

SUSTAINABILITY REPORT

for Central America and the Caribbean
2011-2012

EXECUTIVE SUMMARY

Visit: www.kcsostenibilidad.com





CREATING A BETTER FUTURE

At Kimberly-Clark, we place the consumer at the center of everything we do. This enables us to lead the market and achieve profitable and sustainable growth, thus generating world class talent and building lasting relations with our stakeholders.

It is my pleasure to present to you the third Kimberly-Clark Report on Social Responsibility and Sustainability for the Central American and the Caribbean region, which leadership I assumed on April 2012.

The present Executive Summary has the purpose to demonstrate our firm commitment to society and the stakeholders who have kindly supported this initiative with their feedback and comments. This Report shows the way we have conducted our business and the results obtained for 2011 and 2012.

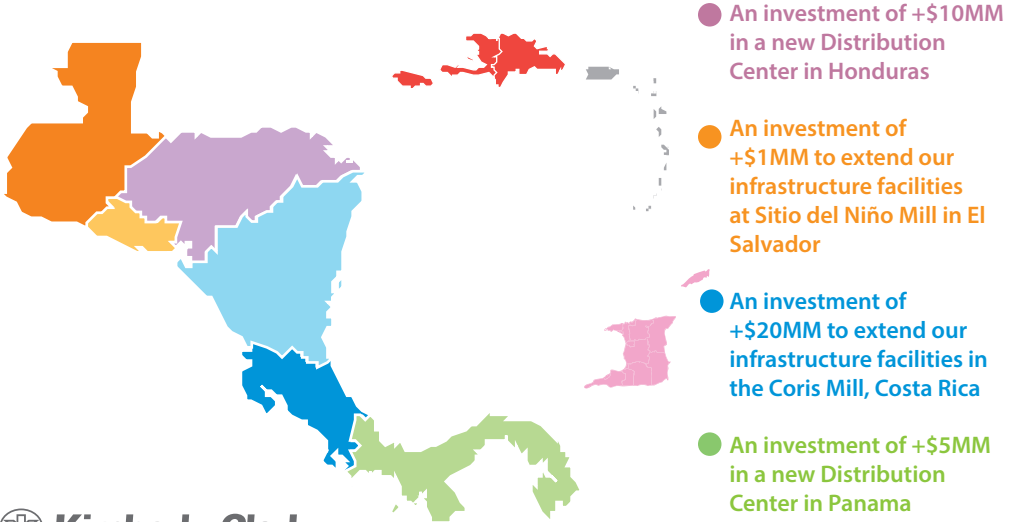


Message from Sebastián Buzeta
Vicepresident Kimberly-Clark
Central America & Caribbean

140 years

trayectoria (1872 - 2012)

Kimberly-Clark in Central America & the Caribbean



Economic Indicators

Indicator (In millions)	2011	2012
Sales	\$724	\$757
Capital Investment	\$547	\$564
Contributions	\$166	\$138
Net Equity	\$23	\$32
Salaries and Fringe Benefits	\$85	\$87

Contributions	2011	2012
Total	\$174,738	\$199,869

SUSTAINABILITY 2015

We are proud to lead the world in those areas which are essential for a better living, but we also strive to protect the essential elements that ensure a better life. We make sure to protect the environment and the communities where we have operations. We show the highest respect in our dealings with our associates and make efforts to provide them with a safe working environment. In doing this, we guarantee a sustainable business for future generations.

PEOPLE

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

PLANET

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

PRODUCTS

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

Integrity in our Business Transactions

We, at Kimberly-Clark, believe that the way we carry our business is as important as the business themselves. From the onset of our operations we have always relied on sound professional ethical principles. The 19-member Board of Directors makes its decisions abiding by our Code of Ethics and Internal Controls to prevent all kinds of acts of corruption, including fraud, embezzlement and bribery.

