

# SHAPING A HEALTHIER WORLD



2008 Sustainability Report Summary

# About this Report

**Welcome to our 2008 Sustainability Report Summary. It contains a high-level discussion of the sustainability topics most relevant to our company and stakeholders and their implications for our products and operations. We also provide a 2008 summary of our progress.**

We provide more information about our sustainability policies and practices, plus detailed performance updates, on our website at: [www.kimberly-clark.com/aboutus/sustainability.aspx](http://www.kimberly-clark.com/aboutus/sustainability.aspx)

This document covers our worldwide consolidated operations, unless otherwise stated. All monetary values are in U.S. dollars. Tons refer to metric tons.

This is the sixth year we have reported on our sustainability performance. We welcome your comments and suggestions for improving our future reporting. Please contact us at:

Kimberly-Clark Corporation  
Dept. KCSR  
P.O. Box 2020  
Neenah, Wisconsin, United States  
54957-2020

800-331-3422 (within the United States and Canada)  
920-721-8355 (outside the United States and Canada)

Email: [sustainability@kcc.com](mailto:sustainability@kcc.com)

## Contents

■ Message from Tom Falk	3
■ Performance summary	4
■ Health, hygiene and well-being	8
■ A solid track record	11
■ Responsible fiber use	13
■ Design for Environment	16
■ Climate and energy	19
■ Data summary	22

# Message from Tom Falk



**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.**

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 tested the Carbon Trust's methodology to measure the carbon footprint of ANDREX bath tissue and HUGGIES diapers. 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 and 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, Texas headquarters and Beech Island facility in South Carolina 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 \$22.7 million 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





PERFORMANCE SUMMARY

Working toward sustainability is not only the right thing to do, it is a business imperative. Global financial conditions have increased the need for efficiency, cost effectiveness and principled management.



# Performance summary

**Working toward 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 as markets develop worldwide. Global financial conditions have increased the need for efficiency, cost effectiveness and principled management.**

In the face of these challenges, sustainable business practices provide tangible benefits and opportunities, including lower operating costs, reduced risk exposure and motivated employees.

Our approach to sustainability is straightforward: we identify sustainability initiatives that generate competitive advantage, improve business results and fulfill our responsibilities as a member of the global community. Key achievements during 2008 include ranking first in the personal products category of the Dow Jones Sustainability World Index (DJSI World) for the fourth

successive year, and in the top one percent of GovernanceMetrics International's most recent ranking of nearly 4,200 companies surveyed on their corporate governance standards.

At the corporate level, we channel our sustainability efforts into four areas: products, operations, employees and communities. Here we summarize our 2008 performance in each of these areas.

**MANY ASPECTS OF OUR DAILY BUSINESS BENEFIT OUR STAKEHOLDERS, 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:**



**NET SALES**

**\$19.4b**

**SUPPLIER SPENDING – NON CAPITAL**

**\$12.7b**

**SUPPLIER SPENDING – CAPITAL**

**\$0.9b**

**TAXES**

**\$0.6b**

**WAGES, BENEFITS AND PAYROLL TAXES**

**\$3.3b**

**COMMUNITY INVESTMENT**

**\$18.5m**

IN CASH AND PRODUCT

**SHAREHOLDER RETURNS**

**\$1.6b**



## Products

**We aim to ensure our products provide sustainability benefits, allowing us to grow responsibly in a world of finite resources. Responsible fiber use (see pages 13-15) and Design for Environment (see pages 16-18) are important to our approach. We also put significant effort into using synthetic fibers efficiently and reducing or eliminating unnecessary product packaging, often in partnership with suppliers or customers.**

For example, 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 and 21 tons of packaging waste annually. The tissue is made from 20 to 40 percent recycled fiber and holds 800 sheets per roll. We also collaborated with suppliers to incorporate less absorbent material into HUGGIES diapers while maintaining the same qualities. We then calculated the environmental benefits of this change, accounting for manufacturing and logistical improvements. We estimate the following annual reductions:

- Fossil fuel use equivalent to saving more than 42,000 barrels of oil.
- Greenhouse gas emissions equivalent to removing 7,900 cars from the road in the U.S.
- Acid rain-causing air pollution equivalent to turning off 15,100 central air conditioning units for one year.

In the U.K., ANDREX Longer Lasting bath tissue offers 50 percent more sheets per roll, reducing packaging material use as well as the number of deliveries to customers. We estimate that this saved 57,000 miles in deliveries in the first year – the equivalent of a truck traveling twice around the world.

