

# Choices for a Sustainable Future

2009 Sustainability Report



Watch Tom Falk and others share  
K-C's 2009 sustainability efforts.  
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**2009 Sustainability Report**

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■ Sustainability At K-C



Choice: it's what we've provided customers for nearly 140 years.

Billions of people worldwide choose our essential products to make a profoundly positive difference in their quality of life. And no matter what instantly recognizable Kimberly-Clark brand they choose, they're also choosing to make our world a better place, thanks to our dedication to doing the right thing for our customers, consumers, employees and communities.

We're making choices, too. For example, we're choosing to make more of our products with sustainable wood fiber... choosing to help consumers find new ways to recycle our packaging ... and choosing to channel our collective thinking into making sustainability a natural, integral part of everything we do.

This isn't new for us. Throughout our history, we've chosen to weave our enduring values into the very fabric of our company. These values – authentic, accountable, innovative and caring – describe how we work with, and will be judged by, our business partners, investors, consumers, customers and each other as employees.

Sustainability is a logical way to express these values. And now, it's also an important part of our Global Business Plan, with clearly articulated, ambitious sustainability metrics for all of our business units. By taking this bold step, we're charting the course to a better future.

We're bringing the best thinking of our 56,000 global employees together to help treat our planet's resources, human and otherwise, more carefully and considerately. From raw materials, our manufacturing processes, even our supply chain, we're building sustainability into every facet of how we work.

But we're going far beyond that. To help us address the full spectrum of social, environmental and economic sustainability issues, we're working hand-in-hand with organizations like Greenpeace and World Wildlife Fund, among others, to share ideas, build consensus and deliver on the promise of a better future for all.

Put simply, sustainability is critical to our future success. It's an enormous challenge. But we choose to do it, and to work with those who support positive change, because it's the right thing to do.

That's one choice that will never change.

### **The business case for sustainability**

Working towards sustainability is not only the right thing to do, it's a business imperative. Recent and continuing global developments have accentuated the need to become more sustainable. As markets develop worldwide, the pressure on natural resources intensifies rapidly, too. And global financial conditions have increased the need for efficiency, cost effectiveness and principled management.

Sustainable business practices provide tangible opportunities and benefits, including:

- Reduced costs from improved operational efficiency and lower energy and raw material use.
- Competitive advantage from developing more sustainable products that meet customer and consumer expectations.
- Reduced exposure to risk through anticipating and managing or avoiding events that could increase costs, reduce market share or damage our reputation.
- Motivated employees and greater interest from prospective employees.

Customers, shoppers and users of our products as well as governments, non-governmental organizations (NGOs), investors, and current or potential employees all recognize the importance of sustainability and seek information on our approach and performance.

It's no wonder, given these factors, that in 2009, K-C was chosen as the leader in the personal products category of the [Dow Jones Global Sustainability Index for the fifth consecutive year](#).

□ Sustainability At K-C ■ A Message from Tom Falk



For nearly 140 years, people have trusted Kimberly-Clark, and trust that what we're doing today will make life better for their future. Building on that heritage, we're challenging ourselves to continue to deliver branded solutions that improve the lives of consumers everywhere. Through our Global Business Plan, we will fulfil our vision to lead the world in essentials for a better life.

Sustainable business practices are woven into the fabric of our Global Business Plan. We challenge ourselves every day to look for ways to sustain the resources we enjoy today for generations to come. That's why Kimberly-Clark is focused on setting and achieving sustainability performance metrics for our brands and facilities. And through our resource stewardship, we are demonstrating to our stakeholders that sustainability isn't just the right thing to do, it's a business imperative.

Our sustainability efforts aren't new: They're an ongoing, essential part of our business. Our Vision 2010 environmental program, for example, is the third and most recent in a series of five-year initiatives designed to drive improvement toward energy, water and waste reduction targets. In fact, we're already working on our Vision 2015 program goals.

In 2009, we announced new programs to better communicate our commitment to sustainability. We added environmental labeling on some of our Family Care and Kimberly-Clark Professional products. And our K-C Professional business launched the "REDUCE TODAY, RESPECT TOMORROW" global marketing campaign, emphasizing how reducing the environmental impact at every stage of a product's lifecycle has a more powerful, far-reaching effect than simply recycling.

Other examples of our successful sustainability efforts in the past year include:

- *Strengthening environmental protection through our [fiber procurement practices](#);*
- *Introducing new, innovative products such as SCOTT NATURALS and HUGGIES PURE & NATURAL, that combine high performance and exceptional quality with environmental benefits;*
- *Using design for environment, [lifecycle thinking](#) and source reduction to help our customers and consumers select products with less overall environmental impact;*
- *Supporting social issues around the world, including the ongoing funding of UNICEF's Urban Platform Initiative in Brazil which has helped more than 1.1 million children and their families;*
- *Contributing \$22.7 million in cash and product donations for [charitable causes worldwide](#).*
- *More than 94,000 hours of employee volunteer service to local communities across the world.*

These efforts are reasons why, for the fifth year in a row, [we led the personal products category among companies in the Dow Jones Sustainability World Index](#). This ranking is based on the long-term economic, environmental and social performance of leading global companies across 57 industries.

Our efforts have been acknowledged around the world:

- *We're in the top one percent of more than 4,000 companies ranked by GovernanceMetrics International for our corporate governance;*
- *We're one of the Top 100 Best Companies to Work for in Latin America (11 Kimberly-Clark companies in the region made the 2009 list);*
- *K-C China received the Most Admired Corporate Citizen award from the China Corporate Citizenship Committee;*
- *Yuhan-Kimberly was named one of the most admired companies in Korea for six years running by The Korean Management Consulting Association , and was recognized for its excellent ethical management in the Korean Business Ethics Index;*
- *Kimberly-Clark is among the top five of the World's 100 Best Corporate Citizens as rated by Corporate Responsibility Officer magazine.*

From our leaders to our front-line employees, Kimberly-Clark is committed to making a positive impact on the world today with respect for the generations of tomorrow. As you read more about our commitment to responsible environmental stewardship and good corporate citizenship, I welcome your feedback, recommendations and partnership regarding the choices we're making for a more sustainable future.

**Tom Falk**  
**Chairman and CEO**  
**April 2010**

□ Sustainability At K-C ■ **A Message from Jan Spencer**

We're proud of our progress in working to achieve our Environmental Vision 2010 program goals. This five-year program (the third in a series of continually evolving voluntary standards), guides our company and provides a platform for our manufacturing teams to improve environmental performance.

Vision 2010 brings the same sort of measurable accountability to the efficient use of resources as can be found in our other operational programs, such as in cost reduction initiatives. It allows us to better promote the sustainable use of natural resources – in particular, reducing our water/energy use and waste generation.

Proud as we are, we also realize that there's much more to do. Built on the learnings of Vision 2010, the next phase of our global sustainability performance metrics will be linked to the company's Global Business Plan and supporting performance metrics. We've already begun the process of developing those metrics into strategies for new and broader 2015 sustainability goals.

That realization drives our strength and momentum as we build sustainable brands and practices into our product pipeline and work to reduce our environmental impact throughout our operations and supply chain. These measures are part of our effort to foster even stronger relationships with our stakeholders and communities.

Throughout our company, we're working hard to create a more sustainable future, and we're raising the bar on our performance expectations in this area. Our teams are passionate about our vision of measurable, accountable sustainability. Our efforts will have a powerful impact on our sustainability performance, and a positive influence on the communities where we operate and sell. That's something we can all feel good about. Because when we create sustainable solutions, we all win.

**Jan Spencer**  
**President, Global Kimberly-Clark Professional**  
**April 2010**

## OUR APPROACH



□ Sustainability At K-C ■ **Our Approach**

When it comes to sustainability, we've chosen a straightforward approach: identify and focus on initiatives that generate competitive advantage, improve business results and fulfill our responsibilities as a member of the global community.

At the corporate level, we're channeling our sustainability efforts into four areas: products, operations, employees and communities. This report describes our approach in each of these areas, and contains performance pages with updates on our progress during 2009.

Our Vision 2010 program is a structured approach that ensures we operate responsibly and improve our performance with regard to environmental, health and safety (EHS) issues. This is the third in a series of five-year programs through which we set goals and monitor our progress. Read more in [Operations](#) and [Safety, Health and Hygiene](#).

Our corporate approach, including Vision 2010, applies to all of our [business units](#). Common elements include improved operational efficiency, engagement of employees, and the use of Design for Environment and insights from customers and consumers to identify sustainability improvements. The next phase of our global sustainability performance metrics will be linked to the company's Global Business Plan and supporting performance metrics. We've already begun the process of developing those metrics into strategies for new 2015 sustainability goals.



Each business unit has identified specific sustainability priorities that supplement the corporate approach. These priorities are built around each business's products, operations and stakeholders. For example:

Our Consumer Tissue business has prioritized responsible fiber use; environmental improvements to packaging; sustainability partnerships with key customers; and reduced carbon emissions and water use.

Our Personal Care business focuses on building partnerships with environmentally progressive customers; developing environmentally sound products; manufacturing efficiency; and solid waste management.

K-C Professional aims to reduce waste and use of natural resources and be a leader in responsible fiber use.

Our Health Care business is aligning its sustainability efforts with those of its customers in the areas of waste management, health and safety, and infection prevention. We're also communicating our sustainability efforts so customers can make informed decisions about the products they buy and the partners with whom they do business. And we're leveraging our sustainability efforts to attract talent and improve employee engagement.

# MANAGING SUSTAINABILITY



□ Sustainability At K-C ■ Managing Sustainability

Our sustainability governance structure is designed to ensure a coordinated approach to implementing sustainability initiatives among our enterprise, business units and country operations.

## Governance Structure



Our Global Sustainability function is responsible for implementation and coordination, and includes issues relating to the environment, energy, occupational health and safety, as well as product quality. This function also includes a Sustainability Strategy Team to identify and share best practices across the company. Such a comprehensive approach helps our sustainability principles permeate our business, from facilities management to product design.

We also have a team dedicated to Environmentally Sustainable Technologies, which partners with our businesses and suppliers to develop sustainable products, technologies and materials. Their work includes research into the use of biodegradable, renewable and recycled polymers in our products.

Since business unit leaders are responsible for sustainability-related projects specific to their organizations, team leaders across the company play an essential role in guiding and engaging their teams in K-C's approach to sustainability. Their efforts are aided by the Sustainability Strategy Team, which provides team leaders with information about our sustainability approach and key messages so they can communicate these to their teams.

Taken together, this team approach assures that our approach to sustainability is as comprehensive as possible.

### **Management systems**

In 2007, we began a program to combine the environmental, health and safety (EHS) management systems in our facilities. The combined system guides K-C facilities with systematically identifying, controlling and reducing EHS risks, thereby enhancing compliance and improving performance. Our objective is for all facilities to fully implement the combined EHS system by the end of 2010.

The program mirrors the international standards ISO 14001 for environmental management and OHSAS 18001 for occupational health and safety. Some of our facilities choose to become certified to these standards as a demonstration of best practice or because of business need. Our other facilities are internally audited to standards at least as stringent.

We require all facilities and business units to certify quarterly their compliance with applicable environmental laws and regulations, as well as our Vision 2010 Water Quality Standard. These environmental compliance assurances are included in our quarterly internal financial controls process and receive attention at the highest levels of the company.

## Sustainability Advisory Board

Our Sustainability Advisory Board (SAB), formed in 2007, is comprised of five external members and one former K-C employee. The SAB advises the Global Strategic Leadership Team and Global Sustainability function on sustainability issues, and provides a more independent view of our sustainability programs, as well as the potential risks and opportunities for our business.

### Sustainability Advisory Board (SAB)

■ **Niki Bey**

*An Eco-Design and Life-Cycle Specialist at IPU Product Development (Denmark)*

■ **George Carpenter**

*Former Director of Sustainability at Procter & Gamble (U.S.)*

■ **Roger Cotton**

*A Lawyer Specializing in Corporate Governance and Environment, Health, Safety and Sustainability (Canada)*

■ **Claude Fussler**

*Former Vice President of Dow Chemical and Former Director of Stakeholder Relations at the World Business Council for Sustainable Development, currently appointed by The United Nations Global Compact Program Director of Caring for Climate (C4C), its climate change initiative (France)*

■ **Timothy Smith**

*Senior Vice President, Environment, Social and Governance Group, Walden Asset Management (U.S.)*

■ **Ken Strassner**

*Former Vice President Global Environment, Safety, Regulatory and Scientific Affairs, Kimberly-Clark Corporation (U.S.)*

In addition, the SAB reviewed and provides an [external assessment of this report](#).

Sustainability At K-C  Managing Sustainability  Performance 2009

We've chosen to make sustainability an essential part of our Global Business Plan, and have set clearly articulated, ambitious sustainability metrics for all of our business units. We continue to communicate our sustainability approach internally to ensure consistent implementation throughout the company.

### Management systems

The results of our internal compliance audits are reported on the [Environmental assessments performance page](#) and the [Safety, health and hygiene performance page](#).

Twenty-One facilities were certified to the ISO 14001 international standard for environmental management.

## ISO 14001-Certified Sites

- **Australia:** *Albury*
- **China:** *Beijing, Nanjing and Shanghai*
- **Colombia:** *KCAG*
- **Costa Rica:** *Belen and Cartago*
- **El Salvador:** *Sitio del Niño*
- **Israel:** *Afula, Hadera and Nahariyya*
- **France:** *Villey St. Etienne*
- **Germany:** *Reisholz*
- **Korea:** *Anyang, Kimcheon and Taejon*
- **Peru:** *Puente Piedra*
- **Poland:** *Klucze*
- **South Africa:** *Cape Town and Enstra*
- **Spain:** *Aranguren, Arcenlega, Salamanca and Calatayud*
- **Switzerland:** *Niederbipp*
- **Taiwan:** *Chungli, Hsin-Ying and Ta-Yaun*
- **Turkey:** *Kurtköy*
- **United Kingdom:** *Coleshill and Delyn*

## Sustainability Advisory Board

The SAB met twice in 2009. Members met with our senior leadership team and discussed K-C's Global Business Plan, our fatality elimination strategy, supply chain social compliance efforts, and shared the resolution of the Greenpeace campaign and our future commitments. In addition, the SAB reviewed and provided an external assessment of the 2009 Sustainability report.

□ Sustainability At K-C ■ **Governance**

We remain committed to our founders' values of quality, service and fair dealing, which contribute to our success on a daily basis. And while business conditions change with time, our commitment to high ethical standards remain constant.

That commitment allows us to secure the trust of our shareholders, employees and other interested parties by managing our business responsibly. This means identifying and managing risks to our success as well as seizing opportunities.

Our board of directors and senior management are accountable for ensuring good corporate governance. K-C's board of directors has 11 independent members, in accordance with the New York Stock Exchange listing standards. Our Chairman and CEO is the only board member not considered independent. Our Audit, Nominating and Corporate Governance, and Management Development and Compensation Committees consist entirely of independent board members. The Nominating and Corporate Governance Committee periodically reviews our [Corporate Governance Policies](#). Our [Code of Conduct](#) and corporate policies inform our employees that we expect consistent, ethical behavior and compliance with applicable laws. The Code of Conduct and corporate policies apply worldwide.

Employees can report violations on our corporate intranet site. Employees in 55 countries can also report violations of the Code using an anonymous, 24-hour telephone hotline.

Each year, we survey our employees to reinforce the importance of the Code, and to ensure they recognize unethical behavior and know how to report misconduct. The anonymous survey is carried out by a third party to maintain independence and reassure employees that K-C managers will not see their responses.

Sustainability At K-C  Governance  Performance 2009

Our commitment to high ethical standards includes understanding how to adapt to changes in technology, laws and how we conduct business. As a result, our company has evolved to match our business environment, and that includes updating our Code of Conduct.

In 2009, a cross-functional team of K-C leaders performed extensive research evaluating codes of conduct from various Fortune 100 companies. Based on this input, the team revised our Code of Conduct (last updated in 2005) to ensure it reflects our values and meets or exceeds what other peer companies have in place.

As an example, the team revisited the languages that our employees speak around the globe, and added 10 more to ensure everyone can comfortably read and understand the new Code. For employees without frequent computer access, supporting posters and brochures were provided to facility managers for posting in high-traffic areas.

Other new features found in the new Code include richer examples, tips and checklists, and links to relevant policies to help employees solve and navigate ethical dilemmas regardless of location. This new and improved Code ensures that all employees can be held accountable for their compliance to the Code of Conduct and reporting suspected violations.

In 2009, we received 54 reports via the Code of Conduct telephone hotline or our intranet website. All were investigated; 9 were classified as founded, 31 as unfounded, 4 were investigated and closed, but outcome was not reported, and 10 were still under investigation at the end of the year. Appropriate disciplinary action ranging from a reprimand to employee termination was taken for all founded violations.

The most common issues reported concerned employee relations, for example physical or verbal harassment and other inappropriate behavior. We do not believe that any of the issues raised were material to our business, financial performance or operational results.

Our commitment to high ethical standards was recognized by [GovernanceMetrics International](#) in 2009, which ranked K-C in the top one percent among more than 4,000 companies surveyed in its most recent rating. The top-ranking companies were recognized for best-in-class corporate governance standards.



□ Sustainability At K-C ■ **Our Stakeholders**

Since many different groups can influence or be affected by our business, it's important to keep the lines of communication open. Effective communications provides a better understanding of our products and operations and shows that we recognize and consider myriad needs and concerns. The table below describes how we engaged with our key stakeholders in 2009.

