As a result, KCM has a policy of protecting the existing biodiversity in all localities where it operates, in line with the International Conventions on Biological Diversity that our country has signed.

In our water use and discharge control policy, we recognize our responsibility for protecting the existing biodiversity in the locations where we operate, so we make it a priority in our system of environmental management and policies.

100% of our plants have obtained their respective environmental impact statements. When we develop a plant, we evaluate possible impacts on the condition of the operating sites. These include the existence of protected areas neighboring our operations and the identification of endangered species. (GRI EN14)

The land surrounding the Morelia Plant, located in the community-owned farming cooperative of Cointzio, Morelia, in the state of Michoacán, is considered a Natural Protected Area (NPA). This preserve has a surface area of 420 hectares that is zoned for environmental preservation. In general, however, our company does not operate in protected sites or where there are endangered species. This zone was declared an NPA in 2004, 30 years after the Morelia Plant was built in 1973. (GRI EN11)

The NPA surrounding the Morelia Plant was created to preserve and protect the La Mintzita natural spring, the main source of supply for our operations. No significant impact is assumed, since local authorities' management of the water body allowed for the use and exploitation of concessioned volumes of water under criteria of preservation and conservation of the spring itself. (GRI EN12)

At KCM, through our Huggies and Kleen Bebé brands, we share our responsibility to biodiversity, and, for 16 years, have partnered with the institution Naturalia, Comité para la Conservación de Especies Silvestres A.C, formally known as Unidos por la Conservación, to protect endangered Mexican species. In 2014, our support went to protecting the Royal Eagle in Aguascalientes, the Green Parrot in the Eastern and Western Sierra Madre, the American Beaver in northern Mexico and the Orca Whale in the Pacific Ocean. (GRI EN15)

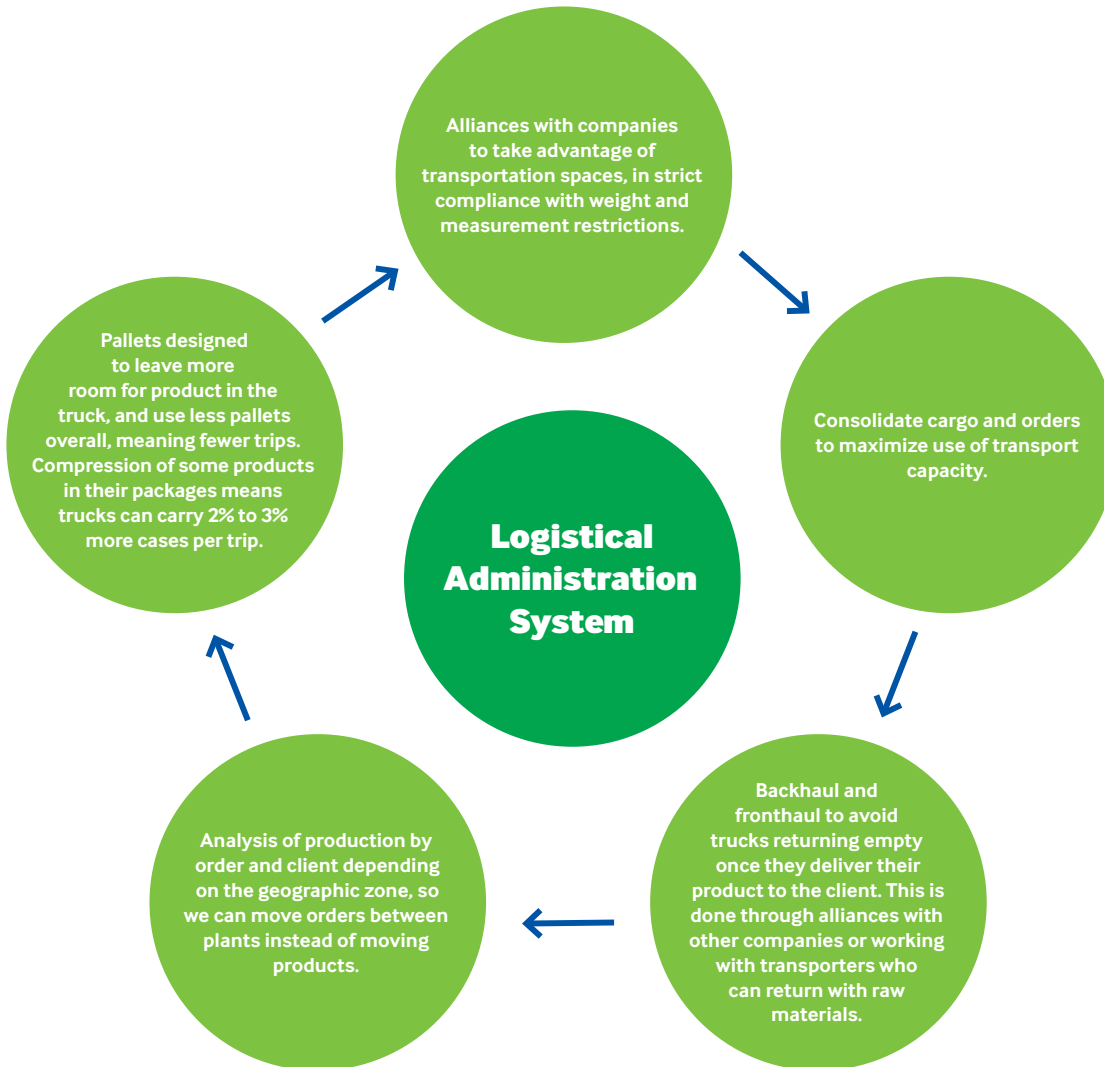
KCM protects and is committed to biodiversity.



