

sustainability
report
2014

on track

Mexichem®

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1 company profile and strategy

1.1 About Mexichem

Mexichem is a global leader in the chemical and petrochemical industry. It has been in business for more than 50 years and listed on the Mexican Stock Exchange for more than 30 years. It operates in more than 30 countries and has commercial activities in more than 90. Our products are sold around the world, generating more than US\$5.5 billion a year in sales. We are especially known for two processes: the extraction and transformation of fluorite into value-added products, and the transformation of salt into fluent conduction solutions, like handling water for farming, infrastructure and sewage systems, and voice and data transmission. Mexichem has more than 19,200 employees around the world and more than 110 productive facilities, 2 fluorite mines, 6 training academies and 16 research & development labs spread out over more than 100 places in the world. (2.1)

Our operations are organized into three production chains: Chlorine-Vinyl, Integral Solutions and Fluorine) and a new Energy division. Our headquarters are located at:

Río San Javier #10 Fraccionamiento
Viveros del Río
Tlalnepantla, Estado de México
54060 Mexico
(2.4)

1.2 Operating structure (2.3)

Mexichem's operations are organized into three production chains: Chlorine-Vinyl, Integral Solutions and Fluorine. Each of them consists of a set of integrated business units, which means that starting with raw materials, every one of our units creates a final product that is used as an input for the next unit, until reaching the industrial client or end consumer. The three productive chains create synergies amongst themselves in common operational areas, and receive the support of corporate services.

Corporate services

Finance

Legal

Human Resources

Strategic Planning

Investor Relations

Taxes

Information Technologies

Comptrollership

Research & Development

Audits

Communications

Sustainability

Mexichem:

3 CHAINS

➤ *More than 110 productive facilities*

➤ *92 CERTIFIED ISO-9001*

(Quality Management)

➤ *61 CERTIFIED ISO-14001*

(Environmental Management)

➤ *21 CERTIFIED OHSAS 18001*

(Safety)

➤ **Derivates**

➤ **Vinyl resins**

➤ **Phosphate**

chlorine-caustic soda

➤ **Compounds**

➤ **Agricultural solutions**

➤ **Geosystems**

➤ **Fluid handling**

➤ **Pipes and conduits**

➤ **Fluorite**

➤ **Hydrofluoric acid**

➤ **Aluminum fluoride**

➤ **Refrigerant gases**

The Chlorine-Vinyl chain begins with the mining of salt (sodium chloride), which is used to make chlorine and caustic soda. The chlorine is transformed into vinyl chlorine monomer—chlorine plus ethylene, an oil by-product—which is polymerized to produce polyvinyl chloride, or PVC, a highly versatile plastic that is useful in countless every-day applications, like pipes that carry drinking water, wastewater or water for irrigation; coating for electrical cables; structural profiles for windows, doors, or siding; floor and wall tiles and furniture coating. These are used in construction, auto parts, household appliances, clothing, footwear, containers and packaging, medical devices and many other products.

This chain also produces PVC compounds that incorporate the additives needed to process the vinyl resins that Mexichem produces and obtain the functional properties required for every application, so this polymer can be turned into end-use products.

Chlorine, meanwhile, is used to purify water for human consumption, to make cleaning products, disinfect floors and walls, bleach paper and make white pigments for paint bases. Caustic soda is used to make soap, shampoo, lotions and detergents and to treat water. Other processes in the Chlorine-Vinyl Chain include the production of plasticizers, used as additives in flexible PVC products.

Chlorine-Vinyl Chain

This chain turns out the Mexichem products that are most in contact with the final consumer. Its most important product is PVC pipe, but we also make plastic pipes using other polymers, like polyethylene. Mexichem is Latin America's largest integrated producer of PVC resins.

Mexichem is a global leader in the production and marketing of pipe systems, fittings, conduits and plastic accessories for fluent conduction, primarily water but also electricity and gas. We also manufacture high-density polyethylene ducts and pipes for the telecommunications industry.

We focus on markets in the construction (residential and commercial) and infrastructure industries. We offer technical solutions using geo-synthetics like nonwoven geo-textiles, geo-drains, geo-membranes and geo-mesh. These are used in civil construction, environmental and infrastructure works.

We provide solutions in agricultural, civil and project engineering, relating to the handling, use and control of water in farming, fishing and aquaculture. We provide a wide array of solutions, according to the needs of each client.

Integral Solutions Chain

This chain starts with calcium fluoride, better known as fluorite or fluorspar, a non-metallic mineral whose basic purpose is to act as a flux. Mexichem has the world's largest fluorspar mine in Mexico. In its natural state, fluorspar is used in steel, cement, glass and ceramic manufacture, generating substantial energy savings. This type of fluorspar is called *metallurgic grade*.

Concentrated fluorite, from which the impurities have been removed, is known as *acid-grade fluorspar*, and is used in making hydrofluoric acid, which is obtained from the sulfuric acid that comes from sulfur, through chemical processes.

Hydrofluoric acid is used mainly in making refrigerant gases for air conditioners, refrigerators and freezers. It is also used as a propellant gas in medical devices, as an input for making gasoline, in producing aluminum fluoride and pickling stainless steel, in nuclear fuel, in making integrated circuits, in the nonstick coating industry, and in making fluoridated salts like lithium, which is used in batteries, and sodium salts, which are used in toothpaste.

Fluorine Chain



Mexichem operating sites

► *Mexichem operates in 34 countries in the Americas, Europe, Asia, Africa and the Middle East (1.3, 2.5)*

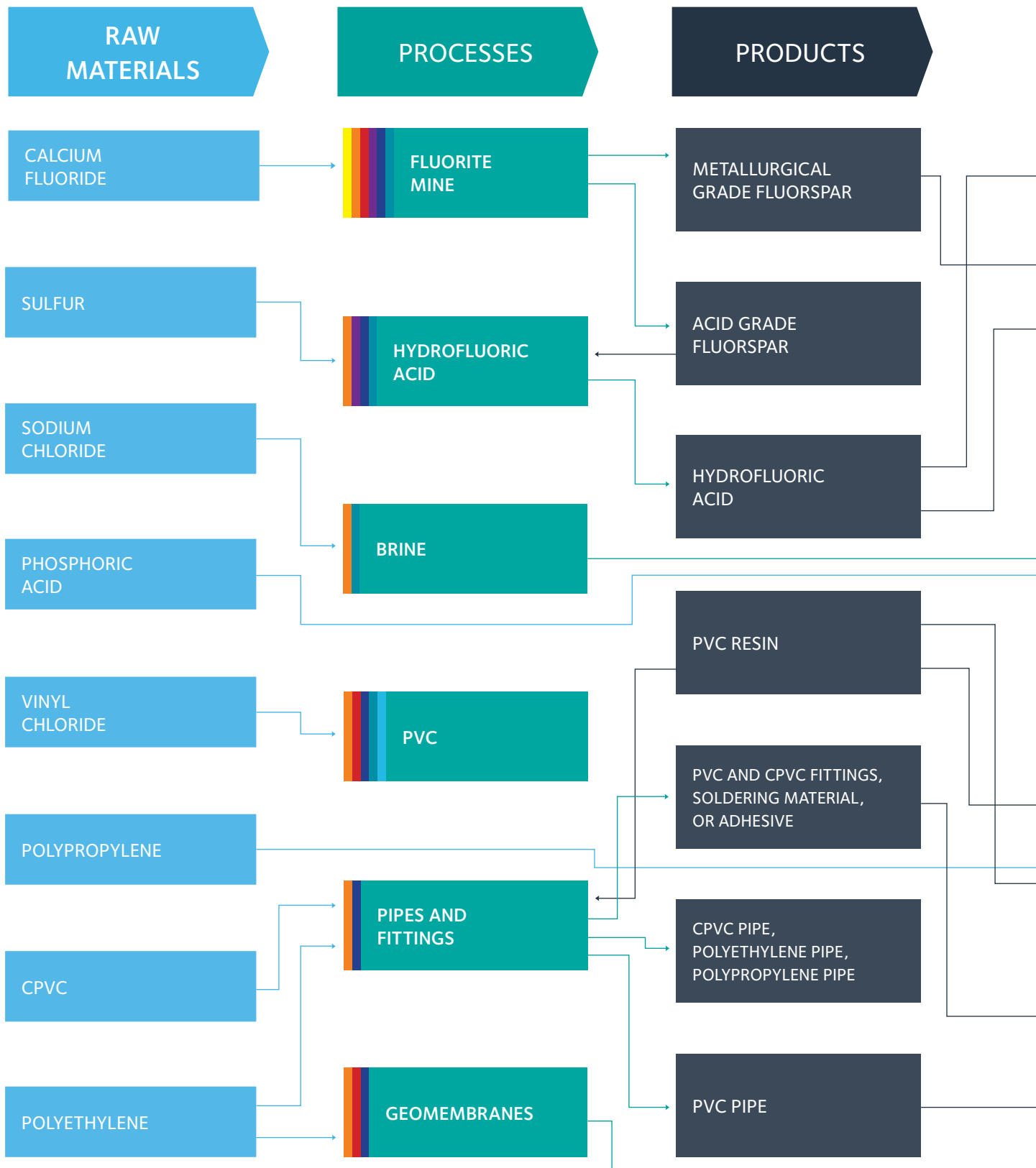
Mexichem has productive facilities in Germany, Argentina, Belgium, Brazil, China, Colombia, Costa Rica, the Czech Republic, Denmark, Ecuador, Finland, France, Guatemala, Hungary, India, Ireland, Italy, Japan, Lithuania, Mexico, Norway, the Netherlands, Oman, Panama, Peru, Poland, Russia, South Africa, Sweden, Turkey, Taiwan, the United Kingdom, the United States of America and Venezuela.

In the global market, the Fluorine Chain serves markets in the Americas, Europe and Asia; the Integral Solutions Chain is present in markets in the Americas, Europe and Asia, and the Chlorine-Vinyl Chain serves all the countries in the Americas and some Asian countries. (2.7)



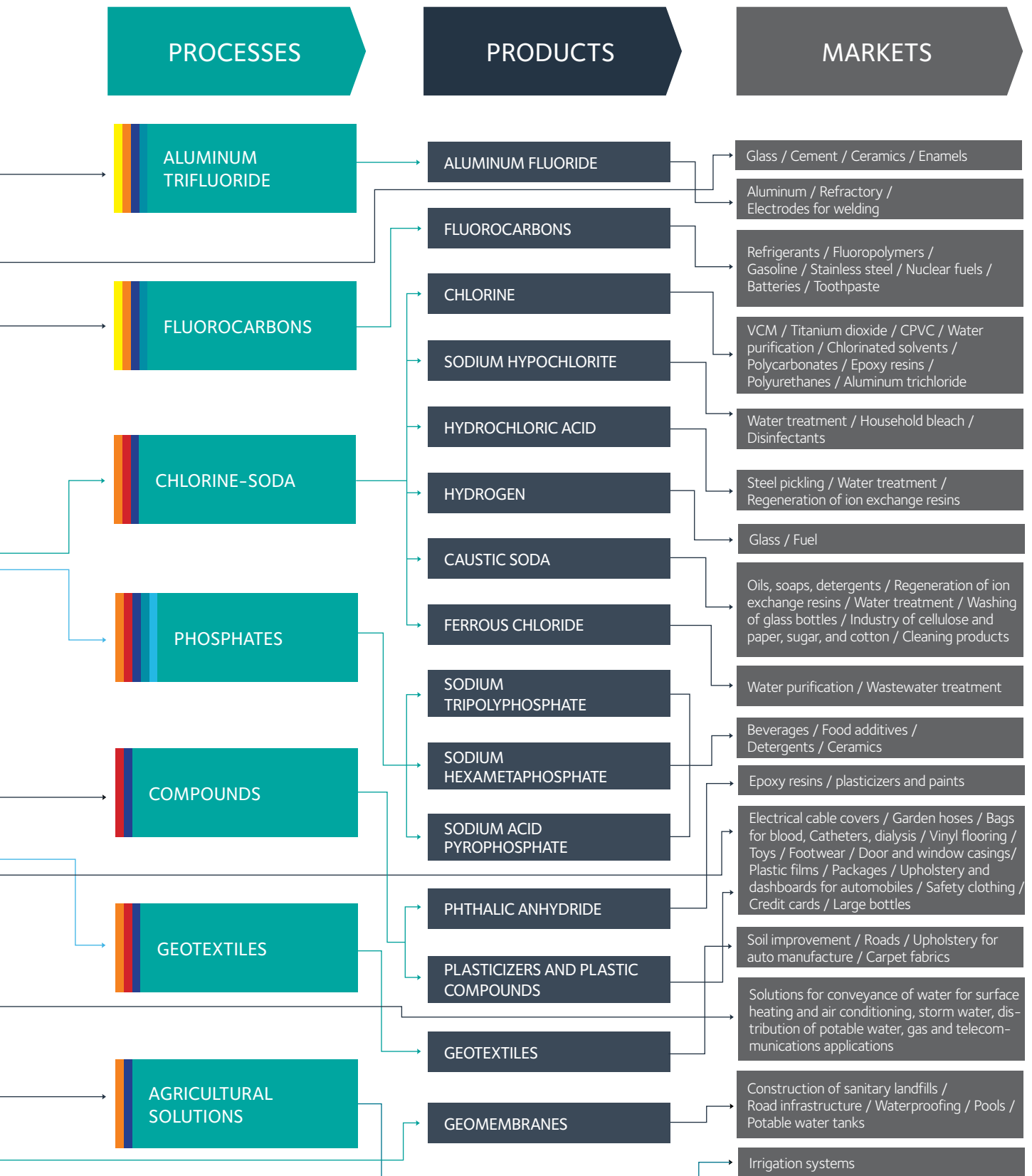
- | | | |
|-------------------|-----------------|------------------------------|
| 1. Argentina | 13. Guatemala | 25. Peru |
| 2. Belgium | 14. Hungary | 26. Poland |
| 3. Brazil | 15. India | 27. Russia |
| 4. China | 16. Ireland | 28. South Africa |
| 5. Colombia | 17. Italy | 29. Sweden |
| 6. Costa Rica | 18. Japan | 30. Taiwan |
| 7. Czech Republic | 19. Lithuania | 31. Turkey |
| 8. Denmark | 20. Mexico | 32. United Kingdom |
| 9. Ecuador | 21. Netherlands | 33. United States of America |
| 10. Finland | 22. Norway | 34. Venezuela |
| 11. France | 23. Oman | |
| 12. Germany | 24. Panama | |

Diagram of processes, products, and uses (1.2, 2.3)



MAIN IMPACTS

- Altering the environment
- Use of resources (energy, water)
- Atmospheric emissions (dust and gases)
- Waste, tailings, and slag
- Toxic and/or hazardous waste
- Health and safety risks
- Discharge of treated wastewater



ACRONYMS AND DEFINITIONS

CPVC - Chlorinated polyvinyl chloride

PVC - Polyvinyl chloride

Brine - Solution of sodium chloride in water

VCM - Vinyl chloride monomer

Fluorite - Calcium fluoride

➤ **25 product categories**
with more than **68,000**
products in total

1.4 Products, brands and markets

Mexichem supplies 25 product categories and solutions with more than 68,000 total products. (2.2, 2.7, 2.8)

	2014	Productos	Ventas	Usos finales
Integral Solutions Chain	<p>Sales* US\$3.2</p> <p>EBITDA** US\$357</p> <p>11% margin (to sales) * Billion ** Million</p>	Fluid Handling	100%	Piping, water solutions, and fittings / fluid transportation products / irrigation systems
	Chlorine-Vinyl Chain	<p>Sales* US\$1.9</p> <p>EBITDA** US\$217</p> <p>11% margin (to sales) * Billion ** Million</p>	PVC resin	62%
PVC compounds			27%	Plastic films, floors, footwear, medical bags, toys
Caustic soda			4%	Soap, shampoo, creams, detergents
Phosphates			3%	Soap, food, water purifiers
Chlorine			1%	Bleaches, water purification, disinfectants, White pigments, paper
Others			3%	High-impact PVC resins, PVC paste
Fluorine Chain	<p>Sales* US\$0.7</p> <p>EBITDA** US\$254</p> <p>39% margin (to sales) * Billion ** Million</p>	Hydrofluoric acid	19%	Refrigerant gas for air conditioning, refrigerators/freezers; Lithium salt for use in batteries, fluoride for toothpaste
		Fluorite	27%	Steel, cement, kitchen utensils
		Fluorocarbons	47%	Refrigerants
		Aluminum fluoride	7%	Aluminum

Our main brands are Mexichem, AlphaGary, Amanco, Aquacel, Arcton, Bidim, Celta, Dura-Line, Klea, Pavco, Plastigama, Plastubos, QuickStream, Vestolit, Wavin and Zephex, among others. As of December 31, 2014, Mexichem had applied for and/or received 471 patents and/or industrial designs in Mexico and other countries. (2.2)

Mexichem

AlphaGary
Market Leadership in Specialty Compounds

AMANCO

AQUACEL

Arcton

Bidim

TUBOS Y ACCESORIOS
CELTA
SU ALIADO

dura-line

KLEA

PAVCO

TUBOSISTEMAS
PLASTIGAMA

PLASTUBOS

QuickSTREAM

vestolit
The right choice

wavin

zephex
medical propellants

1.5 Mexichem philosophy and strategy

Mexichem's business strategy is focused on vertical integration, whose purpose is to reduce the volatility associated with its raw materials, while selling products that are more profitable and incorporate more added value. Mexichem's growth strategy involves buying up companies that are related to its productive chains. This strategy has allowed the company to build a leading position throughout the value chain, establishing a geographic presence in the international markets, particularly in countries where its products are required. The company is currently developing a platform to offer solutions and one-stop-shop projects that directly benefit the client and forge long-term ties. Mexichem is in the process of integrating recent acquisitions where it is seeking full cooperation and maximum synergies, in order to optimize its resources within the existing financial structure.

The triple bottom line focus, which unites economic, social and environmental concerns under one business strategy, is grounded in the concept of sustainability. This strategy is in turn set within the framework of the company's mission, vision and corporate values, which are applied to every one of our operating units. (4.8)

Vision

To be respected and admired globally as a leading chemical company, focused on generating results, contributing to progress and improving people's lives.

Mission

To transform chemicals into innovative products, services and solutions for various industrial sectors, through operating excellence and a focus on market needs, with the aim of continuously generating value for our clients, employees, partners, shareholders and community, helping to improve people's quality of life.

VALUES

To pursue our vision and our mission, we have a set of values that guide our day-to-day actions:

LEADERSHIP

We are always looking for ways to innovate products, processes and solutions, and to have a positive impact on the market and the industry.

COMMITMENT

We believe in dedication, focusing on common goals and teamwork, in exceeding our clients' expectations and keeping the promises we make to our partners, employees and the communities to which we belong and where we operate.

RESPONSIBILITY

We act responsibly and fairly in the communities where we are involved. We help preserve the environment to the best of our ability through sustainable actions.

SAFETY

We place a priority on the health and safety of our people. We work to make sure our facilities are safe for those who work there and for the surrounding communities and environment.

RESULTS

We believe in efficiency and in operating and financial excellence; we offer positive results with sustained growth, and products that make a difference.

INTEGRITY

We are committed to being an ethical, honest and reliable company that acts appropriately and respectfully toward its employees.



