

KIMBERLY CLARK'S 2012 SUSTAINABILITY REPORT

LETTER OF THE PRESIDENT (GRI 1.1; 1.2; 2.9)

In the year 2012 we have already been able to accomplish half of the targets set forth in our 2015 Vision.

During these three years, since 2009, the whole team of K-C has been performing consistent work, in partnership with our suppliers, clients, government, NGOs and communities. Our whole effort has provided us with several external acknowledgments, which evidences that we have been walking on the right path.

In 2012, we have been highlighted in the most relevant business publications of the country, Model Company by the Exame Magazine Sustainability Guide and we have been considered the Champion Company in Social-environmental Responsibility by Época Negócios Magazine. Furthermore, we have been ranked 18th in the list of the "50 Top Sustainable Companies according to the Media", an annual survey of the companies that have been more present in the press with subject matters like sustainability, by 'A Imprensa' magazine. These conquests have also had internal impact, contributing for our recognition as one of the best companies to work for, in Brazil, in Latin America and in the World.

On the background of this whole story is Kimberly-Clark's effort to apply sustainability as its business strategy, not only in management of the natural resources used in our production, but also in the offer of products increasingly less environmental impacts. Therefore, there is huge effort in the development of our chain value, in alignment with the clients' strategies, in collaboration with the authorities to leverage Public Policies and in aligning the company's agenda with the way we do our business.

In year 2013, our fifth productive unit will be installed in the city of Camaçari, State of Bahia. An investment amounting to R\$ 100 million that will generate 500 direct jobs and contribute for the development of the Northeastern region. In environmental terms, there will be expressive reduction in CO2 emissions, which will no more be discharged in the trips between São Paulo and the Northeast, due to the local production.

With our continuous effort along the last years we have created our own management model, engaged with the best of the local culture and we continue to record strong growth efforts, in innovation and results, showing to the Kimberly-Clark's world the potential of our people and of our country.

In the following pages you will access several stories about the various segments we have been working to combine economic development with the social and environmental agendas, and what we are doing to become leaders in sustainability and in everything that is essential for better life.

Enjoy the Reading!

João Luiz Damato

COVER STORY

- **People must shine**

Role Model award night celebrating KC's values and strengthening the commitment with sustainability and consumers' well-being.

That night, eight of Kimberly-Clark Brazil's stakeholders experienced their star momentum, being applauded by their colleagues and directors, with the recognition of their daily work. Hosted by the actor Dan Stulbach and by Larissa Battistini, from the Internal Communication Department, the Role Model Brazil event was held at Hotel Jequitimar, in Guarujá, São Paulo State coastal area, in November, 2012, during Confex (Executive Conference). The attention of the audience and integration impressed Stulbach, who praised the spirit of union and partnerships observed in the stakeholders. "The Role Model is someone who practices our values on the daily work, not only someone who has had a bright career. We have gone through a two-month process with a multifunctional committee without the participation of the Directors until we reached the elected names", said Ana Paula Bógus, Human Resources Director.

Valorization and development of the stakeholders are deemed to be key for the company's sustainability strategy, which offers several participation channels and frequently adopts suggestions that end up proving to be highly efficient for resources saving, processes improvement and quality enhancement. (GRI 4.5)

- **The heroes of the daily routine**

The Role Model award ceremony had instances of purest emotion, besides dinner served the French way and a trophies' room. The winners were hosted at the hotel and established contact with the leaderships present at Confex. Each one of them was the main character in a video with the testimony of relatives and peers. "I knew that homage was being prepared, but not that it was something as huge and as touching as it was. To see the testimonies of my family and colleagues and the dedication of K-C's team, who prepared such a beautiful event, was thrilling. I felt honored and very privileged for receiving so much attention", said Sidneia Raful, operations' management assistant in Suzano's unit.

She was the winner of "social responsibility" value, for her actions inside and outside K-C. The colleagues praised her volunteer work as organizer and coordinator of donation campaigns benefitting local entities, campaigns for winter clothing gathering and donation and campaign to aid victims of floods in Rio de Janeiro and in São Paulo. Furthermore, Sidneia created innovative ways to give incentive to the Opportunities' Hunters program of the unit, which became a benchmarking for the company.

The Processes Engineer, Eduardo Silva, another winner, worked to change Suzano's unit in a reference on diapers for South America. He was chosen as Role Model for the "passion for what we do" value, for his search of excellence and generosity to share the know-how with his peers. In "commitment with the client", the winner was the sales executive of the SP/South Division, Nádia de Oliveira, a Professional who cultivates, on the daily work, the top items of DestaKC and tries to lead clients to grow along with the company.

Mutual trust is a key to form a successful team. The winner in the “team work” value, André Jorge Taraban, was appointed by Suzano’s Operations personnel for the Role Model due to his dedication towards enhancing more and more the services to the colleagues. The financial analyst opened two days in the duties of the Force and Opportunities Hunters when he noticed that there were many questions to be answered, facilitating his colleagues’ access to a health exchange of knowledge and experiences. The representative of the “integrity” value was Nelson de Jesus, a production technician in Mogi das Cruzes’ unit. Honest and direct when expressing his opinion, he practices with dedication K-C’s strategies like the Lean and his intervention was decisive in negotiations with the local union. He has 29 years of work dedicated to the company.

Evandro Reis, K-CP’s customer services’ assistant is the representative of the “innovation” value in the Role Model. The search for solutions, sometimes simple ones but which no one had considered yet, is part of the assistant’s routine, who wins new clients and conquers the loyalty of old ones with his inventions. One example of that is the solution presented to a shopping center, which used to have the 300 meters paper bobbins frequently stolen. Evandro suggested putting a hole on the side of the paper-holder, thus enabling the client to use a padlock.

In “people valorization”, the Role Model highlights the work of Suzano’s production analyst, Anderson de Camargo. With great talent to spread knowledge and gather everyone towards the common wellness, he is the president of the Internal Accidents Prevention Commission (CIPA) and is an active participant of the Lean and GSA programs. A reference in semi-autonomous management, Camargo was invited to take part in a lecture with Natura’s directors to talk about his experience.