Stakeholder group	Primary areas of interest	Examples of engagement
Customers, shoppers and users	<ul style="list-style-type: none"> <li>■ Improved health and hygiene</li> <li>■ Product affordability</li> <li>■ Good customer service</li> <li>■ Product sustainability, e.g. with sustainably sourced or recycled content</li> <li>■ Product quality and safety</li> </ul>	<ul style="list-style-type: none"> <li>■ Marketing and promotions, including cause-related campaigns</li> <li>■ Environmental campaigns, e.g. recycling stations in Wal-Mart stores in Costa Rica and consumer education in Taiwan</li> <li>■ Product labeling , including environmental labels such as the Forest Stewardship Council (FSC) logo</li> <li>■ Consumer satisfaction surveys</li> <li>■ Phone calls, emails and direct mail</li> <li>■ Customer meetings</li> <li>■ Online information – e.g. ANDREX sustainability zone and HUGGIES sustainability website</li> </ul>

Current and prospective employees	<ul style="list-style-type: none"> <li>■ Reward and recognition</li> <li>■ Development opportunities</li> <li>■ Business performance</li> <li>■ Health and safety</li> <li>■ Fairness and equality</li> <li>■ Employee engagement</li> <li>■ Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>■ Team meetings</li> <li>■ @K-C intranet site</li> <li>■ @myHR intranet site</li> <li>■ Employee surveys</li> <li>■ Employee networks</li> <li>■ Town hall meetings with executives</li> <li>■ Community investment, e.g. matching employee donations</li> <li>■ Performance Management process</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>■ Contractual terms</li> <li>■ Sustainability requirements</li> <li>■ Fiber procurement policy</li> <li>■ Labor standards</li> <li>■ Quality and consistency</li> </ul>	<ul style="list-style-type: none"> <li>■ Sustainability guide for suppliers</li> <li>■ Risk assessments</li> <li>■ Fiber supplier audits</li> <li>■ Communication of our fiber policy</li> <li>■ Supplier Sustainability Summits</li> <li>■ Contract Manufacturers audits</li> </ul>
Shareholders and the investment community	<ul style="list-style-type: none"> <li>■ Business performance</li> <li>■ Corporate governance</li> <li>■ Sustainability</li> <li>■ Earnings</li> <li>■ Dividends</li> </ul>	<ul style="list-style-type: none"> <li>■ Annual report and annual meeting</li> <li>■ Investor website and communications</li> <li>■ Regular current filings with the U.S. Securities and Exchange Commission</li> <li>■ Ratings, indexes and questionnaires</li> <li>■ Over 200 meetings between executives and investors</li> <li>■ Half-day investor meeting on company strategy and results</li> <li>■ Participated in four analyst-sponsored conferences</li> <li>■ Investor Relations Quarterly online newsletter</li> </ul>

Communities where we operate	<ul style="list-style-type: none"> <li>■ Job opportunities</li> <li>■ Local impacts such as water use, noise</li> <li>■ Community relations</li> </ul>	<ul style="list-style-type: none"> <li>■ Local media</li> <li>■ Community and volunteering programs, e.g. support for local branches of the United Way of America, Community Partners and matching gifts</li> <li>■ Community meetings</li> </ul>
Governments and regulators	<ul style="list-style-type: none"> <li>■ Legal compliance</li> <li>■ Public policy</li> <li>■ Corporate citizenship</li> </ul>	<ul style="list-style-type: none"> <li>■ Advocacy by Government Affairs team and through industry organizations on items such as waste and energy policy</li> <li>■ Meetings between Regulatory Affairs and government representatives</li> <li>■ Meetings between mill staff and local government officials, e.g. on discharge permits to air and water, incentives for energy reductions</li> <li>■ Beyond compliance Environmental/Energy performance programs</li> </ul>
Non-governmental organizations (NGOs) and other interest groups	<ul style="list-style-type: none"> <li>■ Sourcing raw materials</li> <li>■ Environmental stewardship</li> <li>■ Labor standards</li> <li>■ Animal testing</li> <li>■ Shareholder resolutions</li> </ul>	<ul style="list-style-type: none"> <li>■ Sustainability report</li> <li>■ Contribution to industry initiatives such as industry body, EDANA's sustainability reports</li> <li>■ Direct engagement with NGOs including the <a href="#">Greenpeace</a>, Forest Stewardship Council, PEFC, European Water Partnership or the World Water Council, Conservation international, World Resources Institute as part of the Corporate Council and US Climate groups and WWF through the Forest and Trade network</li> <li>■ World Business Council for Sustainable Development work including Sustainable Forest and Paper Initiative, Future Leaders Team, water, and ecosystems</li> <li>■ Sustainability Consortium partnership to support and be involved in the design and development of a sustainable product index for consumer products.</li> </ul>

The members of our Sustainability Advisory Board represent stakeholder groups such as investors and industry. They help us to identify topics of interest and concern to wider stakeholders, and to plan our response.

□ Sustainability At K-C ■ **Economic Impacts**

Many aspects of our daily business benefit our stakeholders, as well as the economies and communities where we operate. Examples include:

- Wages and other benefits paid to employees
- Products sold to customers and shoppers.
- Materials and services purchased.
- Taxes paid to governments.
- Community investment.
- Our stock value and dividends paid to shareholders.

The [Performance page](#) shows the extent of our economic impacts in 2009.

Much of the benefit of these economic impacts continues to ripple through local economies well after the initial transactions have taken place. Examples include our employees and suppliers spending their earnings on other goods and services, the creation of more jobs as our suppliers grow with us, and increased opportunities for people in local communities supported by our education and well-being programs.

□ Sustainability At K-C □ Economic Impacts ■ Performance 2009

The diagram shows the major direct economic and environmental impacts of our global consolidated businesses in 2009.

See also our [Annual Report](#)

<b>Economic Impacts</b>	2009	2008	2007	2006
Net sales (billions)	\$19.1	\$19.4	\$18.3	\$16.7
Cash returned to shareholders (billions)	\$ 1.0	\$ 1.6	\$ 3.7	\$ 1.6
Employee wages, benefits and payroll taxes (billions)	\$ 3.5	\$ 3.3	\$ 3.3	n/a
Supplier spending—non capital (billions)	\$11.3	\$12.7	\$12.0	n/a
Supplier spending—capital (billions)	\$ 0.8	\$ 0.9	\$ 1.0	n/a
Taxes paid (billions)	\$ 0.8	\$ 0.6	\$ 0.7	n/a
<b>Environmental Impacts</b>				
Energy efficiency (million BTU per metric ton of production)	15.6 <sup>1</sup>	14.8	15.5	15.8
GHG emissions—CO <sub>2</sub> -e (million metric tons)	5.6	5.9	6.2	6.1
Water efficiency (cubic meters per metric ton of production)	43.4	45.4	45.6	45.1
Waste sent to landfill (percent)	19.8%	22.0%	22.0%	16.0%
<sup>1</sup> Higher intensity due to product mix				

□ Sustainability At K-C ■ **Public Policy**

Because policy matters can have an appreciable impact on the execution of our Global Business Plan, we choose to communicate with government policymakers on a wide range of policy areas. Policies around energy, the environment and taxation can have a significant effect on our company, employees, shareholders or customers

Our involvement in public policy development is measured and responsible, and much of our engagement with policy makers takes place through business associations or coalitions of companies from a range of industries. Examples include leadership in the U.K. Absorbent Hygiene Products Manufacturers Association (AHPMA) Nappy Group, the European Disposable and Nonwovens Association (EDANA) Hygiene Absorbent Products Committee (HAPCO) and the Regulatory and Technical Task Force Board of the European Tissue Symposium. Some coalitions to which we belong also include public interest or non-governmental organizations.

K-C does not currently contribute to political candidates, or to Political Action Committees that contribute to candidates. We neither operate a Political Action Committee (PAC) nor make contributions out of company funds.

We comply with applicable laws regarding gifts, lobbying and other activities related to public policy engagement. Policy makers are an important stakeholder group, and our discussions with them form the basis of long-term associations. We greatly value any opportunity to help increase their understanding of matters important to our businesses and stakeholders.

□ Sustainability At K-C □ Public Policy ■ Performance 2009

Examples of our sustainability-related public policy activity in 2009 include:

### Climate change

- Participation in the annual [Carbon Disclosure Project](#) request for information on our global climate change emissions and strategy.

### Energy

- Briefing UK conservative shadow energy team on K-C's energy issues covering interruptibility schemes, combined heat and power (CHP) and the climate change levy.

### Recovered paper

- Liaising with UK civil servants and non-governmental organizations regarding initiatives to raise collections of quality used paper for use in our mills.

### Taxation

- The French government planned to introduce a tax on disposable products such as tissues, where reusable alternatives existed. Successful lobbying by French Trade Association Groupe Hygiene ensured that the hygiene benefits of products must be taken into account before the introduction of the ecotax.

### Health and Hygiene

- Through the UK Absorbent Hygiene Products Manufacturers Association (AHPMA), an All Party Parliamentary Group (APPG) on continence care was set up to work on issues related to incontinence. A draft blueprint for continence care is being developed.
- Facilitated negotiations to fast track the possible introduction of a sporicidal wipe into the UK National Health Service (NHS) which on this occasion was unsuccessful.
- Through the European Tissue Symposium (ETS) a study was conducted to measure the hygiene of hands after drying with paper hand towels, hot air driers and cotton hand towels. The study showed that hands dried with paper hand towels had the fewest microorganisms ([www.europeantissue.com](http://www.europeantissue.com)).
- Briefing the UK government on the benefits of the KLEENEX BRAND SNEEZESAFE children's teaching program on respiratory hygiene with the objective of obtaining endorsement by the Department of Health.

## Kimberly-Clark International



### □ Sustainability At K-C ■ Kimberly-Clark International

We continue to see our fastest growth in our Kimberly-Clark International (KCI) markets (Asia, Eastern Europe, Latin America, Middle East and South Africa). Within these markets, we continue to focus on the BRICIT countries (Brazil, Russia, India, China, Indonesia and Turkey).

Sustainable growth is an important part of our strategy in our international markets. Local manufacturing is a key element of this, and we are planning more regional manufacturing centers. These will create employment, contribute to local economies and limit our environmental impact from product transportation.

There are governmental, economic and cultural differences in KCI markets. For example, South Africa struggles with complex issues including an HIV/AIDS epidemic, workplace inequalities, high unemployment and large-scale immigration from neighboring countries. K C South Africa is committed to setting an example and making a difference. South African companies have to submit progress reports on their efforts to eliminate workplace discrimination, and K-C South Africa's submission has been highlighted as an example to others.

Our policies and Code of Conduct apply at all K-C facilities worldwide, requiring the same standards of all our employees and operations with respect to labor and human rights, environmental protection, governance and ethical business practices.



## Products for KCI markets

Average income levels are generally lower in D&E markets than in developed countries, and small, traditional stores often account for the majority of our sales. We design and sell affordable, quality products in appropriate pack sizes to suit consumer budgets in each market. This means streamlining our business to keep costs low and ensure we can offer shoppers good value. We have successfully introduced a lower-cost training pant in Southeast Asia, Latin America and Russia, and continue to sell individually packaged HUGGIES and KOTEX products in Asia and South America.

Many people around the world still use cloth diapers, partly because they perceive disposable options as costly. However, K-C research has found that disposable diapers make it is easier for mothers to leave the house with their young children, as there is less concern for embarrassing leakage than with cloth diapers. Using disposables also means less laundry, giving mothers more time for more enriching activities for themselves and their children. Our research also assessed how much mothers are willing to pay, to make sure we offer products at an accessible price.

We also sell semi-durable, affordable paper towels in more than 20 countries, and have developed products to meet cultural norms in Latin America where disposable paper towels are rarely used.

## AWARDS AND RECOGNITION IN 2009



### □ Sustainability At K-C ■ Awards and Recognition 2009

Our company was chosen to receive the following awards and recognition in 2009:

#### Sustainability and corporate responsibility

- Selected category leader for the personal products category of the Dow Jones Sustainability World Index (DJSI World) for the fifth successive year.
- GovernanceMetrics International ranked K-C in the top one percent among more than 4,000 companies surveyed in its most recent rating. The top-ranking companies were recognized for best-in-class corporate governance standards.
- As reported in Forbes Magazine, K-C ranked 14th overall in Reputation Institute's Reputation Pulse 2009 study of the most reputable companies in the U.S. Appearing on the list for the first time in 2009, K-C ranked among the top 10 U.S. companies in the area of citizenship.
- For the third year in a row, Kimberly-Clark China was honored as "Chinese Excellent Corporate Citizen" by China Social Worker's Association for the company's outstanding efforts on sustainable management policies and caring spirit to the communities and environment in China.
- K-C was recognized for its environmental and social sustainability with the results of the UK's Corporate Responsibility Index (CRI) 2008, which is managed by Business in the Community. K-C received a Silver rating overall and scored particularly well, rating Gold (90 percent+) in Corporate Strategy and Marketplace Management.
- Yuhan-Kimberly (Y-K) was chosen as one of the most admired companies in Korea for the fifth consecutive year by Korea Management Association Consulting.
- Y-K received Grand Award for Excellence in Sustainability Management from the Korean Ministry of Knowledge Economy. Y-K is the first company to be inducted into the Hall of Fame for Excellence in Sustainability Management and Sustainability Communications by the Korean government.
- Y-K's Sustainability Report was selected as the Best Report in Korea by Korea Management Association Consulting and recognized for the best sustainability communication practices from a global organization (Korean Sustainability Readers' Choice Awards from GRI & a notable Communication on Progress from UN Global Compact).

## Environmental stewardship

- Received an Environmental Excellence Award from the U.S. Environmental Protection Agency SmartWay Transportation Partnership for the third consecutive year, for our leadership in conserving energy and lowering greenhouse gas emissions.
- For two consecutive years (2009 and 2010), the EPA has honored K-C with the "Energy Star Partner of the Year" award in recognition of our comprehensive approach to energy management. Contributing to this achievement are rigorous tracking of energy usage at K-C facilities, more energy efficient equipment and lighting fixtures, programs to raise employees' awareness of their role in improving energy efficiency, and greater use of renewable energy sources, including landfill gas and biomass to generate the steam used in some manufacturing sites and offices.

## Employment

- All of our Latin American companies were recognized by the Great Places to Work Institute. K-C Ecuador was the no. 3 place to work in the country, K-C Peru was no. 9 in the country, K-C Colombia was no. 2 in the country, K-C Central America and the Caribbean was no. 2 in the region, K-C Brazil was no. 3 in the country, K-C Chile was no. 16 in the country and K-C Bolivia was no. 3 in the country.
- K-C has been declared as the best place to work in Spain in a listing compiled by leading Spanish business and finance magazine Actualidad Económica. "The Best Companies to Work for" listing is an exclusive annual ranking which this time saw a record participation of 147 companies.
- The French arm of the Corporate Research Foundation has acknowledged K-C as one of the Top 20 Great Places to Work in France. The listing is published in a book which is distributed to all high schools and recruitment forums in France, with eight pages dedicated to K-C's HR policies, focusing on Talent Management, health and wellness program, culture, salary and benefits.
- Yuhan Kimberly was ranked 3rd place in the most attractive companies to work for in Korea with its excellent corporate image & Corporate Social Responsibility activities by Korea Management Association Consulting.
- Yuhan Kimberly was also selected as one of the best workplaces with its family-friendly and life-long learning culture by job portal "Incrut."
- Both HsinYing and ChungLi mills, Taiwan received "Badge of Accredited Healthy Workplace" from Department of Health, R.O.C.
- Hsin-Ying mill, Taiwan, won the Management-Union Harmony Award from Local County Government.
- HsinYing Mill, Taiwan, also won the National Golden Wingspan Award, which rewards the company that provides better employment opportunity for disabled citizens in 2009.
- Y-K's Taejon mill in Korea received a national safety award from the Korean government's Ministry of Labor in recognition of the facility's outstanding accident-prevention efforts and its three-year safety record of zero accidents.

■ Products



People all over the world choose our essential products for a better way of life. Convenient and easy to use, our products also provide many advantages: helping people stay safe (at work or elsewhere), preventing infection, reducing leakage and skin irritation, increasing comfort and discretion, and allowing healthy, active lifestyles.

Our aim is to ensure our products also provide sustainability benefits and responsible business growth in a world of finite resources. We have identified three main ways of doing this:

- Incorporating insights from customers and consumers on how we can make our products more sustainable into product development.
- Systematically applying Design for Environment principles when developing new products. We consider the whole product life-cycle during product design.
- Using wood fiber responsibly, by purchasing from certified suppliers, using recycled fiber where it is consistent with product performance, and by reducing the amount of fiber we use in our products and the amount of product our customers need to use.

We also put significant effort into using synthetic fibers efficiently and reducing or eliminating unnecessary product packaging. K-C Professional develops new ways to help users of its products protect themselves from workplace hazards, and Kimberly-Clark Health Care is developing innovative products for preventing infection.

## CUSTOMERS, SHOPPERS AND USERS



Products  Customers, Shoppers and Users

Every day, an estimated quarter of the world's population chooses Kimberly-Clark products. We provide some of the world's most trusted and recognized consumer brands, including KLEENEX, SCOTT, ANDREX, HUGGIES, PULL-UPS, KIMBERLY-CLARK, KOTEX, POISE and DEPEND.

We classify this vast, nearly two-billion strong audience into two groups: customers and consumers. "Customers" are retailers and wholesalers that buy our personal care products for resale. Our professional and healthcare products are sold worldwide to distributors, businesses such as manufacturers, hotels and restaurants, and healthcare establishments.

"Consumers" are the shoppers and users that buy and/or use our products at home, at work, in public facilities, or when receiving healthcare.

Regardless of distinction, both customers and consumers are showing increased interest in sustainability. This preference presents opportunities for our businesses to design products that satisfy their desire for environmentally sound products and differentiate ourselves from the competition. We use insights from customers and consumers to develop products that meet their needs and expectations.

We increasingly partner with customers to reduce the environmental impacts of our products, such as the amount of packaging used. Enhancing customer relationships in this way reinforces our mission to become their indispensable partner. And according to the latest surveys, it's an approach that's working.

In North America, more than 92 percent of consumers who contact our Consumer Services confirm that they'll continue to buy K-C products, and 90.3 percent will recommend them to friends. In Western Europe, the statistics are similar: nearly 88.3 percent say they will continue to buy K-C products, and 88 percent will recommend them to others.

Results like this speak to our ongoing commitment to respond to consumer queries and concerns. Our corporate website contains a Contact Us form for consumers in North America and Western Europe, and a mailing address and telephone number for countries where we operate. We provide additional contact information on packaging for most of our brands and our websites. We conduct a consumer satisfaction survey every eighteen months. See the performance page for the latest results.

## LIFE-CYCLE THINKING

□ Products ■ Life-cycle Thinking



In 2009, we continued to advance our Design for Environment (DfE) program. When originally introduced in 2005 (as part of our Vision 2010 program), we set goals to systematically apply DfE principles as part of our overall product development process. Today, we have included environmental considerations as part of our product development decision-making process and we are introducing tools to help our product developers consider the environmental impacts of our products throughout their life, from the raw materials used and our manufacturing processes to product use and disposal.

These tools use a streamlined approach to life-cycle assessment (LCA), a well-established analytical technique for calculating environmental impacts. We have carried out LCAs on several of our lines to enhance new product design and implement changes to existing products.

A significant example is an LCA of tissue products carried out for K-C by the consultancy Environmental Resources Management. This study was carried out to internationally recognized standards and assessed 14 different consumer and commercial tissue products containing differing proportions of virgin and recycled wood fiber. The study examined the impact of how each tissue impacts air pollution, water use and pollution, resource use and waste.

The study concluded there is no significant difference between virgin and recycled fiber in the total environmental impact. As a result, we believe that, overall, there is no environmental preference between recycled or virgin fiber in the manufacture of K-C tissue products. Read a summary of the findings [here](#).

We also consider the results of life-cycle assessments carried out by other reputable bodies. In 2008, the U.K. Environment Agency revised its 2005 [life-cycle assessment](#) comparing the environmental impacts of disposable and reusable diapers. This confirmed the original study's conclusion that neither diaper can be considered environmentally preferable, partly because the impact of reusable diapers depends greatly on how they are washed.

The update shows that the global warming potential of disposable diapers has reduced by 12 percent since the 2005 study, primarily because disposable diapers have reduced in weight by an average 13.5 percent and because of energy efficiency improvements during manufacturing. Over the two and a half years a child typically wears diapers, using disposables will result in around 550kg of greenhouse gases. Based on an average washer and dryer, reusable diapers produce roughly 570kg of greenhouse gases.

There are additional examples of how we applied life-cycle thinking and Design for Environment principles in 2009 on the [performance page](#).



## PERFORMANCE IN 2009 LIFE-CYCLE THINKING

Products  Life-cycle Thinking  Performance 2009

There were several major developments relating to life-cycle thinking and Design for Environment in 2009.

### Life-cycle thinking

In 2009, we introduced the first of these LCA tools to support the development of tissue products in North America.

This tool was developed in conjunction with an outside firm with the non-LCA practitioner in mind and enables designers to conduct rapid LCA in product development without requiring them to know the details of LCA methods. The tool also enables the product developer to assess the environmental impacts of tissue products across their life cycle against the following five criteria: greenhouse gas emissions; fossil fuel use; air emissions; water use; and solid waste generated.

Our product development teams can assess a current tissue product or enter data for a new design. The different designs can then be compared, across life cycle stages and against the five environmental criteria. This enables comparison of ideas at the conceptual design stage, allowing our product developers to consider the full environmental performance of any new designs along with other product criteria such as consumer acceptance, health & safety, and costs. This also enables us to understand the full impact of our products and focus our efforts where we can make the most difference for our customers, shoppers, choosers and users.

### REDUCE TODAY, RESPECT TOMORROW

The U.S. Environmental Protection Agency (EPA) advocates source reduction be implemented first, recycling second and disposal last, as the priorities for managing solid waste.