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

## Operations

**We discuss the progress made in reducing the environmental impacts of our operations on page 12, and our efforts to reduce energy use and greenhouse gas emissions on pages 19-21. We also continue to implement our Environmental Vision 2010 program to reduce waste and freshwater use, and maintain treated wastewater quality with best demonstrated technology.**

Vision 2010 includes targets to eliminate manufacturing waste sent to landfills and to further reduce the waste our facilities generate. Our waste streams include product, plastic and corrugate packaging, residual fibers from wastewater treatment plants and construction waste. In 2008, we produced 1.54 million tons of non-hazardous solid waste. Of the total, more than three-quarters was kept out of the landfill.

Waste generation increased by more than 11 percent in 2008. The main causes were the start-up of a new tissue machine and a major new de-inking operation.

Water scarcity is an increasingly serious global challenge, especially for people in developing regions. Tissue manufacture is water-intensive, so water efficiency is a high priority. Our water efficiency target in water-stressed regions and those with stringent regulatory targets (e.g. parts of the European Union, the Middle East, South Africa, and North America) is to use 25 cubic meters per ton of product by 2010. The target is 30 cubic meters in other regions. In 2008, water efficiency was 45.4 cubic meters per ton of production on average, reflecting a reduction in freshwater use of over 1 million cubic meters, despite a 3 percent increase in production.

We assess the effectiveness of our wastewater treatment at all Consumer Tissue and K-C Professional facilities to ensure we meet corporate discharge standards. The measures we use are biological oxygen demand (BOD) and total suspended solids (TSS). Our targets for paper recycling facilities are to average four kilograms per ton of BOD and three kilograms per ton of TSS by 2010. These targets are each two kilograms per ton for our tissue manufacturing plants. In 2008, 92 percent of applicable facilities met these targets. We continue to work with the remaining facilities to improve their treatment systems and meet the targets.



Environment • Energy • Health • Safety

**VISION2010**

Leading the way for a sustainable future





## Communities

**Our business units, the K-C Foundation and our employees around the world contribute to good causes through financial support, product donations and by volunteering time. In 2008, our combined donations of cash and product totaled \$22.7 million.**

**We focus our community investment on four areas:**

**Supporting families.** This year we continued our partnerships with Boys and Girls Clubs of America, which we have supported for 20 years, and UNICEF (see page 10). We also awarded academic scholarships to 140 students whose parents are K-C employees in the U.S., Canada and Thailand.

**Employee involvement.** In the U.S., K-C employees donated more than \$1.4 million to non-profit organizations in conjunction with our Matching Gifts program. We matched these donations dollar for dollar. We also donated more than \$1 million through our Community Partners program, which provides \$500 grants to non-profit organizations where employees and their spouses or domestic partners volunteer more than 30 hours per year. U.S. employees reported more than 69,000 hours of volunteer time to a variety of causes. In addition, employees in countries as diverse as China, South Africa and the U.K. gave their time to support local causes.

**The environment.** As a major user of forest resources and water, we support organizations that help manage these resources in a responsible and sustainable way. As a company, we donated more than \$1.6 million to environmental causes worldwide. The K-C Foundation, worked with organizations including Conservation International and the World Resources Institute. Our businesses around the world also supported local environmental projects, such as the Urban Forest Project in Brazil and Keep Korea Green.

**Being a good neighbor.** Caring for our neighbors is an important element of our charitable work, especially when disaster strikes. For example, in addition to planned community programs, in 2008 we donated more than \$800,000 in cash and emergency supplies to help victims of the Sichuan Earthquake in China.

There are more details of these and many other K-C community programs around the world on the sustainability section of our website.

† The Sustainability Community of Practice is a K-C sponsored employee volunteer organization focused on sustainability.

## Employees

**Kimberly-Clark employs nearly 53,000 full-time employees, 400 part-time employees and 1,700 people on short-term contracts. Key facts from 2008 include:**

- We updated our Human Rights in Employment Policy to emphasize freedom of association, collective bargaining, and gender identity.
- Approximately 30 percent of our global workforce was unionized.
- The percentage of women in managerial jobs in the U.S. increased for the fourth consecutive year.
- We reached our Global Total Reportable Incident Rate Vision 2010 goal of 0.5, a 44 percent reduction since 2005.

We challenge our employees to help us achieve our sustainability goals and encourage them to make sound environmental choices. For example, in 2008 we launched a new training course on Design for the Environment. The course aimed to increase awareness of environmental concerns for consideration in the product design process. Over 200 participants whose work involves product design and development took part.

Our Sustainability Community of Practice<sup>†</sup> also held informal lunchtime seminars at our sites in Neenah, Wisconsin and Roswell, Georgia on how employees can reduce their environmental impact at home and at work.