Julio Cesar Hoff, Quality Analyst of Eldorado do Sul’s unit, represented the “commitment with the consumer” in the Role Model. His work for continuous enhancement of products’ quality was reflected on a historical brand for the Feminine Care category, which received only seven complaints for every 10 million products manufactured. Hoff recognizes the importance of enhancing processes to offer to the consumer a product that can increasingly more improve the consumer’s life.

- **Values based leadership**

The Role Model award is just the tip of the large iceberg that gathers several strategies and initiatives used to change K-C’s stakeholders in a well-tuned high performance team. Doctor in business management by the University of Magdeburg, in Germany, professor and coordinator of the Executive Mastership Course for Fundação Getúlio Vargas in Rio de Janeiro and Director of the consulting company Symballein, Marco Túlio Zanini thinks that Kimberly-Clark’s management model has to be studied. “It is important for Brazil to find its own style, that is why Kimberly is relevant as it has been able, within the context of being an international company, to create its own model which is sustainable. It is important to establish patterns in Brazil and to assure that Kimberly continues to be such fertile ground, with room for freedom”, he analyzed.

Zanini presented a lecture during the same Confex that awarded the employees, and talked about trust in the companies, a pioneer subject in Brazil. “Today, value production is grounded on trust, we do not have mere performers, but actually people who have to reflect, to face the challenges. Coercive cooperation is not interesting, but is spontaneous, we want professionals who are willing to face the issue and find a

solution. In a company surrounded by trust everyone feels comfortable to contribute with knowledge and to cooperate. That leads people to their maximum level of competence”, he said.

Zanini, who is also a pioneer in the study of integrated management of intangible assets, intends to write an article for Harvard Business Review on some companies that have been able to achieve good results with sustainable management in Brazil, including Albert Einstein Hospital and Kimberly-Clark. The expert affirms that the company presents some important indicators that confirm such care, like zero rate in occupational accidents. “Brazil has a very bad figure in this indicator. It means that companies kill or hurt many people to produce. In K-C, this indicator is very well, despite the whole growth of the last years, which evidences that the management is socially sustainable and cares for the worker’s health and well-being”, he said.

Another feature which the professor and consultant deems to be important is the spontaneous cooperation, observed by him in K-C’s culture. “One notices that people are very motivated to work with the company. A proof of that is the fact that it is ranked second as the Best Company to Work For in Brazil, by the Instituto Great Place to Work®. It started in a bad threshold and took-off. A very strong strategic role of the Human Resources department is on the background, a bet by João Damato and his team into a management that would not sacrifice the bond of trust so much and that would foster a pleasant environment that could simultaneously be planned and structured,” affirmed Zanini. (GRI 2.10)

Another point, according to the expert, is the way of treating the young talents. “Normally, when we analyze management of knowledge and diversity, we look for the youngsters and the elders. I observed that the youngsters had very positive answer to their tasks. It indicates that K-C has hired well and was able to present challenges compliant with the new generation,” he said. According to Zanini, normally the Brazilian companies are not able to have such democratic perception, this ethics of care. “K-C’s leadership is performed based on values and on the differentiated treatment. João Damato demonstrates that in his own behavior, I have noticed that by the conversations we had. He assumes that he chose his team and values it. Even if he does not agree, he listens carefully and accepts that he might be wrong.”

Box with the Mission, Principles and Values (GRI 4.8)

MISSION

Lead the world with essentials for better life.

VALUES

Valorization of people

Team work

Passion for what we do

Integrity

Commitment with the consumer

Innovation

Commitment with the client

Social responsibility.

VISION

To be a model of leadership, social responsibility and performance for the market and corporation, the best company to work for in Brazil and a huge source of pride for all of us.

PRINCIPLES

- .To release the potential of our people
- .To cultivate and grow in our main brands
- .To create a better future
- .To consistently develop sales, profit and return on investments

2015 Vision

In 2009, K-C defined its business plan for the next five years (2010 - 2015) grounded on the following pillars: Market Leadership, Innovation with Perfect Execution, POS Distribution and Conquest, Operational Competitiveness and Sustainability. The targets and guidelines are disseminated across all the areas of the company and for all the hierarchical levels.

Second box

“We all want the Role Model”

Actor Dan Stulbach, who interprets the role of butler Alfredo in the publicity campaigns of Neve® toilet paper says that the desire to know is healthy and leverages both artists and other professionals in general to seek for excellence in their careers. Verify the actor’s interview to Essencial.

Essencial – You took part in the Role Model award as the master of ceremonies. What were your impressions on this award and its impact on the company’s stakeholders?

Dan Stulbach – My impressions were the best possible. The happiness and engagement were great and everyone was interested. I could notice the emotion of the stakeholders receiving the homage and how it reflected on the audience, always tender. I guess that it just contributed for the spirit of union and partnership that filled the environment. It was very pleasant to be there.

Do you recall anything that called your attention or left any memory?

I loved to share presentation with a person from the company who was not an actress. We were able to play more and that made the presentation much funnier and unique. The mood of comfort was great and the awarded stakeholders and the audience were always at ease.

In your career, maybe the return over the quality of work is more direct, like the exposure in the media and public recognition. I imagine that it is very important as an incentive to do it increasingly better. Would it be possible to outline any parallel between such recognition and the prominence that the Role Model passes to Kimberly-Clark’s employees?

I believe that it is very similar. In my profession everyone wants the Role Model. We search for it by many paths and for long. It is a healthy search, like an ideal of life, where the answer for some one day comes with success and credibility. But maybe the actual truth is after that, on how to keep oneself loyal to the search and try to improve always, despite the recognition. Recognition cannot be a synonym to accommodation, but the opposite.

The Role Model highlights professionals that act according to the ethical principles of the company in a broad manner, encompassing since the kind relations and respect among colleagues up to practical matters that involve care towards nature. Do you think that this is also important for the artistic environment?

I think so, for sure. The more you become known, the more responsible you are for what you say and do. And today, to be an aware citizen, who respects the other, the city and the environment is an obligation. For me it is a pleasure to have a social action.

One of the main values among Kimberly-Clark's stakeholders is the trust. Would you say that in the artistic environment it is also important to perform a good job?