Logistics

Logistics at KCM are handled through a subsidiary called Sodisa and, to a lesser extent, by subcontractors.

In our logistical management system, we are continually working to reduce costs, emissions, kilometers traveled and service visits, among other indicators:



All of the above, as well as a program to upgrade to more efficient vehicles, has enabled us to reduce the distance traveled in the last four years by the equivalent of 3.975 million kilometers, or 16.2%, alongside an increase of 13.7% in sales volume, which represents substantial fuel savings and a reduction in greenhouse gas emissions.



Certifications and recognitions

(GRI 2.10)

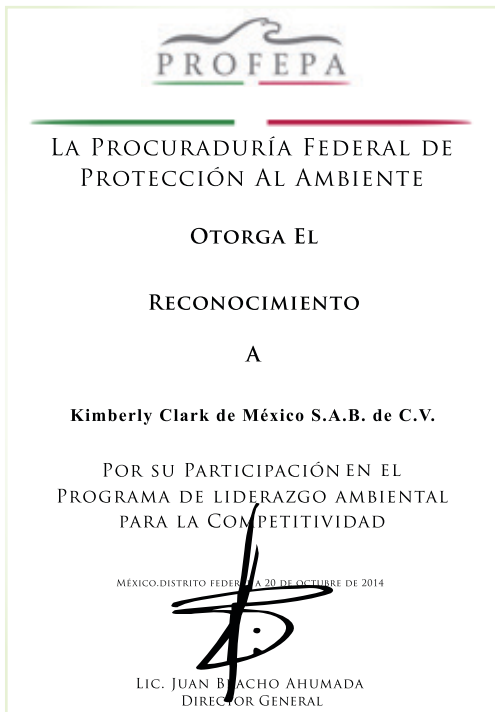
- Crystal Tree Award. KCM, committed to environmental care and sustainability, was distinguished by the Global VP of Kimberly-Clark Corporation and its Advisory Board for Sustainability with the highest award for excellence in sustainable practices. This reinforces our conviction that with Innovation, Leadership and Vision, we move ahead with our sustainability strategy.



▶ **Recycling and zero landfill**

▶ **Exceed global safety standards**

▶ **Use of post-consumer water and reduction of energy and GHG emissions**



- KCM was also recognized by the Mexican Environmental Protection Agency for its participation and development of projects within the Environmental Leadership for Competitiveness Program, which strengthens our commitment to sustainability and promotes our work ethic throughout our plants.
- In 2014, the Bajío Plant, which has discharge bodies that may interact with the San Juan River, once again received the Water Quality Certificate from the National Water Commission. In 2015 additional investment is programmed for wastewater treatment in order to continue to exceed the most demanding standards in this field.
- In 2014 we were recognized by Reforestamos México A.C. for our active participation in the CDP Forests program. The Fundación Mexicana para el Desarrollo Rural A.C. also recognized our support for its social educational programs in rural Mexico.
- Once again, our plants with the most advanced standards of sustainability, which account for more than 90% of the value we generate, were recognized by the Federal Environmental Protection Agency with Clean Industry Certification.
- The international agency Millward Brown recognized KCM as having 5 of Mexico's 10 best Facebook® pages. for the value we offer our customers.
- The Reputation Institute conducted a study of 200 companies in Mexico and found that KCM was perceived to be among the top 10 for innovation, responsibility and product offering.
- Finally, we received recognition as supplier of the year from our main supermarket and convenience store clients.