1.6 Management Strategy

Mexichem's corporate strategy is based on the triple bottom line: creating economic, environmental, and social value, based on the following general guidelines:

- > Sustained, healthy growth
- > Operating excellence
- > Human capital development
- > Technological development and Innovation
- > Social responsibility

Our strategy is to pursue growth and financial solidity, reduce our environmental footprint and contribute to the progress of our stakeholders. We compile information on all the relevant sustainability indicators.

We are in the process of developing a sustainability management system that incorporates strategic goals aligned with our operating targets. We evaluate our performance against the triple bottom line, with examples and success stories. We are supported by a Sustainability Committee, a multi-disciplinary group of executives

from our productive chains and corporate headquarters.

We take into account the expectations of our main stakeholders, we identify the challenges and opportunities of our social and environmental responsibility.

The safety of our employees is the most important factor in all of our activities. Our goal is to prevent all accidents and achieve zero fatalities. Responsibility for attaining this goal lies with all of the company's employees. Operating discipline is crucial for achieving world-class standards of safety, health and environmental protection in our mining, chemical and manufacturing activities.

Mexichem offers equal and fair compensation, with social benefits, to all its employees. This compensation takes into account the duties and responsibilities of each job as well as market conditions. We offer benefits above the regulatory minimum according to local labor laws in every country where we operate.

The safety of our employees is the most important factor in all our activities





We have a Code of Ethics and Human Rights Policy. We hold workshops to communicate and raise awareness about these aspects at all levels of the organization, as well as with clients and suppliers.

Our Human Rights Policy is based on the following references:

- > The Principles of the United Nations Global Compact
- > The Universal Declaration of Human Rights
- > The Recommendations of the International Labor Organization

We oppose child labor, slavery and discrimination, and we abide by UN Conventions on Human Rights and Indigenous Peoples. We distribute our policy to all of our employees, suppliers, sub-contractors and distributors, deciding on lines of action and follow-up to guarantee respect for human rights.

Because our strategy is to make allies out of our supply chain, when acquiring materials and services for our operations we give preference to local suppliers, in accordance with quality, service and price criteria.

Mexichem manages the safety of its chemical products following the principles and practices of Responsible Care, a voluntary global initiative of the chemical industry. Our product safety goals are reflected in our policies, plans and procedures.

Contribution to social progress

We are committed to the communities in all the sites where we operate, working for their progress and to help them take advantage of opportunities for joint value creation. These actions involve various forms of engagement.

We continue working to maintain our strategic focus, aimed at building economic, environmental and social value together with our stakeholders.

The central areas of our shared value projects are:

- > Education
- > Water supply and sanitation
- > Development of housing solutions
- > Childcare

Commitment to the environment

Mexichem is a company committed to protecting the environment. We abide by all the laws and take every measure necessary to care for the world around us. Our environmental protection measures seek to minimize the impact of our operations, protect the environment and develop initiatives that raise awareness about the importance of preserving environmentally valuable zones and natural resources.

We strive for the utmost efficiency in all the resources we use in our operations, based on the principles of “reduce, reuse and recycle” in industrial operations. We conduct risk evaluations and detect opportunities resulting from climate change in the regions where we operate.

We conduct an inventory of greenhouse gas (GHG) emissions, including direct and indirect emissions from the consumption of electrical energy and fossil fuels. Our commitment to GHG reduction involves savings and energy efficiency targets for our processes, which involves all of our employees.

Mexichem identifies risks and opportunities that may impact the future of our business, in order to manage sustainability through a strategic planning methodology. The management system entails strategic and operating goals, measuring, evaluating and reporting based on the triple bottom line.

We intend to continue developing various energy savings and eco-efficiency plans in our processes, upgrading technology and evaluating alternative renewable energy sources.

Our environmental commitment also includes:

- > Optimization of water and energy use
- > Reduction of industrial waste
- > Control of atmospheric emissions
- > Development of plans to protect biodiversity, soils, surface water and aquifers
- > Research and development to design and make safer, more environmentally friendly products

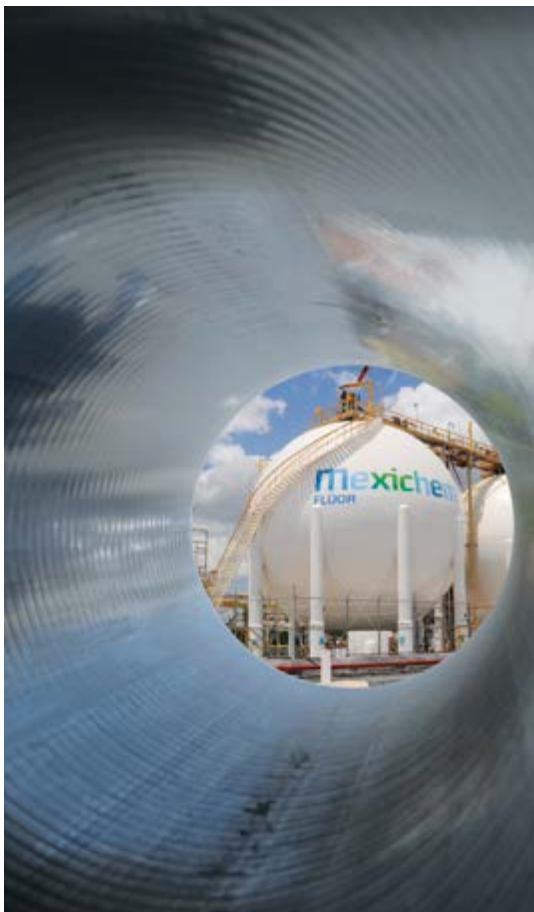
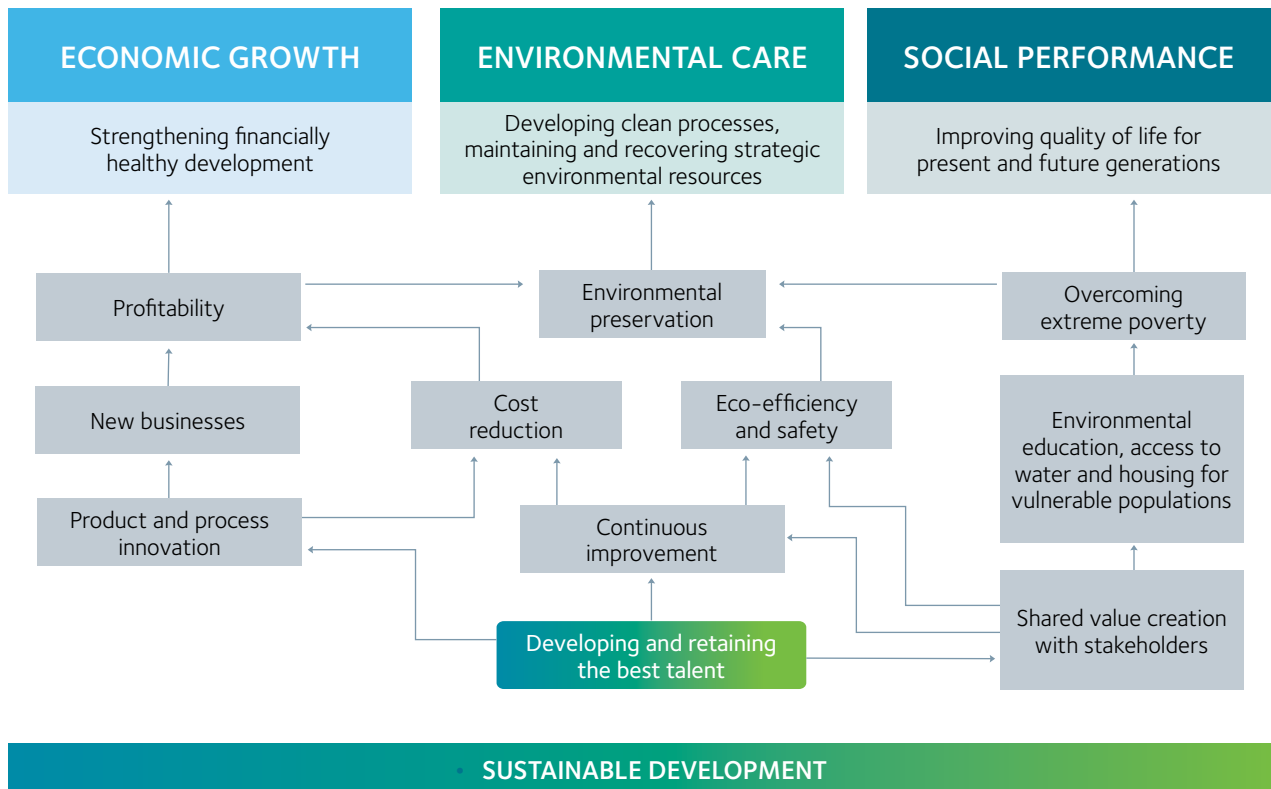
In economic terms, the success of our strategy for creating wealth and prosperity involves the following factors:

- > Implementing our plans
- > Adding value to our raw materials
- > Continuing our vertical integration
- > Further diversifying our markets
- > Increasing our cost reduction and investment discipline
- > Fostering relations with stakeholders



Plant in
Coatzacoalcos,
Mexico

Sustainability model - triple bottom line



1.7 Strategic targets

The triple bottom-line business model is focused on mitigating risks and reducing our environmental footprint (externalities). If we can do this, we can reduce risk. Our sustainable performance goals incorporate the opportunities that can be capitalized upon in relation to these risks (1.2)

*Plant in Matamoros,
Mexico*

DATE TO REACH TARGET

2014 Ongoing
 2016
 2018
 2025

TYPE	TARGET
Socio-environmental Stewardship product	Achieve zero claims of health and safety impacts from clients or affected ecosystems caused by failures in product safety management.
Environment Climate change	Have a strategy for adapting to and mitigating the effects of climate change; evaluate the impact of climate change on 100% of Mexichem's operations by 2016.
Social Labor practices	Create a system of training in the areas of sustainable development and continuous improvement that covers at least 50% of Mexichem's personnel by 2016.
Social Labor practices	Achieve zero fatalities; reduce the number of incapacitating accidents by at least 50% by 2016 (base 2012).
Social Stakeholders	Establish and promote bidirectional channels for communication with Mexichem's stakeholders. Achieve 100% coverage of primary stakeholders by 2016 and open at least one constructive dialogue with each of them.
Social Stakeholders	Develop social projects for shared value in the communities where Mexichem operates. Each of the chains must have at least one new social project by 2016.
Social Ethics and anti-corruption	Train 100% of Mexichem personnel in the codes of ethics and anti-corruption measures and have them sign their commitment by 2016.
Social Human rights	Have 100% of our subcontractors commit to the Mexichem Human Rights Policy by 2016.
Environment Energy	Reduce electrical energy consumption from fossil fuels by at least 5% by 2018 (base 2009).
Environment Wastes	Reduce at least 20% of the volume of waste sent to landfills by 2018 (base 2011).
Environment Emissions	Reduce GHG emissions by at least 5% by 2018 (base 2009).
Environment Water	Reuse at least 70% of the water we consume by 2018 (base 2011).
Environment Biodiversity	Neutralize the impact of our operations on biodiversity by 2025 (base 2012). Operations opened or acquired after 2012 will be given 10 years to achieve bio-neutrality.



Plant in Jaltipán, Mexico

The highlights of our progress toward achieving the strategic targets in 2014 were:

- > Identifying and standardizing good practices that will help Mexichem achieve sustainable operations.
- > Proposing sustainability objectives for Mexichem's strategic plans.
- > Incorporating stakeholder relations into the design of Mexichem's strategies.
- > Complying and reporting on compliance with the requirements of the Global Reporting Initiative (GRI) and Mexican Stock Exchange Sustainability Index.
- > Preparing and distributing our Annual Sustainability Report to all of our stakeholders.

> Climate change

- Preparing a study of affected geographic areas and weather patterns for all key Mexichem operations.

> Shared value projects

- Projects to create Shared Value with communities near the sites where we operate.

> Stewardship product

- Creation of a Product Stewardship sub-committee, involving employees from all three chains in the United States, Colombia, the United Kingdom, Mexico and the Netherlands. Creation of a diagnostic tool for identifying the status of critical points in Mexichem's Product Stewardship management based on the Responsible Care focus.

> Eco-efficiency

- Applying diagnostic surveys for energy, water and waste in all three chains.

> Biodiversity

- Preparing a table for identifying risk analysis and impact studies of ecosystems in all of our mining operations. Include an impact study and peripheral analysis of noise and light.

> Training

- Evaluate options for training content in the area of sustainable development and ongoing improvement for all Mexichem personnel.
- Develop an online training alternative so that participants can have access to contents (courses) online and in the field.

> Human rights

- Hold meetings between the heads of areas in the supply chain in order to define a work plan with critical suppliers.

The plan incorporates stakeholder communications, innovation, eco-efficiency, energy efficiency, alternative energy sources, biodiversity and protection of vulnerable ecosystems, social projects in communities (identifying impacts, serving needs in areas relating to Mexichem), training, human rights in the company, remediation or compensation for possible negative impact, research and development for safer products, shared value practices in our business units, learning groups for ongoing improvement and innovation.



2

message from the CEO to stakeholders (1.1, 3.1, 3.2 y 3.3)

To our stakeholders:

Mexichem is building its future based on vertically integrated businesses, adding value to raw materials, reducing volatility and mitigating risks through a triple bottom line business model. Our focus in 2014 was on:

- > Standardizing good sustainability practices throughout our operations.
- > Continuing to conform to the requirements of the Global Reporting Initiative (GRI) and the Mexican Stock Exchange Sustainability Index.
- > Developing shared value creation projects with the communities neighboring the sites where we operate.
- > Establishing and communicating a renewed code of ethics that establishes actions and commitments regarding conduct by the company and its employees, and promoting respect for human rights.
- > Continuing to apply the International Safety Rating System to prevent risks to individuals and control losses to property.
- > Conducting a biodiversity and health impact evaluation in our main mining operation.
- > Identifying the status and critical points of product safety management, based on the principles of the Responsible Care program in the chemical industry.
- > Continuing our integration of ethylene as a raw material. More progress in our alliance with Pemex and construction of the ethylene cracker in Texas with our partner OxyChem.
- > Expanding our range of conduit solutions for all types of fluids—water, electricity, data, gas, petroleum, etc. The acquisition of Dura-Line was an important addition to Mexichem's portfolio.

Our focus ensures that each business can remain flexible to deal with changes in its markets, trends, costs and risks. To this end, we worked on a number of fronts in 2014:

- > Focusing our businesses more on margins than volume.
- > Extending our product portfolio toward specialties.
- > Building a flat, decentralized organizational structure, focused on the safety of personnel and creating businesses that are sustainable for the long term, giving our businesses the flexibility to adapt to changing situations.
- > Stressing cash flow generation, extracting hidden capital from the balance sheet with investments in assets that can generate growth in the future.

Mexichem's main achievements in 2014:

Economic

- > Acquisition of Vestolit, Dura-Line and a small business that makes medical specialties from fluorine. These businesses expand our geographic footprint, incorporate new technologies and talent to Mexichem, and expand our portfolio of specialty products.
- > Reshaping Mexichem's balance sheet with the issue of a US\$750 million bond at 30 years, extending our average maturity term to 18 years.
- > Achieving investment grade rating from all three major rating agencies.
- > Restoring margins in the Fluorine Chain.
- > Achieving record EBITDA. Sales grew 8% over 2013, to US\$5.58 billion, and EBITDA reached US\$818 million.



Antonio Carrillo Rule

Chief Executive Officer

We intend to remain on track in 2015!

We intend to remain on track for the long term, while achieving results in the short term. We will continue to transform Mexichem into a specialized company through a sustainability-based strategy.

We will continue to grow all of our businesses, building a portfolio that involves more specialty products and focusing more on margins. We will bring our businesses, countries and regions closer, encouraging and promoting cooperation. In order for Mexichem to grow, every employee must share a vision of global results for the whole group, not just their specific business unit. To this end, in early 2015 we launched a global Talent Model based on competencies and conducts that will be implemented over the course of the year. The model will be used in hiring, developing and promoting our employees and will make us stronger, as a single, unified Mexichem.

In 2015, we will redouble our commitment to our employees' safety and continue building a company that is sustainable for the long term. We dedicate this report to you, our stakeholders, and we pledge to you our commitment to the principles of integrity and transparency. We will continue striving to provide information that responds to your expectations, and to generate opportunities for social progress, environmental respect and the growth of our company.

We are grateful to our Board of Directors, shareholders, employees, clients, suppliers and communities for their interest, involvement and support. We are on track toward sustainability, improving our work practices and performance, and we are building our future in the right direction.

Sincerely,

A handwritten signature in black ink, appearing to read 'Antonio Carrillo Rule', written over a light blue horizontal line.

Antonio Carrillo Rule

Chief Executive Officer of Mexichem

Social

- > Zero fatal accidents and an 11% reduction in days lost due to incapacitating accidents, maintaining our safety management system development plan for controlling operating risks, losses and damages.
- > Continuing to qualify as a member of the Mexican Stock Exchange Sustainability Index.
- > Continuing development of a triple bottom line sustainability management system.
- > 32 community support projects, with a focus on fresh water and sanitation, decent housing, education, health and environmental protection.
- > Continuous training of the management team that will lead Mexichem to new heights.

Environmental

- > Reusing 52% of the water extracted in our operations.
- > Follow-up on plans to develop alternative sources of energy and energy cogeneration.
- > Continuing our strategy of protecting biodiversity with 17 programs for identifying negative impacts and endangered species around the sites where we operate.

3

about the 2014 **sustainability report**

Mexichem communicates its stakeholders on the progress of its triple bottom line approach to creating economic, environmental and social value. This report sums up Mexichem's activities, progress and performance, its future plans, policies and goals, in areas like corporate governance, economic results, labor, employee health and safety, commitment to human rights, creation of shared value and environmental care, and other material aspects.

This report has been prepared based on GRI G3.0 guidelines for application level of “A+”.

The report has been prepared according to the guidelines of the Global Reporting Initiative (GRI), third generations (G3.0), using technical protocols and the Mining Sector Supplement, 2010 version, and following the AA1000 (2008) AccountAbility principles. These principles are materiality, inclusivity and responsiveness to the main stakeholders. They also refer to the Principles of the United Nations Global Compact, the Universal Declaration of Human Rights, and the recommendations of the International Labor Organization. (3.5)

The information was compiled and adapted to GRI indicators by the Corporate Manager of Environment and Sustainability, based on analysis of information reported by all of our operating facilities (plants) located in the Americas, Europe and Asia. Our plants are located in Germany, Argentina, Belgium, Brazil, China, Colombia, Costa Rica, Denmark, Ecuador, Finland, France, Guatemala, Hungary, India, Ireland, Italy, Japan, Lithuania, Mexico, Norway, the Netherlands, Oman, Panama, Peru, Poland, the Czech Republic, Russia, South Africa, Sweden, Turkey, Taiwan, the United Kingdom, the United States, and Venezuela. (3.6)

The information was prepared on the basis of materiality, stakeholder participation, pertinence in the context of sustainability of our productive chains, exhaustiveness, balance, comparability, accuracy, frequency, reliability and clarity. (3.5)

The data reported here refer to our operations from January 1 to December 31, 2014. (3.1) They include historic data on our operations in the four previous years (2010 to 2013), for

purposes of comparability and to assist in identifying trends in some key indicators. Our previous report was the 2013 report. (3.2, 3.3) There are no significant changes that affect the comparability of the information reported, nor is any restatement of the information from previous reports necessary. (3.8, 3.10, 3.11)

The information included in this document has been compiled transparently and comprehensively based on the operations at the productive facilities (plants) of our three main business chains: Integral Solutions, Chlorine-Vinyl and Fluorine, as well as their corporate support areas. The report excludes our commercial offices and joint ventures. (3.6, 3.7)

All the data presented here are documented in our electronic information systems and the technical support used for the mathematical calculations is mentioned in the numeric indicators. (3.9) Key performance indicators cover all our business units, except in cases where limitations on geographic coverage or available information are indicated. They include all triple bottom line indicators defined as relevant to the business and to our main stakeholders.