I have already worked with many people, and I believe that nothing is more important than a sincere exchange. Success belongs to everyone, defeat also does. And small attitudes do make all the difference. I would have many stories to tell, but I recall a simple one. I was participating in a play with Tony Ramos, the actor, for four years (then it became a movie, 'Tempos de Paz'). When we started the partnership, he was a great name and I was an unknown actor. Even though, by his will, we shared the dressing room, since the beginning. He said we were partners, on and out of the stage. That was, at that time, very important to me. And together we went through everything there, sharing the same space.

Today you play the role of the butler for Neve brand, a character that is well-known by the Brazilian consumers. Could you make some comments on this experience?

I am very happy to play Alfredo. It is a classic. And not just because everyone comments, makes jokes with me on the streets and everywhere, but because the campaign was well considered and created, it is such a great joy to make part of this history.

Beyond the green product

- Box 1: K-C fosters development of local suppliers: the new Bahia plant, established in the city of Camaçari, will give incentive to new producers of supplies to set their basis close to the unit. Pages 45, 46 and 47.
- Box 2: Compacting of the toilet paper allowed saving of 84 tons in the use of plastic for the packaging. Pages 50, 51 and 52.
- Box 3: Use of 628 tons of polyethylene made from ethanol and sugarcane, the green resin, reduced by 43% the use of polyethylene made of non-renewable source, reducing by 2,700 tons the emissions of CO₂.
- Box 4: During the year, 13% reduction was observed in energy consumption during the manufacturing process, resulting from several projects that encompass the entire manufacturing process.
- Box 5: The company invests 350 million reais [T.N. Brazilian currency Real, pl. Reais] in a project for income increase and employment generation with Cruma cooperative, in the region of the Mogi das Cruzes unit. Machines change scraps of the diapers into plates that have more than 240 uses in industry.
- Box 6: Use of local manpower: the new Bahia plant has already contracted 45% of its personnel; from those, 61% come from the region and city.

- Box 7: Continuous investments in stakeholders development, with the Viva Bem program, which seeks for balance between personal and professional life; and the Role Model, an award that highlights role model employees.
- Box 8: Changes in the fleet, initiated in 2012, which included change of semi-trailers and semi-tractors in 2013, aim to reduce the emissions and follow the standards defined by Proconve P-7.
- Box 9: Reduction of 815 tons in the total emission of particles of the greenhouse effect caused by compacting of 77% of the toilet paper portfolio.
- Box 10: The “Viva Plenamente” [Live Fully] program, of Plenitud® brand, performs several actions that benefit the elder: movie sessions, theater and dance shows and workshops that reached almost 700 people along the year; and two weekly classes of physical exercise and stretching in the Eastern Zone of the Capital were attended by 200 people.
- Box 11: Development of local markets brings progress to several regions: the double sheet toilet paper already answers for 20% of the consumption for the entire category in the Northeast; the estimate is that it shall reach 40% until 2015.
- Box 12: Valorization of the local culture: from North to South, K-C uses local strategies that respect the differences in behavior. Loudspeakers to call the consumer at the points of sales, in the Northeast, and investment in events like the “Garota Verão” [Summer Girl] in the South are examples of that.
- Box 13: K-C puts into practice all the instruments that measure and assess the environmental impact both upon installation of new Distribution Centers and manufacturing units and upon conception and design of products, with careful look which aims to mitigate the impact in all stages of its products cycle. That includes reuse of used products, like the packing of surgical material, which undergoes recycling.

RADAR

- **Transparency**

Kimberly-Clark Brazil takes for serious the commitment to render accounts of its targets.

Verify KC’s performance towards the targets defined in 2012 and which challenges will be mobilizing the teams in 2013.

| # | Some targets undertaken in RS 11 | GRI | Target accomplished? |
|---|--|----------|---|
| 1 | To keep K-C Brazil’s growth pace with double digit. | GRI EC1 | Totally |
| 2 | Instituto Cata Sampa: to install equipment, develop business plan that enables trade of the material with the industry in order to achieve increased income and number of cooperative members. | GRI EC8 | Totally (project carried through with CRUMA, implementing machines and training, business plan and aid for the sales partnership) |
| 3 | To reduce by 5% water consumption of Mogi and Correia Pinto Units | GRI EN08 | Totally |

| | | | |
|----|---|--------------------|---|
| 4 | To keep process of chemical products intake and products analysis of the products (MOC) to guarantee non-entry of those substances in K-C's facilities. | GRI EN19 | Totally |
| 5 | To reduce by 2% in the total value of NOx, SOx and other significant atmospheric emissions | GRI EN20 | Totally |
| 6 | To reduce to zero the significant spills | GRI EN23 | Totally |
| 7 | To increase by 2% the recovery of the recovered products in relation to the sold products | GRI EN27 | Not identified (as the value has not been reported) |
| 8 | To keep minimum environmental impact in transportation of products and workers. | GRI EN29 | Totally |
| 9 | To expand the volume and the distribution reach of Neve Compacto and Naturali. | GRI EN6 | Totally |
| 10 | 100% of the routine contracts celebrated using the standard draft with the clauses that forbid child labor and work in unhealthy activities. | GRI HR1 | Partially |
| 11 | To keep the index of no complaint related to the Human Rights field. | GRI HR11 | Totally |
| 12 | To accomplish the Incident Rate below 0.20 (considering occupational accidents and illnesses). | GRI LA7 | Totally |
| 13 | To replicate the "Mulher Atuação" [Women Action] in other units besides Mogi and Suzano. | GRI SO1 GRI SO5 | Not accomplished |
| 14 | To keep the number of operations with actual impacts/ significant potentials at zero. | GRI SO9 | Totally |

PROFILE

- **For a better life**

Kimberly-Clark's mission is to offer products that are essential for the comfort of consumers today without compromising the world of tomorrow.