In line with these principles, Kimberly-Clark Professional, our away-from-home products business, launched "REDUCE TODAY, RESPECT TOMORROW," a new campaign that reflects its commitment to reduce environmental impact at every stage of a product's lifecycle. Shifting to a broader focus for sustainability, the campaign is designed to change the conversation with its customers, moving beyond basic recycling.

Consistent with this approach, the team is also designing products and developing packaging solutions that exhibit one or more of the following attributes:

- Uses sufficient recycled fiber to meet or surpass the U.S. EPA's comprehensive procurement guidelines for post-consumer content;
- Contains virgin fiber from suppliers certified to well-known forest management certification standards for sustainability;
- Requires less packaging than similar products;
- Helps consumers use less than similar products, resulting in generation of less waste.

K-C Professional is also studying real-world product usage in order to explore how different product formats, manufacturing technologies, fiber mixes, even dispensing systems, can affect the quantity of product used, and how much goes to waste.

For more information about **REDUCE TODAY. RESPECT TOMORROW.**, visit: [www.kcpreducetoday.com](http://www.kcpreducetoday.com).

### **Personal Care**

Our personal care brands continue to deliver high quality products that meet the needs of our consumers, while also helping the environment by using less material. In 2009, our personal care business has reduced 2,445.6 tons of material weight from our products. More than half has come from improvements in HUGGIES and PULL-UPS.

### **Health Care**

Our K-C Health Care business is expanding product lines and introducing new products with significant reduction in packaging. The LAVENDERGLOVE, which is an alternative to vinyl gloves, offers excellent protection without using PVC. There are also more gloves per box, reducing the amount of packaging used. The two-hour option oral care kit portfolio is part of K-C's ongoing commitment to help clinicians address ventilator-associated pneumonia (VAP), a risk to all patients on a ventilator. This product has also reduced packaging by 30 percent.

### **End-of-life products**

A vital part of sustainability performance includes finding other uses for product packaging and waste. That's why we've joined forces with [TerraCycle](#) – a leading upcycling firm. (Upcycling means converting waste into an environmentally friendly secondary material or a useful product). Our relationship with TerraCycle makes it easier for consumers to participate in recycling efforts while earning contributions to important causes in their communities. And TerraCycle helps convert the vivid plastic packaging from our SCOTT brand bath tissue, towels, napkins and moist wipes or our HUGGIES brand diapers into a resource for a new generation of products.

Our SCOTT and HUGGIES brands are now redemption partners of the [RecycleBank program](#), which allows members to earn points by participating in curbside recycling and by recycling e-waste. In the curbside program, RecycleBank carts are weighed each week upon pick-up and the weight is translated to RecycleBank points. In some communities, households earn rewards based on the amount their entire community recycles. Many consumers redeem RecycleBank points for coupons to be used at retailers for K-C products and other valuable rewards.

## FIBER PROCUREMENT

Products  Fiber Procurement



As one of the world's largest producers of tissue products, K-C has long believed in sustainable forestry and sound environmental practices. It's a philosophy that led us to industry leadership in 2003, when we became the first major tissue company to require its wood fiber suppliers to gain independent certification for their woodlands or fiber procurement activities.

We believe that sustainable virgin and recycled fiber can both be used responsibly and provide the performance that customers and consumers expect. This belief is based on a scientific [life-cycle assessment](#) that compares the environmental impacts of K-C tissue products with varying levels of virgin and recycled fiber.

Most K-C consumer products contain natural fibers derived from wood pulp. Softwood, hardwood fibers and, in many cases, recycled fibers are combined or chosen to deliver the levels of softness, strength, and/or absorbency that consumers expect from our tissues, wipers, diapers, feminine care and incontinence care products.

We do not own, manage or harvest any commercial forest land. The wood pulp we use is mainly sourced from forests in the U.S., Canada and Brazil. We buy more than 90 percent of our virgin fiber from external suppliers, and make the rest from purchased wood chips in our two pulp mills in Everett, Washington, U.S. and Tantanoola, Australia.

We have policies and standards in place to promote sustainable forestry and audit our suppliers to ensure good performance. Sustainable forest management ensures the timber used does not exceed the rate at which the forest can regenerate. These standards are designed to protect whole forest ecosystems, including the trees, plant life, soil quality, wildlife and freshwater supply. By adhering to one of several recognized forestry and chain-of-custody certification programs, suppliers can demonstrate that their wood fiber products are responsibly sourced from sustainably managed forests.

In 2009, we committed to employ 40 percent of either recycled fiber or FSC-certified wood fiber in all North American tissue products by the end of 2011, which represents an estimated 600,000 tons annually – an increase of more than 70 percent above 2007.

Adhering to, and expanding upon, sustainable forestry practices benefits our customers, shareholders, partners and our planet. It's a philosophy everyone can believe in.

### **Our fiber procurement policy**

In 2007, we revised our procurement policy and set the goal of purchasing 100 percent of our wood fiber from suppliers that gain independent certification for their woodlands or their fiber procurement activities, with a preference for FSC-certified fiber. By the end of 2009, we were more than 98 percent on our way to achieving our goal.

We strive to maximize our use of environmentally responsible wood fiber consistent with product performance and competitive market conditions. Our long-term goal is to purchase 100 percent of virgin wood fiber from suppliers certified to one of five internationally recognized sustainable forestry schemas. The certification systems we recognize are:

- Forest Stewardship Council (FSC). We give preference to wood fiber from FSC-certified suppliers where it is available and meets product performance requirements and competitive market conditions.
- Sustainable Forest Initiative (SFI).
- Canadian Standards Association's National Sustainable Forest Management Standards (CSA).
- Sistema Brasileiro de Certificação Florestal (CERFLOR) in Brazil.
- Program for the Endorsement of Forest Certification Schemes (PEFC).

This philosophy also led to our announcement of even more stringent fiber sourcing standards in 2009, when we set new goals for ourselves, established a new sustainability standard for the tissue industry, and created a new relationship with Greenpeace. The noted environmental protection group worked with us on our revised standards.

We also added more sustainability safeguards to our industry-leading fiber procurement policy, which included reinforcing our long-standing ban on use of wood fiber from illegal sources and, in addition to our preference for FSC-certified fiber, focusing on post-consumer recycled fiber. The safeguards encourage recycling initiatives and support the identification, mapping and protection of areas with potential for designation as endangered or high-conservation value forests.

We will not knowingly use wood fiber from illegally harvested timber or special forest areas, such as primary tropical rainforests, endangered forests, high conservation value forests and any areas protected by government authorities. For definitions of special forest areas and environmentally responsible fiber, please refer to the complete policy.

K-C is a member of the [WWF Forest & Trade Network](#) (FTN) in North America and The United Kingdom. Founded in 1991, the FTN is a partnership between WWF and business that promotes responsible management of the world's forests. Members commit to sourcing forest products responsibly and to tracing these back to the forest source. In Europe, K-C has worked with WWF in 2009 to improve traceability throughout the supply chain, raised awareness with suppliers, customers and consumers on the topic of responsible fibre sourcing.

For more information about K-C's fiber procurement policy, click [here](#).

Products  Fiber Procurement  Performance 2009

Here is a summary of our sustainable fiber procurement and usage in 2009.

In response to our goals set in 2009, 43.6 percent of the fiber used in K-C's North American tissue products was environmentally-preferred fiber; 22.1 percent was FSC-certified; and 21.5 percent was recycled fiber (17.1 percent was post-consumer recycled fiber). Click [here](#) to view our [fiber procurement policy annex](#) which provides more information about our 2009 performance targets.

### Recycled fiber

Of the fiber used in all K-C manufactured products in 2009, about 27 percent was recycled. About 31 percent of the fiber used to manufacture tissue products was recycled. We bought 92 percent of virgin fiber from suppliers, and made the remaining 8 percent in our own mills in Everett, Washington, U.S. from wood chips from local suppliers and Tantanoola, Australia from wood chips and logs bought from local suppliers.

### Recycled Fiber Use by Region

	All Products	Tissue Products Only
North America	19%	21%
Europe	26%	28%
Latin America	50%	63%
Asia Pacific	20%	24%
Middle East and Africa	53%	68%
<b>All</b>	<b>27%</b>	<b>31%</b>

### Certified fiber

We continue to work toward our goal to purchase 100 percent of our wood fiber from certified fiber suppliers. In 2009, over 98 percent of the wood pulp, timber, logs and wood chips acquired for global consumption came from suppliers certified to one of the five schemes listed in our fiber procurement policy. Four pulp suppliers, accounting for the remaining two percent of virgin fiber purchases, were not certified, although they do practice sustainable forest management and are plantation based.

We became a member of the [Forest Stewardship Council](#) (FSC) in 2008. The FSC is an independent, non-governmental, not for profit organization established to promote the responsible management of the world's forests. FSC is the developer of our preferred fiber certification scheme. We continue to work toward increasing the available supply of fiber from FSC-certified suppliers and the amount of fiber from FSC-certified suppliers that we purchase. This year, 28 percent of the wood fiber we purchased was from FSC certified suppliers, compared with 13 percent in 2008 and 6 percent in 2007.

Increasing the amount of wood fiber we buy from FSC-certified Canadian suppliers has reduced our use of wood fiber from the Canadian Boreal forest. By the end of 2009, we had reduced our use of fiber from this area by nearly 70 percent compared to 2004. After 2011, any Canadian Boreal fiber we use will be sourced only from FSC-certified suppliers. All of our current Canadian fiber suppliers are certified to one of three standards - FSC, CSA or SFI.

## Breakdown of Fiber Purchases by Certification Scheme in 2009



This data refers to all wood fibers used globally by K-C including fluff pulp.

### Supplier audits

We audit all our fiber suppliers every three to four years. Our goal is to audit 15-20 suppliers each year to verify compliance with our fiber procurement policy. We were able to conduct only two audits for 2009 as we focused our efforts on revising the Instructions to our Fiber Procurement Policy, negotiations with Greenpeace and joining the World Wildlife Fund's TNGlobal Forest & Trade Network in North America.

### Certified products

Forest Stewardship Council (FSC) is K-C's preferred certification scheme for wood fiber. In 2009, 28 percent of the wood fiber we purchased was from FSC-certified suppliers, up from 13 percent last year. We continue to work toward increasing the available supply of fiber from the FSC-certified suppliers.

K-C Professional became the first North American tissue producer to receive FSC chain-of-custody certification for a broad range of its tissue and towel products. (FSC chain of custody (CoC) tracks FSC-certified material through the production process -- from the forest to the consumer, including all successive stages of processing, transformation, manufacturing and distribution.)

In another first, K-C Taiwan launched FSC chain-of-custody certified tissue products in late 2009. A major marketing push that included speakers from Greenpeace and the Forest Stewardship Council helped acquaint consumers, retailers and government officials with the importance of certification and attendant sustainability benefits. In the U.K., KLEENEX brand tissues are now FSC-certified and our ANDREX brand was FSC-accredited in the first half of 2008.

Responding to retailers and consumers (particularly in Europe), we are directing as much FSC-certified fiber as possible into our consumer tissue brands. And while only 9 percent of the world's current market pulp supply is FSC-certified, the supply is expected to grow to 28 percent over the next 10 years, with pulp suppliers in Latin America contributing most of that increase. Based on that projection, we believe there are opportunities to increase K-C's purchases of FSC-certified fiber.

### **Products Containing Recycled Fiber**

Designed for K-C Professional customers wanting to use 100 percent recycled fiber washroom products, SCOTT brand towel and tissue products have earned the prestigious Green Seal certification by meeting rigorous environmental standards. Green Seal provides science-based environmental certification standards that are credible, transparent, and essential in an increasingly competitive marketplace.

K-C Professional offers a full line of source-reduced KLEENEX and SCOTT brand washroom products that meet FSC chain-of-custody and Green Seal certification requirements.

### **GREEN DONE RIGHT**

Giving consumers what they want is a sure way to business success. And since consumers are expressing a clear preference for more green products (86 percent, according to industry surveys ), we launched SCOTT NATURALS brand throughout the U.S. in 2009. With the tagline of GREEN DONE RIGHT, this new line of bath tissue, towels and napkins contains a blend of recycled and virgin fiber – 40 percent recycled fiber in bath tissue, 60 percent in towels, and 80 percent in napkins. We also launched SCOTT NATURALS flushable wipes, which are dye- and alcohol-free, and breakup after flushing like dry bath tissue.

In addition, outer packaging for the bath tissue and towels is made from 20 percent post-consumer recycled plastic, the cardboard cores use 100 percent recycled fiber, and the towels offer CHOOSE-A-SIZE sheets that help eliminate waste. Taken together, the result is a product line that offers mainline quality from a trusted brand with just the right blend of recycled fiber, all at a great price. We continue to communicate our progress on sustainable fiber procurement in this report and other specific communications such as our [sustainable fiber practices fact sheet](#).

## SYNTHETIC FIBERS



Products  Synthetic Fibers

We use polymers like polypropylene as a component in absorbent, nonwoven fabrics. We do not manufacture any materials from raw petroleum – all are purchased as polymers from suppliers.

Our strategy is to reduce our use of petroleum-based materials by reducing the amount of polymer used to make our products, and by converting waste polymers into pellets for reuse in our products. In the meantime, we attempt to sell any waste polymers that we do not reuse for recycling or energy recovery.

We continue to investigate alternatives to petroleum-based materials. The options we are researching include:

- Polymers made from renewable materials.
- Degradable polymers for use in flushable products that provide more flexible disposal options.
- Recycled polymers to extend the useful life of natural resources.

See the [performance page](#) for updates on our progress in 2009.



Products  Synthetic Fibers  Performance 2009

We made good progress in our efforts to increase our use of renewable, biodegradable and recycled polymers.

In 2009, we converted 66 percent of our total manufacturing polymer waste back into K-C product, and sold the rest for recycling or energy recovery.

### Disposal

Flushing is a more convenient and hygienic way of disposing of used personal care products, especially those that contain bodily fluids, germs and odors. However, when people flush personal care products that are not designed for this, the synthetic fibers can create problems for municipal and septic wastewater treatment.

Until 2008, there were no industry guidelines for flushable nonwoven fabrics. Now, industry associations including the International Nonwovens and Disposables Association (INDA) and the European Disposables and Nonwovens Association (EDANA) have published Flushability Guidelines for nonwoven products. K-C was involved in the development of these guidelines.

We have applied the principles of the guidelines to develop a flushable moist wipe made from 85 percent natural fibers, compared with 50 percent or less in competing products. This means our moist wipes break up as easily as dry bath tissue and can be flushed without causing problems during wastewater treatment, whereas some other products may clog up wastewater systems if flushed.

### Hard-Working Diapers

Moms in the U.S. are choosing HUGGIES PURE & NATURAL, a new, hypoallergenic, fragrance-free super-premium diaper, described as "Better for baby, with steps toward a better world." The breathable outer cover includes organic cotton, and the liner includes renewable materials along with natural aloe and vitamin E to provide gentle protection for babies. And like SCOTT NATURALS products, the outer packaging is sourced from 20 percent post-consumer recycled materials.

Korean consumers continue to respond positively to HUGGIES Nature Made diaper, a line extension marketed in 2008 by our joint venture Yuhan-Kimberly. Manufactured from corn and biodegradable resin instead of petroleum, up to 45 percent of the diaper is potentially biodegradable, compared to about 25 percent in conventional premium diapers. The product also incorporates Yuhan-Kimberly's proprietary all-natural skin care lotion for improved comfort.

## PACKAGING

Products  Packaging



Packaging plays an important role in maintaining product quality and providing information. We are reducing the amount of materials needed to adequately package our products in several ways.

For example, 98 percent of all KLEENEX tissue cartons sold in North America are made from 100 percent recycled fiber. KLEENEX tissue cartons are fully recyclable, even with the poly insert still attached, and are accepted at recycling facilities across the country.

We use lighter plastics in our packaging where possible and are working with some of our customers to expand this practice. In line with Wal-Mart requirements, we aim to reduce our packaging by five percent by 2013. Our Personal Care business is more than halfway to meeting this goal.

□ Products □ Packaging ■ Performance 2009

Our business units made several changes to reduce the amount of packaging used on our products in 2009. Here are some typical examples: Yuhan-Kimberly, in agreement with the Korean Ministry of Environment's policy to reduce unnecessary sales packaging and excessive packaging, has signed a voluntary pact to reduce secondary packaging between 2008 and 2012.

Brands that are participating in the campaign are feminine sanitary napkins KOTEX WHITE and KOTEX GOODFEEL, and panty liner KOTEX ANYDAYS. In 2009, Y-K changed the packaging of feminine sanitary napkins to a lighter material (from 120g to 9g by using a plastic bag instead of paper), and reduced the thickness of the plastic bag by 18 percent (from 55 gsm to 45 gsm). Y-K also developed and started selling green mileage products that eliminated double packaging in 2008.

We have also had a great deal of success in packaging reduction for our personal care businesses in the US and Europe:

- HUGGIES and PULL-UPS packaging film weights were reduced 16 percent, and some pack sizes were reduced, equal to 902.5 tons of poly saved annually.
- Corrugate packaging sizes were reduced on our HUGGIES brand, equal to 550 tons of corrugate saved.

K-C Professional customers are set to benefit from big savings and a clearer conscience following the launch of new refill packs for SCOTT facial tissues. The innovative refill packs contain 14 percent more tissues than existing cartons of SCOTT facial tissues but at no extra cost to the customer, and without taking up any more storage space. They are being produced thanks to a \$350,000 investment in refill pack manufacturing technology at the K-C Professional paper mill at Coleshill, UK.

Besides the financial and practical benefits they offer, the new SCOTT tissue refill packs also provide a number of advantages in the area of sustainability. By fitting more tissues into each pack case, for example, packaging waste will be significantly reduced. And even though they contain more sheets per pack, the new packs weigh less than previously, which reduces fuel consumption during distribution.

The entire range of SCOTT facial tissue in the pack, is also now made from a high quality 100 percent recycled base sheet, as is the outer case. Furthermore, just as with all SCOTT-branded paper products, the refill packs will carry the FSC logo, signifying that K-C Professional always expresses a preference for FSC-certified raw materials. The development of the new, more sustainable SCOTT facial tissue refill packs forms part of a K-C Professional sustainability initiative, entitled "REDUCE TODAY RESPECT TOMORROW". Within this ground-breaking program, the company is reducing its impact on the environment by examining the whole life cycle of its products, from source to disposal.

## PREVENTING INFECTION



□ Products ■ Preventing Infection

Cold and flu viruses cause millions of lost school and work days each year. Healthcare-acquired infections can delay patient recovery and even be fatal in some cases. Kimberly-Clark Health Care products help prevent, diagnose and manage a wide variety of infections.

Education is also of great importance in preventing infection. Read more about our campaigns to improve healthcare in the Community section [[Link to community section](#)].

Kimberly-Clark Health Care's priorities – infection prevention and positive patient outcomes - are aligned with those of our customers. However, healthcare providers are also increasingly aware of sustainability issues, and the majority of our customers in this sector now require sustainability information when choosing their suppliers.

We aim to increase the sustainability of our healthcare products without compromising quality or safety.

Products  Preventing Infection  Performance 2009

H1N1 Flu Pandemic was one, if not the top infection issue of 2009. Kimberly-Clark Health Care answered the industry's call for additional PPE products by increasing its production of exam gloves, isolation gowns and N95 Respirator Masks. Also, Kimberly-Clark Health Care provided value added expertise to help healthcare workers deal with the pandemic and guidance on how to best protect themselves and their patients.

H1N1 – Kimberly-Clark Health Care provided up-to-date pandemic preparedness tools, developed flu materials for healthcare workers and employees, increased production of masks and provided ICU guidelines for preventing H1N1.

