

## **FIBER PROCUREMENT**

### **Policy Statement**

It is the policy of Kimberly-Clark

to conduct its businesses with a sincere and proper regard for the need to sustain natural resources used in the manufacture of the Corporation's products.

### **Policy Comment**

It is the intent of this policy to promote:

- Sustainable forest management practices by the Corporation's wood fiber suppliers that are economically viable, environmentally responsible and socially beneficial by considering supplier performance in the selection process.
- Use by the Corporation of environmentally responsible wood fiber in its products consistent with product performance and competitive market conditions.
- Availability of information to interested stakeholders concerning implementation of the Corporation's Fiber Procurement Policy.

(Policy and Policy Comment adopted effective March 15, 2007.)

**INSTRUCTIONS TO CORPORATE POLICY**  
**ON**  
**GLOBAL FIBER PROCUREMENT**

Issued on March 15, 2007 and revised June 30, 2009 by the Senior Environmental Officer.

*These Instructions define key terms and describe the practices that the Corporation is adopting to implement the Corporate Fiber Procurement Policy and the Fiber Procurement Policy Comments.*

**Environmentally Responsible Fiber**

- Kimberly-Clark is committed to implementing practices that make the wood fiber it uses in its products progressively more environmentally responsible, while recognizing that implementation of these Instructions must always take into account product performance and competitive market conditions.
  - ❖ For purposes of this policy, “environmentally responsible fiber” means:
    - Wood pulp purchased from suppliers that have had their forestry operations or wood fiber procurement activities certified to one of the forest certification systems (as defined below);
    - Wood pulp manufactured by the Corporation from logs or chips purchased from suppliers that have had their forestry operations or wood fiber procurement activities certified to one of the forest certification systems; and
    - Recycled fiber recovered from pre-consumer or post-consumer waste paper.
- The Corporation will strive to continuously improve its tissue manufacturing processes and product designs to accommodate environmentally responsible fiber and to minimize overall fiber use

**Sustainable Forest Management**

Kimberly-Clark will emphasize to its wood fiber suppliers (and their suppliers, if applicable) the commitments the Corporation has made to sourcing environmentally responsible fiber, implementing its fiber preferences and holding suppliers accountable for conforming to its fiber policy statement, comments and instructions.

- ❖ For purposes of this policy, “wood fiber” includes:
  - Wood pulp;
  - Logs and whole log chips; and
  - Sawmill residuals including woodchips and sawdust.

- Kimberly-Clark will not knowingly use illegally harvested wood fiber, which for the purposes of this policy is wood fiber obtained in violation of applicable government forest management requirements or other applicable laws and regulations.
- Kimberly-Clark will not knowingly use conflict wood.
  - ❖ For the purposes of this policy, “conflict wood” means wood fiber that was traded in a way that drives violent armed conflict or threatens national or regional stability.
- Kimberly-Clark will source wood fiber only from suppliers that are believed to share the Corporation’s respect for fundamental human rights.
- Kimberly-Clark will not knowingly use wood fiber sourced from Special Forest Areas.
  - ❖ For the purposes of this policy, “Special Forest Areas” means:
    - “Endangered Forests” that have been identified and mapped using recognized scientific methods as comprising native forests of high ecological value that require protection from intensive industrial use to maintain those values.
    - Naturally rare forests identified and mapped as “G1” (globally ranked critically imperiled) or “G2” (globally ranked imperiled) communities by NatureServe/Natural Heritage Network;
    - “High Conservation Value Forests” that have been identified and mapped as no harvest areas due to the outstanding or critical importance of such forests’ biological, ecological, socio-economic, cultural, biodiversity and landscape value;
    - “Primary Tropical Rainforest” mapped as natural forests that have developed under natural processes that have never been logged on a commercial scale and which are located in an area with annual mean temperatures of at least 24°C and annual rainfall exceeding 2.0 meters evenly distributed throughout the year;
    - Areas mapped in applicable forest management plans as protected areas due to their unique features, including endangered species habitat; and
    - Areas mapped by the government as a park or conservation reserve where commercial logging is prohibited.
- With respect to natural forest areas that have not yet been identified and mapped under any of the processes listed above, Kimberly-Clark will support the protection of areas that have the potential to be designated as Endangered Forests or High Conservation Value Forests by working with its suppliers, governmental authorities and non-governmental organizations to identify and map such areas before commercial logging operations are conducted. In addition, Kimberly-Clark will require that its suppliers demonstrate that their management activities in such areas maintain or enhance the identified conservation values and that no harvest zones are strictly protected.