Present in Brazil since 1996, and part of Kimberly-Clark Corporation, created in 1872 in the United States, the company has the mission to "lead the world with essentials for a better life." This commitment is performed in every area, from the extreme care to deliver the best product to the consumers to the continuous development of technologies and techniques that mitigate the impact on nature. In 2013, Kimberly-Clark Brasil Indústria e Comércio de Produtos de Higiene Ltda. will launch a new Distribution Center and a Plant in Camaçari, State of Bahia, another step towards its strategy to attain utmost quality with lower costs, both economic and of natural resources. (GRI 02.01)

Accounting with 3,433 stakeholders, K-C has activities in the segments of personal and household hygiene; institutional products for toilets and hospital products in the area of surgical outfit, across the entire national territory. Directly focused on consumption, the Family and Personal Care divisions account with a varied portfolio of products and

brands with well-known quality, ranging from diapers up to child cologne water, sanitary napkins and all sorts of sanitary and household cleaning papers. The products of the Consumption division are sold directly to the retail chains (supermarkets and pharmacies), to the wholesalers and to distributors. The Health Care division offers equipment and materials to avoid hospital contamination, introducing innovative products into the national market and leading actions for recycling of waste produced in the healthcare system. Finally, Kimberly-Clark Professional serves pubs, restaurants, hotels, industries and other types of commerce offering complete hygiene systems, from soap with controlled jets to avoid waste up to wipers, cellulose based papers that replace the cloths with more efficacy and less damage to nature. (GRI 02.03, 02.07)

K-C's strategy, defined in the 2015 Vision document, includes bold targets in different pillars. Sustainability is one of the pillars, together with market leadership, innovation with perfect performance, distribution and conquest of the point of sales and operational competitiveness. The defined goals are clear and bold, like reduction of environmental impacts by 60% for the products that will be launched or re-launched until 2015. One of the global targets, i.e., of the world corporation, is to achieve 25% reduction in the environmental impact for all sales of products from the Personal and

Family care categories. "With compacting of Neve brand toilet papers, use of fibers with the Forest Stewardship Council (FSC) label and green plastic in said product's packaging we have been able to achieve, by the end of 2012, the percentage of 25% in the Family Care category. With the new initiatives we are planning to reduce material consumption in Personal Care products we shall probably reach the corporate target for both categories still in 2013", said Cláudio Buiatti, Research and Development Director for Latin America.

This is just one of the successful examples that the company has been accumulating in the constant work towards enhancing the economic, social and environmental conditions. Its programs for efficiency and engagement of the personnel towards those ideals are well-structured and the results thereof are constantly and efficiently checked.

The new plant and distribution center in Camaçari, which has already contracted a large part of its personnel, reflect, in practice, the concepts of sustainability, as its location in the Northeast has been defined based on a methodology that took into account the emission of CO² during the logistic operations both for the raw-material and for the finished products in order to serve the Northeastern consumer market. By the end of 2012, the company had four operational units spread in the South (Eldorado do Sul, RS, and Correia Pinto, SC) and in the Southeast (Suzano and Mogi das Cruzes, SP). The main office is located in São Paulo and the second one in Recife, serving the North and Northeast Regions. (GRI 02.03)

- **Theory and practice of evolution**

K-C changes 50% of its leadership structure without contracting anyone from the market: the possibility to grow in the company is crucial for attraction and retention of talents.

During the year 2012, Kimberly-Clark Brazil's leadership structure, comprised by one President, eleven Directors and one National Division Manager went through a real

'musical chairs', which also reached other spheres. "We have changed 50% of our leadership structure without contracting anyone from the market. The possibility of development appears as the main reason for people to stay with the company, in the survey prepared by the Instituto Great Place to Work® and Época magazine", said Ana Paula Bógus, Human Resources Director since May, 2012 (previously, she was the Director of the Center Division). Besides her, other directors changed positions: Priya Patel, from Family Care went to Personal Care; Carlos Rupay came from Bolivia to assume the Center Division; beginning on January 1st, 2013, Juan Lenis, Finances Director, assumed K-C Professional; and Luiz Padilla assumed the Finances. To Ana Paula, what explains the fine tuning among the 3,433 stakeholders and the sustainable concepts that permeate the whole activity of the company is the strong culture verified in the daily operations. "The sense of fairness is always present in the decisions and it gives incentives to the growth of those that deserve it; who does not adapt himself ends up feeling uncomfortable in the environment."

In 2012, 434,579.32 hours of training and qualification were held (126.60 hours/stakeholder), to guarantee that everyone performs consistently with K-C's mission and values. (GRI LA10) The Code of Conduct is a subject matter of an annual training – in 2012, 99.3% of the stakeholders attended it – which addresses the matter of conflict of interest and other themes related to ethics in the work environment. Everyone is advised to inform undue occurrences through forms supplied by the Human Resources department and by the hot line that works 24 hours. Besides, all the leaders and executives sign terms even if they are not under the condition of conflict of interest. (GRI 04.06, GRI 4.08).

Prevention of corruption is also a theme of constant actions. All the business units are submitted to assessment of risks related to corruption (GRI SO02) and 100% of the employees chosen for the anti-corruption training concluded the process in 2012. Selection included 343 people, or 6.62% of the stakeholders, from the areas of sales, human resources, legal, supply chain and corporate affairs who, somehow, may have relations, in the company's name, with public employees. (GRI SO03). "This training, performed by computer, closes a cycle of everything we have been doing in this aspect- and that we will continue to do. Besides training out stakeholders, this year we will have an onsite course with the distributors," explained Marco Antonio Iszlaji, Director of Legal and Corporate Affairs. (GRI SO03). These measures have been producing positive effects. The company has no record of corruption cases. In relation to the Code of Conduct, in the cases of denounces of violation, the corporate security area, the legal Director and members of other concerned areas, as the case may require, verify the facts and take the applicable measures. (GRI SO04).

