



# SUSTAINABILITY REPORT 2011

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## GLEN WATTS

Managing Director,  
Kimberly-Clark Australia and New Zealand

Although Australian manufacturing was under intense pressure throughout 2011, we continued to strive to build a sustainable business in this country.

**By sustainable, I mean a business that is successful, not only economically, but also environmentally and socially.**

Corporate responsibility has always been integral to the way we do business since we started in Australia in 1930. But in 2011, as a global corporation, we announced our most comprehensive sustainability strategy in our history. This strategy, called Sustainability 2015, is built around the framework of **People, Planet and Products.**

In 2012 we are launching our own set of targets specifically for Australia and New Zealand aligned with Sustainability 2015.

In looking at the key highlights from 2011, I'd like to start with the most important: our people.

**People. Our people are essential to our success.**

We recognise the value and importance of our employees by providing policies and programs that promote a safe, healthy and motivated workforce. This year we introduced our People Philosophy. It is to recognise and reward our people as we evolve to a more performance-driven culture. This culture is based on accountability, yet stays true to the values that form the essence of who we are as a company.

Caring for our neighbours and the communities where our employees live and work is also an important element of our culture. In January 2011, Kimberly-Clark Australia was at the forefront of the nationwide initiative to send much needed essential products into flood-stricken Queensland. At the same time, the team in Queensland insisted on helping a fellow teammate and their neighbours to clean up their properties after their homes went underwater. Our efforts were personally recognised by the Queensland Premier, The Hon. Anna Bligh at a special ceremony to thank corporate donors for their relief efforts.

**Planet. Natural resources are essential to Kimberly-Clark's success.**

Kimberly-Clark Australia and New Zealand has long recognised the importance of environmental conservation and protection. But we also recognise that our success depends on the availability of some of the globe's essential natural resources.

In 2011, I was very proud to be able to announce a \$65 million investment in our manufacturing operations at Millicent, Albury and Ingleburn. Of great note is the \$30 million to build a combined heat and power generation project at Millicent Mill. This will enable us to reduce our greenhouse emissions by 30% per annum by 2013. This is the equivalent of removing 32,000 small cars from the road or planting 10,000 hectares of trees every year.

A further \$6.5 million was invested in our Albury Mill to implement gas fired systems replacing previous electric systems. It's expected that both these initiatives will significantly reduce our greenhouse gas emissions.

Another \$30 million investment at our Ingleburn Mill will make possible the local manufacture of *Huggies*® disposable pants and result in a decrease in overseas freighting and improved employment stability.

**Products. Kimberly-Clark products are leading the world in essentials for a better life.**

Increasingly, we're working in partnership with governments, our customers and waste management agencies on the responsible disposal of our products.

We signed a global agreement with the New Zealand nappy composting initiative, EnviroComp, owned by International Services Company OCS LTD. This gives us the first right of refusal to sponsor new plants as they open worldwide. This global partnership was established following the successful sponsorship of EnviroComp by the *Huggies*® brand New Zealand team. It's also exciting to see that the installation of a second EnviroComp plant in the Wellington region with a \$700,000 grant from the New Zealand Government's Waste Minimisation Fund is well underway. There are also plans to establish facilities in the USA and Costa Rica in 2012.

In Australia, we partnered with the NSW Office of Environment & Heritage and Lake Macquarie Council to undertake a used nappy composting trial and we expect results in 2012. We also established a program with SITA-MediCollect for recycling our Healthcare product, KIMGUARD\* Sterile Wrap. To date, we have achieved a 25% uptake of the program, and recycled over 54 tonnes of the product. This is a great start!

As well as dealing with our manufacturing and post-consumer waste, we continue working on ways to reduce our packaging. This year we submitted an updated five year Australian Packaging Covenant plan, and we can proudly claim that over 90% of all our packaging is recyclable.

It's evident from our local achievements that the Australian pioneering mentality is alive and well, and that we continue to push the boundaries on what is achievable in each of the areas of People, Planet and Products. We thrive on beating our global targets ahead of time, and we challenge ourselves to set new targets that are even higher.

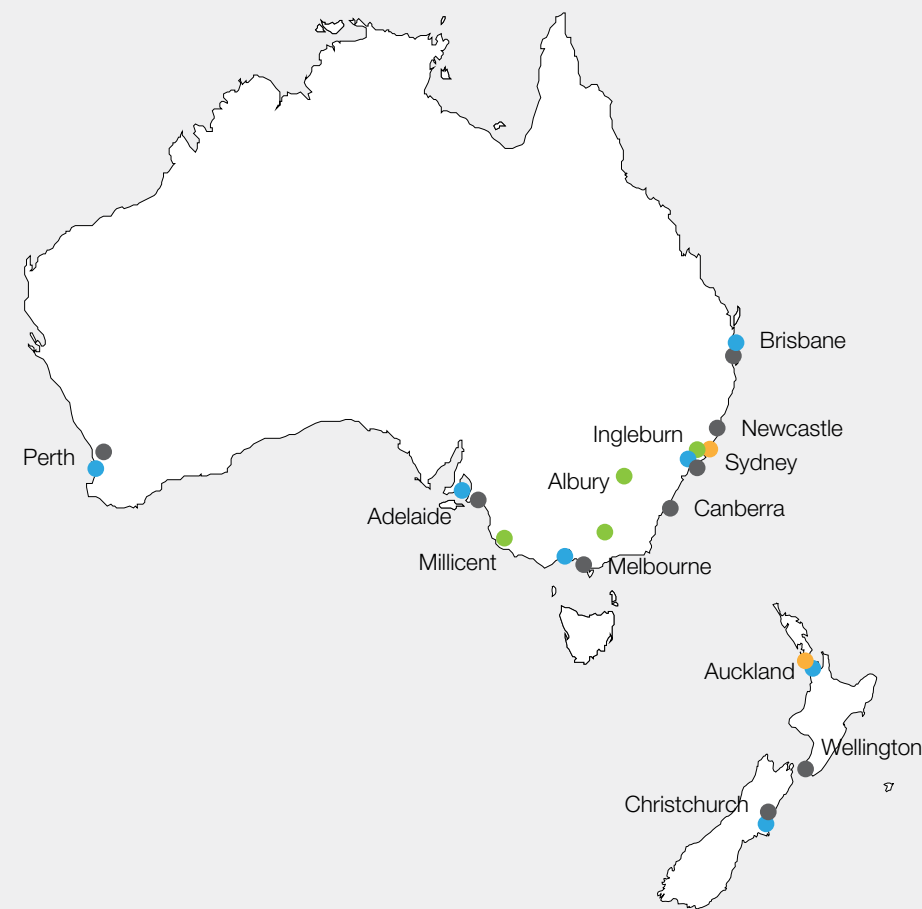
I encourage you to learn more about how we are doing this in the following pages.



# BUSINESS, BRANDS & LOCATIONS

## Kimberly-Clark Australia and New Zealand Operations

Over 1.3 billion people in 150 different countries rely on Kimberly-Clark products to care for themselves and those close to them. That's over 20% of the world's population. **Essential.**



### Our Business Locations

#### Head Offices

- Sydney, Australia
- Auckland, New Zealand

#### Manufacturing Sites

- Millicent, SA, Tissue Mill
- Ingleburn, NSW, Nappy Mill
- Albury, NSW, Nonwoven Mill
- Tantanoola, SA, Pulp Mill (closed in November 2011)

#### Distribution Centres

- Brisbane
- Sydney
- Melbourne
- Adelaide
- Perth
- Auckland
- Christchurch

#### Sales Offices

- Adelaide
- Brisbane
- Canberra
- Sydney
- Melbourne
- Newcastle
- Perth
- Wellington
- Christchurch



# STAKEHOLDERS & MATERIALITY

## Great ideas can pop up from anyone at anytime. Smart organisations listen.

We have identified and engaged with a wide range of key internal and external stakeholders – employees, consumers, communities, non-governmental organisations and others – in order to understand their views and issues that are material to our business.

### Key issues identified by these stakeholders include:

- Responsible fibre procurement and protection of forests
- Creating energy efficiencies and reducing greenhouse gas emissions across our business
- Diverting waste from landfill
- Product safety and quality
- Provision of essential products in times of emergency or disaster

Parent Company:  
**Kimberly-Clark Corporation**

**Kimberly-Clark Australia and New Zealand Stakeholder Overview**

Industry Groups

Government

Customers

Environmental Organisations

Community Organisations

Current & Prospective Employees

Suppliers



# KEY HIGHLIGHTS FROM 2011

## Highlights

Announced a **\$65 million investment in local manufacturing operations.**

### People

Kimberly-Clark Australia and New Zealand was at the forefront of the response to the Queensland Flood crisis donating a total of **5,204 cases** of essential products amounting to a dollar value of **\$121,285.**

Employees logged over **3,300 hours** volunteering and donated to over **50 charities.**

For the fifth year running we have seen a significant increase in the number of charities benefiting from our Matched Giving program, with **39 charities receiving over \$47,000.**

Achieved a **72% reduction in injury impact.**

### Planet

**Reduced greenhouse gas emissions by approximately 7%** based on National Greenhouse Emissions Reporting data.

**Announced a \$30 million investment in a cogeneration facility at the Millicent Mill.** This will greatly increase energy efficiency and reduce greenhouse gas emissions in the order of **90,000 tonnes p.a. (30%) CO2-e by 2013.**

**Won the FSC® Large chain of custody** operation of the year in the FSC® Australia Annual Awards.

**Announced a partnership with WWF's Love Your Forest campaign** to raise awareness of FSC® certification and the need to protect forests.

Signatories to a new **'Common Platform'** for the elimination of illegal timber products in Australia.

Diverted **95.2% of all our manufacturing waste** from landfill.

Waste water Chemical Oxygen Demand (COD) from the Millicent Mill **reduced by 56%.**

### Products

Partnered with the NSW Office of Environment & Heritage and Lake Macquarie Council to undertake a **nappy composting trial.**

Launched the Kimguard\* Sterile Wrap Hospital Recycling program with a **25% uptake in year one.**

Submitted an updated five year **Australian Packaging Covenant plan. 90% of all our packaging is recycled.**

# SUSTAINABILITY 2015 FRAMEWORK & GOALS

**Sustainability 2015** Sustainability 2015 encompasses and activates the power of Kimberly-Clark's global businesses, brands and employees and is built around a framework of People, Planet and Products.

