



## **Kimberly-Clark Corporation Corporate Governance Policies**

The Board of Directors (the “Board”) of Kimberly-Clark Corporation (“Kimberly-Clark” or the “Corporation”) believes that there is a direct connection between good corporate governance and long-term, sustained business success and that it is important to uphold sound governance practices. The Board has adopted these policies to guide Kimberly-Clark on matters of corporate governance. The Board reviews these policies and other aspects of its governance practices annually or more often if deemed necessary. These policies will be made available to stockholders, investors and the general public through publication on Kimberly-Clark’s website ([www.kimberly-clark.com](http://www.kimberly-clark.com)).

### **Role and Composition of the Board of Directors**

#### **1. Responsibilities of the Board and Directors**

The Board is elected annually by stockholders to oversee management and assure that the long-term interests of stockholders are being served. The Board is the ultimate decision-making body of Kimberly-Clark except for those matters reserved to the stockholders.

The core responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of Kimberly-Clark and its stockholders. Directors must fulfill their responsibilities consistent with their fiduciary duties to stockholders and in compliance with applicable laws and regulations. The Board and management recognize that the long-term interests of stockholders are advanced by responsibly addressing the concerns of other stakeholders, including employees, customers, suppliers, government and the public.

In discharging their duties, directors may rely on Kimberly-Clark’s senior executives and outside advisors and auditors.

#### **2. Functions of the Board**

The Board reviews and discusses Kimberly-Clark’s performance, plans and outlook, as well as immediate issues facing the Corporation. In addition to its general oversight of management, the Board also performs a number of specific functions, directly or through its committees, including:

- Selecting, evaluating and compensating the Chief Executive Officer (“CEO”) and developing a succession plan for the CEO;
- Reviewing, monitoring and, where appropriate, approving the Corporation’s long-term business strategy, financial plan and significant corporate actions;

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- Overseeing risk management and assessing the major risks facing Kimberly-Clark; and
  - Overseeing Kimberly-Clark's processes for maintaining the integrity of the Corporation, including the integrity of financial statements, compliance with law and ethical standards and ethical and fair dealing with the Corporation's stakeholders.

3. Board Leadership

The CEO serves as the Chairman of the Board. The Board has established a board leadership structure that allocates responsibilities between the Chairman and Lead Director. The Board believes that this allocation provides for dynamic Board leadership while maintaining strong independence and oversight. The Board may in its discretion separate the roles if it deems it advisable and in the best interests of the Corporation.

4. Lead Director

The independent directors select a Lead Director from among the independent directors for such purposes as the Board may determine, including those listed below. The Lead Director is the Chairman of the Executive Committee and an *ex-officio* member of all standing committees with the right to attend such committee meetings. The Lead Director generally serves a term of three to five years, as determined by the independent directors.

The Lead Director's responsibilities include:

- Presiding over sessions of the independent directors and providing feedback and perspective to the CEO regarding discussions at these sessions;
- Calling meetings of the independent directors, as appropriate;
- Coordinating the activities of the independent directors and serving as a liaison between the independent directors, as a group, and the CEO;
- Providing input, including input from the Board, on and approving the agendas and schedules for Board meetings after conferring with the Chairman;
- Leading, with the Chairman of the Nominating and Corporate Governance Committee, discussions of the Board regarding the Board's annual evaluation;
- Leading, with the Chairman of the Management Development and Compensation Committee, the Board's review and discussion of the CEO's performance;

- Overseeing the Board's periodic review of the Board's leadership structure;
- Providing feedback to individual directors following their periodic evaluation by the Nominating and Corporate Governance Committee (except for feedback on the Lead Director, which will be provided by the Chairman of the Nominating and Corporate Governance Committee);
- Speaking on behalf of the Board and chairing Board meetings when the Chairman of the Board is unable to do so; and
- Acting as a direct conduit to the Board for stockholders, employees, and others pursuant to policies adopted by the Board and assuming such other responsibilities that the Board may designate from time to time.

5. Director Elections and Majority Voting

A director will be elected if he or she receives the affirmative vote of a majority of the votes cast with respect to the director, which means the number of shares voted "for" the director exceeds the number of shares voted "against" the director.

