

SHAPING A HEALTHIER WORLD.



Sustainability Report



Because sustainability is a core value at Kimberly-Clark, we know that making better choices for the environment and society can many times mean making better choices for our business.



Tom Falk, Chairman and CEO.



Watch Tom Falk introduce our Sustainability Report and progress in 2008. [Click here to play.](#)

Sustainability Positions and Policies

- K-C's Sustainable Fiber Practices
- K-C Europe's Sustainable Environmental Practices
- Life cycle Assessment of Tissue products-Executive Summary; Full Report
- K-C's Fiber policy
- PDF Download 2008 Sustainability Report Executive Summary (Español; Italian; Deutsch; Russian; Swedish; Danish; Norwegian; Français; Polish)

SUSTAINABILITY AT K-C

■ Sustainability At K-C



Kimberly-Clark products improve the health, hygiene and well-being of millions of people around the world every day – at home, at work and elsewhere. The benefits of our various products include drier skin, reduced diaper rash, infection prevention, recovery from illness, odor control and improved safety, as well as increased comfort, discretion and freedom of movement.

We are conscious that making, using and disposing of our products also have wider social, environmental and economic impacts, and are committed to making both our products and operations more sustainable. For K-C, this means acting responsibly to preserve resources for future generations. It also involves being a fair and responsible employer, challenging our employees to help us meet our sustainability commitments, and supporting the communities and countries where we live and work.

The business case for sustainability

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

Sustainable business practices provide tangible opportunities and benefits, including:

- Reduced costs from improved operational efficiency and lower energy and raw material use. For example, we expect to save \$13 million per year beginning in 2009 by installing a combined heat and power energy system at our tissue mill in New Milford, Connecticut. This will reduce greenhouse gas emissions, stabilize energy costs and reduce demand on the local electricity network.
- Competitive advantage from developing more sustainable products that meet customer and consumer expectations. For example our K-C Professional business sells many of its products on an efficiency-in-use basis, as users need less of our product to do the same job as comparative competitive products, thereby reducing usage, waste and cost.
- Reduced exposure to risk through anticipating and managing or avoiding events that could increase costs, reduce market share or damage our reputation.
- Motivated employees and greater interest from prospective employees.

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

In 2008, K-C led the personal products category of the [Dow Jones Global Sustainability Index](#) for the fourth consecutive year. In fact, we are one of only two personal products companies that earned a spot in the 2008 index.

A MESSAGE FROM TOM FALK



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

In 2008, the global economy and business community saw unprecedented volatility and the beginning of a worldwide recession. We suffered wide-ranging fluctuations in commodity prices and exchange rates, and cost inflation was nearly double our forecast. We also saw signs of reduced demand for some products and in some regions.

Our history of financial strength, good governance and social responsibility will enable us to continue providing products and jobs that improve people's lives. We continue to focus on our strategy for sustainable growth, having long recognized that only companies that build sustainability into the way they do business will enjoy long-term success. K-C makes a major contribution to sustainability by providing products that significantly improve health, hygiene and safety worldwide.

The economic downturn has only strengthened the business case for sustainability. Customers and consumers continue to show an interest in sustainable products and operations. Our efforts to conserve resources also increase operational efficiency and provide considerable cost savings. We are confident that sustainability generates competitive advantage, improves business results and helps fulfill our responsibilities as a global company. Indeed, our sustainability efforts and social contributions have been recognized by governments, customers and organizations from China to Australia, Brazil to South Africa, and across Europe and North America.

We know there is much more we can do. In 2008, our businesses each strengthened their approaches to reducing the environmental impacts of our products and operations, enhancing the benefits our products bring, contributing to local communities, and engaging employees in the development of a more sustainable company.

To improve product sustainability, we incorporate insights from customers and consumers and apply the principles of Design for Environment during product development. For example, our U.K. business has tested the Carbon Trust's methodology for calculating a product's carbon footprint on Andrex and Huggies. We remain committed to responsible fiber use by purchasing from certified suppliers and using recycled fiber where appropriate. In 2008, 98 percent of the virgin fiber we purchased came from suppliers or forestlands certified to a recognized sustainable forestry scheme.

We continue to improve operational efficiency and conserve natural resources such as energy, water and raw materials through our Environmental Vision program. Two of our facilities installed combined heat and power systems in 2008 , and our Dallas headquarters and Beech Island facility in South Carolina both use landfill gas to at least partly meet their energy needs.

We are proud of our people's commitment to improving health, hygiene and well-being worldwide. They do this through innovation to enhance our products and improve our operations, and through charitable work in their local communities. In 2008, Kimberly-Clark and our employees donated \$22.7million in cash and product.

We truly appreciate and celebrate our sustainability successes to date ... but we know our work is not complete. We know that we must continue building our company in a world of increasingly scarce resources and a vulnerable ecosystem. Because sustainability is a core value at Kimberly-Clark, we know that making better choices for the environment and society can many times mean making better choices for our business.

Tom Falk
Chairman and CEO
April 2009

OUR APPROACH



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

Our approach to sustainability is straightforward: identify and focus on sustainability initiatives that generate competitive advantage, improve business results and fulfill our responsibilities as a member of the global community.

At the corporate level, we channel our sustainability efforts into four areas: products, operations, employees and communities. This website describes our approach in each of these areas, and contains performance pages with updates on our progress during 2008.

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

Our corporate approach, including Vision 2010, applies to all our [business units](#). Common elements include improved operational efficiency, engagement of employees, and the use of Design for Environment and insights from customers and consumers to identify sustainability improvements.

Each business unit has also identified specific sustainability priorities that supplement the corporate approach. These are the areas most important to each business's products, operations and stakeholders.

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

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

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

Our Health Care business is aligning its sustainability efforts with those of its customers in the areas of waste management, health and safety, and infection prevention. It is also communicating its sustainability efforts so customers can make informed decisions about the products they buy and the partners they do business with. Finally, it aims to use its sustainability efforts to attract talent and improve employee engagement.

MANAGING SUSTAINABILITY



□ Sustainability At K-C ■ **Managing sustainability**

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



Our Global Environment, Energy, Safety, Sustainability and Quality function is responsible for sustainability implementation and coordination. This includes matters relating to the environment, energy, occupational health and safety, and product quality. It includes a Corporate Sustainability Team to identify and share best practices across the company. This comprehensive approach helps sustainability principles permeate our business, from facilities management to product design.

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

Business unit leaders are responsible for sustainability-related projects specific to their organizations. Team leaders across the company play an essential role in guiding and engaging their teams in K-C's approach to sustainability. The Corporate Sustainability Team provides team leaders with information about our sustainability approach and key messages so they can communicate these to their teams.

Management systems

In 2007, we began a program to combine the environmental, health and safety (EHS) management systems in our facilities. The combined system aims to guide K-C facilities to systematically identify, control and reduce EHS risks, enhance compliance and improve performance. Our objective is for all facilities to fully implement the combined EHS system by the end of 2010.

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

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

Sustainability Advisory Board

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



SAB members

- *Niki Bey, an eco-design and life-cycle specialist at IPU Product Development (Denmark)*
- *George Carpenter, former director of sustainability at Procter & Gamble (U.S.)*
- *Roger Cotton, a lawyer specializing in corporate governance and environment, health, safety and sustainability (Canada)*
- *Claude Fussler, former vice president of Dow Chemical and former director of stakeholder relations at the World Business Council for Sustainable Development, currently appointed by The United Nations Global Compact Program Director of Caring for Climate (C4C), its climate change initiative. (France)*
- *Timothy Smith, senior vice president, Environment, Social and Governance Group, Walden Asset Management (U.S.)*
- *Ken Strassner, vice president global environment, safety, regulatory and scientific affairs Kimberly-Clark Corporation (U.S.)*

The SAB also provides an [external assessment of this report](#)

PERFORMANCE IN 2008

MANAGING SUSTAINABILITY

□ Sustainability At K-C □ Managing sustainability ■ **Performance 2008**

In 2008, we communicated our sustainability approach internally to ensure consistent implementation throughout the company.

We distributed various supporting materials to team leaders. These included a Q&A sheet providing answers to commonly asked questions, a quick reference fact sheet, and presentations for use with employees.

Management systems

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

Twenty-nine facilities were certified to the ISO 14001 international standard for environmental management (see box). K-C Australia's Millicent and Tantanoola facilities achieved ISO 14001 certification for the first time.



ISO 14001-certified sites

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

Sustainability Advisory Board

The SAB met twice in 2008. Members discussed several important sustainability topics for K-C, gave feedback on our 2007 sustainability report and commented on our approach for this report. They also considered the types and levels of third-party assessment available for sustainability reporting, other than the [review](#) the SAB itself provides. After considering the alternatives, the SAB agreed to proceed with its own review and statement this year.

Our approach to evaluating K-C's and our suppliers' labor practices was among the key topics discussed. We presented our new [contract manufacturer evaluation procedure](#) to the SAB and modified our [Human Rights in Employment Policy](#) to incorporate some of their comments.

The SAB also provided input for our draft climate change strategy, and encouraged us to set a realistic yet aggressive carbon reduction target. They also encouraged us to share the process we used to arrive at our proposed strategy externally. Read more in [Climate change](#).

GOVERNANCE

□ Sustainability At K-C ■ Governance

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

To secure the trust of our shareholders, employees and other interested parties, we must manage our business responsibly. This means identifying and managing risks to our success as well as seizing opportunities.

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

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

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

PERFORMANCE IN 2008

GOVERNANCE

□ Sustainability At K-C □ Governance ■ Performance 2008

In 2008, we received 56 reports via the Code of Conduct telephone hotline or our intranet website. All were investigated; 20 were classified as founded, 18 as unfounded, and 18 were still under investigation at the end of the year. Appropriate disciplinary action ranging from a reprimand to employee termination was taken for all founded violations.

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

We were recognized by [GovernanceMetrics International](#) in 2008. They ranked K-C in the top one percent among nearly 4,200 companies surveyed in its most recent rating. The top-ranking companies were recognized for best-in-class corporate governance standards.

OUR STAKEHOLDERS

□ Sustainability At K-C ■ Our Stakeholders

Many different groups can influence or be affected by our business. Communicating with these groups helps them understand our products and operations and shows that we recognize and consider their needs and concerns. The table below describes how we engaged with our key stakeholders in 2008.

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

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

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

ECONOMIC IMPACT

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

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

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

The [Performance page](#) shows the extent of our economic impacts in 2008.

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

PERFORMANCE IN 2008 ECONOMIC IMPACT

□ Sustainability At K-C □ Economic impact ■ Performance 2008

The diagram shows the major direct economic impacts of our global consolidated businesses in 2008.

See also our [Annual Report](#)

MANY ASPECTS OF OUR DAILY BUSINESS BENEFIT OUR STAKEHOLDERS FINANCIALLY, AS WELL AS THE ECONOMIES AND COMMUNITIES WHERE WE OPERATE. THE DIAGRAM SHOWS THE MAJOR DIRECT ECONOMIC IMPACTS OF OUR GLOBAL CONSOLIDATED BUSINESSES IN 2008



PUBLIC POLICY

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

Communicating with government policymakers on matters that could significantly affect our company, employees, shareholders or customers is a necessary and appropriate part of doing business.

Our involvement in public policy development is measured and responsible. We engage in policy matters that can have an appreciable impact on the execution of our Global Business Plan. This covers a wide range of policy areas, but our primary focuses are energy, the environment and taxation.

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

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

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

PERFORMANCE IN 2008

PUBLIC POLICY

□ Sustainability At K-C □ Public Policy ■ Performance 2008

Examples of our sustainability-related public policy activity in 2008 include:

Climate change

- Participating in the consultation process for the U.K. Climate Change Bill, and its potential impact on municipal waste reduction projects and on families using diapers and incontinence products.
- Taking part in the consultation for the development of British Standard PAS 2050 – a standard methodology for calculating a product's carbon footprint which was published in October 2008.
- Participation in the annual [Disclosure Project request](#) for information on our global climate change emissions and strategy.
- Meeting with officials from the Australian Department of Climate Change to discuss the Australian Pulp and Paper Producers and Australian Food and Grocery Council Green Paper submissions for the Carbon Pollution Reduction Scheme (CPRS).

Energy

- Briefing members of the U.K. Parliament on the implications of rising energy prices for Kimberly-Clark.

Recovered paper

- Working with the U.K. Government's Waste Resources Action Program (WRAP) and the Welsh Assembly to initiate new collections of quality used paper for use in our mills.
- Briefing the U.K. Environment Minister on our environmental policies and issues important to K-C, such as the shipping of recovered paper to China.

Waste permitting

- Briefing the U.K. Environment Minister on our concerns regarding proposed changes to waste-permitting rules.
- Working with the New Zealand Ministry for the Environment to incorporate details of Kimberly-Clark's sustainable hygiene papers for the Government Paper Buyers Guide.

Life-cycle analysis

- Through the UK Absorbent Hygiene Products Manufacturers Association (AHPMA), we contributed to the update of the 2005 life-cycle analysis of disposable and reusable nappies (diapers) sponsored by the U.K. Environment Agency, WRAP and the Department of Environment Food and Rural Affairs. See [Life-cycle thinking](#).