We believe that occupational injuries and illnesses are preventable and can be eliminated. In 2008, we saw reductions in the number of permanently disabling injuries and in the total reportable incident rate. The lost-time reportable incident rate remained stable. However, we are deeply saddened to report the loss of a long-serving employee at our tissue mill in Mobile, Alabama. We are cooperating with the U.S. Occupational Safety and Health Administration's investigation into this tragic incident, and have taken appropriate action to reemphasize the importance of safety principles and practices.



HEALTH, HYGIENE AND WELL-BEING

Our products improve the health, hygiene and well-being of millions of people around the world every day – at home, at work and elsewhere.





# Health, hygiene and well-being

**Our products improve the health, hygiene and well-being of millions of people around the world every day – at home, at work and elsewhere.**

Our products include diapers, feminine products and facial tissue, paper towels and safety equipment. The various benefits these products bring include drier skin and reduced diaper rash as a result, odor control and improved safety. They also bring broader social benefits such as increased comfort, discretion, convenience and freedom of movement. As we enter markets globally where many people are still using cloth diapers, K-C research has found that our products make it easier for mothers to leave the house with their young children, and give mothers more time for enriching activities for themselves and their families.

In addition, Kimberly-Clark Health Care provides items such as surgical gowns, gloves, masks and medical devices, which are used to help prevent and manage a wide variety of infections and illnesses.

As well as the health and social benefits of using our products, items such as bath tissue and wipes can be flushed away. In 2008, K-C was involved in the development of industry guidelines for flushable wipes made from nonwovens fabrics. Flushing is a 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 easily break down.

We have applied the principles of the new guidelines to develop a flushable moist wipe made from 85 percent natural fibers, compared with 50 percent or less in competing products. These wipes break up as easily as dry bath tissue and can be flushed without causing problems during wastewater treatment.

## Products recognized for their health and hygiene benefits.

The best evidence we can give of the benefits our products bring is the recognition they receive from people who buy and use them. Here is a selection of K-C products recognized in 2008 for improving health and hygiene:

- 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.
- Pharmacy Times named DEPEND Absorbent Undergarments number one 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.
- BABY SOFT Aloe Vera and HUGGIES Dry Comfort diapers both won South African Product of the Year awards in 2008 after a survey of 5,000 consumers from around the country.
- 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.

There is a full list of the awards and recognition received by K-C and our products in 2008 on our website.



## Investing in healthy communities

We also help improve the health, hygiene and well-being of people and communities through our charitable work. Our work with UNICEF is a great example.

We have committed \$5.2 million to UNICEF's programs since 2001. Most recently, we teamed up with them to aid thousands of Brazilian children living in extreme poverty. Since 2007, we have given more than \$1 million to fund a series of programs to help the children survive, develop and learn.

The K-C Brazil team has signed up to support UNICEF's Urban Platform Program, which is addressing serious deficiencies in healthcare and education among the urban poor in São Paulo and Rio de Janeiro. These children are at increased risk of dying by the age of five because of lack of access to adequate healthcare.

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



## Not on my watch.\*

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

Around 780,000 of the 30 million surgical procedures performed annually in the U.S. result in infection. Kimberly-Clark Health Care's 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.

The campaign included a mobile vehicle that provided free, onsite computer-based training for nurses and other clinicians at 69 healthcare facilities during 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.

**In a survey at the end of the campaign, over 90 percent of participants:**

- Said they were more informed about HAIs,
- Felt more empowered to prevent infections, and
- Said the training helps their hospital be a leader in patient and staff protection and community safety.

## Employee health and well-being

We are committed to helping our employees live healthy, active lives. The Kimberly-Clark Health Services team provides an array of preventive and occupational health programs for employees worldwide. These programs include preventive health screenings, health risk assessments, stop-smoking programs, medical advice for business travelers, immunizations, flu-shots, and stress-management workshops.

In North America, 28 of our locations are supported by an occupational health nurse, and 75 percent of these nurses are based 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 employees in the U.S. and Canada as well as many non-U.S. locations.







A SOLID TRACK RECORD

Our aim is to grow our company responsibly, and reducing the negative impacts our business has on people and the planet is an essential part of this. It also makes business sense, because it reduces costs and improves operational efficiency.



# A solid track record

**Our aim is to grow our company responsibly, and reducing the negative impacts our business has on people and the planet is an essential part of this. It also makes business sense, because it helps reduce costs and improve operational efficiency.**

## Environmental responsibility

Our global operations use energy in their manufacturing processes, to heat and cool offices, and as fuel during business travel and product distribution. Other direct environmental impacts include emissions to air, freshwater use, wastewater discharge, and solid waste generation.