Education is also of great importance in preventing infection. For the second consecutive year, Kimberly-Clark's HAI Education Bus toured the country visiting 108 facilities in 93 cities. Since its launch in 2008, the bus has visited a total of 186 facilities delivering over 50,000 accredited education certificates. The Kimberly-Clark Health Care Knowledge Network added five new continuing education (CE) courses and/or continuing medical education (CME) courses on HAI management and prevention for healthcare workers to choose from.

**The new courses are:**

- Influenza: A seasonal and Pandemic Threat
- Standard Precautions: Is Staff REALLY protected?
- Costs of Healthcare-associated Infections
- Does the Glove Fit? Critical Considerations for the Selection
- Strategies to Prevent and Control Multi-Drug Resistant Organisms

During 2009, we launched the following products to help prevent the spread of infection:

### **FLUIDSHIELD PFR95 N95 Respirator Singles**

By providing individual packaging, healthcare workers, especially EMTs and ER personnel, can now easily carry N95 Respirator masks, which were in great demand during the H1N1 pandemic.

### **Protection Selection Online Tool**

This tool provides online assistance to medical personnel when purchasing personal protective equipment. The virtual healthcare model assists in selecting the most effective personal protective equipment by asking various questions concerning the procedure or task to be performed. The model provides product recommendations that offer the right level of protection needed.

### **Lavender Glove**

This alternative to vinyl gloves offers excellent protection without using poly vinyl chloride. There are also more gloves per box, reducing the amount of packaging used. We expanded their availability in the U.S. and Japan.

### **STERLING Nitrile-Xtra exam glove**

These longer-cuffed gloves provide greater protection from fluids and reduce the risk of infection for emergency medical personnel, decontamination area workers and other clinicians

### **Two-hour option oral care kit portfolio**

Part of our ongoing commitment to help clinicians address ventilator-associated pneumonia (VAP), which is a risk to all patients on a ventilator, the KIMVENT Oral Care q2 Kit allows caregivers to clean the equipment in the mouths of patients on a ventilator every two hours, helping to reduce the risk of VAP. We have also reduced packaging by 30 percent.

### **Personal protective equipment dispensing system**

This ergonomically designed dispensing system makes it simple and convenient for caregivers to wash their hands and change personal protective equipment such as gloves and masks when moving between patients. The system is in accordance with the Centers for Disease Control and Prevention guidelines for Isolation precautions, and makes hand sanitizer, gloves, gowns and masks easily accessible.

## PRODUCT QUALITY AND SAFETY

□ Products ■ **Product Quality and Safety**



As one of the world's leading health and hygiene companies, we are committed to protecting consumer health and safety. Our scientists have been conducting product safety assessments for many years. These assessments cover the complete life-cycle of a product: research and development, manufacture, sale and use. Safety information for our products and components is held electronically and is readily retrievable.

We begin the safety assessment for each product by reviewing the safety of each individual component. We consider the concentration and application of the component in the product, consumer exposure to the component during product use, and residual levels of other materials that may be present in the component. We then evaluate the finished product to determine its overall safety. This comprehensive safety assessment and scientific review assures consumers that our products are safe.

We also subscribe to academic and public databases of toxicological information to support our safety assessments. Many of our experts lead industry committees, bringing us together with industry peers to apply the highest human and environmental safety standards industry-wide. Our scientists also participate in regular training to keep up to date with the latest scientific practices and thinking related to risk assessment. Professional development is also a requirement in each of our scientist's annual individual development plan.

## **Consumer access to safety information**

Part of our consumer service organization's role is to maintain an extensive global database of information on our products. When consumers who purchase and use our products have a question regarding safety, our consumer service representatives are able to quickly and accurately respond to their concerns.

## **REACH**

The European Commission has implemented a regulatory framework for the management of chemicals, known as REACH (Registration, Evaluation, Authorization and Restriction of Chemical substances). This regulation is designed to ensure that companies identify and manage chemical substances in a consistent and timely manner to increase protection for consumers, employees and the environment.

REACH calls for the evaluation and authorization of hazardous and persistent chemicals for each particular end use. As a user and importer of chemicals, rather than a manufacturer, we have been working with our suppliers to assure that the chemicals we use are properly pre registered.

K-C has established a team of research scientists, regulatory experts, supply chain leaders, legal experts, product development engineers and information technology specialists to manage REACH implementation and make sure all corporate activities comply with its requirements.



□ Products ■ Animal Welfare

All our products are assessed for human safety by qualified experts. We carry out the vast majority of our safety testing using non-animal procedures and seek to eliminate the need for animal testing where scientific methods and technological advances allow. When this is not possible, we use the following approach to keep the use of animals to a minimum:

- We do not carry out or commission animal tests for cosmetics, household products or their ingredients, unless specifically required by law and/or regulatory agencies or an alternative test is unavailable. We comply with the European Union Cosmetics legislation.
- We may use animal tests to study the safety of ingredients or products not intended for cosmetic or household use, e.g. medical devices and pharmaceutical products, when required by law and/or regulatory agencies or when non-animal alternatives are unavailable. These tests are conducted in strict compliance with applicable ethical and legal standards.

For many years, K-C has encouraged the development of non-animal test methods by funding research into alternatives and by supporting scientific exchange. For example:

- We are a founding member of, and continue to support the Institute for, In Vitro Sciences (IIVS), a non-profit foundation that promotes the adoption and regulatory acceptance of alternatives to animal testing.
- We support the Johns Hopkins University Center for Alternatives to Animal Testing (CAAT).
- We are a contributing member of the Fund for the Replacement of Animals in Medical Experiments (FRAME).
- We are a member of the European Partnership for Animal Alternatives, a common forum between industry and the European Commission to advance the replacement of animal testing.
- We are a voting member of the Association for the Advancement of Medical Instrumentation Animal Welfare Biological Effects Working Group.
- We support international meetings on alternatives to animal testing. Recently sponsored meetings include the 15th ESTIV/INVITOX International Congress on In Vitro Toxicology, in Stockholm, September 2008 and the VII World Congress on Alternatives & Animal Use in the Life Sciences, August – September 2009.

■ Operations



Our global operations use [energy](#) in their manufacturing processes, to heat and cool office buildings and production facilities, and as fuel during business travel and product distribution. Our other direct environmental impacts include emissions to air, fresh [water use](#), wastewater discharge, and solid [waste](#) generation. Our [Environmental Vision](#) includes long-term goals to improve in these key environmental areas.

We regularly review our performance and look for ways to reduce our impact. This is not just a responsible business approach, it also helps reduce costs and improve operational efficiency.

We encourage our [suppliers](#) and business partners to support our sustainability efforts.

## ENVIRONMENTAL VISION



Operations  Environmental Vision



Our Environmental Vision program, launched in 1995, provides the direction, objectives and targets needed to improve environmental management and performance. This has helped us increase competitiveness, reduce costs and move toward sustainable manufacturing. As part of our commitment to Vision 2010, we have made significant progress in these efforts

Vision 2010 sets out specific environmental objectives and focus areas. These reflect the most significant environmental concerns identified by the United Nations Environment Program and the World Business Council for Sustainable Development that affect our business: energy use, climate change and the availability of clean water.

Operations  Environmental Vision  Performance 2009

Because our Vision 2010 energy targets are based on process benchmarks, annual production and product mix, they'll vary from year to year. For example, we reported higher energy use in 2009 due to product mix. So, in measuring our progress, we are focusing on how much we reduce the deviation between actual energy use efficiency (measured in MMBTU/ton of production) versus our Vision 2010 energy targets.

The table shows the percentage of facilities that had achieved their targets by the end of 2009.

### Percentage of Facilities Meeting Their Vision 2010 Goals

	2009	2008	2007
Energy efficiency	46%	50%	42%
Waste to landfill	36%	42%	42%
Water use efficiency	57%	59%	59%
Wastewater quality	95%	92%	95%

In regards to our energy efficiency and water use efficiency goals, in 2008 we recorded mills as meeting Vision 2010 if they were within 10% of benchmark, in 2009, we have only counted mills that have reached their benchmarks. Because of this as well as new facilities and curtailments at existing facilities, we have fewer mills meeting the Vision 2010 goals in these areas.

The number of mills meeting our waste to landfill objective has decreased due to an increased use of recycled fiber at our facilities. Using recycled fiber to make our products creates more residual short fiber or sludge that we have to dispose of or recycle.

### **Environmental expenditures**

In 2009, our environmental operating expenditures were \$198 million:

Of the \$26 million spent on capital environmental improvements in 2009, we spent:

- \$11 million on wastewater treatment plant upgrades and process water recycling projects to meet governmental requirements and Vision 2010 fresh water use reduction objectives.
- \$9 million on air pollution control equipment to reduce dust emissions and to burn cleaner fuels to reduce greenhouse gas emissions.
- \$1 million to either reduce solid waste generation or allow more solid waste to be recycled.
- \$5 million on miscellaneous environmental projects.

## ENVIRONMENTAL ASSESSMENT



□ Operations ■ Environmental Assessments

We have an assessment process in place to support our combined environment, health and safety (EHS) management system. This helps us identify any gaps in EHS management and performance at our mills and implement improvement plans. See [Managing Sustainability](#) for more information

We have operational control standards for areas including:

- Fresh water use.
- Storm water control.
- Wastewater management.
- Air emissions control.
- Waste management.
- Management of polychlorinated biphenyls (PCBs).
- Control of ozone-depleting substances.
- Asbestos management.
- Management of radioactive devices.
- Bacteria control management.

We require each facility to certify its compliance with applicable environmental laws and regulations and corporate wastewater standards every quarter. Issues of non-compliance are brought to the attention of senior management, addressed promptly and, if required, reported to government authorities. Mills must develop action plans to address any issues identified.

□ Operations □ Environmental Assessments ■ Performance 2009

We conducted 11 environmental, health and safety (EHS) assessments in 2009. The assessments focus on how EHS is managed as well as performance, and highlights areas where facility and corporate management systems can be improved. With the completion of the first round of audits on most of the facilities using the EHS protocol in 2007 and 2008, fewer audits were conducted in 2009.

Guidance to help operating facilities implement the EHS management system was completed in 2009. This includes further information and training, as well as programs for facilities to tailor to their own needs.

**Regulatory compliance**

During 2009, K-C received from environmental regulatory authorities a total of eight (8) notices of non-compliance or notices of violation (NOV). These notices are issued when a regulated facility allegedly fails to comply with an applicable environmental law or regulation. None of the NOV's resulted in fines.

**Enforcement Actions and Fines**

	2009	2008	2007
Fines	\$0	\$7,000	\$206,000*
Number of enforcement actions	8	10	7

\*Also includes pollution abatement donations of \$125,000.



## ENERGY

Operations  Energy

Energy costs are one of K-C's largest operating expenses. There are no easy solutions to energy issues, but we can help by increasing energy efficiency and using cost-effective renewable and alternative energy sources. This helps prepare us for a future where energy supplies may be limited.



### ***Vision 2010 goal – energy efficiency***

*Reduce energy consumption by achieving best-in-class energy-efficiency targets. Each facility has targets based on benchmarks for each manufacturing process. These are combined with facility production levels to create facility-specific targets.*

We have a long-standing commitment to reducing our energy use. Our long-term objective is to be highly energy efficient, and we use renewable energy where practical and cost effective. This is outlined in our energy management strategy.

Our Global Energy Services Team is comprised of experienced energy engineers and other energy supply professionals. Energy management efforts include evaluating energy suppliers, negotiating supply contracts, purchasing energy, assessing alternative energy projects, energy efficiency audits and implementing technical energy solutions such as combined heat and power technology.



K-C is a member of ENERGY STAR, a joint program of the U.S. Environmental Protection Agency (EPA) and the U.S. Department of Energy. ENERGY STAR helps U.S. companies to improve competitiveness by measuring energy use, setting goals, tracking savings and recognizing improvements.

ENERGY STAR emphasizes the need for strong, strategic corporate energy management programs, and provides a host of energy management tools and strategies to help companies implement the programs. K-C has implemented and is following the energy management best practices described in the ENERGY STAR Guidelines for Energy Management.

We are also a member of the EPA Green Power Partnership, a voluntary program that helps companies increase their use of low-carbon energy by offering expert advice, technical support, tools and resources. We are 19th on the EPA's National Top 50 list of the largest green power users. Our Everett, Washington, U.S. facility uses an innovative process to use waste from the facility's pulp manufacturing process to generate over 220 million kilowatt hours (kWh) of renewable energy annually. This on-site generation of green power equals over 7 percent of Kimberly Clark's purchased electricity use in the United States.

We are also an Energy Partner of the EPA Landfill Methane Outreach Program, which promotes the use of methane produced within landfills to replace fossil fuels as an energy source and thereby reduce greenhouse gas emissions.

We are also pleased that K-C was awarded by [EPA Energy Star Program as 2010 Energy Star Partner of the Year](#) in the category of Energy Management Program. This is the second time we have received ENERGY STAR recognition. Being the "best of the best" is a result of our strategic approach to energy management so that both our bottom line and the environment benefit. Companies participating in the program effectively measure current energy performance, set goals, track savings, and reward improvements.

□ Operations □ Energy ■ Performance 2009

In 2009, we used 76.7 trillion British thermal units (Btu) of energy, approximately 24 percent of which came from renewable sources. These include wood waste and spent liquor from our two pulp mills.

We measure energy efficiency by calculating the energy used per metric ton of production. In 2009, we made progress towards our Vision 2010 energy efficiency targets. The calculated worldwide energy percent deviation from Vision 2010 target is 7.0 percent for 2009, which is an improvement of 0.5 percent points over 2008, and 5 percent points since 2005.

### Energy Use by Type (trillion British thermal units)

	2009	2008	2007
Natural gas	30.2	28.4	27.8
Electricity	18.5	20.3	20.7
Fuel oil	1.8	2.2	2.0
Coal	7.4	9.2	10.8
Steam/other	13.8	11.3	13.2
Self-generated liquor	4.8	4.9	4.6
Other self-generated	0.1	0.1	0.1
<b>Total energy use</b>	<b>76.7</b>	<b>76.4</b>	<b>79.2</b>

### Energy Efficiency (million British thermal units per metric ton of production)

	2009	2008	2007
Actual	15.6	14.8	15.5
Annual target*	14.6	13.8	14.0
Percent deviation from Vision 2010 targets	7%	7.5%	11.1%

\*Based on the process benchmarks and the relevant year's production.

Every facility enters quarterly energy use data into our global sustainability database so we can track progress. Our Global Energy Services Team (EST) supports those facilities furthest from achieving their targets and helps regional energy coordinators to implement energy efficiency improvement plans. The EST continued execution of Energy Performance Reviews (EPR) and during 2009 energy assessments focused on the top 10-15 facilities with the greatest annual savings opportunities. The EST executed an annual plan to meet their objectives in completing the following: 30 EPR ; 30 Tissue Machine Process Improvement Studies ; 20 Boiler Plant and Utilities Operation Reviews ; 15 Thermo Graphic Electrical Surveys.

Energy projects completed in 2009 include:

- K-C Peru became the first company in Peru to have its own natural gas decompression plant. We have installed a plant at our Puente Piedra's Mill. The natural gas generates 50% less CO<sub>2</sub> than R500. This project strengthened K-C's image in the community for investing in eco-efficiency projects. Natural gas use started on April 2009 and there have been significant cost savings.
- In Connecticut, the New Milford Mill started up a Combined Heat and Power (CHP) plant in 2008 to supply heat and electricity. In 2009, the Heat Recovery Steam Generator (HRSG) was installed producing additional electricity. The CHP plant is reducing the demand on the local electric system up to 35 MWh (offsets the facility's electrical load) and generates up to 20 MWh of electricity beyond the mill needs. This surplus is being distributed through the transmission system, providing power for approximately 35,000 homes.
- In Kentucky, the Owensboro Mill installed a heat recovery system to capture heat from one of the process exhaust stacks and use the recovered energy in room heating units throughout the mill. The installation eliminated natural gas usage during winter months. The benefit is a reduction in natural gas of 100,000 MBTUs/yr and the associated GHGs.

### **Team Effort**

K-C realizes the importance of involving suppliers in our energy management program. The global EST has begun expanding the coverage of our Energy Management Program to strategic suppliers, providing energy management tools and expertise for implementing best practices, developing energy conservation programs, conveying the value of the Energy Star program and offering guidance for conducting energy efficiency assessments. In 2009, four strategic suppliers consisting of three tissue manufacturing/converting facilities in the U.S. and a glove manufacturer in Malaysia were included in the program.

### **Brazilian mill replaces oil with biomass**

In November 2008, our Correia Pinto Facility in Brazil commissioned a new boiler that will burn approximately 80 percent biomass fuel to replace its current fossil fuel boiler. This will reduce the mill's annual energy costs by approximately \$1 million and reduce annual carbon dioxide emissions by approximately 15,000 metric tons per year. The mill is also burning 20 percent of the sludge produced at the waste water treatment plant. This equals 12 tons per day or 360 tons per month or 4300 tons per year which diverts this amount of waste stream from going to the landfill.

## CLIMATE CHANGE

Operations  Climate Change



We began a process to develop a Global Climate Change Management Strategy for K-C in 2008. Like our Environmental Vision programs, this strategy will be based on understanding the science of climate change as a first step.

We have held meetings with all business units to review their growth plans through 2015. We used these data to project emissions for each business and for the company as a whole with a view to setting a corporate greenhouse gas (GHG) emissions reduction target. We reviewed our proposed GHG emissions reduction targets with senior management and have submitted our goal to the U.S. Environmental Protection Agency Climate Leaders Partnership for review and approval. We intend to announce our goal in 2010.

Our business and facility managers are responsible for compliance with governmental and corporate climate change requirements, led by our Global Strategic Leadership Team. The Global Sustainability Team helps business units to implement measures and report their progress to management.



### ***Vision 2010 goal – climate change***

*To achieve a year-on-year reduction of CO<sub>2</sub> equivalent emissions per unit of global production for manufacturing. We also strive to achieve a year-on-year reduction in emissions related to U.S. product transportation.*

We are committed to reducing our GHG emissions by increasing energy efficiency at our manufacturing sites and in the distribution of our finished products. This will be one of the continual focal points of our global sustainability program.

We calculate our emissions using factors endorsed by the U.S. Environmental Protection Agency Climate Leaders Partnership and based on the Greenhouse Gas Protocol developed by the World Business Council for Sustainable Development and World Resources Institute. Our mills in Europe use the approved factors of the European Union Emissions Trading Scheme.

We have a system in place to calculate and track carbon dioxide equivalent (CO<sub>2</sub>-e) emissions from fossil fuels consumed at K-C facilities as well as from purchased electricity. We also track emissions generated through finished product distribution in the U.S. We track both our absolute emissions and emission intensity per metric ton of production.

□ Operations □ Climate Change ■ Performance 2009

GHG emissions from manufacturing decreased from 1.59 tons of carbon dioxide equivalent CO<sub>2</sub>-e per unit of production in 2005 to 1.15 in 2009, an over 7 percent reduction.

### Actual Greenhouse Gas Emission from Manufacturing—CO<sub>2</sub>-e (million tons)

	2009	2008	2007*
Carbon dioxide (CO <sub>2</sub> )	5.559	5.926	6.128
Methane (CH <sub>4</sub> )	0.016	0.015	0.016
Nitrous oxide (N <sub>2</sub> O)	0.038	0.037	0.040
Hydrofluorocarbons (HFCs)	0.001	0.001	0.001
<b>Total CO<sub>2</sub>-e</b>	<b>5.614</b>	<b>5.979</b>	<b>6.185</b>

\*2007 restated based on the most recent emission factors from the U.S. Environmental Protection Agency Climate Leaders Program.  
We have no known emissions of Perfluorocarbons (PFDs) or Sulfur hexafluoride (SF<sub>6</sub>).