About this report

Our 2014 Sustainability Report has been prepared according to the requirements of the Mexican Stock Exchange IPC Sustainable Index and the Global Reporting Initiative (GRI) guidelines, version G3.1.

Its content covers our corporate headquarters and all our productive plants but excludes our distribution centers, unless otherwise indicated; it applies to the full year 2014. (GRI 3.1)

The data presented in this report were obtained using our administrative and technical procedures controls and tools. (GRI 3.9)

The scope of this report was defined in consideration of the primordial issues of our sustainability strategy, as well as an analysis of the risks, potential impacts and opportunities we have identified for our business and our operations.

We have also included data and information considered relevant by our stakeholders in areas such as the economy, society, occupational safety and environmental care. (GRI 3.5, 3.6)

There have been no significant changes that would affect the comparability of information presented in our previous annual report, for the year 2013 (GRI 3.2 y 3.3), or for that presented in this report for the year 2014. (GRI 3.10, 3.11)

Specifically with regard to water use, because almost 80% of what we require is used in our tissue paper production operations, we had been reporting the volume used in terms of m³/metric ton produced, only for these operations. Beginning with this report we are also reporting the historic trend in water use (m³/mton) for all of our operations. (GRI 3.11)

To calculate CO₂ equivalent emissions, we used the EPA methodology (The Greenhouse Gas Protocol: A Corporate accounting and reporting standard, Revised Edition). (GRI 3.7 y 3.9)

As we explain in the report itself, our GHG emissions in 2014, measured in terms of mton CO₂eq/mton produced, were 16.8% lower than in 2013, as well as some energy efficiency measures like changing lighting to induction lamps in all of our plants.

Our progress toward the economic, social, occupational safety and environmental goals of our sustainability strategy is discussed generally in the section entitled “Summary of performance indicators.”

This report includes more economic, social and environmental indicators than the 2013 report, and provides a greater level of detail on these, as well as the management approaches for each specific aspect, consistent with a GRI **application level of “A.”**

For more information about our 2014 Sustainability Report, you are welcome to contact Azul Argüelles, Manager of Finance and Investor Relations at azul.arguelles@kcc.com, or José Antonio Lozano, Director of Sustainability, Regulatory Affairs and Intellectual Property at jlozano@kcc.com. (GRI 3.4)

You can also view this report in PDF format on our webpage at:

 <http://www.kimberly-clark.com.mx/en>

as well as at emisnet, at the Mexican Stock Exchange website.

GRI Index

Management Approach (GRI 3.12)

Economic		Pages
Aspects	Sustainability strategy – Economic axis	15-18
Economic performance	Message from the CEO, Financial results, Our business model, Impact, risk, & opportunity assessment, cost advantage	3, 5, 16, 20
Market presence	Our brands & business lines, Operational structure, Actions that benefit our consumers and clients	10, 12, 10
Indirect economic impacts	KCM supports its stakeholders, Actions that benefit our suppliers, Post-consumer fiber procurement	40, 34, 75
Environmental		Pages
Aspects	Sustainability strategy – Environmental axis	15, 18, 69 71, 71, 6
Materials	Environmental policies, Environmental investment and expenditures, Value chain strategy, Summary of performance indicators	42, 71, 74, 71
Energy	Sustainable innovation, Sustainable raw material selection, certified fibers, renewable direct materials	80, 80, 80
Water	Energy efficiency, Energy consumption, Consumption-reduction projects	75, 76, 78
Biodiversity	Efficient water use and discharge control, Environmental impact statements, Biodiversity conservation	75, 82, 73
Emissions, effluents and waste	Greenhouse gas emission reduction, Direct and indirect emissions, Unitary emissions, Climate change, Discharge control, Solid waste management, Reduction, reuse & recycling policy, Zero landfill	81, 81, 81, 81, 81, 75, 78, 78
Products and services	Technological innovation and development, Sustainable innovation, “Less is More” program, KCP “Health is in your Hands”, Product Sustainability Index	44, 78, 78, 63, 45
Compliance	Environmental Management System, Environmental impact statements, Clean industry certificates, Water quality certificates, Zero fines or penalties	71, 73, 84 84, 78, 84
Transport	Emissions from Sodisa transport subsidiary, Logistics, Performance indicators	81, 83, 83
Overall	Message from the CEO, Sustainability strategy, Impact, risk, & opportunity assessment, Value chain strategy	3, 15, 20, 71