Taxation

- The French government planned to introduce a tax on disposable products such as tissues, where reusable alternatives existed. Successful lobbying by French Trade Association Groupe Hygiene contributed to the cancellation of the proposed law.
- Lobbying for reduced taxes on diapers in the 27 E.U. member states. Discussions are taking place to clarify whether absorbent hygiene products are eligible for a reduced VAT rate.

DEVELOPING AND EMERGING MARKETS



□ Sustainability At K-C ■ Developing & Emerging markets

We are seeing our fastest growth in developing and emerging (D&E) markets (Asia, Eastern Europe, Latin America, Middle East and South Africa). Within these markets, we continue to focus on the BRICIT countries (Brazil, Russia, India, China, Indonesia and Turkey).

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

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

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

Products for D&E markets

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

As we enter markets globally where many people are still using cloth diapers, K-C research has found that our products make it is easier for mothers to leave the house with their young children, and give mothers more time for more enriching activities for themselves and their families.

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

AWARDS AND RECOGNITION IN 2008



□ Sustainability At K-C ■ Awards and recognition 2008

Our company received the following awards and recognition in 2008:

- ▶ [Sustainability and corporate responsibility](#)
- ▶ [Environmental stewardship](#)
- ▶ [Business awards](#)
- ▶ [Product recognition](#)
- ▶ [Community involvement](#)
- ▶ [Employment](#)
- ▶ [Recognition from customers](#)

Sustainability and corporate responsibility

- Ranked first in the personal products category of the Dow Jones Sustainability World Index (DJSI World) for the fourth successive year.
- GovernanceMetrics International ranked K-C in the top one percent among nearly 4,200 companies surveyed in its most recent rating. The top-ranking companies were recognized for best-in-class corporate governance standards.
- K-C China received the Most Admired Corporate Citizen award from the China Corporate Citizenship Committee.
- The Korean Management Consulting Association named Yuhan-Kimberly one of the most admired companies in Korea for five years running.
- Yuhan-Kimberly has been recognized for its excellent ethical management in the Korean Business Ethics Index 2008 conducted by the Ministry of Knowledge Economy and the Institute for Industry Policy and Study.

Environmental stewardship

- Received an Environmental Excellence Award from the [U.S. Environmental Protection Agency SmartWay Transportation Partnership](#) for the second consecutive year, for our leadership in conserving energy and lowering greenhouse gas emissions.
- Shortlisted for the Best Overall Environmental Performance award at the U.K. Green Business Awards 2008.
- Shortlisted for the Tetra Pak Award for Environmental Sustainability as part of the 2008 IGD Food Industry Awards.
- Shortlisted for the Grocer Gold Award for Green Supplier of the Year.
- Woolworths South Africa, winner of Responsible Retailer 2008 at the World Retail Awards, gave K-C South Africa its Eco-Efficiency Award.
- The Climate Counts Company Scorecard ranks K-C as a best Climate Counts choice in the Household Products sector. We improved 17 points from last year, tying for second place.
- K-C Australia's tissue manufacturing was accredited under the international Program for the Endorsement of Forest Certification as promoting sustainable forest management. Eighty percent of all wood fiber in KCA tissue products is sourced from forests accredited under the PEFC scheme.
- Yuhan-Kimberly received the 2008 environment-friendly award in the infant care and feminine care category from the Environment Media.

Business awards

- K-C Colombia received the top prize in this year's Logyca Award for Strategy Innovation and Value Chain Management. The award recognizes strategic thinking and leadership and promotes the implementation of best practices across supply chains.
- K-C's Beech Island mill has been awarded the 2008 Large Business of the Year in Aiken County, South Carolina.
- Nonwovens Industry magazine named K-C Nonwovens third among the 40 top international nonwovens companies.
- Ranked fifth in The Patent Board's Consumer Products Patent Scorecard. The Scorecard reviews all patent activity in the consumer products industry to assess patent value and ranks companies worldwide in 17 industry sectors.

Product recognition

- K-C Australia received a Packaging Evolution Award for the most innovative packaging waste management solution. This is the second year running that KCA has been recognized at these awards.
- Kimberly-Clark Health Care's Integuseal Microbial Sealant received a 2008 Medical Design Excellence Award. Integuseal sealant helps stop bacteria from entering surgical wounds in the skin.
- The Scott brand Dichos campaign won PROMO Magazine's PRO AWARD for best multi-cultural/ethnic campaign.
- Pharmacy Times named Depend absorbent undergarments number 1 in the incontinence product category in their Annual Over-the-Counter Recommendations Survey. The brand also became part of the Master's Circle, an elite club for products that have earned at least 50 percent of pharmacists' recommendations.
- Italian consumers voted Scottex Cartaspugna towels Product of the Year in the Marketing e Innovazione Italiana awards for the second year in a row.
- Kimberly-Clark Professional's new Kimtech Science bench top protector was selected as an Editor's Pick in Controlled Environments Magazine.
- Kimberly-Clark Professional JRT Electronic Coreless bath tissue dispenser was selected as a Top Product Pick by the editors of Buildings magazine. Only 100 products are selected each year, based upon aesthetics, ease of use, durability, efficiency, universal appeal, and sustainability.
- K-C Professional won the 2008 Frost & Sullivan Award for Product Innovation in the U.S. protective gloves market for outstanding innovation in our Kimtech G3 Gloves and Kleenguard G10 Grey Gloves.
- Baby Soft Aloe Vera and Huggies Dry Comfort products both won South African Product of the Year awards in 2008 from Product of the Year South Africa after a survey of 5,000 consumers from around South Africa.

Community involvement

- [United Way of America](#) presented K-C with its United Way Summit Award for Community Investment, recognizing our outstanding commitment to United Way and communities across the country.
- The United Way of Metropolitan Dallas awarded K-C with its Spirit of Caring Award .
- The Dallas Can! Academy awarded K-C a Lifetime Achievement Award for supporting the Can Academies. The organization provides child development training and special services to teenage mothers to ensure they complete their high school education.

Employment

- K-C Australia was recognized by the Equal Opportunity for Women in the Workplace Agency as an Employer of Choice for Women.
- The National Safety Council's Springfield, Missouri, chapter awarded the ergonomics team at our Conway mill in Arkansas a Safety Team Excellence Award. Conway has significantly reduced the number of ergonomic injuries experience by its team members from 19 in 2004 to none in 2008.
- K-C's plant in Barton, U.K. received an award for looking after employees' health. It is the first business in North Lincolnshire to be recognized by the Healthy Workplace Award Scheme.
- K-C Australia has become the first company in South Australia to pass the WorkCover audit with zero non-conformances. The company's self-insured status was renewed for another three years as a result.
- The Global Nonwovens mill in Lexington, North Carolina, received a Gold Award from the state's Department of Labor. It is the 11th consecutive year the mill has been recognized.
- Two K-C facilities recently received Wisconsin Corporate Safety Awards from the Wisconsin Safety Council. The Neenah Nonwovens and Marinette facilities were honored for their exemplary safety records and excellence in health and safety management.
- All our Latin American companies were recognized by the Great Places to Work Institute. Ecuador was the no. 1 place to work in the country for the third year in a row and no. 3 in Latin America for the 2nd year in a row. Peru was no. 7 in the country and no. 8 in Latin America. Colombia was no. 5 in the country, Central America and the Caribbean was no. 7 in the region, Brazil was no. 11 in the country, Chile was no. 18 in the country and Argentina was no. 10 in the country.
- Recruitment website Incruit named Yuhan-Kimberly the fourth best workplace in Korea for its family-friendly and lifelong learning culture.
- Our HingYing and ChungLi mills received Five Star Safety and Hygiene Awards from the Taiwanese government.
- Yuhan-Kimberly received an 'AA' rating in the Best Family Friendly Management for its achievement of work-life balance presented by the Ministry for Health, Welfare and Family Affairs.
- Yuhan-Kimberly was recognized as the best company in 'Family-friendly Workplace' by UNICEF Korea and the Ministry of Gender Equality for its well-established family-friendly environment and as a role model of promoting country's birth rate.
- K-C's legal department for Europe, the Middle East and Africa has been nominated for "Legal Department of the Year" in the British Legal Awards hosted by Legal Week magazine, a leading U.K. publication.

Recognition from customers

- K-C received the 2008 Partnership Award, which is given to the vendor in the United States that demonstrates a true supply chain partnership with Owens & Minor and their mutual customers.
- K-C received two Partner, Recognition, Innovation, Dependability and Excellence (PRIDE) awards from retailer Dollar General: Customer Marketing Vendor of the Year and Supply Chain Vendor of the Year. K-C was the only manufacturer out of 400 to win multiple Vendor of the Year awards.
- Target named K-C Vendor of the Year Award for Paper for the second time in three years.
- Wal-Mart named K-C 2007 Supplier of the Year for its infant/toddler department for the second consecutive year.
- Wal-Mart in Canada named K-C Vendor of the Year for paper products in 2007.
- Wal-Mart International awarded K-C its most Improved Supplier for 2007.
- Fisher Safety named the K-C Professional scientific and technical team supplier of the year. The team has won this award four times in five years. The team also won awards for best field sales support and best national account support.
- VWR International presented two awards to the K-C Professional scientific and technical team for supplier of the Year: private label for Production and Safety and Special Achievement for Marketing and Program Support.
- U.K. retailer Waitrose gave K-C the Best Non-Food All Rounder award at their 2008 Supplier Conference.
- Disney recently awarded K-C Australia its Licensee Award for Best Comprehensive Marketing Program.
- Supermarket News recently awarded K-C its Gold Medal in the Paper Goods category, for providing retail customers insights to help them improve their businesses.
- RFID Revolution presented the 2008 RFID Excellence in Business award to K-C for excellence in a Radio-Frequency Identification Pilot. K-C ran a pilot project in partnership with PINC Solutions and Motorola. The pilot broke new ground by combining radio-frequency identification (RFID) with data from other technologies, such as global positioning systems and wireless internet.
- The K-C team that supports Wal-Mart in Central America won the retailer's Consumer Goods Supplier of the Year Award for the second consecutive year.
- The Premier Health Care Alliance's Purchasing Partners division gave K C Health Care its 2008 Performance Award. This recognizes our efforts to meet or exceed service expectations.
- Yuhan-Kimberly obtained certification from CCMS (Consumer Complaints Management System), the consumer protection program, presented by the Fair Trade Commission.

PRODUCTS

■ Products



Our products provide many advantages. Some help people stay safe at work or elsewhere and others prevent infection. Many reduce leakage and skin irritation, increase comfort and discretion, and help users maintain healthy, active lifestyles. Our products are also convenient and easy to use.

Our aim is to ensure our products also provide sustainability benefits, allowing us to grow responsibly in a world of finite resources. We have identified three main ways of doing this:

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

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

CUSTOMERS, SHOPPERS AND USERS



□ Products ■ **Customers, shoppers and users**

Almost a quarter of the world's population uses Kimberly-Clark products each day. We provide some of the world's most trusted and recognized consumer brands, including Kleenex, Scott, Andrex, Huggies, Pull-Ups, Kimberly-Clark, Kotex, Poise and Depend.

Our customers are retailers and wholesalers that buy our personal care products for resale. Our professional and healthcare products are sold worldwide to distributors, businesses such as manufacturers, hotels and restaurants, and healthcare establishments.

Shoppers and users are the consumers who buy and/or use our products at home, at work, in public facilities, or when receiving healthcare.

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

We increasingly partner with customers to reduce the environmental impacts of our products, such as the amount of packaging used. Enhancing customer relationships in this way reinforces our mission to become their indispensable partner.

We are keenly aware of the need to respond to consumer queries and concerns. In North America, surveys show that more than 98 percent of consumers who contact our Consumer Services will continue to buy K-C products, and 97.5 percent will recommend them to friends. In Western Europe, the statistics are similar; nearly 96 percent saying they will continue to buy K-C products, and 94 percent will recommend them to others.

Our corporate website contains a Contact Us form for consumers in North America and Western Europe, and a mailing address and telephone number for countries where we operate. We provide additional contact information on packaging for most of our brands and our websites. We carry out a consumer satisfaction survey every eighteen months. See the performance page for the latest results.

PERFORMANCE IN 2008

CUSTOMERS, SHOPPERS AND USERS

□ Products □ Customers, shoppers and users ■ Performance 2008

Here are some examples of how we partnered with customers and engaged with consumers in 2008.

Customers

Our Personal Care and Consumer Tissue products are included in Wal-Mart's packaging scorecard, which measures the amount and type of packaging used and any reductions we make. The reductions in packaging weight we have made on our personal care products take us almost half way to meeting Wal-Mart's goal of a five percent reduction by 2013.

For the second consecutive year, our Consumer Products business in the U.S. ranked eighth in the Cannondale PowerRanking, an influential annual survey of consumer product manufacturers and retailers.

In the U.S., the Marriott hotel chain plans to introduce our Scott Coreless Standard Roll Bath Tissue in 500 of its hotels by the end of 2009. This is expected to eliminate two million cores a year, saving 21 tons of packaging waste annually. The tissue is made from 20 to 40 percent recycled fiber and holds 800 sheets per roll.

Kimberly-Clark Thailand has recognized 70 of the companies, hotels and hospitals it supplies in Bangkok and the surrounding area that support the environment by using tissues made from recycled fiber. The tissues carry green label certification from the Thailand Environment Institute to verify this.