K-C, which has signed the UNO's Global Pact, dedicates itself to make sure that the human rights are respected in its entire chain of business and it has clear policies in relation to the different forms of prejudice in the work environment. Specifically to address moral and sexual harassment subjects, K-C held five training sessions with 1h30 [one and half hours] each, in the units of Eldorado do Sul, Mogi das Cruzes, Suzano, Correia Pinto and Faria Lima. (GRI HR03) The care with the entire chain makes the company also share its values with suppliers: the Sustainability Guide was included into most of the contracts, which has clauses forbidding slave, child labor or work in

unhealthy activities. (GRI HR01) All the companies contracted to supply raw-material or finished product undergo quality due diligence process, which checks conducts and including human rights. The suppliers deemed to be critical are subject to checking due diligence according to a schedule defined in the beginning of each year. (GRI HR02) Likewise all the other stakeholders, the security area, which interacts with several audiences and needs to be aware of the human rights clauses that impact the daily routine, was totally trained during 2012, besides taking part in the online training on the Code of Conduct. By the end, everyone answers an assessment questionnaire where they need to pass at least 80% of the questions related to the training. (GRI HR08)

- **Increasingly greener portfolio (GRI 2.2, 2.8)**

Hygiene and hospital use solutions and products advance in the environmental targets

The year 2012 was a year of harvest, in the metaphoric sense of the word, for Kimberly-Clark Brazil. The project of Neve papers compacting, started in 2011, reached 77% of the line that can be subject to compacting, excelling the target, which was 55%. “That means a giant reduction in terms of emission and expenditures with transportation”, stated Marcia de Ferran, Innovation Manager for K-C’s Family Care division. More clearly: while in 2011 the measure enabled reduction of 157 tons in the volume of CO2 emissions, in 2012 the total reached 815. (GRI EN6). The toilet paper represents a large portion of the total sales volume of the company, which works in the personal and family care segments, offering a complete range for hygiene in the commercial or corporate fields and also medical-hospital products. Kimberly-Clark also put into practice, during planning of its new Distribution Centers, new plant in the Northeast and logistic process, all the environmental impact measurement and assessment instruments, besides using as the master innovation guideline the matter of precaution to mitigate the environmental impacts and multiply the positive contribution for the value chain. (GRI EN26)

Infographic

The impact of compact

Observe compact paper’s contribution for the value chain (GRI EN06)

| | 2011 | 2012 |
|--|----------|------------|
| Percentage of compacted paper* | 18% | 77% |
| Reduction in emission of greenhouse effect gases | 157 tons | 815 tons** |
| Reduction in use of plastic for the packaging | 15 tons | 84 tons |

*Considering the production volume of items that can be compacted, except for the four rolls format and the Neve Supreme range

**Comparison values if the same volume was produced in the regular version, i.e., not compacted

In Personal Care, the best known brands are the Huggies® and Huggies Turma da Mônica® diapers, the Plenitud® underwear and diapers and the Intimus® feminine napkins range. During 2012, Intimus® included more efficient and comfortable versions, offering utmost protection with soft cover. The product provides quick absorption of the flow, keeping the skin dry, with an external layer without porosity and with extremely soft touch, a combination of features never seen in the market. Named as Intimus Evolution®, the novelty includes external and internal pads, and daily protective pads, and it brings a modern and fun design, both in the packaging and in the product. Still in the same division, the Huggies Turma da Mônica® Range offers after-sun gel, insects repellent, moisturizing lotion, shampoos, hair conditioners, liquid and bar soaps, hair disentangling spray, cologne water, lotion to avoid skin irritation, sun blocks and dampen tissues. There are also several other options of baby hygiene

tissues, several types of diapers, with options also for children to enter swimming pools or wear like children's underwear, named as Huggies Up&Go®.

In Family Care, the main product is Neve® toilet paper, which has several versions. The double sheet products are divided into Toque de Seda, Naturali and Neutra Care; the triple sheet is called Supreme. The Scott® paper is double sheeted. The household use range, also named Scott®, includes the multiuse cleaning cloths Limpamax® and Duramax®, dampened degreasing cloth, table napkins for daily use and for cocktails and feasts, towel paper, sponge, gloves, garbage bags and microfiber cloth. The personal use tissues Kleenex® have pocket and box versions, scented, ultra-soft, antiviral and dampened.

Recognized across the whole world by its innovative leadership in quality products that reduce risks of hospital infection, Kimberly-Clark Health Care, which is present in Brazil, in a direct manner, since 2007, provides the healthcare market with a complete range of single use products, like surgical outfit (surgical aprons, fields and kits), containers for sterilization and masks. In addition, the Health Care division offers specialized solutions for digestive health, treatment of pain and pneumonia associated to mechanical ventilation.

The purpose of the division is "To be the preferred option of the healthcare professionals for infection control solutions", developing partnership work with the clients since implementation of the product up to its final disposal, with recycling programs.

K-C Professional, on its turn, presents the products portfolio with tailored solutions for the institutional market, like commercial centers, restaurants, offices, industries, hospitals and any facility of the most diversified market segments willing to offer well-being and comfort to its stakeholders and users. Carefully planned to offer the best performance at the lowest possible cost, the items include systems for hand towels, soaps, room deodorizers and others, besides the wipers, that replace the cloths with much better performance, in the most diversified cleaning tasks, at different market channels.

(GRI 2.2, GRI 2.07).

- **In the ranking of the best (GRI 02.10)**

The company is ranked second in the list of the Great Place to Work® and its social and environmental activity is recognized

Kimberly-Clark Brazil has climbed up one position in the survey carried out by the Instituto Great Place to Work (GPTW) and Época magazine, which defines the list of the Best Companies to Work For in Brazil, in 2012, reaching the second position – in 2011 it was ranked third. “To Kimberly-Clark, it is a great pride to be part of this ranking. Our company’s success is the result of the ideas, energy and dedication of our stakeholders, which inspires us to a greater target, construction of our legacy of innovation and excellence”, affirmed João Damato, K-C’s President. Besides being assigned the distinction in Brazil, the corporation was considered the fourth best

multinational company to work for in the world; and for the third consecutive year it was awarded the title of the best company to work for in Latin America.

In the 16th edition of the Brazilian award, 1,013 companies participated in the process and 1.8 million employees were heard. As a highlight, K-C was awarded in the practices to Develop, Congratulate and Care. To reach the result, the institute uses a methodology that has already been applied in more than 60 countries. First, questionnaires are applied and answered by the employees randomly and anonymously, then, the GPTW makes a second assessment at the company, detailing the practices and benefits adopted to foster excellence at the work site. Another highlight of the year attained by the human resources strategy was K-C’s inclusion into the list of the 30 best Companies to Start the Career, by Você S/A magazine.

