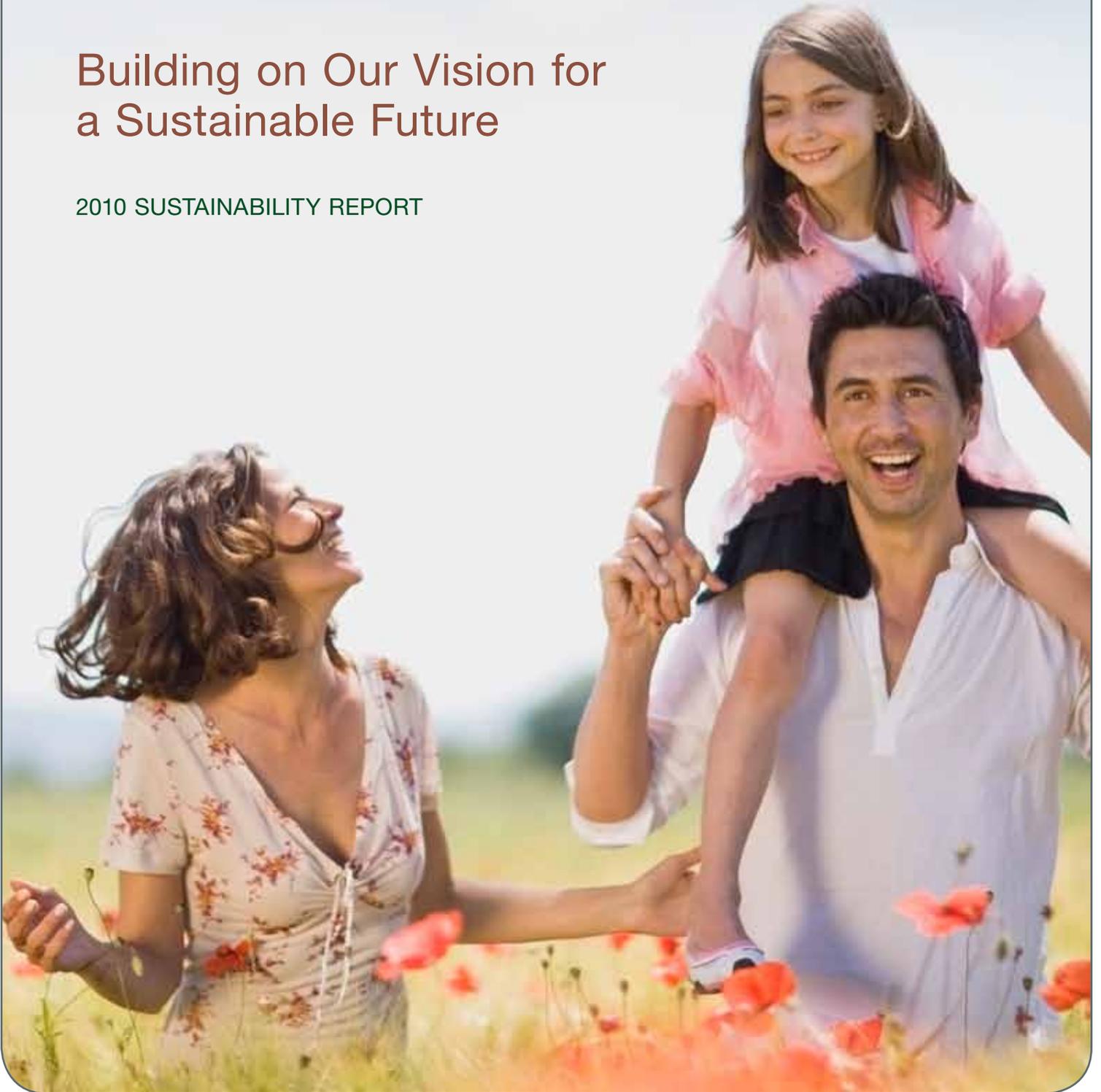




# Building on Our Vision for a Sustainable Future

2010 SUSTAINABILITY REPORT



# 2010 SUSTAINABILITY REPORT



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# 2010 SUSTAINABILITY REPORT



## About This Report

The Kimberly-Clark Corporation 2010 Sustainability Report, *Building on Our Vision for a Sustainable Future*, is written for our employees, governmental and non-governmental organizations, consumers, customers, shareholders, business partners, community members and others with an interest in our approach to corporate citizenship. It details our progress since our previous report and outlines our future commitments.

### REPORT CONTENT

Our report content and structure are based on our recently revised sustainability strategy, which organizes our activities in three key areas or pillars: People, Planet and Products. More information about these pillars is available in our CEO Letter and our Sustainability 2015 Strategy Overview.

More detailed information about our performance in various markets can be found in sustainability reports prepared by Kimberly-Clark Argentina, [Yuhan-Kimberly](#), [Kimberly-Clark Australia](#) and Kimberly-Clark Brazil.

### REPORT BOUNDARY

Data in this report covers the period from January 1, 2010, through December 31, 2010, with select content through March 31, 2011. This is the eighth Sustainability Report for Kimberly-Clark's worldwide operations. We publish reports on an annual basis; our previous report was published in April 2010. Unless otherwise noted, it covers our worldwide consolidated (wholly- and majority-owned) operations. Financial information is given in U.S. dollars unless otherwise stated.

### REPORTING STANDARDS

This report was prepared using the Global Reporting Initiative's (GRI) G3 Reporting Guidelines, which provide a standard framework for organizations to report on their social, environmental, governance and economic performance. We believe this report achieves a self-declared GRI Application Level B+. For more information see our GRI Standard Disclosures and the Index to all Performance Indicators. More information on the G3 Reporting Guidelines and application levels is available at the [GRI website](#).

We draw on guidance from the Greenhouse Gas Protocol for our carbon reporting. Environmental measurement and calculations are based on data from the Kimberly-Clark Sustainability Database, which houses environmental and production data for all of our global manufacturing facilities and offices. Data is collected quarterly from each of these locations.

# 2010 SUSTAINABILITY REPORT



## INTERNAL REVIEW

Our content has been thoroughly reviewed by the Kimberly-Clark Sustainability Reporting team, internal subject matter experts, and our Legal and Internal Audit teams to ensure that reported data is accurate.

## INDEPENDENT ASSURANCE

Two Tomorrows (North America) Inc., an international corporate sustainability agency, conducted a comprehensive assurance process using AAA 1000AS (2008) to evaluate the materiality, completeness and responsiveness of our reporting. They provided a letter of assurance and detailed recommendations that we considered during the preparation of this report.

## SHARE YOUR THOUGHTS

We welcome your comments and suggestions for our future reporting. Please contact us at:

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Neenah, Wisconsin  
USA 54957-2020  
800-331-3422 (within the United States and Canada)  
920-721-8355 (outside of the United States and Canada)  
Email: [sustainability@kcc.com](mailto:sustainability@kcc.com)

For questions regarding this report or Kimberly-Clark's sustainability programs, please contact:

Suhas Apte  
Vice President, Global Sustainability  
Email: [sustainability@kcc.com](mailto:sustainability@kcc.com)

## FORWARD-LOOKING INFORMATION

This publication may contain forward-looking information within the meaning of the U.S. federal securities laws. In light of the risks and uncertainties involved, you should read the risk factors and forward-looking information sections of Kimberly-Clark's fiscal year [2010 Form 10-K](#).

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## Raising the Bar with Sustainability 2015

Sustainability 2015 is a vital part of achieving our Global Business Plan.

Building on the successes of Kimberly-Clark's (K-C's) three previous Vision programs, K-C is launching Sustainability 2015, our most ambitious and comprehensive sustainability program to date. K-C first embarked on this sustainability journey in 1994 with the Vision 2000 program, and for 15 years we've been setting and working toward environmental improvement goals. Vision 2010 and its predecessors were primarily focused on environmental performance and driven by K-C operations.

### BROADENING OUR VISION

Today, global corporations face increasing costs and regulation, amid diminishing resources, to support a burgeoning population. To meet these heightened challenges, we've broadened our vision.

Our Sustainability 2015 strategy revolves around the three pillars of sustainability: people, planet and products.

- **People**—Ensure that our business practices are beneficial to our employees and the communities where we operate and market our products
- **Planet**—Use sustainable environmental practices to ensure our ability to grow under constrained global resources
- **Products**—Innovate products and business models to reach emerging customers

### INVOLVING OUR BRANDS

Sustainability 2015 is a vital part of the roadmap for achieving our Global Business Plan. It is a plan for action with measurable goals that leverages the power of our global brands and businesses to address the full spectrum of global sustainability issues.

Working collaboratively with our global business units, we've established 2015 targets that we need to achieve so that we can make strides in our sustainability journey. We've carried over appropriate goals from Vision 2010 where significant opportunities to advance our agenda remain. Achieving these goals involves a renewed commitment to excellent environmental performance.

The goals set forth in Sustainability 2015 are ambitious but achievable. It's the choice we've made as we strive to lead the industry in providing essentials for a better life.

# 2010 SUSTAINABILITY REPORT



**Kimberly-Clark**  
**SUSTAINABILITY 2015**

**PEOPLE**

- Zero workplace fatalities
- Socially focused programs in all K-C communities
- 100% compliance to K-C social standards

**PLANET**

- 25% reduction in water use + maintain quality of discharge
- 100% fiber from certified suppliers
- 5% absolute reduction in GHG
- Zero manufacturing waste to landfill

**PRODUCTS**

- 250 million new consumers touched daily
- 25% of 2015 net sales from environmentally innovative products
- 20% reduction in packaging environmental impact

# 2010 SUSTAINABILITY REPORT



## Message from Tom Falk, Chairman and Chief Executive Officer

### A LEGACY OF SUSTAINABILITY

At Kimberly-Clark, we believe that what's good for business must also be good for the environment and the interests of the people we serve every day. That firm conviction has guided our organization for nearly 140 years. We will continue to focus on our strategy for sustainable growth, having long recognized that sustainability offers business advantages that can make our company stronger.

Sustainability is an essential part of how we operate. We can—and must—meet present needs while also considering the needs of future generations. The values woven deeply into the K-C culture influence all of our thinking and actions from the goals we set to our approach for solving challenges. For us, sustainability is about making a positive impact on the world today, with respect for the generations of tomorrow.

### A BROADER SUSTAINABILITY STRATEGY

Sustainability is becoming increasingly important to all of our stakeholders. The sustainability movement is gaining momentum as more companies around the world implement initiatives centered on environmental practices. K-C has introduced many environmental best practices and is driving important changes in others.

The good news is initiatives like these are becoming commonplace. Most companies now have environmental improvement programs in place. So, companies at the forefront of sustainable practices are now expanding their efforts to better address the social responsibility of their supply chain, increase employee engagement in sustainability and address the social needs of consumers.

That's why we're launching a broader strategy that includes long-term goals to address the social, environmental and economic aspects of sustainability. Sustainability is more than being "green" or eco-friendly. It's about being a good steward of our environment and about how we care for our people and how we serve our communities. We must think about future generations and meet the pressing social and economic needs of emerging countries.

### SUCCESSES IN 2010

During the past year, K-C found many ways to leverage sustainability as a competitive business advantage, for example:

- We completed Vision 2010, our third set of five-year voluntary environmental goals, and met many of the energy and water management goals while making significant progress toward others.
- Many of our mills improved energy and water-use efficiency. For example, our mills in Rouen, France, and Niederbipp, Switzerland, have further reduced their fresh water use. This accomplishment is especially impressive considering that these mills were already well below the established benchmark and have been below the benchmark since the inception of the Vision 2010 program.

# 2010 SUSTAINABILITY REPORT



- We developed socially focused programs as we strive to make a positive contribution to society:
  - Our Huggies® Every Little Bottom program encouraged consumers and diaper banks to donate and distribute 22.5 million diapers to needy families in the U.S. and Canada.
  - We engaged with more stakeholders including United Nations Global Compact, World Wildlife Fund, Greenpeace and others to gain fresh perspectives. By uniting forces with these thought leaders, we're identifying more ways to create a better future for us all.
- Through product innovation and the power of our brands, we're creating sustainable solutions for our consumers and customers:
  - We launched Scott Naturals™ Tube-Free bathroom tissue. Eliminating the tube holds the potential of keeping millions of pounds of paper waste out of U.S. landfills.
  - K-C introduced Scott Naturals Smart Flush™ bag, a product to help consumers conveniently reduce water use associated with toilet flushing, saving one liter per flush.

For all of our global social and environmental efforts, we have been recognized by leading organizations and rankings. For the eighth consecutive year, K-C was listed on the FTSE4Good Index, a series designed to measure company performance against globally recognized corporate responsibility standards. In Korea, Yuhan-Kimberly was named the most socially responsible company by Korean Management Association Consulting. We were named a 2010 ENERGY STAR Partner of the Year by the U.S. Environmental Protection Agency for the second year, and we placed No. 5 in the "Best Corporate Citizens" by *Corporate Responsibility Magazine*. A number of our operations in Latin America were also rated highly in their countries for social responsibility efforts or as great places to work. Our achievements around the world are detailed in the Awards and Recognition section of the report.

## THE ROAD AHEAD

We celebrate these successes because they confirm the quality of the work we do. But, for all the progress we've made, much remains to be done. We must continue building on our commitment for a sustainable future.

Working together, I'm confident that K-C will continue to achieve sustainable growth, create value for our shareholders and responsibly manage our planet's resources. It's all part of how K-C will deliver on our vision to lead the world in essentials for a better life.

Tom Falk  
Chairman and Chief Executive Officer



## Message from Suhas Apte, Vice President, Global Sustainability

This past year was a time to both reflect on the past and envision the future. As K-C concluded Vision 2010, it was gratifying to tally up the progress we made and the goals we achieved. Through our previous three environmental initiatives, we've made great strides in building a better company.

But now it's time to transition to a broader, more holistic vision. It's quite apparent that the magnitude of many societal issues puts them beyond the ability of governments to solve on their own. The business community has a role to play, and for K-C that means that our view of sustainability must reach beyond managing just our own footprint. We must now look at being part of the solution to the challenges our society as a whole faces.

We are committed to helping create a world where people can access and enjoy the basics of life—from clean water to rewarding employment. This is why we must continue addressing climate change, ecosystems and biodiversity and building more sustainable supply chains to ensure responsible consumption. We will continue contributing to economic development by creating jobs and opportunities in emerging and developing markets while providing access to these essentials. These are the type of changes we want to instill.

As we developed our Sustainability 2015 strategy, we challenged ourselves to set goals that will address these pressing issues. The three pillars of our Sustainability 2015 strategy are:

People—From diapers to philanthropy, we build relationships for life.

Planet—We use sustainable environmental practices to grow responsibly in a world of finite resources.

Products—We create essential products that improve lives around the world every day.

Within Sustainability 2015, we've also established four focus areas in which we believe our responsibility goes beyond merely meeting our goals:

- Trees—Conserving forests through protection, reforestation, responsible fiber sourcing and research
- Water—Providing access to clean water and sanitation and replenishing water back to communities
- Post-consumer waste—Developing responsible solutions for our disposable products
- Access to essentials—Promoting health and hygiene through access to our products

We know we will need help to achieve these goals. As we seek to accelerate our progress, we invite the support of all our stakeholders—our employees, customers, consumers, suppliers, non-governmental organizations and industry—to work with us. Because together, we can all help create a sustainable future for everyone.

Suhas Apte  
Vice President, Global Sustainability

Our role in sustainability must be larger than managing just our own footprint. We must now look at being part of the solution to the challenges our society as a whole faces.

# 2010 SUSTAINABILITY REPORT



## Awards and Recognition



[FTSE4Good Index](#)

Recognized K-C for our corporate responsibility standards for the eighth consecutive year.

### K-C GLOBAL AWARDS MAP



Argentina

*Apertura* magazine [ranked K-C as No. 18 in The Best 100 Companies in Argentina.](#)

Merco (Corporate Reputation Monitor) [rated K-C as No. 2 in the Drugs and Perfumery Sector and No. 19 for Company Reputation.](#)

Great Place to Work® Institute [rated K-C as No. 2 Best Company to Work For in Argentina.](#)

# 2010 SUSTAINABILITY REPORT



## Bolivia

Great Place to Work Institute [rated K-C as No. 24 in the 100 Best Workplaces in Latin America.](#)

## Brazil

Great Place to Work Institute Brazil [evaluated K-C as the No. 2 Best Company to Work For](#) in Brazil.

## Central America

Great Place to Work Institute [evaluated K-C as the No. 4 Best Place to Work](#) in Central America and the Caribbean.

## Chile

Great Place to Work Institute Chile [evaluated K-C as No. 3 in Best Companies in Chile 2010.](#)

## China

China Social Works Association awarded K-C China its Excellent Corporate Citizenship Award for the fourth consecutive year.

The Association of Community Service of China's Community Development Foundation awarded K-C China its "Advanced Enterprise of Community Service" recognition.

## Colombia

Great Place to Work Institute [rated Colombiana Kimberly Colpapel as No. 18 in the 100 Best Workplaces in Latin America.](#)

## Costa Rica

The Costa Rican Association of Maintenance Engineering presented K-C Costa-Rica the "Creando un mejor futuro" (Creating a Better Future) award.

Mexican Center for Philanthropy recognized K-C Costa Rica in the category of Care and Preservation of the Environment for Better Practices of Social Responsibility in Latin America.

## Ecuador

Great Place to Work Institute [rated K-C as No. 17 in the 100 Best Workplaces in Latin America.](#)

## El Salvador

Great Place to Work Institute [rated K-C as No. 1 in the 100 Best Workplaces in Latin America.](#)

Great Place to Work Institute rated K-C El Salvador as No. 1 in the Best Companies to Work For in Central America and the Caribbean.

# 2010 SUSTAINABILITY REPORT



## France

Corporate Research Foundation [named K-C one of the Top 20 Great Places to Work.](#)

## Guatemala

Great Place to Work Institute [rated K-C Guatemala as No. 4 in the Best Company to Work For in Central America and the Caribbean.](#)

## Honduras

Great Place to Work Institute [rated K-C as No. 14 in the 100 Best Workplaces in Latin America.](#)

Great Place to Work Institute [rated K-C Honduras as No. 3 in the Best Company to Work For in Central America and the Caribbean.](#)

## Korea

Great Workplace and Great Places to Work in Korea [gave K-C the Grand Prize for the Best Socially Responsible Company in Korea.](#)

Korean National Assembly recognized Yuhan-Kimberly as the Best Role Model Company in Korea.

Korea Management Association selected Yuhan-Kimberly as the Most Admired Company in Korea for the seventh consecutive year.

Korean Management Association Consulting named Yuhan-Kimberly No. 3 in the manufacturing sector on the 2010 Korea Great Workplace Index.

Yuhan-Kimberly won the 2010 Grand Prize for Socially Responsible Company in Korea in the Eco-Friendly Management Division.

Chosun Daily ranked Yuhan-Kimberly No. 2 in the most attractive foreign-invested companies in Korea with its excellent corporate image and corporate social responsibility activities by KMAC.

The Korea Green Foundation gave Yuhan-Kimberly the 2010 Lohas Award for its efforts in maintaining sustainability and corporate social responsibility.

## Latin America

Great Place to Work Institute [rated K-C as No. 1 in the 50 Best Multinational Companies to Work For in Latin America.](#)

# 2010 SUSTAINABILITY REPORT



## Panama

Great Place to Work Institute [rated K-C Panama as No. 5 in the Best Company to Work For in Central America and the Caribbean.](#)

## South Africa

BEST Employers™ [included K-C in Best Employers 2010/2011.](#)

## Spain

*Actualidad Economica* magazine [placed K-C as No. 1 in The Best Companies to Work For.](#)

## South Africa

## Thailand

The Ministry of Labor [honored K-C with the Outstanding Establishment on Labor Relations and Welfare Award for five consecutive years.](#)

## United States

*Newsweek* [ranked K-C as No. 76 on the Top 100 Greenest U.S. Companies list.](#)

K-C earned the No. 5 ranking in [Corporate Responsibility magazine's](#) 100 Best Corporate Citizens list.



## Sustainability Overview: Evaluating Vision 2010

Striving to achieve the voluntary environmental goals set forth in Vision 2010 has advanced our journey toward sustainability.

Last year marked the conclusion of Vision 2010, the third in a series of five-year global initiatives designed to drive improvement toward energy-, water- and waste-reduction targets. These voluntary environmental targets were set to make K-C facilities around the world cleaner, safer and more efficient. They were designed to drive our performance beyond regulatory compliance and toward reduced costs, competitive advantage and sustainable manufacturing. They provided a focused and disciplined way to prioritize environmental issues and to demonstrate progress in key areas of global concerns.

### MEASURING OUR SUCCESS

Looking back on how far we've come, it's clear that this program was successful. Pushing our organization to set and strive for voluntary goals has resulted in continuous improvements. In many areas, we achieved our Vision 2010 goals. In other areas, we made considerable progress—more than we would have realized without this framework to guide us. But, in a few areas, progress remains elusive. After 15 years of continuing efforts to improve the environmental performance and energy efficiency of our operations, we confront diminishing returns, as continued progress becomes more challenging and requires greater investments of creativity, commitment and capital.

Vision 2010 was closely aligned with our Global Business Plan by driving greater efficiency in our operations and promoting innovative materials and products. We set aggressive goals for our manufacturing facilities in key areas of environmental sustainability and management to address critical global issues:

#### Progress to Our Vision 2010 Goals

Issue	Vision 2010 Goal	Progress Since 2005
Water: Fresh water consumption	Reduce total fresh water use at our tissue facilities by achieving facility-specific water efficiency targets	Achieved targets at 62% of facilities  Reduced total water use by 16 million cubic meters (4 billion gallons) a year or 11% since 2005  Improved fresh water efficiency (cubic meters of water used per metric ton of product) by 3%

# 2010 SUSTAINABILITY REPORT



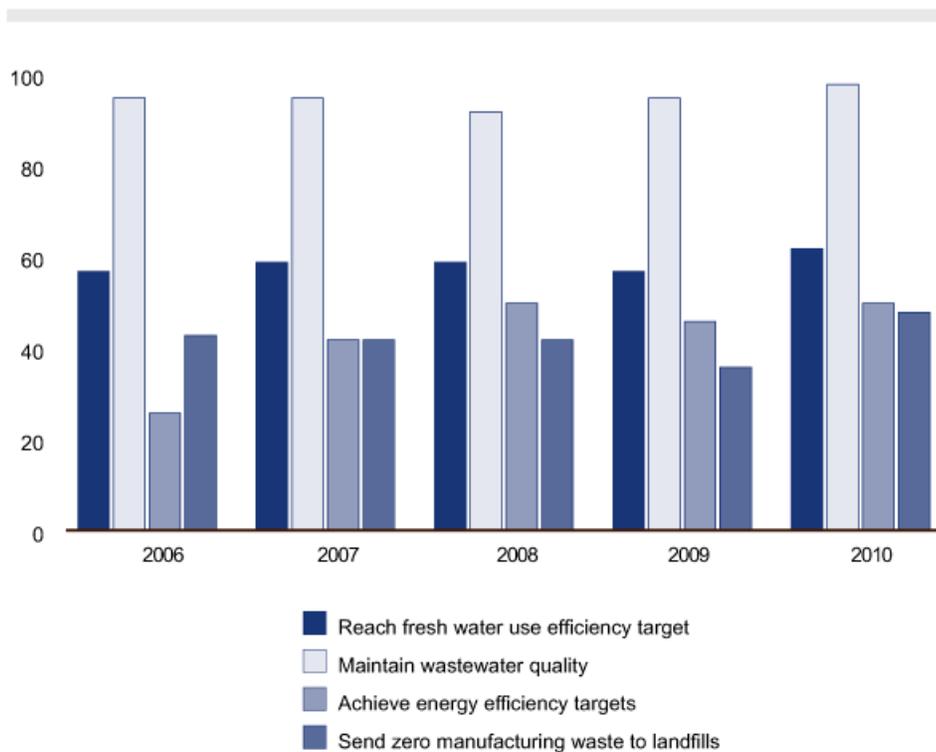
Water: Wastewater quality	Maintain treated wastewater quality consistent with best available technology at our tissue facilities that discharge directly into water ways	Met goals at 98% of mills
Energy efficiency	Reduce energy consumption by achieving best-in-class energy efficiency targets  Reach energy efficiency targets at 100% of facilities	Achieved energy targets at 50% of facilities, compared to only 26% in 2005. This saved \$43 million and improved energy efficiency by 5.8%. Energy used decreased from 16.16 MBTU/MT in 2005 to 15.23 MBTU/MT in 2010  Reduced energy use by 3.5 trillion British thermal units (369,271 gigajoules) or 4.3%
Carbon emissions	Achieve a year-to-year reduction of carbon dioxide equivalent emissions per unit of global production for manufacturing  Obtain a year-to-year reduction in emissions related to U.S. product transportation	Reduced total (direct and indirect) carbon dioxide equivalent emissions per unit of production for manufacturing by 10.4%  Reduced absolute total (direct and indirect) carbon dioxide equivalent emissions by 5.1%  Increased carbon emissions related to U.S. product transportation by 5%
Waste to landfills	Eliminate manufacturing waste sent to landfills	Diverted 79.4% of manufacturing waste from landfills
Manufacturing waste	Reduce manufacturing waste per unit of output by 10%	Increased waste per metric ton of production by 9.8%

# 2010 SUSTAINABILITY REPORT



The table below shows the percentage of facilities that had achieved their targets by the end of 2010.

## Facilities Meeting Vision 2010 Goals



## Fresh Water Consumption

We scored a double win in our management of water by improving overall water efficiency and reducing the absolute amount of water used. Water efficiency is a measure we use to track the amount of fresh water required to produce a ton of product. K-C established a fresh water use benchmark for all tissue manufacturing facilities as part of the Vision 2005 Environmental Program. This corporate-wide benchmark is 30 cubic meters per bone dried metric tons ( $m^3$ /BDMT) of product, and for some mills located in water-scarce regions or where governmental regulations required lower water use, the benchmark was lowered to 25  $m^3$ /BDMT in 2005. These benchmarks were carried forward in Vision 2010. Overall, fresh water use efficiency improved from 44.32  $m^3$ /mt to 42.9  $m^3$ /mt, improving by 3 percent. Globally, 62 percent of applicable K-C facilities achieved their internal benchmarks.

# 2010 SUSTAINABILITY REPORT



K-C mills also made progress in terms of absolute fresh water consumption. Fresh water consumption is water that is lost from our manufacturing process through evaporation and manufacturing residuals. Our facilities used internal recycling methods to eliminate fresh water use and offset total absolute water use by 16 million cubic meters a year—an 11-percent improvement since 2005.

#### Wastewater Quality

Nearly all (98 percent) of K-C's manufacturing facilities met or surpassed the K-C Vision 2010 discharge limits for biochemical oxygen demand (BOD) and total suspended solids (TSS), which are equivalent to or more stringent than the limits set for the paper and pulp industries by the countries in which we operate.

#### Energy Efficiency

Half of K-C facilities achieved their energy targets. Overall energy use decreased by 4.3 percent, and energy efficiency per unit of product improved by 6 percent.

#### Carbon Emissions

Greenhouse gas (GHG) emissions from manufacturing decreased from 6.01 tons of carbon dioxide equivalent per unit of production in 2005 to 5.7 tons in 2010, a more than 5-percent absolute reduction. Carbon dioxide equivalent per ton of product has improved 10.4 percent. We increased Intermodal utilization by 86 percent since 2006. By increasing utilization, K-C reduced diesel fuel consumption by 66 million gallons, which saved more than 700,000 tons of carbon dioxide equivalent.

#### Solid Waste

Overall, we generated more waste than expected, as total manufacturing waste rose by 12.7 percent, from 1.32 million metric tons in 2005 to 1.51 million metric tons in 2010.

The majority of this increase in waste to landfill resulted from our Latin American tissue operations, specifically sludge generated from the recycled fiber process. We have new capacity and increased production of recycled fiber in this region. In all, our Latin American operations landfilled 104,987 metric tons more in 2010 than in 2005. Other increases were related to recycling vendors ending or limiting relationships with our facilities because of the economy or other situations. In these cases, it takes time to find other outlets, so the sludge is often landfilled.

Despite this overall increase, nearly half (48 percent) of K-C's facilities were able to achieve the target of zero manufacturing waste to landfills.

# 2010 SUSTAINABILITY REPORT



## COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

Compliance with environmental regulation is a foundation of K-C's environmental policy. The Environment, Health and Safety (EH&S) Management System includes a procedure for annual self-assessment by our operating facilities along with guidance to help our teams identify regulatory requirements. All operating facilities are required to complete an annual regulatory compliance self-assessment as well as quarterly environmental compliance assurance statements that receive attention at the highest levels of the company as part of the internal financial controls process.

### Enforcement Action and Fines

Period	Mill	Description	Fine	Resolution
1st Quarter 2010	Chester, Pa., U.S.	K-C entered a consent order with U.S. EPA Region 3 and paid a penalty assessment for late filing of a 1998 PCB registration requirement.	\$ 12,700	Transformers in question were removed and disposed of in accordance with EPA requirements.
1st Quarter 2010	Chester, Pa., U.S.	K-C entered an agreed order with the Pennsylvania Department of Environmental Protection to resolve an allegation that certain emission inventory reports mistakenly omitted an adhesive that contained volatile organic compounds and that a continuous emission monitor report was filed late.	\$ 3,000	The mill filed amended emission inventory and continuous emission monitoring reports and paid additional emission fees of \$2,894.