We have relied on the services of the firm Deloitte (Galaz, Yamazki, Ruiz Urquiza, S.C.) for the third-party review of our 2014 Sustainability Report, guaranteeing criteria of transparency and reliability of the information. (3.13)

This report has been prepared based on the guidelines of GRI G3.0, with an application level of “A+”.

4

corporate

governance

4.1 System of governance

Mexichem S.A.B. de C.V. is a publicly traded, limited-liability corporation with variable capital, whose corporate bylaws conform to the General Law on Mercantile Corporations and the Securities Market Law. No government has any share in its stock structure. (2.1, 2.6)

Our corporate governance principles provide a framework for overseeing and directing the company and for meeting the needs of our main stakeholders. Our corporate governance practices are compliant with Mexican laws and the national laws of the countries where we operate.

Mexichem's shares are listed on the Mexican Stock Exchange (BMV), and because of this we are also governed by the Securities Market Law. We abide by the principles of the Code of Best Corporate Practices, endorsed by the Business Coordinating Council.

4.2 Corporate governance structure (4.1)

Board of Directors

The Board of Directors is responsible for deciding on corporate strategy, defining and ensuring implementation of the values and visions that identify us, and approving transactions between related parties and those that are carried out in the ordinary course of business. There are seven independent members on our Board of Directors, with four alternates who are non-related independent board members. (4.3)

The academic background and professional experience of our Board members is chiefly economic and administrative. (4.7) The Chairman of the Board of Directors is not a company executive. (4.2)

The Board is the company's highest governance body, responsible for guiding the organization's social, environmental and economic strategies. It has the authority to: analyze, evaluate and, when appropriate, approve investment in productive assets or company acquisitions; establish and validate medium and long-term strategies for managing sustainability; evaluate the business plan each year under the triple bottom line focus; and evaluate financial transactions, trade names and brands. The Board has the support of independent consultant and board members to evaluate its strategies; the same consultants provide training and feedback as necessary. The results of the evaluations are transmitted to the Board of Directors. (4.7, 4.8, 4.9 y 4.10)

The bylaws of Mexichem provide for the creation of Audit and Corporate Practices Committees, whose purpose is to assist the Board of Directors in carrying out its duties. Our Board of Directors establishes general management policies and monitors its triple bottom line performance, with the support of the Audit and Corporate Practices committees. We also have a Internal Audit Department, which reports to the Board of Directors, to avoid conflicts of interest. (4.6)



Audit Committee

The responsibilities of the Audit Committee include evaluating internal control systems and the activities of the company's internal auditor; identifying and responding to any significant deficiencies; following up on corrective or preventive measures that are adopted to deal with any departure from operating an accounting guidelines and policies; evaluating the performance of external auditors; describing and evaluating the non-audit services provided by external auditors; reviewing the company's financial statements; evaluating the effects of any change in accounting policies approved during the fiscal year; following up on measures adopted with regard to comments from shareholders, board members, key executives, employees or other parties on its accountability, internal control systems and internal audit procedures, as well as any claim relating to management irregularities, including confidential procedures for handling reports from employees (whistleblowers); and overseeing execution of resolutions passed in general shareholders' meetings and by the Board of Directors. (4.6)

Corporate Practices Committee

The Corporate Practices Committee is responsible for evaluating the performance of key executives; reviewing transactions between related parties; reviewing the compensation of key executives; evaluating any dispensation granted to board members or key executives for taking advantage of business opportunities; and carrying out activities provided for in the Securities Market Law. In accordance with our corporate bylaws, all members of the Audit and Corporate Practices Committees, including the chairman, are independent board members. (4.6)

According to the resolutions of the General Ordinary Annual Shareholders' Meeting held on April 29, 2014, the Chairman of the Board of Directors and Audit and Corporate Practices Committees receive \$140,000 Mexican pesos for every meeting they attend, and Board members receive \$70,000 Mexican pesos for attending meetings of the Board of Directors, while members of the Audit and Corporate Practices Committees receive \$80,000 Mexican pesos for attending its meetings. (4.5)

Channels for communication with the highest body of corporate governance include operating meetings and board meetings. The company's financial results and compliance with social and environmental goals are evaluated during annual board meetings. (4.4, 4.9)



Chief Executive Officer and Productive Chain Directors

The Directors of the Chlorine-Vinyl, Fluorine and Integral Solutions chains are responsible for applying Mexichem's strategies in their respective business units or services, and ensuring the sustainability, productivity and safety of the company's operations and products. The directors of all of the different chains, except for the Internal Auditors, report to the Chief Executive Officer of Mexichem.



Research and Development Center

The Research and Development Center is the area responsible for coordinating innovation, sustainability and environmental care, eco-efficiency and operating safety at Mexichem. Its director delegates the executive responsibilities of this post to the Corporate Manager of Environment and Sustainability. The Center is responsible for promoting, coordinating and supporting the presence of corporate control at all sites where Mexichem operates, according to the triple bottom line goals established by management and the ongoing pursuit of sustainability. Furthermore, it helps to communicate common goals, indicators and targets to all areas of the company, as well as the actions necessary to attain them, and oversees compliance with the agreed-upon plans of action, documenting the results achieved by the company each year in the Sustainability Report.

Board of Directors (4.1)

Honorary Chairman of the Board of Directors for Life

Antonio del Valle Ruiz

Chairman of the Board

Juan Pablo del Valle Perochena

Directors

Juan Pablo del Valle Perochena

Antonio del Valle Ruiz

Antonio del Valle Perochena

Francisco Javier del Valle Perochena

Adolfo del Valle Ruiz

Ignacio del Valle Ruiz

Ricardo Gutiérrez Muñoz

Jaime Ruiz Sacristán

Divo Milán Haddad

Fernando Ruiz Sahagún

Jorge Corvera Gibsone

Guillermo Ortiz Martínez

Eduardo Tricio Haro

Juan Beckmann Vidal

Valentín Diez Morodo

Eugenio Santiago Clariond Reyes Retana

Alternate Directors

María de Guadalupe del Valle Perochena

María Blanca del Valle Perochena

Adolfo del Valle Toca

José Ignacio del Valle Espinosa

Francisco Moguel Gloria

José Luis Fernández Fernández

Jorge Alejandro Quintana Osuna

Arturo Pérez Arredondo

Eugenio Clariond Rangel (patrimonial)

Independent Directors

Divo Milán Haddad

Fernando Ruiz Sahagún

Jorge Corvera Gibsone

Guillermo Ortiz Martínez

Eduardo Tricio Haro

Juan Beckman Vidal

Valentín Diez Morodo

Eugenio Santiago Clariond Reyes Retana

(patrimonial)

Of the alternate directors on the Board of Directors, 20% are women and 80% are men. They do not belong to any minority group. (LA13)

Alternate Independent Directors

Francisco Moguel Gloria

José Luis Fernández Fernández

Jorge Alejandro Quintana Osuna

Arturo Pérez Arredondo

Eugenio Clariond Rangel

Secretary

Juan Pablo del Río Benítez

AUDIT AND CORPORATE PRACTICES COMMITTEE

Fernando Ruiz Sahagún- (Chairman)

Divo Milán Haddad

Eugenio Santiago Clariond Reyes Retana

Juan Pablo del Río Benítez- SECRETARY

(Not a member of the Committee)

Chief Executive Officer

Antonio Carrillo Rule

4.3 Code of Ethics

At Mexichem, we maintain open and above-board relations with the government institutions and political organizations with whom we interact.

The company has policies on compliance with laws, standards, regulations and codes, stipulating transparency and ethical conduct in areas such as corruption, conflict of interest, monopolies, bribery, contributions to political parties and accounting practices.

100% of our administrative and operating personnel have been trained in Mexichem's anti-corruption policy and procedures. (SO3) Our Code of Ethics is transmitted to all of personnel at the time of hiring, and they can consult it online at any time. We have a hotline managed by an independent consulting firm to ensure follow-up on all complaints. In 2014 there were no incidents of this type with the company.

(SO4) Employees must also sign an Agreement on Conflicts of Interest and on Confidentiality and Patents when they are hired. Both of these are legally binding. The Mexichem Code of Ethics is available at the following link: http://www.mexichem.com/Codigo_de_etica.html. In Mexico, anomalies can be reported by calling 01-800-062-12-03, on the webpage <http://www.ethic-line.com/mexichem>, or at the email address mexichem@ethic-line.com. All of these reports are channeled directly to Mexichem's Audit Committee for investigation.

The Code of Ethics stipulates that personnel may not receive any kind of remuneration from competitors, clients, distributors, suppliers or government agencies for services or negotiations carried out on behalf of Mexichem. Corruption is prohibited in any form, and all personnel who work at the company in all the business units of Mexichem are made aware of this fact. (SO2, SO3) Internal statements, management and employee conduct, and job performance are all

measured based on the Code of Ethics, policies and protocols. Personnel evaluations also incorporate the triple bottom line approach. (4.8)

Mexichem does not participate directly in formulating public policy or in lobbying activities for the purpose of influencing public policy. Any participation of this type is channeled through trade organizations representing the industrial sectors related to the company's businesses. (SO5) In Colombia, for example, Mexichem is a member of the Board of Directors of The Colombian Construction Industry Chamber (CAMACOL), and is a founding member of the Colombian Business Counsel for Sustainable Development (CECODES) and The National Association of Utility Companies (ANDESCO). We also adhere to the United Nations Global Compact. In Mexico, we are part of the Chemical Industry Association (ANIQ) and the Mining Chamber; in the United States and Europe we belong to associations that represent our industrial sectors.

Accordingly, we do not contribute cash or products to political parties or related institutions, nor do we attempt to induce our employees to join or favor any political party. (SO6)

With regard to practices that might tend to create monopolies or discourage free competition, we do not require specific evaluation, as most of our products are generic and we compete in international markets in a globalized environment. Prospective acquisitions of companies that will be incorporated into Mexichem are communicated on a timely basis to the antitrust authorities of the countries of origin of those companies, and we comply with all conditions they may stipulate. Acquisitions are disclosed to the public through timely communication with our stakeholders. (SO7) In 2014, none of our affiliates was subject to any fines. (SO8)



4.4 Management systems and policies

Mexichem has established an accredited management systems that comply with ISO 9001, ISO 14001 and OSHAS 18001 international standards for the main operations of all three productive chains. The operating units engaged in the production of chemicals (Chlorine-Vinyl and Fluorine chains), adhere to the Voluntary Responsible Care Program, which operates under the supervision of chemical industry associations in Mexico, Colombia, the United States and the United Kingdom.

Mexichem has a comprehensive Safety, Environmental and Quality Policy, which is documented at http://www.mexichem.com/English1/politica_seguridad.html and the policy is transmitted to and understood by the entire organization. The policy includes the following statement:

We at Mexichem and our subsidiary companies make safety our highest priority. We place great importance on the environment and the quality of our products and services. Mexichem and its subsidiaries strive to comply with the requirements of our clients and consider our people to be our greatest strength.

COMMITMENTS:

- Prevent accidents and damages to property by stressing that safety is everyone's responsibility.
- Preserve health, safety and the protection of our people.
- Have a positive impact on the environment by preventing pollution, reducing resource consumption and recycling waste.
- Continuously improve the efficacy of our management system by setting performance targets, measuring results, reviewing and improving processes.
- Maintain open communication with stakeholders; comply with federal and local regulations and with other applicable external commitments and requirements.

Our success at keeping these commitments requires the participation of all our personnel, suppliers and clients, as well as the allocation of necessary resources.





5

economic dimension

5.1 Creation of wealth and prosperity

The following are our key financial and operating data for the year 2014. The figures have been prepared in accordance with International Financial Reporting Standards, and the U.S. dollar (US\$) is the functional and reporting currency. All comparisons are against the same period of last year.

Mexichem	2014
Consolidated US\$ million	
Net sales	5,583
Costs of goods sold	4,193
EBITDA	818
Employees	(*)19,257
(2.8)	(*) Includes Vestolit

Mexichem (EC1, EC8)	2014
US\$ million	
Direct economic value created	
a) Revenues (net sales)	5,583
Economic value distributed (DVD)	
b) Operating costs (cost of goods sold)	4,193
c) Payments to governments (taxes)	42
d) Investment in the community	2.57
Economic value retained (EVR)	
(calculated as economic value created minus economic value distributed) EBITDA	818

5.2 Economic performance

Sales in 2014 were 8% higher than the year before, totaling US\$5.58 billion. EBITDA was US\$818 million, a decline of 9%. Excluding Venezuela and PMV, EBITDA was US\$784 million, a 2% decline.

Net income rose to US\$125 million. The pro forma net debt/EBITDA ratio was 2.0 times at the end of the year. Cash flow from operations came to US\$699 million, fueled by working capital management.

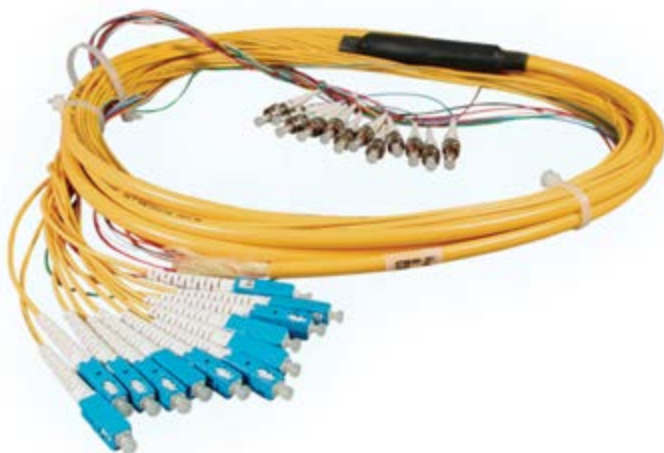
Last year, the company completed acquisitions of specialty companies that generated sales of US\$214 million during the periods in which they were consolidated (Dura-Line starting in September 2014 and Vestolit from December 2014).



2014 was a year of substantial progress toward our strategic plan of creating long-term value, through initiatives to promote organic and nonorganic growth by acquisitions that we completed in the second half of the year.

In organic terms, the company's results improved substantially in the second half of the year due to the following factors: the conclusion of previous acid grade fluorite and hydrofluoric acid contracts, the negotiation of new contracts and stronger demand; an increase in PVC resin capacity in Colombia and Mexico and, proportionally, higher sales in special resins and a higher-margin product mix in our Latin American Integral Solutions operations, combined with recent investments primarily in irrigation specialty products, among others.

The 50-50 joint venture with OxyChem remains on track and is expected to start up operations in 2017.



A combination of factors like price volatility and a shortage of ethylene and VCM in recent months increased the cost of Mexichem's inputs. At the same time, economic and geopolitical conditions in Eastern Europe affected the demand for our products.

Despite this, in the last quarter of 2014, the model developed by Mexichem proved its efficacy. The decline in oil prices drove prices lower on the products made by the Chlorine-Vinyl Chain, ultimately causing it to report lower-than-expected results. But it also reduced the cost of raw materials in our Integral Solutions Chain, and here the numbers were better than we projected. This is a clear sign that we are on the right track, and that our strategy of expanding Mexichem's product portfolio toward specialties and developing a focus on the final consumer and geographic diversification can help mitigate the impact of volatility in our raw materials.

Unfortunately, a change in Venezuela's exchange-rate regulations in 2014, which obliged companies to use an exchange rate equivalent to the last allocation of currency made through the official currency management system—called the SICAD rate: 12 Bolivars per dollar instead of the 6.30 Bolivars per dollar that had been used as an official rate before that—severely affected the restatement of results from

our Venezuelan operations in the last quarter of 2014, resulting in a US\$56 million reduction in sales and a US\$15 million decline in EBITDA.

In terms of non-organic growth, Mexichem completed two major acquisitions in 2014 that support its strategic plan to continue integrating toward specialty products with higher margins. These acquisitions were Vestolit and Dura-Line.

In the last quarter of 2013, Mexichem began its integration toward its main raw material: ethylene. At that time, it formed joint ventures with Pemex in Petroquímica Mexicana de Vinilo (PMV) and with OxyChem to build an ethylene cracker in Texas. Both of these projects made substantial progress during the year and should enable the company to significantly consolidate its vertical integration, a strategy that in today's market conditions has become increasingly important.

In the last quarter of 2014, the start date for capacity expansions at PMV, the joint venture with Pemex, was pushed back to make sure that its operations had time to come up to the highest productivity and safety standards. Mexichem continues to work with Pemex on improving and strengthening PMV's business model, increasing its flexibility and operating efficiency and incorporating the lessons of the last 18 months of operation.

Meanwhile, the 50-50 joint venture with Oxy-Chem continues to advance on schedule, and is expected to begin operating in 2017.

Once these two projects are complete, the two crackers will supply 60% of Mexichem's ethylene needs in the Americas, helping control the production of most of its main raw materials and considerably reducing price volatility.

SALES

Sales for all of 2014 were 8% higher than in 2013, closing the year at US\$5.58 billion. This increase was due primarily to the following:

- > In the Integral Solutions Chain, US\$183 million in sales were consolidated with the incorporation of Dura-Line starting in September 2014.
- > In the Chlorine-Vinyl Chain, sales increased by US\$94 million because of capacity expansions in Mexico and Colombia, and the incorporation of one month of operation by Vestolit, which added US\$31 million.

These increases were partly offset by the following factors:

- > Price pressures in the sale of resins, compounds and byproducts.
- > An extension on the startup date for capacity expansions at PMV, originally scheduled for the last quarter of the year.
- > Geopolitical conditions in Eastern Europe which affected the demand for products in the Integral Solutions Chain.



Marl,
Germany

EBITDA

EBITDA was US\$818 million for the year, 9% lower than the US\$899 million reported in 2013. This was due primarily to the following elements:

- > A weak economic climate in Europe affected the Integral Solutions Chain.
- > Volatility in the prices and availability of raw materials influenced the results of the Chlorine-Vinyl Chain.
- > A change in Venezuela's exchange-rate regulations in 2014, which obliged companies to

- > An impact of US\$5.2 million from the appreciation of the U.S. dollar against global currencies starting late in the third quarter of 2014.

Excluding Venezuela, PMV and the effects of the U.S. dollar appreciation, EBITDA 2014 would have been US\$784 million, a decline of 2%.

In 2014, the National Science and Technology Council (CONACyT) granted us a stimulus package totaling US\$2.82 million, part of the Mexican government's policy of offering economic stimulus for research and development. (EC4)

The acquisition of Dura-Line in September and Vestolit in December, the environmental permits and start of construction on the ethylene cracker being built in a joint venture with OxyChem, as well as the placement of the US\$750 million bond under rule 144^a on international markets, were the most significant economic events for Mexichem in 2014. (2.9)



use an exchange rate equivalent to the last allocation of currency made it through the official currency management system—called the SICAD rate: 12 Bolivars per dollar instead of the 6.30 Bolivars per dollar that had been used as an official rate before that—severely affected the restatement of results from our Venezuelan operations in the last quarter of 2014, resulting in a US\$56 million reduction in sales and a US\$15 million decline in EBITDA.