### Direct and Indirect Greenhouse Gas Emissions from Manufacturing—CO<sub>2</sub>-e (million tons)

	2009	2008	2007*
Indirect	3.04	3.31	3.39
Direct	2.57	2.67	2.80
<b>Total</b>	<b>5.61</b>	<b>5.98</b>	<b>6.19</b>

\*2007 restated based on the most recent emission factors from the U.S. Environmental Protection Agency Climate Leaders Program.

### Greenhouse Gas Emissions from Manufacturing, Normalized to Production (metric tons of CO<sub>2</sub>-e per metric ton of production)

2009	2008	2007
1.15	1.16	1.24

## Greenhouse Gas Emissions from Manufacturing, Normalized to Sales (metric tons of CO<sub>2</sub>-e per dollar of sales)

2009	2008	2007
0.29	0.31	0.34

## Percentage Energy from Renewable Sources

2009	2008	2007
24.0	23.1	22.1

### **U.K. Carbon Reduction Commitment (CRC) and the European Union Emissions Trading Scheme (E.U. ETS)**

Our U.K. businesses are analyzing the Carbon Reduction Commitment (CRC), which will come into force in 2010, although it is unlikely to affect our main operations as they are eligible for the UK's Climate Change Agreements (CCA).

Our European sites comply with the mandatory ETS. The five-year Phase II program began on January 1, 2008. Our ETS Steering Committee coordinates management and implementation across our European sites. The Committee helps ensure compliance by tracking and balancing facilities' carbon emissions, advising on carbon measurement issues, coordinating current and future emissions trading plans, and making recommendations to senior corporate leaders. The Committee is also tracking the development of Phase III.

## WASTE

Operations  Waste



The disposal of solid waste from manufacturing poses a considerable challenge for business and society. Options such as landfilling are becoming more limited. Waste disposal costs for manufacturers continue to rise steadily. Efforts to reduce waste volume have significant potential to reduce both impact on the environment and costs.

K-C's Reduction and Disposal of Waste Policy sets our standard for waste management and emphasizes waste reduction, recycling and environmentally responsible waste disposal. We also comply with all applicable legal requirements for waste reduction and recycling in the countries where we operate.

Our Vision 2010 program includes a goal to reduce waste. Our waste streams include waste product, packaging waste (plastic and corrugate), residual fibers from our wastewater treatment plants and construction waste.



### ***Vision 2010 goal – waste***

*Eliminate manufacturing waste sent to landfill and reduce manufacturing waste per unit of output by 10 percent.*



Operations  Waste  Performance 2009

In 2009, we produced 1.48 million metric tons of non-hazardous solid waste, a 3.8 percent reduction over 2008. Of this, less than 20 percent was sent to landfill.

Most of the waste we send to landfill is residual short fiber (RSF) or sludge from our wastewater treatment plants. Potential opportunities for recycling sludge include selling it as fuel for waste-to-energy projects, or for use in cement manufacturing, mine reclamation, and agriculture. We also seek alternatives to landfill for boiler ash.

Like many K-C mills, our Millicent and Tantanoola, Australia mills have formed a Green Team with an ambitious plan to reduce the mills' landfill waste to zero. The team, made up of representatives from departments across both sites, is looking at identifying waste streams that still go to landfill and classifying what can be concentrated, collected and potentially recycled or value-added.

The Green Team's objective is to drive towards zero waste in landfill by using sound diversion and recycling strategies involving employees, suppliers and contractors.

The K-C Beech Island, South Carolina Mill finished 2009 by recycling or reusing over 90 percent of its manufacturing waste. The most challenging waste to divert to beneficial reuse is the WWTP RSF. However, in 2009 the mill was able to capitalize on several opportunities for material reuse. Considering that the RSF comprises almost 50 percent of the total solid waste generated at the mill, any landfill elimination program must focus heavily on identifying its reuse.

In 2007, the mill partnered with a company that manufactures bedding material for small terrarium pets to test RSF as a raw material for the company's manufacturing process. The tests demonstrated that the properties of the mostly wood fiber RSF made an ideal ingredient for the company's pet bedding formulations. Throughout 2008 and into 2009, the mill has been able to maximize the amount of RSF used for this process, and it is expected that the company's needs will remain consistent through 2010 and beyond.

Additionally, starting in 2009 the mill began a partnership with a paperboard manufacturer to divert RSF to its manufacturing processes in Georgia and South Carolina. In process trials initiated in early 2009, the mill determined that the RSF could indeed be a valuable component of the raw materials needed to manufacture the company's fiberboard products. Shipments of RSF ramped up through the year and by the end of 2009 the majority of the mill's RSF was shipped to this company. When facilities are running optimally this partnership enables the Beech Island Mill to divert enough RSF to ensure that none is actually landfilled.

### Total Waste (million metric tons)

2009	2008	2007
1.48	1.54	1.35

### Waste Per Metric Ton of Production (metric tons)

2009	2008	2007
0.30	0.30	0.27

### Manufacturing Waste Sent to Landfill %

2009	2008	2007
19.8	22.0	22.0

### 2009 Non-Hazardous Waste by Method of Disposal %

Beneficial use	22.50%
Recycled	19.98%
Sent to landfill	19.81%
Converted to energy	19.40%
Composted	5.51%
Incineration (no heat recover)	3.21%
Reused in other products or processes	9.58%

In addition to working towards the elimination of manufacturing waste from landfills, we are working on office waste streams as well. K-C has worked with a recycling company for nearly seven years to refurbish and resell information technology assets, such as computer equipment, to second-users—a sustainability best practice because it defers the manufacture of a new machine—and to recycle raw materials from unsalable assets, reducing the need to extract virgin materials at much greater environmental cost.

In 2009, the recycling company managed 14,463 K-C assets weighing 115 tons, reselling 5,031 and recycling 9,432. The savings in CO<sub>2</sub> (1,708 tons) was equivalent to removing 481 cars from the road for a year. The electricity saved (20,717,393 Kwh) would provide annual power for 3,668 homes. In addition to the 53,000 pounds of steel, 3,087 pounds of copper and 37,000 pounds of plastics recovered through the recycling process, the recycling company managed the proper recovery of soluble toxins, including 2,178 pounds of lead, 25 pounds of cobalt, and 1/3 pound of mercury.

## WATER

Operations  Water



Water scarcity continues to be a serious global challenge, especially for people in developing regions. Tissue manufacturing is water-intensive, so water efficiency is a high priority. Several regions where we operate faced water shortages in 2009, including the European Union, the Middle East, South Africa and North America. It is likely that this condition will become more common in the future.

Further reductions in usage remain a priority as part of Vision 2010. We are making significant capital investments in a range of water recycling projects.



### ***Vision 2010 goal – water use***

*Reduce total fresh water use at our Consumer Tissue and K-C Professional & Other facilities by achieving facility-specific water efficiency targets. We have reduced our 30 cubic meter per metric ton of product standard to a more stringent goal of 25 cubic meters in water-stressed areas and those with lower regulatory benchmark levels. These include parts of the European Union, the Middle East, South Africa, Mexico and the U.S.*

## Releases to water

As a manufacturer, we must effectively manage wastewater discharges to ensure that any effluent we release does not harm the waterways around our sites.

For our consumer products, we purchase elemental chlorine-free (ECF) and total chlorine-free (TCF) bleached pulp. The ECF process uses chlorine dioxide rather than pure chlorine, reducing toxicity. The two pulp mills we operate in Tantanoola, South Australia, and Everett, Washington, U.S., use TCF and ECF bleaching technology, respectively.

We also bleach recycled fiber during the manufacture of tissue products. These processes use compounds including chlorine dioxide, sodium hypochlorite, sodium hydrosulfite, oxygen, and hydrogen peroxide. We also offer several process-chlorine free products including several towel and tissue products.

We seek to treat wastewater from our facilities properly. Our facilities use advanced technologies, including primary and secondary treatment, to achieve high standards of wastewater quality. These technologies make it possible for us to recycle treated effluent back into our manufacturing processes at many facilities, significantly reducing our fresh water usage.



### ***Vision 2010 goal – releases to water***

*Maintain treated wastewater quality consistent with best demonstrated technology at our direct discharge Consumer Tissue and K-C Professional & Other facilities.*

□ Operations □ Water ■ Performance 2009

In 2009, our total water use decreased by over 13.6 million cubic meters compared with 2008. This represents a 9.4 per cent reduction in K-C's total water use.

More than half of this reduction was achieved through the efforts of the mill in Everett, WA. Mill engineers had earlier performed a study to identify energy savings opportunities, which included a detailed computer model of process streams. The model identified key areas where cooling water was being used inefficiently, and methods were developed to correct the deficiencies. As a result, a key control system for cooling process stack gasses was upgraded, reducing water use and providing better control of the recovery boiler process. Fresh water used to slurry dried and baled pulp was switched to recycled water. In addition, incoming and effluent water meter calibration corrections enabled more accurate reporting. The end result is that the integrated mill water use has dropped 27 percent, representing an annual water use savings of 6.8 million cubic meters (1.8 billion gallons).

Similar activities at other K-C mills around the world helped achieve this fresh water reduction in 2009. However, the work is not stopping here. In December 2009, the Mobile mill completed and started up a long loop recycling system that returns treated wastewater to its recycled fiber facility. This system will be recycling up to 2000 gallons per minute (2.88 million gallons per day) and has extra capacity for future recycled fiber production increases. This project will reduce Kimberly-Clark's total water use by another 3 percent.

And in Israel, where water is a scarce resource, Hogle-Kimberly has undertaken actions to implement water reduction programs, such as upgraded wastewater treatment plants, recycling water in manufacturing, and employee education programs to increase awareness. Waste water doesn't go to waste; it's used by local farmers for irrigation.

### Total Fresh Water Use (million m<sup>3</sup>)

2009	2008	2007
129.7	143.3	144.6

### Deviation from Vision 2010 Water Targets %\*

2010 Target	2009	2008	2007
0	38.1	44.0	44.2

\*Vision 2010 water targets apply to Consumer Tissue and K-C Professional businesses.

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## Water Use Efficiency\* (m<sup>3</sup> per metric ton of production)

	2009	2008	2007
Actual	43.4	45.4	45.6
Annual target	31.4	31.5	31.6
*Data represents our Consumer Tissue and K-C Professional businesses.			

### Releases to water

During 2009, 94.3 percent of total pulp purchased was elemental chlorine free (ECF) and a further 5.7 percent was totally chlorine free (TCF).

Our Vision 2010 corporate targets for wastewater quality are based on two measures for assessing the level of wastewater pollution and the amount of treatment required. These are biological oxygen demand (BOD) and total suspended solids (TSS). We track BOD and TSS data at all Consumer Tissue and K-C Professional facilities to show compliance with wastewater treatment permits.

In 2009, 95 percent of applicable facilities met their TSS and BOD targets. One mill has already resolved the problem that prevented its meeting its TSS target. We will continue to work with the remaining two facilities to improve their treatment systems and meet the targets.

## Vision 2010 Targets for Average TSS and BOD Discharges to Wastewater (kg/metric ton)

	Paper Recycling 2010 Target	Tissue Manufacturing 2010 Target
TSS	3	2
BOD	4	2

## SUPPLIER RELATIONSHIPS



□ Operations ■ **Supplier Relationships**

Our suppliers are the 30,000-plus companies worldwide that provide the goods and services we need to run our facilities and make our products. These include around 150 contract manufacturers that produce finished products to our specifications. In 2009, 96 percent of Kimberly-Clark's cost of sales in North America and Europe related to our own production and contract manufacturers accounted for the remaining four percent. We expect suppliers to comply with applicable laws, standards and codes and to work to enhance the sustainability of their operations.

We keep our suppliers informed about our sustainability objectives and activities through our [Sustainability at K-C: Guide for Suppliers](#), launched in 2007. In addition, we meet with key suppliers on a regular basis.

During 2009, we engaged a number of these key suppliers in sustainability-related projects and objectives. Examples include working with suppliers to help them achieve more efficient use of packaging, forestry stewardship certification, and more sustainable materials. Many of our suppliers have their own sustainability strategies and goals in place. In 2010, we plan to have a greater number of suppliers with explicit sustainability-related objectives for K-C.

[See the performance page for information on monitoring supplier performance.](#)

### **Supplier diversity**

K-C encourages its buyers to make use of women-owned and minority-owned suppliers, and we track our progress for North America on a monthly basis. We aim to source from a range of suppliers that reflect the diversity of our customers and consumers. This is in keeping with our founding value of fair dealing, and increases the skills and expertise available to us. In the U.S., supply chain diversity is a condition of dealing with government and many of our corporate customers. See the [performance page](#) for more detail.

## Supplier diversity

In 2009, we worked with more than 500 women-owned and over 120 minority-owned suppliers. Our total North America spending for these categories was \$194 million for women-owned businesses and \$123 million for minority-owned businesses.

### Monitoring supplier performance

Increasingly, our major customers and many investors are requiring ethical/social compliance validation of the supply chain. This includes issues such as working hours, fair wages, child/forced labor, non-discrimination, freedom of association, safety/health and environmental stewardship.

We have a project underway to develop an in-house best practice protocol for supply chain auditing and contract manufacturing adherence. This will allow K-C to deal proactively rather than reactively to the multiplicity of overlapping audits and standards. The plan is to roll this program out to contract manufacturers first and all suppliers later.

K-C recently updated its Human Rights in Employment policy to ensure that K-C owned facilities uphold the principles in our policies and ensure compliance within their businesses. Demonstrating best practices on ethical compliance within our own supply chain provides a competitive advantage for K-C. By the end of 2010, we plan to develop and pilot a best practices process for verifying social compliance throughout K-C and its global supply chain.

In 2009, Kimberly-Clark Argentina implemented an Integrity Project aimed at suppliers and strategic partners. Suppliers commit to respect the standards established for Kimberly-Clark's operations, such as acting responsibly towards the environment and using management systems to facilitate continuous improvement.

As part of the Integrity Project, a practical working guide was presented to suppliers and strategic partners. This guide contains basic principles of labor law and, promotes ethical behavior and responsible business practices to foster economic and social development.

### Climate change and our supply chain

In line with our life-cycle approach ([link to Life-cycle thinking](#)), we're seeking to assess the greenhouse gas emissions of our suppliers as well as those from our own operations. In 2010, we joined the Carbon Disclosure Project supply chain project and we will ask about 60 of our major suppliers to disclose their carbon emissions-related data in 2010.



Through our partnership with the World Resources Institute (WRI), which developed the GHG Protocol in partnership with the World Business Council for Sustainable Development (WBCSD), we have discussed the challenges of tracking greenhouse gas emissions throughout the product life-cycle.

As a result of these discussions, we were asked to lead the GHG Protocol Product Life Cycle Initiative Methodology Technical Working Group. Throughout the year we contributed to debate and coordinated the development of methodology chapters for the draft Product Life Cycle Accounting and Reporting Standard released in November 2009. Sixty companies are currently testing these standards and we look forward to working with WRI, WBCSD and other organizations to finalize the guidance following the review process.

### **Support Secondary Fiber Suppliers, Colombia**

Recyclers in Colombia are a socially vulnerable population. K-C intends to contribute to the health, hygiene and the well-being of the recyclers that work with us as suppliers. For more than three years, we have conducted comprehensive health events with general physicians, ophthalmologists, dentists and speech and hearing therapists. At these events, recyclers – and their families -- have the opportunity for medical reviews, receive medications, lab exams and eyeglasses, all according to the patient's needs. Over 7,100 recycling families have benefited from this program, which in turn creates loyalty and admiration for the SCOTT brand. And given that 90 percent of the raw materials for producing tissue paper comes from recycling, these efforts represent a win-win for the recyclers as well as our environment.

In recognition of these efforts, K-C Colombia received first place in the 2009 Recycler's Award (under the industry category) from the Ministry of Environment.

■ Community



Our company, our employees around the world and the K-C Foundation contribute to worthy causes through financial support, product donations and volunteerism.

**Our giving strategy**

At the heart of Kimberly-Clark's values lies a commitment to caring for the communities where we live and work. From our 30 North American hometowns to the 35 countries in which we operate, our employees are steeped in the traditions and activities of each community. As a company, we actively support doing the right thing for our neighbors. Through our philanthropic efforts and partner organizations, K-C is committed to creating a better life for families around the world, strengthening the communities in which we operate, and being a responsible steward of the environment.

We provide this support through grants and product donations to U.S.-based and international organizations, financial contributions and volunteer time donated by our employees, and cause-related marketing initiatives that involve our customers and consumers.

## PERFORMANCE IN 2009 COMMUNITY

Community  Performance 2009

In 2009, K-C and our employees donated a total of \$22.7 million in cash and product to causes worldwide. This includes \$1.2 million given to match donations made by our U.S. employees and more than \$900,000 to match time volunteered by our U.S. employees as part of our Community Partners program.

Community  Supporting families



K-C has long-term partnerships with several charitable organizations that share our commitment to improving the health, hygiene and well-being of the world's families.

## PERFORMANCE IN 2009 SUPPORTING FAMILIES

Community  Supporting families  Performance 2009

### Boys & Girls Clubs of America

For more than 25 years, K-C has supported Boys & Girls Clubs of America (BGCA), a U.S. organization whose mission is to promote and enhance the development of boys and girls by instilling a sense of competence, usefulness, belonging and influence. BGCA and K-C share a commitment to building family strength and togetherness. That's why K-C contributed \$7 million over a five-year period, from 2005 - 2009, to be the sole sponsor of BGCA's new Family PLUS (Parents Leading, Uniting, Serving) initiative.

Through Family PLUS, Boys & Girls Clubs are empowering families to participate fully in their children's lives. BGCA recognizes that the work it does with youth in the Clubs cannot be effective without involving the families the youth go home to every night. Since its inception, the Family PLUS program has helped thousands of parents increase their skills in areas such as social development, financial literacy and technology. Furthermore, Clubs throughout the country have seen an increase in family support activities and parental involvement. BGCA now has 1,351 of its clubs participating in the Family PLUS program. In addition, 556 clubs began some type of family programming in 2009.

In 2009, K-C contributed \$1.3 million to BGCA for the Family PLUS Initiative. As part of this contribution, we awarded grants of \$16,250 each to 20 Boys & Girls Clubs to enable them to implement Family PLUS programming. As a result, over 1,300 Clubs now report they are utilizing this family-inclusive strategy. K-C's funding also provided cash awards of \$7,500 each to another 24 Clubs to recognize them for their outstanding family programming. K-C's 2009 funding enabled BGCA to reach 85,676 families. Additionally, 535 club staff received Family PLUS training, and 766 BGCA staffers attended Family Strengthening Webinars funded by the K-C grant.

BGCA continues to maintain a dedicated [website](#) in partnership with K-C. This site contains activities, advice and resources to help families develop the youth of today into the leaders of tomorrow.

Our Chairman and CEO Tom Falk serves on the organization's national Board of Governors.

## **U.S. Fund for UNICEF**

Since 2001, K-C has contributed almost \$5.9 million to [UNICEF's programs](#).

As a result of our 2009 support, 1,134,000 young people and their families were reached through the Urban Platform program, empowering them to be part of lasting change in their communities which will improve the health and provide a better future for generations of children to come. Over 42,000 vulnerable children and their families in indigenous and quilombolas communities received improved access to vital healthcare services, increasing their chances of living healthy, productive lives.

Through its partnership with UNICEF, K-C has also challenged the public to contribute to UNICEF's programs to save and improve the lives of children, using a series of challenge grant campaigns that have leveraged more than \$11 million.

## **North America**

Established in 1993, the Kimberly-Clark Foundation Bright Futures Scholarship Program awards college scholarships to children of Kimberly-Clark employees in the United States and Canada. Each scholarship is worth up to \$20,000 (\$5,000 per year for up to four years) for full-time students pursuing bachelor's degrees at accredited colleges and universities. Since its inception, the program has distributed approximately \$30 million in scholarships to more than 1,500 students. In 2009, the Foundation received 311 applications and awarded 78 scholarships totaling \$1.56 million. The average GPA for this year's scholarship class was 3.96. Past scholarship recipients have gone on to pursue successful careers in medicine, education, the armed forces and engineering.