We have a solid track record in environmental improvement as a result of our dedication to our long-running Environmental Vision program. This program provides the direction, objectives and targets needed to improve environmental management and performance. Since its launch in 1995, the Vision program has helped us improve the efficiency of our operations, increase competitiveness, reduce costs and move toward sustainable manufacturing. The current five-year phase is called Vision 2010 and includes long-term goals for improvement in key environmental areas.

The Vision 2010 energy efficiency initiative alone is generating annual cost savings of more than \$80 million compared to 2005 efficiency levels.

Our facilities have specific targets based on our corporate targets. The table shows the percentage of facilities that achieved their Vision 2010 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%

\*Restated from last year to reflect only consolidated operations.



### The impact of our Environmental Vision program

- Energy efficiency has improved by almost 9 percent since 2005, from 16.2 million British thermal units per ton of production down to 14.8 million in 2008.
- Greenhouse gas emissions from manufacturing have dropped by 7 percent since 2005, from 1.25 tons of carbon dioxide equivalent (CO<sub>2</sub>-e) per ton of production to 1.16 in 2008.
- We have improved water use efficiency by 15 percent since 2000.

We carry out combined environment, health and safety (EHS) assessments to help us identify gaps in EHS management and performance and implement improvement plans. We conducted 56 EHS assessments in 2008 compared with 35 in 2007, as the process is now more established.

## Responsible employment practices

We aim 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 are proud that all our Latin American companies were recognized by the Great Places to Work Institute in 2008. Our company in Ecuador ranked number one in the country.

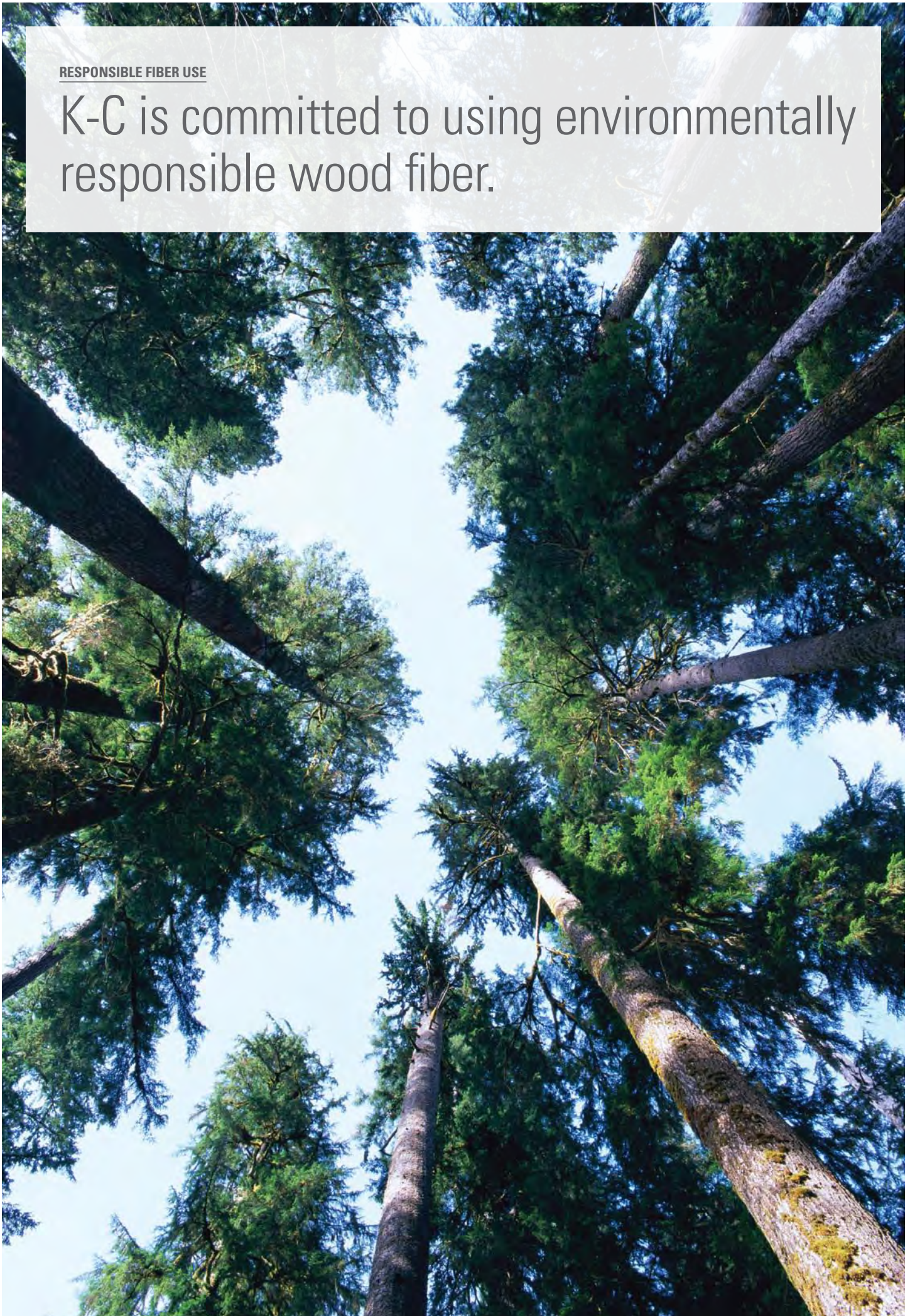
Elsewhere, K-C Australia was named an Employer of Choice for Women by the Equal Opportunity for Women in the Workplace Agency. Yuhan-Kimberly was recognized as the best Family-friendly Workplace by UNICEF Korea and the Ministry of Gender Equality, for its well-established family-friendly environment and as a role model of promoting the country's birth rate.