The Sustainability 2015 strategy is a holistic way of weaving sustainable business practices into everything we do and an integral component of our Global Business Plan.

**Australia and New Zealand Sustainability 2015 Goals** We've developed our own set of measurable Kimberly-Clark Australia and New Zealand Sustainability 2015 objectives, commencing in 2012. These goals remain aligned with Kimberly-Clark's three pillars of sustainability, but are tailored for our people, our offices, our mills, and our brands.

Sustainability 2015 Framework



**People** We're committed to social sustainability through our practices and relationships with all our stakeholders and the communities we serve.

**Planet** We ensure our products provide environmental sustainability benefits and responsible business growth in a world with finite resources.

**Products** We offer products that deliver quality and performance at a good value. From raw materials, manufacturing processes and even our supply chain, we build product sustainability into every part of our business.

## Sustainability 2015 Goals

### People

30% of Kimberly-Clark Australia and New Zealand employees engaged in the Volunteering program.

10% of Kimberly-Clark Australia and New Zealand employees engaged in the Giving program.

Achieve a consistent culture of safety excellence.

### Planet

100% fibre from Forest Stewardship Council (FSC®) certified or controlled sources.

Achieve a 30% absolute reduction in carbon dioxide emissions from FY11 levels (minus Tantanoola).

Zero manufacturing waste to landfill by 2015.

Reduce paper usage by 15% from 2011 levels and increase e-waste recycling by 10%.

### Products

Reduce post-consumer products impact on the environment by ensuring each division has an initiative in place.

Achieve 20% recycled or renewable content in all our plastic packaging and 10% reduction in the overall weight of flexible packaging.

You can view Kimberly-Clark's global sustainability 2015 objective at: [www.kimberly-clark.com/sustainability](http://www.kimberly-clark.com/sustainability)



Consumer Advisory Team volunteer

# PEOPLE

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# PEOPLE OVERVIEW

Our Sustainability 2015 plan recognises the importance of Kimberly-Clark's social performance by setting goals and a strategy to ensure that our business practices are not only beneficial to our employees but to the communities where we operate and market our products.

Employees are our most valued resource and are at the centre of all we do. Kimberly-Clark Australia and New Zealand recognises its employees' value by providing policies and programs that promote a safe, healthy and engaged workforce. The company's commitment to understanding and attaining collective goals also extends to the communities in which our employees live, work and play.

Kimberly-Clark Australia and New Zealand employs nearly 1,300 employees and we aim to attract, retain and develop great people and embrace diversity and inclusion across our business.

# EMPLOYEES RECOGNITION



## Recognising Winning Behaviour

We know our employees are the key to our success and to achieving our 2015 Global Business Plan. This is why, in 2011, we created a program that recognises, rewards and celebrates our people who win consistently.

After the initial six month launch phase, we saw hundreds of our high achievers recognised with fun recognition cards from their colleagues. 1,300 movie vouchers were distributed by managers, and six winners of the 'Success Story of the Month' were selected for their great work by the Senior Leadership Team. They were rewarded with a complimentary dinner for two at the restaurant of their choice.

In 2011, Jarrod Glenister, National Channel Manager, New Business, became the first person from Kimberly-Clark Australia and New Zealand to be selected as one of ten Kimberly-Clark employees from around the world to fly to our global headquarters in Dallas, Texas, for the prestigious Global Role Model Awards ceremony.

Global Role Models are Kimberly-Clark Australia and New Zealand employees who:

- Live Kimberly-Clark values each and every day
- Put our consumers first in everything they do
- Are passionate about performance and winning
- Actively seek out diversity of thought and ideas, and work hard to include it in the ways they solve problems and make decisions.

# EMPLOYEES DEVELOPMENT



## Development Plan Challenge

We unleash the power of our people by providing the experience, education and exposure to keep them engaged, motivated and happy, and to allow and encourage them to grow into great leaders. Together we are creating a stronger, faster and more competitive business.

Our Individual Development Plan program empowers employees to take ownership of their career and, with our support, to drive their own development.

In August 2011, Managing Director Glen Watts and the Australia and New Zealand Corporate Management Group challenged all employees to implement an Individual Development Plan. Employees were encouraged to participate in a workshop that would help them develop quality plans with meaningful activities to set them on track to achieve their career aspirations.

Our people rose to the challenge, and in less than three months we went from 3% to 83% of our Australia and New Zealand employees having an active development plan in place. This means we can now track progress and provide the right training and support to help our employees win in their careers.

# EMPLOYEES LEADERSHIP



## Developing Great Leaders

An important part of unleashing the power of our people is developing a pipeline of great leaders in key capability areas.

In 2011, 15 of our Team Leaders across Australia and New Zealand participated in the Leading Teams program. The aim of this program is to further develop the leadership skills that are required to build and drive highly motivated winning teams at Kimberly-Clark.

Our Leading Teams' graduates participated in four two-day modules that involved a series of challenging and rewarding sessions during which they learnt how to build and drive high performing, engaged teams through ongoing coaching and feedback.

Leading Teams is designed for team leaders, front line supervisors, project leaders and individuals responsible for managing, or aspiring to manage, a team in the future.

Together we are creating a stronger, faster and more competitive business.

# PEOPLE HEALTH & SAFETY

The health and safety of our people is our number one priority at Kimberly-Clark Australia and New Zealand, and we're always aiming to achieve the highest safety standards and a healthier workplace.

In 2011, this commitment included integrating Health and Safety into the strategic planning process led by the Australian and New Zealand Corporate Management Group and the Safety Leadership Team.

We continued our representation on the Global Occupational Safety and Hygiene team to ensure Australia and New Zealand is aligned with global Kimberly-Clark strategies.

The Safety Leadership Team also ongoingly consulted key stakeholders both internally and externally to set safety goals, objectives and key performance indicators which were integrated into the Health and Safety Plans at each site.

Since 2009, consistent with Kimberly-Clark's OHS Policy, we have included employees and contractors in our reporting statistics. This has prepared us well for the changing emphasis from 'employee' to 'worker' under the harmonised workplace health and safety laws.

Objective	Progress	
	2010	2011
Decrease number of lost time injuries	16	9
Decrease number of reportable injuries	25	28
Increase number of near miss/hazard reports	1,584	1,134
Increase number of planned inspections	7,212	6,058
Increase number of hazard identification and risk assessments	1,071	651

*Figures valid as at 31st December 2011*

*KPIs are reported monthly and other performance measures reviewed quarterly and annually.*

### How We're Performing

The reporting period saw the total number of reportable injuries increase by three, with a reduction in lost time injuries of seven. This is reflected in a 72% reduction in a combination of restricted workdays or days away from work. This indicates that while the number of events increased, the severity of injuries were greatly reduced.

Leading indicators showed a reduced activity for near miss/hazard reporting, planned inspections and the number of hazard identification and risk assessments completed. This was largely due to a 14% reduction in workforce year-on-year, and the closure of our Tantanoola Mill.

Leading metrics were established during 2011 to align with the Environmental Health and Safety Management System (EHSMS). This will create a baseline for revised year-on-year leading metrics in 2012.

### Management Systems

Our Environmental Health and Safety Management System (EHSMS) continued to drive OHS improvement at all Australian manufacturing sites.

To maintain our self-insured status in South Australia, the EHSMS was also applied to the Adelaide Sales Office and Adelaide Distribution Centre. This has resulted in an increased emphasis on our safety management process. The learning from this approach will be shared and applied across all National Sales and Distribution Centres during 2012.

### Training

In preparation for the introduction of new Work Health and Safety Laws and Regulations, briefing sessions were conducted in all our sites across NSW and Queensland during quarter 4, with officer briefings planned for quarter 1, 2012.

To support a continued shift towards a total safety culture, leadership training for our Environmental Health and Safety (EHS) Management system was extended to include the Australia and New Zealand Corporate Management Group and Sales and Distribution Centre Leaders. This has resulted in more than 40% of our non-manufacturing leaders now being trained. The training continued for our Australian Manufacturing Leaders, over 90% of whom are now trained.

Formal training for Health and Safety Representatives and OHS Committee members has continued, and all new employees were taught their OHS responsibilities in orientation and induction training programs before undergoing job specific training and assessment.

**The Health and Safety of our people is our number one priority at Kimberly-Clark Australia and New Zealand and we are always aiming to achieve the highest safety standards and a healthier workplace.**

### Case Study: Achieve and Sustain Zero Fatalities

The Kimberly-Clark Global Sustainability 2015 vision sets the goal to achieve and sustain zero workplace fatalities.

In 2009 and 2010, we moved through the pilot and implementation phases of a Fatality Elimination Strategy.

In 2011, we ran activities based around recognising and reporting sentinel events (those that could lead to a fatality) by promoting the idea that every event reported and controlled is a potential life saved.

- More than 90% of all manufacturing employees were trained by the end of 2011 in how to recognise and report potentially fatal events.
- We launched quarterly communications aimed at raising awareness and promoting actions to learn and prevent potentially fatal events.
- We promoted our 'Who's Counting on You?' program with a new execution called 'Giving Safety a Voice'. During International Safety Week, in October 2011, activities were held across Manufacturing, Sales, Distribution and Corporate Office sites.



### Case Study: South Australian Self Insurance Sustained

Kimberly-Clark Australia and New Zealand is self-insured in South Australia. This allows us to provide better care for our employees while benefiting from reduced insurance premiums.

Self-insurance is a privilege only afforded to those organisations that achieve and sustain effective safety and injury management systems, as well as drive for continuous improvement.

In 2011, Kimberly-Clark's Environmental Health and Safety Management System, which was specifically designed for a complex, high risk manufacturing environment, was extended to an office setting for the first time at our Adelaide Sales Office.

Led by the National Sales Administrator, with support from internal and external Occupational Health and Safety Advisors and Management, the process identified several opportunities for improvements in safety, and led to renewed disciplines around how safety was managed within our Sales Division.



The success of the Adelaide program led to agreement being reached by key stakeholders to roll the program out nationally to all our sales offices during 2012.

This effort, together with Millicent Mill and the Adelaide Distribution Centre, contributed to Kimberly-Clark Australia and New Zealand achieving self-insurance renewal for an additional two year period, commencing July 2011.



# PEOPLE WELLNESS

We continue to value the health and wellbeing of our employees, which supports them to stay healthy and fit for both work and at home.