# 2010 SUSTAINABILITY REPORT



2nd Quarter 2010	Loudon, Tenn., U.S.	K-C entered a consent order with the Tennessee Department of Environment and Conservation to resolve four air compliance issues involving the Loudon mill's wood waste boiler that were identified by the agency between 2008 and 2010.	\$ 40,000	The Order recognized that K-C had expended substantial financial resources to improve boiler performance and that the agency took the Company's "cooperation and good faith" into account. The mill continues to make significant investments to improve the environmental performance of the Loudon wood waste boiler.
4th Quarter 2010	Chester, Pa., U.S.	In May 2007 the Delaware County Regional Water Quality Authority ("Delcora") —a public agency that operates a sewage system and a wastewater treatment facility serving industrial and municipal customers—initiated an administrative action against K-C's mill in Chester, Pennsylvania, United States. Delcora alleged that the Chester mill underreported the quantity of effluent discharged to Delcora for several years due to an inaccurate effluent flow metering device.	\$250,000	The parties conducted a mediation that yielded a settlement agreement under which K-C agreed to pay Delcora a monetary sanction of \$250,000 and a fraction of the disputed historic charges for wastewater treatment services.

# 2010 SUSTAINABILITY REPORT



## Enforcement Actions and Penalties Paid

	2006	2007	2008	2009	2010
Number of Enforcement Actions	12	7	10	8	14
Amount of Penalties Paid	\$4,500	\$206,000 (including pollution abatement donation of \$125,000)	\$7,000	\$0	\$305,700

# 2010 SUSTAINABILITY REPORT



## Understanding Our Governance and Ethics

K-C and its board of directors is committed to acting with accountability and authenticity in all activities.

K-C maintains highly respected corporate governance practices that are overseen by our board of directors, board committees, chairman and chief executive officer, chief financial officer and general counsel. More information on our governance structure, governance practices and the composition of our board of directors and board committees is available on the [K-C website](#).

### STRENGTHENING OUR SUSTAINABILITY LEADERSHIP

In 2010, Jan Spencer, former president of K-C Professional, was appointed senior vice president of Continuous Improvement, Procurement and Sustainability. He is a member of the K-C Global Strategic Leadership Team (GSLT) and reports directly to K-C CEO Tom Falk. This assignment demonstrates the high level of commitment within K-C to sustainability. Vice President, Global Sustainability, Suhas Apte reports directly to Jan Spencer. The experience of this management team in driving operational effectiveness and sustainability across multiple areas of our business will contribute greatly to our ability to deliver on our Global Business Plan and Sustainability 2015.

#### Sustainability Advisory Board

Our Sustainability Advisory Board (SAB) advises the GSLT and Global Sustainability function on sustainability issues. This group of seven external experts provides an independent view of our sustainability programs and offers a valuable critique of the potential risks and opportunities for our business. We added three new members to the SAB in 2010. The SAB met twice and held several telephone consultations to review K-C's new 2015 sustainability strategy, climate change issues, social compliance program development, sustainable product research and many other pertinent topics. In addition, the SAB reviewed and provided an external assessment of this report. The letter is available in the Independent Assessments section.

For more information on our Sustainability Advisory Board, see [http://www.kimberly-clark.com/our\\_responsibility/products/governance/managementsystems.aspx](http://www.kimberly-clark.com/our_responsibility/products/governance/managementsystems.aspx).

#### Sustainability Advisory Board Appoints New Members

K-C added three new members to our Sustainability Advisory Board, which provides the company with strategic guidance on social, environmental and economic issues. The new members include: Malini Mehra, founder and CEO of the Centre for Social Markets; Ricardo Young Silva, former executive president of Ethos Institute; and Andrew Winston, co-author of the best seller *Green to Gold* and author of *Green Recovery*. Together with the four existing members of the Sustainability Advisory Board, these sustainability experts will use their knowledge and experience to assist K-C in fulfilling its commitment to sustainability.

# 2010 SUSTAINABILITY REPORT



## Environmental Management Systems

As part of Vision 2010, we set the goal that all K-C manufacturing facilities would implement an Environment, Health and Safety (EH&S) Management System. In 2007, we developed an internal EH&S Management System that meets or exceeds the ISO 14001 and Occupational Health and Safety Assessment Series (OSHAS 18001) standards. While we did not meet the goal of an implemented EH&S Management System at all of our manufacturing facilities, we can report that the system is available globally and we are making progress implementing these standards. In 2010, we enhanced the management system and began a three-year global EH&S assessment process to evaluate system effectiveness.

For more information on this system, see [http://www.kimberly-clark.com/our\\_responsibility/products/governance/managementsystems.aspx](http://www.kimberly-clark.com/our_responsibility/products/governance/managementsystems.aspx).

## ISO 14001-certified Mills

Mill	Country
Albury	Australia
Millicent	Australia
Tantanoola	Australia
Correia Pinto	Brazil
Eldorado do Sul	Brazil
Mogi das Cruzes	Brazil
Suzano	Brazil
Beijing	China
Nanjing	China
Shanghai	China
Barbosa	Colombia
Belen	Costa Rica
Cartago	Costa Rica
Sitio del Niño	El Salvador
Villey Saint Etienne	France
Koblenz	Germany
Reisholz	Germany
Afula	Israel
Hadera	Israel
Nahariya	Israel
Alanno	Italy
Romagnano	Italy
Anyang	Korea
Kimcheon	Korea

## New ISO 14001 Mills

Since 2007, many of our mills have been working toward certification under the ISO 14001 international standard for environmental management as a demonstration of best practice or because of business need. During 2010, an additional 14 mills achieved this certification, bringing the total number of ISO 14001-certified mills globally to 43.

# 2010 SUSTAINABILITY REPORT



Taejon	Korea
Kluang	Malaysia
Santa Clara	Peru
Klucze	Poland
Cape Town	South Africa
Enstra	South Africa
Arceniega	Spain
Aranguren	Spain
Calatayud	Spain
Salamanca	Spain
Niederbipp	Switzerland
Chung-Li	Taiwan
Hsin-Ying	Taiwan
Ta-Yuan	Taiwan
Istanbul	Turkey
Barrow	U.K.
Flint-Coleshill	U.K.
Flint-Delyn	U.K.
Corinth (KCP)	U.S.

## UPHOLDING OUR CODE OF CONDUCT

Our commitment to high ethical standards includes ensuring that all of our employees understand and adhere to our [Code of Conduct](#). During 2010, we launched new training and communication tools to achieve a higher level of awareness and compliance with the Code.

### Code of Conduct Survey

We're pleased by the positive results of our annual global Code of Conduct survey. The overall response rate increased from 72 percent in 2009 to 77 percent in the most recent survey.

We attribute the increased response rate in part to Code of Conduct training conducted late in 2010. Nearly 70 percent of respondents stated that they had received training in the past 12 months, up from 57 percent in 2009.

# 2010 SUSTAINABILITY REPORT



The majority of participants (93 percent) reported that they could recognize and report misconduct or unethical behavior. Compared to previous survey results, the number of observed instances of potential code violations has steadily declined, while the number of potential code violations reported to the Code of Conduct Line has increased. However, the majority of potential violations are reported through means other than through the Code of Conduct Line. One-third of the respondents reported misconduct to their team leader, while 18 percent discussed the issues directly with their colleague. The methods of reporting varied slightly among the different regions, but discussing the incident with a team leader was the primary method of reporting across all regions.

Through an analysis of the survey results, we have identified seven locations that would benefit from targeted training and have scheduled training sessions for 2011.

## Observed and Reported Conduct Violations

	2008	2009	2010
Observed instances of code violations	9,530	4,336	4,206
Reports to Code of Conduct Line	56	54	63

The most commonly reported instances of misconduct involved safety, sanitation or regulatory issues (40 percent) and harassment or discrimination issues (19 percent). Observations relating to risks to our reputation, Foreign Corrupt Practices Act (FCPA), sustainability, environmental concerns, insider trading and misstating financial results accounted for less than 1 percent of total survey results. We do not believe that any of the issues raised were material to our business, financial performance or operational results.

In 2010, we received 63 reports through the Code of Conduct Line or our intranet website. While three reports contained insufficient information to conduct an investigation, 60 reports were investigated. Of those, 15 were classified as founded, 40 were classified as unfounded, two were investigated and closed but the outcomes were not reported, and three were still under investigation at the end of 2010. Appropriate disciplinary action ranging from a reprimand to employee termination was taken for all founded violations.

# 2010 SUSTAINABILITY REPORT



## The Code in Real Life

In late 2010, we launched *Ethical Moments*, our new communication tool that helps employees understand how the Code of Conduct operates in real life. Delivered globally six times a year in different formats, it teaches and reinforces the values that underlie the way in which K-C operates. It's supplemented by another new tool, *Compliance Points*, an easy-to-read communication that emphasizes the laws and policies that govern our company and the way we conduct business.

## Earning GovernanceMetrics International's Highest Rating

Our high ethical standards and best-in-class corporate governance standards were recognized by GovernanceMetrics International (GMI) in 2010. GMI ranked K-C as one of only 43 companies worldwide to receive a rating of 10, the highest rating. In addition, GMI named K-C as one of the top 20 U.S. companies with the best corporate governance scores in its database of approximately 4,200 companies.

Our Code of Conduct and corporate policies inform employees that we expect consistent, ethical behavior and compliance with applicable laws. The K-C Code of Conduct and corporate policies apply worldwide. For further information on K-C sustainability practices and policies including the following, see [http://www.kimberly-clark.com/our\\_responsibility/reporting/policies.aspx](http://www.kimberly-clark.com/our_responsibility/reporting/policies.aspx):

- Code of Conduct
- Product safety policies
- Environmental policies
- Employment policies
- Ethical sourcing policies
- Community policies
- Fiber procurement policies

# 2010 SUSTAINABILITY REPORT



## PEOPLE

### Essentials for a Better Life

From diapers to philanthropy, we build relationships for life.

Our broad-based Sustainability 2015 strategy recognizes the importance of K-C's social performance. It sets forth goals and a strategy to ensure that our business practices are beneficial to our employees and the communities where we operate and market our products.

Sustainability 2015 Goals:





## Engaging Our Employees

We listen carefully to our employees and act on their concerns.

### PUTTING INPUT INTO ACTION

Because we value our employees' input, we rely on many ways to listen to them. One of the most comprehensive tools we use is a global employee engagement survey conducted every two years. That time frame allows us to study the feedback, share the results, respond to employee concerns and measure our progress.

A record number of K-C employees responded to our 2010 global employee engagement survey, with 95 percent of all employees worldwide completing the survey. That's an improvement over the already strong response rate of 93 percent for the 2008 survey and 12.5 percent higher than the industry standard for high-performing companies. Results are used to measure both employee engagement and enablement, and to identify areas for improvement and success.

In 2010, the overall survey results indicate a positive K-C work environment that can now be considered high performing. Almost 60 percent of questions score either at, or above, the vendor's high performance norm. Our survey is designed to measure employee engagement (motivation) as it encompasses three factors:

- The degree of psychological or emotional commitment an employee has to the organization
- An employee's willingness to expend discretionary effort on behalf of the organization—to go above and beyond formal job requirements
- An intention to remain with the organization

The survey also strives to measure employee enablement, which is the degree to which we provide employees with the ability to successfully accomplish their jobs. Employees' motivation must align with a work environment that allows them to channel their extra efforts productively.

### A POWERFUL PROCESS

We've already shared results of the 2010 employee engagement survey with team leaders and employees. Team leaders are constructing and implementing action plans using the tools provided by the survey vendor, the Hay Group. From past experience, we know how powerful this process can be. In addition to action taken at the enterprise, business unit and regional levels, individual team leaders developed action plans to improve employee engagement and enablement within their teams.

# 2010 SUSTAINABILITY REPORT



Throughout 2009 and 2010, team leaders instituted a number of creative local solutions to issues raised in the 2008 survey. Some examples include:

- Taiwan: A two-day team-building workshop between mill management and union leaders resulted in new, objective performance criteria.
- Turkey: Survey results led to a change in working hours that helps workers avoid rush-hour traffic and spurred new leadership and employee development programs.
- Financial Shared Services: All team members in this organization in North America and Europe have received career development training.
- Chile: For the first time, employees completed a “360-degree” leadership survey based on team member input.

#### **Tapping into the Power of Role Models**

We're tapping into the power of role models to unleash the potential of our people. The almost 18,000 members of the K-C International (KCI) team recently selected 10 colleagues whom they look to as examples of exemplary performance standards and exceptional inspiration. The new KCI Role Model Award was presented to employees who embody the One K-C values by their fellow employees because they:

- Live our values each and every day
- Put consumers and K-C first in everything they do
- Demonstrate their passion for high performance and winning
- Actively seek out and apply diversity of thought and ideas



# 2010 SUSTAINABILITY REPORT



## Number of K-C Employees†

Region	2006	2007	2008	2009	2010
North America	17,000	16,000	16,000	15,000	15,000
Latin America	13,000	14,000	15,000	18,000	19,000
Europe, Middle East and Africa	10,000	9,000	9,000	9,000	9,000
Asia/Pacific	16,000	14,000	14,000	14,000	14,000
<b>Total</b>	<b>56,000</b>	<b>53,000</b>	<b>54,000</b>	<b>56,000</b>	<b>57,000</b>

†Full-time and part-time, by region, as of December 31, 2010.

## 2010 Employee Engagement Survey Results

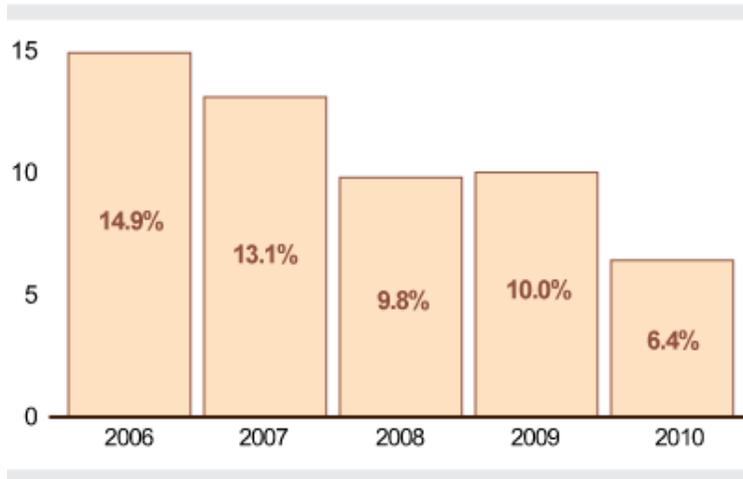
Participation	Engagement	Enablement
95%	75%	68%
Up 2%; 13% higher than average for high performing companies	Up 2% from 2008	Up 1% from 2008

Note: 95 percent of eligible employees participated. Eligible employees did not include Safeskin employees and K-C de Mexico, which were excluded.

# 2010 SUSTAINABILITY REPORT



U.S. Employee Turnover Ratio





## Investing in Our People

We provide our people with the rewards, feedback and training needed to reach their potential. This is an investment in their future and ours.

### UNLEASHING THE POWER OF OUR PEOPLE

Employees are our competitive edge in the marketplace. We need the right people in the right jobs across the globe. In early 2010, K-C kicked off a new global Talent Initiative to ensure we strengthen our leadership capability and build a robust, diverse talent pipeline.

Designed to align with our principles, this Talent Initiative will help us achieve our Global Business Plan. People from across the organization provided input to develop the strategies that will change our approach to talent and people development. We're looking to:

- Attract the right people
- Engage the right people
- Develop people
- Lead our people with highest standards

In support of our Talent Initiative, our new Global People Strategy, including a five-year program roadmap, is in place and we're rolling out several key components, including:

- Updated leadership behaviors, aligned with our Global Business Plan, for K-C employees worldwide
- Two new leadership development programs, one for senior-leadership candidates and another for all employees
- Business leaders have identified more than 200 roles at K-C in which succession and development are critical to the long-term success of the business
- Leader training to ensure quality coaching and career development conversations
- Updated diversity and inclusion vision and definitions

These steps are already changing how we build talent, provide feedback and equip people to do their best work.

# 2010 SUSTAINABILITY REPORT



## ATTRACTING AND RETAINING TALENT

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 that they are competitive and aligned with the company goals.

### Compensation

K-C believes compensation should be aligned with performance. We design our compensation programs to align pay components such as base salary adjustments and annual and long-term incentive awards with individual and/or business performance. Annual incentive (or bonus) plans are offered to some employees based on their contribution to the organization. Annual incentive plan payouts are based on business performance. Long-term awards are comprised of stock options and performance-restricted share units. As with the annual incentive plan, the value of the long-term award payouts is based on company performance.

### Benefits

K-C offers a competitive set of health and welfare and retirement plans.

### Work-life Balance

To allow employees to balance work with personal commitments, we offer flexible working arrangements that are consistent with our customers' requirements. These arrangements include flexible hours and compressed work weeks.

## GROWING PROFESSIONALLY

While we believe that employees are accountable for their own careers, we also understand that people are empowered through meaningful work and challenging experiences. Regardless of an employee's career path, we provide the tools and opportunities to grow through professional development. Our Global Marketing University and Global Procurement Academy are two recent examples of the extensive training opportunities we make available to our employees.

### Innovative Marketing Teams

At K-C's 2010 Global Marketing University (GMU), marketing professionals and other business professionals were encouraged to "Unleash the Innovation" within themselves to help K-C achieve our Global Business Plan goals.

The GMU program helps us make progress in our journey toward becoming a truly brand-led company. In support of our goal to leverage the power of our brands, GMU participants focused on:

- Building common processes
- Rapidly sharing lessons learned
- Leveraging insights, innovation and research across the world
- Developing the global brand teams that will help grow the business

# 2010 SUSTAINABILITY REPORT



We also recognized outstanding performers through the Marketing Legacy Awards.

### Global Procurement Academy

We now have in place a Global Procurement Organization and a newly appointed global procurement officer to meet the needs of today's global market and support our Global Business Plan growth objectives. Our 2010 Global Procurement Academy offered a professional, best-practice training package for procurement team members from regions around the world. This intensive learning experience brought all procurement personnel up to the same standard worldwide.

### Performance Management

We ensure that 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 that reviews their performance against objectives (the "what") and behaviors (the "how") measured using six core Leadership Qualities. These six Leadership Qualities are Build Trust, Think Customer, Make Decisions, Continuously Improve, Win Consistently and Build Talent. Leadership qualities provide clear standards for how we approach our work. To be as meaningful as possible, each behavior has a set of competencies, or detailed expectations, that are tailored for each managerial role in our company.

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

### RECRUITING TALENT

For all levels of leadership, K-C assesses the leadership skills required for the role and compares these requirements to the individuals in our organization. In addition, we assess the talent pipeline for critical succession risks, prepare succession plans and identify targeted areas where we might see an increased need for external talent. We focus on understanding the profiles of each role and crafting compelling messages to attract the right candidates to K-C.

In college recruiting, we work with our functional teams to target schools that deliver candidates with the skills and abilities to move our business forward.

### PREPARING TOMORROW'S LEADERS

In 2010, K-C launched a global leadership development strategy to increase our supply of "ready now" leaders. For director roles and above, we focused on two primary goals: identifying leadership needs and assessing capabilities and gaps. Specifically, we:

- Identified critical leadership capabilities and risks based on strategic priorities
- Identified critical roles and completed role profiles

# 2010 SUSTAINABILITY REPORT



- Assessed the talent pipeline for critical succession risks and prepared succession plans
- Identified top talent
- Identified critical competency gaps
- Developed and launched an individual development plan process

Our ongoing focus centers on sourcing leaders and enabling impact through:

- Focusing recruiting investments on critical needs
- Focusing on high-impact development activities
- Enabling line management ownership of talent management

## IMPROVING EMPLOYEE HEALTH AND WELLNESS

The exceptional health and wellness services offered by K-C are just one of the many reasons that we have been recognized as an “employer of choice” in 14 Latin American countries, Korea, Spain, Thailand, France, Australia and Taiwan. For more information, see the Awards and Recognition section.

### Health Services

The K-C Health Services team provides an array of preventive and occupational health programs for employees worldwide, with three main focus areas:

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

The Health Services team offers 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. Programs are tailored to the particular needs of the employees in each of the 36 countries in which we operate.

K-C’s Employee Assistance Program (EAP) provides counseling services to employees and family members in 20 countries, and approximately 8.4 percent of these employees used the service in 2010. This compares with an industry standard of 4 percent and is credited to K-C’s strong management support, local EAP committees and continuous promotion of the program.

# 2010 SUSTAINABILITY REPORT



The Health Services team also responds to health issues and potential crises. Information on prevention and treatment of influenza was provided to K-C employees around the world, with recommendations on hand hygiene, respiratory etiquette and proper use of personal protective equipment. The Health Services website provides information on a variety of additional health topics such as cardiovascular health, nursing mothers' support and organ donations, as well as links to external health websites.

## LIVEWELL

During 2010, our LIVEWELL health promotion programs inspired employees around the world to take positive action for living healthier lives. LIVEWELL programs motivate our employees to eat healthier food, get more exercise and seek health screening. In addition to improving their own health, our people enjoyed spending time with colleagues, getting involved in community events and even raising funds for good causes. Here is a sampling of the many activities conducted in the past year.

**Walking and Running:** Hundreds of U.S. employees participated in K-C Health Services-sponsored races, including the Fox Cities Marathon, Kaiser Permanente Run/Walk, Komen Race for the Cure in Dallas, Texas, and Sole Burner 5K run/walk. In observance of National Employee Health & Fitness Day, 500 employees from our Roswell, Georgia, and Neenah, Wisconsin, locations in the U.S. participated in a K-C Health Services-sponsored 2.5-mile walk. Our Chester, Pennsylvania, location sponsored a Walk Around the World program encouraging employees to walk and track miles walked.

**Eating Healthy:** Employees in Neenah, Wisconsin, U.S. participated in community-supported agriculture by arranging for the Good Earth Farm to deliver fresh, organic produce weekly. In Italy, the LIVEWELL program included a subsidized healthy meal campaign for employees and their families.

**Exercising:** In partnership with the Huggies diapers Every Little Bottom program and Parents Interactive Network, K-C Health Services sponsored a Family Fitness Fest for employees and family members at our Neenah, Wisconsin, U.S. facility. Participants enjoyed activity stations, exercised as a family and donated packs of diapers in exchange for a free healthy lunch. In Costa Rica, 80 percent of K-C facilities have designated space for fitness.

**Promoting Healthier Communities:** In the U.S., K-C Health Services collected used tennis shoes from employees and donated them to NIKE for their Reuse a Shoe Campaign for recycling into new sports surfaces and playgrounds for inner city neighborhoods.

Scott's immensely popular Get Up and Ride program received the League of American Bicyclists Silver Bike Friendly Business Award.

# 2010 SUSTAINABILITY REPORT



**Biking:** In coordination with the Scott® Get Up and Ride program, 587 K-C participants in 62 countries covered 205,325 miles. We partnered with the United Way to sponsor the Bike United event and raised funds for the United Way campaign. A cycle sharing and riding scheme in Turin, Italy, encouraged employees to use one of 10 K-C branded bicycles to travel to and from the office rather than driving.



**Weight Loss:** Our Beech Island, South Carolina, U.S., mill held a Team Lean program, competing with other local companies in support of a weight loss challenge.

**Health Coaching:** In Europe, more than 700 employees have attended “Well-being and Energy” seminars delivered by the K-C Health Services team. Based on Corporate Athlete® Principles, the coaching was designed to enhance well-being, energy levels, health and performance. Participants’ well-being levels were measured before and after the coaching intervention, and data indicated a resounding improvement. Many employees progressed from “surviving in the corporate culture, but in need of improvement” to “high energy, can improve with only minor adjustments.”

**Immunization and Prevention:** K-C Brazil Health Services ran a robust flu shot campaign, immunizing more than 2,100 employees and family members. K-C facilities in Ecuador sponsored a uterine cervical cancer prevention campaign to educate women and provided the human papillomavirus tetravalent vaccine to 110 employees.

**Health Education:** Our Peru locations held a healthy pregnancy campaign, and the Honduras facilities held an awareness and education campaign on HIV and sexually transmitted diseases.

**Stress Management:** K-C Venezuela sponsored active breaks and stress-relief therapy.

**Primary Care:** In Costa Rica, a new medical center near our K-C mill is sponsored by K-C and provides health care to employees and family members.

# 2010 SUSTAINABILITY REPORT



## Awards and Recognition

K-C's health and fitness programs have been recognized across the globe as the "Gold Standard."

Investors in People—Health and Well-being Good Practice Award. K-C United Kingdom



American Heart Association, Fit-Friendly Business Gold Award



Atlanta Business Chronicle, Atlanta's Healthiest Employers Award (5th place). Atlanta, Georgia, U.S.



Well City Fox Cities, Healthy Company Award  
Fox Cities, Wisconsin, U.S.



Governor's Wisconsin Worksite Wellness Gold Award



League of American Bicyclists Bicycle Friendly Business Silver Award





## Maintaining Employee Safety

Our “Who’s counting on you” safety program is driving the culture change needed to assure that every K-C colleague, contractor and visitor goes home safe at the end of each day.

Achieving an accident-free workplace is a two-way commitment. Our businesses are committed to providing a workplace that is in compliance with all applicable occupational safety and hygiene (OS&H) laws and regulations and in conformance to K-C’s OS&H performance standards. In return, K-C expects individuals to refuse to take any action considered unsafe, confront others acting in an unsafe manner and immediately stop any unsafe actions.

We experienced no fatalities during 2010, but we cannot forget the 18 work-related deaths that have occurred since 2000. Even one employee, contractor or visitor death is unacceptable. Our vision is to be recognized by stakeholders as a global sustainability leader in OS&H. To achieve this recognition, we’ve set a bold new approach to our safety goal.

Sustainability 2015 Goal:



### IMPLEMENTING OUR SAFETY MANAGEMENT SYSTEM

Our combined Environment, Health and Safety (EH&S) management system includes occupational safety and hygiene (OS&H) performance standards that are used as the basis to conduct EH&S assessments and develop facility-specific EH&S improvement plans.

# 2010 SUSTAINABILITY REPORT



## REVIEWING VISION 2010 PROGRESS

We met most of the key safety goals in our Vision 2010 strategy and will continue to aggressively drive our program to eliminate all occupational injuries, illnesses, disabilities and fatalities.

Safety Week, a time-honored tradition at K-C, is an occasion when we remind colleagues to take responsibility for identifying and correcting all dangerous situations.

Vision 2010 Safety Performance	Goal	Actual
Fatalities	0	0
Permanently Disabling Injuries	0	14
Global Total Reportable Incident Rate	0.5	0.4
Global Lost-time Reportable Incident Rate	0.2	0.3
Global Severity Rate	12.0	11.3
Global Contractor Total Incident Rate	0.5	0.4
Injuries Related to Contact with Energized Equipment	6.4%	27%

**Notes:**

Global Total Reportable Incident Rate: Work-related events that result in fatalities, temporary or permanently disabling injuries or illnesses per 100 full-time employees per annum.

Global Lost-time Reportable Incident Rate: Reportable injuries/illnesses that result in lost time away from work or restricted work per 100 full-time employees per annum.

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.

Global Contractor Total Incident Rate: Contractors' temporary or permanently disabling injuries/illnesses per 100 full-time employees per annum. Applies to all contractors who spend a cumulative total of at least 320 hours per month on a K-C site.

### Our Zero-fatality Strategy

We have a goal to eliminate employee fatalities forever at K-C. To achieve this, we've launched a Fatality Elimination Strategy that focuses attention on eight hazard categories of Sentinel Events that could have led to a fatality. To date, we have:

- Held Sentinel Events train-the-trainer workshops. The Sentinel Event training encourages employees to recognize and report potentially fatal incidents. During the year, a train-the-trainer workshop was conducted in at least one facility in each K-C business.

# 2010 SUSTAINABILITY REPORT



- Developed a Facility OS&H Leader Qualification and Competency Standard. This standard establishes minimum qualification and competency requirements for our senior facility OS&H leaders. It also guides the hiring process for safety professionals.
- Established an OS&H Governance Board. This Board consists of the business product supply senior leaders, Risk Management and Legal, who are responsible for setting, sponsoring and communicating OS&H policy and standards.

We will continue our Fatality Elimination program in 2011 by conducting Sentinel Event workshops for all employees at each manufacturing facility worldwide. This will be supported by ongoing safety communication and education, including Safety Week and EH&S Leadership Training. We also plan to develop global combustible dust standards, assess current gaps and execute changes toward gap closure in North America and Europe.

K-C Thailand received the Safety, Occupational Health and Work Environment Award from the Thai Ministry of Labor for our policy on safety, health and hygiene as well as our core values of caring for staff and communities.