In a contested election, which means the number of nominees exceeds the number of directors to be elected, directors are elected by a vote of the plurality of the shares represented in person or by proxy and entitled to vote on the election of directors.

In any non-contested election, any incumbent director nominee who receives a greater number of votes cast against his or her election than in favor of his or her election must immediately tender his or her resignation. The Board, through a process managed by the Nominating and Corporate Governance Committee, will then determine whether to accept the resignation. The Board will act on the tendered resignation, and publicly disclose its decision, within ninety (90) days of the certification of the election results.

6. Size of the Board

The Board believes that a size of 11-14 members is optimal for a corporation of Kimberly-Clark's size and structure. The Board and the Nominating and Corporate Governance Committee periodically evaluate the size of the Board in light of the Corporation's circumstances and as part of its succession planning activities for the Board.

7. Independent Directors

A majority of the Board members shall be independent directors, as determined by the Board pursuant to these guidelines. The Board has established independence standards to assist it in making independence determinations, including the categorical standards set forth in Annex A to these Guidelines.

These categorical standards are consistent with the listing standards of the New York Stock Exchange (the “NYSE”) and applicable laws and regulations. The Board will consider all relevant facts and circumstances in making independence determinations.

8. Board Composition and Succession Planning

The Nominating and Corporate Governance Committee periodically reviews the size, structure and composition of the Board and its committees, board practices and governance procedures and makes recommendations to the Board.

The Nominating and Corporate Governance Committee also maintains and reviews a succession plan for the Board, taking into account the current composition and qualifications of the Board, Kimberly-Clark’s current and expected needs, director tenure, the effectiveness of the Board and any planned or unplanned vacancies.

9. Board Membership Criteria; Selection of New Director Candidates

The Board is responsible for approving candidates for Board membership. The Board has delegated the screening and recruitment process to the Nominating and Corporate Governance Committee, in consultation with the Chairman of the Board.

The Nominating and Corporate Governance Committee reviews candidates for Board membership on a regular basis and whether such nominees have the appropriate skills and characteristics in the context of the current composition of the Board. The Nominating and Corporate Governance Committee maintains criteria for the selection of potential directors, based on the needs of Kimberly-Clark, taking into account the following desired attributes: leadership; independence; interpersonal skills; financial acumen; business experiences; industry knowledge; and diversity of background and viewpoints.

10. Directors Who Change Their Job Responsibility or Status

Individual directors who experience a significant change (including retirement) in the principal position, job responsibility or status they held when they were most recently elected to the Board are expected to (a) provide written notice of such change to the Chairman of the Board and the Chairman of the Nominating and Corporate Governance Committee and (b) offer their resignation from the Board and all Committees. The Nominating and Corporate Governance Committee will assess the change of status and make a recommendation to the Board. If the Board determines that it is not appropriate for the director to continue Board membership, the Board will accept the resignation.

11. Former Executive Officer’s Board Membership

When a director who is also an Executive Officer of the Corporation resigns from that officer position, he or she will offer his or her resignation from the Board at the same time. The Board, through a process managed by the Nominating and

Corporate Governance Committee, will determine whether to accept the resignation.

12. Extending the Invitation to a New Potential Director to Join the Board

Invitations to join the Board are extended by the Chairman of the Nominating and Corporate Governance Committee and the Chairman of the Board.

13. Term Limits.

Kimberly-Clark does not maintain term limits for directors. Term limits hold the disadvantage of losing the contribution of directors who have been able to develop, over a period of time, increasing insight into Kimberly-Clark and its operations and, therefore, provide an increasing contribution to the Board.

14. Retirement Age

Outside directors must retire from the Board no later than the annual meeting of stockholders following their attaining the age of 72. Directors who are members of management of the Corporation must retire from the Board no later than their attaining the age of 65. The Nominating and Corporate Governance Committee may in appropriate circumstances determine to grant exceptions to this policy when doing so is determined to be in the best interests of the Corporation.