RESPONSIBLE FIBER USE

K-C is committed to using environmentally responsible wood fiber.





# Responsible fiber use

**K-C is committed to using environmentally responsible wood fiber. This means sourcing virgin fiber from suppliers who have certified their fiber procurement activities or forestlands and using recycled fiber. We also reduce the amount of fiber needed in our products and improve the efficiency of our products so less is needed to get a job done.**

Most K-C consumer products contain natural fibers derived from wood pulp, and each product requires different fiber formulations to meet consumer needs such as softness, strength, and absorbency. We use a blend of softwood fibers, hardwood fibers and, when they meet product quality requirements, recycled fibers.

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 our many years of experience and on a scientific life-cycle assessment that compares the environmental impacts of Kimberly-Clark tissue products with varying levels of virgin and recycled fiber (see page 17).

## 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).

In 2008, 98 percent of the wood pulp we bought globally came from suppliers or forestlands certified to one of the five schemes listed above. Seven pulp suppliers, accounting for the remaining two percent of virgin fiber purchases, were not certified. However, these suppliers practice sustainable forest management and source their wood from plantations rather than natural forest land.

We audit each fiber supplier every three to four years to verify compliance with our fiber procurement policy. In 2008, we assessed 18 suppliers and found no major non-compliance with our fiber procurement policy. 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.

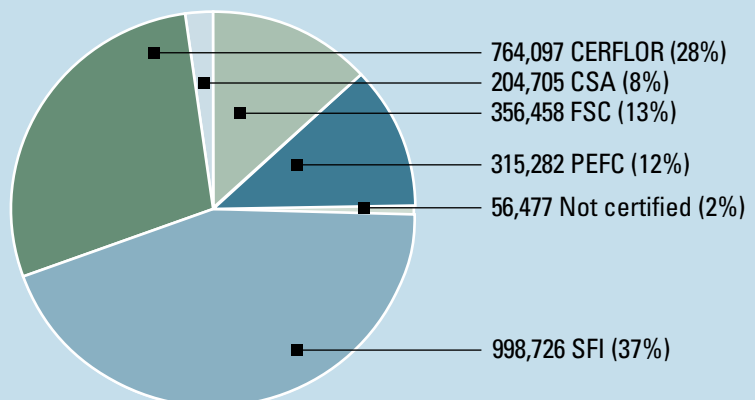
## Sustainable virgin fiber

We do not own, manage or harvest any commercial forest land. We buy more than 90 percent of our virgin fiber from external suppliers, and make the rest in our two pulp mills in Everett, Washington, U.S. and Tantanoola, Australia from purchased wood chips and logs, respectively.

Our long-term goal is to purchase 100 percent of virgin wood fiber from suppliers certified to one of five internationally recognized sustainable forestry certification schemes. Sustainable forest management ensures the timber harvested does not exceed the rate at which forestlands can regenerate. It is designed to protect whole forest ecosystems, including the trees, plant life, soil quality, wildlife and freshwater supply.



**BREAKDOWN OF FIBER PURCHASES BY CERTIFICATION SCHEME (TOTAL OF 2.7 MILLION METRIC TONS)**





## Recycled fiber

Of the fiber used in all K-C manufactured products in 2008, about 27 percent was recycled. This figure is 31 percent for tissue products only.