## EMPLOYEE INVOLVEMENT

Community  Employee Involvement



We know that supporting local organizations with donations and volunteer time and providing their children with quality college education are priorities for many of our employees. We have a number of programs in the U.S. to reward their efforts and generosity and help them address their family commitments. Our Matching Gifts Program matches U.S. employees' and directors' charitable donations on a dollar-for-dollar basis, up to \$10,000 per person each year. In 2009, K-C matched nearly \$1.2 million in donations to nonprofit organizations selected by our employees and directors.

Our Community Partners program provides \$500 grants to non-profit organizations where employees and their spouses or domestic partners volunteer more than 30 hours per year. In 2009, we donated more than \$900,000 to this program. Our employees volunteered more than 94,000 hours of their time to a variety of non-profit organizations through this program.

In the U.S., each K-C facility conducts a campaign to give employees the opportunity to support their local community United Way organization. The United Way is a worldwide network of nearly 1,800 local organizations, including 1,300 United Ways in the U.S. The United Way movement improves lives by mobilizing the caring power of communities to advance the common good in the areas of education, financial stability and health. For decades, K-C and our employees have donated time and money to United Way organizations across the U.S. K-C is one of about 120 companies that make up the United Way's National Corporate Leadership program—companies that lead the country in their generosity and commitment to engaging their employees and communities to support United Way.

Most employees who support the United Way do so through payroll deduction, a voluntary program where donations to the United Way are deducted directly from participating employees' paychecks. K-C matches employee gifts to United Way dollar for dollar. In 2009, K-C employees contributed, and the company matched, more than \$2.7 million in contributions to their local United Ways. K-C facilities also conducted fundraising events such as bike races, bake sales and auctions, raising an additional \$400,000. More than half of all U.S. K-C employees made a contribution. Over the past decade, K-C and its employees have contributed more than \$60 million to United Ways across the U.S.

Community  Environment

At Kimberly-Clark, we take concern for the environment and conservation of natural resources seriously. As a major user of forest resources and water, we support organizations that help manage these resources in a responsible and sustainable way.

In 2009, the Kimberly-Clark Foundation donated \$400,000 to environmental causes.

#### **CARE International:**

K-C donated \$50,000 to CARE International to support the Sulawesi Participatory Linkages to Appropriate Water Sanitation and Hygiene (SPLASH) project in Indonesia. K-C's donation will specifically go to:

- Empower village water and sanitation committees to effectively maintain newly installed clean water supply systems and latrines established by CARE's Sulawesi Water Sanitation and Hygiene SWASH project;
- Encourage widespread understanding and adoption of safe personal hygiene practices; and
- Increase community participation, particularly among women, in local development planning and decision-making.

#### **Conservation International:**

K-C has donated \$550,000 over the last three years to Conservation International (CI) for a biodiversity conservation project. The project will have environmental benefits for the Atlantic Forest in Brazil, a major global pulp producing region that provides around 30 percent of our fiber. It will help preserve and restore habitats for endangered species, conserve some of the most affected areas of the Atlantic Forest, and protect streams and fragile slopes. The project will also help us bring together regional pulp producers and local non-governmental organizations in a coordinated effort to make plantations throughout the region more sustainable. This program was highlighted in a World Business Council for Sustainable Development publication titled "Tackling Climate Change on the Ground: Corporate case studies on land use and Climate Change."

#### **The Forests Dialogue**

During 2009 we donated \$20,000 to The Forests Dialogue (TFD), an independent group that brings together environmental groups and industry to explore sustainable forestry management issues. Attendees include K-C suppliers Aracruz, International Paper, Weyerhaeuser, Stora Enso and Mondi, as well as prominent non-governmental organizations such as WWF, Conservation International, the World Conservation Union, the Forests Peoples Program, Nature Conservancy, the World Resources Institute, the World Bank and the World Business Council for Sustainable Development.

We support TFD's work to engage other stakeholders to address forestry related topics such as illegal logging, plantation forestry, sustainable forestry management and climate change, and tropical rainforest protection.



## **The National Environmental Education Foundation:**

The National Environmental Education Foundation (NEEF), the American Meteorological Society and the Weather Channel have partnered on an initiative called Earth Gauge. K-C has helped fund this initiative. This program provides television weather programs with basic environmental information for their viewers.

Our donation of \$30,000 in 2009 will help NEEF create a Business Sustainability Education Roundtable to facilitate exchange of best practices in Employee Environmental Education among environmental NGOs, government agencies and US businesses.

## **World Resources Institute:**

World Resources Institute (WRI) is an environmental think tank that goes beyond research to find practical ways to protect the earth and improve people's lives. The WRI mission is to move human society to live in ways that protect Earth's environment and its capacity to provide for the needs and aspirations of current and future generations.

In 2009, we donated \$50,000 which includes support of WRI's U.S. Climate Business Group and its development of a Greenhouse Gases (GHG) Accounting Protocol for Product Supply Chains, which is being done in partnership with the World Business Council for Sustainable Development. WRI's work on developing standard GHG accounting methods for product carbon accounting is designed to support development of globally acceptable, scientifically valid methods in this area.

For the past year three years, K-C has also participated in WRI's Climate Midwest and Climate Southeast groups as a vehicle to keep up with scientific and political developments in this rapidly changing field.

Other regions of the world also contributed to environmental causes. Below are a few examples.

## **Global Environmental programs:**

### *Recycle me, perform YOUR role. Peru*

Peru's national recycling campaign "Recycle me, perform YOUR role" was launched in 2009. The campaign was created as an initiative of Kimberly-Clark Peru in strategic alliance with the Paper and Board Committee of the National Society of Industries and supported by the Minister of Environment. During 2009, recycled paper generated in Peru increased by 52 percent compared to 2008. About 70 percent of paper used in Peru could be recycled but only 15 percent of that amount is actually recycled. As a result, K-C has invested nearly \$5 million from 2008 to 2009 to import recycled fiber from other countries. The campaign has sought to increase the availability of recycled fiber in Peru and reduce the cost to K-C for importing recycled fiber.

## **Paper Recycling**

K-C companies in Guatemala, Nicaragua, Honduras, Costa Rica and El Salvador are all driving paper recycling programs in support of the development of a recycling culture. These programs include educational activities, paper recycling campaigns and establishing recycling collection centers for schools, communities, consumers, universities and companies.

In Costa Rica, a recycling culture is being created through the "AmbieniaDOS" campaign, an alliance with a local broadcaster that encourages their general audience to bring recycling material to collection centers provided by K-C. More than 200 tons of plastic, glass, aluminum and paper have been recycled, along with an estimated 95 tons of electronic waste material.

In El Salvador, the "Las 9 vidas del papel" recycling campaign was created in order to raise awareness about the importance and benefits of recycling paper.

## We Sow Life for Your Paper

K-C Central America provides seeds of different tree species in exchange for paper. These seeds are sown in order to help restore eco-systems in areas that have been severely damaged or that are now part of a restoration process.

Reforestation campaigns are conducted throughout Central America, which have a positive impact on the natural environment. K-C Panama, for example, is supported by the "Autoridad del Canal de Panamá" (The Canal Regulating Authority of Panama), in order to plant trees along the shore of the Canal. This initiative helps to protect the basin and ensures healthy water flow. And in El Salvador, K-C has delivered more than 7,000 seeds to the Municipality of San José for the Urban Forest (Bosque Urbano).

Costa Rica, Honduras, Guatemala and Nicaragua are also implementing reforestation plans in parks, rivers and school buildings, with the participation of contributing volunteers (Mano Solidaria K-C). This heightened sense of commitment for protection of the environment has resulted in more than 10,000 tree-plantings throughout the region.

### *Saving Water – Saving our Planet, China*

In 2008 and 2009, Kimberly-Clark China collaborated with The Jane Goodall Institute China on "3R Better Life" and "Saving Water – Saving our Planet" Environment Protection Campaigns in Beijing, motivating the young generation to improve their environment by reducing, reusing and recycling daily trash and saving limited water resources. This 3-month long education program involves more than 40 primary schools in Beijing.

### *Keep Korea Green*

Yuhan-Kimberly in Korea has run the Keep Korea Green campaign for more than 25 years. More than 39 million trees have been planted as part of the campaign. Over 50 percent of Yuhan-Kimberly employees volunteer their time for civic and environmental programs. The company has been widely praised for its efforts with Keep Korea Green and Y-K has been recognized as one of the most admired companies in Korea for the past five years.

During the last 25 years, Keep Korea Green has :

- Established Green Camp, which provides environmental training to students so they understand the importance of conservation. More than 150 high schools participate in this program each year. More than 3,265 students have taken part in the camp programs since 1988.
- Started Planting Forests for Schools. This campaign aims to help school children recognize the importance of nature by replacing concrete school walls with trees. This has become a nationwide social campaign with more than 3,500 schools participating, representing approximately 30 percent of all schools in Korea. Y-K selected and supported 708 pilot schools over a decade. In 2009, Y-K selected 15 Keep Korea Green Model Schools and provided support on cultivating school forest in cooperation with Forest for Life, an NGO.
- Provided newlyweds and key consumers with the opportunity to plant trees. So far about 7,500 couples have taken part and planted more than 123,000 trees. In 2009, the 26th Keep Korea Green tree planting with the newlyweds was held in the public land with 500 newlyweds, opinion leaders, and Y-K employees.
- Since 2000, Y-K has accumulated data and shared information regarding forests and the environment through the public website Wooriscoop. Y-K has driven public awareness and understanding of the importance of forests and ways to protect the environment through the website with about 88,000 site members.
- Y-K has campaigned to search and preserve forests with Forest for Life and Government to promote awareness about the value of forests. In 2009, Y-K selected nine sites of forests for school, village, street, and public land.

□ Community ■ **Being A Good Neighbor**

## Caring for our neighbors and the communities where our employees live and work is an important element of our charitable work.

In addition to our planned community activities, when disaster strikes, the communities where we operate turn to us for help. Man-made and natural disasters can be devastating for our employees, neighbors, customers and consumers. We are committed to helping communities return to normal as soon as possible.

Disaster victims need essential items and assistance right away. The best way to help relief organizations help others is to ensure that emergency staff and volunteers are equipped and well prepared in advance of a crisis.

For this reason, in 2007 K-C joined the [American Red Cross' Annual Disaster Giving Program \(ADGP\)](#) with a pledge of \$1 million over five years to support local, national and international disaster preparedness and response programs. K-C contributed \$200,000 in 2009 as part of this pledge.

The ADGP was created by the American Red Cross as the result of lessons learned during the Hurricane Katrina disaster in New Orleans, Louisiana, U.S. That experience made clear the need for an annual financial base to support preparedness for catastrophic events including pandemics, natural disasters and terrorism. These funds enable the American Red Cross to create and sustain initiatives that help provide for the basic needs of those who suffer as a result of natural and manmade disasters, give the organization stability to provide innovative solutions, and allow it to proactively react to 21st-century emerging crises.

K-C's 2009 support helped the American Red Cross provide more than \$125 million to respond to disasters across the U.S. and throughout the world. The largest included support for victims of hurricanes, North Dakota floods, California wild fires, Kentucky ice storms, and Kentucky floods.

K-C made additional contributions in 2009 to aid the victims of natural disasters in areas where K-C has employees and facilities.

In February 2009, K-C donated \$245,000 to help with relief efforts for families affected by bushfires that ravaged the Victoria and Queensland areas of Australia. Employees donated a total of \$30,000, which was matched dollar-for-dollar by the company. K-C also donated more than \$125,000 worth of products for fire victims, and the Kimberly-Clark Foundation donated \$50,000 to the Victorian Bushfire Appeal Fund.

In August 2009, a typhoon stormed through the Philippines, Taiwan and eastern China, destroying thousands of homes and killing dozens. The typhoon affected more than 11 million people in coastal China and Taiwan. K-C contributed \$50,000 to World Vision of Taiwan to aid victims of this storm.

Also in 2009, K-C made its second payment of \$100,000 against a two-year, \$200,000 pledge to the Nanjing Charity Foundation in China to help provide relief to victims of the 2008 Sichuan earthquake. This was part of a support package that totaled more than \$800,000 in both cash and product donations to the Special Relief Fund for Wenchuan Earthquake Orphans, managed by the China Children and Teenager's Fund and China's poverty alleviation fund.

### **MedShare**

In October 2008, K-C announced the extension of its commitment to MedShare, an Atlanta-based non-profit organization that collects surplus U.S. medical supplies and equipment for distribution to medical facilities in the developing world.

Over the four-year period 2008-2011, K-C has pledged contributions of \$576,000. As part of this program, K-C has delivered 64 shipments of medical supplies and equipment to hospitals in Latin America over the past 11 years, valued at \$7 million to more than 25 different hospitals in 12 countries, including Colombia, the Dominican Republic, El Salvador, Honduras and Nicaragua. We have committed to an additional 18 shipments during 2010-2011.

K-C's 2009 contribution to MedShare was \$144,000, which resulted in the delivery of 12 shipments of medical supplies and equipment to nine hospitals in nine countries. In addition, K-C donated in-kind medical supplies and equipment valued at over \$874,000. More than 40 K-C employees as well as 38 members of the K-C Seniors groups volunteered 10,041 hours to help MedShare.

### **Kimberly Clark Russia**

In Russia, K-C participated in a charity fundraising program in conjunction with Korablik, a Moscow regional chain of children's stores. For every package of HUGGIES-branded diapers sold, 15 rubles from the sale were donated to the "Podary zhizn" ("Give Life") Fund, which benefits Russian children diagnosed with cancer and their families. To help promote the six-week fundraising program, noted Russian actors and artists, as well as K-C employees, took part in weekly live-action, children-focused performances in Korablik stores and hospitals. The program took place from October 1 to November 15, 2009, and raised more than 2,550,000 rubles, or \$85,000.

■ Employees



Employees are our most valued resource and are at the center of the all we do. Their talent, diversity and commitment are crucial to our innovation and success.

K-C employs nearly 56,400 full-time employees, 400 part-time employees and around 1,300 employees on short-term contracts. The role of our Human Resources (HR) function is to attract, retain and develop great people and embrace diversity and inclusion across our business.

In 2009, in response to the economic recession K-C implemented plans and reduced the salaried workforce by approximately 1,600 positions, choosing to offer voluntary severance program to reduce the number of involuntary separations. While this action was necessary to improve K-C's underlying profitability in a weakened economy, at the same time K-C used the savings to take advantage of future growth and added resources in some emerging markets.

### Kimberly-Clark Employees (full-time, part-time and short-term contracts)

	2009	2008	2007
North America	15,000	16,000	16,000
Latin America	19,000	16,000	14,000
Europe, Middle East & Africa	9,000	9,000	10,000
Asia	15,000	14,000	15,000
<b>Total</b>	<b>58,000</b>	<b>55,000</b>	<b>55,000</b>

### Employee Turnover Ratio (U.S. only)\*

	2009	2008	2007
Overall	10.0	9.8	13.1

\*Turnover ratios are for the U.S. only and exclude intern and short-term contract employees.

Employees  Talent Management

Companies that excel at talent identification and development win in the marketplace. Talent is a unique asset, and the only source of sustainable competitive advantage that cannot be replicated by our competition. Our talent management strategy is to develop employees and support the growth objectives in our Global Business Plan. At K-C we are building a performance-driven organization that attracts, develops, rewards and retains top talent.

#### **Performance management**

We ensure employees have meaningful objectives linked to business goals. All salaried employees use a performance management process that consists of feedback and coaching on their performance from their managers during the year, plus annual 360 degree feedback.

Employees also participate in an annual assessment which reviews their performance against objectives and behaviors measured using our core Leadership Qualities. These six leadership qualities are Building Talent, Collaboration, Decisiveness, Inspiration, Innovation and Vision.

The Performance Management system is available in 18 languages to ensure that all of our salaried employees around the world can fully participate in the global process.

□ Employees □ Talent Management ■ **Performance 2009**

Attracting and hiring highly skilled talent is critical to ensure K-C can meet its business objectives. During 2009, we hired more than 4,800 new employees around the world.

In North America (U.S. and Canada), our internal recruitment website, called Open Opportunities, helps employees find available positions within K-C. During 2009, 303 employees found new roles within the company using this program.

### **Global Learning and Development**

Learning and Development continued efforts in 2009 to provide sustainability knowledge and awareness to the K-C community.

Six Design for Environment TOOLS courses were offered in Neenah, Wisconsin. Ninety-eight participants received training in developing environmentally preferred products and packaging using sound environmental design principles and eliminating waste.

Sites in Roswell, Georgia, hosted several sessions featuring internal and external sustainability experts, providing diverse perspectives on sustainability issues:

- Integrated Solid Waste Solutions
- Orphan Waste Streams
- The Blooming of Bioplastics

The Sustainability Community of Practice also held informal lunchtime seminars at our sites in Neenah and Roswell on how employees can reduce their environmental impact. The sessions covered topics including:

- How the family can reduce energy use at home.
- How to create a wildlife-friendly habitat in your backyard.
- Energy saving during the winter months.
- Life-cycle assessments,
- Sustainability approach,



Employees  **Employee Relations**

Good internal communication helps keep our employees informed and involved in company activities, as well as provides opportunities for them to give feedback on how we are doing. We believe that fostering strong relationships between our company and our employees improves overall performance .

Employees that are engaged with their company and their work:

- Speak positively about the organization.
- Choose to stay with the company despite opportunities to work elsewhere.
- Choose to make extra effort to do a good job.

Employees  Employee Relations  Performance 2009

During 2008, more than 45,000 (93 percent) of K-C employees around the world participated in our Input to Action global employee survey. The survey was conducted by an external company to protect employees' privacy, and asked employees to share their opinions about:

- Our business strategy and direction
- Team leadership
- Cooperation and team work
- Training and development

In 2009, the results of the survey were communicated to all employees and action plans were developed at the Enterprise, Business, and Team Levels to address areas of opportunity identified in the survey.

Improving employee engagement and enablement is viewed as an important and continuous process and another global survey is planned for 2010.

Our Sustainability Community of Practice in Neenah and Roswell and Sustainability Action Network in the U.K. engages employees on sustainability issues. At the end of 2009 we had approximately 200 Sustainability Community of Practice members, with 1,890 people who had made the online "Small Steps Pledge" to make a change to be more sustainable.

In 2009, we updated our Code of Conduct to emphasize freedom of association, gender identity and collective bargaining. At the request of the [Union Network International \(UNI\)](#), we entered into a constructive dialogue on matters of common interest, specifically the area of social responsibility. Where K-C has union representation, we strive for cooperative relationships with unions to ensure mutually respected rights and responsibilities. In 2009, approximately 30 percent of K-C's global workforce was unionized.

□ Employees ■ **Compensation and Benefits**

K-C's goal is to provide a global set of competitive compensation and benefit programs that attract and retain talented employees. Our programs are reviewed regularly to ensure they are aligned with the company goals as well as competitive practices.

**Compensation**

K-C believes compensation should be aligned with performance. As a result, K-C seeks to create compensation programs where pay components such as base salary adjustments and short- and long-term incentive awards are aligned with individual and/or business performance. Short-term incentive (or bonus) plans are offered to some employees. Short-term incentive plan payouts are aligned with business performance. Long-term awards are comprised of stock options and performance restricted share units. As with the short-term incentive plan, long-term award payouts are based on company performance.

**Benefits**

K-C offers a competitive set of benefit plans. The company also offers a competitive set of defined contribution retirement plans.