The Regional Health Consultants team responds to health issues and potential crises such as influenza treatment and prevention information. Programs provided by the team include preventive health screenings, health risk assessments, stop-smoking programs, medical advice for business travellers, immunisations, flu-shot clinics, stress management workshops, and other health improvement programs.

### Employee Assistance Program

The Employee Assistance Program (EAP) is a voluntary, confidential service available to all Kimberly-Clark Australia and New Zealand employees and members of their immediate families.

EAP services are provided by Converge International (known as SEED in New Zealand).

EAPs provide help for our employees when they face problems of a work or personal nature and would like a professional to talk to, such as:

- Relationship problems
- Loss & grief
- Stress management
- Organisational change
- Depression/anxiety
- Drug & alcohol issues.

### Helping our employees care for their families

We provide professional help to our employees finding care for their family members.

We understand that it's often difficult balancing work and family commitments so encourage those who need help sourcing care to take advantage of Family CareLink, an independent telephone information and resource service, which can assist in making care arrangements for our employees' families.

Family CareLink offers information on a wide range of dependent care needs including:

- Childcare facilities including long day care, family day care, before/after school care and vacation care
- Costs of child care including government assistance
- Residential care for older relatives including procedures for accessing care
- Home care services for older relatives including domestic help, community nursing, meals on wheels and local support services
- Services for dependants with disabilities
- How to assess the suitability of services.



Health and Wellness Champion, Head Office



# PEOPLE COMMUNITY

After the launch of the new global Sustainability 2015 framework, we began a thorough review of our Community Care program. We want to ensure that it continues to align with our Global Business Plan and reflects the changing landscapes for both Kimberly-Clark Australia and New Zealand and the communities we serve.

Locally, we've been working closely with our marketing teams to explore new opportunities to align our community partnerships more closely with our brands, thereby ensuring that our future programs remain relevant to our consumers and the Australia and New Zealand market place.

We've also been exploring ways to improve the way we measure and report the value and impacts of our community activity.

## 2011 Achievements

### Objective

1. Achieve engagement of employees in Community Care programs including:

- Payroll giving
- Volunteer leave
- Grants program
- Matched giving.

### Progress

1. ✓

2. Facilitate the engagement of at least one business unit per annum with our community partners to use our resources, business networks and expertise.

2. ✓

3. Increase our total community investment contributions (\$) year-on-year.

3. ✗

## 2012 Total Community Investment Contribution:

Cash	\$574,000
Employee time	\$126,000
Gifts in kind	\$134,000
Management costs	\$149,000
<b>Total</b>	<b>\$983,000</b>

\* Decrease in total community investment contribution due to exiting of CMRI partnership and subsequent reduction in \$ contribution.

## Employee Giving

Our employees make a genuine difference to local communities by donating their time and skills through our volunteering programs. In 2011, our employees logged more than 3,300 hours volunteering and donating to over 50 charities.

For the fifth year running we have seen a significant increase in the number of charities benefiting from our Matched Giving program. This is where the company matches all employee donations dollar-for-dollar. In 2011, 39 charities received over \$47,000 through the Matched Giving program.

This is a huge increase since the program began in 2007. Then, 20 charities received just under \$10,000. What's particularly exciting to see is the breadth of organisations on the list, ranging from some of the largest and most well-known to small locally-based community charities. Payroll giving has increased at the same time, with some employees opting to give to more than one charity through this program.



Consumer Advisory Team volunteering

## Case Study: Team Volunteering

In 2011, a number of our teams took their volunteer leave day together to support their local communities.

The Consumer Advisory Team spent a day helping the Ted Noffs Foundation, a not-for-profit organisation that provides essential services to families and young people dealing with drug and alcohol related issues.

The team sorted donated books in preparation for a fundraiser, and also donated clothes for their opportunity shop.

The Baby and Child Care team spent the day volunteering at the Make-A-Wish Foundation's Special Children's Christmas Party, where over 5,000 underprivileged children from Sydney and country New South Wales came together. The annual party is free for families with children aged between six months and 15 years who have a terminal illness, intellectual or physical impairment, or come from underprivileged situations.

The South Australian Sales team from the Consumer, Professional, Health Care and Personal Care Divisions joined forces at Foodbank's South Australian warehouse to pack Christmas hampers for families in need. In the typical competitive spirit of salespeople when they get together, the team packed a massive 405 hampers in record time.

Our New Zealand team contributed to the largest ecological restoration endeavour in New Zealand on Motutapu Island. They weeded, cleared branches and old rabbit fences, cleaned sheds and prepared seedlings for the 2012 planting season. With the restoration of the Island's natural heritage, Motutapu is poised to become both a wonderful wildlife sanctuary, as well as New Zealand's largest island conservation park.

**"Volunteering at the Ted Noffs Foundation made me feel like part of a community, and I came to realise that no great skills are required to be a volunteer. Just a friendly smile and a willingness to help in any way can make a big difference to self-funded organisations."**

Team Leader, Karen Bay.

# PEOPLE COMMUNITY

## Partnerships

### Foodbank Australia

Since 2006, we've been a proud supporter of Foodbank Australia, a not-for-profit, non-denominational organisation that sources and supplies food and other grocery items, including our own essential products, to over 2,500 charities and community groups who help people in need.

The items go to hostels, shelters, drop-in centres, home hampers and emergency relief packages.

In 2011, we were quick to respond to the Queensland flood crisis by donating 5,204 cases of essential products like nappies, toilet paper and feminine care products to families in need.

We also participated in Foodbank Australia's Bridge the Hunger Divide campaign on World Food Day on October 16. The campaign raised awareness of the issue of hunger in Australia, highlighting the fact that one in ten Australians don't have enough to eat. To catch the attention of the 53,000 people who walk through Circular Quay each day, Foodbank built an eye-catching model of the Sydney Harbour Bridge, made up of food and essential products donated by Kimberly-Clark Australia and other corporate supporters.



Kleenex® Cottonelle® Brand Manager at the launch of Foodbank's 'Bridge the Hunger Divide' campaign.

This has involved contributing to the salary of a scientist in the Embryology Research Unit, Dr David Loebel, who's working to identify key genes involved in human development and how congenital abnormalities might occur in babies.

We are proud to have also played a large part in CMRI's major fundraising initiative, Jeans 4 Genes® Day, through cross-promotional activities with the Huggies® brand and Kleenex® brand, as well as internal fundraising activities with employees.

Our support has also extended to supplying CMRI with goods in-hand for their laboratories, as well as financial support for special projects including the CMRI promotional video, Difficult Questions.



### Children's Medical Research Institute (CMRI)

As a result of the review of our Community Care program and the shift in focus to brand-led programs, we have decided to complete our eight year partnership with CMRI, negotiating a multi-year exit strategy that will see the partnership end by 2013.

Over those eight years we have donated more than \$1.1 million to this world-leading independent research institute dedicated to discovering how to prevent or treat birth defects, and also diseases such as cancer, epilepsy and a range of genetic disorders.

A major component of the partnership with CMRI has been the Kimberly-Clark Research Fellowship.

## Good Corporate Citizenship

We pride ourselves on being generous supporters of Australian charities and caring for those in need. In the past year alone, we've responded to over 1,250 requests for donations, financial support and product donations through our Community Care program.

### Case Study: Disaster & Emergency Relief

#### Queensland Flood Crisis

We understand that providing the essentials for a better life means being there when people need us most.

In early 2011, we were the first to respond to the flood crisis in northern New South Wales and south east Queensland, working closely with Foodbank and our logistics partners to ensure our essential products were delivered to the areas worst affected.

Toowoomba radio station 4GR made a special call to Kimberly-Clark Australia in response to a shortage of supplies in the Lockyer Valley region, alerting us to the fact that people were still in desperate need of products like nappies and toilet paper.

With Foodbank unable to take more products due to their own flooded warehouse, we responded to the call from 4GR and worked with them to deliver our products directly to the people in need. The region's four evacuation centres, including the seriously affected areas of Condamine, Miles, Heilton and Gatton, received products like Wondersoft® toilet tissue, Kleenex® facial tissues, Thick and Thirsty® paper towel, Snugglers® nappies, Huggies® Baby Wipes, U by Kotex® products and Poise® products.

Later in the year, Queensland Premier Anna Bligh recognised the generous support and donations made by a number of large corporations at a ceremony held at Foodbank's Queensland warehouse in Morningside. Kimberly-Clark Australia was singled out and congratulated by the Premier and Foodbank Australia CEO John Webster for being the only organisation to deliver stock before the official call for help went out.

We donated a total of 5,204 cases of essential products to Foodbank amounting to a dollar value of \$121,285. We also raised an additional \$16,000 by matching all employee donations dollar-for-dollar to registered charities supporting the disaster.

#### Christchurch Earthquake

When the February 2011 earthquake hit Christchurch, our New Zealand team was quick to ship \$26,000 of Huggies® nappies and wipes, Kleenex® Cottonelle® toilet tissue and U by Kotex® products to the affected region.

As our long term partners Plunket were also in crisis mode relocating families and staff, we distributed products via the City Mission, New Zealand College of Midwives and the Christchurch Food Bank. Once Plunket had re-established itself in the main provincial towns throughout the South Island, we were also able to donate products via its centres.



Trucks stocked and ready to go at the Brisbane Distribution Centre





# PLANET

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# PLANET OVERVIEW

We're committed to reducing our environmental impact and helping our customers and business partners do the same. The clear and measureable goals set out under PLANET demonstrate our commitment to protecting natural resources.



Millicent Mill employee

From an environmental perspective, our most material site is Millicent Tissue Mill, followed by Albury Nonwoven Mill and Ingleburn Nappy Mill. Each of these sites has in place a robust Environmental Health and Safety Management System (EHSMS). All three of our manufacturing sites have an Environmental Coordinator who administers the site's environmental procedures and planning targets to ensure we meet all requirements.

These comprehensive procedures help us achieve ISO 14001 certification at our Millicent and Albury Mills, as well as fulfil our corporate environmental policy at all sites. However, our responsibility to protect the environment doesn't stop at our own sites.

We are striving to drive best practice throughout our supply chain, and we take a lifecycle approach to our responsibilities. For this report, we focus on our material impacts – fibre, greenhouse gas emissions and energy efficiency, water and waste.