15. Other Board and Committee Seats

Prior to a director accepting any position on the board of directors of any for-profit organization, he or she shall notify the Chair of the Nominating and Corporate Governance Committee and Lead Director. Non-management directors should not serve on more than five public company boards (including Kimberly-Clark's Board). The Corporation's Audit Committee members should not sit concurrently on the audit committees of more than three public companies (including Kimberly-Clark's).

**Board and Committee Functioning**

16. Committee Structure; Charters

The current standing committees of the Board are Audit, Management Development and Compensation, Executive and Nominating and Corporate Governance. Each of the Audit, Management Development and Compensation and Nominating and Corporate Governance Committees has a charter that defines its function and responsibilities and that has been approved by the Board. These charters, which are reviewed annually for effectiveness, are published on Kimberly-Clark's website. The functions and responsibilities of the Executive Committee are described in Kimberly-Clark's By-laws. In addition to the standing committees, the Board may establish *ad hoc* committees as the Board deems appropriate.

The chair of each committee reports to the Board following each committee meeting on the principal matters reviewed or approved by the committee and its recommendations on actions to be taken by the Board.

17. Independence, Assignment and Rotation of Committee Members

Each year, the Nominating and Corporate Governance Committee, in consultation with the Chairman of the Board, recommends to the Board committee assignments and chairmanship of each committee for the succeeding year.

The Board has an informal policy, but not a requirement, to consider the rotation of committee assignments every three years and committee chairman every three to five years.

All members of the Audit Committee, Management Development and Compensation Committee and Nominating and Corporate Governance Committee must be independent directors in accordance with the standards set forth in Section 7 of these policies, and the Executive Committee shall consist of at least a majority of independent directors. All members of the Audit Committee and the Management Development and Compensation Committee must meet additional, heightened independence criteria applicable to the directors serving on these committees under Kimberly-Clark's By-Laws, NYSE listing standards and applicable laws and regulations.

18. Board and Committee Meetings

Board and Committee meetings are generally held pursuant to a pre-determined schedule, with additional meetings scheduled as necessary. The length of Board and Committee meetings, and the time devoted to each item on a meeting agenda, depends upon the number and the nature of the items to be discussed at the meeting.

Directors are expected to regularly attend and participate in Board and committee meetings, review meeting materials in advance of meetings, ask questions when circumstances require and to be deliberative in their decision making.

19. Agenda Items for Board Meetings

The Board reviews its agenda work plan each year and directors suggest topics for inclusion in the agenda throughout the year. Prior to each meeting, the Lead Director consults with the Chairman of the Board to establish the agenda for each Board meeting. After such consultation, the Lead Director approves the agenda for each meeting.

20. Agenda Items for Committee Meetings

Each year, each Committee will develop and approve an annual work plan and a schedule of agenda subjects to be discussed during the

ensuing year. Such work plan and schedule will be modified as appropriate to accommodate new issues or changing circumstances.

The Chairperson of each Committee, in consultation with the Chairman of the Board and appropriate members of management and staff, will develop an agenda for committee meetings. Committee members are also encouraged to suggest items for inclusion on the Committee agendas.

21. Board and Committee Materials Distributed in Advance

Materials important to the Board's and its Committees' understanding of a particular agenda item are generally distributed to the members of the Board or Committee, as applicable, as soon as practicable prior to a meeting so that meeting time may be conserved for discussion and deliberation.

22. Other Information

In addition to information provided to the Board and its Committees in connection with their meetings, the Board and its Committees regularly receive material and timely information with respect to the Corporation's businesses, financial condition and prospects, as well as other matters relevant for each Committee.

23. Access to Outside Advisors

The Board and its Committees may engage outside legal, financial and other advisors, including independent advisors, whenever they determine that doing so is necessary and appropriate. The Corporation shall pay the fees and expenses of the advisors retained by the Board and its Committees.

24. Executive Sessions of Independent Directors

The non-management directors of the Board shall meet at least quarterly each year in executive session, both with and without the CEO.

25. Board Access to Senior Management

Board members have significant access to senior management of the Corporation. In addition to senior management who are present at most Board meetings, other members of management are occasionally present at Board meetings to provide additional insight into the agenda items being discussed because of personal involvement in, or responsibility for, the particular area.