AWARDS AND RECOGNITIONS

Social Responsibility

2012

K-C Costa Rica was the winner at:

- Award to Exporting Initiatives by the Export Chamber
- Social Responsibility in Action Award in the category Managing Vendors "AmbientaDOS" presented by AMCHAM, the American Chamber of Commerce.
- K-C El Salvador received the Prize to Corporate Excellence by the Embassy of the United States.

2011

K-C Costa Rica was distinguished by the "AmbientaDOS" Program:

- Excellence Award to Projects of Continuous Improvement, granted by the Chamber of Industries.
- Social Responsibility in Action Award in the category Managing Vendors by AMCHAM.
- Contributions for the improvement of living standards by the Costa Rican Ombudsman Office and the four state universities

Philanthropy

2012

- K-C Puerto Rico was recognized by its financial contributions to the NGO Casa Julia de Burgos, and the American Red Cross.

2011

- K-C Dominican Republic was recognized by the "Hospital de la Maternidad de Nuestra Señora de Altigracia" for its contributions to maternal health programs.

Great Place to Work

2012

- First Place: K-C El Salvador, Honduras, Nicaragua, Puerto Rico and Dominican Republic
- Second Place: K-C Costa Rica and Guatemala
- Third Place: K-C Panama

2011

- First Place: K-C El Salvador, Guatemala, and Honduras
- Second Place: K-C Nicaragua and Panama
- Fifth Place: K-C Puerto Rico
- Sixth Place: K-C Costa Rica

Quality and Innovation

2012 y 2011

- K-C El Salvador was awarded the Prize Exporter #1 in the industry of Paper and Cardboard by the Salvadorian Association of Industries (ASI for its Spanish Acronym) and "El Economista" magazine.

2012

- Kimberly Clark Professional in Costa Rica, was awarded the Prize to an Outstanding Vendor by the Costa Rican Chamber of Restaurants.
- Kimberly-Clark C&C was nominated in the Fill Rate category during the awarding ceremony of the Vendor of Excellence by Walmart.

Certifications

2012

- The manufacturing plants and distribution \ centers for Costa Rica, El Salvador and Dominican Republic received the BASC (Business Alliance for Secure Commerce) certification.

PEOPLE

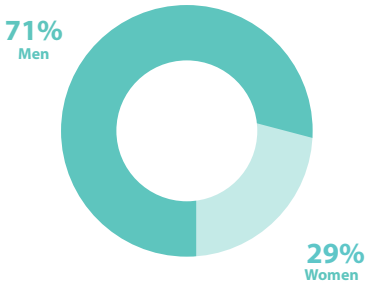
Associates

Growing Together

We recognize the valuable contributions of those who are part of our organization as they represent key factors for the sustainable development of our business.

Our people, 3, 988

*associates and contractors**



30% of the positions of Directors and Managers are filled by women.

One third of managerial teams in each country changed positions, thus generating growth opportunities for many other associates.

Talent Generation

- **+1,096** training programs
- **7,247** trained people
- **35,086** hours of instruction

Our Philosophy

- 70%** Experience
- 20%** Projects
- 10%** Academic

Between 2011 and 2012, 140 young people from C&C participated in K-C internships and 20% were hired by the company.

Turnover index was reduced 1,23% between 2011 and 2012.



*Considered until November 2012



We promote the vision of a healthy company. The health, wellbeing and overall performance of our associates are fundamental values to us.

Activities

Health Centers

IHV/Aids Labor Policy

Illegal Substances and Alcohol

Control Policies

Smoking Cessation Clinic

Support Program for Pregnant

Associates

Physical Therapy Program

Nutritional Program

Annual Attendance

- 14,000 visits to the nursing unit
- 7,000 medical consultations
- 4,000 people benefited from health services
- 1,600 physical therapy appointments
- 600 associates registered in the nutritional program



"My greatest achievement is "zero medications"; moreover, I now have more energy. Practicing sports has benefited me in all aspects"

Success Story of perseverance and commitment

Adrián Núñez suffers from diabetes and decided to participate in the nutritional program. In a year, Adrián lost 19.4 kg. As a result from his efforts, subsequent examinations revealed that no further medications were necessary. Regular exercising and eating well is sufficient to keep his new condition.