Sustainable

K-C was also awarded other prizes during the year. The Anuário Época 360, which assessed 200 large companies, put the company as the Champion in the Social and Environmental Responsibility Dimension. In the ranking of the Most Sustainable Companies According to the Media, by Imprensa magazine, K-C jumped from the 27th place in 2011, to the 18th in 2012, an increase that evidences the commitment with sustainable actions and transparency in communication with the stakeholders. Furthermore, the company was included, for the second time, in the ‘Guia Exame de Sustentabilidade’, an annual publication made by the company with the same name and leader in the business and economy segment in the domestic market. The guide is deemed to be the largest and more respected survey on corporate social responsibility in Brazil and it is based on the answer to 140 questions about commitment, transparency and corporate governance. There is no ranking – the companies appear in a list arranged in alphabetical order –, but the publication selects only 20 companies.

Preferred

The Top of Heart award, which certifies brands elected by loyal consumers, who are not willing to change their preferred products for any other, highlighted Neve toilet paper in Bahia. A tranche of 20.2% of the consumers elected the brand as the winner of its segment. The survey assesses consumers’ loyalty to the brands of 35 products, from mineral water to rice. The consumers have to answer, in just three seconds, what

is their preferred brand in each segment. Interviews were made with 450 supermarkets and markets users in Salvador and in the metropolitan region, comprising a heterogeneous public division that allows the survey to attain 95.5% credibility level.

BOX

In defense of women and children (GRI 4.12)

The company is a signor of Agenda 21 and, in 2011 it adheres to the Movimento Mulher 360 launched by Walmart for the Economic development of Women in Brazil. In May, 2012, it formalized adhesion to the Principles of Women Empowerment, UNO Women's initiatives, besides following the principles of the Global Pact, which the United States' headquarters has signed since 2010. It is also a signor of the Na Mão Certa project, by the NGO World Childhood Foundation, an initiative that tries to efficiently face the issue of sexual exploration of children and teenagers at the Brazilian highways.

- **At the right place and time**

The new plant in Camaçari puts the company in an important area of the State of Bahia and the region

The year 2013 will be part of Kimberly-Clark Brazil's history due to launching of the new plant and the Distribution Center in Camaçari, in Bahia, 42 kilometers distant from Salvador and close to the Petrochemical Complex, the largest integrated manufacturing complex in the Southern Hemisphere. The new location will enable the company to distribute products for the Northeastern region with lower expenditure of fossil fuel and less emissions of greenhouse effect gases (GRI 2.03). Designed in advance to answer to the growing demand for hygiene products related to the social and economic Brazilian development, the plant will have 100% of its production directed to the Northeast.

Election of Camaçari is largely related to the complex, which was launched in 1978 with investments above 16 billion dollars and it is expected to receive contributions above 6.2 billion until 2015. Alone, the complex answers for 20% of Bahia's state GDP and it gathers more than 90 chemical and petrochemical companies and surrounding it there are others from several fields like automotive, cellulose, copper metallurgy, textile, fertilizers, wind energy, beverage and services industries. Several studies and thesis evidence that the complex has provided improvements to the State economy and developed the metropolitan area of Salvador, mainly in terms of urbanization and services.

Kimberly-Clark Brazil has been growing in a continuous and structured manner across Brazil, extending its presence in several national markets. (GRI 2.07) The company, present in 36 countries and with brands traded in 175, has the commitment to manufacture the best products respecting the communities neighboring its units and with attention to the natural resources (GRI 2.8). The relevant information of this report relates to the operations in Brazil, but they include the organizational guidelines and pacts signed by the Corporation valid in Brazil. (GRI 02.05)

K-C's map

Main Office - Faria Lima

Located in the city of São Paulo, it concentrates 771 stakeholders of corporate sections. (GRI 2.3) (GRI LA1)

Eldorado do Sul Unit

The unit installed in the State of Rio Grande do Sul produces external feminine napkins, daily napkins and packages the tampons branded Intimus. It has 434 stakeholders. (GRI 2.3) (GRI LA1)

Correia Pinto Unit

It works exclusively with Neve and Scott toilet paper and it is located in the area of permanent protection of Canoas River in Santa Catarina. It has 242 stakeholders. (GRI 2.3) (GRI EN11) (GRI LA1)

Centro de Distribuição da Mata Atlântica [Mata Atlântica Distribution Center (CDMA)]

It shelters the Centro de Referência Socioambiental Mata Atlântica [Atlantic Forest Social and Environmental Reference Center], a joint initiative by K-C and Universidade Brás Cubas. With 225 stakeholders, the CDMA occupies an area of 62 thousand square meters in the city of Mogi das Cruzes (SP) surrounding the Estação Ecológica da Serra do Itapeti [Itapeti Mountain Range Ecological Station]. It is accountable for marketing 80% of the company's products.

(GRI 2.3) (GRI EN11) (GRI LA1)

Suzano Unit (SP)

With 1,078 stakeholders, it concentrates the production of feminine napkins, dampened tissues and disposable diapers.

(GRI EN11) (GRI LA1)

Mogi das Cruzes Unit

It produces the brands Neve®, Scott®, Kleenex®, Grand Hotel® table napkins and professional papers. With 557 stakeholders, it is located in a 273,337 square meters property close to the Serra do Mar Protection Park, with 79 thousand square meters inside a river fountains protection area. (GRI 2.3) (GRI EN11) (GRI LA1)

ECONOMIC VALUE

- **More for less**

The Lean methodology allows the company to produce and gain more saving resources and time

“The Lean shows how to produce well, with quality, without any environmental or safety incidence, profiting to the most the equipment and potential of people engaged in the process. It allows us to observe the systems in a best regulated manner, with methodology. It is our way of living, we cannot operate without such methodology anymore, summarized Janaína Coutinho, Quality, Safety and Environment manager for Kimberly-Clark Brazil. To have an idea of the methodology's potential, it was thanks to

the methodology that the company was able to reduce by 5% the energy spend with production equipment. (GRI EN5)

“Energy consumption at Mogi das Cruzes unit is the lowest from the last 15 years. Further to the financial impact, there is the largest purpose of not having energy deviation, as set forth in our 2015 Vision. This year we have units that spent 20% less than the plants deemed to be models by the corporation”, said the manager.