**Work life balance**

We offer flexible working arrangements to allow employees to balance work with personal commitments, where this does not conflict with the running of our business. These include flexible hours and compressed work weeks.

□ Employees ■ Health services

The Kimberly-Clark Health Services team provides an array of preventive and occupational health programs for employees worldwide. There are three main focus areas :

- Improving the health and well-being of employees globally.
- Providing policies and programs to assist the global businesses with all employee health issues.
- Helping ensure compliance with all legal and regulatory employee health requirements.

Programs provided by the Health Services team include preventive health screenings, health risk assessments, stop-smoking programs, medical advice for business travelers, immunizations, flu-shot clinics, stress management workshops, and other health improvement programs. The Health Services team also responds to health issues and potential crises, such as the H1N1 influenza pandemic which emerged in 2009. The Health Services website was updated frequently with status reports on the spread of the virus. Information on prevention and treatment of influenza was provided to K-C employees around the world, with recommendations on hand hygiene, respiratory etiquette, social distancing, and proper use of personal protective equipment.

□ Employees □ Health services ■ Performance 2009

During 2009, our **LIVEWELL** health promotion programs continued to be offered globally. The **LIVEWELL** brand represents K-C's commitment to employee health and well-being and is designed to raise awareness of our health programs to K-C employees around the world.

In the U.S., Health Services collected 140 pairs of used tennis shoes from employees in the spring and donated them to NIKE for their Reuse a Shoe Campaign for recycling into playground surfaces for inner city neighborhoods. We sponsored Good Earth Farm Community Supported Agriculture which delivered weekly fresh, organic produce to Health Services for distribution to employees participating in the program. K-C had 291 participants in Fox Cities Marathon where K-C captured the Healthy Company award for 2009. We coordinated Bike for Life week throughout the Fox Valley locations with 249 participants who biked to work, at home, indoors, or attended spin classes. More than 100 K-C runners participated in the Kaiser Permanente Corporate Run/Walk in Roswell, Georgia.

In Latin America, **LIVEWELL** is targeting four dimensions of employees' lives: work, physical health, emotional health, and recreation. Activities include onsite health promotions, health fairs, community activities and health screening. In 2009, K-C Brazil provided over 2,000 influenza vaccines to employees and relatives. In Bolivia, a dengue prevention campaign increased awareness among employees and family members for prevention of this mosquito-borne illness. K-C Costa Rica became established as a smoke-free workplace.

The **LIVEWELL** program in Europe provides stress-management and work-life balance initiatives to equip employees and leaders with the skills to meet rapidly changing business needs in a particularly competitive business climate. Health programs in the region have focused on supporting leaders and employees in maintaining health, energy, engagement and resilience.

K-C's Employee Assistance Program (EAP) provides counseling services to employees and family members in 20 countries. In the U.S., the EAP is available at 34 locations and to the sales force, and approximately eight percent of these employees used the service in 2009. This compares with an industry standard of between three and four percent and is credited to K-C's strong management support, local EAP committees and continuous promotion of the program.

## Health Promotion Program Makes Impact on Employees

*The K-C Fullerton, California Mill made a commitment to promoting health in the workforce following the LiveWell Health Screening. The Leadership Team and Occupational Health Nurse took the initiative to introduce Synergy, a health promotion program which emphasizes behavior change. The team challenge focused on weight loss over a 10-week period. Seventeen teams participated (24 percent of the mill population) with a total weight loss of more than 700 pounds. Positive results included an ongoing commitment from employees and leaders to continue promoting healthy lifestyle changes.*

## DIVERSITY AND INCLUSION



□ Employees ■ Diversity and Inclusion

Workplace diversity is an asset to our business. Our goal is for the K-C workforce to reflect and understand the broad range of backgrounds and experiences of our customers, consumers and communities around the world. Valuing differences and similarities across our workforce helps attract the best talent and gives every employee the opportunity to do well.

We have a European Diversity Council whose role is to advise our European leadership on diversity issues. Major focuses in 2010 will be on gender and work-life balance.

We are members of a number of diversity organizations in the U.S. including :

- [National Society of Black Engineers \(NSBE\)](#). K-C joined their Board of Corporate Affiliates in 2000. We hold the highest level of corporate membership. NSBE has 270 chapters, 18,000 members.
- [Society of Hispanic Professional Engineers \(SHPE\)](#). K-C is a member of their Industrial Partner Council. K-C has conducted workshops at their conventions. SHPE has more than 7,000 members.
- [Society of Women Engineers \(SWE\)](#). K-C is a member of their Corporate Partnership Council. SWE offers professional and personal development. K-C women are in leadership roles at national level and the Atlanta, Georgia chapter.
- [National Black MBA Association](#). K-C partners with this organization for recruiting.
- [National Society of Hispanic MBA](#). K-C partners with this organization for recruiting.
- [Catalyst Research](#). An advisory organization working to build inclusive environments and expand opportunities for women at work. Database available to all K-C employees. Annual conference attended by K-C women and other executives. Kimberly-Clark's Chairman and CEO is a member of the board.
- The [Executive Leadership Council](#). An independent, non-profit corporation, founded in 1986 to provide a network for African-American executives of Fortune 500 companies.

[Kimberly-Clark's Human Rights in Employment Policy](#) prohibits discrimination and/or harassment based on: race; color; sex; pregnancy; sexual orientation; gender identity; age; religion; creed; national origin; disability; legally protected leave; and other categories protected by applicable law.

□ Employees □ Diversity and Inclusion ■ Performance 2009

At the end of 2009, two of our 12 board directors were women and three were from ethnic minorities. Of our workforce, the percentage of women remained above 29 percent, the percentage of women in management remained at 27 percent, and the percentage of U.S. employees from ethnic minorities remained above 17 percent.

### Employee Diversity (U.S. only)\*

	2009	2008	2007
Percent women employees	29.7	29.8	30.5
Percent of women in management**	27.4	27.1	26.1
Percent ethnic minority employees	17.7	17.5	17.7
Percent of ethnic minorities in management**	9.9	9.7	9.8

\*Data includes all employees in the U.S.

\*\*"Management" is defined as U.S. employees in EEO category 00 (executive/senior level officials and managers), EEO category 01 (1st/middle level officials and managers) and team leaders in EEO categories 02 (professionals) and 04 (sales workers).

Our employees are members of the following diversity networks:

- African American Employee Network
- Child Dependent Care Network
- Family Caregivers Network
- Focus Asia
- Gay and Lesbian Network
- Latin American Network for Diversity
- New Employee Opportunity Network
- Women's Interactive Network



□ Employees ■ **Occupational Safety and Hygiene**

K-C believes that occupational injuries and illnesses are preventable and can be eliminated. . We manage occupational safety and hygiene globally for the protection of our employees, contractors and visitors. Our new policy on occupational safety, published in 2009, commits us to aggressively driving towards the elimination of all occupational injuries, illnesses, disabilities and fatalities.

Our businesses are committed to:

- Ensuring that safety is a fundamental enterprise value which is integrated into our research and engineering, product development, manufacturing, delivery, and sales activities.
- Providing a workplace that is in compliance with all applicable occupational safety and hygiene laws and regulations and in conformance to K-C's occupational safety and hygiene standards.
- Establishing occupational safety and hygiene standards and technical guidance based on best practices and benchmarking to support our global operations in the control of workplace hazards.
- Developing, implementing, sustaining, continually improving and regularly assessing the K-C Environment, Health and Safety management system in order to achieve continual improvement of occupational safety and hygiene performance.
- Fostering an environment in which all K-C personnel are expected to contribute to safety improvements by clearly understanding their role and their obligation to support occupational safety and hygiene objectives, to conform to K-C's standards, and to comply with applicable safety and hygiene regulations.

### **Safety management systems**

We have a combined environment, health and safety (EHS) management system. We summarize the EHS management system's common elements in [Managing sustainability](#).

The EHS management system includes Occupational Safety and Hygiene (OS&H) Performance Standards relating to:

- Management of Change,
- Contractor Management,
- Fire and Explosion Safety,
- Machine Safeguarding,
- Hazardous Energy Control,
- Electrical Safety-Related Work Practices,
- Confined Spaces,

- Lifting Operations and Suspended Loads,
- Workplace Transport Safety,
- Fall Protection
- Ergonomics,
- Occupational Hygiene Control,
- Personal Protective Equipment,
- Respiratory Protection,
- Hearing Loss Prevention,
- Storage and Movement of Materials, and
- Chemical Management.

These standards set the minimum requirements for a business unit. We assess facilities against these standards during EHS management system assessments. Any shortfall identified is used to develop facility-specific EHS improvement plans.

Our Vision 2010 program includes ambitious safety goals. These are:

- Zero fatalities.
- Zero permanently disabling injuries.
- Total Reportable Incident Rate (TRIR) of 0.5. Reportable incidents are work-related events that result in fatalities, disabling injuries or illnesses, lost work days or restricted work.
- Lost-Time Reportable Incident Rate (LTRIR) of 0.2. This measures the frequency with which incidents cause time to be taken off normal work.
- Severity rate of 12. The severity rate is the number of days of lost or restricted work as a result of a work-related injury per 100 full-time employees per annum.
- Contractor TRIR of 0.5.
- Percentage of injuries related to Contact with Energized Equipment. Fifty percent of all sites to achieve a "well controlled" assessment rating for hazardous energy control, machine safeguarding, confined space entry, ergonomics, change management, critical task analysis, powered industrial trucks and contractor management.

We have systems in place for assessing and improving performance in the areas most likely to affect workplace safety. These are:

- Change management, to ensure compliance that all EHS rules and regulations are maintained during periods of change as well as conformance to K-C EHS standards.
- Machine safeguarding to minimize risks from moving or rotating parts and equipment.
- Hazardous energy.
- Confined space entry operations, to ensure employee safety and health during work that requires entry into a confined space.

□ Employees □ Occupational Safety and Hygiene ■ Performance 2009

### Vision 2010 Safety Goal Progress

	2010 Goal	2009	2008	2007
Fatalities	0	1	1	1
Permanently disabling injuries	0	6	9	14
Global total reportable incident rate (TRIR)	0.5	0.4	0.5	0.7
Global lost-time reportable incident rate (LTRIR)	0.2	0.3	0.3	0.3
Global severity rate	12.0	13.1	14.5	19.4
Global contractor TRIR*	0.5	0.6	0.9	1.9
% of injuries related to contact with energized equipment	6.4%	15%	23%	10%

\*Applies to all contractors who spend a cumulative total of at least 320 hours per month on a K-C site (1,000 hours per quarter). In 2009, we tracked the total recordable incident rate using 18,530,795 contractor hours.

Note:

- **Global Total Reportable Incident Rate (TRIR):** Work-related events that result in fatalities, disabling injuries or illnesses, lost work days or restricted work.
- **Global Lost-Time Reportable Incident Rate (LTRIR):** Measures the lost time away from work.
- **Global Severity Rate:** Days away from work and restricted work days as a result of a work-related injury per 100 full-time employees per annum.

On July 14, 2009, a K-C employee with 12 years of service was fatally injured in a pulper at our tissue mill in TaiYan, Taiwan. Based on our investigation, K-C identified the root cause(s) and took appropriate actions across our global operations to evaluate similar equipment to ensure that controls are in place to prevent a recurrence.

K-C is committed to eliminating all fatalities, injuries and illnesses in the workplace. To accomplish this we must:

- **Learn** from failures in our safety systems and processes,
- **Prevent** fatalities, injuries and illnesses through a strong safety, and
- **Build** capability in all of our team members through education and practical training.

The strategy is simple – eliminate workplace fatalities within K-C by 2015 and drive to eliminate all workplace injuries and illnesses. To start, in 2010 we will apply two tactical approaches and continue to support a third process.

The first is called **Sentinel Events**. The Sentinel Event method is designed to actively engage every employee in K-C in the recognition and reporting of incidents that had the potential to result in a workplace fatality. Sentinel Events is specifically focused on reporting and sharing near miss incidents, property damage events and injury events that could easily have resulted in a fatality given slightly different circumstances in the working environment. The Sentinel Event method is intended to raise awareness of these types of events within our workplaces.

A Sentinel Event is a Loss Event, Near Miss (Near Hit), or Substandard Act/Condition with the potential for a fatal loss. We identified eight Sentinel Event Hazard categories: the first seven categories apply to our manufacturing environment and the eighth category applies to product transportation and fleet safety. They are:

- Falling objects
- Mobile lifting equipment
- Falls
- Electrical contact (arc flash)
- Contact with energized equipment
- Confined space operations
- Fires and explosions
- Transportation

The second approach we will apply is called **Preventing Major Losses**. The Preventing Major Losses process and tools are intended to be used by those in leadership positions, engineering roles, safety roles, and informal maintenance and operations leads on the shop floor. This advanced and comprehensive safety process proactively identifies hazard scenarios that could result in a workplace fatality, permanently disabling injury/ illness or major monetary loss of materials, equipment, or other property. The program is supported by robust hazard identification and risk assessment tools to aid trained and certified personnel in the use of the Preventing Major Losses process.

Another tactical approach is already underway in many businesses and will continue to expand to others in the future. This approach, called **Machinery Risk Assessment**, is designed to proactively identify machinery guarding and operational risk issues. This process is primarily used by individuals in engineering and safety roles.

## **Safety compliance**

**Neenah, Wisconsin** (Kimtech) - One serious citation by U.S. Occupational Safety and Health Administration (OSHA) was issued to the facility for inadequate guarding on power equipment in the maintenance and wood working shops. This citation was abated by correcting the guarding deficiencies at the facility. The penalty was \$4,900.

One citation classified by OSHA as "other" was issued for a broken mechanism on a radial arm saw. The saw was taken out of service and removed from the premises. There was no penalty associated with this citation.

**Mobile, Alabama** - A serious citation was issued by OSHA to the mill for excessive accumulations of fugitive dust in the converting area. The cleaning frequency for the overhead areas was evaluated and increased. The penalty was \$2,000.

A citation classified by OSHA as "Other" was issued for improperly storing respirators. The plant purchased new storage cabinets. There was no penalty associated with this citation.

**Nogales, Mexico** - A minor citation was issued by [México - Secretaría del Trabajo y Previsión Social](#) for an inadequate response time to a request to provide an equipment emergency plan. The citation was abated by providing the document to STPS. The penalty was \$202.

■ Data Summary 2009

Indicator	2009	2008	2007	2006	2005
<b>Economic Impacts</b>					
Net sales (billions)	\$19.1	\$19.4	\$18.3	\$16.7	\$15.9
Cash returned to shareholders (billions)	\$ 1.0	\$ 1.6	\$ 3.7	\$ 1.6	\$ 2.3
Employee wages, benefits and payroll taxes (billions)	\$ 3.5	\$ 3.3	\$ 3.3	n/a	n/a
Supplier spending—non capital (billions)	\$11.3	\$12.7	\$12.0	n/a	n/a
Supplier spending—capital (billions)	\$ 0.8	\$ 0.9	\$ 1.0	n/a	n/a
Taxes paid (billions)	\$ 0.8	\$ 0.6	\$ 0.7	n/a	n/a
<b>Products</b>					
Percentage recycled fiber used <sup>1</sup>	31%	31%	31%	29%	29%
Percentage virgin fiber from certified sources	98%	98%	97%	89%	88%
<b>Operations</b>					
Number of enforcement actions	5	10	7	12	10
Value of fines received	\$ 0	\$7,000	\$206,000 <sup>2</sup>	\$4,500	\$7,750
Total environmental expenditure (millions)	\$ 224	\$ 185	\$ 193	\$ 181	\$ 197
Total energy use (trillion Btu)	76.7	76.4	79.2	79.9	81.6
Energy efficiency (million Btu per ton of production)	15.6	14.8	15.5	15.8	16.2
Percentage energy from renewable sources <sup>3</sup>	23.9%	20.7%	21.6%	22.1%	23.1%
Carbon dioxide equivalents from manufacturing (tons) <sup>4</sup>	5.61	5.98	6.19	6.10	6.01
Carbon dioxide equivalents per ton of production (tons) <sup>4</sup>	1.15	1.16	1.24	1.24	1.25
Carbon dioxide equivalents per dollar of sales (tons) <sup>4</sup>	0.29	0.31	0.34	0.36	0.38
Total waste (million tons)	1.48	1.54	1.35	1.42	1.32
Waste per ton of production (tons)	0.30	0.30	0.27	0.29	0.27
Percentage waste sent to landfill	19.8%	22%	22%	16%	12%
Total water use (million cubic meters)	129.7	143.3	144.6	145.4	145.7
Water use efficiency (cubic meters per ton of production)	43.4	45.4	45.6	45.1	44.2
Percentage ECF wood pulp purchased	94.3%	94%	94%	89%	88%
Percentage TCF wood pulp purchased	5.7%	5.5%	6%	7%	6%

<b>Community</b>					
Total community investment—product and cash donations (millions)	\$18.8	\$18.5	\$17.9	\$20.2	\$25.5
Percent of net income	1.0%	1.1%	1.0%	1.3%	1.6%
Employee giving (U.S., millions)	\$ 3.9	\$ 4.2	\$ 3.8	\$ 4.1	\$ 4.8
<b>Employees</b>					
Total employees (full-time, part-time and temporary)	58,000	55,000	55,000	57,000	57,000
Percentage women employees (U.S.)	29.7%	29.8%	30.5%	31.3%	32.5%
Percentage ethnic minority employees (U.S.)	17.7%	17.5%	17.7%	17.1%	16.4%
Percentage women in management <sup>5</sup>	27.4%	27.1%	26.1%	25.6%	24.9%
Percentage ethnic minority in management <sup>5</sup>	9.9%	9.7%	9.8%	9.2%	7.6%
Percentage employees with union membership <sup>6</sup>	30%	30%	19.0%	19.6%	19.5%
Total reportable incident rate (TRIR)	0.4	0.5	0.7	0.7	0.9
Lost-time reportable incident rate (LTRIR)	0.3	0.3	0.3	0.3	0.5
Fatalities	1	1	1	1	0
Global severity rate <sup>7</sup>	13.1	14.5	19.4	21.5	24.3

<sup>1</sup> Data represents K-C and equity affiliates.

<sup>2</sup> Also includes pollution abatement donations of \$125,000.

<sup>3</sup> Data for 2005–2007 restated to include only consolidated operations.

<sup>4</sup> 2005–2007 data updated to reflect the latest emission factors from U.S. Environmental Protection Agency Climate Leaders Program.

<sup>5</sup> “Management” is defined as U.S. employees in EEO category 00 (executive/senior level officials and managers), EEO category 01 (1st/middle level officials and managers) and team leaders in EEO categories 02 (professionals) and 04 (sales workers).

<sup>6</sup> Data is global for 2008 and 2009, U.S. employees only in previous years.

<sup>7</sup> Days of lost or restricted work as a result of a work related injury per 100 full-time employees per annum.

■ External Assessment

Sustainability reporting is critical to establishing a reputation for leadership on economic, environmental, governance and social issues. A strong sustainability report enhances relationships with employees, investors, suppliers, consumers and is also useful with academics, NGOs and other concerned stakeholders. It's also a very important measure of Kimberly-Clark's reputation and record of leadership on sustainability issues.

The independent members of Kimberly-Clark's [Sustainability Advisory Board \(SAB\)](#) were asked to provide an assessment of our web-based 2009 Sustainability Report: *Choices for a Sustainable Future*. The following summarizes key comments received from the SAB:

Positive attributes:

Kimberly-Clark recognizes the need for sustainable business policies and practices, and is demonstrating meaningful and consistent progress. Chairman and CEO Tom Falk's message is strong, especially in terms of how he makes the business case, ties it into Vision 2010, and refers to the broad view of stakeholders, not just investors.

The "Stakeholders" section reminds readers that relating to consumers, employees and other stakeholders is key to success.