### **Forest Certification**

- Kimberly-Clark has a goal of purchasing 100% of its wood fiber from suppliers that have had their forestry operations or wood fiber procurement activities certified to one of the following third-party verified forest certification systems. The Corporation will give preference to wood fiber certified under FSC standards.
  - ❖ For purposes of this policy, “forest certification systems” will mean the following five schemes: Forest Stewardship Council (FSC); Sustainable Forest Initiative (SFI); Canadian Standards Association’s National Sustainable Forest Management Standards (CSA); Sistema Brasileiro de Certificacao Florestal (CERFLOR) in Brazil; and Program for the Endorsement of Forest Certification Schemes (PEFC) and any additional forest certification scheme meeting the performance based criteria set forth below.
  - ❖ Examples of performance-based criteria for an acceptable third-party verified forest certification scheme include:
    - Conformity with international legislation, agreements and accords;
    - Compliance with national and local legislation and regulations;
    - Scientific support for forestry practices;
    - Commitment to forest regeneration and reforestation;
    - Protection of soil quality, riparian zones and water quality;
    - Protection of ecologically and culturally unique forest areas;
    - Maintenance and conservation of biological diversity;
    - Participation by interested and affected stakeholders;
    - Continuous improvement in forestry practices; and
    - Third-party verification of forestry practices and chain of custody for wood fiber.
- The Corporation will track and report annually the amount of wood fiber it purchases from suppliers certified under each of the forest certification systems.

### **Recycled Fiber**

- The Corporation regards recycled fiber as an environmentally responsible fiber and will pursue opportunities to increase the use of recycled fiber in its products and packaging as appropriate.
  - In selecting recycled fiber, the Corporation will give preference to post-consumer sources of recycled fiber.
  - The Corporation will support efforts of suppliers, governmental authorities and non-governmental organizations to increase wastepaper collection rates and improve recycled fiber quality.

### **Leadership and Support**

- The Corporation will give preference to wood fiber certified under FSC standards.
  - ❖ Kimberly-Clark will encourage its suppliers of wood fiber (and their suppliers, if applicable) to adopt the FSC forest certification scheme and to take other actions to increase the availability of wood fiber certified to FSC standards.
  - ❖ Kimberly-Clark will participate actively in ongoing discussions concerning FSC standards, including the FSC General Assembly,
  - ❖ Kimberly-Clark will work with its suppliers and other interested stakeholders to promote the adoption of FSC throughout its supply chain.
- To the extent possible, Kimberly-Clark will participate in stakeholder groups for other major forest certification organizations to encourage the adoption of progressive and verifiable forestry standards.
- Kimberly-Clark will support the efforts of its customers, suppliers, non-governmental organizations and other knowledgeable stakeholders to use lifecycle assessment and other scientific means to develop a “scorecard” for evaluating the sustainability of forestry activities and the manufacture and use of products made from wood fiber and recycled fiber.
- Kimberly-Clark will support programs for the identification and mapping of natural forest areas that have the potential to be designated as Endangered Forests or High Conservation Value Forests.
- The Corporation will establish and periodically review appropriate regional and/or global targets for its combined level of use of recycled fiber and wood fiber from FSC certified sources.
- The Corporation will support scientific work to better understand the connection between climate and forests, including the role of forests in the global carbon cycle, and will incorporate what is learned into its climate change management strategy.