Case Study

K-C Professional launched a service in the U.S. to help customers safely dispose of used WypAll wipers in partnership with environmental services provider Safety-Kleen. Customers can choose to have their used wipers delivered to a waste-to-energy facility for incineration with energy recovery, instead of to landfill. The disposal service provides K-C Professional customers with a large drum for safely storing used wipers until they are collected. K-C Professional provided its wiper customers in North America with an updated Hazardous Waste Disposal Guide that provides the current regulatory status for proper disposition of wipers exposed to hazardous waste.

Consumers

In 2008, we sent almost 10,000 consumer satisfaction surveys at random to shoppers and users of our products in Canada, France, Germany, Italy, the Netherlands, the U.K. and the U.S. who have previously contacted us. More than 98 percent of those who replied responded favorably regarding our consumer services.

We also take steps to educate and inform consumers on K-C relevant sustainability issues. In the U.K. and U.S., the Huggies Club Website has introduced a new [sustainability section](#). This shares our point of view on environmental topics and communicates our environmental achievements. We plan to introduce the section to Huggies Club websites in other countries. The [Andrex website](#) has also introduced a sustainability zone that provides information about the environmental benefits of Andrex Longer Lasting bath tissue and Forest Stewardship Council (FSC) fiber certification.

LIFE-CYCLE THINKING



□ Products ■ Life-cycle thinking

We introduced Design for Environment (DfE) as part of our Vision 2010 environmental program. DfE aims to make sure we consider environmental impacts as a matter of course when developing new and modified products and processes.

We consider the environmental impacts of our products throughout their life, from the raw materials used and our manufacturing processes through to product use and disposal. This enables us to understand the full impact of our products and focus our efforts where we can make the most difference.

We have included environmental considerations as part of our product development decision-making process and we train our product designers and developers around the world on our environmental priorities. This training emphasizes the introduction of life-cycle assessment (LCA), a well-established analytical technique used to calculate environmental impacts.

We have carried out LCAs of several of our lines to inform new product design and changes to existing products. One significant example is an LCA of tissue products carried out for Kimberly-Clark by the consultancy Environmental Resources Management.

This study was carried out to internationally recognized standards and assessed 14 different consumer and commercial tissue products containing differing proportions of virgin and recycled wood fiber. It examined the impact of each tissue product on air pollution, water use and pollution, resource use and waste. The study concluded there is no environmental preference between recycled or virgin fiber in the manufacture of K-C tissue products. Read a summary of the findings [here](#).

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

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

There are additional examples of how we applied life-cycle thinking and Design for Environment principles in 2008 on the [performance page](#).

PERFORMANCE IN 2008

LIFECYCLE THINKING

□ Products □ Life-cycle thinking ■ **Performance 2008**

There were several major developments relating to life-cycle thinking and Design for Environment in 2008.

Life-cycle thinking

In the U.K., our Consumer Tissue and Personal Care businesses partnered with the Carbon Trust to test the British Standards Institute (BSI) methodology for calculating a product's carbon footprint on Andrex and Huggies products. We learned that manufacturing our products and their components is the biggest contributor of greenhouse gases over their life-cycle.

We are using these results to focus our efforts to reduce greenhouse gases, both internally and within our supply chain. For example:

Andrex

- Improving energy efficiency in manufacturing Andrex tissue.
- Setting new sustainability objectives with key wood pulp suppliers.
- Removing 30mm from the length of each bag and trialing plastic that is 10 percent thinner.

Huggies

- Using lightweight materials and setting new sustainability objectives with key suppliers.
- Increasing manufacturing efficiency through our Vision 2010 environmental program.
- Reducing impacts from transportation and logistics.

We do not currently plan to label our products with information about their carbon footprint for several reasons. First, there is no international standard for calculating a product's carbon footprint, making comparison between products impossible. Second, it is clear that most consumers do not have a good understanding of carbon footprints. Finally, while it is important to reduce greenhouse gas emissions, focusing only on this metric fails to recognize other important environmental concerns such as water and waste.

Design for Environment

In the U.K., Andrex Longer Lasting bath tissue offers 50 percent more sheets per roll, reducing the number of deliveries made to customers as well as the amount of packaging materials required. We estimate that this change, introduced in 2007, saved 57,000 miles in deliveries in the first year – the equivalent of a truck travelling twice around the world. Also, by trimming 30mm from Andrex tissue packaging in the U.K., we have saved around 83,000kg of plastic a year.

In the U.S., we collaborated with our suppliers to incorporate less absorbent material into Huggies diapers while maintaining the same product attributes. We then calculated the environmental benefits of this change accounting for manufacturing and logistical improvements. Overall, we estimate that these changes provide the following annual environmental benefits:

- Save fossil fuel reduction equivalent to more than 42,000 barrels of oil.
- Reduce greenhouse gas emissions equivalent to removing 7,900 cars from the road in the U.S.
- Reduce acid rain-causing air pollution equivalent to turning off 15,100 central air conditioning units for one year.

Also in the U.S., K-C Professional introduced its new Intrepid Filtration Media for air conditioning systems in Leadership in Energy and Environmental Design (LEED) certified buildings. The new media was developed to meet the U.S. Green Building Council's standards for filtration performance in new buildings and major renovations. It has low resistance to airflow, which means air conditioning fans work more efficiently to provide enough airflow and effective particle filtration. This reduces energy costs and greenhouse gas emissions.

End-of-life products

The final stage of the product life-cycle is waste disposal. Our products are designed to be compatible with the most common waste disposal systems in each region. For example, in New Zealand landfill is a big concern. Huggies is contributing approximately \$53,000 per year to a composting trial for used personal care items, particularly diapers. The industrial composting machines used are highly energy efficient. The process is safe and hygienic, as the temperature and microbes involved kill germs, and odors are filtered out. At the end of the process, just 5 percent of a diaper goes to landfill.

In the U.S., we are in talks with the RecycleBank about participating in their programs to increase household recycling. This scheme encourages recycling by awarding points for items recycled, which are saved up and redeemed for vouchers for popular products. We hope to be included in the process by May 2009.

FIBER PROCUREMENT



□ Products ■ **Fiber procurement**

As a major global producer of wood fiber-based consumer products, we pay particular attention to our fiber procurement.

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

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

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

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

Our fiber procurement policy

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

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

We will not knowingly use wood fiber from illegally harvested timber or forest areas requiring protection, such as primary tropical rainforests and any areas protected by government authorities. For definitions of forest areas requiring protection and environmentally responsible fiber, please refer to the [complete policy](#).

K-C is a member of the WWF-UK Forest & Trade Network (FTN). Founded in 1991, the FTN is a partnership between WWF and business that promotes responsible management of the world's forests. Members commit to sourcing forest products responsibly and to tracing these back to the forest source.

PERFORMANCE IN 2008 FIBER PROCUREMENT

□ Products □ Fiber procurement ■ Performance 2008

Here is a summary of our sustainable fiber procurement and usage in 2008.

Recycled fiber

Of the fiber used in all K-C manufactured products in 2008, about 27 percent was recycled. About 31 percent of the fiber used to manufacture tissue products was recycled. We bought 92 percent of virgin fiber from suppliers, and made the remaining 8 percent in our own mills in Everett, Washington, U.S. from wood chips from local suppliers and Tantanoola, Australia from wood chips and logs bought from local suppliers.

RECYCLED FIBER USE BY REGION

	All products	Tissue products only
North America	19%	22%
Europe	30%	32%
Latin America	46%	62%
Asia Pacific	18%	21%
Middle East and Africa	57%	71%
All	27%	31%

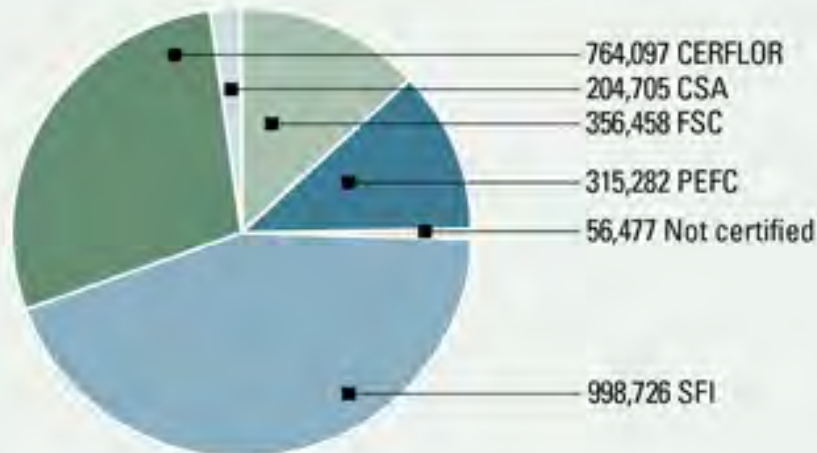
Certified fiber

We continue to work toward our goal to purchase 100 percent of our wood fiber from suppliers who have certified their fiber procurement activities and forestlands. In 2008, 98 percent of the wood pulp we bought for global consumption came from suppliers or forestlands certified to one of the five schemes listed in our fiber procurement policy. Seven pulp suppliers, accounting for the remaining two percent of virgin fiber purchases, were not certified, although they do practice sustainable forest management and are plantation based.

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

Increasing the amount of fiber we buy from FSC-certified Canadian suppliers has reduced our use of fiber from the Canadian Boreal forest. By the end of 2008, we had reduced our use of fiber from this area by nearly 50% compared to 2004. The Canadian Boreal fiber we do use is sourced only from areas included in forest management plans approved by provincial governments. All our Canadian Boreal fiber suppliers are certified to one of three standards - FSC, CSA or SFI.

BREAKDOWN OF FIBER PURCHASES BY CERTIFICATION SCHEME (METRIC TONS)



Supplier audits

We audit all our fiber suppliers every three to four years. Our goal for 2008 was to audit 20 suppliers to verify compliance with our fiber procurement policy. We actually assessed 18 suppliers during the year. We rescheduled the remaining two audits for early in 2009 as a result of a mill shut down at one supplier and because political unrest in Thailand prevented another.

We found no major non-compliance with our fiber procurement policy at the 18 suppliers audited in 2008. Sixteen of these suppliers have third-party forest management certification. The remaining two have completed the pre-assessment audits required for third-party certification and are addressing the gaps identified. We expect both suppliers to achieve certification by the end of 2009.

Certified and recycled products

Several KCP products comply with the U.S. Environmental Protection Agency's recycled fiber standards.

In 2008, Andrex bath tissue became our second FSC-labeled brand in the U.K., following the certification of Kleenex facial tissue in 2007. We also produce FSC-labeled product for major retail customers in Europe. We plan to expand the availability of FSC-labeled Kleenex tissue across Europe in 2009 and to launch a range of Kimberly-Clark Professional FSC-labeled products in Europe in 2009.

In North America, K-C Professional has launched several [Green Seal](#) -certified products made from 100 percent recycled fiber, as this certification is a common requirement of customers in the region.

In 2008, we launched Neve Naturali – the first 100 percent recycled fiber bath tissue in Brazil. This complements the existing Neve brand, the leading bath tissue in the country, which is made with certified virgin fiber. In Brazil, all our consumer tissue products made with virgin fiber carry the Green Seal logo. This is a Brazilian scheme which verifies that the supplier providing the wood fiber in products is certified by the FSC or CERFLOR. The Brazilian Green Seal is separate from Green Seal in North America, and has different requirements.

We continue to communicate our progress on sustainable fiber procurement in this report and other specific communications such as our [sustainable fiber fact sheet](#).

SYNTHETIC FIBERS



□ Products ■ **Sythetic fibers**

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

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

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

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

PERFORMANCE IN 2008 SYNTHETIC FIBERS

□ Products □ Synthetic fibers ■ Performance 2008

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

In 2008, we converted 66 percent of total polymer waste back into K-C product, compared with 59 percent in 2007, and sold the rest for recycling or energy recovery. This increase was caused by more efficient polymer reuse as well as the ability to reuse elastic laminate materials in our products. We aim to reuse 72 percent of our polymer waste in 2009.

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

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

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



Case Study

Yuhan-Kimberly has taken a leadership role in developing materials from renewable sources to reduce our reliance on petroleum. Working closely with our Environmentally Sustainable Technologies group in Neenah, Wisconsin, the R&D team in Korea has modified a commercially-viable, biodegradable material from corn starch that performs as well as conventional materials in key diaper components.

Yuhan-Kimberly is using this renewable material in a new range of diapers, called Huggies Gold Nature Made, in response to consumer demand for natural and environmentally sound baby-care products in Korea. Up to 45 percent of each diaper can biodegrade under the right conditions, compared with around 25 percent of materials in comparable products. The breathable outer cover is made from a biodegradable resin. This new product shows that substitutes for petroleum-based materials can be developed and brought to market. K-C is exploring leveraging similar materials in other global markets.

In the U.S., we are utilizing a similar natural, renewable polymer derived from corn starch in our HUGGIES Pure and Natural product line. These diapers also use organic cotton in the outer-cover and up to 20% post-consumer recycled plastic in the bag. Together, these innovations deliver a diaper that incorporates more sustainable material choices.

PACKAGING



Products Packaging

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

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

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

PERFORMANCE IN 2008

PACKAGING

□ Products □ Packaging ■ Performance 2008

Our business units made several changes to reduce the amount of packaging used on our products in 2008. Here are some typical examples:

The wrapper for WypAll wipers now contains 20 percent post-consumer recycled fiber (from waste paper that has already been used in a product and recycled, as opposed to manufacturing waste that is reprocessed). All of Kimberly-Clark Professional's shipping containers in North America contain at least fifty percent recycled content.