Mexichem and Villa de Zaragoza create shared value

Our commitment to the communities where we operate focuses on promoting opportunities for joint value creation. Mexichem signed a cooperation agreement with the municipality of Villa de Zaragoza in the state of San Luis Potosí, Mexico, to promote the development of public works and educational facilities.

In 2014, the first works were completed, benefiting 400 people in the community of La Salitrera, part of Villa de Zaragoza, and 10,000 people in the Villa de Zaragoza proper.

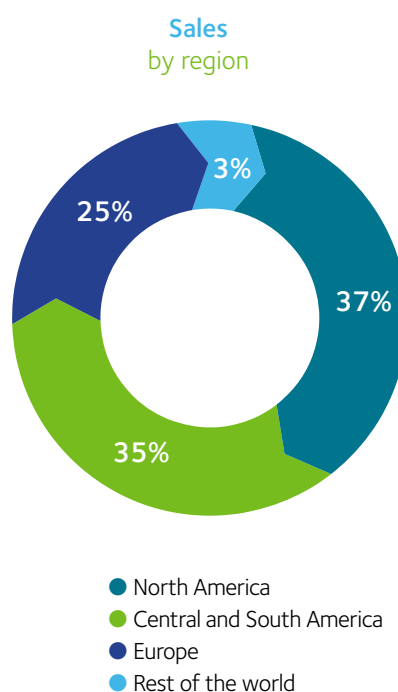
The work included construction of pedestrian bridge, repair and maintenance of two neighborhood roads, building roofs over school playgrounds (kindergarten, primary school and the televised distance-learning high school in the community, building public bathrooms on the main plaza and creating a bus stop with bathroom facilities.

Two pedestrian bridges were built in Villa de Zaragoza, 500 meters of a boulevard joining 5 roads in the town were paved, a baseball field was remodeled and a limestone arch structure was built for the local church.

These projects are part of our sustainability strategy, because they strengthen the company's economic and competitive growth while contributing to economic and social development of the communities around us.

5.3 Markets

The geographic diversification of our operations enables us to maintain a leadership position in the Americas and Europe and gain a presence in Asia, through operating efficiencies and our decision to focus production on the specific needs of each market, taking advantage of our logistical network of productive facilities. . (2.7)



5.4 Social investments

Impact of investment on social infrastructure

During the year, Mexichem invested a total of US\$2.57 million on infrastructure and services to benefit the general public. (EC8)



6 social dimension

6.1 Relations with stakeholders

Stakeholder expectations

Based on analysis of operations and their internal and external impact, as well as our strategy, goals and vision as an organization, we identified the stakeholders with whom we have a relationship.

Investors: More return on their investment through steady, sustainable growth.

Employees: A stimulating work environment, a safe workplace, on-the-job training and advancement, career plans and opportunities for progress, compensation based on criteria of internal fairness and external competitiveness; performance evaluation, dignified treatment, safety and welfare for their families.

Communities: Job opportunities, purchases from local suppliers, solutions to basic educational needs, access to water and drainage, decent housing and support for productive enterprises.

Clients: Quality and compliance, competitive prices, business leverage, joint work in areas that are strategic for the sustainability of our value chain.

Suppliers: Long-term commercial alliances, mutual support, prompt payment and fair dealings.

Governments: Alliances for community development and the protection of public property.

Universities: Support for science and technology research, joint value creation through new products or applications, continuous interaction in pursuit of opportunities, two-way flow of available information (from the University to the company and vice versa).

Media: Prompt information to the press and access to industrial information of interest to the general public.

During a meeting with a focus group representing our stakeholders, we identified the key aspects for inclusion in this Sustainability Report.

- > Three internal aspects: human rights, environmental performance and social performance.
- > Three external aspects: product responsibility, labor practices and economic performance.



The expectations of the focus group centered around the following:

1. Environmental performance
 - > Emissions, discharges
 - > Biodiversity
2. Social performance
 - > Local communities
 - > Industrial safety

(3.5, 4.14, 4.15, 4.16, 4.17)

Stakeholder communications

Investors

Our communications mechanisms and media are:

- > Annual financial report
- > Quarterly reports
- > Meetings organized by brokerage firms for institutional investors
- > Presentations for prospective investors in North America, South America and Europe to inform them about recent projects and news from the company
- > Our webpage at <http://www.mexichem.com/>
- > Conference calls
- > Formal meetings (one-on-one)
- > Material events disclosed through the Mexican Stock Exchange

Employees

To direct our employees, learn about their expectations, and follow up on performance, dispute resolution and general information, we communicate with them through meetings, interactive media (website and Mexichem intranet), union dialogue, joint committees and the available information systems. Other forms of dialogue are available through Mexichem's Internet (Mexinet): physical and electronic inboxes; control panels and personal meetings with immediate superiors and senior management, internal bulletin, electronic bulletin boards and corporate email accounts.

Communities

We facilitate communication through various forums, such as government and union work tables, academic events of interest to our chains, meetings with nonprofit organizations, opinion leaders and international organizations.

Clients and suppliers

We conduct satisfaction surveys to identify needs and opportunities for improvement. We select suppliers who share the highest levels of quality, integrity and honesty, seeking a mutual benefit that adds efficiency to the vertical integration of our chains. We have a supplier evaluation system through which we identify common areas of opportunity.

6.2 Human capital management

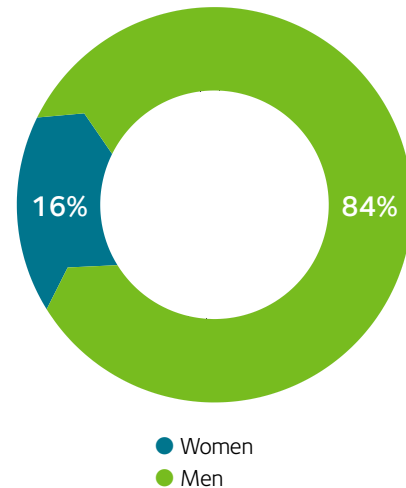
6.2.1 Labor practices and indicators

As of December 31, 2014, Mexichem's workforce was made up of 19,257 employees, distributed throughout the various countries where we operate. Male employees made up 84% of our human capital, compared to 16% female employees. (LA2)

Employees by hierarchy, gender and contract type

DECEMBER 2014

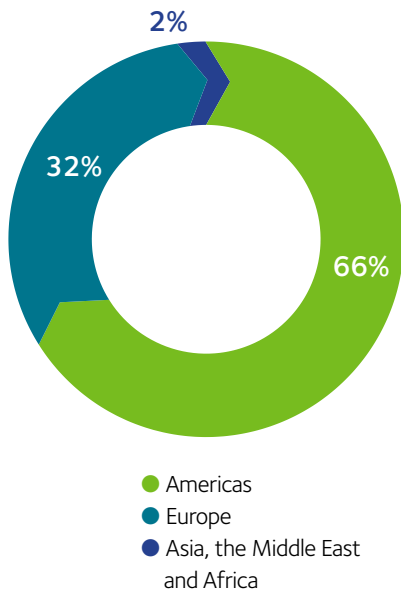
Employees	19,257
Senior management	144
Managers	604
Area heads / coordinators	1,083
Other levels	17,426
Women	3,175
Men	16,082
Individual contracts	7,443
Collective contracts	11,814



At the close of 2014, there were 11% more people working for Mexichem than in the previous year. The proportion of unionized personnel rose from 59% in 2013 to 61% in 2014. The increase in the number of employees was the result of the Vestolit and Dura-Line acquisitions, which added approximately 1,979 employees.

All of our employees have a permanent, full-time work contract. These figures do not include outsourced personnel, independent workers, or part-time workers. (LA1)

Employees by region

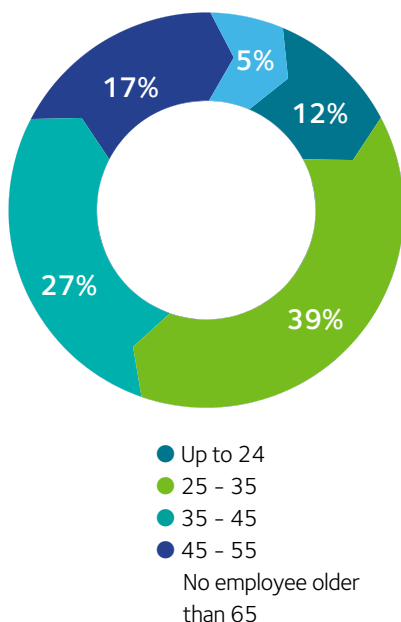


Number of employees by geographic region

AMERICAS	EUROPE	ASIA, THE MIDDLE EAST AND AFRICA
12,713	6,122	422
TOTAL		19,257

(LA2)

Mexichem employees by age range



As this graph shows, the largest proportion of employees with individual contracts are in the 25 to 35 year age range. Average personnel turnover was 2.0%. (LA2)

Personnel turnover percentage

Individual contract	4.26 %
Senior management	3.44 %
Managers / superintendents	1.08 %
Area heads / coordinators	1.46 %
Operational levels	1.83 %
Collective contracts	2.11 %
Women	0.64 %
Men	3.36 %
Mean	2.0 %

As this chart shows, turnover was 0.64% among male employees and 3.36% among female employees. (LA2)

6.2.2 Wages and benefits

Mexichem offers equal and fair compensation within its market and in keeping with the performance, duties and responsibilities assigned to its workers, as well as the required skills and conditions under which they work. Employees with full-time contracts receive more benefits in terms of vacation days, vacation bonus, food or basic supply vouchers and company contributions to the savings fund, than workers with temporary or part-time contracts. (LA3) Mexichem offers benefits that exceed the legal requirements of labor law: savings fund, cafeteria service, assistance with major medical expenses, retirement plan, life insurance, productivity bonus, uniforms, and support for recreational and sports activities, among others.

For our non-union personnel, we have a voluntary pension plan that encourages employees to contribute regularly to a fund that becomes equity for their retirement. (EC3) We have a defined contribution plan, with joint contributions by the employee and the company. These contributions are deposited with the financial institution and invested in fixed income instruments, and individual account records can be looked up online.

Although each country has its own labor laws with regard to the minimum wage, Mexichem offers equitable and fair compensation based on a wage table that takes into account the job market, type of industry and the duties and responsibilities of each position, according to a job description that stipulates certain knowledge and abilities, independently of gender. With due regard to the different countries, regions, industries and economic zones where Mexichem operates, the standard average starting salary is between one and three times the local minimum wage. (EC5)

Ratio between base wage for men and women by job category (LA14)

Category	WOMEN	MEN
Assistant/Coordinator	1.00	1.00
Supervisor	0.99	1.01
Chief/Superintendent	0.96	1.04
Manager	0.97	1.03
Senior Management	0.95	1.05

Average = 1

6.2.3 Union membership

61% of our employees have collective-bargaining contracts. (LA4) Organizational changes are communicated promptly to union leadership, and when necessary these modifications are incorporated into those collective-bargaining agreements or contracts. (LA5)

6.2.4 Training and development

In 2014, 472,769 hours of training were provided, 62% of them to employees working under collective-bargaining contracts and 38% to employees under individual contracts. The main issues covered by this training were Code of Ethics, human rights, sustainability, health and safety, orientation for newly hired personnel, corporate philosophy, English, process tech-

nologies, information technology and process administration. The total amount invested was US\$931,605. (LA10)

To strengthen the capacities of our people, we support skills management and ongoing education of all personnel who require it. This helps expand the company's talent, promotes employment opportunities for personnel throughout their working lives and also helps employees manage the end of their professional careers. With the experience and training acquired, when employees retire or are laid off due to reorganization, they can provide valuable services to other companies and to society in other activities. (LA11)

We conduct an annual performance evaluation of all non-union personnel. Every employee receives feedback from his or her immediate superior and together they agree on work goals aligned with the company's strategies and their personal progress and improvement goals. These evaluations are the basis for career plans designed for executives and personnel considered to have high potential and leadership. (LA12)

6.2.5 Origin of our employees

Mexichem makes it a practice to hire people who live in the region where the business units are located. This supports the community, by offering jobs to local people, and it also contributes to a better quality of life and more family togetherness, by making every effort to avoid that personnel spend time in lengthy commutes.

As of December 31, 2014, Mexichem had 144 senior management-level employees working with the parent company and the Integral Solutions, Chlorine-Vinyl and Fluorine chains, 90% of them from the country where they work as operating leaders or senior management in charge of making executive decisions regarding significant operations of the organization. (EC7)

6.3 Employee health and safety

All of our employees, whether working under individual or collective contracts, are represented in our Occupational Health and Safety Committees. The main purpose of these committees is to come up with proposals for improving employee safety and health, verify compliance with existing agreements, conduct visits to plants to detect conditions that may depart from company standards, follow up on major discrepancies, comment on accident investigations and promote activities intended to improve employee health and safety. (LA6)

The Health and Safety Committees are made up basically by management personnel and junior employees. At sites with many employees, more than one committee may be formed. The committees have an equal number of members on the management and union sides, ensuring a fair representation in decision-making. This is in keeping with legal provisions in the countries where our plants are located. (LA6)

For Mexichem, the most important factor in our activities is the safety of our personnel, and our goal is always to prevent accidents and achieve



zero fatalities. Our Safety, Environment and Quality Policy, and in general all of our management efforts, are focused on the goal of accident-free operations, although responsibility for achieving that goal lies with each and every one of this company's employees.

Occupational safety indicators (LA7)

	2011	2012	2013	(*)2014
Incapacitating accidents	180	253	188	205
Days lost	4,697	8,777	5,952	5,268
Fatal accidents	1	0	0	0
Man hours worked	22,979,677	36,782,516	36,855,286	39,582,720
Frequency index *	1.5	1.3	1.0	1.0

(*) Not including Vestolit.

* IF= (Number of incapacitating accidents / man-hours worked) x 200,000.

It gives us great satisfaction to report that there were no fatal accidents in 2014 (LA7) and incapacitating accidents resulted in the same Frequency Index as the year before. The number of days lost due to incapacitating accidents was reduced by 11%.



As we planned, in 2014 we continued to implement the Det Norske Veritas International Safety Rating System for managing risks and controlling losses. The initial work plan covered 20 sites selected by Mexichem, corresponding to its Chlorine-Vinyl, Fluorine and Integral Solutions chains. All of our operating sites will be integrated into this system in the near future, in order to define safety responsibilities and activities for leadership and management, planned inspections and maintenance, critical tasks, accident and incident investigation, emergencies, work permits, knowledge and skills, personal protection equipment, industrial health and hygiene, engineering and change management, communications and off the job safety. By midyear we had begun in implementing the system in a second group of 12 plants in Central and South America, primarily in the Integral Solutions Chain.

Health education and prevention programs (LA8)

During the events organized for the Safety, Health and Hygiene Weeks in the various regions where we operate, we specifically addressed the issues of education, training and advice on risk prevention and control, through conferences given by professionals. Employee families were invited to join us at these events to involve and inform them of the importance of good habits and better personal and family health.

Our medical programs offered information on preventing the most common serious illnesses in the various geographic zones where we operate. For example, we offered talks and campaigns on high blood pressure, diabetes, obesity, smoking, flu, stress, alcoholism, cancer and AIDS—all of them focused on preventive health linked to productivity.

Other successful initiatives in the area of health-care have been our epidemiological monitoring programs, regular medical checkups for our employees, vaccination campaigns, employee cafeteria and food checks, and visits to work areas by our medical and security personnel, to provide information about health and hygiene through bulletins, bulletin boards and posters.



6.4 Human rights

6.4.1 Mexichem human rights policy

Mexichem's current professional illness prevention programs include:

1. Hearing Protection and Preservation Program (physical exam, ear exam and hearing or tone testing for each worker once a year).
2. Respiratory Apparatus Protection and Preservation Program (physical lung exam, annual spirometry and chest exam every 2 years).
3. Sight Protection and Preservation Program (ocular and visual acuity examination every year).
4. Health Promotion Program, through monthly conferences.

Our safety programs have the purpose of protecting the health of workers who are exposed to risk, damage, professional illness and/or accidents that may occur in the workplace, through preventive and/or corrective measures to improve health and hygiene conditions. Labor agreements with our unions include employee health and safety clauses. (LA9)

Our preventive safety program includes the following:

- > Orientation for newly hired personnel
- > Safety orientation for contractor personnel
- > Safe handling of chemical products
- > Safety factsheets on materials and emergency sheets
- > Accident and incident investigations
- > First aid
- > Major emergencies
- > Fire brigades
- > Handling of hazardous materials

At Mexichem, our Human Rights Policy, approved by the Chief Executive Officer, stipulates an attitude of dignity and mutual respect between workers and the company, which is reinforced in informational and awareness-raising workshops. Employees are made aware of this policy, which establishes that we do not tolerate any form of harassment or discrimination. In 2014, 30,253 man hours of training were dedicated to Mexichem's human rights policy and procedures and its Code of Ethics. (HR3) No incidents of discrimination were reported during the year. (HR4)

We will continue to distribute this policy to our employees, suppliers, contractors and distributors. The Mexichem Policy on Human Rights and related information are available for consultation at the following link:

http://www.mexichem.com/English1/politica_derechos_humanos.html



6.4.2 Implementation of the policy

a) Human rights and significant investment agreements

In the due diligence phase of our incorporation of new assets, we have experts review social and human rights issues. Before the acquisitions of Dura-Line and Vestolit, we reviewed human rights criteria in the investment agreement. (HR1)

b) Human rights in the company

Freedom of association and the ability to join collective-bargaining agreements or contracts are defined by the activity and position each employee holds, and we are vigilant about enforcing it. Our workers' freedom of association is consigned in collective-bargaining contracts and there are no risks of affecting that freedom. (HR5) Among the duties of union or labor teams are facilitating communication processes in each business unit, analyzing improvements to work sys-



tems, resolving disputes or handling conflicts, in regular meetings with human resource representatives and union committees. Actions such as these avoided any strikes or shutdowns during the year. (MM4)

In accordance with our procedures and labor legislation, the minimum age for hiring is 18 years. We avoid hiring minors and respect the International Convention on Human Rights in this regard. The minimum working age is clearly stipulated in collective-bargaining contracts and the same criteria apply to our suppliers. No action has been required nor risks detected of child labor incidents. (HR6)

None of our operations presented a risk of forced or compulsory labor, and no action has therefore been required. According to an evaluation by the Safety and Hygiene Committees, no Mexichem operations have been found to present the risk of forced or compulsory labor or unsafe conditions. All

We avoid hiring minors and respect the International Convention on Human Rights in this regard.



personnel are free to report to senior management on any violation or abuse, through the company complaint box, anonymously or openly, via Internet or by phone, through the whistleblowers' hotline. (HR7)

All the company's security personnel receive training in human rights, as well as trustworthiness and value testing. This type of training prevents risks to reputation or lawsuits resulting from inappropriate actions or attitudes not tolerated by our company. In 2014, we provided training for 182 security guards regarding Mexichem human rights policies and procedures. (HR8)

c) Human rights and Mexichem suppliers

Mexichem communicates its Human Rights Policy to its entire value chain and requires that the suppliers respect and comply with it. We monitor communications media, among other purposes to review related human

rights cases affecting our main suppliers. The risk of a violation of workers' rights is the largest vulnerability identified.