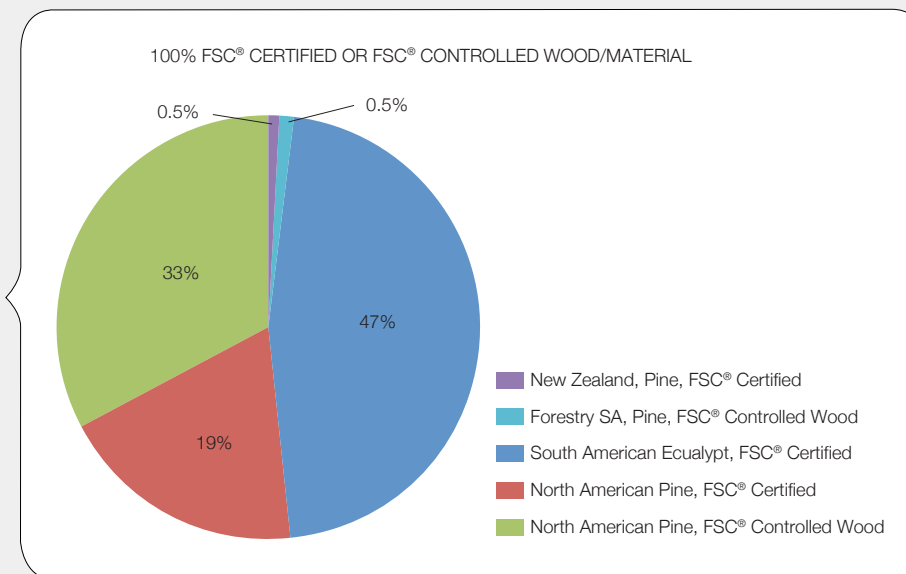
You can view Kimberly-Clark's corporate environmental policy at: [www.kca.com.au](http://www.kca.com.au)

# PLANET FIBRE

In 2011, Kimberly-Clark Corporation put in place a goal that 100% of its wood fibre will come from certified suppliers by 2015. In Australia and New Zealand, we are working to achieve this global goal sooner.

Kimberly-Clark Corporation is the largest tissue manufacturer in the world. Kimberly-Clark's global fibre procurement policy was developed in discussion with stakeholders, including Greenpeace and WWF.

In October 2010, Kimberly-Clark Australia and New Zealand achieved FSC® Certification Chain of Custody at the Millicent Mill. At the end of 2011 we announced the closure of our Tantanoola pulp mill. This means we'll now import 100% FSC® certified or controlled wood, including Tasman Kraft pulp that will be sourced from New Zealand.



## Global Forest and Trade Network® (GFTN®)

We're a proud member of WWF's Global Forest and Trade Network® (GFTN®). The GFTN® promotes responsible forest management and trade to reduce the impacts of the pulp and paper sector and conserve the world's valuable and threatened forests.

### Elimination of Illegal Timber Products

We teamed up with businesses (including Bunnings and Ikea) and NGOs (including Greenpeace and WWF) to launch a new 'Common Platform' for the elimination of illegal timber products in Australia. It outlined 11 key elements essential for effective legislation, and urged the government to introduce laws that would put a stop to illegal timber products being imported and sold in Australia. We've also been active in advocating an end to the importing of illegal timber products to Australia and New Zealand due to the impact these low cost, unethically obtained products have on our ability to compete.



# PLANET FIBRE

## Protecting Forests

**The Forest Stewardship Council (FSC®) Australia Awards recognise organisations that exemplify the spirit and intent of the FSC® certification system, the world's most rigorous environmental and social standard for responsible forest management.**

In 2011, Kimberly-Clark Australia was the winner of the FSC® Large Chain of Custody Operation of the year for our contribution in driving awareness of the importance of buying and sourcing products made of fibre from responsibly managed forests.

We were also a finalist in the FSC® Australia Awards Responsible Procurement award category, which recognises our commitment in ensuring our supply chain sets the standard for ethical fibre sourcing.

In June 2011, we held a sustainability event at our head office in Sydney. Gilly Llewellyn, Director of Conservation WWF Australia, presented to around 200 Kimberly-Clark employees, as well as the media, customers, NGOs and stakeholders, about the importance of increasing consumer awareness of FSC® accreditation. Gilly congratulated Kimberly-Clark Australia and New Zealand on leading the way in promoting FSC® and responsible forest management via our tissue products.



Kleenex® Cottonelle® toilet tissue campaign

### Case Study:

In August 2011, the Kleenex® Cottonelle® brand launched a large scale marketing campaign to promote our partnership with WWF, and our involvement in the 'Love Your Forests' campaign which promoted the FSC® certification to consumers.

The marketing campaign aimed to help people realise that small choices, like the brand of toilet tissue they purchase, can help protect the world's forests. This was supported by a television commercial showing the Kleenex® puppy watching television footage of orangutans in their natural habitat with the voiceover: "A toilet tissue that won't wipe away his environment. Choose FSC® certified Kleenex® Cottonelle®."

The FSC® logo was alongside WWF's 'Love Your Forests' logo on packs, and additional promotions were rolled out to educate mums and grocery buyers about the importance of choosing tissue based products with the FSC® logo.

Post campaign research indicated that the Kleenex® toilet tissue campaign would have reached every Australian at least once.

Due to the success of the first phase of the campaign, the Kleenex® Cottonelle® brand team will roll out phase two of the marketing and promotion program in quarter two of 2012.

# PLANET GREENHOUSE GAS EMISSIONS & ENERGY EFFICIENCY



Environmental Coordinator, Millicent Mill

**As an Emissions Intensive/ Trade Exposed (EITE) operation, greenhouse gas reduction is critical to our tissue operations, as well as being important for other sectors due to the rapid rise in energy costs.**

We reduced our greenhouse gas emissions this financial year by 7%, based on National Greenhouse Emissions Reporting data. As a demonstration of our commitment to sustainable manufacturing in Australia, we announced a planned \$30 million investment in the construction of a cogeneration facility at our Millicent Mill. This is expected to be completed by 2013 and to reduce the Mill's carbon dioxide emissions by approximately 30% per annum. These results will assist Kimberly-Clark Australia and New Zealand to exceed our global Sustainability 2015 goal of an absolute reduction of greenhouse gas emissions by 5% from 2010 levels.

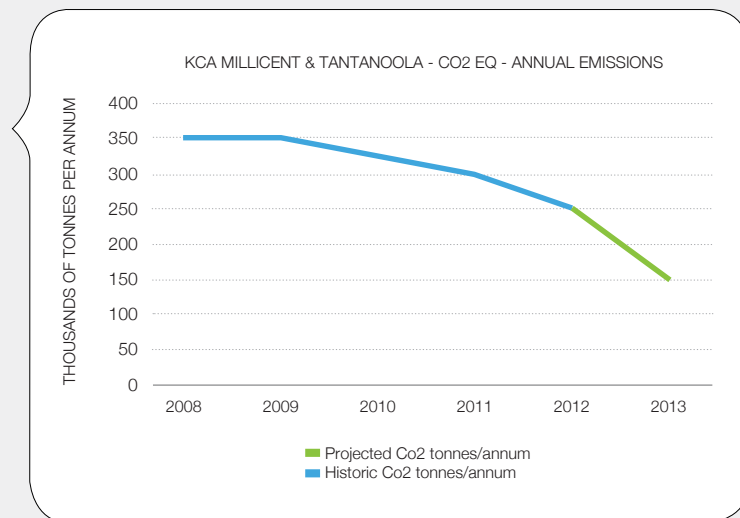
**"We reduced our greenhouse gas emissions this financial year by 7%"**

The cogeneration facility will also assist us in reducing our carbon liability, which is proposed under the federal governments Clean Energy Bill to take affect from 1 July 2012. We have also formed an integrated Clean Energy response team which comprises representatives from across the business and are working to streamline National Greenhouse Emission Reporting (NGER) procedures across the business.

Each of our three manufacturing sites has energy efficiency targets based on best-in-class benchmarks for each manufacturing process. These are combined with facility production levels and are reported each quarter to the global sustainability team through the Kimberly-Clark Sustainability Database.

# PLANET GREENHOUSE GAS EMISSIONS & ENERGY EFFICIENCY

**Millicent Mill: Tissue**  
The cogeneration facility that will be installed will provide steam, electricity and drying capability for the Mill's operations, and will result in state-of-the-art energy efficiencies and significantly reduced greenhouse emissions.



**Investigating Further Efficiencies**  
A feasibility study was undertaken on the machine used to make *Kleenex*® Facial Tissues and some of our Kimberly-Clark Professional products. We wanted to investigate whether running the machine using optimal gas firing would significantly reduce gas usage. The study revealed that we can achieve a possible gas reduction of approximately 5% and annual savings of approximately \$50,000 when the project is implemented. As a result, we're now moving to the next stage to enable an engineering design review to be conducted.

**Energy Savings at Head Office: Milsons Point**  
In 2011, our head office in Sydney was given a facelift. This included replacing the old lighting fixtures with energy efficient globes, and installing sensor lighting to reduce energy consumption.

IT Services consolidated the Milsons Point Data Centre of over 20 physical servers into just five servers, using virtualisation software. An analysis of the data centre cooling and airflow was also completed. This project reduced energy consumption significantly. We are now exploring our eligibility for the NSW government Energy Saver Certificates.

Similarly, IT Services replaced our Uninterruptable Power Supply (UPS) equipment that was made up of ten units with a single room based system made up of only one unit. The new UPS solution has a ten year life span compared to the old system's two year life span, and significantly reduces our electronic waste. It is also expected to use 20% less energy with cost savings of around \$10,000 per annum.

**Ingleburn Mill: Nappies**  
Ingleburn Mill continued its focus on energy conservation and creating efficiencies. It has maintained the trend of year-on-year reductions with savings of approximately 8% against energy usage in 2010. Ingleburn Mill's energy usage is predominantly electricity and gas, and it is significantly smaller than that of the Millicent Mill.

In 2011, a \$28 million investment was announced to install a new production line to allow the local manufacture of disposable pants. On completion, this may see a future rise in energy consumption at Ingleburn Mill due to increased production capacity.

**Lighting Project**  
A lighting project was implemented to replace 400 watt High Bay Metal Halide lamps with 250 watt High Bay Induction lamps in the Mill's warehouse, production and service areas. The project reduced energy usage by 1,218,000 kWh per year and the Mill's carbon footprint by 1.084 tonnes of CO2-e. These resulted in monetary savings of \$120,000.