Health and Safety

We are committed to provide safe working places for our associates, contractors and visitors.

Programs

Centinel: identification of risk conditions that could cause fatalities

Safe Star: risk identification and prevention through the associate`s contributions

Housekeeping: promotes a clean and organized workplace

Safety week: takes place every year, seeks to raise awareness and prevent accidents



- Number of accidents
2011: 21 2012: 5

- Accident frequency rate*
2011: 0.37 2012: 0.11

**Number of accidents per every 200.000 hours worked*

Opportunities for all

Workplace Inclusion Program in Guatemala

In 2012 we formed an alliance with the Neurological Institute of Guatemala in order to implement the pilot project of workplace inclusion of 9 people that have intellectual disabilities within the company's processes.

By January 2013, it was established as a program, after obtaining the Social Responsibility Award granted by the American Chamber of Commerce in Guatemala.



Guillermo Bautista Perla, 19 years old
Program participant

Vendors and Distributors

Strengthening our Value Chain

We do not only focus on the possibilities of improving the company, but also on the opportunities that we offer to our vendors and distributors.

Training activities and advisory to vendors

- Logistics
- Quality Control
- Legal Paperwork
- Safety and Occupational Hygiene

Promoting integrity

Kimberly-Clark makes efforts to instruct their suppliers on anticorruption issues. Annually, it tracks this down through a written commitment from each supplier.

Warranty and credibility in our operations

We promote safe practices in our supply chain through drug detectors, GPS systems and engagement with local and government authorities, in order to prevent our operations from being used to commit illegal acts.

Recycling Program: LinKC

This specialized service project has been in development since 2012 to be implemented as a pilot plan in Costa Rica in 2013. It brings together the efforts of various internal areas of the company, with our contributors in the area of fiber collection, distribution partners and end customers. This dynamic will allow us to capture recyclable materials where customers will accumulate “ecological points” that can be exchanged for products or services such as specialized training in solid waste management.

Living Well

- Medical and ergonomic examinations to drivers in Costa Rica, El Salvador and Dominican Republic.
- Conditioning of unloading areas, with showers and eating areas

Year	Number of suppliers	Payments to suppliers	National suppliers
2011	837	\$166 millions	76%
2012	754	\$138 millions	79%



Supporting the development of our communities

We are committed to improving the quality of life of the communities where we live and work by providing tools to develop their individual and community potential.

El Salvador

Industrial Technical Degree:
Juan Ernesto de Bedout

- Improvement and expansion of infrastructure
- Technical assistance
- Training for teachers
- Equipping classrooms
- Workshops on risk prevention of natural disasters
- Youth leadership
- Educational corridor to train teachers of neighboring schools

Social Investment
US\$ 1Millón

1,200
students benefited

44 students
First graduation 2012

Alliances

- Kimberly-Clark
- Business Foundation for Educational Development (FEPADE for its acronym in Spanish)
- U.S. Agency for International Development (USAID)
- Ministry of Education of El Salvador

DestaK-Cados: Scholarship Program

Technical training in Mechatronics, Mechanics, Electronics and Chemistry supporting young people with the best talent in the community of "Sitio del Niño".

Social Investment \$344 mil

38 scholars

The K-C Promise: students will have the opportunity to work at Kimberly-Clark El Salvador once they complete their studies.

19 grants awarded in 2012



Water for my Community

This project provided drinking water and sanitation to four schools and two communities near the Kimberly-Clark mill in Sitio del Niño. The project had an investment of US\$ 120 thousand. Today, 8 million gallons of clean water are returned to these communities every year. Approximately 1,300 students and 3,500 residents benefit from this project

Corporate Volunteering

Costa Rica

- 875 volunteers
- 3.820 hours of volunteering in environmental and social activities.

El Salvador

- Tu casa nuestra casa” (our house is your house): we supported 52 associates and their families to improve their homes.
- K-CTronix: robotics club which taught 21 students from 7 to 14 years to solve problems using the design, implementation and programming of robots.
- English Club: 100 students between 7-9 years received English language training through classes and workshops.