Because Mexichem is organized into vertically integrated productive chains beginning with the raw materials extracted from the earth, our affiliates become inter-company clients and suppliers, meaning the finished product of one plant becomes raw material for another, until reaching the final consumer. For these inter-company suppliers, considered internal in the organization, we hold workshops to inform and train them in the issue of human rights with regard to their business. These workshops are given by the human rights executives of each unit, who serve as internal instructors.

We have conducted an analysis of 50% of our main suppliers, and no actions have been required as a result of these human rights reviews. (HR2)

d) Community engagement

Maintaining good relationships with communities is part of our business philosophy and good neighbor policy. During the year covered by this report, there were no incidents related to violations of the rights of indigenous communities in the sites where we operate. (HR9)

Sources:

- > Mexican Human Rights Commission
<http://www.cndh.org.mx>
- > Human and Business Rights Resource Centre
<http://www.business-humanrights.org/Home>
- > Media monitoring through Factivia
- > Universal Human Rights Declaration
- > Fundamental Principles on Occupational Health and Safety: http://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/@publ/documents/publication/wcms_093550.pdf



Public-private alliance for creating social value at Mexichem Costa Rica

Mexichem Costa Rica, in an alliance between the Costa Rican Ministry of Public Education and local community, built a music wing at the Villalobos school in Barreal de Heredia, Costa Rica.

The project was begun following an evaluation by the Mexichem Costa Rica Social Responsibility Committee of various schools in the area to identify needs and detect opportunities.

The music wing, built with material supplied by Plycem and Mexichem, provides better teaching and learning conditions for the more than 325 students and teachers who use it.

In the second phase, an arts education area will be built, remodeling the main classroom of the school to make it a multi-use space, so that it can function both as a classroom and the stage.

The work is being supported by Mexichem employees, the school and the community, benefiting the education of all the region's children.

6.5 Supplier Management

Mexichem gives preference to local suppliers when purchasing materials and services for its plant operations. Its criteria are quality, service, and competitive price range. Local suppliers are defined as those near our facilities or within the same state.

In 2014, 70% of the contracts in the Chlorine-Vinyl chain were assigned to local suppliers and the average proportion of local labor hired was 90%. In the Fluorine and Integral Solutions chains, the proportion of purchases made from local suppliers was 68%. The suppliers selected are those that demonstrate a commitment to environmental protection and to being socially responsible companies. (EC6)

6.6 Stewardship product

Mexichem applies Responsible Care practices to ensure the safety of its chemical products. Responsible Care is a voluntary initiative by the global chemical industry. It also has a Stewardship product Committee made up of executives with experience in the field, who develop the product safety strategy for all three production chains. These strategies cover all the phases of the product lifecycle, and are reflected in both corporate policies and in the plans and procedures documented for each subsidiary.

> Evaluating the risks associated with each product and communicating appropriately with interested parties, as well as recommending control measures to limit the potential impact.

- > Compliance with applicable standards and regulations on its manufacture and handling.
- > Safety in product storage, transportation and distribution, to protect people, the environment and property.
- > Stewardship of products throughout their cycle—manufacture, use and final disposal—to minimize adverse impacts.
- > Promotion of post-industry and post-consumer recycling.

Monitoring the performance of suppliers, contractors and transporters, providing technical assistance to clients and introducing initiatives for post-consumer product cycling all represent Mexichem's commitment to Responsible Care throughout the phases of supply, storage, distribution, use and final disposal of the products. (PR1)

Fluorspar, in the Fluorine chain, and salt, in the Chlorine-Vinyl chain, require the handling transportation and use of materials as a raw material and as products in the value chain. In both cases, the mineral is incorporated into a new product, and the wastes generated from the chemical transformation are used as landfill and compacting material. (MM11) The transportation of products and other goods like raw materials and auxiliary materials used in operations, as well as personnel transport, is outsourced.



Risk evaluation and control

All significant products at Mexichem are evaluated for opportunities to improve their use and minimize the risk to human health and the environment. This management involves all product management activities, from research and initial development through manufacturing, marketing, storage and distribution, usage performance and final disposal, reuse or recycling. In the Fluorine Chain, we are currently developing a low global-warming-potential (GWP) alternative to our hydrofluorocarbons (HFCs) using toxicological evaluation to prevent potential health effects from both production and use. The evaluation protocol requires some animal testing, although this was only decided upon after thoroughly analyzing other alternatives and finding this the only practical option. (PR1)

Voluntary regulations and codes

In Europe, Mexichem complies with REACH (Registration, Evaluation and Authorization of Chemicals) requirements for all substances produced or imported by subsidiaries in our Fluorine and Chlorine-Vinyl chains. We have completed pre-registration of more than 70 substances and registered the substances classified as priorities.

All chemical products used or supplied by Mexichem meet the requirements of a risk communication program, as established by the Responsible Care initiative, including appropriate labeling and classification, and up-to-date safety factsheets. The corporate procedure for reviewing and validating the safety factsheets is based on the Globally Harmonized System. The content of the labeling and security factsheets of our products conforms to the laws and regulations of each country, including information regarding the product's chemical composition, physical properties, recommendations for its safe handling, storage and use, and appropriate disposal. We supply in-person technical assistance to clients and users, along with additional information on product handling and safety, including its use in critical applications. This applies to products that must be in contact with substance destined for human consumption, or any other that the client requests for its business purposes. (PR3) In 2014, there were no incidents recorded of a violation of regulations regarding product information and labeling. (PR4)



In 2014 there were no incidents involving violation of voluntary regulations or codes regarding the impact of our products or services on health or safety.



Mexichem publishes the risk evaluations of the registered substances it produces. The Chemical Safety Reports for the registered substances, including exposure scenarios and documented information, are available for consultation on webpages provided by the European Chemical Agency (ECHA) at the following link: <http://echa.europa.eu/web/guest/regulations/reach>.

Mexichem also has risk information available to all of its stakeholders. Its publication "Answers to Frequently Asked Questions about PVC" contains the reports on the most recent lifecycle analyses of its primary applications, including risks to human health and the environment. This publication can be viewed at: <http://www.mexichem.com.co/CloroVinilo/ResinasColombia/pvc.html>.

In 2014 there were no incidents involving violation of voluntary regulations or codes regarding the impact of our products or services on health or safety. (PR2)

R&D for safer, more environmentally friendly products

At present we have 16 centers working to develop cutting-edge technology for creating new products, processes and applications that can help improve the quality of life of those who use our products.

The Chlorine-Vinyl chain has six research and development centers, three in Mexico, two in the United States and one in Germany. The Fluorine chain has three R&D centers, one in the United Kingdom and two in Mexico. Finally, the Integral Solutions chain has five centers, one in Holland, one in Italy, one in the Czech Republic, one in the United States and one in India.

One of the areas we have been particularly interested in lately has been developing specialized PVC products, tailor-made to the requirements of our clients in the construction, services, civil infrastructure, water supply, basic sanitation, transportation and communications industries. Another area is the development of next-generation technology for refrigerant gases, which will be obligatory for new automotive industry production platforms starting in 2017. (PR1)

Client satisfaction

Quality management systems at all of Mexichem's subsidiaries have been certified by ISO 9001 standard, and surveys are held regularly to measure client satisfaction. These surveys are applied to a representative sampling of clients, who are asked to rate various aspects of the commercial relationship and assign a numeric grade to reflect their degree of satisfaction (or lack of satisfaction) with our products and services.

For the **Chlorine-Vinyl chain**, the surveys evaluate the following points:

- a. Product characteristics
- b. Service
- c. Communication
- d. Logistics
- e. Technical support
- f. Complaint handlings

For the **Fluorine chain**, the surveys cover:

- a. Customer service
- b. Service
- c. Delivery time
- d. Product characteristics
- e. Quantity

The **Integral Solutions chain** conducts surveys about:

- a. Service
- b. Punctuality
- c. Quality and delivery time
- d. Frequency of sales visits
- e. Variety of products offered
- f. Technical advice

The results of these surveys have shown a satisfaction range of 90%-98%. (PR5)



Marketing communications

Mexichem management recognizes the ethical codes and principles of transparency in the information communicated to its various stakeholders. Marketing communications and, in general, all information published by the company must adhere to the policies documented by Mexichem's Legal Department and Investor Relations Department. Specialists in the regulations of each country where we operate review local communications to ensure they comply with local laws and regulations, the Code of Ethics, and company policies. This review encompasses marketing information published on our websites, technical product literature, newsletters, information distributed at business fairs, as well as the content of the product packaging and any other relating to advertising, promotion or sponsorship.

Through industrial and mining associations to which we belong, we stay abreast of the latest regulatory advances and other mechanisms provided for in product safety management, regarding public concerns or new restrictions that could affect our markets. We cultivate the necessary awareness to act responsibly when justified concerns or legal limitations arise.

6.7 Contribution to social progress

6.7.1 Creating shared value in our communities

Some of Mexichem's products have been the object of controversy for certain stakeholders, relating to the alleged or real risk they may pose to human health or the environment. Mexichem continues to produce and promote the use of its products based on the best scientific information and available risk evaluations of its products, with the support and compliance with regulations that define the safety of these products for the specified uses and applications. (PR6) There were no incidents during the year of violations of regulations regarding communication, marketing, advertising and sponsorships. (PR7)

Client privacy

At Mexichem, we have controls to prevent the theft of client and company information to unauthorized outside parties. We received no complaints of a violation of client privacy during the period reported. We also received no complaints regarding violation of regulations regarding sales communications or client claims regarding their privacy or theft of their personal data. (PR7, PR8) We were therefore subject to no significant fines for non-compliance with laws and regulations concerning the provision and use of our products and services. (PR9)

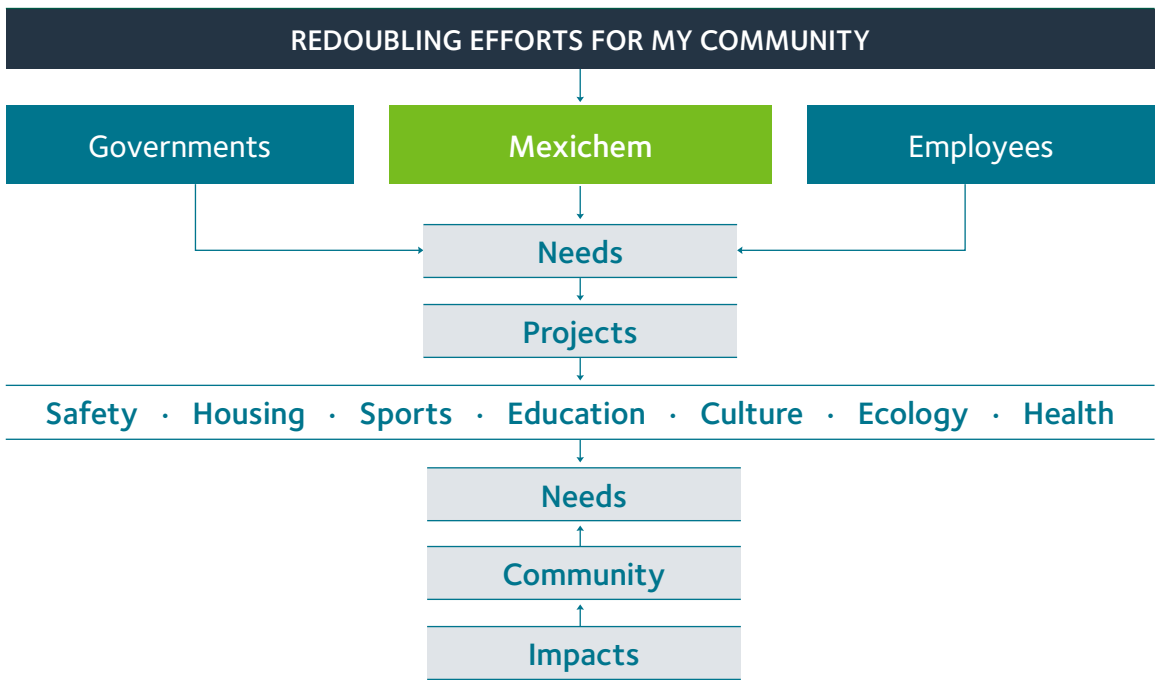
Mexichem is committed to the communities where we operate, and we work to support their progress by taking advantage of opportunities for creation of shared value. These actions include various types of intervention in response to requests by our stakeholders, like assistance and support for self-managing development. In these tasks, we encourage the initiative and voluntary work of our employees in favor of social progress in the communities.

Our central issues are education, strengthening capacities, water supply and sanitation, development of housing services, and childcare. The strategy of creating shared value with the community sets out guidelines for strengthening them and continuing the projects undertaken.

- > Respond to priority needs in areas related to our stakeholders.
- > Establish alliances with public or private organizations to expand the scope of our efforts.
- > Guarantee tangible results by defining and monitoring indicators at each project. (4.16)

The program "Redoubling Efforts for my Community" enables Mexichem's plants to evaluate impacts on the communities where they operate, and identify needs. To address these needs, projects are developed together with local or regional governments, which contribute 50% of the resources, and Mexichem and its employees, who contribute the remaining 50%. The basic aims of this program are supporting housing, safety, health, education, ecology, culture and fresh-air leisure activities.





Achievements supported by the Kaluz Foundation

Fundación Kaluz, A.C., sponsored by Mexichem and other companies of Grupo Kaluz, was created to improve people’s lives through programs with a high economic and social impact in the communities where we operate. It promotes the development of the individual and of human values, access to education, water and sanitation, decent housing and a healthy environment.

Redoubling Efforts for my Community is the core of the programs supported by the Kaluz Foundation. It identifies and supports social responsibility initiatives that benefit our communities through

the Kaluz Foundation Prize, which is an incentive for projects developed jointly by companies of the group, their management and employees, local governments and the community itself. The Kaluz Foundation Prize for 2013-2014 supported projects benefiting communities in various countries of Latin America and Europe. Mexichem took part in the contest with 32 ongoing projects, led by employees in our operating units in various countries. See: <http://www.gek.com.mx/fundacion.html>

The winning projects are described in the following table.



Summary of social initiatives for development and participation of communities (4.12, 4.16, SO1)

No.	Name	Location	Chain	Category	Objectives
1	Water: Fountain of Smiles	San Salvador, El Salvador	IS	Ecology	Provide fresh water to a community of 100 families. To support the community by educating them about the proper use of water.
2	You can Have the Water You Need	Buenos Aires, Argentina	IS	Water	Provide fresh water and sanitation improvements for schools and community centers in the islands of the Paraná River delta, in the province of Buenos Aires, Argentina.
3	Urban sewage system for the municipality of Guachené (Cauca-Colombia)	Guachené - Colombia	IS	Health	Optimize and increase coverage of the household sewage system for the municipality of Guachené, ensuring that all wastewater is discharged at the treatment plant, protecting both the environment and health, especially for children.
4	Bringing Water and Life to Everyone	Choloma, Cortes, Honduras	IS	Fresh water	Supply fresh water to the community and improve quality of life for the families of Plan Grande by developing comprehensive water and sanitation services, infrastructure and homes.
5	Water purification in the community of Monte Carlos	Guatemala	IS	Ecology	Continue rainwater management program, which consisted of installing permeable pavement that allowed rainwater to filter into the ground, thus making water clean enough for drinking.
6	Ecological restoration of the Neuta Wetland (Soacha-Cundinamarca)	Bogota, Colombia	IS	Ecology	<ol style="list-style-type: none"> 1. Carry out a process of ecological restoration of the wetland, with the support of the community, ensuring protection and conservation of the ecosystem. 2. Raise community awareness of the benefits and environmental services the wetland offers. 3. Design campaigns and carry out works to maintain the wetland, such as replenishing the water table, cleaning up green areas, reforestation, and construction of educational spaces.
7	City and Water: Shared Histories	Wavin Polonia	IS	Culture	<ol style="list-style-type: none"> 1. Promote the recovery of local history in the community of Buk (where WPO's plant and offices are located) and preserve its heritage. 2. Educate the children of Buk about the value of water as a basic resource, including the water cycle in nature and recent climate changes. 3. Encourage responsible use of water, connecting with recent archaeological findings (ancient pipe system) that connects Buk's history with water.
8	Music room for the Villalobos School	Heredia, Costa Rica	IS	Education	Build a new music classroom for the Villalobos School in Barreal de Heredia. Develop synergies that enable the school to acquire musical instruments.
9	Eco-gardens	Bogota, Colombia	IS	Education	<ol style="list-style-type: none"> 1. Encourage and offer training to plant organic vegetable gardens. 2. Use the training process as an education tool to generate awareness about the proper use of natural resources. 3. Encourage resource optimization.
10	Megavolts	Riberirao das Neves, Brazil	IS	Education	<ol style="list-style-type: none"> 1. Offer technical courses (household and industrial electricity, electronics, industrial mechanics and automotive electricity) for underprivileged youth and adults. 2. Provide learning opportunities to people who would not otherwise be able to afford technical training. 3. Generate opportunities for people in the community to join the work force.

No.	Name	Location	Chain	Category	Objectives
11	Sports training schools - CELTA	Soledad, Colombia	IS	Education	Promote and develop sports programs that contribute to the cognitive, emotional, and physical development of boys, girls, and young people, promoting their growth as upstanding people and leaders of their communities.
12	Amanco in-prison hydraulic installation course	Suape, Brazil	IS	Safety	<ol style="list-style-type: none"> 1. Offer a professional future after prison life. 2. Help people return to the job market with dignity and skills. 3. Help reduce crime rates by returning people to the workforce.
13	8 Hours of Help, a Lifetime of Opportunity	San Salvador, El Salvador	IS	Housing	Involve young people from local public schools in volunteering to build homes for the poor, providing transport, snacks and supplies for building the project.
14	Expansion of the Mama Carmen orphanage	Guatemala	IS	Housing	Expand orphanage.
15	Amanco emergency camps in Guatemala's highlands	Guatemala	IS	Housing	Design and implement resilient solutions for assisting families in emergencies, particularly tropical storms or earthquakes, according to the standards of the humanitarian aid network and local authorities.
16	Building a Community with El Barrial	San Salvador, El Salvador	IS	Housing	Build 90 housing solutions and strengthen community capacities.
17	Building Dreams Together II	Choloma, Honduras	IS	Housing	Build homes by strengthening synergies between Mexichem and Plycem Honduras, and be more involved in the communities where we operate, motivating other private companies to participate.
18	Sanitation, Power Generation and Organic Fertilizer	Guatemala	IS	Health	Drainage and cleanup of areas near housing, take advantage of gases and sludge created in the waste treatment process for organic fertilizer.
19	Children's Water Park	Guayaquil, Ecuador	IS	Ecology	Create a children's water park using our experience in water management and recycling.
20	COCO ARTE (Phase II)	Bogota, Colombia	IS	Tradition and Culture	<ol style="list-style-type: none"> 1. To teach underprivileged youth productive activities involving crafts. 2. Train young people to develop business initiatives. 3. Create handcrafted pieces, accessories, and ornaments for sale. 4. Reuse ecological materials as inputs.
21	Blue Banner Award, Escuela España	Costa Rica	IS	Education	Educate students and teachers about solid waste management. Win the Blue Banner Award for Ecology. Reduce the amount of ordinary waste sent to sanitary landfill. Improve current conditions for proper waste separation.
22	Different Capacities as Productive Potential for the Community	Tultitlán, Mexico	Chlorine-Vinyl	Education	Improve facilities for supporting the development of handicapped children, promoting work skills for social and workforce inclusion through workshops with local special education center.