Sustainability 2015 Safety Goals	Goal
Fatalities (K-C, Temporary and Contractor Employees)	0
Permanently Disabling Injuries (K-C and Temporary Employees)	0
Global Total Reportable Incident Rate (K-C, Temporary and Contractor Employees)	0.30
Global Lost-time Reportable Incident Rate (K-C, Temporary and Contractor Employees)	0.15
Global Contact with Energized Equipment Incident Rate (K-C and Temporary Employees)	0.05
Closed Major Findings from Global EH&S Assessments (New)	100%
Closed Corrective Action and Preventative Action from Fatalities Globally (New)	100%
Critical Occupational Hygiene Exposures—Identified and Controlled (New)	100%

### Our 2015 Safety Goals

We are working to establish a set of metrics that reflect true safety performance at our facilities. We removed the Global Severity Rate metric because this does not accurately reflect safety performance. We added three additional metrics that are positive performance measures to help us examine the processes that lead to failures and to monitor the effectiveness of our control mechanisms in preventing negative outcomes.

# 2010 SUSTAINABILITY REPORT



## Safety Compliance

We had one noncompliance event in 2010 resulting from a previous accident at our Rouen mill in France. In April 2010, Kimberly Clark SAS was cited for “Faute inexcusable de l’employeur” for a March 2006 accident in which an operator suffered multiple fractures when both his arms became trapped in the reel section of a tissue machine. K-C was ordered to pay a fine of approximately \$110,955 and communicate the result of the trial within the mill. In addition, we installed machine guarding improvements to the reel section in 2007.

The task to identify and then minimize or eliminate hazards that lead to fatalities, injuries and illnesses in our workplaces is daunting. However, we can achieve success by harnessing the strengths and capabilities of every K-C team member.



## Valuing Inclusion and Diversity

More than ever, we're building a workplace that welcomes and values people with a diverse range of ideas, skills and backgrounds.

Workplace diversity and inclusion are business imperatives. Our vision is a K-C that wins because we are a diverse and inclusive global organization that looks, thinks and behaves like the people who use our products. We value the unique characteristics, life experiences and perspectives that make us who we are as individuals and as groups of people. We are creating an environment where all are included and inspired to do our best work. It's an environment where differences are valued and essential for success.

As K-C's new Global Diversity Officer, Vice President Sue Dodsworth is leading our efforts to create a more diverse and inclusive global organization.

The CEO and Global Strategic Leadership Team are committed to diversity and inclusion as business imperatives and are dedicating time, effort and resources to the vision. In October 2010, K-C announced the promotion of Sue Dodsworth to the position of Global Diversity Officer and the formation of a supporting Diversity and Inclusion Organization to lead and expand upon the global execution of our diversity and inclusion strategies.

### U.S. Employee Diversity<sup>†</sup>

	2006	2007	2008	2009	2010
Women	N/A	30.5	29.8	29.7	29.9
Women in Management <sup>‡‡</sup>	N/A	26.1	27.1	27.4	27.3
Ethnic Minorities	N/A	17.7	17.5	17.7	17.8
Ethnic Minorities in Management <sup>‡‡</sup>	N/A	9.8	9.7	9.9	10.9

<sup>†</sup>Data includes all employees in the U.S.

<sup>‡‡</sup>Management is defined as U.S. employees in EEO category 01 (executive/senior level officials and managers and first-/middle-level officials and managers).

At the end of 2010, three of the 13 members of our board of directors were women and three were minorities. Of our U.S. workforce, the percentage of women was approximately 30 percent, the percentage of women in management remained above 27 percent, and the percentage of employees from ethnic minorities was about 18 percent.

# 2010 SUSTAINABILITY REPORT



## REACHING OUT TO DIVERSE GROUPS

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

- **National Society of Black Engineers.** K-C joined the Board of Corporate Affiliates in 2000 and holds the highest level of corporate membership.
- **Society of Hispanic Professional Engineers (SHPE).** K-C is a member of the Industrial Partner Council, and our employees have conducted workshops at SHPE conventions.
- **Society of Women Engineers.** K-C is a member of its Corporate Partnership Council, and several K-C women serve in leadership roles at both the 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 Inc.** K-C's Chairman and CEO is a member of the board of this advisory organization dedicated to building inclusive environments and expanding opportunities for women at work. All K-C employees have access to its database, and K-C women and other executives attend its annual convention.
- **The Executive Leadership Council.** K-C is a member of this independent, nonprofit corporation that provides a network for African-American executives of Fortune 500 companies.

## COLLABORATING INTERNALLY

Employee Network Groups provide a variety of ways for employees to learn more about K-C and get to know each other better. Because the networks are open to all employees, they offer an opportunity to explore different cultures and establish relationships with K-C employees from different backgrounds. The networks provide a way for employees to grow professionally while contributing to business results.

K-C offers the following Employee Network Groups to our U.S. employees:

- African-American Employee Network

K-C CEO Tom Falk received the Women in Business 2010 Ally Award from the *Dallas Business Journal* for supporting the advancement of women. Mr. Falk serves as a director of Catalyst Inc., a global nonprofit that works to build inclusive workplaces and expand opportunities for women in business.

# 2010 SUSTAINABILITY REPORT



- Family Caregivers Network
- Focus Asia
- Latin American Network for Diversity
- New Employee Opportunity Network
- Parent's Interactive Network
- People Respecting Individual Differences Everywhere Network (PRIDE @ K-C)
- Women's Interactive Network (WIN)

K-C also has a European Diversity Council that advises our European leadership on diversity issues. K-C is actively integrating diversity and inclusion into its business practices all over the world to strengthen our employment brand, our internal engagement and our understanding of our customers.

K-C'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, genetic information, veteran status, legally protected leave and other categories protected by applicable law.

# 2010 SUSTAINABILITY REPORT



## Putting Our Brands to Work

We're leveraging the power of our brands to build a better future.

Each day, our brands touch 1.3 billion consumers. That global reach gives us tremendous opportunity to improve lives and communities. As part of Sustainability 2015, we will use the power of our brands to support causes that consumers care about.



**Need:** Moms struggle to provide diapers for their babies

A study by New York University shows that one in three American mothers have had to cut back on basics such as food, utilities such as heat and electricity, or even child care in order to provide enough diapers for their babies.

**K-C Solution:** 20 million Huggies diapers for diaper banks

Through its [Every Little Bottom](#) initiative, Huggies donated 22.5 million diapers that were distributed through 10 local diaper banks to needy families in the U.S. and Canada. To build awareness, Huggies has forged partnerships with a number of community groups including the March of Dimes, Boys and Girls Clubs of America, United Way, National Coalition of Pastors' Spouses, National Latina Health Network, National Association of Hispanic Nurses, Girl Scouts of Eastern Missouri and many Junior Leagues.

**Need:** Children need bone marrow transplants

More support is needed for families who struggle to cope emotionally and financially when their children are diagnosed with cancer.

**K-C Solution:** Funding—and hope—for families

K-C Russia partnered with Korablik, Russia's second-largest baby merchandise chain store, to raise funds for the nonprofit organization Podari Zhizn (Give Life), which provides aid to children with cancer.

For each package of Huggies diapers purchased during the promotion, K-C donated 15 rubles to Podari Zhizn. K-C also donated an additional 1.5 million rubles to the fund, for a total donation of 2.55 million rubles (about \$86,000). The funds will be used to provide bone marrow transplants for children with cancer, as well as for searches for non-relative donors, medicine and other related medical materials.

# 2010 SUSTAINABILITY REPORT



K-C volunteers helped renovate hospital rooms, visited pediatric cancer patients and delivered toys and games.



“Moms are some of the most inventive types of people and are naturally the perfect entrepreneur. But too often they lack access to tangible educational and financial resources that can help them shape their ideas. Programs like Huggies MomInspired are a perfect solution.”

—Maria Bailey, mother of four, founder of BlueSuitMom.com and author of *The Ultimate Mom Book*



# 2010 SUSTAINABILITY REPORT



**Need:** Women entrepreneurs lack funding

Although women in the U.S. start businesses at twice the rate of men, only about 3 percent of these women-owned businesses attract investments from venture capital.

**K-C Solution:** Seed capital for new ventures

[The Huggies MomInspired™ Grant Program](#) provides inventive moms with up to \$250,000 total in seed capital and business resources. Grant winners receive up to \$15,000 per grant to fund ideas for unique baby or child care products.

**Need:** One in 20 Australian babies has a birth defect

Each year an estimated one in 20 Australian babies is born with a congenital abnormality or genetic disease, including Down Syndrome, muscular dystrophy or other genetic defects.

**K-C Solution:** Support for medical research

Each package of Huggies Nappies with Denim Designs purchased on Huggies [Jeans for Genes Day](#) supported a donation of \$180,000 to the Children's Medical Research Institute by K-C Australia. Since 1994, K-C Australia has contributed almost \$1 million to assist scientists with their work into understanding how and when things go wrong in childhood development.



# 2010 SUSTAINABILITY REPORT



**Need:** Men battle prostate cancer and incontinence

In the U.S., prostate cancer is the second-leading cause of cancer-related deaths, and more than 3.8 million men live with some form of incontinence, often due to a prostate-related health issue.

**K-C Solution:** Support research and education

K-C's second year of "[The Depend Campaign to End Prostate Cancer](#)" featured sports legends who urged men to speak with their physicians about prostate cancer. Proceeds from the purchase of each package of Depend Underwear for Men and Depend Guards for Men contributed to a \$250,000 donation to ZERO—The Project to End Prostate Cancer—for education and research.



**Need:** Women avoid frank health talk

Young American women feel uncomfortable speaking about vaginal health issues with their friends or mothers, and they often turn to the Internet for advice or information.

**K-C Solution:** Empower bold health discussions

K-C introduced the innovative and stylish U by Kotex line of feminine care products and launched a "Declaration of Real Talk" campaign. For every woman who signs the Declaration of Real Talk or records an empowering statement at [www.UbyKotex.com](http://www.UbyKotex.com), U by Kotex will donate \$1 to Girls for a Change, a national nonprofit that empowers girls to lead social change in their communities. K-C donated \$150,000 to Girls for a Change.

# 2010 SUSTAINABILITY REPORT



**Need:** Dirty hands spread disease

Due to poor hand hygiene, 80 percent of diseases are spread by hands through the transmission of viruses and bacteria.

**Solution:** Teach proper hand washing

K-C Professional Latin America focused on infection prevention through its *La salud esta en tus manos* (Health is in Your Hands) educational campaign. Through posters, flyers, showrooms and other materials, K-C customers and employees learned how to use K-C Professional products to prevent disease, reduce unnecessary costs and create awareness about the correct way to wash hands.



# 2010 SUSTAINABILITY REPORT



## Caring for Our Communities

Caring for people and connecting with communities are part of our core values.

From helping to build stronger families to helping mothers care for babies to delivering supplies to natural disaster victims, we reach out to the world around us in many ways.

The Kimberly-Clark Foundation, together with funding from the company and our employees, responds to causes and programs with financial contributions, product donations and volunteer time. In 2010, K-C and our employees contributed \$20.6 million in cash and product donations for charitable causes worldwide.

Sustainability 2015 Goal:



### MAKING AN IMPACT THROUGH OUR EMPLOYEES

K-C employees give generously to the causes they believe in, and we support their contributions of time and money.

Through our U.S. **Matching Gift program**, employees are able to double the impact of their donations to qualified educational and charitable organizations. This past year, K-C matched \$1.3 million in employee contributions. Total donations by global employees were \$4.2 million, including U.S. and Australia matching gifts and donations for the Haiti and Chile earthquakes.

Our people also donate their time and skills to a variety of organizations, recording more than 78,000 hours of volunteer time in 2010. The **K-C Community Partners program** recognizes the volunteer efforts of U.S. K-C employees and their spouses by making \$500 grants to the charitable organizations to which they volunteer at least 30 or more hours per year. In 2010, K-C distributed \$796,000 in grants to these charities.



## Involving Employees in Sustainability

We're encouraging our employees to take sustainable action in their lives and in their communities.

### BIKING FOR LIFE

K-C's Scott® brand sponsors the "Get Up and Ride" global bike-to-work campaign, a highly successful program that encourages employees around the world to bike to work. What began three years ago as a biking plan by a single K-C employee in Wisconsin has spread rapidly and now involves 62 K-C sites worldwide. Globally, 587 K-C employees biked more than 205,000 miles in 2010, a 40-percent increase over 2009.

At the Neenah, Wisconsin, U.S., site where the initiative began, K-C supports employee biking with discounts at local bike shops, secure bike parking, a fitness center with lockers and showers, a company bike fleet for its "Bikes on Campus" program, and monthly cash incentives for regular bikers. Each year the site holds a "Bike for Life" week with workplace presentations on bike maintenance and safety.

The League of American Bicyclists has recognized K-C's leadership by awarding us with a Silver Level Bicycle Friendly Business Award. K-C is now partnering with the Bicycle Federation of Wisconsin to sponsor a free statewide bike challenge open to all Wisconsin adults.

An ideal sustainability initiative, "Get Up and Ride" pays off in three ways: cleaner air, healthier employees and lower health care benefit costs.

The Scott brand "Get Up and Ride" bike to work program grew from an idea by Rob Gusky, a K-C Neenah, Wisconsin, engineer who rides 17 miles round trip to work year round. When winter snows make the ride treacherous, Gusky trades his Trek for a Schwinn with studded tires.



# 2010 SUSTAINABILITY REPORT



## TAKING SMALL STEPS FOR SUSTAINABILITY

Launched during Sustainability Week 2009, K-C's Small Steps for Sustainability program is transforming the way our people view their role in improving the environment. Through this program, employees are encouraged to take action to make a positive difference in their world. They are offered several options for involvement, including reducing the use of natural resources such as energy and water, and increasing the use of human energy, which saves money, reduces stress and helps with weight control. Nearly 7,300 K-C employees committed to making small changes. Some of their initiatives include using laptops instead of handouts at meetings, collecting ink cartridges for recycling, planting an organic vegetable garden, switching to reusable shopping bags, composting and installing a home water meter.

## PUTTING FEET ON THE STREET

Last year—the 40th anniversary of Earth Day—K-C Professional launched the Green Patrol concept, a hands-on effort to make a positive impact on the environment. Green Patrol teams from K-C Professional sites across the U.S. brought together employees and other volunteers to help plant trees and to assist with cleaning up, composting, recycling and other projects. It's our way of putting feet on the street at events and activities that benefit the environment.

## MEASURING EMPLOYEE IMPACT

Many corporations, including K-C, involve employees to achieve their sustainability goals, but few have proven methods for measuring the effectiveness of this involvement. For the second year, K-C is supporting the Business Sustainability Education Roundtable initiative of the National Environmental Education Foundation. The Foundation is collaborating with Ceres and the World Business Council on Sustainable Development to gather information from the roundtable and other sources to create a set of guidelines and metrics to help measure the value and impact of employee engagement programs.

Working together, K-C employees can have a tremendous impact on the community.



## Supporting the Well-being of Families

We partner with leading global organizations to build stronger families and protect the most vulnerable children.

### IMPROVING FAMILIES

During our 25-year corporate partnership with the **Boys & Girls Clubs of America (BGCA)**, K-C has brought hope and opportunity to millions of young people. The objective of BGCA—enabling young people to reach their potential—aligns with our core value of caring for the communities where we live and work.

#### Family PLUS: K-C's Exclusive Program with BGCA

In 2010, we concluded a five-year commitment to BGCA's Family PLUS (Parents Leading, Uniting, Serving) program designed to equip Clubs with effective strategies for empowering families. The program focused on helping parents improve their social development, literacy and technology skills with the overall goal of promoting family togetherness. K-C's support included donations of \$7 million and the involvement of CEO Tom Falk, who serves on BGCA's board of directors. K-C's previous CEO Wayne Sanders remained on the board for many years and now serves as a regional trustee for BGCA. To assess the effectiveness of this significant commitment, an external evaluation found an improvement in the quantity and quality of parent-child time among participants, among other findings, and yielded insights into future family support BGCA programming.



### IMPROVING CHILD SURVIVAL RATES

K-C has been supporting child survival programs through the U.S. Fund for **UNICEF** since 2001 when the company expanded the traditional definition of family to include child-headed households (a growing problem, especially in sub-Saharan Africa, where many children were losing parents due to HIV and AIDS). Since that time, K-C has contributed almost \$7 million to support UNICEF programs in Africa, China, India and, most recently, Brazil.

“We are grateful to the Kimberly-Clark Corporation for their years of generous support. Specifically, their funding enabled us to establish our first-ever family strengthening program in 2005, to address the many needs of the 4 million youth we serve beyond the walls of our Clubs.”

—Roxanne Spillett,  
president and chief executive officer of  
Boys & Girls Clubs  
of America

# 2010 SUSTAINABILITY REPORT



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



### The Urban Platform Project

Our current efforts concentrate on a pioneering program in Brazil, the Urban Platform Project, which promotes social inclusion and citizenship for children living in poor areas of big cities. By bringing together organizations, this program strives for an integrated, long-term approach to community redevelopment. In addition to providing funding, K-C Brazil employees participated in a field visit and contributed to the planning and execution of the Urban Platform Project, which **UNICEF** hopes to replicate in other countries. Already, young people, entrepreneurs, community leaders and government bodies in some 91 favelas (or slums) have established community leaders groups, expanded access to health care and built daycare centers, and most important, raised awareness about their rights and roles as citizens.

### IMPROVING THE LIVES OF OUR OWN EMPLOYEES

The *Tu Casa, Nuestra Casa* program in El Salvador raises the quality of life for qualified K-C employees by making basic improvements in their housing. Beneficiaries, who are selected based on the fulfillment of goals and objectives, are eligible to receive improvements that address the basic services, physical security and other physical conditions of their house. Through this program, the quality of life of participating employees improves, as well as their relationship with K-C.



## Mobilizing Communities

Communities around the world benefit from the time and financial contributions of K-C people.

Our corporate partnership with **United Way**, a worldwide network of nearly 1,800 local organizations, enables K-C to support education, financial stability and health by mobilizing community organizations. For decades, K-C and our employees have donated time and money to United Way organizations across the U.S. In fact, K-C is usually among the largest contributors to local United Way organizations in almost every K-C community. K-C is one of about 120 companies that comprise the United Way's National Corporate Leadership Program. United Way is one of the few organizations for which we conduct a workplace campaign, and we match employee pledges dollar for dollar.

In the U.S., K-C's 2010 national United Way campaign raised \$6.1 million, the second-highest-grossing campaign in the history of our company. We raised:

- \$2.7 million in pledges and gifts from K-C employees
- \$2.7 million from the K-C Foundation
- \$700,000 from employee-led fund-raising events

“United Way could not make the impact that it does in communities without important, long-time supporters like Kimberly-Clark. Their leadership is improving lives and strengthening communities throughout the country.”

—Brian Gallagher,  
president and chief  
executive officer of  
United Way Worldwide



### Answering Christmas Wishes in South Africa

The Kleenex® brand team of K-C South Africa helps those in need through partnerships with local radio stations. Kleenex and Highveld 94.7 radio station's relationship started when Kleenex granted a wish on the 94.7 Christmas Wish List in 2003.

This partnership has continued, and in 2007 it expanded to sister station, KFM. Kleenex partnered with both stations for the 2010 Christmas Wish List. This innovative venture enables K-C to contribute to the community by granting a wish to individuals who experienced hardship during 2010.

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## Employee Volunteer Days

As one of our core values—caring—we respect each other and care for the communities in which we live and work. Through our annual Days of Caring, K-C employees reach out to their neighbors with practical deeds of compassion and help. Here are just a few examples of the ways our people helped build stronger communities during 2010:

- New Milford, Connecticut, U.S., employees teamed with a **United Way** agency to collect toys and organize an annual holiday Sibling Shopping event for children from financially challenged families.
- The Applied Science Team from Neenah, Wisconsin, U.S., took turns ringing the bell for the **Salvation Army** and participated in the Christmas Adopt-a-Family program.
- Berkeley Mill employees in Henderson, North Carolina, U.S., provided yard work for a home-bound senior citizen.
- At the annual Family Volunteer Day at K-C World Headquarters, Dallas, Texas, U.S., employees cleaned up a **Girl Scout** camp, assembled bikes for the **Salvation Army**, made bracelets for breast cancer survivors and created holiday cards for senior citizens.
- Members of K-C Innovation Centre Asia in Korea teamed with the **Red Cross** to prepare and deliver batches of kimchi, a traditional fermented Korean dish, for elderly and underprivileged neighbors.
- Employees of the newly opened facility in Stupino, Russia, participated in the city's birthday party event (Stupino City's Day—2010). The employees set up a tent in Health Town and educated adults and children about living in a clean town through creative shows, games and giveaways. K-C has been working in Russia since 1996, and in 2010 the company launched its own hygiene products factory in Stupino.

## Partnering for a Better Future

For four years, K-C has been supporting the **United Way of Argentina (Fundación Caminando Juntos)** as it works to improve the health, education and job skills of young children, families and young people in that country. K-C is one of 10 major corporations that joined the foundation as founding members in 2007. Using a concept that is innovative in this country, the foundation multiplies the impact of the partner companies through joint action. In 2010, the program provided preventive health care and enrichment to 1,000 infants and young children, micro loans to 600 families, parenting training to 100 mothers and work training to 110 teens and young adults.



# 2010 SUSTAINABILITY REPORT



## Clean Water and Sanitation in Indonesia

In Indonesia, K-C and its employees are addressing the issues of health, sanitation and access to clean water through education and behavior change. Working with **CARE International**, K-C supported training for 12 communities to promote positive hygiene behavior and to ensure that the communities are equipped to oversee the long-term maintenance of water and sanitation facilities. The goal is to ensure that the source of community drinking water is no longer at risk of contamination. Improving hygiene behavior and access to water and sanitation are important victories in the fight against extreme poverty.



## Improving Access to Health Care

By improving health care and providing health education, we can raise the quality of life in communities.

### DELIVERING SUPPLIES TO HOSPITALS

K-C recognizes that good health is essential for a better life. Unfortunately, thousands of people in economically developing countries suffer from a lack of health care. Through corporate and country-level partnerships as well as the actions of our facilities, we strive to improve access to health care and supplies.

For more than a decade, K-C and **MedShare International** have forged a partnership to bring critically needed medical supplies to health facilities around the world.

K-C entered into its latest four-year agreement with MedShare in 2008. Since then, K-C has funded the shipment of 34 containers holding \$8.3 million worth of supplies to 12 countries in Latin America. In addition, K-C employees have worked more than 2,500 volunteer hours to help pack the shipping containers with life-saving equipment.

During 2010 alone, we sponsored the shipment of 11 containers, valued at \$1.8 million, to eight countries: Bolivia, Chile, Colombia, the Dominican Republic, Ecuador, El Salvador, Guatemala and Nicaragua. In addition, 124 K-C volunteers contributed 372 hours of time to MedShare activities. Because these shipments consist of surplus supplies that might have been discarded otherwise, MedShare also reduces health care industry waste.

#### MedShare International Delivers Health Care Products to Areas of Need

Joanne Bauer, president of Health Care at K-C, is one of several senior-level K-C executives who contributed several hours of their time during 2010. Bauer, who serves on the MedShare board of trustees, advises MedShare as it seeks to move surplus equipment and supplies to hospitals around the world so that patients have the right equipment for their needs.

“Kimberly-Clark was MedShare’s first partner and is among our strongest. Through donations of medical product, financial resources, volunteers and pro-bono services, Kimberly-Clark has helped MedShare to develop into a first-rate organization that annually sends more than 100 customized tractor-trailer size containers of medical supplies and equipment to some of the world’s most medically underserved communities. I think it is safe to say that without Kimberly-Clark’s strong history of support MedShare would not be where we are today.”

—A.B. Short, CEO and co-founder of MedShare International



# 2010 SUSTAINABILITY REPORT



## TEACHING HAND HYGIENE

Proper hand hygiene can help stop the spread of health care-associated infections (HAIs). Each year around 200,000 cases of HAIs occur in Australia and contribute to more than 7,000 deaths. With this in mind, K-C Professional supported 2010 International Infection Prevention Week in Australia by working closely with hospitals to educate workers on the importance of hand hygiene. We ran a month-long education campaign during which we made a donation to the **UNICEF Australia Water and Sanitation Appeal** for every pledge on the K-C Professional Hand Hygiene website committing to good hand hygiene practice.

K-C Argentina conducted its own hand-washing campaign to reduce the spread of Influenza A. *La salud está en tus manos*, a health awareness campaign, educated K-C Argentina employees and customers on disease prevention and correct use of K-C products to avoid waste and reduce costs.

## PROVIDING COMMUNITY CARE

Social development is a key element of K-C Argentina's corporate management. In 2010, K-C Argentina continued its community care program to promote access to education and health care services, as well as improve the quality of life for the most vulnerable groups in its communities. For three years, its First Aid Post has provided primary health care services to residents in Derqui, Pilar District. In addition to its regular programs, the Post added new services in 2010 including frequent workshops on sanitary education and health prevention, diabetes management counseling and nutrition education. A Change Eating Habits program was also developed by promoting community gardens among the residents. K-C employees teamed with local residents to refurbish one of the rooms at the First Aid Post. As its patrons take their new knowledge back to their families and community, the Post leverages its impact in improving community health and quality of life.

## GIVING FROM THE HEART

K-C employees at the Flint, U.K. site have a special place in their hearts for charitable causes that benefit the ill and disabled. Their Employees in the Community group has raised more than \$36,000 since 1996, much of it through an annual golf outing.



## Supporting Education

Our people generously share their knowledge and experience so that others have the essential skills for a better future.

From their manufacturing expertise to health care knowledge, K-C employees are sharing their expertise with young people, hospital workers, engineering students and others. It's all part of our commitment to build stronger communities.

### ADVANCING HEALTH CARE EDUCATION IN AUSTRALIA

K-C Australia has a long history of education—whether it is teaching young women about their bodies, teaching mothers about caring for their babies or working with health care professionals on the front lines of infection prevention by providing ongoing educational support to reduce the risk of HAIs in hospitals.

In 2010, K-C Australia introduced the Kimberly-Clark Education Foundation as a way to connect with professionals in the health care community and share best practices and industry trends.

Almost 500 health care professionals from sterile supply, operating room and infection control departments attended the 18 sessions offered across Australia during the fourth quarter of 2010. As a result of its success, the Kimberly-Clark Education Foundation will expand in 2011 to include more cities in both Australia and New Zealand.

### BOOSTING LITERACY SKILLS

Volunteers from K-C Singapore are working to boost the literacy skills of children from low-income families. In December 2010, employees organized a party for children in the Learning Is Fun & Exciting (LIFE) program at Beyond Social Services, a local organization focused on improving the lives of families and individuals. The LIFE program is designed to help children attain age-appropriate literacy needed to further their education.

### DEMONSTRATING SUSTAINABILITY

Pulp and paper sciences engineering students from North Carolina State University recently toured K-C's Beech Island mill in South Carolina, U.S., to study how K-C integrates sustainability into its manufacturing processes. The tour was part of a bridge program developed by the mill's engineering group to show students firsthand how K-C recycles wastewater and reuses methane gas from a landfill 17 miles away.

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## PROVIDING JOB SKILLS TRAINING

K-C Argentina supports a +ComUNIDAD community care program focused on the most urgent needs of the communities in which the company operates. In Bernal, Quilmes, Argentina, young people need skills and opportunities to enter the labor market. Since 2008, K-C Argentina has partnered with Asociación Concienca (Conscience Association) to provide training and technical assistance to youth between 16 and 21 years old. The Aprendiendo Juntos (Learning Together) after-school program is held at a technical school located across from the K-C production plant. During 2010, K-C employees designed six courses (35–40 hours each) on topics ranging from Instrumental Analytical Techniques in Chemistry to Programmable Logic Controller Automation.

## FUNDING ENVIRONMENTAL STEWARDSHIP

The K-C mill in Corinth, Mississippi, U.S., commemorated 25 years in that community by donating \$42,000 to the Corinth High School's environmental club. The funds will support the Green Way project, an ambitious, multi-pronged environmental stewardship project developed by the environmental club and Honors Diploma students. Green Way will green school grounds and create outdoor classrooms, promote environmental education and sustainability concepts, and expand student-led recycling programs.



## Aiding Disaster Victims

When disaster strikes, we respond with funds, supplies and a helping hand so communities can recover and rebuild.

People turn to us for help when disasters strike the communities in which we operate. Both natural disasters and disasters that humans cause can be devastating for our employees, neighbors, business partners and customers. K-C is committed to responding promptly and appropriately to help communities return to normal as soon as possible.

During 2010, K-C responded to environmental disasters, earthquakes, floods and tsunamis with corporate contributions, employee contributions, product donations and volunteer efforts.

### CARING FOR HAITI'S HOMELESS

The 7.0 earthquake in Haiti in January 2010 took the lives of more than 200,000, destroyed tens of thousands of buildings and left 1.3 million homeless. Working with international aid organizations, K-C provided aid through a variety of means.

- Through the K-C Haiti Earthquake Relief Fund, our employees donated approximately \$216,000 to the American Red Cross, which K-C matched dollar for dollar.
- K-C sponsored 11 pallets of medical supplies valued at \$125,000 through our nonprofit partner MedShare.
- In the Dominican Republic, K-C volunteers mobilized donations of health care products, diapers, and feminine care and tissue products valued at \$50,000.
- K-C donated 28 cases of diapers and four cases of wipers to a Miami, Florida, U.S., orphanage caring for Haitian orphans being adopted by U.S. families.