Philanthropic Program: MedShare and Contributions



Always aiming to contribute to the health of people, Kimberly-Clark, through its Global Foundation and in partnership with the American NGO MedShare, is making efforts leading at improving the health care of those who need it most in the different health posts of C & C.

Finished product contributions in the amount of \$ 374 thousand were awarded to institutions responsible for the well-being of children, women and the elderly in C & C.

Between 2011 and 2012 more than \$397 thousand in equipment and medical supplies were donated in Central America & Caribbean.

PRODUCT

Building trust with our brands

Every day we seek to strengthen the quality of the processes and the excellence of our products, and thus respond to the trust of those who every day choose our brands to care for their health, hygiene and well-being.



Innovations in 2011 - 2012

We continue to innovate and offer products that adapt to the needs of consumers.

- **Huggies Active Sec:** provides baby diapers packaged individually.



- **Disposable diapers 1, 2 and "pull ups":** ideal for fussy babies that start to walk on their own or with help of others. It is the only diaper that can be placed and adjusted as panties and removed as a diaper.



- **Kotex Black:** new generation of tampons, panty liners and ultrathin pads with excellent performance and modern and colorful designs.



- **Poise:** is the most comprehensive line of solutions for women in menopause. The category includes products for bladder weakness, intimate care and hot flashes.



- **Plenitud:** new incontinence protection underwear for men and women. It is the first and unique underwear made of Cotton Flex, an innovative material that feels and looks like cotton.



- **Scott Smell Clean:** encapsulates and softens the bad odor molecules present in the bathroom trash can. The fragrance in the cardboard roll counteracts the odors.



- **Scott Triple Layer:** this product provides superior absorption, increased performance and smoothness.

- **KCP Hydroknit and Airflex:** technologies that ensure greater absorption and paper strength, offering better performance and savings.

- **KCP WYPALL:** these products incorporate Microban technology which inhibits the growth of bacteria, mold and fungi.

Scott in harmony with the environment

Toilet paper and kitchen towels:

- They are produced from recycled fibers.
- The cone is made of recycled material and is recyclable.
- The polyethylene product in which it is packaged is also recyclable.



Interacting with our consumers

Our brands offer educational support in areas directly linked to the realities of those who choose our products.

- **“100 Primeros días” (100 first days):**

provides advice and training on baby and mother care, before and after birth. 151 hospitals were visited and donations in the amount of USD \$338 were made.

- **“AmaZonas”:** Huggies and Scentia joined efforts to develop a socio-economic program to benefit more than 40 thousand women working in catalog sales for the pharmaceutical business in Central America. This is already in operation in Honduras and Guatemala with the purpose to:

1. *Generate additional income to the sales force through the direct commercialization of Huggies Active Sec diapers.*

2. *Provide training related to baby care and mother health-care during pregnancy and breast feeding period.*

3. *Offer additional diaper bonuses to those sales representatives with children between 0 and 3 years of age.*

- **“Entre Chicas” (Among Young Girls):** Talks were held in educational centers in the areas of the female cycle and changes female adolescents go through. Only in Costa Rica, the program will impact more than 20 thousand female children in 2013.

- **“Club Plenitud” (Plenitud Club):**

Several training and recreational activities took place in areas related to health and quality of life of the elderly population. The program benefited more than 500 people in Costa Rica.

- **“La salud está en tus manos” (The health is in your hands):**

Through an investment of USD \$ 35,000, this program educated more than 25 thousand people and 600 customers on proper hand washing techniques as the main weapon to prevent disease between 2011 and 2012. The Costa Rican Ministry of Health fully supported the program in order to motivate, educate and instill work site hygiene good practices in the workers of different companies.

- **“Gestión Industrial y el Guardián Jackson” (Industrial Management and Guardian Jackson):**

This is a new platform that provides detection/identification of areas, zones or regions that represent work risks in order to reduce the number of accidents.