### **Wood Fiber from Tree Plantations**

- Kimberly-Clark may use wood fiber harvested from forest lands that are converted after March 15, 2007 to tree plantations only if the supplier can demonstrate through certification by FSC or another forest certification system recognized under this policy that the pre-existing forest lands were not Special Forest Areas and only if the use of such wood fiber meets all of the other requirements of these Instructions.
  - ❖ For purposes of this policy, “tree plantations” mean forest stands established by planting seedlings or by direct seeding of either native or introduced species, which are fast growing and intensively managed for wood production including by mechanical site preparation, exclusion of other species and periodic pruning, spacing and thinning.

### **Review of Wood Fiber Supplier Practices**

- Kimberly-Clark will review the integrity of environmental and social responsibility practices followed by its wood fiber suppliers and consider the supplier's practices as part of the initial supplier selection process and when supply agreements are renewed.
  - ❖ The techniques to be utilized and the extent of a particular environmental and social review will be commensurate with the size and nature of the proposed business relationship between the supplier and Kimberly-Clark and the perceived risk that the supplier may not be in compliance with this policy.
  - ❖ For wood fiber suppliers operating in a region identified by a competent international organization as posing a significant risk that the harvesting or processing of wood fiber violates fundamental human rights, Kimberly-Clark will give heightened scrutiny to social issues in assessing the risk of entering or maintaining a business relationship with that supplier.
  - ❖ Where documented human rights issues are identified in such situations, Kimberly-Clark will work with its suppliers to find a constructive resolution of such issues.
- When Kimberly-Clark enters into long-term agreements with wood fiber suppliers, it will include language that enables the Corporation to enforce this policy.
- Kimberly-Clark will inspect its wood fiber suppliers periodically and require its suppliers to report regularly concerning their compliance with this policy.
  - ❖ For suppliers that have not achieved FSC-certification of their forestry operations or wood fiber procurement activities, Kimberly-Clark will encourage those suppliers to supplement their forest certification system as necessary to achieve FSC controlled wood chain-of-custody certification.
- In the event that a supplier to the Corporation does not have certification of its forest lands or wood fiber procurement activities, that supplier will be given reasonable time to achieve certification. If a supplier is not in compliance with any applicable provisions of this policy, the Corporation will take appropriate action to address such non-compliance, which may include (i) an action plan for compliance or (ii) termination or non-renewal of the supply contract.

### **Verification and Public Reporting**

- Kimberly-Clark will implement a verification system for its wood fiber procurement activities that is global in scope and sufficient to provide reasonable assurance that the Corporation has systems and controls in place to meet the objective of using environmentally responsible fiber and applying its stated preferences in accordance with this policy.
  - ❖ As part of its verification system, Kimberly-Clark will work with its suppliers and others to develop methods of effectively tracing wood fiber to its forest source.

- Kimberly-Clark will report on its activities to implement this policy at least annually to interested stakeholders through the Corporation's annual Sustainability report and/or other appropriate means.
  - ❖ Kimberly-Clark's annual Sustainability report will include an indication of the Corporation's progress toward achieving its target or targets for the combined use of recycled fiber and wood fiber from FSC certified sources.
  - ❖ Kimberly-Clark will conduct periodic consultations with external stakeholders to review emerging issues related to environmentally responsible fiber and the Corporation's implementation of its Fiber Procurement Policy

**Applicability**

- This policy applies to Kimberly-Clark Corporation, its consolidated subsidiaries and affiliates, and is recommended for all of the Corporation's equity companies subject to local laws and any applicable shareholder or joint venture agreements. To the extent an affiliate or equity company supplies wood fiber to Kimberly-Clark, it shall be subject to this policy.
- This policy also applies to tissue hard rolls or finished tissue products containing wood fiber purchased by Kimberly-Clark from third party suppliers and intended for sale as Kimberly-Clark tissue products.