Since 2007, K-C has been a member of the American Red Cross's Annual Disaster Giving Program with a pledge to provide \$1 million over five years to support local, national and international disaster-preparedness and response programs.

“We are so grateful to K-C and its employees for their support of the American Red Cross through the Annual Disaster Giving Program, which allows us to always be ready for any disasters that occur. Their generous contributions over the past five years have enabled us to provide immediate relief to people who find themselves at the mercy of a disaster, even before the first donations come in.”

—Gail McGovern,  
president and chief  
executive officer of the  
American Red Cross



# 2010 SUSTAINABILITY REPORT



Yuhan-Kimberly's employees participated in fundraising for Haiti disaster relief. More than 1,400 employees voluntarily donated 1 percent of their pay, and Yuhan-Kimberly matched the amount. The funds (approximately \$72,000) were donated to UNICEF KOREA to assist children in the damaged area in Haiti.

## REBUILDING IN CHILE

The pre-dawn earthquake that struck Chile in February 2010 left 1 million families homeless. More than 500,000 homes were destroyed, and more than 2,750 schools and 35 hospitals had to be abandoned until they can be rebuilt. K-C responded with assistance for the immediate needs of the earthquake victims, and we provided help in the long term for healing the victims and rebuilding affected areas.

- K-C sponsored a shipment of much needed medical supplies, valued at \$140,000, through a donation of \$23,000 to our nonprofit partner MedShare.
- K-C Australia donated 1 million diapers.
- K-C employees in Chile volunteered their time to relief organizations.
- K-C Latin America donated \$100,000 for rebuilding homes.
- The K-C Foundation donated \$100,000 to World Vision for a telephone helpline and Child Friendly Places to help earthquake victims regain a sense of community.
- K-C employees from the U.S., Latin America and Central America contributed \$17,500, which K-C matched dollar for dollar, bringing the campaign total to \$35,000. This donation, along with K-C's one-time gift of \$100,000, is helping World Vision to provide aid and support on the ground in Chile.

## ENSURING ESSENTIALS IN QUEENSLAND

Flood victims in Queensland, Australia, received more than \$125,000 worth of essential K-C products including Snugglers® Nappies, Depend® products, Kleenex® tissues, and Wondersoft® and Cottonelle® toilet tissues from K-C Australia. Corporate partner Foodbank Australia distributed the donated products, while K-C worked with the Queensland Premier's Office, its distributor network and retailers to ensure adequate supplies of diapers, toilet paper and other essentials. K-C Australia encouraged employee donations to the Queensland Premier's Flood Relief Appeal by matching all employee donations dollar for dollar.

# 2010 SUSTAINABILITY REPORT



## CLEANING UP IN THE GULF OF MEXICO

As the U.S. struggled to cope with the massive oil spill in the Gulf of Mexico, K-C found a resourceful way to help clean up this environmental disaster. A K-C Professional team quickly worked to supply products such as personal protective equipment, wipers and absorbent materials for the clean-up efforts. K-C Professional also diverted scrap diaper material to SpillTech Industries for use in manufacturing oil absorbent booms, allowing SpillTech to triple its production and shipments to affected areas.

## RESPONDING TO DROUGHT AND EARTHQUAKE IN CHINA

Immediately after the Yushu County earthquake in April 2010, K-C China donated nearly \$30,000 to Yushu through the K-C Care Foundation. Besides the monetary donation, K-C provided more than 2,500 cases of personal hygienic products to the China Children and Teenagers' Fund for long-term relief efforts in the disaster area. Additionally, K-C China provided another \$30,000 to the China Foundation for Poverty Alleviation, which has been providing basic survival supplies such as water and food to the drought-stricken area in southwest China.

# 2010 SUSTAINABILITY REPORT



## Fostering Bright Futures

It is our privilege to support outstanding young people who have the potential to become the next generation of leaders.

High-potential children of K-C employees receive college scholarships each year through the K-C Foundation Bright Futures Scholarship program. Established in 1993, this program grants college scholarships to children of K-C employees in the U.S. and Canada. (Children of K-C executive officers are ineligible for such scholarships.) Each scholarship is worth up to \$20,000 (\$5,000 per year for up to four years) for full-time students studying at accredited colleges and universities.

This year, K-C provided scholarships totaling \$1.3 million to students located in 11 U.S. states and one Canadian province. The Foundation received 257 applications in 2010 and selected 64 recipients based on academic achievement, leadership and involvement in extracurricular activities.

### Scholarship Investment Yields Ultimate Payback—These Scholars Now Work for K-C

When the K-C Foundation awards Bright Futures Scholarships to outstanding young people, we know we're making an investment in the future. Sometimes, that future is our own, as when these scholarship recipients put their degrees to work for us. We'd like to introduce three of these exceptional individuals whom we have welcomed as employees.

Kellie Mosbacher, daughter of Richard Mosbacher, a scientist at our Neenah, Wisconsin, U.S., facility, earned her Bachelor of Science degree in biomedical engineering from Marquette University and is now also a scientist at our Neenah facility. She credits the relationships and real-life experience gained during four co-op terms at K-C with giving her the energy to complete demanding years of school.

Jon Clark, son of Bob Clark, a retired converting senior operator in Huntsville, Ontario, Canada, graduated from the University of Waterloo with a Bachelor of Applied Science in honors mechatronics engineering. When he's not playing soccer or ultimate Frisbee, he is working as a mechanical technical services team member at our Huntsville, Ontario, Canada facility.

For Heather Scott, working at K-C runs in the family—she's a fourth-generation K-C employee on her mother's side and a third-generation employee on her father's side. After earning her bachelor's degree in chemical and biochemical engineering from the University of Western Ontario, she now works alongside her brother as a process engineer at the K-C facility in Huntsville, Ontario, Canada.

# 2010 SUSTAINABILITY REPORT



## Strengthening Human Rights

Today's consumers, customers and other stakeholders increasingly care about protecting human rights. They care about impact on workers' rights, workplace safety and environmental responsibility associated with the products they purchase. So do we.

We're working to build a better future for the people we touch at every step of our value chain—from our 30,000-plus suppliers and their employees to every one of the 57,000 K-C colleagues around the world. Our continued commitment to protecting human rights is consistent with our respect for each other and continues our heritage of honesty, integrity and fair dealing. As our stakeholders' expectations for adherence to social standards throughout our supply chain increase, we have intensified our efforts in this arena.

### UPHOLDING SOCIAL COMPLIANCE STANDARDS

For years, K-C has expected its suppliers to adhere to our supplier guidelines regarding certain social and environmental requirements. Beginning in 2009, we started the process of formalizing our program of ensuring that corporate social compliance is embedded in our supply chain. In 2010, K-C created and vetted our Supplier Social Compliance Standards (SSCS) and checklist with regional stakeholders and initiated regional pilot social compliance audits to test and verify our enhanced social compliance standards. We also partnered with SGS, an inspection, verification, testing and certification company, to begin larger-scale piloting of our new auditing program.

The SSCS is a vital pillar of our responsible workplace accountability programs for suppliers. The principles set forth in these standards are driven by the belief that good corporate citizenship is essential to our long-term business success. Our values must be reflected in our relationships and actions in our own workplaces and in the workplaces of those who directly supply our business.

Recognizing that there are differences in laws, customs and economic conditions that affect business practices around the world, we believe that shared values must serve as the foundation for relationships between K-C and our suppliers. Our SSCS clearly communicates K-C's values and expectations. It emphasizes the importance of responsible workplace policies and practices that, at a minimum, comply with applicable occupational safety and health, environmental and labor laws and regulations. The standards set forth in SSCS reflect the values we uphold in our own policies, and we expect our suppliers to follow these principles and requirements and demonstrate compliance.

In addition to being aligned with K-C's internal policies, the newly approved SSCS are consistent with the goals of several international standards, including the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, as well as the principles of the United Nations Global Compact (UNGC) that K-C signed in 2010.

# 2010 SUSTAINABILITY REPORT



## Joining the United Nations Global Compact

In 2010, K-C became a participant of the UNGC, the world's largest corporate citizenship and sustainability initiative. As a signatory, K-C will support the UNGC's 10 principles in the areas of human rights, labor, environment and anti-corruption, reinforcing the company's commitment to responsible business practices on a global basis.

K-C joins more than 8,000 companies and groups around the world who have signed the UNGC. As a signatory, we will complete an annual Communication on Progress submission on our advancement toward the UNGC's 10 principles.

## SUPPORTING WORKPLACE EQUALITY

K-C's commitment to human rights extends to assuring equal opportunity across our business. In recognition of our deep commitment to diversity, we have achieved a 100-percent rating on the 2011 Corporate Equality Index, the annual survey conducted by the Human Rights Campaign (HRC) Foundation that measures major businesses' efforts in supporting workplace equality for lesbian, gay, bisexual and transgender (LGBT) employees. This is the second time K-C has received this recognition, and we will again be featured on HRC's Best Place to Work list as well as in the organization's annual "Buying Guide for Equality." Essential to our diversity efforts is PRIDE @ K-C, the company's LGBT employee group. Members of this network continue to partner with our leadership team to evaluate and enhance workplace policies, and help attract and retain top talent.

## COMMUNICATING WITH LABOR

To maintain open communication channels with the approximately 27 percent of our global workforce that is unionized, senior K-C leaders met with representatives of Union Network International (UNI) Graphical & Packaging. K-C and UNI Graphical & Packaging issued a "Joint Statement" outlining the continuation of a "Social Dialogue" and creation of an effective channel of communication for advancing mutual interests.

The parties affirmed their commitment to maintaining a respectful relationship based on proactive sharing of information and finding solutions to issues and opportunities associated with corporate social responsibility and workplace rights.

UNI Graphical & Packaging and K-C are now in the process of establishing union and management regional points of contact to facilitate communication, with a commitment to meet at least annually.

## PROTECTING CHILDREN

Since 2008 K-C has been a signatory of *Na Mão Certa* (On the Right Track program), an initiative of Childhood Brazil, a branch of the World Childhood Foundation. This initiative focuses on the problem of sexual abuse and exploitation of children and adolescents on Brazilian roadways. K-C raises this concern with our suppliers in the field of transportation by approaching this issue during workshops and training about quality and high performance.



## Collaborating with Our Suppliers on Sustainability

We seek to do business with suppliers who share our social and environmental values.

Sustainability 2015 Goal:

**100%**  
compliance to K-C social standards

Increasingly, our major customers and socially responsible investors are holding us accountable for the social compliance of our supply chain. They are demanding information regarding the validation of supplier performance in the many areas of total workplace sustainability: working hours, fair wages, child/forced labor, non-discrimination, freedom of association, safety/health and environmental stewardship.

We expect our 30,000-plus suppliers worldwide to comply with all applicable laws in these areas, to comply with K-C's standards in each of these areas where K-C's minimal requirements are greater than what the law requires, and to work to enhance the sustainability of their operations.

We communicated our new requirements to all finished product contractors, requiring letters of compliance. We also plan to complete our pilot audits, risk analysis program and social compliance violation remediation plans in 2011. Our goal is to complete global implementation of our new supplier social compliance program for finished product contractors by December 31, 2012.

### STRENGTHENING SOCIAL COMPLIANCE

During 2010, we made substantial strides in developing a best-practice protocol for supply chain auditing and contract manufacturing adherence. We updated our SSCS requirements and checklist, which clearly communicates K-C's values and expectations. In 2011, our plan is to complete communicating the standards and building understanding of expectations throughout the top tier of K-C's finished-product contract-manufacturing supply chain.

# 2010 SUSTAINABILITY REPORT



At the end of 2010, K-C had more than 230 contract manufacturers worldwide. This represents \$1.1 billion in total category spend, or about 5 percent of K-C global sales.

In support of our Global Business Plan, we forecast a greater use of contract manufacturing. The use of contract manufacturing allows for greater flexibility because it avoids investment in internal manufacturing assets.

For more information, see the Strengthening Human Rights section.

In 2010, K-C spending in North America exceeded \$215 million for women-owned businesses and \$135 million for minority-owned businesses.

## WELCOMING DIVERSE SUPPLIERS

K-C encourages business with Minority-Owned Business Enterprises (MBEs) and Women-Owned Business Enterprises (WBEs)—collectively, “[socially disadvantaged suppliers](#).” K-C actively tracks its business with socially disadvantaged suppliers, and currently we do business with more than 650 such suppliers. From 2004–2010, K-C spending with socially disadvantaged suppliers has increased every year over the prior year. In 2010, spending in North America exceeded \$215 million for WBEs and was more than \$135 million for MBEs. We invite socially disadvantaged suppliers to inquire about potential business opportunities.

### The Integrity Project

K-C Argentina’s Integrity Project takes a hands-on approach to promoting best practices in its value chain, particularly in transactions with suppliers. Targeted at small and medium size (SME) enterprises, this program fosters a culture of ethics, transparency and continuous improvement.

All 28 SME suppliers who joined the program in 2010 received a visit by K-C that included an introduction and audit of all aspects mentioned in the K-C Code of Conduct for Suppliers. K-C Argentina also conducted several follow-up interviews with the 22 participating SME suppliers who had joined the program the previous year.

These suppliers are encouraged to adopt quality and efficiency standards. K-C shares best practices and helps these local businesses to set reciprocal standards of ethics and transparency. In the end, the project transmits principles of organizational excellence that will build a culture focused on continuous improvement.

## MANAGING GREENHOUSE GAS EMISSIONS

Our major customers and retail consumers are looking for products that have a reduced environmental impact (or carbon emissions), and we’re asking our suppliers to reduce, account for and report their greenhouse gas (GHG) emissions.

For more information, see the Announcing Our New Climate Change Goal section.

# 2010 SUSTAINABILITY REPORT



In early 2011, K-C dedicated the first U.S. multi-use industrial park hydrogen-fueling station at its distribution center in Graniteville, South Carolina—a move that is expected to dramatically reduce GHG emissions from this facility. And we're making strides through our logistics and supply chain with our involvement in the U.S. Environmental Protection Agency (EPA) SmartWay Transport Partnership. K-C also supports its transportation carriers to join the U.S. EPA SmartWay program in order to green their product transport by accessing the appropriate tools and resources. Programs such as these—that recognize suppliers' achievements in reducing GHG emissions—can spur continuous improvement by promoting healthy competition among companies to differentiate themselves from their competitors based on their environmental performance. For more information, see the Making Strides toward a Greener Supply Chain section.

The GHG Protocol is a partnership between the World Resources Institute (WRI) and the World Business Council for Sustainable Development that works with businesses, governments and environmental groups around the world to develop the most widely used global GHG accounting standards. In 2008, K-C was one of the first companies to begin work with the GHG Protocol on a new standard for product life cycle GHG emissions accounting. We led the methodology committee and remain engaged with WRI as the new standard is prepared for launch in fall 2011.

As a participant in the Carbon Disclosure Project's Supply Chain Project, K-C asked 60 key suppliers with emissions-intensive processes to report their GHG emissions through this project during 2010.

## TEAMING FOR SUSTAINABLE SOLUTIONS

We recognize that achieving several of our Sustainability 2015 goals can only happen through close collaboration with many of our key suppliers.

- K-C procurement and technical teams are meeting with major packaging suppliers on a regular basis to find ways to reach our packaging-reduction objective.
- The K-C procurement team is engaging with fiber suppliers as we strive toward our goal to use 100-percent certified fiber.
- A number of suppliers are helping us achieve our goal of zero manufacturing waste to landfill by identifying specific projects and opportunities, such as returning some kinds of manufacturing waste to the material suppliers for reprocessing.
- To reach 25 percent of 2015 net sales from environmentally innovative products, we're partnering with several suppliers to identify technical breakthroughs for greener alternatives to petrochemical-based materials.



## Engaging Our Stakeholders

Listening to the groups we engage with strengthens our ability to address what matters to them.

### CONSIDERING STAKEHOLDER CONCERNS

By listening to our stakeholders' concerns, we gained new insights into issues. While we cannot always reach agreement with every group, we pledge to respectfully listen and consider their viewpoints in our response.

#### Shareholder Returns

A core tenet of our Global Business Plan is to grow sales, profit and returns consistently. That's a commitment we make to our shareholders. During 2010, we allocated capital in shareholder-friendly ways. We have increased shareholder dividends annually for 38 years, and we raised the top-tier dividend by 10 percent in 2010. We bought back \$800 million of KMB stock—\$200 to \$300 million more than we committed to a year ago. In total, K-C returned \$1.9 billion to shareholders in dividends and share repurchases, which represents a return of about 7 percent on each outstanding share.

#### Health Care Customer Insights

With the “green” health care movement picking up speed, institutions in the health care community are looking for solutions to medical packaging waste and other issues. In 2010, K-C Health Care joined Practice Greenhealth, the nation's leading membership and networking organization for health care institutions committed to sustainable and eco-friendly practices. Through this membership, K-C Health Care can learn from leading green health care industry experts who can assist in the design and architecture of future sustainability projects. For more information, see “Save the Daisies” in the Product section.

#### Retail Customer Partnership

Not only is Walmart the largest global retailer, it is a major customer of K-C products. So K-C has been a strong supporter of Walmart's drive to reduce greenhouse gas emissions throughout its supply chain. One of our first initiatives was the 2008 launch of Neve Naturali\*—the first 100-percent recycled-fiber premium bath tissue in Brazil. K-C Brazil developed the Neve® brand variant for early introduction in Walmart Brazil. In 2009, K-C Brazil improved on that innovation with the introduction of Neve Naturali Compacto (compressed rolls) with less packaging and built-in handles to eliminate the need for plastic shopping bags. Pleased with these products, Walmart Brazil recognized Neve Naturali as a “Value Producing Item” in 2009. Our partnership now includes “End to End,” a project to implement more sustainability ideas starting with K-C suppliers and continuing all the way to Walmart's shelves.

#### Supplier Responsibility

In recent years, investors, sustainability rating agencies and major customers have increased their requests for information on our social responsibility standards and control processes. Many of our customers require adherence to their supplier social compliance standards, and they conduct independent audits of K-C and our contract manufacturing facilities to assess human rights and workplace rights. We believe that our 112 global manufacturing facilities

# 2010 SUSTAINABILITY REPORT



are socially responsible based on our existing audit processes and Code of Conduct enforcement. But given this heightened scrutiny, we are increasing our emphasis on supporting workplace rights and minimizing environmental impact throughout our supply chain. For more information, see the Human Rights section.

### Union Communication

Union Network International (UNI) represents through its affiliate unions approximately 17 percent of the K-C global workforce. Since 2007, UNI has validated through its own networking and assessments with K-C union leaders globally the positive actions and results K-C has achieved in the area of labor relations and corporate citizenship. UNI indicated its interest in leveraging this relationship as a standard for other companies to follow.

In 2008, UNI approached K-C to enter into a global dialogue with respect to the International Labour Organization's Fundamental Principles and Rights at Work, which include Freedom of Association and Collective Bargaining, which were already included in K-C's Code of Conduct and Human Rights in Employment policies. K-C agreed to formalize the relationship in 2010 by issuing a "Joint Statement" committing the parties to proactively sharing information and together finding solutions to issues and opportunities that might arise. K-C is one of the few U.S. multi-nationals to have entered into such a relationship on a global scale. In fact, UNI acknowledged K-C as "a socially responsible employer."

This joint statement with UNI demonstrates K-C's commitment to social responsibility and engaging stakeholders in ongoing dialogue that is meaningful for both the organizations and society.

### Fiber Sourcing Standards

Over the years, our relationship with the environmental action group Greenpeace has evolved from one of conflict to close communication and cooperation. In 2009, K-C began to constructively engage with Greenpeace, a step that led to clear metrics to measure our fiber procurement progress. The result was an historic partnership agreement and stronger fiber sourcing standards for K-C that will increase conservation of forests globally. In 2010, we met with Greenpeace twice to review progress on forest conservation issues. Through this process we learned two valuable lessons. First, this successful partnership has furthered our appreciation of the value of—and need for—partnering with the right stakeholders. These partnerships can deepen our understanding of environmental issues and the priorities and processes of non-governmental organizations, such as Greenpeace, and enable us to review and potentially adjust our practices. Also, as a leader in our field, it's necessary to continually improve our environmental performance—even in areas where we have a strong track record.

**"The Greenpeace-Kimberly-Clark partnership is showing that K-C can protect forests while delivering their business plan. By hitting, and even surpassing, its new sustainability targets, K-C is demonstrating leadership in sustainability to the rest of the tissue products sector."**

**—Richard Brooks,  
Greenpeace Canada**

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## Natural Forest Preservation

Leadership in fiber management is a key component of the sustainability strategies of both the K-C Family Care and K-C Professional businesses. K-C partners with well-respected, environmental non-governmental organizations (NGOs) whose work aligns with our business and sustainability interests. As a major user of wood fiber, K-C expects and requires the vendors from which it purchases fiber to manage their forest resources in a sustainable and environmentally responsible manner.

K-C and major pulp producers have been working with Conservation International (CI) on its Sustainable Mosaics Initiative in the Atlantic Forest of Brazil. The Sustainable Mosaics Initiative's approach to plantation forestry is designed to establish interconnected natural forest preserves within larger areas of plantation timber. CI hopes to demonstrate the value of this technique in Brazil and then use it in developing plantation areas in other tropical forest areas, such as those in Indonesia.

Through this project, K-C significantly improves conservation of native biodiversity in this major global pulp-producing region. K-C sources approximately 37 percent of its total fiber from eucalyptus plantations located in Brazil. K-C donated \$275,000 to CI in 2010 for its work with pulp producers and local NGOs to create and implement integrated conservation plans and restoration activities for the forestlands owned by the producers. CI also surveyed small private landowners in the area to determine how best to encourage their participation in the Sustainable Mosaics Initiative. Six new private reserves, which will be permanently protected, were also created. Progress of this work has been presented at the World Forestry Congress in Argentina and as a case study with the World Business Council for Sustainable Development.

## Forest Management Issues

In support of its efforts in sustainable forestry, K-C donated \$25,000 to The Forests Dialogue (TFD), an independent NGO that brings together environmental groups, native peoples organizations and the forest industry to explore sustainable forest management issues. Participants include K-C suppliers Fibria, Weyerhaeuser, Stora Enso and Mondi, as well as prominent NGOs such as the World Wildlife Fund, CI, the World Conservation Union, the Forests Peoples Programme, the Nature Conservancy, the World Resources Institute, and other influential organizations such as the World Bank and the World Business Council for Sustainable Development.

TFD engages stakeholders and helps them address topics such as illegal logging, plantation forestry, working with native forest peoples, climate change, and tropical rainforest protection. K-C was invited to join the TFD Steering Committee in 2007 and was again invited to join in 2010.



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## Trade Associations

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 UK Absorbent Hygiene Products Manufacturers Association (AHPMA) Nappy Group and the European Disposable and Nonwovens Association (EDANA) Hygiene Absorbent Products Committee (HAPCO). More recently, our involvement has included the EDANA Product Stewardship Committee and the Regulatory and Technical Task Force Board of the European Tissue Symposium.

During 2010, K-C continued its involvement with various trade associations and shared its expertise by chairing several committees. For example, K-C served on the EDANA steering group that recently completed a life-cycle-assessment study comparing the environmental impacts of baby wipes with cotton wool and water in the U.K., and wash cloths and water in Germany. As members of AHPMA, we supported the development of a continence care guide that will be launched in the U.K. House of Commons in May 2011.

As part of the environmental labeling program of consumer goods in France, EDANA, the European Tissue Symposium and the French Trade Association Groupe Hygiene have led the development of reference documents for toilet tissue and disposable baby diapers. All companies developing labels for these products must use the reference documents. K-C was a member of the three working groups that coordinated the preparation of the two reference documents and provided life-cycle analysis expertise.



## Supporting Local Economies

Through the impact of our entire value chain, we're strengthening local economies and improving the quality of life in the communities we touch.

At every point in our value chain, we're committed to contributing to the sustainable economic development of the communities in which we operate. This is particularly evident in the emerging and developing markets in which so many of our facilities are located. As we seek to achieve our business objectives, we also look to advance the welfare of the people we serve, because our economic prosperity is inextricably intertwined.

### FOSTERING PROFESSIONAL PRACTICES IN BRAZIL'S WASTE PICKERS

In preparation for the National Solid Waste Law, K-C Brazil is partnering with the Mayor's Office of Suzano to facilitate professional practices by the local waste pickers (also known as scavengers) who gather recyclable materials. The goal is to equip these workers with appropriate machinery to increase their resource-generation capacity. K-C Brazil provided technical training for the waste pickers and purchased an extrusion machine capable of manufacturing plastic sheets from the recycled material. These plastic sheets have significant business potential due to a variety of applications for their use—384 different uses have been found so far. For example, the recycled garbage collecting stations of 10 Carrefour stores in Brazil were built with this plastic.



The recycled garbage collecting stations of 10 Carrefour stores were built with recycled plastic sheets.

The mayor's office provides the facility for garbage separation, disposal and transportation. The model of shared responsibility between the government and private sector, which is being applied in Suzano, was replicated by K-C based on the experience of the *Dê as Mãos para o Futuro* (Give a Hand to the Future) program, coordinated by the Brazilian Association of Personal Hygiene and Cosmetics Industry (ABIHPEC).

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This program demonstrates the feasibility of a solid waste reverse logistics system that is socially appealing and offers lower costs to the supply chain. All parties become responsible for the post-consumption stage through this system, which removes waste from the environment and channels it toward an environmentally sound destination.

## FINDING VALUE IN WASTE

By failing to recycle common materials such as paper, Peruvians are wasting a precious national resource. According to K-C estimates, Peruvians were throwing away 85 percent of paper that could be recycled. With recycled paper 40 percent cheaper than virgin pulp, that practice was costing this nation a lot of money.

Through its “Recycle me/Perform YOUR role” campaign, K-C has been changing attitudes, instilling an ethic of environmental responsibility and generating recycled paper for use in the local paper industry. Now in its fifth year, the K-C program has recruited national celebrities, the Peruvian Environmental Minister Antonio Brack, other companies and organizations to spread the message. The program is reducing the burden on landfills, creating an income stream for recyclers and providing cost-effective sources for the paper industry.



In addition, for every 1.6 tons of paper recycled by one of the 485 participating organizations, K-C makes a donation to Fundades, a nonprofit organization that provides services to low-income children with disabilities. These donations provide one-month preschool scholarships for needy children. To further encourage recycling, K-C also makes contributions to a local orphanage, Aldeas Infantiles SOS Perú. Since the program’s inception in 2006, enough paper has been recycled to prompt K-C to provide more than 1,800 monthly scholarships to Fundades and to provide food for more than 1,000 children of Aldeas Infantiles SOS.

**In 2010, K-C spent \$1.1 billion, or about 5 percent of K-C global sales, with more than 230 contract manufacturers worldwide.**

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## INVESTING IN RUSSIAN INDUSTRY

K-C'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. A recent example is K-C's new state-of-the-art manufacturing facility in Stupino, near Moscow, Russia, which opened in 2010. One of the biggest capital investments K-C has made in the last two years, this plant represents a major step in the development of Russia's hygiene and personal care industry.

Russia has been identified as a key growth opportunity for K-C International, and this new facility supports K-C's continued growth in Russia and in the Commonwealth of Independent States countries.

Currently, the plant has about 200 employees, 90 percent of whom are from Stupino. Specialists involved in the operations have passed extensive training in K-C facilities in the U.S., Europe and Korea.

The Stupino plant features two Huggies diaper lines and was built with the ability to add further capacity.

To encourage sustainable development in this growing market, K-C joined with the World Wildlife Fund and the Russian Mission of the Forest Stewardship Council to host a roundtable on best practices of responsible manufacturing and the consumption and disposal of wood and paper products.



## PLANET

### Essentials for a Better Planet

We use sustainable environmental practices to grow responsibly in a world of finite resources.

The past year marked the successful conclusion of Vision 2010, the third in a series of five-year environmental improvement programs. We reached many of our goals and made solid progress toward others. Building on these achievements, we have launched Sustainability 2015, an aggressive, broad-based strategy that goes beyond reducing our footprint impact. It sets forth our vision to create essential products in a sustainable way that improves lives and the planet we all share.

Sustainability 2015 Goals:





## Announcing Our New Climate Change Goal

We've pledged to reduce our absolute total greenhouse gas emissions by 5 percent by 2015—a challenging but necessary goal—even as we are projected to grow our business.

Building on our demonstrated commitment to address climate change, we're proud to announce that we've developed our first goal to reduce greenhouse gas (GHG) emissions on an absolute basis. We began a process to develop a global climate change management strategy in 2008 and now have established a specific goal for reducing our GHG emissions.

Our desire to develop a global climate change management strategy is based on an understanding of the science of climate change and an awareness of the changing regulatory environment surrounding GHGs.

Around the world, governments are pushing for GHG reductions, setting goals to cut their carbon intensity and issuing mandatory GHG emission reporting guidelines. Our peer consumer products companies are setting GHG emission reduction goals. Our customers, such as global retailers Walmart, Tesco and Carrefour, have announced their commitments to cut GHG emissions from their supply chains and the products they sell. Clearly, our stakeholders expect and welcome the strong action we're taking on climate change.