## **Director Compensation**

26. Director Compensation Review

Approximately every other year, the Board receives a report on the status of Kimberly-Clark's director compensation practices as compared with other large U.S. companies. Kimberly-Clark's policy is to compensate its directors at a level comparable to that provided by other large U.S.



companies and in a manner determined by the Board to be appropriate for attracting and retaining qualified directors. Any changes in director compensation are suggested by the Nominating and Corporate Governance Committee and any changes are approved by the Board. Director compensation is disclosed each year in the Corporation's proxy statement.

27. Director Stock Ownership Guidelines

To further align the interests of Kimberly-Clark's directors with stockholders, within three years of joining the Board, all non-employee directors should own an amount of the Corporation's stock or stock units at least equal in value to three times the annual cash compensation for a director. For the purpose of these guidelines, a director is deemed to "own" beneficially-owned shares, as well as restricted shares and restricted stock units (whether or not any applicable restrictions have lapsed), but not stock options (whether unvested or vested).

In addition, restricted share units granted to directors as compensation are subject to a restricted period and not paid out until a director retires from the Board or otherwise terminates service as a director. Kimberly-Clark's insider trading policy also prohibits any director from entering into short sales or derivative transactions to hedge their economic exposure to the Corporation's stock. These directors are also prohibited from pledging the Corporation's stock, including through holding our stock in margin accounts.

## **Performance Assessments**

28. Assessing the Board's Performance

The Board and each committee perform an annual self-evaluation of its performance and effectiveness. Each director and committee member is asked to provide his or her assessment of the effectiveness of the Board and its committees and Board dynamics. These assessments are organized and summarized for discussion with the Board and committees at a subsequent meeting. The Board and committees may engage in other evaluation processes as determined in their discretion.

29. Assessing Director Performance

The Nominating and Corporate Governance Committee assesses the performance of each director periodically, including in determining whether that director should be nominated for election to an additional term. The Lead Director provides feedback from the assessment processes to each director (except for feedback on the evaluation of the Lead Director, which is provided by the Chairman of the Nominating and Corporate Governance Committee).

The assessment will include the director's performance, including the following factors: the director's attendance, understanding of the Corporation's businesses, understanding of the Corporation's strategies, overall level of involvement,



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contributions to the Board, number of other boards on which the director serves, any change in the independence of the director and any change in status of the director. The process of director assessment will not alter the rights of the Board to request the resignation of a director at any time.

30. Formal Evaluation of the CEO

The performance evaluation of the CEO by the full Board is coordinated on an annual basis by the Lead Director and the Chairman of the Management Development and Compensation Committee. The evaluation is based on objective criteria, including the performance of the Corporation and the accomplishment of short-term operating and long-term strategic objectives. The CEO provides the Board annually with a report on such performance and accomplishments. The results of the evaluation are used by the Management Development and Compensation Committee in considering the compensation of the CEO. The performance evaluation is conducted at a meeting of the Board at which only the non-management directors are present and the Lead Director presides as Chairman. The results of the evaluation are then communicated to the CEO by the Lead Director and the Chairman of the Management Development and Compensation Committee in a private meeting.

**Other Matters**

31. Management Development and Succession Planning

The Board, with the assistance of the Management Development and Compensation Committee, oversees the Corporation's management development and succession plans for the CEO and other executive officers to provide for continuity of senior management.

On a regular basis, the Board receives briefings on the development of senior management and discusses plans for succession of the CEO upon his retirement or in the event he is unable to serve in such capacity. The Board also discusses potential successors to other key executives and evaluates backgrounds, capabilities and appropriate developmental assignments.

32. Stockholder Engagement

Senior management meets regularly with major institutional investors and stockholders and reports to the Board on the views of Kimberly-Clark stockholders. Senior management also meets with these investors' governance, policy and proxy voting teams in order to discuss governance, executive compensation and other issues and concerns.

While management speaks for the Corporation, the Lead Director may designate individual directors to meet or otherwise communicate with stockholders as appropriate. Stockholders may direct a meeting request to the Lead Director who will consider the request in consultation with the Corporate Secretary. Requests should include information about the party (including the number of shares held), the reason for requesting the meeting and the topics to be discussed.