Humberto Hamermuler, Continuous Enhancement manager and in charge of consolidating the Lean culture at Suzano’s plant has several accurate arguments to recommend the methodology. “We have achieved approximately 20% gain in productivity, reduction of waste close to 15%, not considering the gains in the environment and development of people”, he lists, citing the results of Suzano’s unit. K-C started to use the system in 2010, with a pilot program implemented in Suzano. Four months later, the process was extended to all the machines and units in Brazil. Besides focusing the personal and group development, the company qualified the stakeholders in the Lean tools: 5S (setting in order to flow, sorting, systematic cleaning -shine, service, standardize), OEE (Overall Equipment Effectiveness, which seeks to extract the maximum efficacy from the equipment), SMED (Single Minute Exchange of Die, to reduce the machine maintenance time) and Troubleshooting.

The manager affirms that the stakeholders demonstrated great adhesion to the method, as Lean leads everyone to reconsider their daily routine and do think differently. “It is necessary to plan the activities that add value and review our agendas, balance the daily activities. With such balance we become more participative leaders close to the team, trying to find the deviations and work upon the solutions”, he stated.

The productivity gains were obvious. Among the initiatives that enabled such gain we have: machines operating at their maximum speed; performance dialogues at every two hours, with discussions about the issues; product safety and quality items; standardization of the operational tasks; analysis of the raw-material flows, focusing on the waste in transportation and handling; application of the SMED concept (quick exchange) in the maintenance and product format change activities; change of attitude of the operation in work with high performance teams.

In terms of clients relationship, K-C has achieved the best indexes of complaints to the Consumer Services (SAC) in the history, reaching excellence global levels. The other end of the chain, comprised by the suppliers, also benefits from the projects dedicated to enhance quality of the raw material and reduce the bureaucracy at the contracting instance, as claimed by Marco Antonio Iszlaji, Director of Legal and Corporate Affairs. Currently, there are standard documents that correspond to 90% of all the contracts celebrated by the company. The K-C’s stakeholder just has to identify and complete the proper template for the purchase operation he will be carrying out. After the operation is approved in the system, it will only be necessary to print it and perform the service. “Today, 60% of the contracts are produced in that manner, before that, only 26% of those followed this path. There is an important saving of time with that”, explained Iszlaji.

Box

Creating a winner team

The year 2012 experienced deep restructuring for the Center Division, which encompasses Distrito Federal, Rio de Janeiro, Minas Gerais, Goiás, Mato Grosso, Mato

Grosso do Sul and Espírito Santo. The Peruvian Carlos Rupay assumed the directory after being part of K-C's team in other South American countries and promoted change in the commercial strategy and personnel management. The number of managements was reduced from eight to five and, based on data indicating that 110 of the 300 clients concentrated 97% of the sales, the services structure was reorganized. "That has been a good, but difficult year, a meeting of different work cultures and strategies", he said. The Director recalls that in the middle of 2012, during a meeting, the team thought that it would not reach the sales target. "But we reached the end of the year excelling", he said. To accomplish the result, the team analyzed several data and decided to invest into more profitable channels and products. Rupay tells that he also came with the purpose of stimulating growth of the team and noticed that there are many opportunities to attract and develop talents, the work he deems to be the most important in 2013. "Our main target is to have a winner team, professional, with leaders directed to extract the best of the business. Our challenge is to export talents, to send people to hold higher positions in other areas or outside Brazil," planned the Director.

- **Risks mapped by the committee**

During the year, 25 points have been appointed; licenses, contracts and products recall are the priority (GRI 4.11)

Besides following the standards defined by Kimberly-Clark Corporation for risk management, the Brazilian administration carried out a rational work in 2012 to define and propose ways to mitigate the most critical points in the country. A central committee has been formed with the participation of the directors from the legal and corporate affairs and finances, besides legal, financial, suppliers and regulatory managers, among others. (GRI 4.9) "In 2012, we contracted a consulting company who indicated 25 risks with small to medium impact on company's business. From those, the themes of contracts, recall and licenses were prioritized and they already account with sub-committees that have professionals dealing with these areas on the daily routine to develop projects and actions to mitigate them", said Jefferson Correia, Public Relations Manager for K-C Brazil. During the year, two meetings were held with the central committee and two with each Licenses, Recall and Contracts sub-committee.

In terms of quality and safety related to the products life cycle, which are connected to risks management, the company uses the projects management process named K-C Inova. Such system engages all the areas, allowing that rules on safety, health compliance with the laws and enhancement of sustainability are taken into account for the products launching, re-introduction and in all the other projects as well. The directory's approval in each one of the stages assures relevance and integrity with the consumers. Several tests and assessments are carried through before the product is launched. Pilot and manufacturing tests define, refine and finalize production specifications and parameters; tests with consumers validate quality perception and deliveries of benefits; clinical exams, performed by independent institutes, guarantee compliance with the local laws and also the global rules of KCC; tests of products efficacy, safety and integrity simulate real instances of storage, point of sales and use.

Also, assessment and approval of the supplies properties and characteristics are performed which must attain the classification of Safety Clearance from the headquarters. Said document is revalidated from time to time, respecting the terms defined in the clearance. (GRI PR1)

When any sustainability concept is incorporated into the project, the corporate tool named Design for Environment (DfE) verifies whether the change has provided gains. Thus only the product enters in the minor environmental impact classification. After each launching, several aspects are assessed again. The data of the Customers Services (SAC) are used to assess whether there is any need to change not only the aspects to assure consumers health and safety, but also aiming to give them satisfaction. Complaints are gathered and analyzed by technical terms, causing enhancement action plans as required. Audits at the points of sales are broadly performed, to check integrity prior to consumer's purchase, and specific actions are taken as required. K-C Inova process requests an analysis when the product turns six month available for sales and when there is any need, the due enhancements are performed. (GRI PR1)

The company was not subject to significant fines or non-monetary sanctions derived from non-compliance with laws and regulations related to supply and use of products and services. There were cases of low value fines derived from failures found by IPEM/INMETRO by error in quantity or communication and four non-monetary sanctions (warnings) also issued by IPEM/INMETRO. (GRI PR9)