No.	Name	Location	Chain	Category	Objectives
23	Education, Sports and Health for the Pasacaballos Community	Cartagena, Colombia	Chlorine-Vinyl	Education	To educate 9-13 year old children from the Pasacaballos community by sponsoring a soccer tournament that contributes to their overall development, proper use of free time and stronger family ties.
24	Volunteers for decent housing made from waste materials	Cartagena, Colombia	Chlorine-Vinyl	Housing	Use wood from pallets to rebuild houses for families living in extreme poverty.
25	Corazón de Jesús and San Vicente de Paul homes	Altamira, Mexico	Chlorine-Vinyl	Health	<ol style="list-style-type: none"> 1. Repairing and remodeling the kitchen of the San Vicente de Paul old age home in Ciudad Madero, created in 1930 and home to an average of 80 elderly adults. 2. Renovation of two classrooms at the Sagrado Corazón de Jesús home, founded in 1950 and home to 50 young girls.
26	Physical therapy, rehabilitation and geriatric care clinic	Tlalnepantla, Mexico	Chlorine-Vinyl	Health	Repairing and expanding step-down care clinic for physical therapy, health and rehabilitation of senior citizens.
27	Protecting the life of Patients	Altamira, Mexico	Chlorine-Vinyl	Health	Restore fencing around the Granja San Pedro home for the mentally ill, protecting the safety of resident psychiatric patients.
28	Self-sustainable and organic ecological cultivation	Cajicá, Colombia	Chlorine-Vinyl	Ecology	Restore the vegetable garden at the Antonio Nariño school and introduce sustainable water use in ecological cultivation.
29	Inheriting Wellness, Ayometla Sports Unit	Tlaxcala, Mexico	Chlorine-Vinyl	Ecology	Upgrade local sports facilities. Promote sports and healthy recreation for neighboring areas. Create a dignified and inclusive space for the community.
30	Science 4 Learning	Runcorn, UK	Fluorine	Education	Promote the development of students, channel their achievements, and change their attitude towards science by helping them to understand the value of a career in our industry. Promote the project among students as an opportunity to appreciate the company's progress, enabling them to discover the level of scientific innovation in their area. Encourage young people to become part of a new generation of scientists, through visits to the company's laboratories .
31	Hydroponics	Matamoros, Mexico	Fluorine	Education	Contribute to the development of rural and suburban areas by raising people's awareness on how to build basic vegetable gardens for household consumption and as a means of survival
32	Conservation of Mexican Wild Turkey in Sierra de Alvarez	San Luis Potosí, Mexico	Fluorine	Ecology	Create an aviary for reproduction and raising of Mexican wild turkeys (<i>Meleagris Galopavo Mexicana</i>) in captivity, in the La Laguna wildlife conservation unit, in order to reintroduce individuals to new populations in the wild.



6.8 Awards, certifications and distinctions

In 2014, Mexichem obtained the following awards, recognitions and certifications:

- > Clean Industry certification from the Mexican Environmental Authorities
- > Socially Responsible Company certification from the Mexican Center for Philanthropy
- > Certificate in Safety and Health Self-Management, Ministry of Labor and Social Planning
- > Kosher Certificate from Calidad Kosher, S.C.
- > ISO 9001: Quality Management Systems
- > ISO 14001: Environmental Management Systems
- > ISO 22000: Food Safety Management
- > OHSAS 18001: Occupational Health and Safety Management Systems
- > NSF: The Public Health and Safety Organization: Independent, objective non-profit organization engaged in product testing and certification, which establishes global performance standards for a wide variety of household and industrial products.

- > SARI: Comprehensive Responsibility Management System from the Mexican National Chemical Industry Association
- > ICONTEC: Colombian Technical Standards Institute
- > NORVEN: Brand certifying final product quality in Venezuela
- > SEDAPAL: Lima Water Supply and Sewage Services
- > INEN Quality Seal
- > INASSA Seal of Approval

Mexichem was also awarded distinctions for Environmental Leadership for Competitiveness (Mexican Environmental Protection Agency) Family Responsible Company Distinction, and Voluntary Environmental Compliance, Occupational Health and Safety System Level 3. (2.10)





Mexichem Brazil in alliance with SENAI

Finding qualified labor can be an obstacle for civil construction in Brazil. Mexichem Brazil, through its Amanco brand, has established an alliance with SENAI (the National Industrial Learning Service) since 2002, which has trained 70,000 professionals for the construction industry in 234 cities.

The alliance is the first ever created by a company in the hydraulic installation segment, and its goal is to guarantee a supply of qualified labor to support the country's development. Mexichem Brazil supplies material for practical classes, and SENAI supplies the site, the teaching material and certifications of participants.

Through theoretic and practical classes, professionals from the local water plant and the community at large learn about all the phases of planning and installing hydraulic systems, environmental safety and Amanco PPR advanced technology (polypropylene random copolymer type 3), a latest-generation resin for use in hot water conduits.

The action has a positive impact on participants, who are able to enter the job market, increase their income and improve their quality of life. The community benefits from the increased employability of its people and

environmental responsibility through water savings. Qualified labor in turn benefits the consumer, which has products applied in works in a correct and lasting manner.

The Amanco-SENAI alliance has garnered considerable attention in the press, and the coverage has been as important as the initiative itself, because it becomes a public service that reaches the entire country. Mexichem Brazil is proud to contribute together with SENAI to professional training of workers for the civil construction industry, to the benefit of all of society.





7

Environmental dimension

Mexichem is a company committed to protecting the environment. We not only comply with legal requirements on environmental care, but actually implement actions to minimize the impact of our operations, developing initiatives to raise awareness about the conservation of environmentally valuable zones and natural resources.



*Plant in Matamoros,
Mexico*

We strive to make the most efficient use possible of all of the resources that go into our operations, based on the principles of industrial reduction, reuse and recycling. We evaluate risks and detect opportunities created by climate change in the regions where we operate.

We also conduct an inventory of greenhouse gases (GHG) in our operations and keep track of direct and indirect emissions relating to our consumption of electrical energy and fossil fuels. Our commitment to reducing GHG focuses on energy savings and efficiency goals in our process, and involves every one of our employees.

Among the initiatives we have implemented to mitigate environmental impacts are the following:

- Optimization of water and energy
- Reduction of industrial waste
- Control of atmospheric emissions
- Design of plans to protect biodiversity, soil, surface water bodies and aquifers
- Research and development to design and produce safer and more environmentally friendly products (EN26)

We have established environmental systems to identify and control significant aspects, develop improvements in our operations and incorporate good industry and mining practices. We are working with the operations that have not yet been certified in order to align them with Mexichem's corporate strategy and seek certification.

7.1 Investment in environmental projects

In 2014, we invested a total of US\$3,947,012 in environmental control projects, primarily in energy optimization and savings activities, wastewater treatment systems, protection against chemical spills, noise reduction and the handling of industrial waste. (EN30)



Mexichem is helping to restore the Mesoamerican coral reef

Coral reefs are one of the world's most spectacular ecosystems, with the most diverse, productive and vulnerable communities in the seas, which rival the biodiversity of tropical jungles and rainforests. But over-exploitation of our oceans, climate change, pollution and human activities have damaged them to such an extent that some are seriously threatened. Coral reefs have tremendous value because they protect against sedimentation and serve as a place for many species in the marine ecosystem to nest, hatch and raise their young.

In an effort to solve this problem, the Mexican organization Oceanus has developed specialized techniques to reforest the coral reefs by building nurseries out of PVC pipe. Mexichem contributed to the project by donating PVC pipe to restore the reefs at Puerto Morelos, Quintana Roo, Mexico, benefiting nature and the environment. Oceanus, which carries out projects for restoring Mexico's coral reefs, conducted an evaluation and found that PVC is the best material for coral tree nurseries, because it offers mechanical resilience to the movement of the waves, and in the future, as the material breaks down, it is integrated into the structure of the coral.

The PVC structure remains submerged at a depth of one to two meters, floating about 12

centimeters above the ocean floor but tethered to the bottom, in order to facilitate the stability and growth of coral fragments, which are later moved to the defined restoration areas.

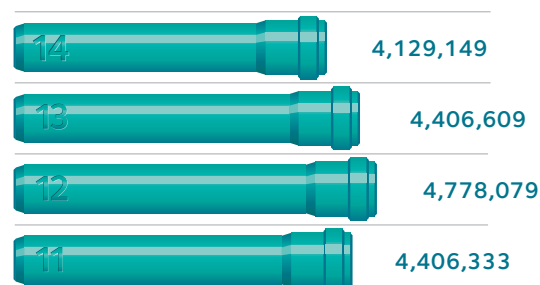
This is one more sign of Mexichem's interest in acting responsibly and contributing to the conservation of the environment and the recovery of valuable environmental resources.



7.2 Exploitation and consumption of natural and material resources

The basic raw materials used to make Mexichem's products are primarily salt (sodium chloride) and fluorspar (calcium fluoride), which are obtained from the company's mines in Mexico. The rest of its raw materials are basic chemicals, petrochemicals, commodities and auxiliary chemicals. All in all, during the year we consumed 4,129,149 metric tons of raw materials. (EN1)

Raw materials mton/year



Consumption of raw materials, 2009-2013

	2010	2011	2012	2013	2014
Raw materials in metric tons per year	3,942,044	4,406,333	4,778,079	4,406,609	4,129,149

In 2014 we carried on the closure plan of the sulfur extraction plant in Veracruz, Mexico, which consisted of withdrawing pipeline and equipment from the extraction zone and reforesting 30 hectares with native vegetation to offset environmental effects. The plan includes follow-up on the environmental remediation for a 10-year period. (MM10)

The percentage of industrial recycling achieved was 11% on average, the highest in our Integral Solutions Chain, where off-spec PVC waste was recovered to be returned to the process, closing the product lifecycle. (EN2)

Mexichem has cutting-edge technology for producing PVC resins, which incorporates closed-cycle processes for recovering the non-polymerized portion of the vinyl chloride monomer and returning it to the process, in order to be used in successive production sessions. This optimizes efficiency and minimizes the loss of raw materials in PVC production plants, besides maintaining a safe workplace for our personnel.

7.3 Energy and water consumption

Energy consumption

The energy consumed by Mexichem comes primarily from two sources: electricity and natural gas. It is supplied mainly by external companies. We also use smaller amounts of steam energy, diesel, and LPG. To generate the energy we consume, our suppliers use thermoelectric, hydroelectric, coal, geothermal, wind, nuclear and biomass energy generation. (EN4)

We have invested in process technologies and conservation strategies to make more efficient use of energy and thus save money, obtain competitive advantages and distinguish ourselves in the market. In our environmental impact evaluation, energy consumption is a significant aspect. We have therefore developed a culture of responsible use, supported by savings programs led by plant technical staff, in which all of our employees participate. Successful actions are replicated in the different chains.

Mexichem has an Energy Efficiency Program in its main plants in the Chlorine-Vinyl Chain. The program has been introduced at other operating sites, earnings us various Energy Savings Prizes from the National Commission on Energy Savings in previous years.

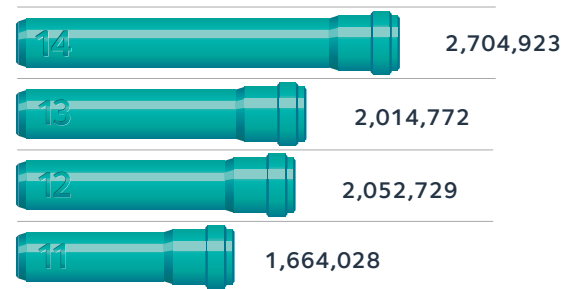
	2011	2012	2013	2014
Electrical energy in Gcal/year	1,213,110	1,566,768	1,477,936	1,602,891



The burning of fossil fuels like natural gas is an important source of GHG emissions by our company. Natural gas for energy generation at our plants is the main source of direct CO₂ emissions. Our direct consumption of energy from natural gas in 2014 was 2,704,923 GCal/year, which was 25.5% higher than the year before, due to the expansion of our PVC resin plants and the acquisition of new industrial facilities. (EN3)

Natural gas consumption Gcal

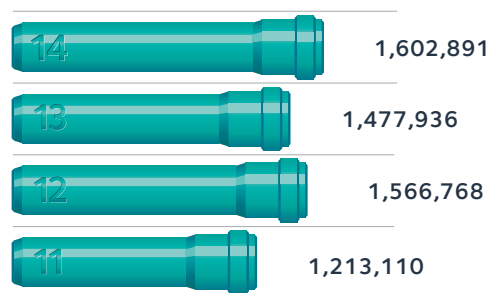
1 Cal = 4.1868 J



1 cal = 4.1868 J

In 2014, we consumed 1,602,891 GCal of electrical energy. We continued to reduce our overall energy consumption and maintained savings levels. Our electricity consumption, however, was higher than the previous year because of the growth of our operations, which meant an increase in productive activity. (EN4)

Electrical energy consumption Gcal/year



1 Cal = 4.1868 J

The energy consumed by Mexichem comes primarily from two sources: electricity and natural gas.

	2011	2012	2013	2014
Natural gas in Gcal/year	1,664,028	2,052,729	2,014,772	2,704,923

1 cal = 4.1868 J

Mexichem evaluates the use of renewable energy sources for the sustainability of its operations. It currently consumes 70% of the electrical energy produced by cogeneration at the Altamira plant, which produces PVC resin. At Coatzacoalcos, the site of our main chlorine producing plant, we conducted a viability study for the use of alternative energy sources, including wind and solar energy. (EN6)

Increasing our level of energy savings will depend on the development of alternative energies—like installing high efficiency LED light fixtures to supply energy to the lighting network at the Coatzacoalcos and Altamira plants. We

are also evaluating construction of a cogeneration plant at Coatzacoalcos. Energy savings has remained at 1.5%, because of conservation programs and operating efficiency improvements. (EN5)

Some of the activities carried out to save electrical energy were:

- > Installing high-efficiency motors
- > Installing variable speed drive in motors
- > Installing more energy-efficient PVC resin drying equipment
- > Suspension of process at peak hours
- > Insulation of iced water pipes (EN7, EN18)



Other investments to save energy at our plants include better technology in electrolytic diaphragm cells to reduce the current flow in the production of chlorine-soda; changing from regular electrical engines to high-efficiency engines; replacement of incandescent lamps with LED lamps; changing the seals on cooling tower seals; and installing more efficient iced water equipment. We have also introduced operating practices like reducing the amount of equipment on line and number of fans running in the cooling towers during the winter months. (EN7)

Water consumption

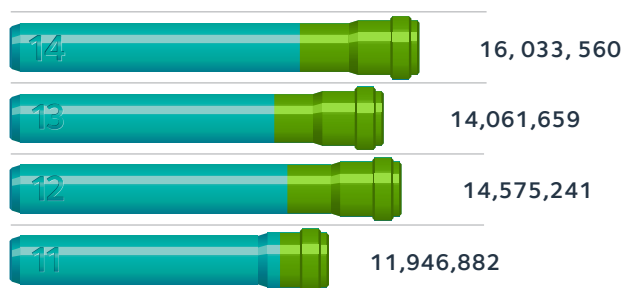
Our operations are subject to the authorization of government agencies that supply the water permits, licenses and concession deeds, issued in accordance with the environmental laws of each country. The water we consume is used primarily in extraction, transformation and operation, and

all plants have closed water cycles and wastewater treatment systems, so they are able to recover an average of 52% of this resource. To reduce water consumption and mitigate the risks of water shortage, we have the goal of increasing recirculation and reuse in all our facilities. In 2014, we re-used 8,328,649 m³ of water, equivalent to 52% of the water extracted. (EN8, EN10, EN26)

Consumption of primary water totaled 16,033,560 m³. Water extraction from surface bodies was approximately 79%, and from underground water, 21%. This means that 79% of the water consumed by Mexichem was the product of water flowing through rivers, lagoons, creeks and ponds, all of which are naturally replenished over time. Only 21% of our water came from underground sources, which are more difficult to replenish naturally. (EN8)

Consumption of water in operations

	2010	2011	2012	2013	2014
Surface water	8,604,753	10,082,410	11,421,517	10,634,625	12,646,776
Underground water	1,604,036	1,864,472	3,153,724	3,427,034	3,386,784
Total water extraction	10,208,789	11,946,882	14,575,241	14,061,659	16,033,560



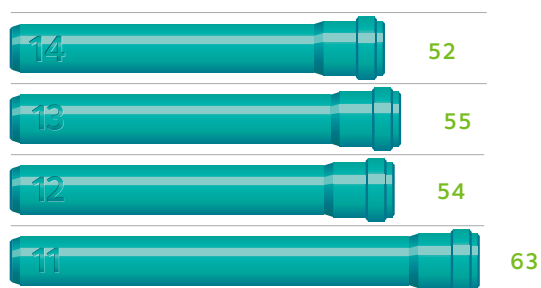
● Surface water ● Underground water

We are not aware of any significant impact from Mexichem's water extraction on water sources. (EN9) We currently recycle and reuse 52% of the water we use, primarily in ore concentration processes at our fluorspar mine. (EN10)



Water reuse
(cubic meters)

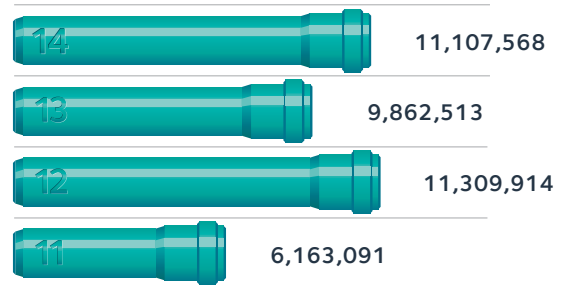
	2010	2011	2012	2013	2014
Recycled and reused water (m ³ /year)	5,417,633	7,592,879	10,899,117	7,760,089	8,328,649
Recycled and reused water (% of total extracted)	53	63	54	55	52



We have the goal of increasing water recirculation and reuse in all our facilities.

All of Mexichem's plants have wastewater treatment facilities, meaning all of the waste water is treated before being discharged, under the parameters required by the legislation applicable to every country where we operate. We returned a total of 11,107,568 m³ of treated water to surface bodies, municipal drains and infiltration. (EN21)

This value includes water from runoff captured during the rainy season at plants where there are artificial dams and reservoirs. In the total water balance, we have not quantified loss by evaporation nor the natural capture of rainwater at our tailings dam, which could represent a difference of up to 15%.



Total wastewater discharged
(cubic meters)

	2010	2011	2012	2013	2014
Discharge of waste water into rivers, streams, municipal drains and infiltration	5,803,709	6,163,091	11,309,914	9,862,513	11,107,568





Hydros Project

The Hydros Project is a tremendous awareness-raising initiative that encourages people to consider themselves Water Ambassadors and spread the message about sustainable use of our water resources. Through an interactive website that contains communication tools, any person, institution or company can promote campaigns about the importance of water and its relationship with human beings.



Mexichem began publicizing the Hydros Project through a campaign that began by appointing Water Ambassadors at every operating site. The campaign had two components: an internal campaign aimed at employees at every operating site, and an external campaign, to get the word out about the project to the general public, especially students of various levels in the communities where we are present.



We obtained the following results in 2014:

- 8,160 employees sensitized
- 264 schools visited
- 13,685 students received communication
- 91,140 people received Hydros messages (communities, clients and suppliers)
- 3,329 sessions held
- More than 14,500 direct users in social networks

<http://proyectohydros.com/?lang=en>



7.4 Emission control and industrial waste

Mexichem continuously or regularly monitors emissions of gases and particles from all of its facilities to guarantee the health and safety of its personnel and of neighboring communities, and to protect the environment.