In Brazil, we have reduced the amount of packaging per four-pack of for Scott 2-ply tissue by 21 percent, and Scott 1-ply tissue by 31 percent, by increasing roll length and providing more product per package.

K-C China's packaging team introduced several measures to reduce packaging in 2008. These include using thinner film to wrap pallets and minimizing cardboard packaging for products shipped to Europe. Measures ready for introduction in 2009 include the use of 30 percent recycled fiber in Kotex brand cartons.

PREVENTING INFECTION



□ Products ■ Preventing Infection

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

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

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

We aim to increase the sustainability of our healthcare products without compromising quality or safety. For example, we are under pressure to eliminate PVC from our products because of its environmental impacts, but in certain cases, we have not yet found an effective replacement. We continue to investigate alternatives.

PERFORMANCE IN 2008

PREVENTING INFECTION

□ Products □ Preventing Infection ■ Performance 2008

During 2008, we launched the following products to help prevent the spread of infection.

Lavender Glove

This is an alternative to vinyl gloves, offering excellent protection without using PVC. There are also more gloves per box, reducing the amount of packaging used.

Sterling Nitrile-Xtra exam glove

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

Two-hour option oral care kit portfolio

This is part of our ongoing commitment to help clinicians address ventilator-associated pneumonia (VAP), a risk to all patients on a ventilator. The KimVent Oral Care q2 Kit allows caregivers to clean the equipment in the mouths of patients on a ventilator every two hours, helping to reduce the risk of VAP

Personal protective equipment dispensing system

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

We also engage with healthcare professionals on infection prevention. In 2008 K-C Health Care introduced Not On My Watch, a campaign to bring infection control education programs to local hospitals across the United States and Canada. Read more about the campaign in the [Community](#) section.

In 2008, K-C Professional in Thailand led a seminar on infectious disease control and prevention in hospitals. Expert speakers from local hospitals shared insights into and techniques for controlling infectious diseases in hospitals. The event drew more than 160 medical practitioners from leading private and public hospitals nationwide.

PRODUCT QUALITY AND SAFETY

□ Products ■ **Product quality and safety**



Kimberly-Clark's Safety of Products and Services policy commits us to providing products and services that do not compromise public safety.

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

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

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

Consumer access to safety information

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

REACH

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

REACH requires all companies that manufacture and import chemicals in Europe to gather and pre-register information for inclusion in a central database. It also calls for the evaluation and authorization of hazardous and persistent chemicals for each particular end use. As a user and importer of chemicals, rather than a manufacturer, we have been working with our suppliers to assure that the chemicals we use are properly pre registered.

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

ANIMAL WELFARE

□ Products ■ **Animal welfare**

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

- We carry out the vast majority of our safety testing using non animal procedures.
- We do not carry out or commission animal tests for cosmetics, household products or their ingredients, unless specifically required by law and/or regulatory agencies or an alternative test is unavailable. We comply with the European Union Cosmetics Directive, which comes into force in 2009.
- We may use animal tests to study the safety of ingredients or products not intended for cosmetic or household use, e.g. medical devices and pharmaceutical products, when required by law and/or regulatory agencies or when non-animal alternatives are unavailable. These tests are conducted in strict compliance with applicable ethical and legal standards.

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

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

OPERATIONS

■ Operations



Our aim is to grow our business responsibly, and as part of this we are committed to reducing the environmental impacts of the way we do business.

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

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

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

ENVIRONMENTAL VISION



□ Operations ■ **Environmental vision**



Our Environmental Vision program, launched in 1995, provides the direction, objectives and targets needed to improve environmental management and performance. This has helped us increase competitiveness, reduce costs and move toward sustainable manufacturing. We have made significant progress during the current five year phase of the program, which we call Vision 2010.

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

PERFORMANCE IN 2008

ENVIRONMENTAL VISION

□ Operations □ Environmental vision ■ Performance 2008

Many of our facilities have already met their Vision 2010 targets. The table shows the percentage of facilities that had achieved their targets by the end of 2008.

PERCENTAGE OF FACILITIES MEETING THEIR VISION 2010 GOALS

	2006	2007	2008
Energy efficiency	26%	42%	50%
Waste to landfill	43%	42%	42%
Water use efficiency	57%	59%*	59%
Wastewater quality	95%	95%	92%

* 2007 data restated to apply only to consolidated operations

Environmental expenditures

In 2008, our environmental operating expenditures were \$170 million.

Of the \$15 million spent on capital environmental improvements in 2008, we spent:

- \$6 million on wastewater treatment plant upgrades and process water recycling projects to meet governmental requirements and Vision 2010 fresh water use reduction objectives.
- \$5 million on air pollution control equipment to reduce dust emissions and to burn cleaner fuels to reduce greenhouse gas emissions.
- \$1 million to either reduce solid waste generation or allow more solid waste to be recycled.
- \$3 million on miscellaneous environmental projects.

ENVIRONMENTAL ASSESSMENT



□ Operations ■ **Environmental assessments**

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

We have operational control standards for areas including:

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

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

PERFORMANCE IN 2008

ENVIRONMENTAL ASSESSMENT

□ Operations □ Environmental assessments ■ Performance 2008

We conducted 56 environmental, health and safety (EHS) assessments in 2008, compared with 35 in 2007. The assessments focus on how EHS is managed as well as performance, and highlights areas where facility and corporate management systems can be improved. We were able to conduct more audits in 2008 than previously as the EHS team spent the first part of 2007 developing and piloting the assessment process. We had more resources available for audits during 2008.

Our corporate EHS team is developing guidance to help operating facilities implement the EHS management system. This includes further information and training, as well as programs for facilities to tailor to their own needs.

Regulatory compliance

During 2008, Kimberly-Clark received from environmental regulatory authorities a total of ten (10) notices of non-compliance or notices of violation (NOV). These notices are issued when a regulated facility allegedly fails to comply with an applicable environmental law or regulation. As described below, three of these NOVs resulted in a regulatory agency imposing a penalty.

In December 2007, a compliance test showed excess particulate emissions from a biomass boiler at our Everett Washington mill. Appropriate maintenance work was conducted and compliance was restored by bringing particulate emissions back within permitted limits. The Washington Department of Ecology imposed a \$2,000 penalty, which the Everett mill paid.

In October 2008, our Fullerton mill in California received a NOV and proposed penalty for marginally exceeding NOx emission limits from the combined heat and power (CHP) facility in February 2008. In addition, the South Coast Air Quality Management District (SCAQMD) imposed a fine for alleged NOx exceedences from the CHP unit that had been the subject of previously reported NOVs in 2005 and 2006. SCAQMD imposed, and the Fullerton mill paid, a \$4,000 penalty for these three occurrences.

During four months in 2008, the Beech Island facility exceeded its monthly average and daily maximum limits set by the Aiken County Public Service Authority (ACPSA) for total suspended solids and/or chemical oxygen demand due to discharges from the moist wipes operation. The ACPSA imposed and the Beech Island Mill paid a \$1,000 penalty.

ENFORCEMENT ACTIONS AND FINES

	2004	2005	2006	2007	2008
Fines	\$8,000	\$7,750	\$4,500	\$206,000*	\$7,000
Number of enforcement actions	3	10	12	7	10

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



ENERGY

□ Operations ■ **Energy**

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



Vision 2010 goal – energy efficiency

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

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

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

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

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

We are also a member of the EPA Green Power Partnership, a voluntary program that helps companies increase their use of low-carbon energy by offering expert advice, technical support, tools and resources. We are 15th on the EPA's National Top 50 list of the largest green power users. Our Everett, Washington, U.S. facility uses an innovative process to utilize waste from the facility's pulp manufacturing process to generate over 220 million kilowatt hours (kWh) of renewable energy annually. This on-site generation of green power equals over 7 percent of Kimberly Clark's purchased electricity use in the United States.

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

We are also pleased that in March of 2009, Kimberly-Clark was named an Energy Star Partner of the Year for our energy management practices. Being the "best of the best" is a result of our strategic approach to energy management so that both our bottom line and the environment benefit. Companies participating in the program effectively measure current energy performance, set goals, track savings, and reward improvements.

PERFORMANCE IN 2008 ENERGY

□ Operations □ Energy ■ Performance 2008

In 2008, we used 76.4 trillion British thermal units (Btu) of energy, approximately 20.7 percent of which came from renewable sources. These include wood waste and spent liquor from our two pulp mills.

We measure energy efficiency by calculating the energy used per metric ton of production. In 2008, energy efficiency improved by 4.5 percent to 14.8 million Btu (MBtu) per metric ton of production, compared with 15.5 MBtu/metric ton in 2007.

ENERGY USE BY TYPE (TRILLION BRITISH THERMAL UNITS)

	2005	2006	2007	2008
Natural gas	27.4	27.7	27.8	28.4
Electricity	21.0	20.3	20.7	20.3
Fuel oil	3.6	2.2	2.0	2.2
Coal	9.5	11.0	10.8	9.2
Steam/other	14.9	14.0	13.2	11.3
Self-generated liquor	5.1	4.6	4.6	4.9
Other self-generated	0.1	0.1	0.1	0.1
Total energy use	81.6	79.9	79.2	76.4

ENERGY EFFICIENCY (MILLION BRITISH THERMAL UNITS PER METRIC TON OF PRODUCTION)

	2005	2006	2007	2008
Actual	16.2	15.8	15.5	14.8
Annual target*	14.5	14.5	14.0	13.8
Percent deviation from Vision 2010 targets	12.0%	9.5%	11.1%	7.5%

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

Every facility enters quarterly energy use data into our global sustainability database so we can track progress. Our global Energy Services team supports those facilities furthest from achieving their targets and helps regional energy coordinators to implement energy efficiency improvement plans.



Kimberly-Clark's facilities provide reliable and clean energy

K-C's mills in New Milford, Connecticut, and Romagnano Sesia, Italy, took an important step in 2008 toward improved energy efficiency and reducing greenhouse gas emissions by installing combined heat and power (CHP) generation units.

CHP uses natural gas to provide process steam, heating and electricity needs. According to the U.S. Environmental Protection Agency, it is up to 50 percent more energy efficient than large, centralized fossil-fuelled power plants. CHP captures and uses heat that is wasted when generating electricity in power plants to provide process thermal energy as well as supplemental building heat.

As well as stabilizing energy costs, the New Milford CHP operation will reduce demand on local electric systems by around 15 megawatts. In addition, New Milford will generate approximately 20 megawatts of electricity beyond the mills' needs. This surplus will be distributed through the regional transmission system, providing enough energy to power approximately 35,000 homes.



Update on Beech Island

In April 2008, our Beech Island facility in South Carolina began burning methane gas from a regional landfill in one of its boilers. Substituting landfill gas for natural gas from fossil sources provides K-C with a carbon neutral fuel source and provides a stable, local source of alternative energy.

The landfill provides Beech Island with an average of 20,000 million BTU of methane per month – approximately 11 percent of the facility's total gas needs. Based on this level of usage, this reduces greenhouse gases emitted from the facility by approximately 13,300 tons annually. As the landfill expands, we expect the amount of methane sent to Beech Island to exceed 40,000 MBTU per month, more than 20 percent of the facility's total boiler fuel needs.

In 2008, each of our consumer product mills in North America and Europe finalized a three-year energy plan to help them reach their Vision 2010 goals. These plans include investment in new equipment as well as operational and maintenance changes. Other significant projects completed in 2008 include:

- In Jaromer, Czech Republic, our mill implemented a program to convert process fan drives to more energy efficient models by 2010, ultimately saving 18,600 million BTU and reducing annual energy costs by more than \$150,000.
- In Paris, Texas, we completed a three-year compressed air improvement program, achieving annual savings of over 15,000 million BTU and over \$400,000. Some examples of these improvement measures include replacing old and inefficient dryers with a high efficiency dryer, installing central air control storage tanks, along with a high speed pressure control valve to control system pressure swings and prohibiting the use of compressed air for machine and floor cleaning.

CLIMATE CHANGE



□ Operations ■ **Climate change**

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

We have held meetings with all business units to review their growth plans through 2015. We used these data to project emissions for each business and for the company as a whole with a view to setting a corporate carbon emissions target, which we plan to report in 2009.

Our business and facility managers are responsible for compliance with governmental and corporate climate change requirements, led by our Global Senior Leadership Team (GSLT). The Corporate Environment, Health and Safety and Energy departments help business units to implement measures and report their progress to management.



Vision 2010 goal – climate change

To achieve a year-on-year reduction of CO₂ equivalent emissions per unit of global production for manufacturing. We also strive to achieve a year-on-year reduction in emissions related to U.S. product transportation.

We are committed to reducing our greenhouse gas (GHG) emissions by increasing energy efficiency at our manufacturing sites and in the distribution of our finished products. This is one of the focal points of our Vision 2010 program.

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

We have a system in place to calculate and track carbon dioxide equivalent (CO₂-e) emissions from fossil fuels consumed at K-C facilities as well as from purchased electricity. We also track emissions generated through finished product distribution in the U.S. We track both our absolute emissions and emission intensity per metric ton of production.

PERFORMANCE IN 2008 CLIMATE CHANGE

□ Operations □ Climate change ■ Performance 2008

GHG emissions from manufacturing decreased from 1.25 tons of carbon dioxide equivalent CO₂-e per unit of production in 2005 to 1.16 in 2008, a 7 percent reduction.