Sustainability 2015 Goal:

**5%**  
Reduce global K-C absolute GHG emissions  
by 5 percent from 2010 level by 2015

### REACHING OUR SUSTAINABILITY 2015 GOALS

Our business and facility managers participated in setting this goal and are responsible for achieving it. The Global Sustainability Team helps business units implement, measure and report their progress to management. We will accomplish these goals by:

- Achieving the best-in-class energy efficiency targets set in Sustainability 2015
- Identifying and executing energy conservation projects and initiatives, and applying corporate and standard facility energy best practices

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- Implementing the facility energy management program based on the U.S. EPA ENERGY STAR partnership program guidelines
- Switching to lower GHG-emitting fuels
- Replacing natural gas with landfill gas to generate steam
- Increasing the use of biomass to replace coal in the electricity and steam generation process in our Mobile, Alabama, U.S., facility
- Using biomass as primary fuel to generate process steam in our Loudon, Tennessee, U.S., plant
- Executing Combined Heat and Power (CHP) cogeneration projects
- Implementing renewable energy sourcing solutions and projects

## Renewable Energy

Increasing our use of renewable energy is a key part of our strategy to reduce GHG emissions. During the past year, several of our facilities found ways to use solar energy, methane gas and biomass fuel:

- Solar thermal panels for water heating were installed on the roof at our operating headquarters in Roswell, Georgia, U.S.
- Landfill gas provides steam for our mill in Beech Island, South Carolina, U.S., replacing 20 percent of the natural gas usage in one boiler.
- A new boiler that uses wood waste was installed at a K-C Safeskin facility in Thailand.

We partnered with Duke Energy to place 361 solar panels on the property of our Berkeley Mills manufacturing plant in Hendersonville, North Carolina, U.S. Ground-mounted solar panels covering approximately 10,000 square feet now generate enough electricity to power 10 average-size homes. The 83-kilowatt system is one of 18 sites across North Carolina participating in Duke Energy's distributed solar generation program.



# 2010 SUSTAINABILITY REPORT



Using landfill methane—a powerful greenhouse gas—as an alternative fuel source reduces the need for natural gas use at our mills, and it captures and uses a fuel which is normally flared off and wasted at the landfill site. K-C, an energy partner of the U.S. Environmental Protection Agency (EPA) Landfill Methane Outreach Program, worked with the EPA during 2010 to identify potential sites to capture methane near many of our facilities in Mexico, Europe and Latin America. Based on this investigation, K-C Mexico has identified one landfill that is a candidate for a direct-use landfill gas project.

#### A Green Power Partner

Our extensive efforts in using renewable energy sources have earned us national recognition. Since joining the EPA Green Power Partnership in 2008, K-C was ranked No. 1 on the top 20 On-site Green Power Generation list. We rank 11th on the EPA's Fortune 500® Partners List and 22nd on the EPA's national Top 50 Green Power Purchasers List.



Green Energy Leadership	
#1	U.S. EPA's Top 20 On-site Green Power Generation
#11	U.S. EPA's Fortune 500 Partners
#22	U.S. EPA's Top 50 Green Power Purchasers

# 2010 SUSTAINABILITY REPORT



## MAKING STRIDES TOWARD A GREENER SUPPLY CHAIN

We've made substantial progress in reducing GHGs from our supply chain.

Earlier this year, K-C dedicated the first U.S. multi-use industrial park hydrogen-fueling station at its distribution center in Graniteville, South Carolina—a move that is expected to dramatically reduce GHG emissions from our supply chain. The new station supplies hydrogen directly to K-C's entire fleet of 25 hydrogen-powered forklifts. By replacing lead acid batteries with new fuel-cell powered equipment, K-C expects to reduce carbon emissions by 90 percent, lower costs and drive efficiencies. The hydrogen-powered forklifts take approximately 75 percent less time to fuel and need to be refueled less frequently.

Through involvement in the EPA SmartWay Transport Partnership, K-C is reducing carbon dioxide emissions intensity and saving fuel through logistics and supply chain involvement. Since we joined the program in 2006, K-C has reduced the miles traveled for U.S. shipping by 7 percent. In fact, K-C was awarded the SmartWay Excellence Award three consecutive years—2007, 2008 and 2009. The SmartWay Excellence Award was not presented to companies in 2010 because the U.S. EPA was working on a new data reporting tool, which they plan to have available in 2011.

## WORKING TOGETHER FOR SUSTAINABLE DELIVERY

In 2010, K-C Brazil partnered with Walmart in a pilot sustainable delivery operation, replacing diesel-powered trucks with those powered by natural gas. This change reduces carbon monoxide emissions to zero and carbon dioxide emissions by 90 percent. No other company uses this system in the transport of large loads. K-C also has added ethanol-operated semi-trailers, and our goal for 2011 is to add four more trailers operated by natural gas and four powered by ethanol. Based on the success of this experience, K-C is searching for new partners, such as Carrefour and five other customers, to join the program.

# 2010 SUSTAINABILITY REPORT



## GHG Emissions from Manufacturing—Actual

GHG Emissions/Actual (metric tons of CO <sub>2</sub> equivalent)	2006	2007	2008	2009	2010
Carbon dioxide	6.04	6.13	5.93	5.56	5.64
Methane	0.02	0.02	0.01	0.02	0.02
Nitrous oxide	0.04	0.04	0.04	0.04	0.04
Total carbon dioxide equivalent	6.10	6.19	5.98	5.62	5.70

## GHG Emissions from Manufacturing—Normalized to Production

GHG Emissions/Production (metric tons of CO <sub>2</sub> e/metric tons of production)	2006	2007	2008	2009	2010
	1.24	1.24	1.16	1.15	1.12

## GHG Emissions from Manufacturing—Normalized to Sales

GHG Emissions/Sales (metric tons of CO <sub>2</sub> e/U.S. \$ of sales)	2006	2007	2008	2009	2010
	0.36	0.34	0.31	0.29	0.29

We use the U.S. EPA and WRI/WBCSD GHG Protocol Initiative indicators to calculate and report our corporate GHG inventory.



## Managing Our Energy Use

We're constantly searching for opportunities to reduce the impact of our energy-intensive manufacturing operations.

As part of our commitment to reducing GHGs and global energy use, managing energy use has been an integral component of Vision 2010 and our previous continuous improvement plans.

K-C has in place best practices based on the U.S. EPA's ENERGY STAR® Guidelines for Energy Management. Energy efficiency is a fundamental component of our enterprise Global Business Plan and Sustainability 2015. This new five-year plan provides K-C with goals, objectives and measures to improve energy efficiency and performance.

Our rigorous energy management practices also reduce our exposure to risks related to escalating energy costs and reduced supplies. Manufacturing paper-based products is an energy-intensive business that increases our vulnerability to energy-related trends.

Sustainability 2015 Energy Efficiency Goal:

**Each facility has energy efficiency targets based on best-in-class benchmarks for each manufacturing process. These are combined with facility production levels to create facility-specific targets. The Sustainability 2015 energy goal is to improve processes and facilities' energy efficiency to achieve zero deviation from best-in-class energy targets.**

Our Global Energy Solutions Team (GEST) acts as a resource to K-C manufacturing facilities worldwide to help them meet the energy targets of our sustainability programs. During the past year alone, the team conducted 30 energy performance reviews, 30 process improvement studies of tissue machines and 20 reviews of boiler plant and utilities operations at K-C manufacturing facilities, with some of the results listed below:

- **Energy performance reviews:** Identified energy efficiency improvement projects, initiatives and opportunities to obtain energy/operating cost reductions and decrease the deviation from Sustainability 2015 energy targets.

# 2010 SUSTAINABILITY REPORT



- **Process improvement studies in tissue machines:** Used infrared imaging to increase the efficiency of the drying section of the tissue machines, reduce machine downtime and minimize the manufacturing waste due to issues associated with moisture variations.
- **Boiler plant and utility operation reviews:** Comprehensive on-site technical reviews of the steam and power generating facilities assisted in minimizing operating costs, maximizing efficiency and maintaining regulatory compliance.

Many of our mills have already implemented energy efficiency improvement projects that were recommended during energy performance reviews. Some examples are as follows:

- **Chiller automation:** Control computers in our plant in Paris, Texas, U.S., now automatically turn down the HVAC water chillers when demand is reduced. New variable-speed drives allow ventilation fans to operate at slower speeds or shut down when the required air temperature and humidity levels are reached.
- **Energy-efficient lighting:** Older lights were replaced by energy-efficient lighting, which will cut the lighting energy consumption by almost 50 percent at U.S. manufacturing facilities in Paris, Texas; Jenks, Oklahoma; and Conway, Arkansas.
- **Updated computer controls:** Older air handling units in our Beech Island, South Carolina, U.S., mill have upgraded/updated computer controls and programming that match newly installed units and can now tolerate a wider range of temperatures and humidity levels before switching on.
- **Energy recovery:** The K-C Safeskin plant in Thailand installed new heat recovery equipment and a new wood boiler connection, which will reduce energy consumption and save nearly \$700,000 annually.

The U.S. EPA ENERGY STAR program named K-C as 2010 ENERGY STAR Partner of the Year in the category of Energy Management Program. This is our second time receiving ENERGY STAR recognition.

# 2010 SUSTAINABILITY REPORT



GEST members also carried out energy performance reviews in two strategic K-C Professional suppliers' facilities to identify efficiency opportunities in our supply chain and share energy best practices in the following areas:

- Lighting standards
- Heat and air conditioning systems
- Boiler and steam operations
- Compressed air management
- Plant energy management program implementation
- Energy tracking systems



### **K-C Professional Headquarters Receives LEED® Certification from U.S. Green Building Council**

K-C achieved its first LEED certification from the U.S. Green Building Council for its Professional Headquarters building in Roswell, Georgia, U.S.

The 30-year-old building obtained certification under the LEED for Existing Buildings: Operations & Maintenance program in recognition of its existing and new practices in energy use, water use and indoor environmental quality. The building earned a U.S. EPA ENERGY STAR rating of 79 for changes that are saving more than 536,000 kilowatt hours per year, or more than 25 percent of total building energy use.

Best practices developed for this building have been adopted and applied by K-C at several other buildings, and we have targeted four other U.S. office buildings for potential LEED certification over the next five years.

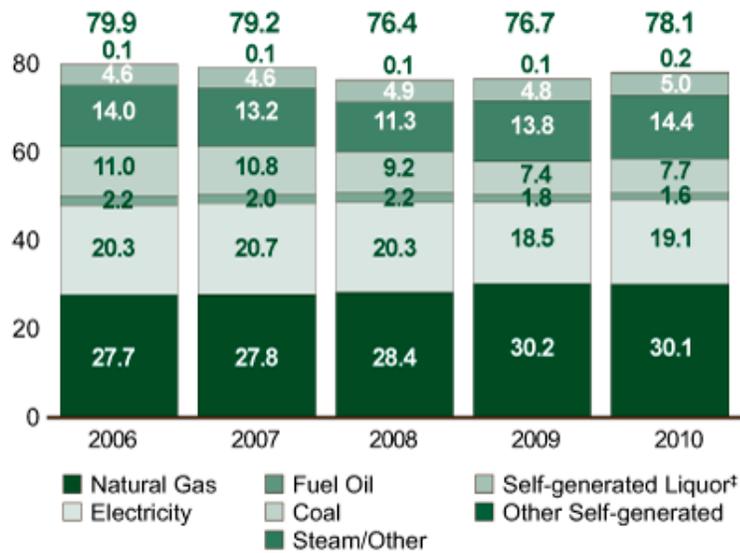


# 2010 SUSTAINABILITY REPORT



## Energy Use by Type

(Trillion British thermal units)



<sup>†</sup>Liquor refers to a residue from the manufacturing process.

Note: Steam/Other, Self-generated Liquor and Other Self-generated categories are considered renewable energy.

# 2010 SUSTAINABILITY REPORT



## Energy Efficiency

(Million British thermal units per metric ton of production)	2006	2007	2008	2009	2010
Actual	15.8	15.5	14.81	15.64	15.23
Vision 2010 Annual Target <sup>†</sup>	14.5	14.0	13.78	14.62	14.20
Percent Deviation	9.0%	11.2%	7.5%	7.0%	7.3%

<sup>†</sup>Based on process benchmarks and relevant year's production

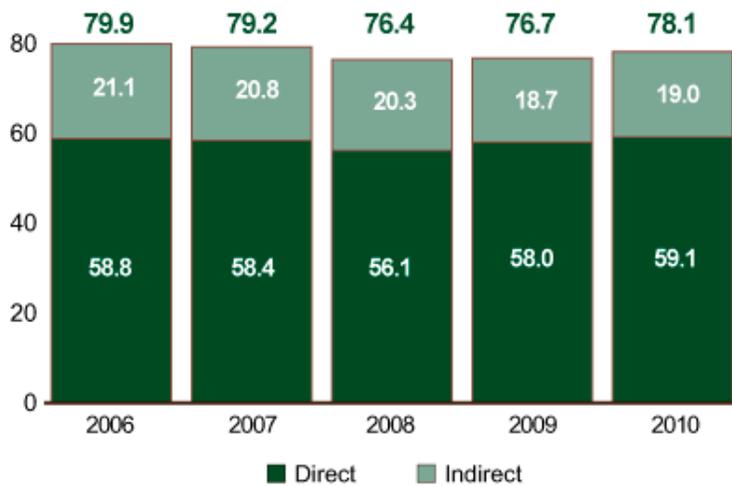
Because percent deviation represents the variance between target and actual performance, declining deviation indicates improvement.

# 2010 SUSTAINABILITY REPORT

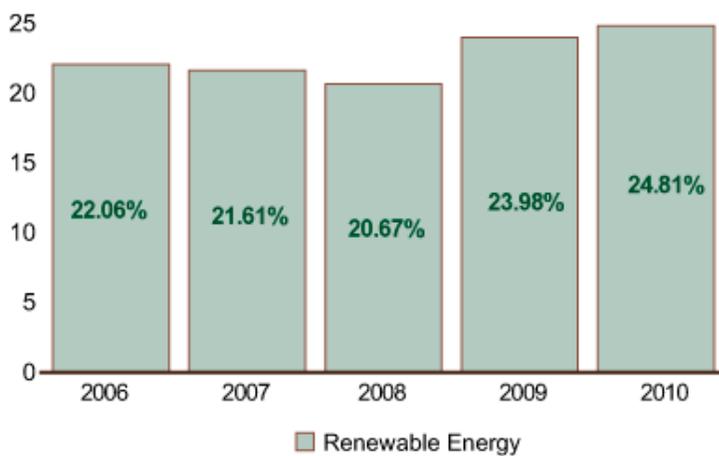


## Energy Use from Manufacturing

(Trillion British thermal units)



## Energy from Renewable Sources



Note: Renewable energy includes biomass and liquor.



## Protecting Water Resources

As global water supplies are becoming more scarce, our focus on water management takes on a growing urgency.

The severity of the global water shortage becomes more apparent each year. Living in a water-constrained world is one of the top six development issues identified by the World Business Council for Sustainable Development, and water shortage is a challenge that has great potential to impact both K-C and the communities we serve. Already, several regions in which we operate have faced water shortages, including the European Union, the Middle East, South Africa and North America. We expect these water shortages to continue and perhaps increase in severity.

Our tissue manufacturing processes are highly water-intensive. Each year, K-C uses more than 128 million cubic meters (34 billion gallons) of water to produce the products so many consumers rely on for personal hygiene and cleanliness. Under current practices, we return all but 7,570,824 cubic meters (2 billion gallons) of water to local sources.

Through Vision 2010, we implemented a number of water conservation strategies and reduced our water use by 11 percent between 2005 and 2010. But given the importance of this issue globally, we believe it is necessary to do much more and have therefore voluntarily adopted more stringent standards.

Sustainability 2015 Goals:

**25%**  
Reduce our total manufacturing water use by 25 percent  
Maintain the quality of our wastewater discharge

Working with our manufacturing facilities, we have mapped out a detailed plan of process improvements and capital investments that will enable us to reach these ambitious goals. As we prepare for dealing with water scarcity risks, we're guided by the findings of a Global Water Risk Assessment conducted for us by Imperial College of London's Centre for Environmental Policy.

# 2010 SUSTAINABILITY REPORT



## USING LESS FRESH WATER

Since 2000, as part of our Vision 2005 and 2010 programs, K-C has been striving for improved water efficiency in all our tissue manufacturing facilities. Our mills have worked toward a corporate-wide benchmark of 30 cubic meters per bone dried metric ton ( $\text{m}^3/\text{BDMT}$ ) of product. Each mill sets its own water-efficiency goal and is measured by how close it comes to achieving that goal.

By 2010, K-C was able to reduce its corporate-wide fresh water usage from 44.2  $\text{m}^3/\text{BDMT}$  to 42.7  $\text{m}^3/\text{BDMT}$ , improving our water use efficiency by 3 percent over the Vision 2010 program. Of all our tissue mills worldwide, 62 percent met or surpassed the benchmark of 30  $\text{m}^3/\text{BDMT}$  of product. Despite this progress, we fell short of achieving our Vision 2010 fresh water efficiency target on a corporate-wide basis. Mills that are located in water-scarce regions or where governmental regulations require lower water use aim for a lower benchmark of 25  $\text{m}^3/\text{BDMT}$ , which represents even greater efficiency in water use. Many of our mills in Europe, Middle East and Africa that work toward this lower benchmark have improved their water use and often have surpassed this requirement.

- As it strives to meet its benchmark, the Aranguren mill in Spain improved its water efficiency from a high of 56.9  $\text{m}^3/\text{BDMT}$  in 2005 to 31.7  $\text{m}^3/\text{BDMT}$  in 2010 by using clarified water instead of fresh water, reusing water and implementing other efficiency measures.
- By investing \$521,748 in new pumps and a scale-reduction machine and taking other steps, the Villey Saint Etienne mill in France reduced fresh water usage from 34.9  $\text{m}^3/\text{BDMT}$  to 30.1  $\text{m}^3/\text{BDMT}$  in 2010.

Some mills that were at benchmark in 2005 became even more efficient:

- Hogla-Kimberly, the largest non-food consumer goods company in Israel, is a leader in effective water management at its recycled paper mill. The mill uses 12.5  $\text{m}^3/\text{BDMT}$ , which is half of what K-C considers best practice. To further reduce its impact on the local water supply in this water-stressed country, Hogla-Kimberly is launching a water-saving program that includes offering community education and managing wastewater. They have also proposed drilling a well that will reduce its use of water from the municipal water supply.
- The Reisholz, Germany, mill reduced water consumption from 23.42  $\text{m}^3/\text{BDMT}$  to 16.94  $\text{m}^3/\text{BDMT}$  (K-C Sustainability Data Base data) by replacing all fresh water supplies with clarified water, monitoring fresh water usage, checking water consumption and reusing water overflow. The Romagnano, Italy, mill reduced water consumption from 27.43  $\text{m}^3/\text{BDMT}$  to 19.90  $\text{m}^3/\text{BDMT}$  by recycling more water, reusing cooling water and reusing more treated effluent.

Our fresh water efficiency benchmark primarily applies to our tissue facilities, as that is where the opportunity for water conservation exists. However, we expect to reduce water consumption at other types of facilities, including offices, as they adopt LEED green building standards. We currently do not measure all water use, but we plan to acknowledge and include reductions at these and other facilities in future reports.

# 2010 SUSTAINABILITY REPORT



## PROVIDING CLEANER WASTEWATER

Besides reducing the amount of fresh water we use, we strive to effectively manage the quantity and quality of the wastewater we discharge.

We've adopted less toxic bleaching methods in our supply chain and manufacturing process. To reduce the toxic effects associated with pure chlorine, we purchase elemental chlorine-free (ECF) and total chlorine-free (TCF) bleached pulp.

When we bleach recycled fibers during the manufacture of our tissue products, we use non-elemental chlorine alternatives including chlorine dioxide, sodium hypochlorite, sodium hydrosulfite, oxygen and hydrogen peroxide. We also offer several towel and tissue products that are process-chlorine free.

K-C manufacturing facilities use advanced technologies, including primary and secondary treatment, to achieve high standards of wastewater quality. These technologies make it possible to cycle treated effluent back into our manufacturing processes—a closed loop system that significantly reduces both our discharges to waterways and our use of fresh water.

## ENHANCING OUR WASTEWATER STANDARDS

Our Vision 2010 water quality standards, which established acceptable levels of biological oxygen demand (BOD) and total suspended solids (TSS), will be carried over to Sustainability 2015. In addition to maintaining these rigorous standards, we are adding an acute toxicity standard to ensure that our discharges do not harm the aquatic environment. We will develop a program to measure each mill at least twice before 2015, monitoring BOD, TSS and acute toxicity.

We require all facilities and business units to certify their compliance with applicable environmental laws and regulations quarterly, as well as our Vision 2010 Water Quality Standard. All K-C mills are in compliance with our Vision 2010 water quality standards with the exception of our mill in Everett, Washington, U.S. The Everett mill's wastewater treatment plant provides primary treatment for all wastewater discharge, but secondary treatment for only part of the total mill effluent. Even without comprehensive secondary treatment, the Everett mill effluent was well below the limits in its National Pollutant Discharge Elimination System Permit issued by the Washington Department of Ecology.

# 2010 SUSTAINABILITY REPORT



## Vision 2010 Targets for Average TSS and BOD Discharges to Wastewater

(kg/bone dry metric ton of production)	Paper Recycling 2010 Target	Tissue Manufacturing 2010 Target
TSS	3	2
BOD	4	2

## ENSURING SAFE WATER AND SANITATION

As part of our Sustainability 2015 strategy, we are seeking to improve community access to safe drinking water and basic sanitation. We look for opportunities to partner with local communities to identify and address the most pressing needs. Wherever possible, we involve local employees in completing these projects.

For example, less than one mile from our manufacturing facility in rural Puerto Tejada Cauca, Colombia, there are 51,000 inhabitants, including 400 K-C employees, without a sufficient water supply to cover their daily needs. In late 2010, the Puerto Tejada plant’s social committee led a project to supply these K-C employees with clean water for their everyday needs by providing them with UNICEF-approved water filters and hygiene education. Funding came equally from the employees themselves, the leaders of K-C Colombia, and K-C Global Sustainability. Committee members were trained on filter use, assembly and maintenance as well as hygiene practices. They in turn passed this knowledge on to their families and community. The facility’s next goal is to supply clean water to three neighboring communities and a local school.



### Clean Water for Schools in India

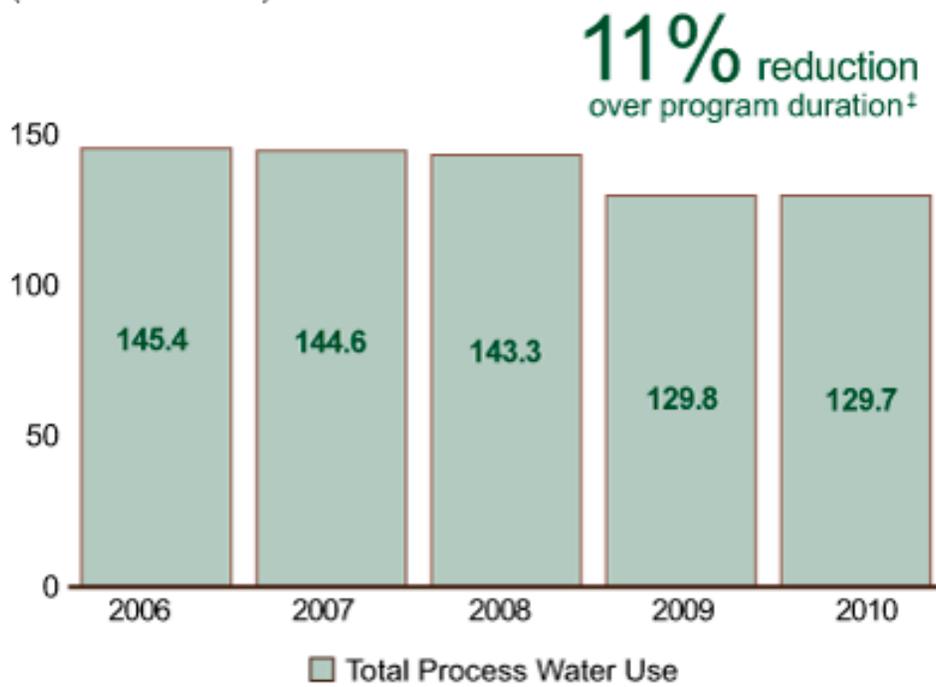
K-C donated \$60,000 to provide 223 schools in West Bengal, India, with water supply lines and private and separate toilets, hand washing stations and hygiene education programs. Project partner Water for People provided training on proper sanitation and waste disposal. With this enhanced privacy and gender-sensitive education on sanitation, girls now feel more comfortable at school and have one less obstacle that could interfere with their education.

# 2010 SUSTAINABILITY REPORT



## Fresh Water Use

(million cubic meters)



<sup>‡</sup>Percent change is calculated between 2005 (base year) and 2010.

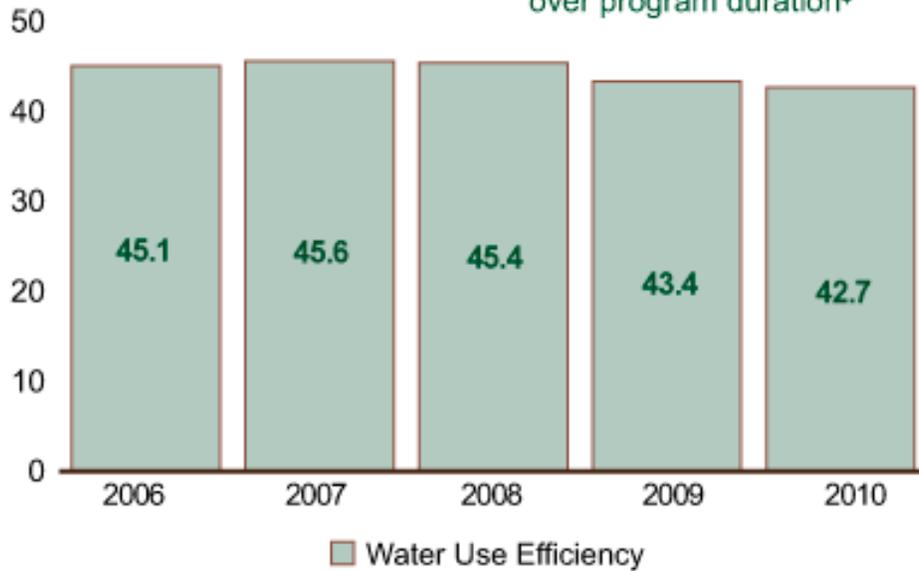
# 2010 SUSTAINABILITY REPORT



## Water Use Efficiency

(cubic meters per metric ton of production)

**3.3%** improvement  
over program duration<sup>†</sup>



<sup>†</sup>Percent change is calculated between 2005 (base year) and 2010.

# 2010 SUSTAINABILITY REPORT



## **Saving Water Saves Money**

The availability and quality of water is an important global issue, and K-C continues to look for ways to reduce our global water footprint at our manufacturing sites. But some regions are more water challenged than others such as Southern California where water is both scarce and costly.

The K-C tissue mill in Fullerton, California, U.S., has historically minimized water usage by recycling clarified wastewater back into the manufacturing process. However, a change in the tissue manufacturing process created the need for using more fresh water versus recycled water, which also increased costs.

The team rented two ultrafiltration systems to polish the clarified effluent water which enabled the mill to further recycle wastewater and use it instead of fresh water, reducing the mill's overall water usage below historical rates. In total the mill is reducing water usage by nearly 1,324,894 cubic meters (350 million gallons per year), which is worth more than \$1.6 million and delivering a total bottom-line savings of more than \$750,000 per year.

To ensure that these gains are secured for the long term a capital project is planned to install permanent ultrafiltration systems, with a capacity that will likely exceed that of the rental units. This new equipment will provide further water-use reduction and even higher cost savings, proving that sustainability is good for business and the planet.



## Reducing Waste

Minimizing waste generation and eliminating landfill use for disposal calls for creativity, commitment and making tough choices.

The disposal of solid waste from manufacturing operations 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.

Our solution—reducing waste volume—benefits the environment and can lower our costs. While we have been working diligently toward this objective, we continue challenging ourselves to achieve the ambitious goal of zero manufacturing waste to landfill. Recycling and reusing our waste in process allows us and others to minimize the use of virgin materials for production.

Sustainability 2015 Goal:

**0**  
manufacturing and office waste to landfills

We strive to manage our waste responsibly, guided by our Reduction and Disposal of Waste Policy, which sets forth our standard for waste management. This policy emphasizes:

- Waste reduction
- Recycling
- Environmentally responsible waste disposal

We also comply with applicable legal requirements for waste reduction and recycling in the countries where we operate.

# 2010 SUSTAINABILITY REPORT



## BUILDING ON A DECADE OF LANDFILL-FREE MOMENTUM

We believe that our goal of zero waste to landfills is attainable because of the solid progress made by different K-C divisions over the past decade. All K-C Global Nonwovens manufacturing facilities have been virtually landfill-free for 10 years. Our Global Nonwovens division sent less than 1 percent of its waste—529 metric tons—to landfills in 2010. In other words, all K-C Nonwovens mills have been greater than 99 percent landfill-free of manufacturing waste since 2000. A portion of this success comes from the fact that 62 percent of waste material from our Global Nonwovens division was recycled back into the nonwovens we produced. The rest of the waste was sold to re-processors. K-C's North Asia Personal Care and Tissue division facilities have been landfill-free for manufacturing waste for the past five years.