**Fiber Procurement Policy Annex:  
Transparency and Targets  
2013 Performance**

**1. Environmentally-Preferred Fiber Use**

- Kimberly-Clark hereby sets the goal that by the year 2025, 90% of its fiber supply for its global tissue products will consist of Environmentally-Preferred Fiber.
- In the spirit of continuous improvement, Kimberly-Clark intends to achieve its 90% goal by targeting an increase in the quantity of Environmentally-Preferred Fiber from wood and/or alternative fiber supply at a rate of 5% every three years:

*Target Percentage of Global Tissue Fiber*

Year	Environmentally-Preferred Fiber Target
2014	70.0%
2017	75.0%
2020	80.0%
2023	85.0%
2025	90.0%

- Environmentally-Preferred Fiber will consist of the following sources: (i) Forest Stewardship Council (FSC)-certified fiber; (ii) recycled fiber (RF); and (iii) sustainable alternative fiber<sup>1</sup>.

**2. Transparent Communication of Fiber Use**

- By the second quarter of each year, Kimberly-Clark will report its progress toward achieving the two stated goals that (i) 100% of its wood fiber be certified by one of the certification systems recognized in its Fiber Procurement Policy by 2015, (ii) 90% of its global tissue products be comprised of Environmentally-Preferred Fiber by 2025.
- Kimberly-Clark has announced an aspirational goal that by 2025 it will reduce by fifty percent (50%) the quantity of wood fiber it sources from natural forests using 2011 as the base year. Kimberly-Clark expects to publicly report from time to time its emerging implementation plans for achieving this aspirational goal.
- Kimberly-Clark will use the following format to report each year on both a Global and North American basis available information concerning its actual use of certain categories of FSC-certified fiber, RF content and sustainable alternative fiber in its tissue products for the preceding year:

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<sup>1</sup> Kimberly-Clark will commission a life-cycle assessment and conduct a multi-stakeholder consultative process before designating an alternative fiber as “sustainable.”

**Global Environmentally Preferred Fiber Usage (Tissue)**

	Global FSC Mix	Global RF Content	Global Sustainable Alternative Fiber	Total EPF Content	Global FSC Controlled Wood	Global FSC Plantation Fiber	Global Post-Consumer RF
2007	5.4%	30%	N/A	35.4%	N/A	N/A	N/A
2008	11.4%	31%	N/A	42.4%	N/A	N/A	N/A
2009	23.6%	31%	N/A	54.6%	20.9%	19.9%	N/A
2010	33.1%	33%	N/A	66.1%	31.8%	28.8%	12.4%**
2011	38.5%	34.5%	0%	73.0%	26.1%	33.1%	13.7%**
2012	44.3%	33.9%	0%	78.2%	21.8%	38.4%	13.8%**

N/A = Not Available

\*\*North America and Europe Only

**North American Environmentally Preferred Fiber Usage (Tissue)**

	North American FSC Mix	North American RF Content	North American Sustainable Alternative Fiber	Total EPF Content	North American FSC Controlled Wood	North American FSC Plantation	North American Post-Consumer RF
2007	3.9%	19.4%	N/A	23.3%	N/A	N/A	15.5% (est.)
2008	8.3%	21.4%	N/A	29.7%	N/A	N/A	17.1% (est.)
2009	22.1%	21.5%	N/A	43.6%	26.9%	15.8%	17.8%
2010	31.6%	25.2%	N/A	56.8%	42.8%	25.9%	20.7%
2011	36.7%	26.0%	0%	62.7%	36.4%	30.0%	22.5%
2012	44.0%	29.5%	0%	73.5%	26.5%	34.4%	25.6%

N/A = Not Available

est. = Estimate

**3. Protection of High Conservation Value Forests**

- Kimberly-Clark will support programs for the identification and mapping of potential Endangered Forests and High Conservation Value Forests to ensure that these forests are designated for appropriate protection.
- Kimberly-Clark will reduce and then eliminate its use of wood fiber from the Canadian Boreal unless the wood fiber is FSC-certified or from signatories in good standing with the Canadian Boreal Forest Agreement.

**4. Ongoing Engagement**

- Kimberly-Clark will extend an invitation to Greenpeace annually to formally discuss implementation of Kimberly-Clark's Fiber Procurement Policy and review emerging issues related to sustainable sourcing of wood and alternative fiber, water, climate and other issues of mutual interest.