Labor		Pages
Aspects	Sustainability strategy – Social axis Actions that support our human capital	18-51
Employment	Actions that support our human capital, Personnel selection and recruitment, Capital expenditures	18-51, 51, 53, 56
Labor/Management relations	Actions that support our human capital, Personnel selection and recruitment, Safety Consulting Council	18-51, 51, 53
Occupational health and safety	Occupational health and safety, Administration and Evaluation System (SAES), Performance indicators	59, 59, 60
Training and education	Training and development plans	55, 56
Diversity and equal opportunity	Actions that support our human capital	18-51
Equal remuneration	Actions that support our human capital, Personnel selection and recruitment	18-51, 53

Human Rights		Pages
Aspects	Sustainability strategy – Social axis Actions that support our human capital,	18, 18-51
Investment and procurement practices	Training and development plans, Occupational health and safety	53, 31, 56, 59
Non-discrimination	Actions that support our human capital, Human rights protection & equal opportunities, Code of Conduct	18, 57, 32
Freedom of association and collective bargaining	Actions that support our human capital, Human rights protection & equal opportunities	18, 33, 57
Child labor	Corporate ethics and governance, internal audit, Human rights protection & equal opportunities	25, 35, 33, 57
Prevention of forced and compulsory labor	Corporate ethics and governance, internal audit, Human rights protection & equal opportunities	25, 35, 33, 57
Security practices	Corporate ethics and governance, internal audits, Actions that support our suppliers and clients	25, 35, 23, 10
Indigenous rights	Code of Conduct – Non discrimination, Equal opportunities	32, 57
Assessment	Training in Code of Conduct & Corporate Ethics, Actions that support our suppliers and clients	33, 23, 10, 49
Remediation	Internal audits	35

Social		Pages
Aspects	Message from the CEO, Sustainability strategy – Social axis. Corporate Ethics and Governance, KCM supports its stakeholders	3, 15, 18, 25, 38
Local communities	Actions that benefit communities, Support to institutions, education and cultural programs	62, 64, 64, 64
Corruption	Corporate Ethics & Governance, Government structure, Code of Conduct, Internal audits	25, 27, 33, 35
Public policy	Corporate Ethics & Governance, Government structure, Code of Conduct	25, 27, 33
Anti-competitive behavior	Zero incidents	35
Compliance	Corporate Ethics & Governance, Labor relations	25, 51

Product Responsibility		Pages
Aspects	Message from the CEO, Actions that benefit our consumers & clients	3, 38
Customer health and safety	Product hygiene & safety, medical clearance, KCP – “Health is in your Hands”	43, 44, 63
Product and service labeling	Quality assessment, responsible communication to our consumers	44, 49
Marketing communications	Technological innovation and development, Responsible communication to our consumers	44, 49
Customer privacy	Customer service / KCM 3.0	49
Compliance	Zero fines or sanctions	43

Profile, Report Parameters and Performance Indicators

ID	Indicator description	Status	Pages
Analysis and strategy			
1.1	Statement from the most senior decision-maker of the organization Reported	Fully	3
1.2	Description of key impacts, risks and opportunities	Fully	5-7, 20-23
Organizational profile			
2.1	Name of the organization	Fully	9
2.2	Primary brands, products and/or services	Fully	10, 11, 12
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures	Fully	12
2.4	Location of organization's headquarters	Fully	12
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Fully	12
2.6	Nature of ownership and legal form	Fully	9-10
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Fully	12
2.8	Scale of the reporting organization	Fully	5, 6, 10-12
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Fully	12
2.10	Awards received in the reporting period	Fully	78, 84
Report parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	Fully	85
3.2	Date of most recent previous report (if any)	Fully	85
3.3	Reporting cycle	Fully	85
3.4	Contact point for questions regarding the report	Fully	85
3.5	Process for defining report content	Partially	17, 19, 38, 85
3.6	Boundary of the report	Fully	19, 85
3.7	State any specific limitations on the scope or boundary of the report	Fully	85
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	Not applicable for this period	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	Fully	85
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	Fully	85
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Fully	85
3.12	Table identifying the location of the Standard Disclosures in the report	Fully	86-92

ID	Indicator description	Status	Pages
Governance, commitment and engagement			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	Fully	17, 27-32
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Fully	30
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	Fully	29-30
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Fully	31
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's ESG performance	Fully	32
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Fully	29
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	Fully	29
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Fully	16, 18-19, 32
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	Fully	28, 30, 35
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Fully	20
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	32, 71, 74
4.13	Memberships in associations and/or national/international advocacy organizations in which the organization has positions in governance bodies; participates in projects or committees; provides substantive funding beyond routine membership dues; or views membership as strategic	Fully	32
4.14	List of stakeholder groups engaged by the organization	Fully	38
4.15	Basis for identification and selection of stakeholders with whom to engage	Partially	38
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Fully	38-40
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	38-40
Economic			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Fully	5, 6, 40
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Fully	21, 71
EC3	Coverage of the organization's defined benefit plan obligations	Fully	40, 55
EC4	Significant financial assistance received from governments	Fully	70
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Partially	54
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Fully	73
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	Partially	51, 53