Greenhouse gas emissions

In 2007, we began taking an inventory of GHG sources in our operation, and every year we tally up the direct and indirect emissions relating to our consumption of electrical energy. To calculate these emissions, we used the methodology developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), taking

into account the emission factors of the Federal Electricity Commission (CFE) established in the GHG Mexico program (<http://www.geimexico.org/>) and the International Energy Agency (IEA) (CO₂ Emissions from Fuel Combustion, 2010 Edition). The values for 2010 to 2014 have been calculated according to the WRI and WBCSD criteria and the IEA factors, and the calculation includes the values for NO_x emissions, consumption of fuels like natural gas, LP gas, diesel and gasoline, both in fixed and mobile sources, converted to metric tons of CO₂ equivalent. In 2014, our combined NO_x and SO_x emissions were equivalent to 2,080 metric tons. (EN16 ,EN17, EN20)

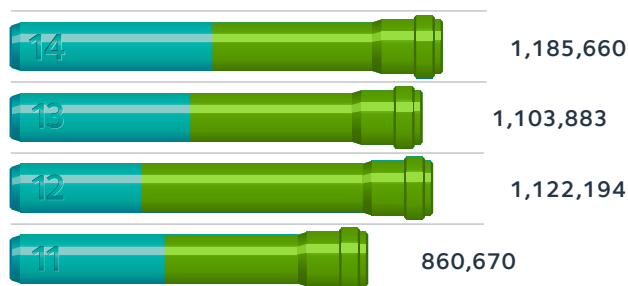
Total greenhouse gas emissions

(Metric tons of CO₂ equivalent per year)

	2010	2011	2012	2013	2014
Direct GHG emissions	357,084	385,575	498,189	450,613	487,622
Indirect GHG emissions	507,718	475,095	625,091	653,272	698,038
Total GHG emissions	864,802	860,670	1,122,194	1,103,883	1,185,660

ETotal GHG emissions

(Metric tons of CO₂ equivalent per year)



At Mexichem, we have made a commitment to reduce GHG emissions by establishing energy savings goals in our operations, at our offices and industrial plants. We also have projects to use renewable sources of energy that enable us to reduce our environmental footprint, with the goal of achieving a 5% reduction by 2018.

We will continue to develop various eco-efficiency plans in processes, replace technology and evaluate alternative renewable energy sources. Among the initiatives currently under way are the following:

- > Predictive maintenance tools that use thermography and vibration analysis to reduce electrical risk from heat fatigue in connections, eliminating power leakage points due to connection or component failures.
- > Control of down time and generation of scrap in the production process.

- > Training personnel about the rational use of electrical energy, generating a culture of savings (not leaving equipment running unnecessarily).
- > Control of transporters through an initial and regular subsequent evaluations, asking them for evidence they have completed their vehicle inspection process.
- > Replacement of engines with high-efficiency and variable speed motors. (EN18)

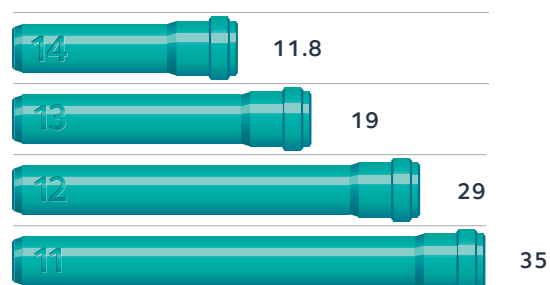
Ozone-depleting substances

We apply good practices in handling ozone-depleting substances, in compliance with the Montreal Protocol, and have significantly reduced our emission of these substances since 2007. In 2014, emission of ozone-depleting substances totaled 11.8 metric tons. (EN19)

In our Fluorine Chain we used thermal destruction techniques on 640 metric tons of fluorocarbon refrigerant gases, which have high GHG potential. (EN17)

Ozone-depleting substances, by weight

	2010	2011	2012	2013	2014
Emissions of ozone-depleting substances (mton)	24	35	29	19	11.8



Industrial waste management

Although our operations generate primarily special handling wastes that do not qualify as hazardous, such as spent oil, tires, glass, plastics, paper, cardboard, biodegradable organic material and wood, among others, some are monetized through reuse, such as industrial oils, which are used as fuel by cement plants. Other wastes, like wood, cardboard and paper, are reused; and plastic is recycled.

In 2014, we generated 46,981 metric tons of waste, 99% of which was non-hazardous. The most frequent disposal method was sanitary landfill and compacting cells (80%), reuse and recycling 17%, incineration 2%, and industrial confinement 1%. (EN22)

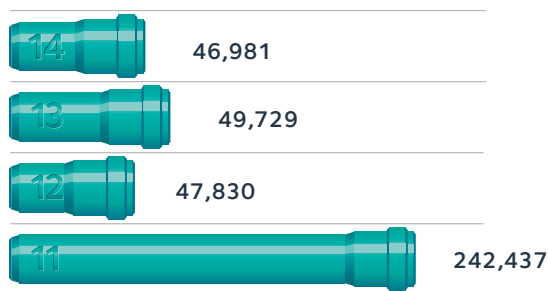
In some cases, because they were generated by industrial operations, the waste required special handling, such as process byproducts. This type of waste is also treated with special handling, and plans of action were established to define their sustainable use and/or final destination, such as repaving streets, fill material and compacting. (EN22)

Of the packaging materials used in distributing our products, 13% are recovered at the end of their useful life. These materials include paper or industrial plastic bags, pallets and containers. (EN27)

Total waste generated

	2010	2011	2012	2013	2014
Total weight of waste handled (mton)	327,801	242,437	47,830	49,729	46,981

Total waste generated mton/year

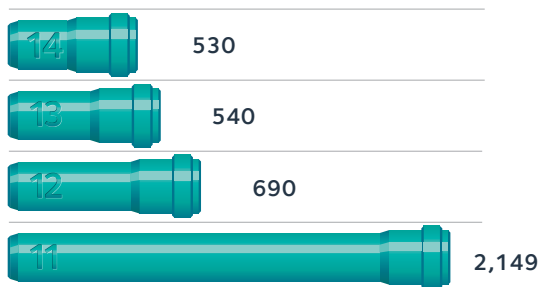


The hazardous waste generated by Mexichem's operations are handled locally in temporary warehouses then later sent to controlled containment, treated for stabilization or recycled, according to the environmental laws of each country. In 2014 we did not transport any hazardous wastes across borders, but we did generate and transport 530 metric tons locally. (EN24)

All our plants have specific plans and trained personnel for handling accidental spills.

Hazardous waste transported locally for treatment and disposal by containment

	2010	2011	2012	2013	2014
Hazardous waste transported locally for treatment (mton)	405	2,149	690	540	530



In 2014, there were three accidental spills of chemical products, totaling 13.6 m³. These spills and their environmental impact were effectively controlled and the materials recovered or reused. (EN23) All our plants have specific plans and trained personnel for handling accidental spills, both within our operations as in the case of transportation accidents.

Generation and handling of waste rock and tailings

Most of the waste from our mining operations consists of tailings, also known as slag or sterile material. This waste is disposed in specially equipped spaces, like tailings dams and deposits in yards on our premises, which are approved by the competent authorities. Tailings are not hazardous and do not require special handling, and our tailings dams do not generate acid leachates. (MM3)

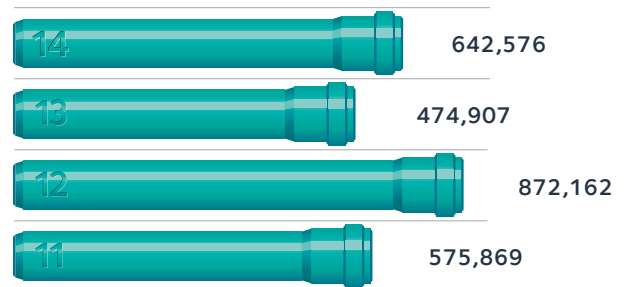


Tailings generated

	2010	2011	2012	2013	2014
Total tailings (slag), waste rock or sludge and sterile rock (mton)	437,258	575,869	872,162	474,907	642,576

None of our mining operations are conducted in or around a territory occupied by indigenous communities. The federal government grants a concession for lands that have been evaluated by the Mexican Geologic Service, where the land is privately or community owned. Land for mining exploitation is regulated by a land rental contract with the cooperative organization (*ejido*). (MM5) There are no conditions on use of the land, because the concessions have been granted by the Mexican government for the extraction of minerals, so there are no disputes over zoning. (MM6, MM7)

Since 2012 and by mutual consent, Mexichem suspended operation in all its mines and processing plants run by a small group of individual miners, because they did not agree to adhere to the company's safety and environmental protection measures and standards governing mining operations. (MM8) The families of these miners were not relocated, as there were no settlements on Mexichem's land. (MM9)



7.5 Protection of vulnerable ecosystems and biodiversity

Compliance with applicable environmental regulations

In 2014, Mexichem did not receive any fines or sanctions for violating environmental regulations. (EN28) We also reported no significant environmental or logistical impacts from the transportation of products or personnel during the year covered by this report. (EN29)

We have adopted the precautionary principle in all our products that go to the medical and food industries, through the new raw materials validation standards of the Food and Drug Administration (FDA): physiochemical, bioaccumulation, cytotoxicity, microbiological, melamine, melatonin, genetic and bioavailability tests. (4.11)

Protected or restored habitats

Mexichem owns territories in various parts of Mexico where it exploits and extracts non-metallic minerals like fluorspar and salt, in zones of substantial biodiversity.

For our company, ensuring the integrity of natural habitats neighboring our mining operations is fundamental for guaranteeing the sources of natural resources and continuity of our business. One particularly effective intervention is the area of Álamos de Martínez, Guanajuato, designated a natural protected area of the Guanajuato Sierra Gorda Biosphere by the Mexican Ministry of the Environment and Natural Resources in 2007. This site is also rich in fluorspar, and using waste discarded from previous operations prior to Mexichem's entry to the site in 2008, we extract fluorspar there without damage to the reserve. (EN11)



San Luis Potosí,
Mexico



The industrial operations of the Chlorine-Vinyl and Integral Solutions chains are conducted primarily in industrial zones designed and selected by public policies in areas where the environmental impact has been mitigated by local government action. Mexichem does not design specific actions for this type of operation.

Mexichem's biodiversity strategy is focused on its fluorspar mining and exploitation operations, which may have an environmental impact. According to our vision of sustainability, fluorspar mining and recovery operations are executed according to a strategy of protecting biodiversity in the protected area, from three perspectives:

1. The operation itself, which works to reduce the volume of waste disposed at the site, complying the rules of the Ministry of the Environment and Natural Resources and the General Law for Comprehensive Waste Prevention and Management.

2. Not altering the ecosystem through mining operations, since the activity involves recovering fluorspar from already exploited waste.
3. Introduction of a biodiversity recovery and protection plan for the area. (EN13)

Strategies and actions to limit negative impacts on biodiversity

Mexichem's commitment to protecting biodiversity is reflected in its Human Rights Policy and Code of Ethics.

The most significant impacts from Mexichem's mining operations are:

- > Generation of waste and tailings
- > Alteration of ecosystems
- > Effects on biodiversity

Before we begin operating in a given zone, we conduct environmental impact studies to determine the appropriate actions for protecting or restoring natural habitats and species located in the operation's area of influence. (EN12, EN14)

Focus	Actions
Species that inhabit the region	<ul style="list-style-type: none"> • Monitoring • Recording the events related to each species
Quality of air and water	<ul style="list-style-type: none"> • Monitoring
Waste	<ul style="list-style-type: none"> • Ensuring proper management and optimization or monetization of waste
Communities	<ul style="list-style-type: none"> • Supporting organizations that preserve biodiversity • Establishing efficient communication channels with stakeholders
Invasive species	<ul style="list-style-type: none"> • Monitoring and control
Native vegetation	<ul style="list-style-type: none"> • Reforesting • Monitoring and control of restored population density
Physical, chemical, and temporal dimensions	<ul style="list-style-type: none"> • Study of physical and chemical indicators • Studies of toxicity • Study of bioindicators of environmental health

Endangered species whose habitats are in areas affected by our operations

Mexichem is concerned about species located within our mining projects, and we therefore consider it important to learn about them and determine their degree of endangerment. In this process we have identified six species with varying levels of extinction risk, according to the National Commission for Biodiversity Knowledge and Use (CONABIO): two vulnerable species, two threatened species and two species in danger of extinction within the area of the mine and two fluor spar processing plants in Mexico: Villa de Zaragoza and Río Verde, San Luis Potosí, and Álamos de Martínez, Guanajuato. (EN15)



	Protected		Threatened		Endangered	
Río Verde	Skunk Goldfinch Red-tailed hawk	Spilogale Pygmaea	Deermouse		Rattlesnake	Crotalus molossus
Álamos	Barrel cactus	Ferocactus histrix	Golden eagle	Aquila Chrysaetos	Quail	Colinus Virginianus
			Sparrow	Spizella wortheini		
Villa de Zaragoza	Skunk Black-tailed jackrabbit	Spilogale pygmaea			Rattlesnake	Crotalus molossus
Jaltipán	Snail kite Buzzard Red-billed pigeon		Thorny iguana		Smooth billed ani Mallard duck	



Biodiversity of water resources and related habitats

Through environmental impact statements, we determine the size, protected status and biodiversity value of water resources in order to take the necessary actions to protect them. Mexichem reports no confined aquifers affected by wastewater discharges in its operations because, within the zones where its mines operate, water is managed in a closed cycle. Our chemical and manufacturing plants have wastewater treatment systems that meet and exceed water discharge requirements. (EN25)

At the fluorspar processing plant in Rio Verde, San Luis Potosí, we have not found any impact on biodiversity in the stream where runoff occurs. At our Álamos de Martínez, Guanajuato, Río Verde and Villa de Zaragoza operations in San Luis Potosí, water is managed in a closed cycle.

Biodiversity protection management plans

Mexichem conducts an analysis of environmental impact at its mining operation sites, and based on that diagnosis, prepares management

plans to protect biodiversity. This is also a legal requirement imposed by organisms like the Ministry of the Environment and Natural Resources, in Mexico, as a condition prior to mining any deposit. (MM2)

An environmental impact analysis examines aspects such as:

- > The scale of the impact that might have the mine or the material recovered from the deposits.
- > The degree of sensitivity in the area where the facilities are located.
- > The use of biodiversity by the local community.
- > The importance of communities and employees in caring for the environment and biodiversity.
- > Identification of protected areas where the mines are located.
- > Remediation and protection actions.
- > Actions for appropriate closing of mining zones once operations are complete.

Based on the environmental impact evaluations carried out for all of Mexichem's mines, we identified the actions needed, and committed to carrying them out based on our own biodiversity management plans.



MINE OPERATION PHASES	REQUIREMENTS	STEPS THAT MEXICHEM NEEDS TO TAKE	Río Verde	Álamo	Patio San Luis	Villa de Zaragoza	Múzquiz
Exploration and planning of a deposit	Buffer area and compensation plan	Conducting a risk analysis for the ecosystems: <ul style="list-style-type: none"> Includes evaluating the probable negative effects resulting from exposure to one or more environmental stressors. 	*	*		*	*
	Identifying endangered species	Identify presence of species in the field, their type and the risks to which they are exposed.		*		*	*
	Level of acoustic and light pollution for species	Conduct a study and perimeter analysis of noise and light (including acoustic levels in the area housing the installations and their exterior, as well as light pollution).	*	*	*	*	*
	Protecting species (Mitigating adverse effects in the reproduction phase of protected and vulnerable species)	Designing programs to protect species located in operation sites.	*	*	*	*	*
	Conservation of recharge levels in aquifers	Study for aquifer recharging, including: <ul style="list-style-type: none"> Rational management of water resources . Comprehensive use of rainwater, recharge of aquifers. Mechanisms for preserving natural resources. Drafting a strategic plan that considers ecosystem restoration and includes: <ul style="list-style-type: none"> Current control. Reducing soil-erosion processes . Sustainable development of the natural resources, taking socioeconomic and sociocultural aspects into consideration. 		*		*	*
Exploitation of the deposit	Evaluating efficacy of the compensation plans	Compliance with conditions established by the authorities.	*	*		*	*
	Monitoring buffer zones, ecosystem health, and level of surrounding biodiversity	Creating a biodiversity program that includes the distribution of species of flora and fauna, spatial distribution, and population density.	*	*		*	*
	Training stakeholders on how to care for and protect threatened species and how to act if they come into contact with them	Creating a communication and training program that includes: <ul style="list-style-type: none"> Communicating knowledge . Monitoring involved plant employees and external players located close to the facility. Creating community workshops that include: <ul style="list-style-type: none"> Best practices for community relations. Conferences, workshops, courses, and projects supporting the local population. 	*	*	*	*	*
	Supporting NGOs that protect endangered species	Establishing a relationship with NGOs to protect flagship species within the area where facilities are located.	*				*

MINE OPERATION PHASES	REQUIREMENTS	STEPS THAT MEXICHEM NEEDS TO TAKE	Río Verde	Álamo	Patio San Luis	Villa de Zaragoza	Múzquiz
Exploitation of the deposit	Avoiding erosive processes (paying attention to the degree of slope of the embankments)	Adapting the warehouses for tailings waste—adapting embankments in compliance with the NOM-141-Semarnat-2003. Performing a safety-factor study on the embankments.	*	*	*	*	*
	Monitoring air quality	Study and program for monitoring suspended particles, including: <ul style="list-style-type: none"> Toxicity level of suspended particles at the site and in surrounding areas. Negative effects that affect the ecological balance. 	*	*	*	*	*
	Monitoring the quality of discharges of different types of water	Keeping a log of wastewater discharges and water quality analysis for discharges.	*	*			*
	Calculating emissions	Obtaining the Unified Environmental License, which includes on-site measurement of emissions and workplace environment.	*	*	*	*	*
Reincorporating deposits to the surrounding ecosystem	Monitoring reforestation actions	Developing and executing a reforestation program that includes recovering endemic species, as well as monitoring and controlling the population density of the reintroduced species.	*		*	*	*
	Reintegrating into the ecosystem prior to the shutdown of mine operations (not necessarily when all operations have been suspended)	Designing and implementing the site restitution program. The program considers restitution measures, starting during the operation all the way through complete shutdown, under several guidelines: <ul style="list-style-type: none"> NOM-157-Semarnat-2009, establishes the guidelines for closing down mining operations. NOM-141-Semarnat-2003, establishes environmental protection requirements for storing waste tailings from fluorspar recovery operations in warehouses. 	*		*	*	*
	Monitoring the health of the ecosystem reintroduced in the area	Study physical indicators, including the physical properties of the soil (structure, compactness, texture, apparent density, porosity, water retention capability, infiltration, depth, hydraulic conductivity, etc.).	*	*		*	*
	Biochemical monitoring of the soil	Study of chemical indicators and regulations, including: <ul style="list-style-type: none"> Mobility and bioavailability based on the properties and degradability of the environment (presence of intermediate compounds or final degradation products), trace elements. Maximum value limits according to NOM-147-SEMARNAT/ SSA1-2004. Study on toxicity: <ul style="list-style-type: none"> Includes bioavailability of any organic or inorganic pollutant present in the soil, expressed in terms of toxicity, biodegradability, and extractability over time. 	*	*	*	*	*

Our largest mining operation is the fluorspar (calcium fluoride) mine located in La Salitrera, in the municipality of Villa de Zaragoza, San Luis Potosí, Mexico. It covers an estimated surface area of 500 hectares, approximately 50 of which are used for mining activities and 450 have not been affected. The mineral deposits currently being exploited are located at the southeast end of Sierra de Álvarez, in the western portion of the Eastern Sierra Madre, but outside the limits of the polygon the government has declared a natural protected area. The zone where the mine is located is a clear mining region because of geological and physiographic characteristics, which have attracted mining companies since the 1950s. In environmental terms, it has the qualities of an arid region, and the main features that determine the production potential of the area are its arid soil, mountainous topography and scant water resources. (MM1, EN11)

The natural resources affected by the original construction and startup of the plant were primarily soil and flora, because of leveling and clearing activities. Since the area has been zoned for industrial use, it is not considered home to biodiversity or protected natural species.