**Albury Mill: Non-woven Fabric**  
The Albury Mill manufactures our non-woven fabric products. These include fabrics found in *Huggies*® nappies, fabrics for medical applications (including *KIMGUARD*® Sterile Wrap), and fabrics for the *VIVA*® Clever Cleaning range.

In 2011, we announced a \$6.5 million investment in the Albury Mill to expand its capability to make innovative products, but also reduce carbon emissions. In 2011, we commissioned a gas fired heating system that's unique in Australia. It will replace the current electric system, and result in significant energy savings.



Ingleburn Mill employee



# PLANET WATER

**Water scarcity continues to be a serious global challenge. To date, our key focus to tackle this problem has been on effective management of the quantity and quality of the wastewater from the Millicent Mill.**

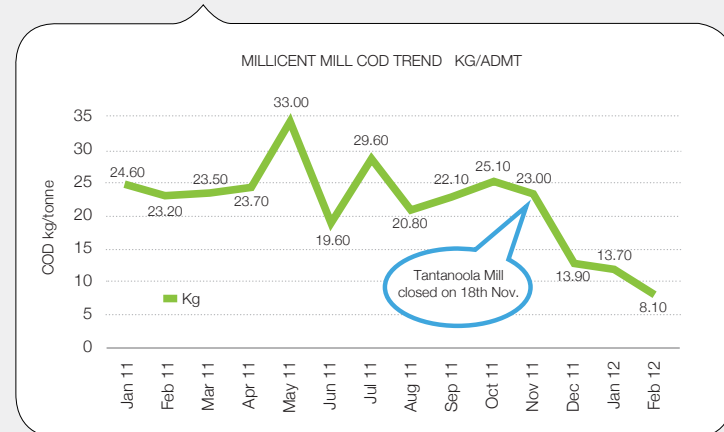
At Millicent, we use advanced technologies, including primary and secondary treatment, to achieve high standards of wastewater quality. Once treated, wastewater then goes into Lake Bonney with approval from the South Australian Environmental Protection Authority.

The closure of the Tantanoola Pulp Mill at the end of 2011 will have a significant impact on the quantity and quality of the wastewater discharged from the Millicent Mill. It is forecasted that in 2012 the number of aerators and ponds required to process wastewater will reduce significantly, from ten to one aerators in Pond One and four to zero aerators in Pond Two. Energy savings are estimated to be in the proximity of 7.3 million kWh per annum in electricity. This equates to savings of around \$250,000.

In addition, the closure of Tantanoola Pulp Mill will also see significant reductions in phosphorous levels in effluent water. This should result in biodiversity benefits to Lake Bonney, as well as significant reductions in Chemical Oxygen Demand (COD).

From January to December 2011, COD levels have already been reduced by approximately 56% with a trajectory of further reductions into 2012.

Refer to graph below:



**Phosphorous, Lake Bonney, SA**

Phosphorus is a key nutrient for algae growth. Over time, levels in Lake Bonney South East have supported high concentrations of algae, which limits biodiversity within the lake. However, over the past few years there have been significant reductions in the phosphorous levels of Millicent Mill's wastewater, and biodiversity of Lake Bonney has significantly improved.

# PLANET WASTE

**A vital part of our sustainability effort is finding ways to minimise waste, both from our manufacturing mills and our offices. We also recognise our responsibility to both consumers and customers to manufacture and package our products with minimal waste at the disposal stage.**

*Please note, activity related to product stewardship or post-consumer waste is covered under the 'Products' section.*

## Manufacturing Waste

Our goal is to have zero manufacturing waste go to landfill by 2015.

In Australia, we currently divert 95.2% of all our manufacturing waste from landfill. Specifically in 2011:

- Albury Mill diverted 99.8% of waste from landfill
- Millicent Mill diverted 96.8% of waste from landfill
- Ingleburn Mill diverted 89% of waste from landfill.

Each mill has in place specific initiatives and strategies to reduce manufacturing waste.



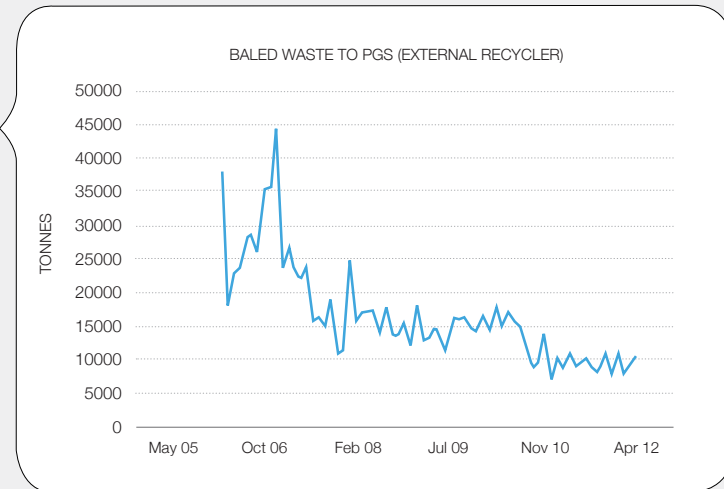
Tissue manufacturing offcuts

# PLANET WASTE

**Albury Mill:** Albury Mill has been doing an outstanding job diverting waste from landfill for some years now. In 2011, for every tonne of polymer recovered internally at Albury Mill, we saved a tonne of virgin polymer. This reduced our non-renewable resource usage and resulted in cost savings of over \$1.2 million. This was achieved through initiatives such as regranulating left over non-woven fabric from grade changes, scrapped rolls and start-up rolls and feeding it back into the production line. Any non-woven material which can't be recovered at the Albury Mill is baled and sent to an external polymer recycler.

We also have programs in place to remove leftover fabric from material cores so they can be reused. Stretch wrap and other polyethylene film is collected from raw material packaging, baled and then sent to an external recycler, along with damaged cores, cardboard cartons and cans.

Efforts to reduce overall waste, combined with improvements to the internal recycling of waste, has reduced the need for the Albury Mill to sell waste externally for recycling. The graph opposite illustrates this:

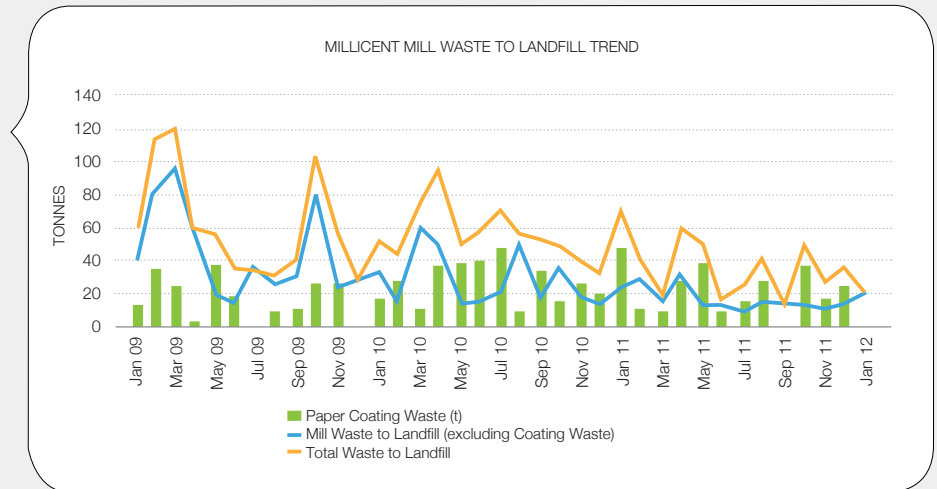


Reggranulated Polymer



Removing material from cores

**Millicent Mill:** The Millicent team has been able to reduce the amount of waste sent to landfill by 41% since 2010.



Millicent Mill formed a Green Team in 2008 with the ambitious plan of reducing the Mill's landfill waste to zero. The team, made up of representatives from departments across both Millicent and Tantanoola, has been working hard to identify waste streams that still go to landfill, as well as classifying what can be concentrated, collected and potentially recycled, or otherwise used as a secondary material.

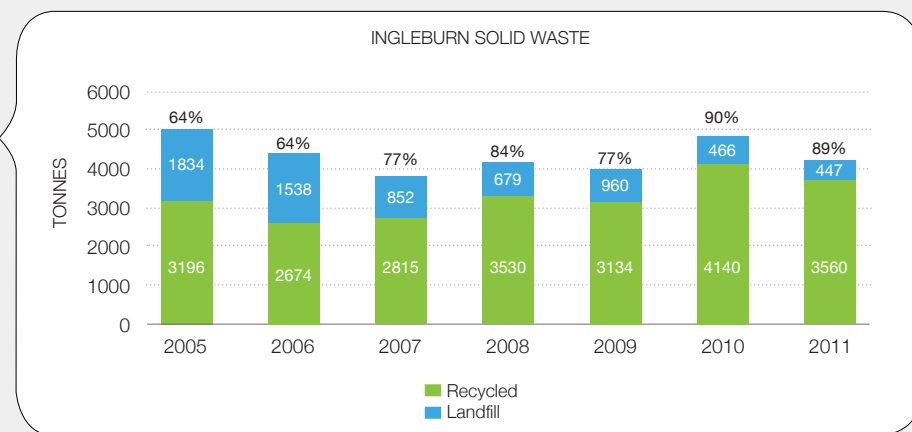
In 2011, Millicent Mill's Green Team rolled out a project to divert Aloe Vera lotion, which is used to manufacture *Kleenex*® facial tissues, from landfill. Previously the lotion was collected in plastic bin liners, then disposed in landfill using steel drums. Plastic bin liners were replaced by compostable bags, and trials with a local Mount Gambier business to compost this waste stream were established. These trials were successful and Millicent is now diverting 15,000 tonnes per annum of waste from landfill and saving approximately \$25,000 per annum in disposal costs. This is a good result, both from an environmental and economic perspective.