ACTUAL GREENHOUSE GAS EMISSION FROM MANUFACTURING – CO₂-E* (MILLION METRIC TONS)

	2005	2006	2007	2008
Carbon dioxide (CO ₂)	5.95	6.04	6.13	5.93
Methane (CH ₄)	0.02	0.02	0.02	0.01
Nitrous oxide (N ₂ O)	0.04	0.04	0.04	0.04
Total CO₂-e**	6.01	6.10	6.19	5.98

* 2005-2007 restated based on the most recent emission factors from the U.S. Environmental Protection Agency Climate Leaders Program.

** We have no known emissions of Perfluorocarbons (PFCs) or Sulfur hexafluoride (SF₆). Our emissions of Hydrofluorocarbons (HFCs) on an annual basis are 0.001 million tons.

DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS FROM MANUFACTURING – CO₂-E (MILLION METRIC TONS)*

	2005	2006	2007	2008
Indirect	3.30	3.29	3.39	3.31
Direct	2.71	2.81	2.80	2.67
Total	6.01	6.10	6.19	5.98

* 2005-2007 restated based on the most recent emission factors from the U.S. Environmental Protection Agency Climate Leaders Program.

GREENHOUSE GAS EMISSIONS FROM MANUFACTURING, NORMALIZED TO PRODUCTION (METRIC TONS OF CO₂-E PER METRIC TON OF PRODUCTION)

2005	2006	2007	2008
1.25	1.24	1.24	1.16

GREENHOUSE GAS EMISSIONS FROM MANUFACTURING, NORMALIZED TO SALES (METRIC TONS OF CO₂-E PER DOLLAR OF SALES)

2005	2006	2007	2008
0.38	0.36	0.34	0.31

ACTUAL GREENHOUSE GAS EMISSIONS FROM TRANSPORTATION – (METRIC TONS OF CO₂-E)

	2005	2006	2007	2008
Truck and rail (U.S.)	649,615	631,373	625,797	687,354

PERCENTAGE ENERGY FROM RENEWABLE SOURCES

2005	2006	2007	2008
23.09	22.06	21.61	20.67

Changes to previous years data based on change to consolidated data.

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

Our U.K. businesses are analyzing the Carbon Reduction Commitment (CRC), which will come into force in 2010, although it is unlikely to affect our operations as we are eligible for the broader European Union Emissions Trading Scheme (ETS).

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



Brazilian mill replaces oil with biomass

In November 2008, our Correia Pinto Facility in Brazil commissioned a new boiler that will burn approximately 80 percent biomass fuel to replace its current fossil fuel boiler. This will reduce the mill's annual energy costs and reduce annual carbon dioxide emissions by over 15,000 metric tons per year. The mill team is also investigating using mill sludge as another fuel source which would divert some of this waste stream currently going to the landfill.



Kellogg's and Andrex® share a lift and reduce emissions

In the face of rising fuel costs and growing environmental concerns, Kellogg's and Kimberly-Clark have struck a deal to share deliveries in the U.K.

Under the arrangement, Kellogg's cereals are distributed along with brands such as Andrex and Huggies. The deal will reduce emissions equivalent to a lorry driving 270,000 miles per year – approximately ten trips around the world.

The move is practical because both products require the same kind of vehicle. Previously, distribution centers would have been served by lorries and vans less than half-full.

Our facility in Koblenz, Germany, has invested a \$330,000 on a rail connection to its nearby Distribution Center. The objective is to save costs, add an additional distribution channel to road and water and reduce CO² emissions. The mill produces 53,000 metric tons of product such as bath tissue for hotels and restaurants and specialized wiper products for the manufacturing industry. In total, delivering these goods by rail will save approximately 2,600 truck deliveries each year, significantly reducing CO² emissions.

WASTE



□ Operations ■ **Waste**

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

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

Our Vision 2010 program includes targets to recycle all our manufacturing waste and to further reduce the waste our facilities generate. Our waste streams include waste product, packaging waste (plastic and corrugate), residual fibers from our wastewater treatment plants and construction waste.



Vision 2010 goal – waste

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

PERFORMANCE IN 2008 WASTE

□ Operations □ Waste ■ Performance 2008

In 2008, we produced 1.54 million metric tons of non-hazardous solid waste. Of this, 343,000 metric tons were sent to landfill. Approximately 510,000 metric tons were recycled, composted or incinerated and 124,000 metric tons were reused directly or in other products or processes. The increase in waste generation was contributed to by the start-up of a new tissue machine and of a major new de-inking operation.

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

We have a Solid Waste Working Team to support our Personal Care business. This group is identifying new opportunities to reuse and recycle waste.

For example, K-C Australia identified an opportunity for our Ingleburn Diaper facility and Albury Nonwovens facility to work together to reuse and recycle materials, saving both resources and money. Nonwoven materials made at Albury are sent to Ingleburn as components for the products made there. Scrap polymers and cores from the nonwoven rolls are sent back to Albury for reuse. Cores are reused up to eight times before being recycled with other scrap materials. Polymers are either recycled on site or sold to a polymer recycler. The program has been so successful that the Personal Care Solid Waste Group is holding trials at other K-C sites in the United States.

TOTAL WASTE (MILLION METRIC TONS)



WASTE PER METRIC TON OF PRODUCTION (METRIC TONS)



MANUFACTURING WASTE SENT TO LANDFILL %



2008 NON-HAZARDOUS WASTE BY METHOD OF DISPOSAL %

Beneficial use	22
Recycled	20
Sent to landfill	22
Converted to energy	14
Composted	8
Incineration (no heat recover)	6
Reused in other products or processes	8

WATER



□ Operations ■ **Water**

Water scarcity is an increasingly serious global challenge, especially for people in developing regions. Tissue manufacturing is water-intensive, so water efficiency is a high priority. Several regions where we operate faced water shortages in 2008, including the European Union, the Middle East, South Africa and the North America. It is likely that this condition will become more common in the future.

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



Vision 2010 goal – water use

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

Releases to water

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

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

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

We seek to treat wastewater from our facilities properly. Our facilities use advanced technologies, including primary and secondary treatment, to achieve high standards of wastewater quality.



Vision 2010 goal – releases to water

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

PERFORMANCE IN 2008 WATER

□ Operations □ Water ■ Performance 2008

In 2008, our total water use decreased by over a million cubic meters compared with 2007, despite a more than 3 percent growth in production.

Water shortages occur frequently in Israel. With the cost of water also set to rise significantly, our Israeli operations needed to find ways to further reduce our water use. During 2008, water use efficiency in our Israeli facilities was 8.8 cubic meters per metric ton of production – demonstrating new capabilities. For example, Israel's Nahariyya tissue mill focuses attention on reducing fresh water use by educating employees to spot and report leaks. Maintenance crews are available 24 hours a day, seven days a week. We have also installed water-efficient production systems. Operators can monitor water consumption on-screen to ensure they know exactly how is being used. We also treat waste water in our Israeli facilities to a standard where local farmers can use it for irrigation.

TOTAL FRESH WATER USE (MILLION M³)

2005	2006	2007	2008
145.7	145.4	144.6	143.3

DEVIATION FROM VISION 2010 WATER TARGETS % *

2005	2006	2007	2008	2010 Target
40.2	41.9	44.2	44.0	0

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

WATER USE EFFICIENCY* (M³ PER METRIC TON OF PRODUCTION)

	2005	2006	2007	2008
Actual	44.2	45.1	45.6	45.4
Annual target**	31.6	31.8	31.6	31.5

*Data represents our consumer tissue and K-C professional businesses.

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

Releases to water

During 2008, 94 percent of total pulp purchased was elemental chlorine free (ECF) and a further 5.5 percent was totally chlorine free (TCF). Only one fiber supplier in South America still operates a conventional bleach plant. This supplier is converting to ECF, and will begin shipping ECF pulp to K-C in 2009.

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

In 2008, 92 percent of applicable facilities met their TSS and BOD targets. We will continue to work with the remaining facilities to improve their treatment systems and meet the targets.

VISION 2010 TARGETS FOR AVERAGE TSS AND BOD DISCHARGES TO WASTEWATER (KG/METRIC TON)

	Paper recycling 2010 target	Tissue manufacturing 2010 target
TSS	3	2
BOD	4	2

SUPPLIER RELATIONSHIPS



□ Operations ■ **Supplier relationships**

Our suppliers are the 30,000-plus companies worldwide that provide the goods and services we need to run our facilities and make our products. These include around 150 contract manufacturers that produce finished products to our specifications. In 2008, 96 percent of Kimberly-Clark's cost of sales in North America and Europe related to our own production and contract manufacturers accounted for the remaining four percent. We expect suppliers to comply with applicable laws, standards and codes and to work to enhance the sustainability of their operations.

We keep our suppliers informed of our sustainability objectives and activities through [our Sustainability at K-C: Guide for Suppliers](#), launched in 2007. During 2008, we initiated sustainability discussions with a number of our key suppliers. These discussions were designed to identify areas where collaboration could help achieve key K-C sustainability objectives.

We are working with several major suppliers to develop shared sustainability objectives for 2009 and beyond. Some larger suppliers already have sustainability strategies and goals in place, primarily for packaging and material use. Our 2009 goals are to put in place sustainability objectives with:

- Approximately 25 tier-one suppliers (tiers are defined by a combination of spend and strategic importance).
- Approximately 25 tier-two suppliers.

The 50 suppliers targeted above represent just over half of our total spend.

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

Supplier diversity

We aim to source from a range of suppliers that reflect the diversity of our customers and consumers. This is in keeping with our founding value of fair dealing, and increases the skills and expertise available to us. In the U.S., supply chain diversity is a condition of dealing with government and many of our corporate customers. See the [performance page](#) for more detail.

PERFORMANCE IN 2008

SUPPLIER RELATIONSHIPS

□ Operations □ Supplier relationships ■ Performance 2008

In 2008, we met with 18 major suppliers in a series of workshops to raise awareness of our approach to sustainability and seek their input for future improvements.

Monitoring supplier performance

In 2008, we modified our risk-based audit and reporting process to improve our supplier risk assessment, compared with the questionnaire we used previously. In 2009, we plan to apply the new process first to product quality audits, and then expand this to cover other areas such as labor and environmental compliance.

We are working with our affiliate in China to roll-out this audit program. K-C China is already carrying out product quality and environmental audits of both raw material suppliers and contract manufacturers using the new, risk-based approach. Two tools have been developed to support the process. The first is used to select and train suppliers. The second is used to evaluate supplier performance.

We have contracted an independent global supply chain auditing company to conduct audits of contract manufacturers globally, beginning with those identified as presenting the highest risk.

Climate change and our supply chain

In line with our [life-cycle approach](#), we are seeking to assess the greenhouse gas emissions of our suppliers as well as those from our own operations.

Through our partnership with the World Resources Institute (WRI), which developed the GHG Protocol in partnership with the World Business Council for Sustainable Development, we have discussed the challenges of tracking greenhouse gas emissions throughout the product life-cycle. The challenge is partly because there is no standard methodology available. WRI and WBCSD have since begun work on the GHG Protocol product and supply chain program.

In 2008, we made a financial contribution to the product and supply chain initiative and have been asked to chair the methodology technical working group that will develop the guidelines on the accounting methodology. The GHG Protocol is the most widely used international accounting tool for government and business leaders to understand, quantify, and manage greenhouse gas emissions.

Our North American supply chain is based around nine regional distribution centers that are strategically located near key customers and markets. This saves nearly two million gallons of fuel per annum compared with the more complex and diffused distribution model we used to operate, substantially reducing our carbon footprint and overall impact on the environment.

Supplier diversity

Our goal is for five percent of our total spending in the U.S. to be with minority-owned suppliers and another five percent with women-owned suppliers, by the end of 2010.

In 2008, our spending with these groups was two percent and three percent of the total respectively.

COMMUNITY

■ Community



Kimberly-Clark has a long-standing commitment to supporting children and families worldwide in each of the countries in which we operate or sell our products. We improve health, hygiene and well-being through our products and help make a difference in people's lives and communities through our charitable work.

Our company, our employees around the world and the K-C Foundation contribute to good causes through financial support, product donations and by volunteering their own time.

Our giving strategy

We focus our charitable support on causes that strengthen the world's families, the communities where we operate and the environment. This is where we believe we can and should make the most difference. By donating money and time, K-C and its employees are helping improve quality of life for the people around us. We also raise money and awareness through cause-related marketing initiatives that involve our customers and consumers.

The K-C Foundation plays a vital role in our corporate community investment. As well as contributing to a host of global charitable causes, the Foundation matches donations of up to \$10,000 per employee in the U.S. We also have a Community Partners program, which provides \$500 grants to non-profit organizations where employees and their partners volunteer more than 30 hours per year.

PERFORMANCE IN 2008 COMMUNITY

□ Community ■ Performance 2008

In 2008, K-C and our employees donated a total of \$22.7 million in cash and product to causes worldwide. This includes over \$1.4 million given to match donations made by our U.S. employees and more than \$1 million to match time volunteered by our U.S. employees as part of our Community Partners program.