Several K-C Professional products comply with the U.S. Environmental Protection Agency's recycled fiber standards. K-C Professional has launched several Green Seal-certified products made from 100 percent recycled fiber in North America, 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.

There is more information in our fiber procurement policy and sustainable forestry factsheet. Both are available on our website: [www.kimberly-clark.com/aboutus/sustainability/sustainability\\_home.aspx](http://www.kimberly-clark.com/aboutus/sustainability/sustainability_home.aspx)



### K-C and the FSC

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

*Increasing the amount of fiber we buy from FSC-certified suppliers in Canada has reduced our use of fiber from the Canadian Boreal forest. At the end of 2008, we were using almost 50 percent less fiber from this area than in 2004. The Canadian Boreal fiber we use is sourced only from areas included in forest management plans approved by provincial governments. All of our Canadian Boreal fiber suppliers are FSC, CSA or SFI certified.*

*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 products for major retail customers in Europe. We plan to expand the availability of FSC-labeled KLEENEX tissue and to launch a range of Kimberly-Clark Professional FSC-labeled products across Europe in 2009.*

*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 scheme is separate from Green Seal in North America, and has different requirements.*



### 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%
<b>All</b>	<b>27%</b>	<b>31%</b>



**DESIGN FOR ENVIRONMENT**

Sound scientific principles, such as Design for Environment and life-cycle assessment, are important elements in our sustainability approach and product development.

# Design for Environment

**Sound scientific principles, such as Design for Environment (DfE) and life-cycle assessment (LCA), are important elements in our sustainability approach and product development.**

We introduced DfE in 2006 as part of our Vision 2010 environmental program. This approach aims to make sure we consider environmental impacts as a matter of course when developing new and modified products and processes. We train our product designers and developers around the world on our environmental priorities, and this training emphasizes the use of LCA.

LCA is a well-established analytical technique used to calculate the environmental impacts of 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 use LCA to inform new product design and changes to existing products and processes. Key examples are: an LCA of tissue products carried out for Kimberly-Clark by the consultancy Environmental Resources Management; the U.K. Environment Agency's revised life-cycle assessment comparing the environmental impacts of disposable and reusable diapers; and the Carbon Trust's standard for calculating a product's carbon footprint.

## Kimberly-Clark's Tissue LCA

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 quality, resource use and waste. The study concluded that there is no environmental preference between recycled or virgin fiber in the manufacture of K-C tissue products. A summary of the findings is on our website: [www.kimberly-clark.com/pdfs/lifecycleassessment.pdf](http://www.kimberly-clark.com/pdfs/lifecycleassessment.pdf)

## U.K. Environment Agency's Diaper LCA

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 in the U.K, reusable diapers produce roughly 570kg of greenhouse gases.





## Carbon Trust carbon footprinting standard

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 bath tissue and HUGGIES diapers. We learned that manufacturing our products and their components is the biggest contributor of greenhouse gases over their life cycle.

**We are using the results to focus on reducing greenhouse gases, both internally and within our supply chain.**

**For example:**

### 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.

### ANDREX

- Improving energy efficiency in manufacturing.
- 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.

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 not clear that most consumers 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.