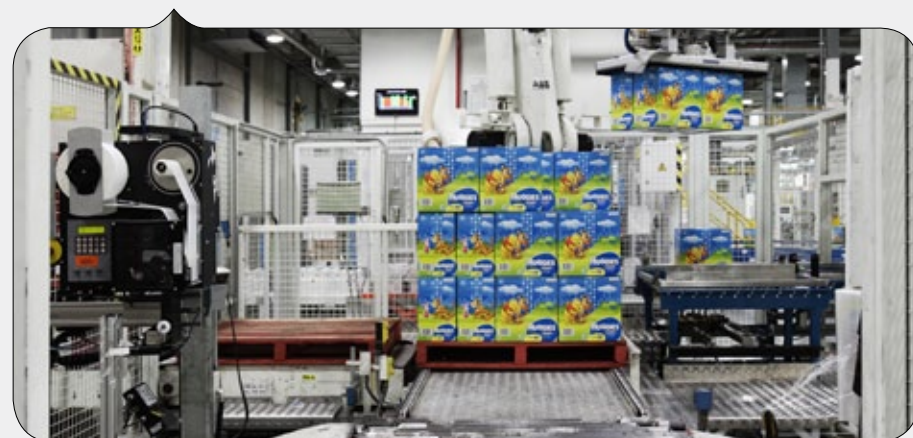
# PLANET WASTE

**Ingleburn Mill:** Ingleburn has focused on reducing manufacturing waste to landfill since the Nappy Reclaim Facility was first installed back in 1997. The Reclaim Facility processes rejected nappies from the production lines and recycles them on-site back into new nappies. On average 1,100 tonnes per annum of fluff and super-absorbent material (called SAM) are recovered from reject nappies and fed back into nappy production.

In addition, a number of other recycling initiatives have been rolled out. These include improving recycling of rolls that hold fabric and material, stripping the core of material so they can be recycled and most recently, implementing an initiative to recycle SAM bags. In 2012, Ingleburn Mill plans to continue to focus on improving waste segregation.



Ingleburn Mill employee



**Office Waste:** While office waste makes up only a small percentage of our overall waste, it's still an important focus.

In 2011, we recognised an opportunity to improve the way our point-of-sale (POS) material moves from production and storage through to distribution. Our Consumer Sales team identified that we had over 1,300 pallets of POS and trade marketing material in storage, equating to an average of \$5,649 a week in costs. A project team was established to recycle a significant amount of obsolete POS material and stock. They also worked to develop a storage fee forecasting tool that compares and calculates storage fees and production costs. This new tool will reduce costs and material usage.

We laid the foundations to provide our Australian sales force with iPads, and trialled applications to increase team communication and efficiency. The iPads will be rolled out in January 2012. With the majority of communication now being digital, it will no longer be necessary to print sales and marketing information on a weekly basis. This is expected to significantly reduce paper usage.

The Australian Finance Team, in collaboration with Kimberly-Clark South Asia, rolled out two highly successful projects that increased efficiency while reducing paper consumption and cost. They recognised an opportunity to improve an existing financial process that consisted of several stages of printing. A new journal entry process was established and rolled out across Australia and the region. This increased efficiency and significantly reduced paper usage.

In 2012 we plan to focus on separating office waste streams in order to increase recycling and recovery, and to divert waste from landfill. This is particularly important as the organisation moves closer to achieving our zero manufacturing waste-to-landfill goal.





# PRODUCTS

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# PRODUCTS OVERVIEW

At Kimberly-Clark Australia and New Zealand, we're proud of leading the world in essentials for a better life.

Essentials such as the best wipes and nappies for your precious baby, the most advanced health care devices and supplies when you're in hospital, and the very highest quality tissue and washroom products whether you're at home, on a plane or in a 5-star hotel.

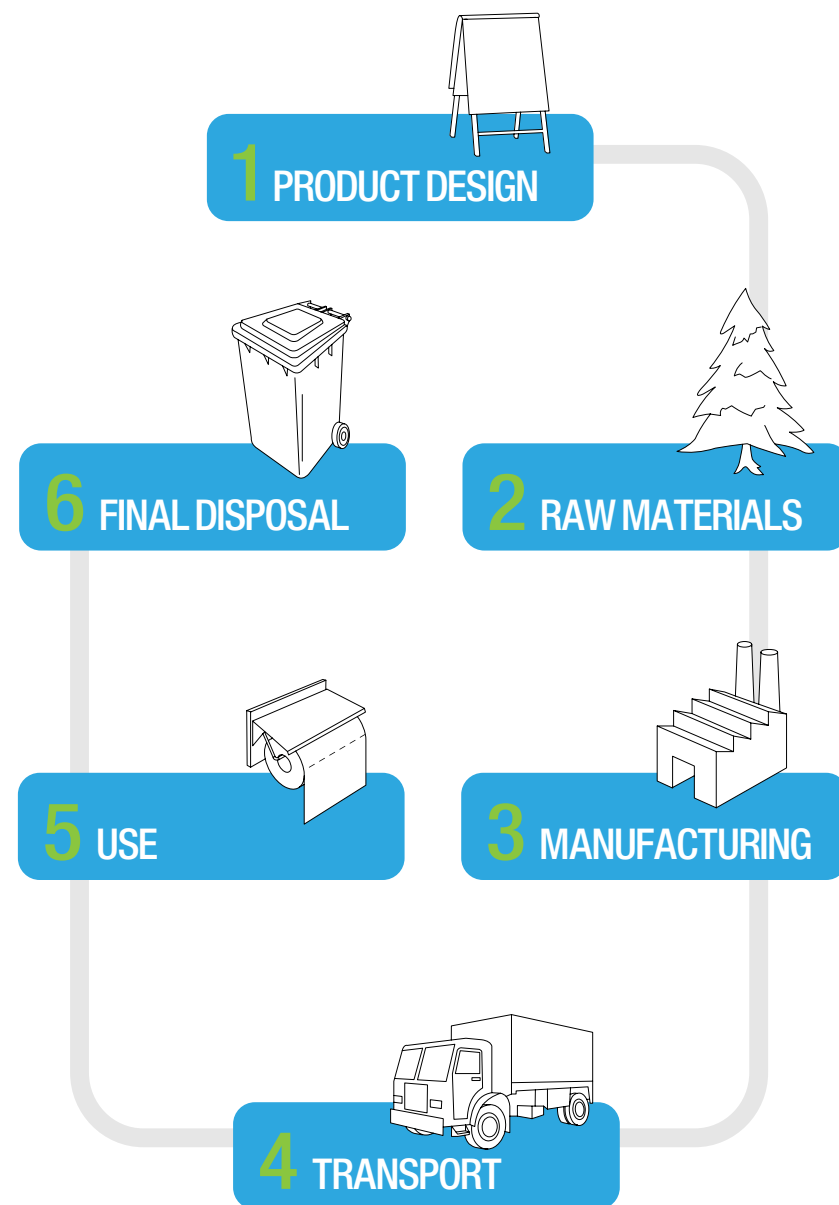
We both welcome and value feedback on our products via our Consumer Advisory Service.

However, our aim isn't just to provide essential products for a better life. We also want to protect those essential elements that make our lives better.

We recognise that many of our products are designed for single use, so we take a lifecycle approach to them. We start by looking at product design and raw material usage, then at manufacturing, and finally at product use and disposal. We have proactively established a number of programs that focus on diverting our products from landfill, and we continue to develop and expand these programs, as well as look at new ones.

We also realise the difference our well-loved brands can make to the community. We've launched a range of community initiatives that are meaningful to our consumers like the *Huggies® MumInspired®* Grants Program that helps mums launch their innovative business ideas, the *U by Kotex®* Schools Education program that provides teachers with the tools to teach teenage students about puberty, and the *Kleenex® SneezeSafe®* program delivering respiratory hygiene lessons to school children.

Kimberly-Clark Australia and New Zealand lifestyle approach to products.



# PRODUCTS CONSUMER ADVISORY SERVICE

We take great care to ensure the high quality of all our products. We routinely screen all the materials we use via a specialist review process prior to selection, and we continually monitor our consumer data for any potential issues and opportunities for product improvement.

See how far we've come in 2011:

### Aspirational Objective

- To ensure that more than 90% of the consumer product issues highlighted through our Consumer Advisory Service are resolved, and that these consumers continue to use and recommend Kimberly-Clark products.
- For more than 95% of our consumers to rate their experience as 'excellent' or 'very good' when they seek assistance from our Consumer Advisory Service.
- To respond to all consumer email contacts and enquiries promptly. To have a total of less than two days worth of outstanding emails per month.

### Progress

- In 2011, the 90% target was achieved for all of the 12 months. In total, 97% of consumers who contacted us to resolve an issue advised they would continue to use our products, and said they would recommend our products to others.
- 97.6% rated their overall experience 'excellent' or 'very good' in 2011.
- We achieved our target for nine out of twelve months, with an overall average of 2.5 days.

### Continuous Improvement

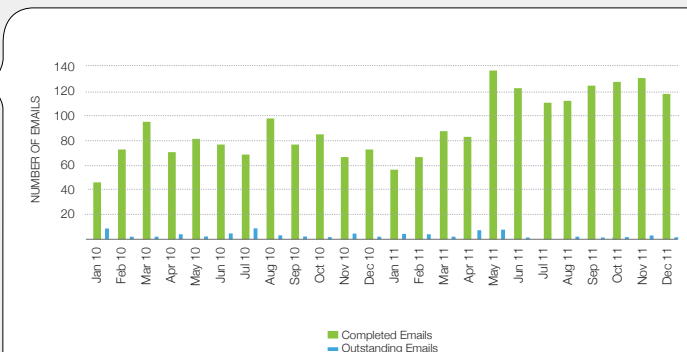
Since 2010, our Consumer Advisory Service has called on their North America counterparts during busy peak times to ensure that our consumers receive a timely response to their feedback or enquiry.

As a result of the success of this process, the decision was made for all Australian emails, including all product, technical, donations and promotional enquiries, to be processed by the North American team. We have already seen the results of this from our consistent email response times, and we will continue to achieve our 48 hour response target.

Consumer Satisfaction Survey Results 2011

How would you rate the overall experience when you contacted Kimberly-Clark?	Percentage
Excellent	77.8%
Good	19.8%
Fair	2.3%
Poor	0.1%

Consumer Response Time



Key consumer issues are identified through routine quality reviews by each of our business divisions. This includes reviewing all consumer data. A resolution plan is then devised and integrated into the product development plan.

# PRODUCT CONSUMER ADVISORY SERVICE

What our customers say about us:  
(Verbatim feedback provided to our Consumer Advisory Service).