The habitat contains primarily avian species typical of arid zones, along with some small mammals and reptiles. The current impact on fauna is considered to be limited, since most of the displacement of major fauna occurred with



Mineral extraction
San Luis Potosí,
Mexico

the beginnings of human settlement and prior to installation of the mine.

The potential impacts on biodiversity resulting from mine operations are primarily low-magnitude, and we have mitigation measures to attenuate them.

No natural resources requiring special attention were identified within the mine's area of influence, except for a species of flora subject to natural protection, the *biznaga de lana*, or woolly cactus, which grows in areas near the mine, in an area that has not been affected by mining operations in the past, nor is it expected to be affected in the future. (EN11, EN12, EN13, EN14, EN15)

We have closing plans for the fluorspar mine in San Luis Potosí and a mine in Jaltipán, Veracruz has begun mine closing activities. A mine in Múzquiz, Coahuila, was acquired in 2012 and environmental protection plans are under way. (MM10)



Mine access
San Luis Potosí,
Mexico

7.6 Preparing for climate change

The effects of climate change identified for the various areas where Mexichem operates or has a market presence are desertification and drought, rising sea levels, changes in rainfall patterns, reduced availability of water, deforestation and illness. (EC2)

Although climate change can entail additional costs in order to adapt operations to the rise in the price of inputs and fuel, the closure of affected operations and relocation of suppliers, protection measures against these natural phenomena (for example dikes at marine facilities, flood and fire protection, etc.), relocating facilities to places where conditions are more favorable, and stricter environmental regulations, it can also bring interesting business opportunities:

- New markets and niches for products that help adapt to or mitigate the effects of climate change.
- Endurance and positioning, because of consumer preference for companies committed to environmental care and social responsibility.

We can already envisage various opportunities and threats to our businesses, operations and facilities stemming from the effects of climate change, and we will have to adapt as that trend evolves. A reduction in precipitation in our zone of influence could be an opportunity for the Integral Solutions chain, by generating greater demand for water extraction and irrigation systems. A dramatic decline in rainfall could force farmers to move their operations to other regions or countries, and the business would do well to move along with its clients.

Some facilities may have to be adapted physically to deal with the effects of climate change. For example, protection at coastal facilities that are threatened by a rise in sea levels or increasingly extreme meteorological events. Operations may also be modified or strengthened to adapt, for example formulating a series of options for a company's logistics to remain relatively resilient to a hurricane in its region.



*Mexichem Flúor,
Mexico*

Risks

The main risks we foresee are physical risk to current and future facilities, and the availability of water for operation. Depending on the location of the facilities, it may be necessary to analyze the vulnerability of facilities and the surrounding communities, taking into account the following dimensions:

- > Coastal protection against a rise in sea level and the increasing frequency of meteorological events.
- > Fires caused by drought.
- > Torrential rains, flooding and landslides.

It is important to monitor the advance of illnesses in regions where they did not previously tend to occur, because their impact on the present or future work force would have a direct impact on the company's productivity.

Mexichem must also anticipate future regulations in the area of climate change that could affect its operations. The supply of water and taxes on GHG emissions are short-term issues on the legislative agenda.

At Mexichem, we have identified and mitigated the risks of operating in zones at sea level through constant monitoring for hurricanes, with the support of predictive models from the National Water Commission and the National Hurricane Center in Miami. With this, we can plan the necessary actions for the supply chain and plant operation and avoid difficulties that might be unleashed by this type of event.

Extreme meteorological events may also have serious repercussions on the company's logistics. Productive units may be isolated without being able to receive or ship products by land or sea, as the case may be. Another possible risk would be an interruption in the flow of materials in places outside of the company, but strategic for merchandise transport (closed ports in the U.S. due to hurricanes, or inaccessible border ports due to flooding in Europe).



The Intergovernmental Panel on Climate Change (IPCC) projects that extreme meteorological events will grow in intensity and number. Mexichem will provide contingency plans for these, seeking to normalize its operations as quickly as possible with new logistical options for the company. Backup transportation options, different routes and emergency logistical media of inventories are some examples of this contingency planning. If we are able to operate almost normally in these circumstances, we will have a clear advantage over the competition that does not have these measures in place.



Opportunities

Water is an indispensable resource for Mexichem's mining, manufacturing and operating activities. Various of our plants have closed-circuit water cycles, and all of them have wastewater treatment systems, with which more than 50% of this resource is recovered.

Studies by the National Ecology Institute and the Ministry of the Environment and Natural Resources show that one of the consequences of climate change are extreme temperature changes. These changes may represent an area of opportunity in the growth of demand for air conditioning systems, as well as the consumption and production of increasingly efficient refrigerants.

Integral Solutions

Changes are expected in rainfall patterns resulting from climate change. A reduction in precipitation in the regions where Mexichem operates could increase demand for water extraction and irrigation services in farming regions. If, however, the reduction in precipitation is enough to exhaust confined aquifers, the increase in temperature would directly affect crop productivity.

Human settlements that depend on watershed regions where precipitation is expected to decline may also begin to generate a demand for alternative methods of water extraction, both for industrial and domestic use. The Integral Solutions chain may also serve this growing market.

Chlorine-Vinyl Chain

Chlorine-Vinyl offers the comprehensive solution for wastewater treatment. In zones where precipitation is expected to decline, we can expect the availability of water for domestic and industrial use to dwindle as well. Faced with this problem, the industrial sector will have to become more efficient in the use of this resource, whether by changing its operating facilities to a closed cycle, or by using wastewater. In both cases they will need wastewater treatment systems. In this region, demand for the installation of wastewater treatment systems is expected to increase significantly, both for the public and private sectors, because more chlorine will be needed to treat the water, and caustic soda will be needed for regenerating the treatment resins.

Fluorine Chain

Mexichem Flúor supports global regulations to contain and reduce the growth of GHG emissions. It is vital that decisions be made on the appropriate use of HFC, since they are the basis for a wide range of applications that provide safe, efficient refrigeration. The use of HFC in heat pumps helps reduce the demand for fossil fuels and increases the use of renewable energies. Mexichem conducts research in the United Kingdom to develop refrigerants that are as efficient or more so than the current ones, but have less global warming potential.

To date, Mexichem has a portfolio of products in all three of its areas that take into consideration climate change, market trends and demand for its products, among other factors, to achieve sustainable operations.

Indirect economic impact

Strategy

Our triple bottom line management model involves the involvement and development of the communities where we operate. Therefore, our actions have, to varying degrees, and impact on surrounding settlements; if the impact is positive, it creates a virtuous spiral of growth. Shaping our strategy to have a positive impact on communities has a number of effects: (EC9)

Awareness: by evaluating the vulnerability of facilities and surrounding communities, we can identify those that merit greater attention. Protecting or migrating our operations or workforce from those zones can protect the lives of inhabitants and may be less expensive than repairing the damage caused by a disaster.

Protection: It is important to monitor the advance of illnesses and plagues that might jeopardize our workforce or the foods that sustain it. This monitoring must also include water supply, so our operations must be efficient and include a high percentage of water recycling, or closed water cycles.

At Mexichem, we have programs that favor the economic and social development of communities. One example of this is the creation of economies of scale in communities neighboring the fluorspar mine. People who own machinery and dump trucks have formed a local partnership to transport the ore extracted in our operations. (EC9, SO1)



*Mineral extraction
San Luis Potosí,
Mexico*



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GLOSSARY OF TERMS AND ACRONYMS

AQUIFER: Water-bearing porous rock.

BIODIVERSITY: Biodiversity includes various living organisms, genetic and habitat diversity. Different species of plants, animals, fungi, and microbes interact with each other in diverse ecological processes to form ecosystems. Biodiversity is important because the combination of different life forms has made Earth a unique place that sustains human life and life itself.

BRINE: Solution of sodium chloride in water.

CARBON COSTS: The virtual price of carbon that is used to assess the increase or decrease of greenhouse-effect gases (GHG) as a result of a specific policy. In simple terms, this virtual value “sets a price” for damage caused by climate change resulting from each additional ton of GHG emissions, expressed as equivalents of carbon dioxide (CO_{2e}) to facilitate comparison.

CLOSURE PLAN: Plan that is required for mines to obtain an operating license. It includes the procedures for closing the site, with a schedule of the stages of remediation, the revegetation or stabilization of land program, and the proposal for monitoring, maintaining, and using the site after closing the mine.

CO_{2e}: CO_{2e} equivalent

CPVC: Chlorinated polyvinyl chloride.

CSR: Corporate Social Responsibility.

DIRECT USE OF ENERGY: Consumption of primary energy sources owned or controlled by Mexichem.

ECO-EFFICIENCY: Level of efficiency associated with operating processes, expressed as a combination of economic and environmental performance. Eco-efficiency is commonly expressed in terms of the monetary value of the product or service, divided by the monetary cost of its environmental impact.

ENVIRONMENTAL AUDIT: Analysis of the operation of a company with respect to the contamination it generates and the associated risks, as well as its degree of compliance with environmental regulations. These audits specify the preventive and corrective measures necessary to protect the environment.

EQUATOR PRINCIPLES FROM THE WORLD

BANK: Constitutes the framework that financial entities use to evaluate environmental and social risks associated with the financing of projects. These projects are evaluated according to the following criteria:

Category A

A.1 Significant impact on people (involuntary relocation, economic displacement, issues affecting indigenous population).

A.2 Loss or degradation of habitat in preserved ecosystems.

A.3 Adverse impact on cultural heritage.

A.4 Different substantial impacts, in combination with all of the above.

Category B

Projects whose activities take place in natural habitats, with a specific land-use. Impacts are local, can be mitigated, and do not trigger any Category A policies.


Category C

Refinancing of projects, expansions with minimal or nonadverse environmental impact.

FATAL ACCIDENTS: Accidents that result in the loss of human life.

FOSSIL FUEL: Product of the partial or complete decomposition of prehistoric animals and plants, found as crude oil, coal, natural gas, or heavy oils, which were created as a result of their exposure to intense heat and high pressure under the earth’s crust for millions of years.

G3: Global Reporting Initiative indicators (third generation) that are the basis of this report.



GREENHOUSE GASSES (GHG): Gases in the lower part of the atmosphere (troposphere) that cause the greenhouse effect (increase in temperature). They include carbon dioxide, chlorofluorocarbons, ozone, methane, and nitrous oxides. These gases, once released into the atmosphere through the burning of fossil fuels and through other means, are the primary cause of world climate change.

GRI: Global Reporting Initiative; the most common methodology for presenting sustainability reports. It lists 79 indicators that act as a guide for companies when reporting on their economic, environmental, and social performance. For this report, we used the third-generation GRI Guide, known as G3.

HUMAN RIGHTS: Concept that affirms human beings have universal rights or statuses, irrespective of jurisdiction or other distinctive factors, such as ethnic group, nationality, or gender.

ICMM: International Council on Mining and Metals.

INCAPACITATING ACCIDENTS: Accidents that result in a loss of faculties or skills and which make it impossible for a person to perform his or her job for a period of at least one full work shift, subsequent to the date the accident occurred.

INCIDENCE RATE: This is the number of incapacitating accidents within the number of man-hours worked in the period, multiplied by 200,000.

INDIGENOUS GROUPS: Cultural groups and their descendants who have a historic relationship with a specific region. They share cultural identity and, as minorities, can be vulnerable to current social and economic systems.

INDIRECT ECONOMIC IMPACTS: As defined in the Economic Indicators Protocols of the GRI, these impacts are the result, often non-monetary, of direct economic impacts (transactions between the company and its stakeholders).

INDIRECT USE OF ENERGY: Energy used by Mexichem, generated by sources owned and controlled by other companies (electricity, heat, or imported steam).

INTEGRATED RESPONSIBILITY: Global, voluntary initiative from the chemical industry, whose goal it is to make member companies, in their normal course of business, continually take measures to improve safety, protect health, and be stewards of the environment in accordance with the principles of sustainable development.

INTEREST GROUPS: Groups of people that can be positively or negatively impacted by the financial, environmental, health and safety, and social aspects of our operations, as well as those who have an interest in or influence on our activities. This term is also known as stakeholder communities.

IPCC: Intergovernmental Panel on Climate Change.

ISO 14001: International standard governing environmental management systems.

IUCN: International Union for the Conservation of Nature.

LOST DAYS: Work days that are lost as a consequence of a resulting inability to perform a job due to working accidents.

MAN-HOURS WORKED: This is the sum of hours worked by employees at each location of the group.

MATERIALITY: Information that can affect the company and could influence the perceptions and decisions of stakeholders seeking to make decisions and evaluate Mexichem's commitment to sustainability.

MSDS: Material Safety Data Sheet.

NGO: Non-governmental organization; a non-profit organization financed mainly by private contributions, which operates outside institutionalized government or political structures. In general, an NGO's agenda includes social, political, and environmental issues.

OSHA 18001: System for evaluating occupational health and safety that governs management systems in those areas.

OSHA: Occupational Safety and Health Administration. Guidelines are issued by this agency to evaluate occupational health and safety.

PARTICIPATION: The process of contact, dialogue, and interaction that guarantees that all interested parties have adequate information and participate in decisions that affect their future.

PVC: Polyvinyl chloride.

RESTORATION: Reestablishment of the original properties of an ecosystem or habitat with regards to its community structure and fulfillment of its natural functions.

SEVERITY RATE: The number of disability granted days within the number of man-hours worked in the period, multiplied by 200,000.

SLAG: Waste from the metal smelting and refining processes, comprised mainly of iron, silica, and calcium.

SOCIO-EFFICIENCY: Describes the relationship between the added value of the company and its social impact.

SUSTAINABILITY: A focus of the economy that promotes the development of our society and that exists in equilibrium with the natural resources and ecosystems of the planet. Sustainability balances environmental quality and economic growth. It is a concept that recognizes that economic activities, environmental conditions, and equality in social development opportunities need to be integrated in benefit of humanity in the long-term.

SUSTAINABLE DEVELOPMENT: The kind of development that satisfies present needs without compromising the capability of future generations to fulfill theirs, just as defined by the World Commission on Environment and Development (Brundtland Commission) in 1987.

TAILINGS: Waste from the concentration process or smelting of low-content minerals.

TAILINGS DAM: Shallow depression where tailings are confined. Its main function is to provide time for the heavy metals to settle, or for the cyanide (used to dissolve gold and silver from the mineral) to be destroyed, before the water is discharged into a local source.

UNITED NATIONS GLOBAL COMPACT: An initiative for ethical commitment, encouraging entities in all countries to adopt as an integral part of their strategy and operations, its Ten Principles of Conduct and Action with regard to human rights, labor, the environment, and the fight against corruption.

UNIVERSAL DECLARATION OF HUMAN RIGHTS: Declaration adopted by the United Nations General Assembly that describes the guaranteed rights of all persons.

VCM: Vinyl chloride monomer.

WASTEWATER: Liquids with varied composition discharged after use by various sources: municipal, industrial, commercial, agricultural, livestock, or any other type, whether private or public, which has degraded its original quality.

WASTEWATER TREATMENT: Procedure by which water that is polluted with organic and mineral matter is purified. It is divided into three phases:

Primary treatment

First step in the treatment of wastewater, in which all floating and sedimentable solids are eliminated by means of screens, mechanical extractors, and other devices.

Secondary treatment

During this phase, the organic materials are eliminated through microbial processes.

Tertiary treatment

In this stage of the process, nutrients (phosphorus and nitrogen) are removed along with a high percentage of suspended and dissolved solids.

WBCSD: World Business Council for Sustainable Development.

WRI: World Resources Institute.

Definition of units and conversion factors

t	tons (1,000 kg)
kt	kilotons (1,000 t)
mg	milligram (0.001 g)
µg	microgram (0.000001 g)
ppm	parts per million
l	liter
m³	cubic meters
GJ	gigajoules (10 ⁹ joules)
TJ	terajoules (10 ¹² joules)
kWh	kilowatts/hr (0.0036 GJ)
GWh	gigawatts/hr (106KWh)

GHG conversion factors by fuel type

	CO ₂	CH ₄	N ₂ O	GJ
Diesel	2,730 g/l	0.12 g/l	0,1 g/l	38.68 GJ/m ³
Gasoline	2,360 g/l	0.19 g/l	0.39 g/l	34.66 GJ/m ³
Natural gas	1,880 g/m ³	0.048 g/m ³	0.02 g/m ³	0.03723 GJ/m ³
Propane	1,530 g/l	0.03 g/l	0	25.53 GJ/m ³
Heavy fuel oil	3.090 g/l	3.090 g/l	0.013 g/l	38.68 GJ/m ³
Coel	2,110 g/kg	0.015 g/kg	0.05 g/kg	30.5 GJ/t
Coke	2,480 g/kg	0.12 g/kg	0	28.83 GJ/t

Source: The Mining Association of Canada

Affiliations (4.13)

> Chlorine Institute

> NSF (Product Certification Organization for Food, Water, and Consumer Goods)

> Mexican Center for Philanthropy

> Green Building Council Brasil

> WBCSD (Brazilian Business Council for Sustainable Development)

> Mexican Mining Chamber

> National Association of Chemical Industry (México)

- PROVINILO (Commission for vinyl promotion)
- CIPRES (Plastics Industry Commission on Responsibility and Sustainable Development Responsible Care)
- Responsabilidad Integral
- SETIQ (Transportation Emergencies System for the Chemical Industry)
- ECBE (Emergency Squad Training School)

> Mexican Stock Exchange

Ticker symbol MEXCHEM

> Institute for Research and Testing of Materials (IDIEM)

> Acoplásticos (Colombia)

> Colombian Council of Sustainable Construction

> Colombian Institute of Technical Standards and Certifications (ICONTEC)

> Instituto do PVC (Brasil)

> The Vinyl Institute (USA)

> Responsible Care® Initiative of the Chemical Industry to improve Health, Safety and Environmental Development

> United Nations Global Compact

> Mexican Association of Investor Relations

> Mexican Stockbrokers Association

> Stock Market for Latin American Securities

> Petrochemical and Chemical Association of Latin America

Contact

If you would like to obtain additional information about this report or about Mexichem, please contact Berenice Muñoz Jalpa, Investor Relations Director bmunozej@mexichem.com (3.4)

Mexichem, S.A.B. de C.V.

Río San Javier #10 Fraccionamiento

Viveros del Río

Tlalnepantla, Estado de México

54060 Mexico

T: +52 (55) 5366 4081 / 52.55.5366 4000

W: www.mexichem.com

E: sustentabilidad@mexichem.com



Mexichem®

www.mexichem.com