## Case study

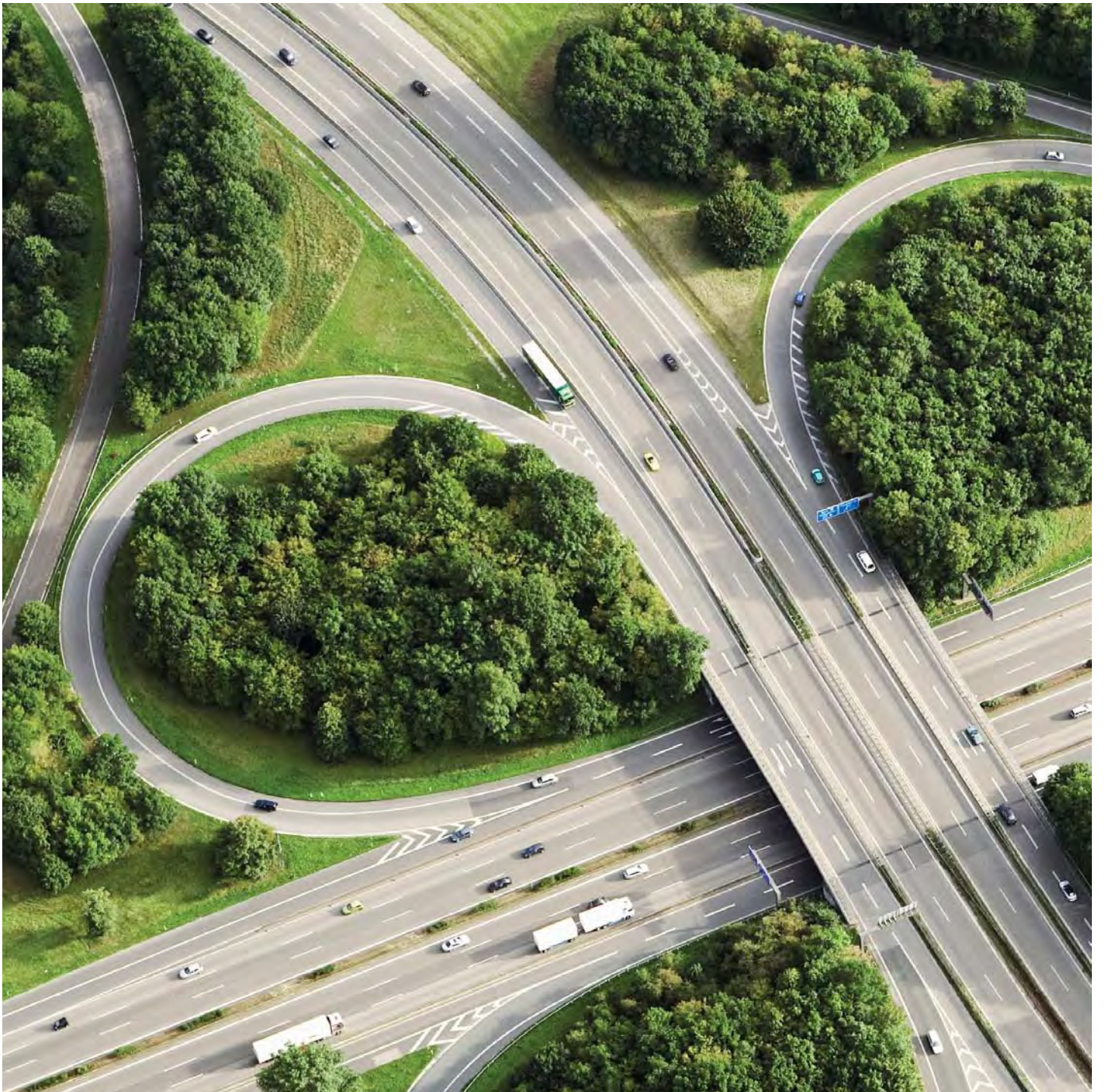
*Yuhan-Kimberly has taken a leadership role in developing materials from renewable sources to reduce our reliance on petroleum. Working closely with our Environmentally Sustainable Technologies group in Neenah, Wisconsin, the R&D team in Korea has modified a commercially-viable, biodegradable material 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 percent post-consumer recycled plastic in the bag. Together, these innovations deliver a diaper that incorporates more sustainable material choices.*







**CLIMATE AND ENERGY**

We are committed to reducing our greenhouse gas emissions by increasing energy efficiency at our manufacturing sites and in the distribution of our finished products.



# Climate and energy

**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. Meanwhile, energy costs are one of Kimberly-Clark's largest operating expenses.**

There are no easy solutions to climate change or energy issues, but we can help by preparing for a future where fossil fuel energy sources may be limited. K-C is already taking action by improving energy efficiency, installing combined heat and power systems, using renewable energy where practical and increasing transport efficiency.

We have begun a process to develop a global climate change management strategy for Kimberly-Clark. Like our Environmental Vision programs, this strategy will be based on understanding the science of climate change. We have held meetings with all business units to review 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.

In 2008, our mills in New Milford, Connecticut, and Romagnano Sesia, Italy, improved their energy efficiency and reduced greenhouse gas emissions by installing combined heat and power (CHP) systems.

CHP uses natural gas to provide process steam, heating and electricity needs, and produces fewer emissions than other fossil fuels such as coal or fuel oil. The combined-cycle system then captures heat that is usually wasted in electricity generation and uses this to provide thermal energy for processes and to heat buildings. According to the U.S. Environmental Protection Agency, CHP is up to 50 percent more energy efficient than large, centralized fossil-fuel power plants.

As well as stabilizing energy costs and reducing greenhouse gas emissions, the New Milford CHP system will reduce demand on the local electric systems by around 15 megawatts. It will also generate approximately 20 megawatts of electricity beyond the mill's needs. This surplus will be distributed through the regional transmission system, providing power for approximately 35,000 homes.