**Almost half of all K-C mills—48 out of 104 locations—now send zero manufacturing waste to landfills.**

## MAKING TOUGH CHOICES

As we enter our 16th year of our continuous environmental improvement initiatives, we look back with pride at the many process improvements we have implemented. Throughout this journey we have learned that choices we make to improve performance in one area can sometimes create challenges in another. K-C's decision to reduce our reliance on virgin wood fiber—the major component of our tissue products—and to increase the use of recycled fiber generates substantially more solid waste in the form of residual short fiber, or sludge, which cannot be used to create our products. In fact, most of the waste we send to landfills is sludge generated from the process of making tissue with recycled fiber content.

K-C mills have been driving toward zero waste in landfills by developing sound diversion and recycling strategies with the input of employees, suppliers and contractors. We have identified a number of landfill-free opportunities for our recycled fiber sludge, such as for use in cement manufacturing, mine reclamation, material stabilization and other beneficial uses. Due to their ongoing efforts, several K-C facilities are already diverting 100 percent of their sludge from landfills.

- After approval from the Malaysian government in November 2010, our Kluang facility now supplies sludge to a local cement plant and expects to divert 13,500 metric tons of sludge from landfills in 2011.
- The K-C Family Care facility in Jenks, Oklahoma, U.S., has formed partnerships with a waste-to-energy plant and newspaper recycling company, which together accept all of the sludge generated by that mill.
- Our new diaper facility in Stupino, Russia, is sending some of its waste diapers to our mill in Barton, U.K. to be used in manufacturing other diapers. The remaining waste diapers are shredded on site and sent to a local recycler for use at a cement manufacturer. This local recycling reduces the waste transportation carbon footprint and allows waste-to-energy conversion.

# 2010 SUSTAINABILITY REPORT



## Total Waste

(Million metric tons)	2006	2007	2008	2009	2010
Total waste, non-hazardous	1.42	1.35	1.54	1.48	1.51

## Waste per Metric Ton of Production

(Per metric ton of production)	2006	2007	2008	2009	2010
Waste	0.29	0.27	0.300	0.305	0.297

## Manufacturing Waste Sent to Landfills

(%)	2006	2007	2008	2009	2010
Waste percent to landfills	16.0	22.0	22.0	19.8	20.6

# 2010 SUSTAINABILITY REPORT



Non-hazardous Waste by Method of Disposal (metric tons)

Landfilled	20.61%
Beneficial use	21.65%
Compost	3.90%
Direct land application	0.00%
Incineration without heat recovery	0.93%
Other	0.82%
Recycled	21.24%
Reused	10.46%
Waste to energy	20.40%

## REDUCING POST-CONSUMER WASTE

We're trying to reduce waste at all stages of our product life cycle—even after customers have used our products. K-C has pioneered innovative solutions to help consumers reduce waste associated with disposal of our products. A discussion of K-C initiatives to reduce waste through better product design is available in the Products section.

Huggies diaper line has partnered with TerraCycle to provide a sustainable end-of-life solution for diaper packaging. More than 4,567 collection locations have registered to divert diaper packaging from landfills by sending it to TerraCycle, which converts the packaging into innovative new products. To date, the program has diverted 3,150 post-consumer packages.

### Diaper Composting

Used diaper collection is catching on in New Zealand. The Huggies team partnered with Envirocomp Ltd. for a first-of-a-kind diaper composting service in New Zealand. Huggies New Zealand provided a three-year sponsorship to get the composter commissioned.

Demand for Envirocomp™ Solutions' first diaper composting plant has already exceeded original projections. Just one year after opening, so many households and commercial businesses—including preschools and senior care facilities—have signed up for the collection service that the facility is operating at more than 70-percent capacity. The plant processes 15,000 diapers or incontinence products each day into compost. Even local governments are supporting the service by providing the green waste or providing an incentive for residents to try the service. Central Government has provided funding from its Waste Minimization Fund. The Huggies Club database was used in Wellington to assess demand for a second diaper composting facility.

# 2010 SUSTAINABILITY REPORT



## Sterile Wrap Reprocessing

K-C Health Care Australia now offers hospitals an innovative recycling solution through a new recycling program. The joint initiative of SITA-MediCollect (the specialized clinical waste business of SITA Environmental Solutions) and K-C educates hospitals and collects, recycles and recovers unused KIMGUARD\* Sterile Wrap and ONE-STEP\* Sterile Wrap. Both KIMGUARD\* Sterile Wrap and ONE-STEP\* Sterile Wrap are light, bulky, visible material highly suited to reprocessing.

The process involves collecting used, clean, uncontaminated KIMGUARD\* Sterile Wrap and ONE-STEP\* Sterile Wrap for recycling. SITA-MediCollect will work with hospitals to review and assess the specific waste management and recycling options that are available to them. Despite the logistical complexities, K-C was able to develop a comprehensive collection, transportation and reprocessing service for KIMGUARD\* Sterile Wrap. K-C has created a long-term solution that is environmentally efficient and cost-effective.



## Sterile Wrap Recycling Options

To encourage more hospitals to recycle and to support those that already do, K-C Health Care invited customers to share their uses for repurposed or recycled uncontaminated used KIMGUARD\* Sterile Wrap. The "Save the Daisies" contest recognized and rewarded customers' initiatives that reduced the hospital waste stream. Four winning facilities received an educational grant and a donation from K-C Health Care to the cause of their choice.

K-C Health Care also started a sterile wrap recycling pilot program, building on best practices from hospitals in the U.S. states of California and Oregon. K-C serves as the liaison to help identify collection partners, in-service staff and a reprocessor. Participating hospitals require motivated surgical and environmental services teams and storage space to accumulate shippable quantities. Other components include an established, reliable market for the materials and transportation to take collected quantities to a central storage location. The pilot program engaged 10 hospital systems in recycling efforts and provided education for components of a successful program. The pilot also provided key lessons to K-C Health Care on how to further expand sustainable recycling programs nationwide.

# 2010 SUSTAINABILITY REPORT



K-C Health Care worked with Rhode Island School of Design's Industrial Design Department, Rhode Island, U.S., to develop and identify new sustainable concepts and scalable designs for repurposing KIMGUARD\* Sterile Wrap. During the semester-long "K-C Green Studio" course, design students came up with innovative ideas that could significantly reduce hospital expenses, waste and overall medical carbon footprint within a hospital. K-C is researching several of these innovative ideas.

K-C is also working to identify ways to use reclaimed sterile wrap to produce other nonwovens, reducing the amount of virgin polymer purchased.



## Promoting Sustainable Fiber Practices

Responsible fiber sourcing practices are at the core of our approach to sustainably managing natural resources.

Sustainability 2015 Goals:

**100%**  
Continue to procure 100 percent of wood fibers from certified sources  
Increase our use of responsible fiber

As one of the largest producers of tissue products worldwide, K-C emphasizes sustainable forestry and sound environmental practices. The majority of our consumer products contain fibers derived from wood pulp, and each year we purchase wood fiber equivalent to 43 million trees. Given the magnitude of this consumption, we fully appreciate the imperative to protect natural resources, safeguard forests that combat greenhouse gases, and support healthy ecosystems that sustain life.

In a mutually reinforcing way, as customers increasingly realize how their purchase decisions impact our world, they are asking for more environmentally responsible products. This consumer demand further energizes our efforts and ability to seek innovative solutions.

At the same time, we're confronted by limited availability of high quality post-consumer waste paper in North America and Europe, and by projections that additional Forest Stewardship Council (FSC)-certified primary fiber will not be available in the marketplace until the third quarter of 2012.

# 2010 SUSTAINABILITY REPORT



## COMMITTING TO RESPONSIBLE SOURCING

In 2009, we adopted a ground-breaking policy on global fiber procurement. We committed to use environmentally responsible fiber from three sources:

- Wood pulp purchased from suppliers who have achieved forest certification
- Wood pulp that we have manufactured from logs or chips obtained from forest-certified suppliers
- Recycled fiber recovered from pre-consumer or post-consumer waste paper

We began to implement this policy in 2009 by setting a new goal: We committed to use 40 percent of either recycled fiber or FSC-certified wood fiber in all North American tissue products by the end of 2011. Through our focused efforts we can proudly say that by the end of 2010, we had surpassed this goal by a large margin and achieved 56.8 percent. K-C has a goal of purchasing 100 percent of its virgin wood fiber from suppliers that have had their forestry operations or wood fiber procurement activities certified by one of the following third-party verified forest certification systems:

- Forest Stewardship Council (FSC)
- Sustainable Forest Initiative (SFI)
- Canadian Standards Association's National Sustainable Forest Management Standards (CSA)
- Sistema Brasileiro de Certificacao Florestal (CERFLOR) in Brazil
- Program for the Endorsement of Forest Certification Schemes (PEFC)

This policy is being adopted across our global operations. In 2009 and 2010, K-C Global Antioquia and Colombiana Kimberly Colpapel obtained PEFC certification for products produced with the Hydroknit® Nonwoven Fabric and Airflex® technology.

### FSC-certified Tissue

FSC chain-of-custody certification tracks fiber from the forest to the consumer, including all stages of processing, transformation, manufacturing and distribution. It is a guarantee to consumers and businesses that FSC-labeled products come from well-managed forests or other FSC-approved sources, including post-consumer reclaimed material. Only companies such as K-C that have FSC chain-of-custody-certified mills are allowed to label products with the FSC trademarks. FSC chain-of-custody certification requires control systems and procedures that:

- Account for FSC-certified wood as it passes along the supply chain
- Ensure that any non-FSC-certified wood is from controlled, non-controversial sources
- Verify sources and levels of post-consumer recycled fiber

# 2010 SUSTAINABILITY REPORT



We have many FSC-certified products around the world including the following:

- **Europe:** All major Kleenex bath tissue lines, Andrex Bath Tissue (United Kingdom), Hakle Bath Tissue (Switzerland), Page bath tissue (Holland), Scottex (Italy) and a range of K-C Professional products
- **Australia:** Cottonelle Bath Tissue, Kleenex Facial Tissue, Thick and Thirsty Towel, Viva Towel and Wondersoft Bath Tissue
- **North America:** K-C Professional tissue products marketed under the Kleenex® and Scott® brand names for the away-from-home market
- **Taiwan:** One-third of all tissue is FSC certified, including Kleenex Sujay Bath Tissues, Kitchen towel, Hand Towel and Box Facial and Scott RBT and Hand towel
- **Brazil:** Neve tissue, Kleenex dry tissues, Grand Hotel table napkins, Scott Cozinha kitchen towels and K-C Professional products

K-C Professional became the first away-from-home tissue products company in North America to receive FSC chain-of-custody certification for a broad range of tissue and towel products.

In December 2010, we began shipping our first FSC-labeled consumer facial tissue in North America to Costco. We shipped to Costco exclusively for six months with the intent to begin shipping the product nationwide in 2011. FSC is helping K-C to develop materials to help educate consumers about the importance of this certification. These educational materials will be supported by many major NGOs such as Greenpeace, Nature Conservancy and World Wildlife Fund (WWF).



“Kimberly-Clark is truly a leader in responsible fiber procurement practices. Not only was K-C the first tissue company in North America to seek and obtain FSC chain-of-custody certification, the company is driving even greater volumes of FSC-certified fiber through its production and supply chain. It is gratifying to partner with an organization that is working so diligently to encourage exemplary forest management.”

—Corey Brinkema,  
president of Forest  
Stewardship  
Council-U.S.

# 2010 SUSTAINABILITY REPORT



## Why We Prefer FSC Certification



FSC remains a preferred forestry certification requested by a number of our retailer customers in Europe and, increasingly, by our business-to-business partners globally. In addition, K-C works with government agencies to accept paper products that contain FSC-certified primary fiber as environmentally preferable, in addition to those containing 100-percent recycled fiber content. Several countries in which we sell our products allow only FSC certification to make fiber sustainability claims.

## ADDRESSING THE CHALLENGE OF RECYCLED FIBER

To reduce our consumption of virgin wood pulp, we have reformulated many of our products to combine recycled fibers with softwood and hardwood fibers. These products are more environmentally responsible while providing the performance that consumers expect. In fact, our scientific life-cycle assessments of K-C tissue products with varying levels of virgin and recycled fiber found that both recycled fiber and virgin fiber have environmental benefits and drawbacks.

While our 2008 life-cycle assessment found that there was no environmental preference for using either recycled or virgin fiber in the manufacture of our tissue products, using more recycled fiber in tissue products has several economic and environmental benefits. It buffers us from the volatile market prices of virgin fiber, uses the recovered resource of recycled paper and reduces our use of natural resources. Through diligence and creativity, we have found several ways to address this increase in solid waste, which we describe in “Making Tough Choices.”

We continue to pursue the use of recycled fiber and are making substantial investments that will increase our ability to use recycled fiber content. K-C Professional recently made a multi-million-dollar investment in its Loudon, Tennessee, U.S., mill to increase the amount of recycled fiber in a range of Kleenex® and Scott® brand towel products. As part of K-C Professional’s Reduce Today, Respect Tomorrow\* program, this investment builds on a substantial investment in recycled fiber in our Mobile, Alabama, U.S., facility in 2007.

## CREATING MARKET SUPPORT FOR FSC-CERTIFIED PRODUCTS

K-C strongly advocates the use of only environmentally preferred fiber because it plays a critical role in sustainable forest management. Ensuring sustainable forestry requires significant time, resources and investment, so broad recognition and consumer preference for these products helps support our efforts. We’re spreading the word to our customers and consumers.

To leverage the power of the consumer market, K-C has been working with major retailers to build awareness of responsible forest sourcing and help consumers understand the value of purchasing certified paper products. To further combat tropical deforestation, K-C and major global retailers are partnering to promote sustainable practices and standards across the supply chain.

# 2010 SUSTAINABILITY REPORT



A major challenge in supplying customers such as the global retailer Carrefour with certified products is a lack of supply for certified pulp and paper in key regions.

### **Protecting Indonesian Rainforests**

Indonesia's lush tropical rainforests play a crucial role in storing vast amounts of carbon and are essential in fighting climate change. These rainforests are also biodiversity hotspots, providing habitat for endangered species such as orangutans and tigers, and are vital to local communities. In fact, deforestation of rainforests is one of the leading contributors of global greenhouse gas emissions.

While K-C does not currently source raw material from Indonesia, we're working hard to help that nation protect its natural resources and abundant biodiversity while constructively building its economy. K-C kicked off 2011, the United Nations International Year of Forests, by co-sponsoring a multi-stakeholder meeting on responsible forest management and fiber sourcing in the Indonesian pulp and paper industry. K-C and event co-sponsor Carrefour, a global retailer, both advocate the use of environmentally responsible fiber and certified raw material to reduce irresponsible forestry practices.

In early 2010, we began funding research with World Wildlife Fund (WWF) to develop tools for identifying, mapping and monitoring high conservation value forests in Sumatra, Indonesia, and to develop best practices for plantation forestry in that nation. Together with WWF, K-C helped in mapping degraded land and researching illegal logging impacts in the tropical rainforests of Indonesia. This research will identify degraded areas and the endangered species vital for the functioning of Indonesia's ecosystems, while enabling sustainable business practices.

Our forward-thinking fiber procurement policies and practices earned K-C top ranking in the personal care and household goods sector of the 2010 survey by the Forest Footprint Disclosure (FFD). The FFD 2010 survey noted that K-C is the first major tissue producer to require wood suppliers to have independent certification for sustainable forest practices. It also commended K-C's efforts to map high conservation value forests in Brazil and Indonesia, the countries with the two highest deforestation rates. The FFD invited 88 U.S. companies to participate in the survey, but only 12 companies—including K-C—agreed to participate.

### **Greenpeace Recognizes K-C as a "True Leader" for Boreal Forest Protection**

Canada's boreal forests, which contain a quarter of the world's wetlands, are the most important global carbon reservoirs and are a critical environmental resource. Greenpeace Canada named K-C a "true leader" for its progressive practices in helping to protect this vital resource.

In recognition of their use of environmentally friendly tissue products, 340 of Thailand's leading companies received "Global Green Certificates" from K-C Professional. By using products made of recycled pulp certified by the Thailand Environment Institute, this practice has eliminated the need to cut down more than 28,000 trees in natural forests.

# 2010 SUSTAINABILITY REPORT



In its first Boreal Marketplace Review of forest products, Greenpeace Canada ranked 23 companies for their action to protect Canada's boreal forest and other endangered areas through their fiber sourcing and procurement practices. K-C was cited for its leading global fiber procurement policy which commits to not using any fiber from the world's most ecologically sensitive forest areas, including old-growth, ancient forests critical for the protection of biological diversity.

K-C's policy also commits to supporting initiatives to identify and map these areas. Greenpeace praised K-C for taking concrete steps to reduce its forest footprint and influence its suppliers to improve their forestry practices.

## ACHIEVING OUR VISION 2010 GOALS

K-C continued to aggressively source additional FSC-certified and FSC-controlled wood certified primary fiber in support of our FSC-labeling for our facial and bath tissue products on a global basis. In addition, K-C Professional completed an expansion of its de-inking capacity at its Loudon, Tennessee, U.S. mill and increased use of waste paper at our Mobile, Alabama, U.S. mill. As a result, K-C was able to increase its use of environmentally-preferred fiber in its North American tissue products to 56.8 percent, significantly higher than the 43.6 percent achieved in 2009. The main challenges going forward remain the availability of high quality waste paper in North America and the fact that no new availability of FSC-certified primary fiber is expected in the marketplace before the third quarter of 2012.

**K-C Professional donated \$10,000 to The Nature Conservancy to support sustainable forest management in Canada's boreal forest. The donation honors Marriott International for its strong support of K-C Professional's new line of FSC-certified products.**

# 2010 SUSTAINABILITY REPORT



2010 Environmentally Preferred Fiber Usage/North American Tissue Products

	2006	2007	2008	2009	2010	2011
North American FSC Mix	N/A	3.9%	8.3%	22.1%	31.6%	##
North American FSC Controlled Wood	N/A	N/A	N/A	26.9%	42.7%	##
North American FSC Plantation	N/A	N/A	N/A	15.8%	25.9%	##
North American RF Content	N/A	19.4%	21.4%	21.5%	25.2%	##
North American Post-Consumer RF	N/A	15.5% <sup>†</sup>	17.1% <sup>†</sup>	17.8%	20.3%	##
Total FSC/RF Content Actual Results	N/A	23.3%	29.7%	43.6%	56.8%	##
Total FSC/RF Content Targets	N/A	N/A	N/A	31.5%	33%	40%

N/A = Not available  
<sup>†</sup> = Estimate  
 ## = Not yet available  
 RF = Recycled fiber

# 2010 SUSTAINABILITY REPORT



## 2010 Environmentally Preferred Fiber Usage/Global Tissue Products

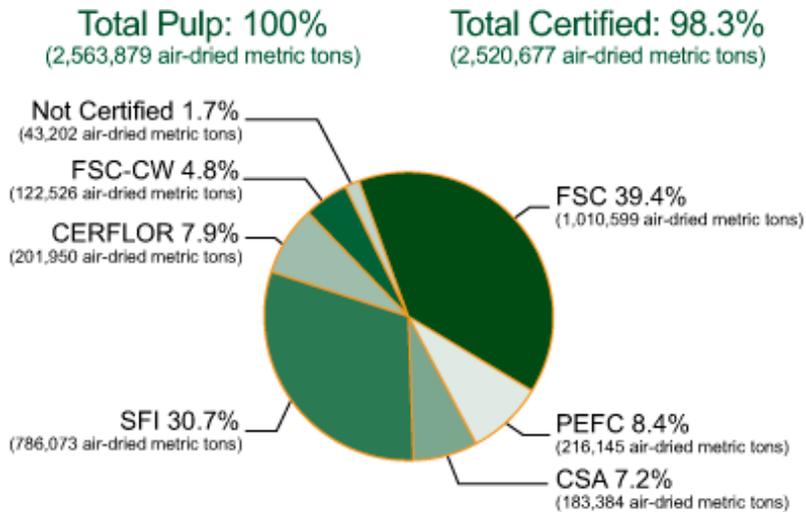
	2006	2007	2008	2009	2010
Global FSC Mix	N/A	5.4%	11.4%	23.6%	33.3%
Global FSC Controlled Wood	N/A	N/A	N/A	20.9%	31.4%
Global FSC Plantation Fiber	N/A	N/A	N/A	19.9%	29.1%
Global RF Content	N/A	30%	31%	31%	32%
Global Post-Consumer RF	N/A	N/A	N/A	N/A	12.9%†

N/A = Not available

RF = Recycled fiber

† = North America and Europe only

## 2010 Fiber Purchases by Certification Scheme



# 2010 SUSTAINABILITY REPORT



## REFORESTING COMMUNITIES WORLDWIDE

To support our preference for verified fiber and improve the habitat of the communities in which we operate, we partner with local groups on reforestation projects. Yuhan-Kimberly's long-standing Keep Korea Green program contributes to its strong reputation, and recent tree-planting efforts are reforesting urban and coastal areas in Thailand. These programs restore native habitats, provide carbon sinks, beautify communities, reduce flooding and control erosion.

### Keep Korea Green

Yuhan-Kimberly's Keep Korea Green forest preservation initiative is driven by its belief that a company develops together with society and has to be responsible for society. Recognizing that preserving the ecological system and sustainably managing natural resources are of great concern in Korea, Yuhan-Kimberly launched Keep Korea Green in 1984. Since then, Yuhan-Kimberly has planted or nurtured more than 39 million trees through the Keep Korea Green campaign.

In honor of its 40th anniversary last year, Yuhan-Kimberly announced that it would plant and nurture an additional 11 million trees by 2013—the 30th anniversary of Keep Korea Green. That would bring the total number of trees planted or nurtured to 50 million.

The multi-faceted program includes a school forest campaign, field study program for high school girls, desertification-prevention program, educational website, resource publications and forest preservation.

Examples of specific tree-planting events in 2010:

- All Yuhan-Kimberly employees planted trees to celebrate the facility's 40th anniversary.
- More than 600 newlyweds and community leaders participated in Yuhan-Korea's 27th Newlyweds' Tree Planting on public-owned land in Gyeonggi province.



Korean newlyweds planting trees.

Yuhan-Kimberly has pledged to plant 11 million more trees by 2013, for a total of 50 million trees.

# 2010 SUSTAINABILITY REPORT



- Environmental Education for Youth hosted the 35th and 36th Green Camp held at the Eoseongjeon Forest in Gangwon Province. Approximately 200 students and professors and experts from academia and government research institutes participated.



## PRODUCTS

### Essentials for a Better Business

We create essential products that improve lives around the world every day.

People around the world choose essential products from K-C to make their lives better. Our brands must offer sustainable product solutions, while our businesses must address volatility and availability issues for key raw materials. Our vision becomes reality as we build products to help people stay safe, prevent infection, reduce leakage and skin irritation and increase comfort. They are convenient, easy to use and allow for a healthy, active lifestyle.

With Vision 2010, we made progress in our efforts to systematically apply environmental considerations into our overall product development process. Our broad-based Sustainability 2015 is helping K-C take the next steps toward addressing our customers' expanding sustainability efforts and our consumers' growing interest in sustainable products. We will continue to innovate in our products and business models to deliver sustainable products and consumption practices to emerging consumers.

We challenge ourselves to:

- Incorporate into product development consumer and customer insights on how to make our products more sustainable.
- Systematically apply environmental principles when developing new products. We aim to consider the whole product life cycle during product design.

Sustainability 2015 Goals:

**250** million  
new consumers  
reached

**25%**  
net sales from  
environmentally  
innovative products

**20%**  
reduction in  
environmental impact  
of packaging

# 2010 SUSTAINABILITY REPORT



## **Our Four Product Segments**

**Personal Care** manufactures and markets disposable diapers, training and youth pants, swim pants, baby wipes, feminine and incontinence care products and related products. Products in this segment are primarily for household use and include brand names such as Huggies, Pull-Ups, Little Swimmers, GoodNites, Kotex, Lightdays, Depend, Poise and others.

**Consumer Tissue** manufactures and markets facial and bathroom tissue, paper towels, napkins and related products for household use. Products in this segment are sold under the Kleenex, Scott, Cottonelle, Viva, Andrex, Hakle, Page and other brand names.

**K-C Professional and Other** manufactures and markets facial and bathroom tissue, paper towels, wipers and a range of safety products for the away-from-home marketplace. K-C, Kleenex, Scott, WypAll, Kimtech, KleenGuard, Kimcare and Jackson are some of the brand names in this segment.

**Health Care** manufactures and markets health care products such as surgical drapes and gowns, infection control products, face masks, exam gloves, respiratory products, pain management products and other disposable medical products. Products in this segment are sold under the Kimberly-Clark, ON-Q and other brand names.

# 2010 SUSTAINABILITY REPORT



## Establishing Greener Goals for Products

We strive to deliver high performing products that meet essential needs in a sustainable way.

Our innovations began more than a century ago. K-C was the first company to introduce five categories of essential products: toilet tissue (1890), feminine napkins (1920), facial tissues (1924), paper towels (1931) and training pants (1989). Today, our products touch 1.3 billion consumer lives every day.

To continue our progress, K-C has set the following Sustainability 2015 goals to help us realize our vision of creating essential products in a sustainable way.

Sustainability 2015 Goals:

**250** million  
new consumers  
reached

**25%**  
net sales from  
environmentally  
innovative products

**20%**  
reduction in  
environmental impact  
of packaging

### Moving Up in Green Rankings

As we continue to build on our vision for sustainability, K-C is moving up the ranks. We earned the No. 76 spot on *Newsweek's* 2010 Green Rankings, up from No. 120 in 2009, among the largest 500 companies in the U.S. K-C made the most environmental progress within the consumer products/care category among the top 100 companies over the past year.

Rankings are based on environmental performance of the 500 largest publicly traded companies in the U.S. based on each company's resource use and emissions levels, environmental policies and strategies, and peer reputation. We will continue to operate and innovate in ways that will take us further up the rankings.

### CREATING GREEN INNOVATIONS

Developing new and improved products is an important factor in K-C's long-term success. Our products must meet the needs and expectations of our customers—the retailers, wholesalers and distributors that buy our products for resale—and consumers who buy and use our products at home, at work, in public facilities or when receiving health care.

Increasingly, customers and consumers alike are showing interest in sustainability.

# 2010 SUSTAINABILITY REPORT



According to leading research, eight out of 10 consumers want eco-friendly solutions. They also want green products that are not too expensive, hard to find or of lower quality or performance than conventional brands.

K-C is responding to these consumer needs and desires to be green, while staying true to our brand promise. We're introducing environmental and social improvements in our products and developing product innovations that offer environmental and social benefits.

### Eco-friendly Home Solutions

Our Scott Naturals™ bath tissues, paper towels, napkins and flushable moist wipes are for consumers who want products that deliver quality, performance and environmental benefits, at a value price.

Scott Naturals™ Tube-Free is the first household toilet paper in the U.S. without a cardboard tube. With U.S. households using an estimated 17 billion toilet paper tubes annually, equivalent to 72,575 metric tons of waste, eliminating the tube makes it easy for consumers to help tangibly improve the environment. Scott Naturals Tube-Free tissue installs and dispenses the same as conventional tissues and does not compromise product quality or performance.

Knowing that access to fresh water is a growing environmental and social concern, K-C introduced Scott Naturals Smart Flush™ bag in 2010 to help consumers address the No. 1 use of water in the home: toilet flushing, according to the American Water Works Association.

In a water footprint of Scott Naturals toilet paper conducted several years ago, K-C learned that 85 percent of the water use associated with the product takes place during flushing. Although K-C had long viewed this specific environmental impact as beyond our scope, we realized that the flushing step was a clear opportunity for innovation.

We marketed the Scott Naturals Smart Flush bag as a safe and easy way to save water at home. When placed properly inside the toilet tank, the absorbent material in the bag expands, saving one liter of water per flush. A family of four could save an estimated 7.6 cubic meters (7,600 liters) of water per year by using the Smart Flush bag in all of their toilets.

In addition, Smart Flush saves the equivalent amount of water needed to produce 300 rolls of this Scott Naturals product, including the water used in forestry, pulp mills and tissue mills.

Developing Smart Flush gave K-C an opportunity to start with the environmental assessment of the water footprint and see it through to product delivery. We developed the solution in partnership with Dry Planet, a U.K.-based company that distributes similar devices throughout Europe, Australia and Mexico. Smart Flush was adapted specifically for U.S. toilets from Dry Planet's Save a Flush product.

K-C gave away a limited supply of this water-saving product during a nationwide U.S. promotion in September and October 2010. We're evaluating the demand to determine whether to manufacture more in the future.

# 2010 SUSTAINABILITY REPORT



## Newer, Greener WypAll® Wipers

Reduction is the key to lowering the environmental impact of K-C's and our consumers' activities. With this in mind, K-C Professional examined the entire product life cycle of our new generation of WypAll® Wipers to reduce their environmental impact. Product design, raw material use, manufacturing, transportation, end use and disposal were all taken into account when we developed environmentally responsible, disposable WypAll Wipers.