33. Corporation's Code of Conduct

The Board has adopted a Code of Conduct that is applicable to all employees, officers and directors of the Corporation. The Board is responsible for the stewardship of the Corporation's Code of Conduct and periodically evaluates the Code of Conduct to assess whether it conforms to applicable laws and best practices.

34. Confidentiality; Conflicts of Interest

The proceedings and deliberations of the Board and its committees are confidential. Each director shall maintain the confidentiality of information received in connection with his or her service as a director.

Directors are required to bring to the attention of the Board any potential conflicts of interest and to refrain from voting on such matters.

35. Orientation of New Board Members

New Board members are provided with materials and information regarding the Corporation and its operations, meet with members of senior management and other Board members and have opportunities to tour production facilities of the Corporation prior to beginning their service on the Board. The Nominating and Corporate Governance Committee periodically reviews and evaluates the orientation process to ensure its effectiveness.

36. Director Education Policy

The Corporation believes that continuous learning for its employees and directors will help the Corporation more effectively accomplish its objectives. Accordingly, the Corporation provides Board members with presentations from management or third party experts on topics that will assist the Board members in carrying out their responsibilities. In addition, the Corporation will reimburse each director for expenses associated with their attendance at seminars on issues related to Board service or corporate governance.



Annex A  
Standards for Independence Determinations

The Board will determine the independence of directors in its business judgment, consistent with applicable laws. A director will be independent if the Board makes an affirmative determination that a director has no material relationship with the Corporation (directly or as a partner, stockholder or officer of an organization that has a material relationship with the Company). In making this determination, the Board will consider all relevant facts and circumstances, including the materiality of the relationship to the director and to persons or organizations with which the director has an affiliation. Material relationships can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships (among others). The Board will review all relevant relationships the Corporation has with directors on at least an annual basis and with nominees prior to their election to the Board.

1. Relationships That May Impair Independence

The Board has determined that a director is presumed to be independent **unless** any of the following are applicable to the director:

A. Employment with Corporation:

- the director is, or during the preceding three years has been, an employee of the Corporation, its subsidiaries or equity affiliates;
- the director has received during any twelve-month period within the preceding three years more than \$120,000 in direct compensation from the Corporation, its subsidiaries or equity affiliates, other than (i) director and committee fees and (ii) pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service); or
- an immediate family member of the director is or during the preceding three years has been, an executive officer of the Corporation or one of its subsidiaries;
- an immediate family member of the director has received during any twelve-month period within the preceding three years more than \$120,000 in direct compensation from the Corporation, its subsidiaries or equity affiliates, other than (i) compensation for serving as an employee (unless the immediate family member was an executive officer), (ii) director and committee fees and (iii) pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

B. Affiliation with Independent Auditor or Internal Auditor:

- the director is (i) a current partner or employee of a firm that is the Corporation's internal or external auditor or (ii) was a partner or employee of such firm within the preceding three years and personally worked on the Corporation's audit within that time;

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- the director has an immediate family member who (i) is a current partner of a firm that is the Corporation's internal or external auditor, (ii) is a current employee of such firm and personally works on the Corporation's audit or (iii) was a partner or employee of such firm within the preceding three years and personally worked on the Corporation's audit within that time;

C. Management Development and Compensation Committee Interlocks:

- the director is, or has been within the last three years, employed as an executive officer of another company where any of the Corporation's current executive officers at the same time serves or served as a member of the compensation committee of such other company;
- an immediate family member of the director is, or has been within the last three years, employed as an executive officer of another company where any of the Corporation's current executive officers at the same time serves or served as a member of the compensation committee of such other company;