## 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
<b>Total energy use</b>	<b>81.6</b>	<b>79.9</b>	<b>79.2</b>	<b>76.4</b>

**DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS FROM MANUFACTURING – CO<sub>2</sub>-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
<b>Total</b>	<b>6.01</b>	<b>6.10</b>	<b>6.19</b>	<b>5.98</b>

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

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 a carbon-neutral fuel source and a stable, local source of alternative energy.

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

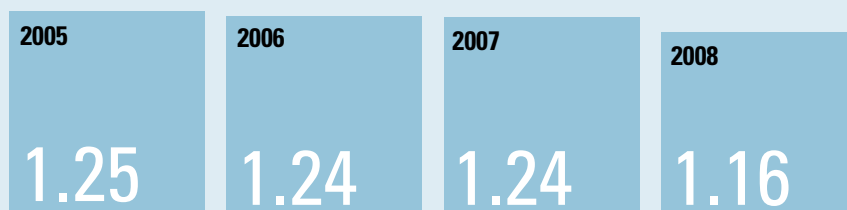
## Progress in 2008

In 2008, our total energy use was 76.4 trillion British thermal units, of which approximately 20.7 percent came from renewable sources. We measure energy efficiency by calculating the energy used per ton of production. Our energy efficiency improved by 4.5 percent to 14.8 million Btu (MBtu) per ton of production, compared with 15.5 MBtu per ton in 2007.

We measure carbon dioxide equivalent (CO<sub>2</sub>-e) emissions from fossil fuels consumed at K-C facilities (direct emissions) as well as from purchased electricity (indirect emissions). We also track emissions generated by finished product distribution in the U.S. We calculate absolute emissions and emission intensity per ton of production. GHG emissions from manufacturing have decreased by 7 percent since 2005, from 1.25 tons of CO<sub>2</sub>-e per ton of production to 1.16 in 2008.



**GREENHOUSE GAS EMISSIONS FROM MANUFACTURING, NORMALIZED TO PRODUCTION (METRIC TONS OF CO<sub>2</sub>-E PER METRIC TON OF PRODUCTION)**





# Data Summary



Indicator	2008	2007	2006	2005
<b>Economic impacts</b>				
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 – non capital (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
<b>Products</b>				
Percentage recycled fiber used <sup>1</sup>	32%	31%	29%	29%
Percentage virgin fiber from certified sources	98%	97%	89%	88%
<b>Operations</b>				
Number of enforcement actions	10	7	12	10
Value of fines received	\$7,000	\$206,000 <sup>2</sup>	\$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 <sup>3</sup>	20.7%	21.6%	22.1%	23.1%
Carbon dioxide equivalents from manufacturing (tons) <sup>4</sup>	5.98	6.19	6.10	6.01
Carbon dioxide equivalents per ton of production (tons) <sup>4</sup>	1.16	1.24	1.24	1.25
Carbon dioxide equivalents per dollar of sales (tons) <sup>4</sup>	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%	16%	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%
<b>Community</b>				
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
<b>Employees</b>				
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 <sup>5</sup>	27.1%	26.1%	25.6%	24.9%
Percentage ethnic minority in management <sup>5</sup>	9.7%	9.8%	9.2%	7.6%
Percentage employees with union membership <sup>6</sup>	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 <sup>7</sup>	14.5	19.4	21.5	24.3

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

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

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

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

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

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

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

# More on the web

**Our sustainability website provides more information about our policies and practices, as well as detailed performance updates for 2008, in each of the following areas:**

- Sustainability at K-C
- Our products
- Operations
- Communities
- Employees

We also provide position papers and policies, previous sustainability reports and news releases for download.

[http://www.kimberly-clark.com/aboutus/sustainability/sustainability\\_home.aspx](http://www.kimberly-clark.com/aboutus/sustainability/sustainability_home.aspx)



# Contact us

Kimberly-Clark Corporation  
Dept. KCSR  
P.O. Box 2020  
Neenah, Wisconsin, United States  
54957-2020

800-331-3422 (within the United States and Canada)  
920-721-8355 (outside the United States and Canada)

Email: [sustainability@kcc.com](mailto:sustainability@kcc.com)

Printed on recycled paper containing  
100% Post Consumer Recycled Fiber.  
Printed using soy-based inks.

Trademark Legend: Andrex, Baby Soft, Depend, Dry Comfort, Huggies, Integuseal, JRT, Kimberly-Clark Professional, Kleenex, Neve and Not on My Watch. are Trademarks of Kimberly-Clark Worldwide, Inc. ©2009 KCWW