- **“Sostenibilidad” (Sustainability):**

This program promotes recycling initiatives in companies through the exchange of collected paper for finished products from the institutional line.



PLANET

Making decisions today, preserving the future

We are fully committed to the environment because we understand its importance for future generations and the sustainability of the business. All our operations are handled with the intention to create value for the business without losing sight of the responsible use of the planet resources.



Water savings equivalent to **73 olympic swimming** pools.



Total energy savings equivalent to the average annual consumption of **6,900** households.



The amount of water used per each produced ton was **16.4% less** with respect to 2011.



4,700 tons less of CO2 emissions in 2012 vs 2011.



0% of production waste goes to the landfill in Costa Rica, El Salvador and Dominican Republic.

Instilling the culture of recycling

Forest Friendly is the corporate program that promotes the use of certified, recycled and alternative fibers. The virgin fiber is purchased from certified forests.

Kimberly-Clark invested USD **\$ 208 thousand** in recycling programs in Central American & the Caribbean between 2011 and 2012. A total of 126 thousand tons of paper were recycled in 2012 for the production of new tissue products. .



47 thousand seeds

were donated to the Bosque Urbano Program of the Municipality of San José. One thousand trees have been planted in the AmbientaDOS Forest in Coris, Cartago.

This program was established on March 2009 as a partnership between Kimberly-Clark and a TV Channel. It is a recycling and reforestation program. The program contributes to the socio-economic development of NGO's and Small and Medium Enterprises in the area of recycling.

Recollected:

8,560 MT of recyclable material = 1,223 waste loaded trucks



This program was established in October 2010 and was developed by Kimberly-Clark in partnership with our customer Walmart and 4 other companies. It has made possible to collect more than **120 tons** of recyclable material in the 6 gathering points between 2010 and 2012.

Corporate Partners of Recycling in Costa Rica

Through 60 mutually convenient agreements, Kimberly-Clark collects paper from companies, certifies its responsible disposal and in turn, companies comply with their responsible environment management requirements and in addition, receive finished products with our Kimberly-Clark Professional brand. This has translated into savings in the purchase of personal hygiene products for the associates' use.



ALIANZA
para el Aprovechamiento de Residuos
Valorizables en Costa Rica

Since 2012, Kimberly-Clark partnered with other recycling and waste collecting companies in order to put forward joint actions to promote the culture of recycling.

Among some of the actions undertaken, work has been conducted in search of options to reduce logistical costs of recycling materials and public-private partnerships.

This alliance has been in effect for two years and has strengthened the position of recycling companies in view of the country's changes in legislation.

El Salvador



**Vidas del
papel**
El reciclaje divertido

343 alliances: private businesses, government institutions, educational centers and NGO's as gathering centers for paper.

90 monthly tons of recyclable material, 52% is exchanged for Kimberly-Clark products. More than 600 talks in the area of recycling were held.

Tetrapack is another post-consumption material that is being used for the production of paper products. More than one thousand tons were collected throughout the region in 2012.

Guatemala



- Partnerships to contribute to improve living conditions for the Guatemalan society through education and humanitarian assistance, such as the NGO "Fundaniñas" in which K-C paid for 35 enrollment fees for female children of that institution.

This program has the support from the city's municipality and has allowed to:

- Train 900 municipal employees and 1,200 school children from low income families in the area of recycling.
- Collect 3,427 tons of recyclable material in 2012.
- Children's Museum: more than 120.000 children have been instructed in the area of recycling.

Nicaragua

Recycling Program with "Los Pipitos"

The partnership between Kimberly-Clark and "Los Pipitos" Association (which provides services to more than 1,500 children, adolescents and youngsters with some deficiencies or disabilities) has generated substantial recognition at national level. This program consists on collecting paper from 250 institutions which generates income to the Association.

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for Central America and the Caribbean
2011-2012

Please contact us

We hope this executive summary has proved to be useful and informative.
Please address your comments and questions to:
Responsabilidad.empresarial@kcc.com

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