The new WypAll Wipers have the following environmentally friendly features:

- The product is manufactured using 40-percent post-consumer recycled fiber, from sources including recycled cardboard boxes and recycled office paper.
- With up to 35 percent more sheets than standard packaging, more product is packaged in each case. More packages fit in each truck, reducing the number of trucks on the road and carbon emissions from transportation. Less packaging also means less waste sent to landfills.
- The product packaging contains up to 100-percent recycled fiber.

Eligible WypAll Wipers customers can promote their sustainability efforts to their stakeholders through our Green @ Work campaign. K-C makes available downloadable, customizable materials for participating customers and promotes their efforts and successes.

The new generation WypAll Wipers were successfully launched in late 2010 and already have been adopted by consumers in the education, retail, grocery and manufacturing industries. Organizations that value environmentally friendly products or have sustainability initiatives welcome greener products such as our new WypAll Wipers, and we expect this trend to continue over the next several years as environmental initiatives become more widespread.

WypAll Wipers are in keeping with K-C Professional's Reduce Today, Respect Tomorrow\* global sustainability program. The principle behind this program is that the way we use resources today will shape the world of tomorrow. Reduce Today, Respect Tomorrow\* takes a big-picture approach to environmental sustainability by seeking to reduce the environmental impact at every stage of a product's life cycle—from raw material sourcing to manufacturing, from packaging to transport, and from design and use to final disposal.

### Our Environmental Responsibility Goes on the Road

Seeking to walk the walk of the Reduce Today, Respect Tomorrow\* program, K-C Professional went beyond a focus on products toward reducing the impact of all of our key activities in the away-from-home marketplace. Our new trade show booth was designed and built to reduce our impact on the environment by reducing and optimizing the materials, use, weight, transportation and overall life cycle.

Every aspect of the booth's carbon footprint, including the frame, carpeting, paint, fabric, ink and lighting, as well as its size, packaging and weight, were considered in an effort to reduce environmental impact. The island and modular booth configurations use materials that are approximately 90-percent post-consumer recycled, rented or re-used.

# 2010 SUSTAINABILITY REPORT



We also included the broader use of audio-visual equipment to reduce environmental impact and costly graphic production associated with traditional booths. The trade show booth is just one example of K-C Professional's commitment to Reduce Today, Respect Tomorrow\*.

## Innovative Solutions to Address Common Issues

Several products introduced by K-C in 2010 show how we innovate based on consumer insights. Single-use, disposable Kleenex® Hand Towels give consumers a practical alternative to traditional cloth hand towels that can harbor germs. Kleenex Hand Towels are free of inks, dyes and fragrances and absorbent enough to dry hands effectively and still wipe up around the bathroom sink. It's the first product to combine product design and technology for a real alternative to less hygienic shared cloth hand towels in the bathroom.

## Emerging Markets

To reach our Sustainability 2015 growth targets, we must develop innovative products and business models to reach emerging markets. Our fastest growth is in K-C International (KCI) markets—Asia, Eastern Europe, Latin America, Middle East and South Africa. Within these markets, we continue to focus on Latin America, Russia and China.

When developing and marketing our products in KCI markets, we're mindful of governmental, economic and cultural differences. For example, in developing and emerging markets, we design and sell affordable, quality products in appropriate pack sizes for consumers in each market. To offer shoppers good value, we streamline our business to keep costs low.

In 2010, we initiated a pilot project to develop a business model to serve lower socio-economic groups in India. We set out to design a product based on a set of economic criteria and an initial price definition. The goal was to launch a 5-rupee diaper in the Indian market. As a result of this objective, a broad innovation plan was designed, and our team leveraged local capacity, material and know-how to stretch the limits of product innovation.



## Reducing Packaging Impact

We're reducing the environmental impact of our product packaging while maintaining product quality and providing information to consumers.

Minimizing the environmental impact of our product packaging goes far beyond just reducing the amount of material used in the packaging. Our businesses are successfully finding ways to also:

- Increase recycled content
- Make packaging recyclable
- Improve manufacturing and transportation efficiency

For example, nonwovens materials are used in every one of K-C's businesses. Global Nonwovens, an internal group, has set a goal to reduce weight in 80 percent of sourced nonwovens by 2015. In 2010, we reduced weight in 17 percent of sourced nonwovens and are on track for more reductions in 2011. Sourced nonwovens include both materials we produce and materials we purchase. This includes continuous improvement efforts as well as innovation and capital investment to move beyond industry lowest weights.

We also use lighter plastics in our packaging where possible and are working with our customers to expand this practice.

K-C Personal Care also made progress in packaging reductions in 2010, including:

- Switched the Kotex® Mainline Liners and Tampons carton material from solid bleached sulfite to solid unbleached sulfite. This resulted in a 32-percent reduction in energy to produce the material and a 25-percent reduction in carbon dioxide emissions in carton manufacturing.
- Reduced the Huggies Natural Care® wipes bag gauge and width for annual savings of 998 kilograms in poly.
- Reduced the material weight of Pull-Ups® Biggie Pack and Depend® Super Plus 1.7X retail packaging by 87 percent and 94 percent per package, respectively, by eliminating corrugate. That's an annual savings of 337 metric tons and 387 metric tons, respectively, of packaging material.

K-C China has been aiming to reduce the amount of packaging since 2006. To do this, we are integrating packaging reduction as an element in overall brand/product line sustainability plans. Through rightsizing and design innovation, K-C China reduced packaging materials by 420 metric tons between 2006 and 2010, saving a total 45 metric tons of packaging in 2010 alone. Most of the savings were achieved by reducing the pouch film thickness, package bag size and case size of our Kotex product.

# 2010 SUSTAINABILITY REPORT



## Sharing Packaging Reduction Successes

In recognition of our achievements in packaging reduction, K-C China was invited to attend the Sustainable Packaging Expo hosted by Walmart in Shenzhen, China, in November 2010. We demonstrated the latest designs in environmentally friendly packaging and shared some of our packaging reduction successes.

In addition, K-C China was named one of the “Top 50 Green Companies” in China in 2010 by *Business Watch Magazine* for its excellent performance in environmental management. Specifically, K-C China was recognized for its significant outperformance on new product development, technological innovation, quality control and environmental protection.

*Business Watch Magazine* is a leading Chinese news magazine published weekly that focuses on domestic and international business affairs. It launched the “Top 50 Green Companies” list in 2009 as a way to highlight companies operating in China that excel in green manufacturing, green energy and green service. Companies are evaluated on their values, performance, public participation and green operation by a panel of industry experts, Internet voting and readers’ surveys.

K-C is the first and only company to successfully offer post-consumer recycled flexible packaging in commercial consumer and professional products.

## 100-Percent Recycled Content Kleenex® Tissue Cartons

More than 99 percent of North American Kleenex tissue cartons are produced from 100-percent recycled paperboard with a minimum of 35-percent post-consumer fiber. Kleenex tissue cartons are fully recyclable, even with the poly insert still attached, and they are accepted at recycling facilities across the United States.

## TRANSFORMING MILK JUGS TO PACKAGING

A challenge in developing environmentally responsible packaging is ensuring that the materials perform well. Meeting this challenge is how K-C became the first and only company to successfully commercialize post-consumer recycled flexible packaging in consumer product and professional product categories.

In the ongoing search for suitable post-consumer recycled resin and film resins, our Corporate Research & Engineering team discovered that recycled plastic milk jugs produce a thin film application without compromising quality or aesthetics.

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K-C's post-consumer recycled resin supplier transforms plastic milk jugs from curb recycling into a plastic that can be integrated into our packaging. The post-consumer recycled resin is engineered into the middle layer of a proprietary three-layer co-extruded film structure, a unique use of material that does not sacrifice performance.

Many of our products in the U.S. use this new packaging, which contains 20-percent post-consumer recycled material. They include Scott Natural™ tissues, K-C PROFESSIONAL DIY Scott® Shop Towels and Dropcloths, WypAll Quarter Fold Wipers and Huggies® Pure & Natural Diapers.

## SUPPLYING WASTE-REDUCING PACKAGING

K-C Australia's strategy to make packaging more sustainable includes reviewing and optimizing packaging materials, staying at the forefront of new technology and recycling packaging waste at each of its production facilities.

In 2010, K-C Australia:

- Diverted 94 percent of on-site packaging waste from entering landfills through recycling, a 4-percent improvement over 2009
- Diverted 784 kilograms of film from landfills due to a 2.3-percent reduction in bag weight for Huggies® Newborn, Infant and Crawler diapers
- Saved approximately 10,000 kilograms of the board used for making glue lap on jumbo shippers, the final product packaging
- Reduced K-C Professional® toilet tissue poly bundle film thickness by 25 percent, saving 21,200 kilograms of film annually

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- Reduced Viva® film use by 20 percent, saving 36,875 kilograms of film, enough film to wrap 10.5 million rolls of paper towel

## SHAPING PACKAGING POLICY

In various markets, K-C has taken a leadership role in shaping environmentally sound packaging policy and industry standards. K-C Australia was a founding partner of the voluntary National Packaging Covenant. This government-industry initiative was established in 1999 to reduce the environmental effects of packaging. In 2011, it is being replaced by the Australia Packaging Covenant. Its sustainable packaging guidelines will include new aspects as well as some guidelines similar to those in the previous environmental code for packaging.

K-C Australia is also a signatory on the New Zealand Packaging Accord, which has principles similar to those in the Australia Packaging Covenant. K-C Australia is developing a formal review system and schedule for packaging material categories in both countries.

In the U.K., K-C has become a signatory to the U.K. Courtauld Commitment, a voluntary agreement between industry and the government to reduce the impact of packaging and supply chain waste in the grocery retail sector. Run by WRAP, a private company, and funded by the U.K. Department for Environment, Food and Rural Affairs, the Courtauld Commitment strives to help individuals, businesses and local authorities to reduce waste and increase recycling.

### Greening the Grocery Supply Chain

K-C U.K. has committed to two goals to reduce the environmental impact of packaging in that market:

- Reduce the carbon impact of packaging by 10 percent by 2012, by reducing packaging weight, increasing recycling rates and increasing recycled content
- Reduce traditional grocery product and packaging waste in the grocery supply chain by 5 percent by 2012, by reducing waste in our manufacturing facilities



## Providing Sustainability in Health Care Products

K-C Health Care strives to balance protecting health care workers and the environment by focusing on manufacturing practices, packaging efficiency and recycling programs.

K-C Health Care's priorities, infection prevention and positive patient outcomes, are aligned with those of our customers. Increasingly, customers are requiring that quality health care products also include sustainability information.

Our solutions help prevent, diagnose and manage several major issues in the clinical areas of infection prevention, digestive health and pain management. We provide single-use products that are important in health care because they deliver consistent quality, dependability and consistent barrier quality and performance.

Each month, K-C Health Care diverts 2,948 metric tons of waste away from landfills. Our Global Sustainability Team tracks and monitors K-C sites' energy and waste reduction goals quarterly.

### ENGAGING WITH MEDICAL SPECIALISTS IN AUSTRALIA

By engaging hundreds of physicians, clinicians, administrators and patients, we gain insights into their needs.

In Australia, these insights have led us to engage hospitals on sustainability issues. We work closely with hospitals across Australia to educate their workers on the importance of hand hygiene compliance to reduce the spread of health care-associated infections (HAI).

We also are helping hospitals in Australia to reduce their waste. In 2010, we introduced a new cardboard case configuration for our KIMGUARD\* Sterile Wrap manufactured in Albury, Australia. With increased recycled material content and reduced weight, the packaging protects the sterile wrap while reducing environmental impact. Similarly, new Microcool\* surgical gown fabric is 18-percent lighter than previous material, yet it maintains the same level of protective performance and reduces hospital waste after use.

### DEMONSTRATING LEADERSHIP IN GLOVE PACKAGING

In 2005, K-C was the first to market with an innovative packaging design for gloves that reduced environmental waste and disposal costs. Our technological process boosts glove tensile strength, and our package design increases the number of gloves per box. The gloves have reduced thickness, which reduces waste while providing a latex-free glove with the dexterity of natural rubber latex.

Hospitals using Lavender\* Nitrile gloves versus other typical gloves can reduce annual medical waste by approximately 50 percent. Sterling\* Nitrile gloves can reduce annual waste by 40 percent.

The simple act of correct hand washing can help reduce health care-associated infections that contribute to more than 7,000 deaths annually in Australia.



## Delivering Product Environmental Innovation

We evaluate environmental impacts throughout our product development process—from raw materials used and our manufacturing processes to product use and disposal.

In 2010, 10 percent of K-C global net sales came from environmentally innovative products. Our Sustainability 2015 goal is to grow that number to 25 percent by 2015.

Current sales of environmentally innovative products come primarily from our Forest Steward Council (FSC) labeled products in Europe, and our FSC and post-consumer recycled products for the away-from-home categories. To increase sales in other areas, we're positioning K-C to deliver environmental innovation to the global marketplace.

### INTRODUCING OUR ecoLOGICAL MEASUREMENT TOOL

To help achieve this goal, we introduced the ecoLOGICAL program to identify and encourage development of environmentally innovative products. Products in our ecoLOGICAL portfolio are designed using a life cycle view of environmental opportunities. The ecoLOGICAL program helps K-C holistically address the following objectives:

- Selecting materials from responsible sources
- Reducing greenhouse gas emissions linked to global climate change
- Saving limited fossil fuel resources
- Preserving fresh water through reductions in demand
- Reducing the solid waste burden on society associated with K-C products

The ecoLOGICAL program includes the following components:

- Product environmental innovation rating system
- Business-specific product scorecards
- Environmental innovation tracking systems
- Sales tracking systems
- Rapid life-cycle assessment tools for use in product development
- Communications resources
- Training

# 2010 SUSTAINABILITY REPORT



We've built an evaluation system for ecoLOGICAL products into our product development process to identify products that contribute to our overall environmental innovation goals.

Identifying products that contribute to environmental innovation is complex and challenging because there is no scientific consensus on a comprehensive approach to product selection. Our evaluation system was shared with independent third-party experts, including members of the K-C Sustainability Advisory Board and Dr. Joseph Fiksel of Ohio State University. Feedback from these external reviews helped K-C refine our approach and gave us confidence that we are setting the right internal targets for product development.

To support our evaluation system and encourage life-cycle thinking during product development, we are introducing rapid life-cycle assessment (LCA) tools in each of our product categories. These tools were developed in conjunction with outside experts with the non-LCA practitioner in mind. They enable designers to conduct rapid LCAs in product development without requiring them to know the details of LCA methods. Product developers can quantify many of the environmental impact reductions that the ecoLOGICAL program seeks to address.

Over the past year, an LCA tool has been developed for nonwovens materials, and Global Nonwovens scientists have been trained to use the tool. With this LCA tool, life-cycle analysis will be conducted on every nonwoven material as it is developed for K-C businesses. K-C scientists will use this quantitative information as they work to improve the environmental footprint of nonwoven developments.

LCAs examine both current products and new designs. Different designs are compared across the full life cycle. Comparing ideas at the conceptual design stage allows product developers to consider the full environmental performance of any new designs along with other product criteria such as consumer acceptance, health and safety, and costs. In addition, K-C can 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.

“The Kimberly-Clark product rating scheme is well conceived, providing a balance between simplicity, ease of use, and comprehensive coverage of environmental attributes. While such schemes can always be enhanced, and the Kimberly-Clark system will most likely evolve in response to feedback, this is an important first step in evaluating the environmental performance of Kimberly-Clark products.”

—Joseph Fiksel, Ph.D., executive director, Center for Resilience, Ohio State University

# 2010 SUSTAINABILITY REPORT



## Developing Products with Our ecoLOGICAL Tool

We offer a growing portfolio of products, including the following examples, developed using the ecoLOGICAL life-cycle analysis tool:

- Neve Naturali Compacto Bath Tissue (Brazil), which contains 100-percent post-consumer recycled fiber and compressed roll packaging
- Huggies Nature Made Gold (Korea), K-C's first natural and sustainably positioned diaper with components made of renewable resources derived from corn, with up to 45 percent of the materials potentially biodegradable
- Scott Naturals bath tissues, paper towels, and napkins
- K-C Professional's 100-percent recycled washroom products

## FOCUSING ON “REDUCE TODAY, RESPECT TOMORROW”

In support of our life-cycle principles, K-C Professional, our away-from-home products business, continued building upon its successful approach to sustainability, Reduce Today, Respect Tomorrow.\* This approach focuses on reducing the use of natural resources throughout the product life cycle—from raw materials all the way through consumer use and final disposal. This big-picture view helps the company design products to eliminate waste at every stage in a product's life.

Products developed with waste reduction in mind are designed so that users consume less, either through improved performance, more reliable dispensing methods, or both. Less consumption often means less packaging waste, which further reduces the amount of waste to recycle or send to landfills.

Consistent with the reduction goal, our teams design products and develop packaging solutions that:

- Use sufficient recycled fiber to meet or surpass the U.S. Environmental Protection Agency's guidelines for content
- Contain virgin fiber from suppliers certified to well-known forest management certification standards for sustainability
- Require less packaging than similar products
- Help consumers use less than similar products, resulting in generation of less waste

# 2010 SUSTAINABILITY REPORT



## Driving Home the Message

Reducing across the life cycle has become embedded in every aspect of K-C Professional's operations. In 2010, members of the K-C Professional sales force in six U.S. and Canadian cities began driving fuel-efficient hybrid vehicles to transport products and samples to customers. Sporting the Reduce Today, Respect Tomorrow\* logo, the vehicles communicate the message, "It's good to recycle. It's time to reduce."



## REFINING THE SCIENCE OF CONSUMPTION

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

K-C Professional introduced two innovative online tools, Virtual Consultant and Greenmeter, to help customers accurately calculate the economic and environmental impact of using K-C Professional products. While many customers evaluate a product's environmental responsibility solely by its recycled content, we encourage them to consider a product's environmental impact across its entire life cycle, including product design, raw materials, manufacturing, transport, use and final disposal.

# 2010 SUSTAINABILITY REPORT



These powerful tools leverage data that K-C Professional has gathered over the past decade as it developed and refined the science of consumption or utility testing. Utility testing examines the performance of a product and dispensing system in achieving its primary task (hand washing, hand drying or perineal cleaning) so customers can determine the cost-in-use and translate it into total consumption savings. Our patented wireless Smart Dispenser Systems gather proprietary utility data in a real-world environment for bathroom tissue, towels and soaps. Our strict test methodologies and analysis procedures generate highly reliable consumption data, which we use to create databases that can capture not only the economic impact but also the environmental impact of product use.

**We don't simply recommend products with high recycled content. We recommend products with low environmental impact.**

Virtual Consultant is an interactive tool designed to provide reliable, accurate economic impact information such as annual consumption savings, labor savings and packaging waste savings to our customers by comparing the usage of K-C Professional and competitive hand towels, bathroom tissue, and skin care as they relate to washing/drying hands and perineal cleaning.

Our Greenmeter interactive tool analyzes product-specific environmental impact information related to fiber consumption, energy, water and packing waste reductions. It is the first-of-its-kind environmental impact calculator that combines actual manufacturing data and utility data to enable our customers, users and choosers to make the most informed purchase decisions.

Reducing environmental impact is essential to a sustainable future. We recognize that solutions require us to consider more than just what goes into our products. That's why we look at the big picture. Products made from recycled fiber can help lower the environmental impact, but recycling is only one part of the answer. The truth is that a mix of virgin and recycled fiber can make better performing towels that are strong, soft and highly absorbent, and that dispense efficiently. This approach helps reduce the quantity of towels used or wasted and, in many cases, the cost. Designing products that reduce usage provides a truly sustainable approach.



The value of both Web-based systems has already been proven with key customers such as Walmart and Sam's Club. An on-site Walmart study and a one-year, 53-club trial for Sam's Club validated forecasted volumes and savings for public washroom and retail sales. In just a short time, these tools have become cornerstones of our overall sustainability program as they change the conversation and the way we talk to customers.

# 2010 SUSTAINABILITY REPORT



## COLLABORATING ON PRODUCT SUSTAINABILITY ACTIVITIES

K-C was one of the first companies to begin work with the GHG Protocol on a new standard for product life-cycle emissions accounting for greenhouse gases. The GHG Protocol is a partnership of the World Resources Institute and the World Business Council for Sustainable Development (WRI/WBCSD). The partnership works with businesses, governments and environmental groups worldwide to develop the most widely used GHG accounting standards. In 2008, we led the methodology committee, and we remain engaged as the new standard is prepared for launch in fall 2011.

In addition, K-C is a founding member of the Sustainability Consortium, a collaborative effort of universities, non-governmental organizations and businesses. The Consortium works to build a scientific foundation to drive innovation that improves consumer product sustainability through all stages of a product's life cycle. We co-lead the Consortium's Measurement Science working group and Paper Industry Sector and participate in the Corporate Advisory Council, Information Technology Systems and Tools working group, and the Consumer Science working group.

“Kimberly-Clark engaged with World Resources Institute early in the development of the GHG Protocol Product Accounting and Reporting Standard and played a leadership role throughout the standard development process. Their early and ongoing support and involvement made a significant contribution to defining the appropriate methodologies for product-level GHG emissions accounting.”

—Cynthia Cummis,  
World Resources  
Institute





## Ensuring Product Quality and Safety

As one of the world's leading health and hygiene companies, K-C is 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 stored 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 each component in the product, consumer exposure to the components during product use, and residual levels of other materials that may be present in the components. 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. In addition, professional development is a requirement in each scientist's annual individual development plan.

### ENCOURAGING NON-ANIMAL TEST METHODS

For many years, K-C has encouraged the development of non-animal test methods by funding research to provide alternatives and by supporting the exchange of scientific ideas. For example, in 2010 K-C Brazil worked with the Brazilian Association of the Hygiene, Cosmetic and Perfume Industry on proposed alternative methods to the country's current animal testing protocols. K-C and the other companies based in Brazil are currently awaiting the agency response to the proposal.

K-C supports and is a founding member of the Institute for In Vitro Sciences, a nonprofit foundation that promotes the adoption and regulatory acceptance of alternatives to animal testing. We also support the Johns Hopkins University Center for Alternatives to Animal Testing.

In addition, we belong to the following groups:

- Contributing member of the Fund for the Replacement of Animals in Medical Experiments
- Member of the European Partnership for Animal Alternatives, a common forum between industry and the European Commission to advance the replacement of animal testing
- Voting member of the Association for the Advancement of Medical Instrumentation Animal Welfare Biological Effects Working Group

# 2010 SUSTAINABILITY REPORT



K-C continues to work with external laboratories to develop in-vitro alternative methods that will enhance our capability to appropriately assess the safety of products without the use of animals.

## **PROVIDING CONSUMERS ACCESS TO SAFETY INFORMATION**

Our consumer service organization maintains an extensive global database of information about our products. When consumers who purchase and use our products have a question about safety, our consumer service representatives can quickly and accurately respond to their concerns.

## **IMPLEMENTING EUROPEAN COMMISSION REGULATORY FRAMEWORK**

The European Commission has implemented a regulatory framework for the management of chemicals, known as Registration, Evaluation, Authorization and Restriction of Chemical substances (REACH). It 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, K-C has been working with our suppliers to assure that the chemicals we use are properly pre-registered.

K-C has a team of research scientists, regulatory experts, supply chain leaders, legal experts, product development engineers and information technology specialists to manage REACH implementation and assure compliance.

# 2010 SUSTAINABILITY REPORT



## 2010 Data Summary

Indicator	2006	2007	2008	2009	2010
<b>ECONOMIC IMPACTS</b>					
Net sales (billions)	\$ 16.7	\$ 18.3	\$ 19.4	\$19.1	\$ 19.7
Cash returned to shareholders (billions)	\$ 1.6	\$ 3.7	\$ 1.6	\$ 1.0	\$ 1.9
Employee wages, benefits and payroll taxes (billions)	N/A	\$ 3.3	\$ 3.3	\$ 3.5	\$ 3.3
Taxes paid (billions)	N/A	\$ 0.7	\$ 0.6	\$ 0.8	\$ 0.7
<b>PRODUCTS</b>					
Percentage recycled fiber used <sup>1</sup>	29%	31%	31%	31%	32%
Percentage virgin fiber from certified sources	89%	97%	98%	98%	98%
<b>OPERATIONS</b>					
Number of enforcement actions	12	7	10	5	14
Value of fines received	\$4,500	\$206,000 <sup>2</sup>	\$7,000	0	\$305,700
Total environmental expenditure (millions)	\$ 181	\$ 193	\$ 185	\$ 224	\$ 201
Total energy use (trillion btu)	79.9	79.2	76.4	76.7	78.1
Energy efficiency (million btu per ton of production)	15.8	15.5	14.8	15.6	15.2
Percentage energy from renewable sources <sup>3</sup>	22.1%	21.6%	20.7%	23.9%	24.8%
Carbon dioxide equivalents from manufacturing (tons) <sup>4</sup>	6.1	6.1	5.9	5.6	5.7
Carbon dioxide equivalents per ton of production (tons) <sup>4</sup>	1.24	1.24	1.16	1.15	1.12
Carbon dioxide equivalents per dollar of sales (tons) <sup>4</sup>	0.36	0.34	0.31	0.29	0.29

# 2010 SUSTAINABILITY REPORT



Total waste (million tons)	1.42	1.35	1.54	1.48	1.51
Waste per ton of production (tons)	0.29	0.27	0.30	0.30	0.30
Percentage waste sent to landfill	16%	22%	22%	20%	21%
Total water use (million cubic meters)	145.4	144.6	143.3	129.7	129.7
Water use efficiency (cubic meters per ton of production)	45.1	45.6	45.4	43.4	42.7
Percentage ECF wood pulp purchased	89.0%	94.0%	93.5%	94.3%	95.1%
Percentage TCF wood pulp purchased	7.0%	6.0%	5.5%	5.7%	4.9%
<b>COMMUNITY</b>					
Total community investment—product and cash donations (millions)	\$ 20.2	\$ 17.9	\$ 18.5	\$18.8	\$ 20.6
Percent of net income	1.3%	1.0%	1.1%	1.0%	1.0%
Employee giving in the U.S. (millions)	\$ 4.1	\$ 3.8	\$ 4.2	\$ 3.9	\$ 4.2
<b>EMPLOYEES</b>					
Total employees (full-time, part-time)	57,000	55,000	55,000	58,000	59,000
Percentage women employees (U.S.)	31.3%	30.5%	29.8%	29.7%	29.9%
Percentage ethnic minority employees (U.S.)	17.1%	17.7%	17.5%	17.7%	17.8%
Percentage women in management (U.S.)	25.6%	26.1%	27.1%	27.4%	27.3%
Percentage ethnic minority in management (U.S.)	9.2%	9.8%	9.7%	9.9%	10.9%

# 2010 SUSTAINABILITY REPORT



Percentage employees with union membership <sup>5</sup>	19%	19%	30%	30%	27%
Total reportable incident rate (TRIR)	0.7	0.7	0.5	0.4	0.4
Lost-time reportable incident rate (LTRIR)	0.3	0.3	0.3	0.3	0.3
Fatalities	1.0	1.0	1.0	1.0	0
Global severity rate <sup>6</sup>	21.5	19.4	14.5	13.1	11.3

1 Data represents K-C and equity affiliates.

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

3 Data for 2006–2007 restated to include only consolidated operations.

4 2006–2007 data updated to reflect the latest emission factors from U.S. Environmental Protection Agency Climate Leaders Program.