SUPPORTING FAMILIES

□ Community ■ **Supporting families**



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

PERFORMANCE IN 2008

SUPPORTING FAMILIES

□ Community □ Supporting families ■ Performance 2008



Boys & Girls Clubs of America

We have supported Boys & Girls Clubs of America (BGCA) for more than 20 years. BGCA helps us fulfill our commitment to strengthen family relationships through their network of youth clubs, which aim to promote children's development by instilling a sense of competence, usefulness and belonging.

In 2008, we awarded grants to 20 Boys & Girls Clubs allowing them to implement Family P.L.U.S. (Parents Leading, Uniting and Serving). This initiative aims to strengthen families and provide resources at a local level so parents and other caregivers can spend quality time with their children. It also helps parents increase skills in areas such as social development, financial literacy and technology. We provided cash awards to another 24 Boys & Girls Clubs to recognize them for their outstanding family programming. K-C is the sole sponsor of the initiative, having pledged \$7 million over the five-year period 2005-2009. As a result of the Family PLUS program, 795 clubs now report that they are implementing this family-inclusive strategy. This represents approximately 640,000 registered young people.

Our Chairman and CEO Tom Falk serves on the organization's board of governors.

In 2008, BGCA launched a new [website](#) in partnership with K-C. This site contains activities, advice and resources to help families develop the youth of today into the leaders of tomorrow.

U.S. Fund for UNICEF

Since 2001, K-C has committed \$5.2 million to UNICEF's programs. Most recently, K-C has teamed up with UNICEF to aid thousands of Brazilian children living in extreme poverty. K-C has given over \$1 million since 2007 to fund a series of child-survival programs in Brazil to help children survive, develop and learn.

Company officials accompanied UNICEF volunteers and staff on a field visit in late 2007 to areas where UNICEF's humanitarian efforts are already underway to determine where K-C funding should be directed. The Kimberly-Clark Brazil team signed on to support UNICEF's Urban Platform Program to address serious deficiencies in healthcare and education among the urban poor in São Paulo and Rio de Janeiro.

K-C also chose to invest in programs to help two of the populations with the greatest needs in Brazil: the children of the quilombolas and indigenous communities in the Amazon and rural northern semi-arid region. These children face possibly the worst social conditions of the country and are at increased risk of under-age-five mortality due to their lack of access to adequate health care.

As a result of our 2008 support, 30,725 vulnerable children and their families in indigenous and quilombolas communities received improved access to vital healthcare services, increasing their chances of living healthy, productive lives.

North America

In North America, K-C awarded \$1.5 million in college scholarships to high school students whose parents are K-C employees. This is part of the Bright Futures Scholarship Program, which is designed to further the education of students with the potential to become the next generation of leaders in our communities. In 2008, 75 recipients from 14 states were announced. They will attend top colleges including Boston College and Northwestern University.

Thailand

Every year, K-C Thailand grants 65 scholarships to employees' children with outstanding academic records. During 2008, we granted 40 scholarships to outstanding children at primary and secondary level, 20 scholarships to high school students and five to university students.

EMPLOYEE INVOLVEMENT



Community Employee Involvement

Our employees donate money and volunteer their time to support their local communities. We have a number of programs in the U.S. to reward their efforts and generosity. These include our Matching Gifts program, through which \$1.4 million of employee donations to U.S. non-profit organizations were matched dollar for dollar in 2008.

Our Community Partners program provides \$500 grants to non-profit organizations where employees and their spouses or domestic partners volunteer more than 30 hours per year. In 2008, we donated more than \$1 million to this program. Our employees volunteered more than 69,000 hours of their time to a variety of non-profit organizations through this program.

In the U.S., employees can also support the United Way through payroll giving, a voluntary program where donations to the United Way are deducted directly from participating employees' salaries. We match employee gifts to United Way dollar for dollar.

The United Way is a network of nearly 1,300 local organizations trying to mobilize the caring power of communities. For decades, K-C and our employees have donated time and money to United Way organizations across the U.S. K-C is one of around 130 companies nationwide that make up the United Way's National Corporate Leadership group – companies that conduct campaigns in all their facilities across the U.S. and who raise \$1 million or more.

In 2008, K-C employees raised over \$2.6 million (matched dollar for dollar by K-C) for their local United Ways through workplace campaigns. Employees raised another \$375,000 through fundraising events at their locations. Fifty six percent of our employees participated, compared with an industry average (according to United Way) of 43 percent. Over the past decade, K-C and its employees have contributed more than \$60 million to United Ways across the U.S.

Many of our executives also contribute to the community by serving on the boards of community and charitable organizations, for example:

- Chairman and Chief Executive Officer Tom Falk serves on the boards of the University of Wisconsin Foundation, Boys & Girls Club of America, and Catalyst.
- Group President, Developing and Emerging Markets, Bob Black volunteers at the Park Cities Family YMCA in Dallas, Texas.
- Group President, North Atlantic Consumer Products, Robert Abernathy serves on the Emory University Goizueta Business School Advisory Board in Georgia and the University of Alabama Arts and Sciences Advisory Board. He also serves on the boards of Texas Health Resources and the Fox Valley Performing Arts Center in Appleton, Wisconsin.
- President of Kimberly-Clark Health Care, Joanne Bauer, serves on the board of MedShare International, which provides surplus medical supplies and equipment to hospitals in the developing world.
- Senior Vice President and Chief Human Resources Officer Liz Gottung serves on the boards of the North Fulton Child Development Association in Georgia and the American Heart Association based in Dallas, Texas. She also serves on the University of Georgia Terry College Dean's Advisory Council.
- Senior VP and Chief Marketing Officer, Tony Palmer, serves on the Board of Directors of the Ad Council and is a member of the Ad Council's North Texas Leadership Committee, which is a subset of the National Board of Advertising Council.

China

K-C China continues to sponsor the New Day Foster Home, an orphanage for handicapped children located in southeast Beijing. Since 2003, K-C China and its employees have supported the home through corporate funding, product donation and employee volunteers. Many K-C employees volunteer to visit and play with the kids during weekends and holidays. We also invite the children to public K-C events such as the Huggies Baby Concert and Kids' Nutrition Week to help them to get to know the outside world and have fun.

South Africa

Employees of K-C South Africa volunteer their personal time to several local charities. These include the Chance Children's Home which cares for HIV-infected babies and children in Springs, Gauteng, where K-CSA's largest mill is located. Employees use their expertise to help manage the day-to-day activities of the home. The Beautiful Gate Children's Home in Capetown also cares for HIV-infected children, and our employees are involved in regular activities and events there.

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Russia

In 2008, K-C Eastern Europe (K-CEE) developed two projects to support children and mothers in Russia. Through a partnership with Volunteers to Help Children (VOTC), K-CEE has provided products to over 50 orphanages and hospitals in Central Russia. These included Huggies diapers valued around \$100,000.

K-CEE also worked closely with the Stupino Central Clinical Hospital maternity department to create the first hospital-based Mother's Room in Russia, which opened in December 2008. The Mother's Room enables expectant and new mothers to access online advice and resources in a relaxing setting. The K-CEE 'Our mummies' web portal provides members with online advice from gynecologists and pediatricians, as well as legal resources and forums to share their experience with other parents.

ENVIRONMENT



□ Community ■ **Environment**

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

In 2008, Kimberly-Clark donated more than \$1.6 million to environmental causes.

- ▶ [Conservation International](#)
- ▶ [The Forests Dialogue](#)
- ▶ [The National Environmental Education Foundation](#)
- ▶ [World Resources Institute](#)
- ▶ [The Urban Forest Project, Brazil](#)
- ▶ [El Salvador Verde](#)
- ▶ [Keep Korea Green](#)

Conservation International:

K-C has donated \$300,000 over two years to Conservation International (CI) for a new biodiversity conservation project. The project will have environmental benefits for the Atlantic Forest in Brazil, a major global pulp producing region that provides around 30 percent of our fiber. It will help preserve and restore habitats for endangered species, conserve some of the most affected areas of the Atlantic Forest, and protect streams and fragile slopes. The project will also help us bring together regional pulp producers and local non-governmental organizations in a coordinated effort to make plantations throughout the region more sustainable.



The Forests Dialogue:

During 2008 we donated \$20,000 to The Forests Dialogue (TFD), an independent group that brings together environmental groups and industry to explore sustainable forestry management issues. Attendees include K-C suppliers Aracruz, International Paper, Weyerhaeuser, Stora Enso and Mondi, as well as prominent non-governmental organizations such as WWF, Conservation International, the World Conservation Union, the Forests Peoples Program, Nature Conservancy, the World Resources Institute, the World Bank and the World Business Council for Sustainable Development.

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

The National Environmental Education Foundation:

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

Our donation of \$30,000 in 2008 will help NEEF develop a second program designed to grow educational materials on sustainability and key environmental issues for use in both large and small businesses.

World Resources Institute:

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

In 2008, we donated \$50,000 which includes support for the U.S. Climate Business Group and the GHG Protocol supply chain standard that is being developed in partnership with WRI. WRI's work on developing standard accounting methods and protocols for product life cycle accounting will be designed to support multiple business objectives that may include tracking performance, public reporting, and product comparison. K-C is leading the Methodology Technical Working group.

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

The Urban Forest Project, Brazil

K-C Brazil's Urban Forest Project is an environmental education program, developed with teachers. It is designed to raise environmental awareness in schools and involve local communities in environmental protection. We provide financial awards to the schools involved. These can be used to improve the school infrastructure, for maintenance or to provide new games and sport facilities. Since 2005, 17 schools have taken part, involving over 260 teachers and 7,200 students.



El Salvador Verde

In 2008, K-C Centroamerica joined the El Salvador Verde program, a partnership between ten national and multinational companies committed to educating the El Salvadorian people about protecting the environment.

The program focuses on improving quality of life while benefiting the environment by working with schools and communities. K-C employees have already visited more than 90 schools, teaching and training more than 200,000 students about the importance of recycling, especially paper.



Keep Korea Green

Yuhan-Kimberly in Korea has run the Keep Korea Green campaign for 25 years. More than 36 million trees have been planted as part of the campaign. Over 60 percent of Yuhan-Kimberly employees volunteer their time for civic and environmental programs. The company has been widely praised for its efforts with Keep Korea Green and it is one big reason Y-K has been recognized as one of the most admired companies in Korea for the past five years.

During the last 25 years, Keep Korea Green has:

- Established Green Camp, which provides environmental training to students so they understand the importance of conservation. More than 150 high schools participate in the program each year.
- Started Planting Forests for Schools. This campaign aims to help school children recognize the importance of nature by replacing concrete school walls with trees. This has become a nationwide campaign, with more than 3,500 schools participating – around 30 percent of all schools in Korea.
- Provided newlyweds with the opportunity to plant trees. So far about 7,500 couples have taken part and planted more than 123,000 trees.
- Worked with local environmental organizations to allow more Koreans to participate in forest preservation activities.



BEING A GOOD NEIGHBOR



□ Community ■ **Being a good neighbor**

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

- ▶ [Sichuan Earthquake Disaster](#)
- ▶ [Practicatatum, Brazil](#)
- ▶ [MedShare](#)
- ▶ [Argentina](#)
- ▶ [Colombia](#)
- ▶ [South Africa](#)
- ▶ [United Kingdom](#)

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

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

Kimberly-Clark has pledged \$1 million over the five-year period beginning in 2007 to the American Red Cross Annual Disaster Giving Program (ADGP). The ADGP was created to provide immediate relief to victims of natural and man-made disasters. It also helps the Red Cross engage Americans to prevent, prepare for, and respond to emergencies. As an ADGP member, K-C is committed to helping the Red Cross and their volunteers prepare communities for disaster and keep families safe. In 2008, the American Red Cross responded to more than 70,000 disasters across the U.S. The largest included the Southern Californian wildfires, central U.S. floods and tornadoes, and the floods in Minnesota and Wisconsin.

Sichuan Earthquake Disaster

In May 2008, Wenchuan in Sichuan Province suffered a huge earthquake. In the week after the earthquake, K-C China's management team visited employees there to provide support. To help victims of the earthquake, K-C China:



- Joined the Special Relief Fund for Wenchuan Earthquake Orphans, managed by the China Children and Teenager's Fund.
- Made an immediate donation of healthcare products worth \$146,000 and \$58,000 in cash through China's poverty alleviation fund.
- Donated more than \$800,000 in cash and emergency supplies in total.



Praticatatum, Brazil

K-C Brazil donated \$65,000 during 2008 to the Praticatatum project in São Paulo, which uses music to inspire and help children and teenagers who are at risk. Around 300 children between the ages of five and 14 are learning to play instruments including the piano and violin after school. In addition to the sponsorship, K-C Brazil has taken more than 100 children to watch performances of Symphonic Orchestras in the famous Sala São Paulo concert hall. The children have also performed at K-C corporate events.

Argentina

K-C Argentina's community program is based on three essential elements:

- Health promotion and education in communities near our sites.
- Providing educational tools and skills to children in need.
- Improving quality of life through sports, culture and entertainment.



In 2008, K-C Argentina offered free products to non-governmental organizations, including 2.2 million diapers. Around 110,000 children and teenagers benefited from community programs such as workshops, movie showings and theatre visits. We also implemented a community health plan and set up a first aid post.

Colombia

K-C Colombia is encouraging the local community to recycle, to reduce the amount of waste burned and minimize heavy air pollution in the area. The municipality of Puerto Tejada, where the mill operates, has 44,000 inhabitants. The monthly garbage volume is approximately 800 metric tons, and only 70 percent of this waste is collected. The rest is burned. The mill has allocated \$200,000 to work with the municipality and help provide landfill and recycling facilities. They have also allocated an additional \$79,000 to environmental education programs for local students to encourage recycling.