Both the "Energy" and "Climate" sections benefited from trend data that displayed positive trends and the detail on how the company is moving forward on energy conservation is helpful. The "Community" section is also strong and describes the many ways in which the company and the Kimberly-Clark Foundation are generating a positive impact on communities globally, which is often the neglected social dimension of sustainability.

Opportunities for Improvement:

**Integration of Economic, Environmental and Social Sustainability**

The report should convey a closer connection between economic, environmental and social issues. In addition to consistently integrating the business case, it should address how the current economy has impacted the company's ability to invest in sustainability efforts, as well how it has affected the company's consumers and customers. Also, beyond giving current year statistics, no trend or historical performance is provided to link the economic performance into sustainability.



### **Climate change and water use**

Climate change is an important issue and Kimberly-Clark should better explain its work in this area. More description about the risks it faces from climate change, and potential water scarcity, would be helpful.

### **Future Sustainability – Issues and Goals**

This report is very thorough but would benefit from a description of the challenges Kimberly-Clark and its FSC-certified suppliers face in the next five years of meeting what are called "stringent" standards. In addition, while the report communicates that sustainability is linked to the company's Global Business Plan, it fails to outline the details and metrics for all the business units.

### **Additional Comments**

It's evident that Kimberly-Clark is active on all fronts in the field of sustainability, and takes its global responsibilities seriously. But the pride in accomplishment would be more credible if there were more candid, self-critical examples of where the company faced challenges.

Also, parts of the report were presented in an overly-emphatic, polished PR tone. It often characterizes sustainability as this highly-desirable experience and implies that Kimberly-Clark is already there, when, actually it is still a very tough goal to reach.

# GLOBAL REPORTING INITIATIVE INDEX

## ■ GRI Index

GRI Indicator		Inclusion	Location
<b>Strategy and analysis</b>			
1.1	Statement from the most senior decision maker of the organization about the relevance of sustainability to the organization and its strategy.	Yes	<a href="#">Sustainability at K-C/A message from Tom Falk</a>
1.2	Description of key impacts, risks and opportunities.	Yes	<a href="#">Sustainability at K-C</a>
<b>Profile</b>			
2.1	Name of reporting organization.	Yes	<a href="#">Kimberly-Clark Home</a>
2.2	Primary brands, products and or services.	Yes	<a href="#">Products/Customers, shoppers and users</a>
2.3	Operational structure of the organization including main divisions, operating companies, subsidiaries and joint ventures.	Yes	<a href="#">Company Profile</a>
2.4	Location of organization's headquarters.	Yes	<a href="#">Sustainability at K-C/A message from Tom Falk</a>
2.5	Number of countries where organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Yes	<a href="#">Global Locations</a>
2.6	Nature of ownership and legal form.	Yes	<a href="#">Certificate of Incorporation</a>
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).	Yes	<a href="#">Company Profile</a>

2.8	Scale of the reporting organization including: <ul style="list-style-type: none"> <li>■ Number of employees</li> <li>■ Net sales</li> <li>■ Total capitalisation broken down in terms of debt and equity; and</li> <li>■ Quantity of products or services provided</li> </ul>	Yes	<a href="#">Data summary</a> <a href="#">Annual Reports</a>
2.10	Awards received in the reporting period.	Yes	<a href="#">Sustainability at K-C/Awards and recognition 2009</a>

### Report Parameters

3.1	Reporting period for information provided.	Yes	<a href="#">Sustainability/Performance 2009</a>
3.2	Date of most recent previous report.	Yes	<a href="#">Sustainability/Previous reports</a>
3.3	Reporting cycle	Yes	<a href="#">Sustainability/Performance 2009</a>
3.4	Contact point for questions regarding the report or its contents.	Yes	<a href="#">Sustainability homepage</a>
3.5	Process for defining report content, including: <ul style="list-style-type: none"> <li>■ Determining materiality</li> <li>■ Prioritising topics within the report; and</li> <li>■ Identifying stakeholders the organization expects to use the report.</li> </ul>	Yes	<a href="#">Sustainability at K-C/Our approach</a>
3.6	Boundary of the report.	Yes	<a href="#">Sustainability at K-C/Our approach</a>

### GRI content index

3.12	Table identifying the location of the Standard disclosures in the report.	Yes	<a href="#">Sustainability homepage/GRI index</a>
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### Assurance

3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider.	Yes	<a href="#">Sustainability homepage/Advisory panel's assessment</a>  <a href="#">Sustainability at K-C/Managing sustainability</a>
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Governance, Commitments and Engagement			
Governance			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Yes	<a href="#">Sustainability at K-C/Governance</a>
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and if so, their function within the organization's management and the reasons for this arrangement).	Yes	<a href="#">Sustainability at K-C/Governance</a>
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Yes	<a href="#">Sustainability at K-C/Governance</a>
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental and social performance, and the status of their implementation.	Yes	<a href="#">Sustainability at K-C/Governance</a>
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Yes	<a href="#">Sustainability at K-C/Governance</a>
Commitments to external initiatives			
4.13	<p>Members in associations and/or national/international advocacy organizations in which the organization:</p> <ul style="list-style-type: none"> <li>■ Has positions in governance bodies</li> <li>■ Participates in projects or committees</li> <li>■ Provides substantive funding beyond routine membership dues; or</li> <li>■ Views membership as strategic</li> </ul>	Yes	<a href="#">Sustainability at K-C/Public policy policy</a>

<b>Stakeholder engagement</b>			
4.14	List of stakeholder groups engaged by the organization E.g. communities, civil society, customers, shareholders and providers of capital, suppliers and employees, other workers and their trade unions.	Yes	<a href="#">Sustainability at K-C/Our stakeholders</a>
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. E.g. surveys, focus groups, community panels, corporate advisory panels, written communication, management/union structures and other vehicles. Say whether any engagement was undertaken specifically as part of the report preparation process.	Partial	<a href="#">Sustainability at K-C/Our stakeholders</a>
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Partial	<a href="#">Sustainability at K-C/Our stakeholders</a>
<b>Performance: Economic</b>			
<b>Disclosure on Management approach -</b>			
	Provide a concise disclosure on the Management Approach items outlined below with reference to the following economic aspects: economic performance, market presence and indirect economic impacts	Yes	<a href="#">Sustainability at K-C/Managing sustainability</a>
<b>Economic Performance indicators</b>			
<b>Aspect: Economic Performance</b>			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Yes	<a href="#">Sustainability at K-C/Economic impacts</a>
<b>Aspect: Indirect economic impacts</b>			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro-bono engagement.	Yes	<a href="#">Community</a>

Performance: Environmental			
<b>Disclosure on Management approach</b>			
	Provide a concise disclosure on the management approach items outlined below with reference to the following environmental aspects: materials, energy, water, biodiversity, emissions, effluents and waste, products and services, compliance, transport and overall	Yes	<a href="#">Sustainability at K-C/Managing sustainability</a>
<b>Environmental Performance indicators</b>			
<b>Aspect: Energy</b>			
EN3	Direct energy consumption by primary energy source.	Yes	<a href="#">Operations/Energy /Performance 2009</a>
EN4	Indirect energy consumption by primary source.	Yes	<a href="#">Operations/Energy /Performance 2009</a>
EN5	Energy saved due to conservation and efficiency improvements.	Yes	<a href="#">Operations/Energy /Performance 2009</a>
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Yes	<a href="#">Products/Life-cycle thinking/Performance 2009</a>
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Yes	<a href="#">Operations/Energy</a>
<b>Aspect: Water</b>			
EN8	Total water withdrawal by source.	Partial	<a href="#">Operations/Water /Performance 2009</a>
<b>Aspect: Biodiversity</b>			
EN13	Habitats protected or restored.	Partial	<a href="#">Community/Environment</a>
<b>Aspect: Emissions, effluents and waste</b>			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Yes	<a href="#">Operations/Climate change/Performance 2009</a>
EN17	Other relevant indirect greenhouse gas emissions by weight.	Yes	<a href="#">Operations/Climate change/Performance 2009</a>
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Yes	<a href="#">Operations/Climate change/Performance 2009</a>

EN20	NOx, SOx, and other significant air emissions by type and weight.	Yes	<a href="#">Operations/Climate change/Performance 2009</a>
EN22	Total weight of waste by type and disposal method.	Yes	<a href="#">Operations/Climate change/Performance 2009</a>
<b>Aspect: Products and services</b>			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Yes	<a href="#">Products/Life cycle thinking</a> <a href="#">Products/Fiber procurement</a> <a href="#">Products/Synthetic fibers</a> <a href="#">Products/Packaging</a>
<b>Aspect: Compliance</b>			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Yes	<a href="#">Operations/Environmental assessments/Performance 2009</a>
<b>Aspect: Overall</b>			
EN30	Total environmental protection expenditures and investments by type.	Yes	<a href="#">Operations/Environmental visions/Performance 2009</a>
<b>Performance: Labour Practices and Decent work</b>			
<b>Disclosure on management approach</b>			
	Provide a concise disclosure on the management approach items outlined below with reference to the following labour aspects; employment, labour/management relations, occupational health and safety, training and education and diversity and equal opportunity.	Yes	<a href="#">Sustainability at K-C/Managing sustainability</a> <a href="#">Employees</a>
<b>Labour Practices and Decent Work Performance Indicators</b>			
<b>Aspect: Employment</b>			
LA1	Total workforce by employment type, employment contract and region.	Yes	<a href="#">Employees</a>
LA2	Total number and rate of employee turnover by age group, gender and region.	Partial	<a href="#">Employees</a>
<b>Aspect: Labour/management relations</b>			
LA4	Percentage of employees covered by collective bargaining agreements.	Yes	<a href="#">Employees/Employee relations/Performance 2009</a>

<b>Aspect: Occupational health and safety</b>			
LA7	Rates of injury, occupational diseases, lost days, absenteeism, and number of work related fatalities by region.	Yes	<a href="#">Occupational health and hygiene/Performance 2009</a>
LA8	Education, training, counselling, prevention and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	Partial	<a href="#">Employees/health services 2009</a>
<b>Aspect: Training and education</b>			
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing their careers.	Yes	<a href="#">Employees/Talent management</a>
LA12	Percentage of employees receiving regular performance and career development reviews.	Yes	<a href="#">Employees/Talent management</a>
<b>Aspect: Diversity and equal opportunity</b>			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity.	Partial	<a href="#">Employees/Diversity and inclusion/Performance 2009</a>
<b>Performance: Human rights</b>			
<b>Disclosure on management approach</b>			
	Provide a concise disclosure on the management approach items outlined below with reference to the following human rights; investment and procurement practices, non-discrimination, freedom of association and collective bargaining, abolition of child labour, prevention of forced and compulsory labour, complaints and grievance practices, security practices and indigenous rights.	Yes	<a href="#">Sustainability at K-C/Managing sustainability</a> <a href="#">Employees</a>
<b>Human rights indicators</b>			
<b>Aspect: Investment and procurement activities</b>			
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Partial	<a href="#">Environment/Supplier relations/Performance 2009</a>



<b>Performance: Society</b>			
<b>Disclosure on management approach</b>			
	Provide a concise disclosure on the management approach items outlined below with reference to the following society aspects; community, corruption, public policy, anti-competitive behaviour and compliance	<b>Yes</b>	<a href="#">Sustainability at K-C/Managing sustainability</a>
<b>Society performance indicators</b>			
<b>Aspect: Public policy</b>			
SO5	Public policy positions and participation in public policy development and lobbying.	<b>Yes</b>	<a href="#">Sustainability at K-C/Public policy</a>
<b>Aspect: Compliance</b>			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	<b>Yes</b>	<a href="#">Operations/Environmental assessments/Performance 2009</a>
<b>Performance: Product responsibility</b>			
<b>Disclosure on management approach</b>			
	Provide a concise disclosure on the management approach items outlined below with reference to the following society aspects; customer health and safety, product and service labelling, marketing communications, customer privacy and compliance	<b>Yes</b>	<a href="#">Sustainability at K-C/Managing sustainability</a>
<b>Product responsibility Performance indicators</b>			
<b>Aspect: Customer Health and safety</b>			
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	<b>Partial</b>	<a href="#">Products/Product quality and safety</a>



## Independent Assurance Statement

### Scope and Objectives

**Two Tomorrows (North America) Inc.** was retained by Kimberly-Clark Corporation to conduct an independent assurance of its 2009 Sustainability Report ('the Report'), as published on the company's website at [http://www.kimberly-clark.com/aboutus/sus\\_2010/sustainability\\_home.aspx](http://www.kimberly-clark.com/aboutus/sus_2010/sustainability_home.aspx) and in a printed Summary report.

Two Tomorrows conducted the assurance process in accordance with AA1000AS (2008), a globally recognized standard that provides a framework for assessing a company's management, performance and reporting on sustainability issues. We were engaged to provide Type 2 assurance which included evaluating Kimberly-Clark's voluntary adherence to the AA1000 Accountability Principles Standard (APS) (2008) of inclusivity, materiality and responsiveness (the Principles) as well as the reliability of specified sustainability performance information.

Informational key claims in the Report, with the exception of financial information related to Kimberly-Clark's Annual Report, were included in the scope of our assurance engagement. We used the Global Reporting Initiative (GRI) Quality of Information Principles as Criteria for evaluating performance information.

### Responsibilities of Kimberly-Clark Corporation's Management and of the Assurance Providers

Two Tomorrows was not involved in the preparation of any part of the Report. We have no other contract with Kimberly-Clark and this is the first year we have provided an assurance statement. We adopt a balanced approach towards all stakeholders.

Our statement represents Two Tomorrows' independent opinion and is intended to inform all stakeholders including Kimberly-Clark's management who have sole responsibility for preparation of the Report.

Our team included Todd Cort, Doug Bannerman, Rob Pearson and Shyla Girvetz. Further information, including individual competencies relating to the team can be found at: [www.twotomorrows.com](http://www.twotomorrows.com)

### Basis of our opinion

Our work was designed to gather evidence with the objective of providing moderate assurance as defined in AA1000AS (2008). We undertook the following activities:

- Review of the current sustainability issues that could affect Kimberly-Clark and are of interest to stakeholders;
- Interviews with senior executives and managers in Irving, TX, Neenah, WI and Roswell, GA, who are responsible for management of sustainability issues;

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- Review of Kimberly-Clark's approach to stakeholder engagement and materiality determination. This included interviews with senior managers responsible for engagement with key stakeholder groups, and specific investigation of stakeholder engagement activity during a site visit;
- Review of information Kimberly-Clark provided to Two Tomorrows on its reporting and management processes relating to the Principles;
- One site visit to the company's Beech Island, SC, USA consumer products and tissue manufacturing facilities to assess the controls and processes present at the site in comparison to the claims made at Enterprise level; and
- Review of supporting evidence for key claims and data in the report.

### Findings

We reviewed and provided feedback on the Report after its publication to the website. On the basis of the work conducted, and with the exceptions outlined below, nothing came to our attention to suggest that the Report does not properly describe Kimberly-Clark's adherence to the Principles or its performance.

### Observations

Without affecting our assurance opinion we also provide the following observations on Kimberly-Clark's adherence to the three Principles and on the published performance information:

#### **1) Inclusivity: Inclusivity concerns the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.**

Kimberly-Clark employs a variety of engagement efforts at the enterprise level to help it better understand and respond to stakeholder issues and concerns, and integrate them into its decision making processes. Of particular note: 1) the Sustainability Advisory Board (SAB), created in 2007 to help identify potential sustainability risks and opportunities; 2) Kimberly-Clark Professional's engagement with customers regarding product sustainability, and; 3) enterprise-level engagement with NGOs such as Greenpeace and World Wildlife Fund (WWF) regarding its fiber procurement policy and practices. Looking forward, as the SAB is comprised primarily of industry experts, we believe Kimberly-Clark would benefit by expanding the composition of this group to be more representative of its stakeholders.

The Report includes a good description of enterprise-level stakeholders, primary interest areas and engagement methods. Further, executives and senior managers adequately demonstrated their efforts to engage with key stakeholder groups (e.g. investors, customers, NGOs) to better understand and respond to material issues. Future Reports would benefit by including more granularity regarding the specific organizations or individuals with whom Kimberly-Clark engages, the specific outcomes or decisions that result from the dialogue, and the inclusion of additional stakeholder voices to validate and speak to claims in its Report.

**2) Materiality: Material issues are those which are necessary for stakeholders to make informed judgments concerning Kimberly-Clark and its impacts.**

The Report includes information on Kimberly-Clark's material sustainability performance issues and should enable stakeholders to make informed judgments and decisions. While the business case for sustainability at Kimberly-Clark and its approach are clearly articulated, the company's process for how it reviews materiality is not as clear. Procedures for initial identification of material issues and the criteria used to determine materiality could be more fully disclosed.

On specific material issues:

- **Economic impacts:** The Report provides a good account of Kimberly-Clark's direct and indirect economic impacts and acknowledges its "ripple effect" on local economies. Going forward, however, future reports would benefit from a value chain approach to explaining these impacts which would enable Kimberly-Clark to demonstrate its overall contributions to sustainable development. For instance, the company's growing manufacturing and marketing presence in developing and emerging economies has the potential to lead to local job creation, the transfer of critical skills and knowledge, capacity building, and social and economic stability.
- **Sustainability context:** The *Kimberly-Clark International* section of the Report provides an illustration of how the Company aims to balance sustainability and commercial objectives. Future Reports would benefit from the inclusion of a more robust analysis of how the Company achieves this balance, any potential trade-offs involved, the criteria used to integrate sustainability into Company decision-making, as well as an expanded discussion regarding the role of its products in improving health and living standards.
- **Fiber procurement:** The Report provides a clear articulation of Kimberly-Clark's approach to fiber procurement. We anticipate that discussion of this issue will continue to evolve as a result of Kimberly-Clark's ongoing engagement with Greenpeace and WWF.
- **Climate change and water:** We agree with the conclusions of the SAB that Kimberly-Clark should better explain its work in these areas. For instance, as a member of the U.S. Environmental Protection Agency SmartWay Transportation Partnership this year's Report acknowledges the Company's efforts to track emissions generated through finished product distribution in the U.S. We recommend, however, that future reports provide specific details to illustrate more clearly the actions employed to reduce emissions associated with transportation and logistics.

**3) Responsiveness: Responsiveness concerns the extent to which an organization responds to stakeholder issues**

The Report acknowledges the importance of stakeholder engagement to Kimberly-Clark as a management tool and the role of stakeholder dialogue in solving complex problems. Further, there is anecdotal evidence that stakeholder issues, concerns and priorities are reflected in Kimberly-Clark's business decisions; for instance product design and package sizes. That said, future Reports would

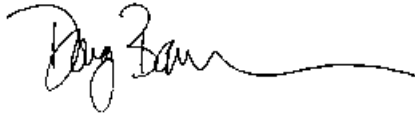
benefit from the inclusion of stakeholder voices or testimonial to better demonstrate the two-way nature of stakeholder dialogue and to detail how stakeholders actually participate in these decision making processes.

Additionally, future reports would benefit from an overview of employee survey results along with interpretation to enable a better understanding of how the Company identifies, accounts for and responds to material employee-related issues.

**Two Tomorrows (North America) Inc**  
**San Francisco**  
**May 2010**



**Todd Cort**  
**Project Director**



**Doug Bannerman**  
**Project Manager**

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\***Two Tomorrows (North America) Inc** The Two Tomorrows group of companies was formed in January 2009 following the merger between leading sustainability and corporate responsibility consultancies, Csrnetwork Ltd and Sd3 Ltd. Two Tomorrows (North America) is a subsidiary of Two Tomorrows Group Ltd. Two Tomorrows is an international consultancy that helps companies to perform better and create value by doing business in a sustainable way. [www.twotomorrows.com](http://www.twotomorrows.com)