## Essential Feedback

**“Thank you very much for your excellent service and for responding quickly. I have continued to use your products and look forward to using your nappies for our new baby due in February. I have continued to use your nappies for our 16 month old daughter and couldn’t be happier. I recommend them to everyone who uses a different brand and even give them a nappy to try. Most have also changed over to your products. Thank you once again.”**

**“As a family we are very happy with the quality and service from the Huggies® range. Definitely recommend to family and friends. The service we have received has been above our expectations.”**

**“I am not normally one to complain. After a little apprehension I rang and found your representative was extremely helpful, efficient and friendly. Thank you.”**

**“Thank you kindly for your kindness and for listening to my problem, I appreciate all you have done and the support from the beautiful lady in customer service I spoke to. I did not expect you to send me rolls of 1,000 sheet Delsey® toilet tissue. I truly appreciate it and, as I said, I have been buying this product for over 20 years. My husband and I reckon it’s more like 30 or more.”**

**“Thank you for the speedy return on faulty product. I found the experience positive. Thank you for supplying Australian quality products.”**

**“Prompt response and replacement of product, which was a lovely surprise. I just think your brand is just the best and I don’t use any other. Thank you for the complimentary products.”**

**“I have a 12 week old little boy and have only used Huggies® nappies, and I do not intend to try anything else as I feel they are the best quality around. When calling to advise of a fault, the lady who looked after me was polite and looked after me in timely manner. After this I feel you provide the best customer service.”**

**“I am very happy with Huggies®. I enjoyed the reassurance that I was able to give feedback without feeling silly or crazy. There was genuine concern for the problems I incurred. Even though no fault was found in the product, I was supplied with a replacement and assured it was fully investigated. I didn’t realise, until looking at the picture above, how many of your products I use! Wow! Thanks.”**

**“I reported leakage overnight on newborn nappies, but I was just after advice really. I was provided with the advice and sent a larger-size nappy to try and found that it worked very well. My faith in Huggies® is renewed. Thank you.”**

## When consumers talk, we listen.

In 2011 we proved the power of consumer feedback when calls to our Consumer Advisory Service rapidly escalated following a change made to the dispensing method of Kleenex® Cottonelle® Flushable Wipes.

Our Consumer Advisory Service started monitoring the feedback after we changed manufacturers from a Korean base to a local base in Melbourne. At the same time we implemented a new dispensing method.

After a series of calls from loyal consumers who found the new dispensing method difficult to manage, our new manufacturer conducted a successful trial of the original method. As a result of this, Kleenex® Cottonelle® Flushable Wipes are now dispensed as they were before while also being manufactured locally.

Our Consumer Advisory Team has since advised consumers of the change that was a direct result of their valuable feedback, and we have therefore been able to maintain brand loyalty.



# PRODUCT PACKAGING

## Kimberly-Clark Australia and New Zealand is a signatory of the Australian Packaging Covenant (APC), and we adhere to its supporting Sustainable Packaging Guidelines.

These guidelines aim to ensure the efficient use of resources and to reduce the environmental impact of packaging without compromising either product quality or safety. We are also a signatory to the New Zealand Packaging Accord, which operates under similar principals to the APC.

In 2011, we prepared and submitted our updated five year APC plan. This is reviewed and updated every year and involves monthly meetings with each of our key packaging suppliers for Australian produced products.

We have a strong history of improving and reducing our packaging so that we lessen its impact on the environment and reduce the use of non-renewable resources. We continue to push both ourselves and our suppliers to develop the next wave of innovative packaging materials.

We’ve seen a reduction in packaging weight on Huggies® and Snugglers® nappy bags, Kleenex® Cottonelle® and Wondersoft® toilet tissue, VIVA® and Thick & Thirsty® paper towel film, corrugated boxes, laminated boxes, bath tissue packaging and Kleenex® facial tissue cartons.

Approximately 90% of all our packaging is recycled. The majority of packaging materials by weight are carton board, corrugated board and film, all of which are recycled from the back of retail outlets and the kerbside.

We improved the palletisation system to increase the number of cases per pallet under most of our product codes. The project successfully exceeded our objective of increasing line speed and efficiency, with additional improvements that resulted in cost savings of almost \$250,000.

Our packaging team also designed and implemented Shelf Ready Shippers for the Adult and Feminine Care division in line with APC commitments.

We worked closely with our retail customers to meet their different requirements and shelf sizes. The results of this project included:

- 5% less pallets to manage the same product volume
- Reductions in packaging and over costs minimised.

100% of Millicent and Albury Mill’s on-site packaging waste is recycled, and approximately 77% of Ingleburn mill packaging waste is recycled.



# PRODUCT RECYCLING

Kimberly-Clark Health Care provides the highest quality products to healthcare facilities and professionals. These products, like KIMGUARD\* Sterile Wrap, protect people in hospitals against the spread of germs and healthcare acquired infections.

In March 2011, the Health Care team launched a new recycling program in partnership with SITA-MediCollect. To date, the program has been successful in achieving a 25% uptake and over 54 tonnes of KIMGUARD\* Sterile Wrap has been recycled within just nine months.

The process involves SITA-MediCollect collecting used, clean and uncontaminated KIMGUARD\* Sterile Wrap and ONE-STEP\* Sterile Wrap for recycling. Once collected and treated, these wraps are then recycled and turned into polypropylene pellets.

These are used to make useful items like buckets, rain drains and corrugated packaging. The objective is to continue to grow this recycling program into 2012 and beyond, and to look at additional ways we can partner with hospitals to reduce their environmental footprint.



The program has to date been successful in achieving a 25% uptake within 9 months and over 54 tonnes of KIMGUARD\* Sterile Wrap recycled.

To find out more about the program or sign-up, visit [www.au.kchealthcare.com](http://www.au.kchealthcare.com)

# PRODUCT DISPOSAL

## Nappies and Adult Incontinence Products

We are working with a variety of stakeholders to find alternative solutions to disposing nappies and incontinence products via landfill.

Huggies® nappies, Poise® Light Bladder Leakage and Depend® incontinence products are comprised of cellulose fibre, which typically amounts to approximately 50% of the product (or more in the case of some adult incontinence products). Cellulose fibre is readily biodegradable.

The main challenge for composters and recyclers when processing these products is their plastic component. Globally, we're undertaking research and development into alternative types of plastics derived from renewable sources. We're also working to overcome challenges that currently exist around these materials, such as supply and cost.

In the meantime, in Australia and New Zealand we're exploring options to divert nappies from landfill with promising results.

## NSW Composting Trial

In 2011, Kimberly-Clark Australia and New Zealand partnered with the NSW Office of Environment and Heritage and Lake Macquarie Council to undertake a nappy composting trial.

The focus of the trial is to determine the feasibility and costs of composting nappies with food and green waste using Open Windrow Composting.

The results of the trial are expected in early 2012 and will help contribute to the research and information publicly available to all stakeholders with an interest in diverting nappies from landfill.

Cellulose fibre is readily biodegradable.

# PRODUCT DISPOSAL

## Huggies® Nappies and EnviroComp, New Zealand

Back in 2009, the Huggies® brand in New Zealand saw an opportunity to support local entrepreneur Karen Upston's EnviroComp business. EnviroComp is focused on diverting nappies from landfill by using the advanced technology of HotRot Organic Solutions, a range of composting systems.

Three years on, the EnviroComp business was purchased by International Services Company OCS Ltd, and in November 2011, we signed a global agreement giving us the right of first refusal to sponsor OCS's EnviroComp composting facilities as they're installed around the globe.

Installation of a second EnviroComp plant in the Wellington region with a \$700,000 grant from the New Zealand Government's Waste Minimisation Fund is well underway. There are also plans to establish facilities in the USA and Costa Rica.

The Huggies® brand New Zealand sponsorship of Envirocomp, as well as Kimberly-Clark Corporation's global agreement with International Services Company OCS, demonstrates our commitment to finding a solution to diverting nappies from landfill. The Huggies® brand in New Zealand has also supported Envirocomp

in marketing campaigns. This has helped raise consumer awareness of the nappy composting facility while informing them of other ways of disposing of used nappies.

Within its first year of operation, the facility exceeded its business plan, processing more than 15,000 nappies a day, and mixing them with green waste supplied by the local councils. This has resulted in compost that's suitable for commercial gardening or landscaping.



“Plans are underway for installing a second EnviroComp plant in the Wellington region with a \$700,000 grant from the New Zealand Government's Waste Minimisation Fund.”

# PRODUCT SOCIAL RESPONSIBILITY

## Huggies® MumInspired® Grant Program

With 40% of Australia's mums with children aged up to four in our Huggies® Baby Club, we pride ourselves on understanding the needs of mums.

In 2011, we launched the Huggies® MumInspired® Grant Program after discovering that 70% of Australian women think more about pursuing a business idea after they become mums, and that the main barriers to starting their own business include limited access to finance, increased living expenses, and a fear of failure. The Huggies® MumInspired® Grant Program was launched to help overcome those barriers by awarding a total of \$110,000 to five 'mumpreneurs' to help them start or grow their business. The program was a huge success and received over 1,100 entries.



### Winners:

**Hearinghenry:** Two simple, yet innovative, products that help hearing-impaired children's hearing devices stay firmly in place. The hearinghenry hat holds hearing aids in place, and the hearinghenry headband secures the Cochlear Implant – another Australian invention.

*“Without the Huggies® grant, I wouldn't have had the funds to start my business. The initial set-up costs were prohibitive, particularly the website. Now that the business is going, it should be self-sufficient. It may not provide much in the way of profits, but it will sustain itself. That is all I need. I am excited that Huggies® have given me the opportunity to get this off the ground, and I want you to know that many mums who are going through a difficult time with a deaf or hearing-impaired baby will benefit from your MumInspired® program.”*

**Sleepy Wings:** An infant slumber wear jacket that's worn during baby's day and night sleep, enabling them to sleep in their natural and preferred position. The garment keeps baby's neck and chest clear of hazards and overheating, and also prevents babies from scratching their delicate skin. The product is designed to mimic the swaddling method, but without all the layers of muslin wrap.

*“The Huggies® MumInspired® program has made the world of difference to me, given me the exposure and given me the funds to take my products further.”*

### Discretion by Gina:

A breastfeeding bra designed so that mums feel confident and comfortable when feeding their baby. The bra has two layers to prevent the whole breast from being exposed, with an inner cup providing support and covering most of the breast, leaving only the minimum required for feeding.