5 U.S. data reported for 2006 and 2007.

6 Days of lost or restricted work as a result of a work related injury per 100 full-time employees per annum.



## GRI INDEX

### STRATEGY AND PROFILE DISCLOSURES

Profile Disclosure	Description	Cross-reference/Direct Answer
<b>1. STRATEGY AND ANALYSIS</b>		
1.1	Statement from the most senior decision-maker of the organization.	Message from Tom Falk, Chairman and Chief Executive Officer
1.2	Description of key impacts, risks, and opportunities.	Message from Suhas Apte, Vice President, Global Sustainability
<b>2. ORGANIZATIONAL PROFILE</b>		
2.1	Name of the organization.	<i>Kimberly-Clark Corporation (K-C)</i> <a href="#">Information can be found on the Our Company—Overview page of our website.</a>
2.2	Primary brands, products, and/or services.	<i>We provide feminine care, adult care, family care, baby and child care products. Our family and personal care brands include Kleenex, Scott, Huggies, Pull-Ups, Kotex, Poise and Depend. We also provide a portfolio of Kimberly-Clark Health Care products, essential to the health and hygiene of patients and staff.</i> <i>Additionally, we provide a suite of Kimberly-Clark Professional washroom, workplace safety and do-it-yourself solutions.</i> <a href="#">Information can be found on the Brands page of our website.</a>
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	<i>K-C and its subsidiaries are organized into operating segments based on product groupings. These operating segments have been aggregated into four global business segments: Personal Care, Consumer Tissue, K-C Professional &amp; Other, and Health Care.</i> <a href="#">Information can be found on the Annual Report—10-K page of our website.</a>
2.4	Location of organization's headquarters.	<i>Our world headquarters is located in Dallas, Texas.</i>

# 2010 SUSTAINABILITY REPORT



Profile Disclosure	Description	Cross-reference/Direct Answer
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	<i>We maintain administrative offices, manufacturing facilities, and operating and geographic headquarters in 36 countries.</i>  <a href="#">Information can be found on the Global Locations page of our website.</a>
2.6	Nature of ownership and legal form.	<i>Kimberly-Clark Corporation was incorporated in Delaware in 1928 and is an investor-owned company.</i>  <a href="#">Information can be found on the Annual Report—10-K page of our website.</a>
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	<i>Our products are sold in more than 150 countries.</i>  <a href="#">Information can be found on the Our Company—Overview page of our website.</a>
2.8	Scale of the reporting organization.	2010 Data Summary  <a href="#">(For additional information, please view our 2010 Annual Report.)</a>
2.9	Significant changes during the reporting period regarding size, structure or ownership.	There were no significant changes during the reporting period.
2.10	Awards received in the reporting period.	Awards and Recognition

### 3. REPORT PARAMETERS

3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	About This Report
3.2	Date of most recent previous report (if any).	<a href="#">Our last report “Choices for a Sustainable Future: 2009 Sustainability Report” was published in April 2010.</a>
3.3	Reporting cycle (annual, biennial, etc.)	About This Report
3.4	Contact point for questions regarding the report or its contents.	About This Report
3.5	Process for defining report content.	Involving Our Brands and External Assurance Statement
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	About This Report

# 2010 SUSTAINABILITY REPORT



Profile Disclosure	Description	Cross-reference/Direct Answer
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	About This Report
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	About This Report
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	About This Report
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	<i>This is not applicable for the reporting period.</i>
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	<i>There were no significant changes during the reporting period.</i>
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI Index
3.13	Policy and current practice with regard to seeking external assurance for the report.	Independent Assurance
<b>4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT</b>		
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.	<a href="#"><i>Information can be found on the Governance page of our website.</i></a>
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	<a href="#"><i>Information can be found on the Governance page of our website.</i></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.	<a href="#"><i>Information can be found on the Governance page of our website.</i></a>

# 2010 SUSTAINABILITY REPORT



Profile Disclosure	Description	Cross-reference/Direct Answer
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	<a href="#">Information can be found in our Code of Conduct.</a>
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Compensation
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	<a href="#">Information can be found in our Code of Conduct.</a>
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Strengthening Our Sustainability Leadership
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.	Upholding Our Code of Conduct and UNGC Index
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.	Strengthening Our Sustainability Leadership
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Strengthening Our Sustainability Leadership
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	UNGC Index
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	UNGC Index

# 2010 SUSTAINABILITY REPORT



Profile Disclosure	Description	Cross-reference/Direct Answer
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <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>	Trade Associations
4.14	List of stakeholder groups engaged by the organization.	<a href="#">Information can be found on the Stakeholders page of our website.</a>
4.15	Basis for identification and selection of stakeholders with whom to engage.	<a href="#">Information can be found on the Stakeholders page of our website.</a>
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	<a href="#">Information can be found on the Stakeholders page of our website.</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.	Engaging Our Stakeholders <a href="#">(For additional information, please see the Stakeholders page of our website.)</a>

## MANAGEMENT APPROACH AND PERFORMANCE

GRI Disclosure	Description	Cross-reference/Direct Answer
<b>ECONOMIC</b>		
DMA	<b>Aspect: Economic Performance</b>	Caring for Our Communities
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.	Data Summary 2010
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	<a href="#">Information on risks and opportunities related to climate change can be found in our CDP2011 Investor response.</a>
EC3	Coverage of the organization's defined benefit plan obligations.	Benefits

# 2010 SUSTAINABILITY REPORT



GRI Disclosure	Description	Cross-reference/Direct Answer
DMA	<b>Aspect: Economic Performance</b>	Caring for Our Communities
EC4	Significant financial assistance received from government.	<i>K-C did not receive any significant financial assistance from federal governments during the reporting period.</i>
DMA	<b>Aspect: Market Presence</b>	Supporting Local Economies and Collaborating with Our Suppliers on Sustainability
EC5	Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation.	<i>N/R</i>
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	<i>We do not currently measure proportion of local spending within our operations.</i>
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	<i>We do not currently measure proportion of senior management hired locally within our operations.</i>
DMA	<b>Aspect: Indirect Economic Impacts</b>	Caring for Our Communities, Mobilizing Communities, Improving Access to Health Care, Supporting Education, Aiding Disaster Victims and Fostering Bright Futures
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement.	Caring for Our Communities
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Mobilizing Communities, Improving Access to Health Care, Supporting Education, Aiding Disaster Victims and Fostering Bright Futures

## ENVIRONMENTAL

GRI Disclosure	Description	Cross-reference/Direct Answer
DMA	<b>Aspect: Materials</b>	Reducing Packaging Impact
EN1	Materials used by weight or volume.	Data Summary 2010
EN2	Percentage of materials used that are recycled input materials.	Data Summary 2010
DMA	<b>Aspect: Energy</b>	Managing Our Energy Use and Sustainability Overview: Vision 2010

# 2010 SUSTAINABILITY REPORT



GRI Disclosure	Description	Cross-reference/Direct Answer
EN3	Direct energy consumption by primary energy source.	Managing Our Energy Use
EN4	Indirect energy consumption by primary source.	Managing Our Energy Use
EN5	Energy saved due to conservation and efficiency improvements.	Managing Our Energy Use
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Delivering Product Environmental Innovation
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Managing Our Energy Use
DMA	<b>Aspect: Water</b>	Protecting Water Resources and Sustainability Overview: Vision 2010
EN8	Total water withdrawal by source.	Protecting Water Resources
EN9	Water sources significantly affected by withdrawal of water.	<a href="#">Information can be found in our CDP2011 Water Disclosure response.</a>
EN10	Percentage and total volume of water recycled and reused.	<a href="#">Information can be found in our CDP2011 Water Disclosure response.</a>
DMA	<b>Aspect: Biodiversity</b>	Promoting Sustainable Fiber Practices
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	N/R
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Promoting Sustainable Fiber Practices
EN13	Habitats protected or restored.	Reforestation Communities Worldwide
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Committing to Responsible Sourcing
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	N/R
DMA	<b>Aspect: Emissions, Effluents and Waste</b>	Managing Greenhouse Gas Emissions, Reducing Waste, Collaborating with Our Suppliers on Sustainability and Sustainability Overview: Vision 2010

# 2010 SUSTAINABILITY REPORT



GRI Disclosure	Description	Cross-reference/Direct Answer
EN16	Total direct and indirect greenhouse gas emissions by weight.	Data Summary 2010
EN17	Other relevant indirect greenhouse gas emissions by weight.	<a href="#">Information on other indirect greenhouse gas emissions can be found in our CDP2011 Investor response.</a>
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Reaching Our Sustainability 2015 Goals, Managing Energy Use and Establishing Greener Goals for Products
EN19	Emissions of ozone-depleting substances by weight.	N/R
EN20	NOx, SOx and other significant air emissions by type and weight.	GHG Emissions from Manufacturing
EN21	Total water discharge by quality and destination.	<a href="#">Information can be found in our CDP2011 Water Disclosure response.</a>
EN22	Total weight of waste by type and disposal method.	Reducing Waste
EN23	Total number and volume of significant spills.	<i>K-C did not have any significant spills during the reporting period.</i>
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Data Summary 2010
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	<a href="#">Information can be found in our CDP2011 Water Disclosure response.</a>
DMA	<b>Aspect: Products and Services</b>	Building Essential, Sustainable Product Solutions
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Delivering Product Environmental Innovation
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Reducing Packaging Impact
DMA	<b>Aspect: Compliance</b>	Compliance with Environmental Regulations
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Enforcement Actions and Fines

# 2010 SUSTAINABILITY REPORT



GRI Disclosure	Description	Cross-reference/Direct Answer
<b>DMA</b>	<b>Aspect: Transport</b>	Managing Greenhouse Gas Emissions
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Managing Greenhouse Gas Emissions <i>(Additional information can found be in CDP2011 Investor response and in the Products section of our Report.)</i>
<b>DMA</b>	<b>Aspect: Overall</b>	Essentials for a Better Planet and Sustainability Overview: Vision 2010
EN30	Total environmental protection expenditures and investments by type.	Data Summary 2010

## LABOR PRACTICES & DECENT WORK

GRI Disclosure	Description	Cross-reference/Direct Answer
<b>DMA</b>	<b>Aspect: Employment</b>	Engaging Our Employees and Investing in Our People
LA1	Total workforce by employment type, employment contract, and region.	Engaging Our Employees
LA2	Total number and rate of employee turnover by age group, gender, and region.	Engaging Our Employees
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Investing in Our People
<b>DMA</b>	<b>Aspect: Labor/Management Relations</b>	Communicating with Labor
LA4	Percentage of employees covered by collective bargaining agreements.	Communicating with Labor
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	N/R
<b>DMA</b>	<b>Aspect: Occupational Health and Safety</b>	Maintaining Employee Safety
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	N/R
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Maintaining Employee Safety

# 2010 SUSTAINABILITY REPORT



GRI Disclosure	Description	Cross-reference/Direct Answer
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Improving Employee Health and Wellness
LA9	Health and safety topics covered in formal agreements with trade unions.	N/R
DMA	<b>Aspect: Training and Education</b>	Investing in Our People
LA10	Average hours of training per year per employee by employee category.	N/R
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Investing in Our People
LA12	Percentage of employees receiving regular performance and career development reviews.	<i>All salaried employees receive regular performance and career development reviews. (Additional information can be found in the Growing Professionally section of this Report.)</i>
DMA	<b>Aspect: Diversity and Equal Opportunity</b>	Valuing Inclusion and Diversity
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Engaging Our Employees
LA14	Ratio of basic salary of men to women by employee category.	N/R

## HUMAN RIGHTS

GRI Disclosure	Description	Cross-reference/Direct Answer
DMA	<b>Aspect: Investment and Procurement Practices</b>	Upholding Social Compliance Standards
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	N/R
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Upholding Social Compliance Standards

# 2010 SUSTAINABILITY REPORT



GRI Disclosure	Description	Cross-reference/Direct Answer
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	N/R
DMA	<b>Aspect: Non-discrimination</b>	Upholding Our Code of Conduct
HR4	Total number of incidents of discrimination and actions taken.	N/R
DMA	<b>Aspect: Freedom of Association and Collective Bargaining</b>	Strengthening Human Rights
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	<p><i>We have not identified operations with significant risk related to freedom of association and collective bargaining; however, this is a risk within our supply chain.</i></p> <p><i>(For additional information on actions taken, please refer to our Code of Conduct and the Upholding Social Compliance Standards section of this Report.)</i></p>
DMA	<b>Aspect: Child Labor</b>	Upholding Social Compliance Standards
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	<p><i>We have not identified operations with significant risk related to child labor; however, this is a risk within our supply chain.</i></p> <p><i>(For additional information on actions taken, please refer to our Code of Conduct and the Upholding Social Compliance Standards section of this Report.)</i></p>
DMA	<b>Aspect: Forced and Compulsory Labor</b>	Upholding Social Compliance Standards
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor and measures to contribute to the elimination of forced or compulsory labor.	<p><i>We have not identified operations with significant risk related to forced or compulsory labor; however, this is a risk within our supply chain.</i></p> <p><i>(For additional information on actions taken, please refer to our Code of Conduct and the Upholding Social Compliance Standards section of this Report.)</i></p>
DMA	<b>Aspect: Security Practices</b>	N/R

# 2010 SUSTAINABILITY REPORT



GRI Disclosure	Description	Cross-reference/Direct Answer
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	N/R
DMA	<b>Aspect: Indigenous Rights</b>	N/R
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	<i>K-C had no known instances of violations involving rights of indigenous peoples during the reporting period.</i>

## SOCIETY

GRI Disclosure	Description	Cross-reference/Direct Answer
DMA	<b>Aspect: Community</b>	Caring for Our Communities
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Caring for Our Communities and Upholding Our Code of Conduct <i>(Additional information can be found on the <a href="#">Policies page of our website.</a>)</i>
DMA	<b>Aspect: Corruption</b>	Upholding Our Code of Conduct
SO2	Percentage and total number of business units analyzed for risks related to corruption.	<i>Our Internal Audit Department has analyzed all business units for risks related to corruption and is currently performing detailed testing at units deemed to be higher risk.</i>
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Upholding Our Code of Conduct
SO4	Actions taken in response to incidents of corruption.	Upholding Our Code of Conduct
DMA	<b>Aspect: Public Policy</b>	Trade Associations
SO5	Public policy positions and participation in public policy development and lobbying.	<i>Because policy matters can have an appreciable impact on the execution of our Global Business Plan, we communicate with government policy-makers on a wide range of policy areas. We comply with applicable laws regarding gifts, lobbying and other activities related to public policy engagement.</i>

# 2010 SUSTAINABILITY REPORT



GRI Disclosure	Description	Cross-reference/Direct Answer
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	<i>K-C does not currently contribute to political candidates or to political action committees (PACs) that contribute to candidates. We neither operate a PAC nor make contributions out of company funds.</i>
DMA	<b>Aspect: Anti-competitive Behavior</b>	Upholding Our Code of Conduct
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	<i>K-C had no legal actions for anti-competitive behavior or anti-trust or monopoly practices during the reporting period.</i>
DMA	<b>Aspect: Compliance</b>	Upholding Our Code of Conduct
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	<i>To our knowledge, K-C had no applicable significant fines and sanctions for non-compliance with applicable laws and regulations related to this indicator during the reporting period.</i>

[Information can be found on the Compliance with Environmental Regulations page of our website.](#)

## PRODUCT RESPONSIBILITY

GRI Disclosure	Description	Cross-reference/Direct Answer
DMA	<b>Aspect: Customer Health and Safety</b>	Ensuring Product Quality and Safety
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.	Ensuring Product Quality and Safety
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	<i>To our knowledge, K-C had no instances of non-compliance during the reporting period.</i>
DMA	<b>Aspect: Product and Service Labeling</b>	Creating Market Support for FSC-certified Products and Trade Associations
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	<i>Nearly all of K-C's products are subject to labeling requirements. Some of our products, such as those within our Health Care business segment, have more stringent labeling requirements.</i>

# 2010 SUSTAINABILITY REPORT



GRI Disclosure	Description	Cross-reference/Direct Answer
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	<i>To our knowledge, K-C had no instances of non-compliance during the reporting period.</i>
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	<p><i>In 2010, Consumer Services conducted post-call satisfaction surveys at random to receive feedback regarding the overall consumer experience. We received almost 9,200 completed electronic surveys, with 93 percent of those respondents rating a favorable experience. In 2010, we also expanded our listening and interactions with those who use our products to include social media.</i></p> <p><i><a href="#">(Additional information can be found on the Customers and Stakeholders pages of our website.)</a></i></p>
DMA	<b>Aspect: Marketing Communications</b>	Innovative Marketing Teams
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	<i>K-C complies with all known applicable laws, standards and voluntary codes related to marketing communications, such as truth in advertising.</i>
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	<i>To our knowledge, K-C had no instances of non-compliance during the reporting period.</i>
DMA	<b>Aspect: Customer Privacy</b>	N/R
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	<i>To our knowledge, K-C had no substantiated complaints related to customer privacy and data during the reporting period.</i>
DMA	<b>Aspect: Compliance</b>	Ensuring Product Quality and Safety
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	<i>To our knowledge, K-C was not subject to any applicable significant fines for non-compliance during the reporting period.</i>



## UNITED NATIONS GLOBAL COMPACT INDEX



As a signatory of the United Nations Global Compact (UNGC), we are committed to living out the Compact’s 10 principles on human rights, labor standards, environment and anti-corruption in our everyday business operations.

## OUR COMMITMENT

Kimberly-Clark supports the 10 principles of the Global Compact with respect to human rights, labor, environment and anti-corruption. We also express our intent to support those principles within our sphere of influence. As part of our longstanding commitment to social, environmental and economic sustainability, Kimberly-Clark is centered on values similar to those that the UNGC promotes in industries and economies worldwide. We are looking forward to enhancing the strategy, culture and day-to-day operations of our company by applying the principles to our core values and engaging in collaborative projects to advance sustainability on a broader basis.

The table below provides links to further information on our policies, performance and management approach on associated Global Reporting Initiative (GRI) indicators as they relate to each of the 10 principles within the UNGC.

### HUMAN RIGHTS

Principle	Our Policies	2010 Performance and Approach	Cross-reference to GRI Indicators
1. <i>Businesses should support and respect the protection of internationally proclaimed human rights.</i>	Code of Conduct	Strengthening Human Rights	• EC5
		Upholding Our Code of Conduct	• LA 4, 6-9, 13-14
		Collaborating with Our Suppliers on Sustainability	• HR 1-9
		Upholding Social Compliance Standards	• SO5 • PR1-2, 8
2. <i>Businesses should make sure that they are not complicit in human rights abuses.</i>	Code of Conduct	Upholding Our Code of Conduct	• HR1-9
		Collaborating with Our Suppliers on Sustainability	• SO5
		Upholding Social Compliance Standards	

# 2010 SUSTAINABILITY REPORT



## LABOR

Principle	Our Policies	2010 Performance and Approach	Cross-reference to GRI Indicators
3. <i>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</i>	Code of Conduct	Strengthening Human Rights	• LA 4-5
	Human Rights in Employment	Upholding Our Code of Conduct	• HR 1-3, 5
		Collaborating with Our Suppliers on Sustainability	• SO5
		Upholding Social Compliance Standards	
4. <i>Businesses should uphold the elimination of all forms of forced and compulsory labor.</i>	Code of Conduct	Upholding Our Code of Conduct	• HR 1-3, 7
		Collaborating with Our Suppliers on Sustainability	• SO5
		Upholding Social Compliance Standards	
		Communicating with Labor	
5. <i>Businesses should uphold the effective abolition of child labor.</i>	Code of Conduct	Upholding Our Code of Conduct	• HR 1-3, 6
	Human Rights in Employment	Upholding Social Compliance Standards	• SO5
		Protecting Children	
		Upholding Our Code of Conduct	
6. <i>Businesses should uphold the elimination of discrimination in respect of employment and occupation.</i>	Code of Conduct	Upholding Our Code of Conduct	• EC7
		Valuing Inclusion and Diversity	• LA12-14
		Supporting Workplace Equality	• HR 1-4
			• SO5

# 2010 SUSTAINABILITY REPORT



## ENVIRONMENT

Principle	Our Policies	2010 Performance and Approach	Cross-reference to GRI Indicators
7. <i>Businesses should support a precautionary approach to environmental challenges.</i>	<p>Environmental Operating Policy</p> <p>Policy on Waste Minimization and Landfill Elimination</p>	<p>Raising the Bar with Sustainability 2015</p> <p>Announcing Our New Climate Change Goal</p> <p>Building Essential, Sustainable Product Solutions</p> <p><i>Note: <a href="#">Additional information can be found in our CDP2011 Investor response.</a></i></p>	<ul style="list-style-type: none"> <li>• EC2</li> <li>• EN18, 26 and 30</li> <li>• SO5</li> </ul>
8. <i>Businesses should undertake initiatives to promote greater environmental responsibility.</i>	<ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Environmental Operating Policy</li> </ul>	<p>Raising the Bar with Sustainability 2015</p> <p>Managing Our Energy Use</p> <p>Protecting Water Resources</p> <p>Reducing Waste</p> <p>Promoting Sustainable Fiber Practices</p> <p>Establishing Greener Goals for Products</p>	<ul style="list-style-type: none"> <li>• EN1-30</li> <li>• SO5</li> <li>• PR3-4</li> </ul>
9. <i>Businesses should encourage the development and diffusion of environmentally friendly technologies.</i>	<ul style="list-style-type: none"> <li>• Environmental Operating Policy</li> <li>• Fiber Procurement</li> </ul>	<p>Raising the Bar with Sustainability 2015</p> <p>Promoting Sustainable Fiber Practices</p> <p>Creating Green Innovations</p> <p>Reducing Packaging Impact</p> <p>Delivering Product Environmental Innovations</p>	<ul style="list-style-type: none"> <li>• EN2, 5, 7, 10, 18, 26-27 and 30</li> <li>• SO5</li> </ul>

# 2010 SUSTAINABILITY REPORT



## ANTI-CORRUPTION

Principle	Our Policies	2010 Performance and Approach	Cross-reference to GRI Indicators
<i>10. Businesses should work against corruption in all its forms, including extortion and bribery.</i>	Code of Conduct	Upholding Our Code of Conduct	• SO2-6



## LETTER FROM SUSTAINABILITY ADVISORY BOARD

To enhance the quality of our sustainability reporting, we've invited our independent Sustainability Advisory Board (SAB) to review and provide assessments of our reports for the past two years.

Their insights provide alternative perspectives, and their constructive suggestions offer tangible improvements for our reports. We considered the SAB feedback on our 2009 Sustainability Report and have attempted to address those comments in this report.

The SAB has reviewed a final draft of K-C's 2010 Sustainability Report *Building on Our Vision for a Sustainable Future* and provided extensive feedback which is summarized below. We welcome their comments and will consider these suggestions for our 2011 report.

### LETTER

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#### POSITIVE ATTRIBUTES

By in large, this is a well-written report that is easy to understand and jargon-free.

Presenting the Sustainability 2015 goals at the outset of the report is a good move—it shows where K-C is headed and makes the report more forward-looking rather than appearing to “rest on a job well done.”

The Engaging Our Employees and Investing in Our People sections demonstrates that K-C is a company that cares for and invests in its people. The report presents a comprehensive list of partnerships and support; this speaks to a company that does indeed care about the communities in which it operates. The Sustainable Fiber Sourcing section provides a good explanation of the constraints K-C faces in procuring high quality post-consumer waste fiber and certified fiber.

We note and appreciate the added emphasis on K-C's progress in addressing social sustainability issues and in integrating consideration of sustainability issues into its product development process.

It's important to note up front that Two Tomorrows conducted an external assurance process. External validation makes the report more credible.

We commend K-C's candor in acknowledging the constraints it faces in meeting goals such as its sustainable fiber goal. In the Evaluating Vision 2010 section, K-C states which goals were not met and where “progress remains elusive.” Honest self-appraisal is so important here.

# 2010 SUSTAINABILITY REPORT



## OPPORTUNITIES FOR IMPROVEMENT

**More balance.** To reiterate a comment made last year, we believe that there is still insufficient balance between good news and accolades and not-so-good news and critical issues. A report is much more credible if it is candid and self-critical. Pride in accomplishments seems more authentic if the report also admits where K-C fell short of its goals. Future reports need to find additional opportunities to note challenges and obstacles to meeting goals.

**More explanation.** Regarding targets that were missed, we would have liked more explanation as to the reasons for this. When half of K-C facilities fail to meet a goal, it can call into question the strength of K-C's commitment to meeting those objectives. We require more explanation of the difficulties in meeting targets and a description of K-C's plans to redouble its efforts so that it does not appear that K-C is content with falling short of goals.

**Explanation of sustainability pressures and strategy development.** There needs to be more discussion on the core pressures driving sustainability, particularly resource constraints and rising input prices (for example, record pulp prices.) And while the Sustainability 2015 program is explained well, there needs to be more discussion of longer-term sustainability objectives and the process K-C intends to use to develop them.

**Broader view of sustainability.** In some areas, the report still seems to convey that sustainability is largely driven by environmental practices. It's important to express the breadth of K-C's sustainability approach. For example, K-C could strengthen its discussion of human rights by citing its policy or standards that provide a framework or foundation for its work in this area. Regarding supplier and sustainability, K-C could help readers understand the complexity and importance of achieving compliance from 30,000 suppliers.

**Discussion of added value.** The report should document the sustainable value of K-C products in improving baby health and care, women's health, hospital hygiene and disease prevention. Sustainability is not just about addressing the negative byproducts of K-C's footprint, but also about creating value-added sustainability through the efficacy and design of the products themselves.

**Context for goals.** While we appreciate K-C setting specific goals such as the 5-percent absolute reduction in greenhouse gas emissions, the target is not aggressive enough and fails to recognize the global urgency to address the climate change risk. It would be good to link this goal to the climate risk disclosure in the 10-K report. We also challenge K-C to strive for even greater carbon reductions. A recognized beyond-compliance business leader in this area must support and even exceed government pledges.

**A longer-term focus.** Concern with the financial markets preoccupation on quarterly performance prevents K-C from focusing on true, lasting value creation for all of its stakeholders. While K-C dividends increased, total employee wages and benefits for a large workforce remained flat practically since 2007. Income inequality and poverty are on the rise in most economies, which could destabilize markets served by K-C. We challenge K-C to reconcile achieving its Global Business Plan by allocating adequate resources to reach and beat its sustainability ambitions.



## LETTER FROM TWO TOMORROWS

### SCOPE AND OBJECTIVES

**Two Tomorrows (North America) Inc.** was retained by Kimberly-Clark Corporation to conduct independent assurance of its 2010 Sustainability Report ('the Report'), as published on the company's responsibility website.

The assurance process was conducted in accordance with AA1000AS (2008). We were engaged to provide Type 2 assurance, which covers:

- Evaluation of adherence to the AA1000APS (2008) principles of inclusivity, materiality and responsiveness (the Principles), and;
- The reliability of specified sustainability performance information.

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 DIRECTORS AND OF THE ASSURANCE PROVIDERS

Kimberly-Clark's directors have sole responsibility for preparation of the Report. Two Tomorrows, in performing our assurance work, is responsible to Kimberly-Clark's management. Our statement, however, represents our independent opinion and is intended to inform all stakeholders including Kimberly-Clark's management.

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 second year we have provided assurance. We adopt a balanced approach toward all stakeholders.

Our team comprised Todd Cort and Doug Bannerman. 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 U.S. senior executives and managers in Roswell, Georgia; Neenah, Wisconsin; and Irving, Texas, who are responsible for management of sustainability issues;

# 2010 SUSTAINABILITY REPORT



- 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 LaGrange, Georgia, U.S., non-woven manufacturing facility to assess the controls and processes present at the site in comparison to the claims made at enterprise level and to conduct sample verification of data that is collated into the Report;
- Review of supporting evidence for key claims and data in the report.

## FINDINGS

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. Based on our assessment, we conclude that Kimberly-Clark meets the requirements of the GRI for Application Level B+.

## 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:

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

Kimberly-Clark employs a variety of mechanisms to engage stakeholders, solicit feedback and utilize this feedback to inform business decisions, particularly around the identification of risks and opportunities. This proactive stakeholder engagement tends to be focused at the enterprise level, with key examples such as the Sustainability Advisory Board and the consultation with Greenpeace on fiber sourcing policies. However, effective engagement at the operational level can also be an effective driver for risk mitigation and the current focus on enterprise level engagement may miss this potential value. Ideally, systematic processes to tap into broad stakeholder perception can be implemented at each level of the company.

# 2010 SUSTAINABILITY REPORT



Stakeholder engagement by Kimberly-Clark is not universally inclusive. Supplier engagement, for example, appears primarily focused on requirements that ensure compliance to Kimberly-Clark standards of practice rather than on efforts to proactively partner with suppliers to understand and address key and emerging challenges or opportunities. These might include quality and safety of products, environmental practices of suppliers, protections of labor standards, etc. The approach to supplier engagement continues to evolve within Kimberly-Clark, particularly with the recent emphasis on a global procurement strategy. We look forward to future discussions of supplier engagement that focus on partnership over compliance.

**Materiality:** identification of those issues 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 Kimberly-Clark has clearly identified material issues in the Report, as evidenced by the company's 2015 sustainability goals, the process by which the company identifies these priorities is not clear. Moreover, the clear link between the selection of material issues in reporting and business risk management processes is not sufficiently clear. Ideally, Kimberly-Clark would disclose criteria employed to determine which issues are material to stakeholders and which sustainability issues are material to the business.

On specific material issues:

- **Pulp manufacturing:** Kimberly-Clark has announced its intention to divest pulp manufacturing operations including the Everett, Washington, U.S., mill. The decision to close a mill is a material impact to the community and employees of the mill and we recommend that Kimberly-Clark discuss its efforts to protect the socio-economic interests of these stakeholders.
- **Mexico operations:** Kimberly-Clark de Mexico is a joint venture in which Kimberly-Clark does not have operational control. For this reason, data from the Mexico operations is not included in the Report. Although we agree that this operation is outside of the Kimberly-Clark operational boundary, this data may be material to some stakeholders and is currently not reported elsewhere. Therefore, we recommend that Kimberly-Clark provide the data from the Mexico mills in addition to the aggregated group data.
- **Public advocacy:** Kimberly-Clark undertakes some public advocacy activities and also contributes to trade organizations that undertake lobbying activities. We recommend that Kimberly-Clark make its position on lobbying clear and provide information regarding specific areas of activity.

**Responsiveness:** the extent to which an organization responds to stakeholder issues.

Kimberly-Clark has well established metrics and targets to promote strong performance in sustainability. In particular, we note the expanded list of health and safety indicators in this year's Report as an example of metrics that help stakeholders understand the priorities and actions of the company.

# 2010 SUSTAINABILITY REPORT



Future reports would benefit from more extensive use of benchmarks to provide context on these metrics to readers. Applicable benchmarks might include average industry performance, performance against specific peers or performance against widely accepted standards and norms.

Two Tomorrows (North America) Inc  
San Francisco  
June 2011

Todd Cort  
Project Director

Doug Bannerman  
Project Manager

\*Two Tomorrows (North America) Inc. The Two Tomorrows group of companies was formed in January 2009 following the merger of 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)