D. Business or Charitable Relationships with the Corporation:

- Director Transactions Material to Corporation. The director is a current executive officer, employee or owner of more than ten percent of the equity of another organization that has made payments to or received payments from the Corporation, its subsidiaries or equity affiliates for property or services in an amount which, in any of the last three fiscal years, exceeds two percent of the Corporation's annual consolidated gross revenues;
- Family Member Transactions Material to Corporation. An immediate family member of the director is a current executive officer of another organization that has made payments to or received payments from the Corporation, its subsidiaries or equity affiliates for property or services in an amount which, in any of the last three fiscal years, exceeds two percent of the Corporation's annual consolidated gross revenues;
- Director Transactions Material to Director. The director is a current executive officer, employee or owner of more than ten percent of the equity of another organization that has made payments to or received payments from the Corporation, its subsidiaries or equity affiliates for property or services in an amount which, in any of the last three fiscal years, exceeds (i) two percent of the other organization's annual consolidated gross revenues or (ii) \$1 million, whichever is greater;
- Family Member Transactions Material to Director. An immediate family member of the director is a current executive officer of another organization that has made payments to or received payments from the Corporation, its subsidiaries or equity affiliates for property or services in an amount which, in any of the last three fiscal years, exceeds (i) two percent of the other organization's annual consolidated gross revenues or (ii) \$1 million, whichever is greater;

- Director Indebtedness. The director is an executive officer, employee or owner of more than ten percent of the equity of another organization that is indebted to the Corporation or to whom the Corporation is indebted and the total amount of either organization's indebtedness to the other is greater than five percent of the total consolidated assets of the organization owing the indebtedness;
- Family Member Indebtedness. An immediate family member of the director is an executive officer of another organization that is indebted to the Corporation or to whom the Corporation is indebted and the total amount of either organization's indebtedness to the other is greater than five percent of the total consolidated assets of the organization owing the indebtedness;
- Charitable Relationships. The director or an immediate family member of the director serves as an executive officer, director or trustee of a charitable organization, and the Corporation's charitable contributions to that organization during any of the prior three years exceeded the greater of (i) \$1 million or (ii) two percent of the charitable organization's consolidated gross revenues for that year. Contributions made pursuant to the automatic matching of employee contributions will not be included in the determination of charitable contributions or receipts for this purpose.

An "immediate family member" means a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than domestic employees) who shares that person's home. An individual will no longer be considered an immediate family member after legal separation, divorce, death or incapacity.

To the extent permitted by applicable rules of the Securities and Exchange Commission and New York Stock Exchange, the Board may determine that a director or nominee is an independent director for other reasons as long as the Board determines that such person is independent of management and free from any relationship that, in the opinion of the Board, would interfere with such person's independent judgment as a member of the Board. Prior to the Board making this determination, the Nominating and Corporate Governance Committee must make a similar determination and recommend to the Board that the director be determined to be independent.

## 2. Relationships Presumed to Be Immaterial

The Board has determined that the following relationships are presumed to be immaterial and therefore, are presumed not to impair a director's independence:

- Director or Family Member Board Service. The director or an immediate family member of the director is, or has been within the last three fiscal years, a non-management director on the board of directors of another organization that has made payments to or received payments from the Corporation, its subsidiaries or equity affiliates for property or services within that time.
- Director Transactions Not Material to Director. The director is, or has been within the last three fiscal years, an executive officer, employee or owner of less than ten percent of the equity of another organization that has made payments to or received



payments from the Corporation, its subsidiaries or equity affiliates for property or services in an amount which, in each of the last three fiscal years, did not exceed (i) one percent of the annual consolidated gross revenues of both the Corporation and the other organization or (ii) \$1 million, whichever is greater.

- Family Member Employment. An immediate family member of a director is, or has been within the last three fiscal years, an employee (other than an executive officer) of another organization that has made payments to or received payments from the Corporation, its subsidiaries or equity affiliates for property or services within that time.
- Consulting Positions. The director or an immediate family member of the director is, or has been within the last three fiscal years, a consultant to another organization that has made payments to or received payments from the Corporation, its subsidiaries or equity affiliates for property or services within that time.
- Charitable Relationships. The director or an immediate family member of the director serves, or has served within the prior year, as an executive officer, employee, director or trustee of a charitable organization and the Corporation's charitable contributions to that organization within that time were less than \$120,000. Contributions made pursuant to the automatic matching of employee contributions will not be included in the determination of charitable contributions or receipts for this purpose.

### 3. Board Discretion in Applying Presumptions

The Board may determine that a director or nominee is not independent even if he or she otherwise satisfies the presumptions described in Sections 1 and 2 above if the Board determines that such person has a relationship to the Corporation or management that interferes with such person's independent judgment as a member of the Board.