South Africa

Last year in South Africa an estimated 327,000 patients developed hospital acquired infections (HAIs). Thorough hand washing is one of the most effective ways to combat the problem. K-C Professional in South Africa has joined forces with the Gauteng Department of Health and an independent association to encourage hospital staff to wash their hands properly.

The campaign encourages hospitals to allocate funds to hand hygiene education, generate a sustained focus on proper hand hygiene among all staff and avoid negative publicity about hospital acquired infections so patients feel safe when admitted. More than 170 representatives from Gauteng hospitals and clinics attended our two-day event, and a series of hand-washing competitions continued throughout 2008.

United Kingdom

Kimberly-Clark employees in the U.K. are helping the Teenage Cancer Trust through product promotions featuring the Andrex puppy and sporting activities. The Andrex puppy promotion hopes to raise £150,000 for Teenage Cancer Trust.

CAUSE-RELATED MARKETING



□ Community ■ Cause-related marketing

K-C and its brands run cause-related marketing campaigns in partnership with local and national charitable organizations. Cause-related marketing helps us promote our products and educate our shoppers and users while raising money and awareness for good causes. Here are some examples of our cause-related marketing campaigns in 2008.



The Breast Cancer Research Foundation USA and Susan G. Komen for the Cure

In 2008, Huggies brand joined Viva towels in support of Breast Cancer awareness month. The brands pledged to donate up to \$450,000 to breast cancer research and education.

Huggies made a donation to Susan G. Komen for the Cure based on the sale of Huggies Baby Wipes Gentle Care Sensitive tub, while Viva made a donation to The Breast Cancer Research Foundation USA, based on the sale of paper towels. Viva raised \$125,000 for The Breast Cancer Research Foundation during 2008.

Viva Breast cancer program, Australia

K-C Australia has been a corporate supporter of the National Breast Cancer Foundation (NBCF) since 2007, to help fund research into preventing and curing breast cancer. Each year, we release a special edition 'VIVA Pink Ribbon Twin Pack' between September and November, replacing the normal VIVA twin pack. For each pack sold, we donate 10 cents (AUS) to the NBCF. By purchasing the special towels, consumers contribute in a small way to a much bigger cause. During 2008, Viva donated around \$60,500 (US).

Not on My Watch

Kimberly-Clark Health Care has launched a campaign to help medical professionals avoid healthcare-associated infections (HAIs) and establish Kimberly-Clark Health Care as the clear leader in HAI prevention in the U.S.

The Not on My Watch. campaign equips healthcare professionals with training and easy-to-use tools that help prevent surgical site infections, cross-contamination and ventilator-associated pneumonia among patients. Around 780,000 of the 30 million surgical procedures performed annually in the U.S. result in infection.

The campaign included a training vehicle, which provided free, onsite computer-based training for nurses and other clinicians in the U.S. The bus was driven more than 20,000 miles, visiting 69 healthcare facilities providing courses on 40 different topics in 2008. In total, K-C delivered 6,500 education sessions accredited by organizations including the American College of Cardiovascular Nurses, Cross Country University, Pfiedler Enterprises, and the California Board of Nurses.

A survey at the end of the campaign showed that:

- 98 percent of trainees said they were more informed about HAIs.
- 99 percent said they felt more empowered to prevent infections.
- 94 percent said the training helps their hospital be a leader in patient and staff protection and community safety.



COMMUNITY CONSULTATION



Community Community consultation

We regularly consult with the communities where we work to understand their concerns and identify common goals and needs. Together we agree on the approach that will best serve the community and that will have the most positive impact.



In 2008, we conducted community outreach meetings in three neighborhoods near Everett operations – Bayview, Riverside and Port Gardner. The meetings included a presentation on the history of the Everett mill and an overview of current operations, including environmental compliance. This helped inform local residents about our activities, products and people. We prefer to engage with local communities positively, rather than reacting to complaints when something goes wrong.

K-C also sponsored a tree-planting event in the neighborhood adjacent to our Riverside wood yard. We provided over 350 trees and shrubs plus over 40 volunteers from the mill over the two-day event.

EMPLOYEES

■ Employees



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

Kimberly-Clark employs nearly 53,000 full-time employees, 400 part-time employees and around 1,700 employees on short-term contracts. The role of our Human Resources (HR) function is to attract, retain, develop and reward employees at all levels. We emphasize employee engagement and strive to create a workplace where employees can succeed.

We invest in training to help develop employees' skills. We also challenge employees to help us achieve our sustainability goals and encourage them to make sound environmental choices. For more information see [Global learning and development](#).

We also understand that encouraging employee diversity supports creativity in the workplace and helps us to deliver our business goals. This contains a number of important measures to ensure we remain competitive, to support our growth and to build on our success. We continue to make K-C a leaner, more focused company. Each business has set its own priorities for change to meet the objectives of the GBP.

KIMBERLY-CLARK EMPLOYEES (FULL-TIME, PART-TIME AND SHORT-TERM CONTRACTS)*

	2006	2007	2008
North America	17,000	16,000	16,000
Latin America	13,000	14,000	16,000
Europe, Middle East & Africa	10,000	10,000	9,000
Asia/Pacific	17,000	15,000	14,000
Total	57,000	55,000	55,000

*By region as of December 31, 2008.

EMPLOYEE TURNOVER RATIO (U.S. ONLY)



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

TALENT MANAGEMENT

□ Employees ■ Talent management

Our talent management strategy is to develop employees and support the growth objectives in our Global Business Plan. At K-C we want to build a performance-driven organization that attracts, develops, motivates and retains top talent and embraces change. This is vital to remain competitive in the long term.

Performance management

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

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

PERFORMANCE IN 2008

TALENT MANAGEMENT

□ Employees □ Talent management ■ Performance 2008

Attracting and hiring highly skilled talent is critical to ensure Kimberly-Clark can meet its business objectives. During 2008, we hired over 4,800 new employees around the world.

In North America (U.S. and Canada), our internal recruitment website, called Open Opportunities, helps employees find available positions within Kimberly-Clark. During 2008, 774 employees found new roles within Kimberly-Clark using this program.

Global Learning and Development

In 2008, Talent Management/Global Learning and Development partnered with Global Marketing to develop employee skills in marketing. This global, enterprise-wide initiative identified the core areas of marketing and built profiles that defined the major skills and competencies necessary for success. The profiles serve as the foundation for skill assessment and development.

In 2008, we launched a new training course on Design for the Environment. There were over 200 participants, whose work involves product design and development. The course aimed to increase awareness of environmental concerns for consideration in the product design process.

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

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

EMPLOYEE RELATIONS

□ Employees ■ **Employee relations**

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

Employees that are engaged with their company and their work:

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

PERFORMANCE IN 2008

EMPLOYEE RELATIONS

□ Employees □ Employee relations ■ Performance 2008

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

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

The results of the survey will be analyzed to provide valuable employee insights to the business. This will help create a more productive work environment by providing clear information on how to increase engagement, enhance leadership capabilities, and better design and prioritize HR initiatives.

Our Sustainability Community of Practice in Neenah and Roswell and Sustainability Action Network in the U.K. engage employees on sustainability issues. During 2008, our Neenah site held events run by the Education and Information, Food and Nature, Recycling, Energy and Transportation teams. These helped educate employees on different K-C sustainability initiatives.

In 2008, we updated our Human Rights in Employment Policy to emphasize freedom of association, gender identity and collective bargaining. Where K C has union representation, we strive for cooperative relationships with unions to ensure mutually respected rights and responsibilities. In 2008, approximately 30% of K-C's global workforce was unionized.

COMPENSATION AND BENEFITS

□ Employees ■ Compensation and benefits

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

Compensation

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

Benefits

Kimberly-Clark offers a competitive set of benefit plans. The company also offers a competitive set of defined contribution retirement plans.

Work life balance

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

HEALTH SERVICES

□ Employees ■ Health services

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

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

Programs provided by the Health Services team include preventive health screenings, health risk assessments, stop-smoking programs, medical advice for business travelers, immunizations, flu-shot clinics, stress management workshops, and other health improvement programs.

Most manufacturing locations have onsite health clinics staffed by occupational health nurses or physicians. In North America, 28 locations are supported by an Occupational Health Nurse Consultant, and 75 percent of nurses are onsite. In Latin America, 92 percent of mills have onsite health services. Many locations also have onsite exercise facilities. Our counseling service, the Employee Assistance Program, is available to all U.S. and Canada employees. Many non-U.S. locations either have their own employee assistance programs in place or plan to introduce these benefits.

PERFORMANCE IN 2008 HEALTH SERVICES

□ Employees □ Health services ■ Performance 2008

During 2008, we introduced **LIVEWELL**, our new health promotion program, globally. The program is designed to raise awareness of our health programs and to communicate health and well being as a corporate priority.

In the U.S., **LIVEWELL** provided 2,443 comprehensive health screenings for employees and their spouses. In addition, 75 employees attended Energy for Performance workshops, which provided in-depth training in the principles of health and energy management. We also provided 4,977 influenza vaccinations to U.S. employees.

In Latin America, **LIVEWELL** is targeting four dimensions of employees' lives: work, physical health, emotional health, and recreation. Activities include onsite health promotions, health fairs, community activities and health screening, which includes blood tests, dental checkups, parenting classes, and eye exams with free eye-glass frames.

The **LIVEWELL** program in Europe provides stress-management initiatives to equip employees and leaders with the skills to meet rapidly changing business needs in a particularly competitive business climate. In the U.K., we used an antiviral tissue marketing campaign in conjunction with a hand hygiene program to raise awareness of cold and flu prevention with our own employees.

The North Asia region introduced a new benefit plan for employees in 2008. This offers an expanded set of reimbursed benefits including personal health and fitness, self development and leisure items.

K-C's Employee Assistance Program (EAP) continued to provide excellent counseling services to employees and family members in 20 countries. In the U.S., the EAP is available at 26 locations and to the sales force, and approximately eight percent of these employees used the service in 2008. This compares with an industry standard of between three and four percent, and is credited to K-C's strong management support, local EAP committees and continuous promotion of the program.



Ergonomic excellence at the Conway Personal Care Facility

The Conway personal care facility's ergonomic team has significantly reduced the number of injuries experienced at the site.

During 2008, the team provided ergonomic education and technical support to identify and improve conditions across the facility. As a result, ergonomic-related injuries fell from 19 in 2004 to zero in 2008. The team also conducted ergonomic risk assessments for all areas of the facility for the first time, and developed action plans to address the risks identified.

Over-reaching was identified as a common problem, and affected employees received tailored ergonomic training. Where necessary, the team also introduced new procedures to reduce the distance employees need to reach, such as kneeling to assemble cases rather than standing at a table.

The team launched an ergonomics intranet page where employees can easily access related information. The page also contains contact details for employees concerned about ergonomic issues.

We hope this preventative approach will address issues long before an injury occurs and sustain the low level of injuries experienced.

DIVERSITY AND INCLUSION



□ Employees ■ Diversity and Inclusion

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

We have a European Diversity Council whose role is to advise our European leadership on diversity issues.

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

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

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

PERFORMANCE IN 2008

DIVERSITY AND INCLUSION

□ Employees □ Diversity and inclusion ■ Performance 2008

At the end of 2008, two of our 12 board directors were women and three were from ethnic minorities. Of our workforce, the percentage of women remained above 29%, the percentage of women in management increased to 27%, and the percentage of U.S. employees from ethnic minorities remained above 17%.

EMPLOYEE DIVERSITY (U.S. ONLY)*

	2005	2006	2007	2008
Percent women employees	32.5	31.3	30.5	29.8
Percent of women in management**	24.9	25.6	26.1	27.1
Percent ethnic minority employees	16.4	17.1	17.7	17.5
Percent of ethnic minorities in management**	7.6	9.2	9.8	9.7

*Data includes all employees in the U.S.

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

Our employees are members of the following diversity networks:

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

OCCUPATIONAL SAFETY AND HYGIENE



□ Employees ■ Occupational Safety and Hygiene

Kimberly-Clark believes that occupational injuries and illnesses are preventable and can be eliminated. We manage occupational safety and hygiene globally for the protection of our employees, contractors and visitors. Our new policy on occupational safety, adopted in 2008, commits us to aggressively driving towards the elimination of all occupational injuries, illnesses, disabilities and fatalities.

Our businesses are committed to:

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



SAFETY MANAGEMENT SYSTEMS



□ Employees ■ **Safety management systems**

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

The EHS management system includes operational safety control standards relating to Contractor Management, Chemical Management, Machine Safeguarding, Hazardous Energy Control, Electrical Safety-Related Work Practices, Confined Space Operations, Lifting Devices, Workplace Transport Safety, Working at Heights, Ergonomics, Occupational Hygiene Control, Personal Protective Equipment, Respiratory Protections, and Hearing Loss Prevention. These standards set the minimum requirements for a business unit. We assess facilities against these standards during EHS management system assessments. Any shortfall identified is used to develop facility-specific EHS improvement plans.