*“Throughout the entire process, the MumInspired® team has been amazing. I truly appreciate this experience and look forward to my first product launch.”*

**Duka:** An inflatable bath time aid that sits in a bath tub, minimising the amount of water used and the time taken to bathe a child. Instead of filling the bath with water, the Duka is placed in the tub, instantly halving the size of the tub.

*“The Huggies® MumInspired® Program has totally changed my life – both personally and professionally. It has made me believe in myself and my product – something I was about to give up on. I hope Huggies® will continue the program and inspire women and mums to 'have a go' and 'believe in the dream'.”*

**Toddler Tints:** This device shades children in the car without affecting the car's appearance or functionality. The animal print tint can only be seen on the inside of the car, does not need to be removed when the car is washed, and is not easily removed by a child.

*“Huge praise for this Program and the ongoing support. We especially appreciate Huggies® support in the recent and ongoing promotion which has given our business a second boost.”*



# PRODUCT SOCIAL RESPONSIBILITY

## U by Kotex® Schools Education Program

Kimberly-Clark Australia and New Zealand has a long history of educating the community, whether it's teaching them about the importance of hand hygiene in hospitals, helping health care professionals stay at the forefront of industry best practice, or providing tools for teachers to teach their students about puberty.

The U by Kotex® brand works closely with teaching professionals to develop physical education curriculums for teachers to deliver to students in years 6, 7 and 8 (11-13 year olds). In 2011 the program was re-launched to include extensive lesson plans and activities about menstruation and puberty for girls and boys, as well as brand new interactive whiteboard materials to cater to new classroom technology.

Each teacher can order up to 180 student sample packs for their school, which are then distributed to the students by the teacher.

In New Zealand we distributed 40,000 education and sampling kits to teenage girls through a similar program. We also established a new partnership with Puberty Matters, an organisation that works with the government to deliver school education programs to educate teenage girls about puberty. Similarly, we formed a new partnership with Endometriosis New Zealand, a non-profit organisation that delivers education sessions on puberty and endometriosis in schools.



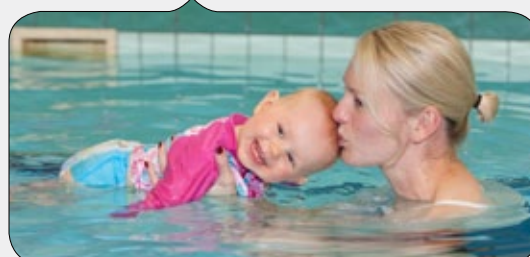
## Huggies® Little Swimmers®: Swimming with Smiles

In 2011, Huggies® Little Swimmers® worked closely with partners Plunket and Water Safety New Zealand to drive a new initiative called Swimming with Smiles. This is intended to promote the safety benefits of swimming with babies at an early age, and to get families swimming together during the summer.

Public pools and beaches have the lowest drowning statistics among pre-school age children due to a greater level of focus on the part of parents. Water Safety New Zealand says that familiarisation, confidence and positive development in and around water come more easily to children when they're learning with people they trust.

The Huggies® Little Swimmers® brand supported the initiative with a highly successful public relations program, magazine advertorial and consumer promotion, as well as via the Huggies® website. This focused on swimming pointers for babies.

The campaign encouraged parents to take their children to the local public pool regularly, get wet, join in the fun, and hold their babies close when in the water. It also reminded parents to comply with pool rules and ensure that children who aren't yet toilet-trained wear Huggies® Little Swimmers® swim pants in the water.



## New Zealand Kleenex® SneezeSafe® Program

Today more than a million children in Australia, New Zealand, Poland, the United Kingdom and the United States are learning to sneeze safely with the help of the Kleenex® SneezeSafe® respiratory hygiene lesson that was first developed by Kimberly-Clark in New Zealand in 2005.

In 2011 the Kleenex® brand teamed up with 35 Kidz First Public Health Nurses to deliver a new respiratory hygiene education drive in the Counties Manukau region. This region in South Auckland was severely hit by the H1N1 09 (Swine Flu) virus, with nine deaths in 2009 and 111 hospitalisations in 2009-2010.

The new Kleenex® SneezeSafe® kit was launched at a special event at Roscommon Primary School. This was attended by teachers and students, the media and representatives from the Counties Manukau District Health Board.

Kleenex® SneezeSafe® lessons teach children how and why they need to keep their sneezes safe in a simple, interactive way that uses props like water spray and glitter. Children are taught that untrapped sneezes, un-binned tissues and unwashed hands are the worst form of bad respiratory hygiene. The message to them is simple: trap it, bin it, wash it.

By the end of the 2011 school year, the new teaching kits had reached all of the primary schools in the Counties Manukau region, including **up to 80,000 children, 3,000 teachers and 200 primary and intermediate schools.**



Launch of the new Kleenex® SneezeSafe® kit at Roscommon Primary School, NZ



# GOVERNANCE

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# ESSENTIAL GOVERNANCE

The company's corporate governance framework flows from a set of policies adopted by the Board of Kimberly-Clark Corporation in 1994.

These policies guide the Corporation on matters of governance, including Director responsibilities, Board committees and their charters, Director independence, Director qualifications, Director compensation and evaluations, Director orientation and education, Director access to management, Board access to outside financial, business and legal advisors and management development and succession planning.

## Governance Framework

Our global Code of Conduct commits the company and its employees to:

- The protection and ethical use of assets
- Good citizenship and compliance with government law and regulations
- Ethical dealings with our customers, suppliers, competitors and with government
- The production of financial records and reports which present our activities and transactions fairly and accurately.

### Code of Conduct Training

Operating with integrity is central to the culture at Kimberly-Clark Australia and New Zealand. We work hard to protect the reputation of our company and our people. A computer-based-training (CBT) module developed in 2010 is now used across the worldwide organisation. Each employee must complete this course on an annual basis.

### Monitoring

Compliance is regarded as an operational responsibility rather than that of compliance specialists. Compliance issues come to attention in any one of three areas: the Consumer Advisory Service, Legal or Corporate Financial Services and are the subject of periodic management reporting. The Internal Control Steering Committee has the charter to monitor the status of internal control reviews and audit remediation.

### Identification and Engagement

#### Whistle blowing:

Employees are able to report breaches on any issue of conduct via an anonymous whistle blowing facility.

#### Performance management:

Performance discussions are conducted at least three times per year to ensure that areas of improvement are addressed in a timely manner.

#### Tax:

Being a large tax payer, we maintain a cordial relationship with the ATO and adopt a conservative approach to the interpretation of tax law as it relates to our obligations in respect of all tax matters.

“Compliance is deeply entrenched in our corporate culture and is subject to regular internal and external audits.”

## See how far we've come in 2011

### Objective

1. No Code of Conduct violations.
2. Maintain a 'well controlled' internal control environment (as judged by Kimberly-Clark Corporation Audit) producing financial records and reports that conform with internal corporate financial policies and external legal and regulatory requirements.
3. No Competition Law incidents. For example:
  - Product performance
  - Business behaviour
4. No adverse tax assessments.
5. Our suppliers must be able to demonstrate Environmentally and Socially responsible behaviour in their operations as well as compliance with the requirements of the US Foreign and Corrupt Practices Act.

### Progress

1. There was one reported incident. This was investigated and resolved.
2. Internal audit reports (including Sarbanes-Oxley Act requirements) report well controlled business units. External audit reports are free of qualification or exception.
3. To the best of our knowledge and belief there have been no incidents of any significance involving customer complaints about products and service or involving employees in anticompetitive or unconscionable conduct in 2011.
4. Tax returns for 2011 were assessed as lodged.
  - As part of a wider review of large tax payers, The Australian Tax Office (ATO) has conducted a 'specific review' of our 2007, 2008 and 2009 tax returns in relation to the circumstances of investments in Brazil and Indonesia subsidiaries and interest deductions on borrowings for that purpose. The ATO informed us in June 2011 that this review had become a formal audit. Following a number of questionnaires seeking further information on the investments we await the outcome of the audit.
5. In 2011, the new Supplier Social Compliance Standards were rolled out globally.

Our company's governance has its foundation and strength in the governance practices of our parent company, Kimberly-Clark Corporation.

The scope of this Sustainability Report is limited to the operations of Kimberly-Clark in Australia and New Zealand.

# GOVERNANCE STRUCTURE

## Governance Structure

The key governance and decision-making body of Kimberly-Clark Australia and New Zealand is the Corporate Management Group (CMG), headed by the Managing Director. Membership of this body is controlled by Kimberly-Clark Corporation. Other key governance bodies, which either report to CMG or act in parallel, include the Australia & New Zealand Safety Leadership Team (ANZSLT) and Internal Control Steering Committee (ICSC) whose membership includes representatives from the CMG.

The requirement of Corporations Law that each company has to have at least one director has been addressed by appointing the Managing Director and General Manager Finance as directors of each company in the Australian group. The statutory boards are not decision-making bodies. The Kimberly-Clark Australia and New Zealand Board minutes are used as the formal governance record for Kimberly-Clark operations in Australia and New Zealand.

### Public Policy

The company's Code of Conduct prohibits undisclosed donations to political parties. However, the company has not donated to political parties in Australia for more than ten years and is unlikely to do so. The company sets aside a proportion of its net profit each year for donations to community organisations in which staff are involved. The distribution of funds is coordinated by the Social Responsibility Manager with oversight from the Corporate Management Group.

The company expects all employees to recognise when activities away from work may conflict with the company's business interests and to avoid such conflict. This includes investing, as well as consulting and employment activities.

### Tax Contribution

The ATO rates companies in accordance with the risk they present to revenue collections as represented by compliance history and the strength of controls designed to capture tax obligations. The company is rated by the ATO as a low risk.

In 2011, the level of taxes borne by the company exceeded \$49,000,000 of which 70% was company tax. In addition, the company collected tax in the form of employee PAYG and GST amounting to more than \$153,000,000 in approximately 1/3:2/3 proportions respectively. This places us in the median range for top 100 corporate tax payers and collectors. This position is expected to be maintained in 2012.

**The Code of Conduct protects the right of employees to participate in political processes on a voluntary basis provided they do so in a personal capacity.**

# ESSENTIAL FEEDBACK

Should you have any feedback, comments or suggestions, please visit [kca.com.au](http://kca.com.au) or contact:

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