ID	Indicator description	Status	Pages
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	62, 63
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Fully	40, 73, 75
Environmental			
EN1	Materials used by weight or volume	Fully	71
EN2	Percentage of materials used that are recycled input materials	Fully	75
EN3	Direct energy consumption by primary energy source	Fully	80
EN4	Indirect energy consumption by primary source	Fully	80
EN5	Energy saved due to conservation and efficiency improvements	Fully	80
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Fully	45
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Fully	45
EN8	Total water withdrawal by source	Fully	75
EN9	Water sources significantly affected by withdrawal of water	Fully	78
EN10	Percentage and total volume of water recycled and reused	Fully	75-77
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Fully	82
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected	Fully	82
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Fully	74, 82
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction	Fully	82
EN16	Total direct and indirect greenhouse gas emissions by weight	Fully	81
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Fully	45, 81
EN20	NO _x , SO _x , and other significant air emissions by type and weight	Fully	81
EN21	Total water discharge by quality and destination	Fully	78
EN22	Total weight of waste by type and disposal method	Fully	78
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	Fully	78
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Fully	46,47, 75, 78
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not applicable	The company has not recovery programs product
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Fully	35
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	Fully	81
EN30	Total environmental protection expenditures and investments by type	Fully	71
Social: Labor practices and decent work			
LA1	Total workforce by employment type, employment contract, and region, broken down by gender	Partially	51
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	Partially	52
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Fully	53
LA4	Percentage of employees covered by collective bargaining agreements	Fully	57

ID	Indicator description	Status	Pages
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Partially	57
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Fully	60
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender	Partially	52, 62
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Fully	57, 58, 64
LA9	Health and safety topics covered in formal agreements with trade unions	Partially	60, 64
LA10	Average hours of training per year per employee by gender, and by employee category	Partially	56
LA11	Programs for skill management and lifelong learning assisting employees in managing career endings	Fully	55-56, 64
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	Fully	53, 54
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Fully	52
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Partially	57
LA15	Return to work and retention rates after parental leave, by gender.	Partially	57
Social: Human Rights			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Partially	72
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Partially	73
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Partially	Staff is trained annually in internal control subjects, including ethical code aspects and human rights.
HR4	Total number of incidents of discrimination and corrective actions taken	Fully	6
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Partially	57
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Partially	57, 72-73
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Partially	57, 72-73
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	100% of our plants have been audited by certain customers on various topics, including aspects of human rights
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	6

ID	Indicator description	Status	Pages
Social			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Fully	64
SO2	Percentage and total number of business units analyzed for risks related to corruption	Partially	34, 35
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	Partially	Staff is trained annually in topics like internal control, which it includes aspects of the Ethic Code and anti-corruption
SO4	Actions taken in response to incidents of corruption	Fully	6, 35
SO5	Public policy positions and participation in public policy development and lobbying.	Partially	Political participation of each employee is governed according to the Ethic Code
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Fully	34, 35
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	Fully	35
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Fully	35
SO9	Operations with potential or actual significant negative impacts in local communities	Fully	67
SO10	Prevention and mitigation measures implemented in operations with potential or actual significant negative impacts in local communities	Partially	64
Product Responsibility			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Partially	43, 44, 73
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	Fully	43
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Partially	44
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Fully	44
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Fully	49, 51
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Fully	49
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	Fully	50
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Fully	51
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Fully	43

Trade Markets

Mexican Stock Exchange (BMV), Mexico
The United States (OTC ADRs)

Type of shares

Series A

Series B

Ticker

BMV: KIMBER



Director of Sustainability

José Antonio Lozano
jlozano@kcc.com
Tel.: +52 (55) 52 82 72 46

Investor Relations

Azul Argüelles
azul.arguelles@kcc.com
Tel.: +52 (55) 52 82 72 04

Corporate Offices

Av. Jaime Balmes N° 8, Piso 9
Los Morales Polanco, 11510
México, D. F.
Tel.: +52 (55) 52 82 73 00
Fax: +52 (55) 52 82 72 72

www.kimberly-clark.com.mx