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

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

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

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

PERFORMANCE IN 2008

SAFETY MANAGEMENT SYSTEMS

□ Employees □ Safety management systems ■ Performance 2008

VISION 2010 SAFETY GOAL PROGRESS

	2005	2006	2007	2008	2010 Goal
Fatalities	0	1	1	1	0
Permanently disabling injuries	n/a*	10*	14	9	0
Global total reportable incident rate (TRIR)	0.9	0.7	0.7	0.5	0.5
Global lost-time reportable incident rate (LTRIR)	0.5	0.3	0.3	0.3	0.2
Global severity rate	24.3	21.5	19.4	14.5	12.0
Global contractor TRIR**	n/a*	1.3*	1.9	0.9	0.5
Percentage of Injuries related to Contact with Energized Equipment.	n/a*	11%*	10%	23%	6%†

*We began tracking these data in March 2006.

**Applies to all contractors who spend a cumulative total of at least 320 hours per month on a K-C site (1,000 hours per quarter). In 2008, we tracked the total recordable incident rate of 15,194 contract employees.

†This Vision 2010 objective is based on a 50% reduction in injuries resulting from employee interaction with energized equipment.

In 2008, there were 199 cases of work-related injury or illness that resulted in days away from work, compared with 272 cases in 2007.

On November 27, 2008, a Kimberly-Clark employee with 32 years of service was fatally injured by contact with energized equipment at our tissue mill in Mobile, Alabama. Kimberly-Clark is working cooperatively with the U.S. Occupational Safety and Health Administration (OSHA) as the agency investigates this tragic incident. Based on our preliminary investigation, Kimberly-Clark has taken appropriate actions and reemphasized to our people the importance of key safety principles and practices.

K-C is making several fundamental changes to improve companywide safety. We are joining other industrial firms in focusing more closely on events that pose the greatest risk of major injuries or deaths.

Safety professionals at K-C and a growing number of global companies are questioning the established theory that preventing the highest frequency incidents, even if they are minor, leads to fewer of the most severe injuries and fatalities. Previous efforts to reduce our reportable incident and severity rates have not eliminated fatalities. K-C recognizes the need for a different approach.

We have identified eight categories of sentinel events that could result in a fatality. A sentinel event is an injury, damage to property, near miss, or unacceptable behavior with the potential to cause a fatality or catastrophic loss.

The first seven categories apply to our manufacturing environment and the last applies companywide. They are:

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

We have started the first phase of a companywide campaign to prevent fatalities by using hazard recognition and data monitoring to identify sentinel events.

During 2008, we also expanded our Global Occupational Safety and Hygiene (GOSH) team. There are now representatives in Argentina, Mexico, South Korea, the United Kingdom, and in Neenah, Wisconsin, and Roswell, Georgia, in the United States.

We are in the process of updating our GOSH Policy and internal website. The revised website will help employees to better understand and address safety issues, and offer easy access to additional safety resources.

Safety standards and regulations can also differ around the world. We have been improving safety at our Klucze mill in Poland since we acquired it in 2003. We have installed safety guards around a key section of the tissue machine, and are introducing safe access control systems for each area of the machine, to address risks identified in a recent assessment.

Safety compliance

Our New Milford mill in Connecticut, U.S., was inspected and fined \$9,000 by the U.S. Occupational Safety and Health Administration (OSHA) in February 2006 for allowing tissue dust to accumulate on internal building structures, and for not installing electrical equipment appropriate for a dusty environment. We paid the penalty and have implemented the corrective measures specified in our settlement agreement with OSHA. We fulfilled the requirements of the settlement agreement in October 2008 and the enforcement action is now resolved.

The facility has since led the rest of the company – and the industry – in implementing a new combustible dust risk assessment and controls.

In our 2007 Sustainability Report, we included information on an enforcement notice received at our Everett mill in Washington, U.S. We appealed this notice, and on March 7th 2008 the Hearing Office for the Washington Department of Labor and Industries, Division of Occupational Safety & Health, issued a Corrective Notice of Redetermination that repealed the \$4,550 penalty.



Olayan Kimberly-Clark, Bahrain achieves top safety record

At the end of March 2008, Olayan Kimberly-Clark in Bahrain (OKB) celebrated more than seven years with no lost-time reportable injuries, work-related injuries or illnesses that resulted in days away from work.

OKB's safety record is among the best of our facilities. The site attributes its impressive safety record to its extensive safety training program, continuous communications and commitment to best practices.

Employees in Bahrain are required to attend safety and first aid courses run by a specialist training company. Employees receive a safety license valid for up to two years when they complete the two courses.

OKB also makes its safety guidelines available in both Arabic and English, posts safety reminders around the workplace, and rewards employees with small gifts for meeting safety goals.

PERFORMANCE 2008

■ Performance 2008

This website contains information on our approach to each key aspect of sustainability. The performance pages within each section describe our activities in 2008 on specific topics. These pages can be viewed together here for a complete overview of our performance.

- ▶ [Managing Sustainability Performance 2008](#)
- ▶ [Governance Performance 2008](#)
- ▶ [Economic Impact Performance 2008](#)
- ▶ [Public Policy Performance 2008](#)
- ▶ [Customers, Shoppers and Users Performance 2008](#)
- ▶ [Life-Cycle Thinking Performance 2008](#)
- ▶ [Fiber Procurement Performance 2008](#)
- ▶ [Synthetic Fibers Performance 2008](#)
- ▶ [Packaging Performance 2008](#)
- ▶ [Preventing Infection Performance 2008](#)
- ▶ [Environmental Vision Performance 2008](#)
- ▶ [Environmental Assessments Performance 2008](#)
- ▶ [Energy Performance 2008](#)
- ▶ [Climate Change Performance 2008](#)
- ▶ [Waste Performance 2008](#)
- ▶ [Water Performance 2008](#)
- ▶ [Supplier Relationships Performance 2008](#)
- ▶ [Community Performance 2008](#)
- ▶ [Supporting Families Performance 2008](#)
- ▶ [Talent Management Performance 2008](#)
- ▶ [Employee Relations Performance 2008](#)
- ▶ [Health Services Performance 2008](#)
- ▶ [Diversity and Inclusion Performance 2008](#)
- ▶ [Safety Management Systems Performance 2008](#)

DATA SUMMARY 2008

■ Data Summary 2008

DATA SUMMARY

Indicator	2008	2007	2006	2005
Economic impacts				
Net sales (billions)	\$19.4	\$18.3	\$16.7	\$15.9
Cash returned to shareholders (billions)	\$1.6	\$3.7	\$1.6	\$2.3
Employee wages, benefits and payroll taxes (billions)	\$3.3	\$3.3	n/a	n/a
Supplier spending – noncapital (billions)	\$12.7	\$12	n/a	n/a
Supplier spending- capital (billions)	\$0.9	\$1.0	n/a	n/a
Taxes paid (billions)	\$0.6	\$0.7	n/a	n/a
Products				
Percentage recycled fiber used ¹	32%	31%	29%	29%
Percentage virgin fiber from certified sources	98%	97%	89%	88%

DATA SUMMARY

Indicator	2008	2007	2006	2005
Operations				
Number of enforcement actions	10	7	12	10
Value of fines received	\$7,000	\$206,000 ²	\$4,500	\$7,750
Total environmental expenditure (millions)	\$185	\$193	\$181	\$197
Total energy use (trillion Btu)	76.4	79.2	79.9	81.6
Energy efficiency (million Btu per ton of production)	14.8	15.5	15.8	16.2
Percentage energy from renewable sources ³	20.7%	21.6%	22.1%	23.1%
Carbon dioxide equivalents from manufacturing (tons) ⁴	5.98	6.19	6.10	6.01
Carbon dioxide equivalents per ton of production (tons) ⁴	1.16	1.24	1.24	1.25
Carbon dioxide equivalents per dollar of sales (tons) ⁴	0.31	0.34	0.36	0.38
Total waste (million tons)	1.54	1.35	1.42	1.32
Waste per ton of production (tons)	0.30	0.27	0.29	0.27
Percentage waste sent to landfill	22%	22%	18%	12%
Total water use (million cubic meters)	143.3	144.6	145.4	145.7
Water use efficiency (cubic meters per ton of production)	45.4	45.6	45.1	44.2
Percentage ECF wood pulp purchased	94%	94%	89%	88%
Percentage TCF wood pulp purchased	5.5%	6%	7%	6%
Community				
Total community investment – product and cash donations (millions)	\$18.5	\$17.9	\$20.2	\$25.5
Percent of net income	1.1%	1.0%	1.3%	1.6%
Employee giving (U.S., millions)	\$4.2	\$3.8	\$4.1	\$4.8

DATA SUMMARY

Indicator	2008	2007	2006	2005
Employees				
Total employees (full-time, part-time and temporary)	55,000	55,000	57,000	57,000
Percentage women employees (U.S.)	29.8%	30.5%	31.3%	32.5%
Percentage ethnic minority employees (U.S.)	17.5%	17.7%	17.1%	16.4%
Percentage women in management ⁵	27.1%	26.1%	25.6%	24.9%
Percentage ethnic minority in management ⁵	9.7%	9.8%	9.2%	7.6%
Percentage employees with union membership ⁶	30%	19.0%	19.6%	19.5%
Total reportable incident rate (TRIR)	0.5	0.7	0.7	0.9
Lost-time reportable incident rate (LTRIR)	0.3	0.3	0.3	0.5
Fatalities	1	1	1	0
Global severity rate ⁷	14.5	19.4	21.5	24.3

1 Data represents K-C and equity affiliates.

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

3 Data for 2005-2007 restated to include only consolidated operations

4 2005-2007 data updated to reflect the latest emission factors from U.S. Environmental Protection Agency Climate Leaders Program.

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

6 Data is global for 2008, U.S. employees only in previous years

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

EXTERNAL ASSESSMENT

■ External Assessment

Sustainability reporting is critical to establishing a reputation for leadership on social, environmental and economic issues. A strong sustainability report is a useful tool for a company's stakeholders, including its supporters and critics alike.

The five independent members of Kimberly-Clark's Sustainability Advisory Board were asked to provide an assessment of our web-based 2008 Sustainability Report: *Shaping a Healthier World*.

Here is the SAB's assessment of our 2008 report:

Overall Assessment

Kimberly-Clark's transition to a fully web-based sustainability report shows significant progress from the 2007 report in many areas. The web-based format allows the reader easy access to the report's content.

The website's size has the potential to be overwhelming to some, and the shorter 2008 Sustainability Report Summary is an important complement to the web-based report. Overall, however, the report demonstrates that K-C is doing a great deal in the broad field of sustainability – throughout the world.

Tom Falk clearly states the business case for sustainability in his message, and we are particularly impressed with his resolve that difficult economic times will not weaken K-C's commitment to sustainability.

Examples of the particular challenges K-C faces and related achievements are plentiful and impactful. Issues relating to natural resource consumption, such as energy use, fiber procurement, waste management and recycling are well covered. However, the report would benefit from an in-depth and analytical discussion of the key policy issues discussed below coupled with a more aggressive approach to setting sustainability goals.

In our opinion, areas of increased focus should include:

Climate change and water use

Climate change is an exceptionally important issue. The detailed energy and emissions data in the report is appreciated, but the absence of context could convey a lack of urgency on this key issue. Additionally, a discussion of the business-related risks of climate change would be important. Specifically, what risks does climate change present for Kimberly-Clark? Similarly, we recommend that K-C discuss the risks water shortages present to the business and the relationship of climate change to water availability.

The economic implications and drivers of K-C's sustainability efforts

Sustainability is the integration of environmental stewardship and social responsibility with economic development, but the report contains little discussion of the economic pillar of sustainability. We recommend, for example, that K-C include more information about its economic performance and be more transparent about taxes paid in the various countries and communities where it operates. We also encourage Kimberly-Clark to discuss governance issues in more detail, including achievements and challenges.

The sourcing and use of sustainable wood fiber

The issues surrounding the use of virgin and recycled fiber are adequately explained with appropriate examples and supporting data. However, while the benefits of K-C products for our quality of life cannot be denied, the report would be strengthened by a discussion of whether single use products are an appropriate and sustainable long-term use of virgin wood fiber. Also, an acknowledgement that fiber procurement from the Canadian Boreal Forest is the subject of some public controversy would lend additional credibility to K-C's discussion of its fiber use.

Human rights, labor practices and diversity

There is little information provided on Kimberly-Clark's human rights and diversity performance. We would like to see more information on standards of human rights and labor practices, particularly in the supply chain.

Additional Comments

Generally, the web-based report includes an appropriate level of information. However, in some areas, the report appears to suffer from a comprehensive bottom-up information gathering process, which results in too many facts being presented without the benefit of a discussion of either K-C's perspective on key policy issues or of significant challenges the company faces.

More information on how K-C applies the life-cycle approach would be welcomed. K-C should describe exactly which stages of a product's manufacture, distribution, use and disposal are considered. The area of logistics is not always fully addressed, although it is largely under K-C's control. There is a significant amount of relevant information throughout the website, and it would be good to see this collected in one place to enable a better view of the whole life-cycle picture.

Additionally, some subject areas that may be less material to K-C's overall sustainability efforts are given greater attention than other subjects that could be regarded as more critical. For example, the Awards and Recognition section contains more information than the sections on water use or fiber procurement. Also, there is no discussion about K-C's approach to chemical use or of K-C's policy on third party certification of environmental management systems.

Overall, we would like to see more explanation of significant sustainability trends and challenges and a more in-depth focus on major sustainability issues that affect Kimberly-Clark.