BOX

Control in the entire value chain

The company does not have operations in risk of occurring forced labor or analogous to slave or yet child labor, and it carries out QEHS (quality, environment, health, safety and sustainability) audit in all the new suppliers of direct material and finished product to check such practices. Performed since 2009, this action checks several social responsibility subjects like child and slave labor. Furthermore, on annual basis, a selection of critical suppliers is performed to define the ones who undergo checking audits. In the fibers purchase area (cellulose and chips), there are frequent and periodical visits to 100% of the suppliers. In relation to the suppliers of cellulose, the main raw material for Family Care, 100% are certified by the Forest Stewardship Council (FSC), which certificate is only issued after checking of several themes, including child labor. K-C also carries out several technical visits to some suppliers of spare parts and services. In case of child labor or items non-compliance with the health, safety and environmental laws, the supplier is eliminated. In 2013, K-C expects to include the checking control for the companies deemed to be incompetent through the Transparency Portal. (GRI HR6;GRI HR7)

In 2012, K-C also started to carry out a supply assessment process based on the environmental issues – the subject was included into the items of the audits with suppliers, performed by independent teams formed by experts on health, safety, environment and ecosystem. This measure seeks to assure higher control over the impact of the climate changes in company's performance. (GRI EC2)

CORPORATE GOVERNANCE

- **Rigid controls assure long-life**

In 2012, Kimberly-Clark Brazil was once more assessed as being very well controlled

BOX on the executive board

The executive board is comprised by one President, 12 Directors and 1 National Manager, 3 of those being women. KC's Board of Director's Structure is comprised exclusively by members appointed by the company, without the presence of independent members. The company also accounts with a Sustainability Committee, comprised by 20 executives from several areas and hierarchical levels that analyze scenarios and sets forth targets for the strategic vision of corporate sustainability and,

through bimonthly meetings, analyze evolution of those targets. There is also a Central Committee on Risks Management, comprised by 25 executives of the Direction and Management levels. The Risks Management Committee works towards mitigating the main operational risks in the Country, indicated by external consultants. (GRI 4.1)

| GSSType | White | Brown | Total |
|------------------|-------|-------|-------|
| President | 1 | 0 | 1 |
| Director | 10 | 1 | 11 |
| National Manager | 1 | 0 | 1 |
| | 12 | 1 | 13 |

(GRI LA13)

| GSSType | Above 55 years-old | | From 35 to 44 years-old | | From 45 to 54 years-old | | From 26 to 34 years-old: | | Total |
|------------------|--------------------|------|-------------------------|------|-------------------------|------|--------------------------|------|-------|
| | Fem | Male | Fem | Male | Fem | Male | Fem | Male | |
| President | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Director | 0 | 0 | 3 | 3 | 0 | 4 | 0 | 0 | 1 |
| National Manager | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| | 0 | 2 | 3 | 3 | 0 | 5 | 0 | 0 | 13 |

Since 2004, Kimberly-Clark Corporation's audits have been, year after year, assessing the corporate governance in Brazil at the maximum level as very well controlled. Besides establishing strong culture already embedded into the daily routine of all the concerned parties, from the President up to the stakeholders, the company is constantly performing training sessions and audits to check or enhance the processes, in an effort to make them increasingly more transparent.

The executive board is comprised by João Luiz Damato, K-C's president since 2002 and accountable for the operations and financial results in Brazil, (GRI 04.2), 11 Directors and one National Division Manager, three of those executives are women. The board of directors is formed exclusively by members appointed by the company, without the presence of independent parties. (GRI 04.3) Decision making is also divided with committees. The sustainability committee gathers 20 executives from several areas

and hierarchical levels, reporting to the Presidency and it is responsible for analyzing scenarios, defining targets for the strategic view of corporate sustainability. In bimonthly meetings, evolution of those targets is submitted to checking. The Central Committee on Risks Management, formed in 2012 by 25 executives of the Direction and Management levels, works towards mitigating the main operational risks in the Country, indicated by external consultants. (GRI 04.1)

At every five-year period, the leaders meet to produce the company's strategic planning with clearly defined guidelines and targets for the next years. In the last meeting, held in 2009, the 2015 Vision was established, which document encompasses financial targets, market leadership, innovation with perfect execution, distribution and conquest of the point of sales, operational competitiveness and sustainability. Those guidelines and targets are defined taking into account the macroeconomic and business scenarios, financial indicators, sector trends and initiatives in development. In contracting the members of the executive board, the university education, prior experience in consumable products industries and competences to manage an area are taken into account. There are no fixed quotas or gender diversity targets for the Directors, however, K-C seeks for such equality every year. (GRI 04.7)

The company's strategy is defined by a high hierarchy group, comprised by members of the executive board and the President who meet once a week. They are committed to inspect and assess the management's performance according to the perspective of the 2015 Vision. Being a company headquartered in the USA, all of K-C's operations are submitted to the controls defined by the Sarbanes Oxley Act (Sox). Created in 2002 in the United States after the scandals that involved the company named Enron, the law aims to guarantee existence of reliable audit and safety mechanisms in the companies. "K-C works strongly towards assuring that everyone is deeply familiar with Sox. Besides carrying out internal audit to check compliance with the laws, an external audit is also performed, at the headquarters, carried out by an independent company, Deloitte", explained Edmilson Silva, controller. (GRI 04.9) According to him, in 2012 qualification training sessions were performed to spread the Sox concepts and also the rules of the Foreign Corrupt Practices Act (FCPA), to prevent corruption acts.

K-C's executive board is assessed by the KC&PD (Global Performance Management) by individual targets aligned to the business of their areas and shared targets that affect the whole company, like controls and financial results, people and business management. The self-assessment process is related to the roles of each title or role. The executive board has exclusively financial targets. (GRI 04.10)

BOX - Highlight

The relation between remuneration of the highest governance level, executive board and other executives and the organization's performance is 2.49% (GRI 04.5)

FINANCIAL BALANCE

- **Storm proof**

Kimberly-Clark Brazil has grown 16% in Reais [T.N. Brazilian currency Real, pl. Reais] and it has been able to reach the corporation’s target in a year that experienced changes in the foreign exchange

HIGHLIGHTS

Payments (in Reais) (GRI EC1)

| | |
|--------------------------|---------------------|
| | |
| Total taxes | 637,379,954.00 |
| Non-deductible donations | 336,877.21 |
| Employees remuneration | R\$ 337,063,754.82. |
| Payments to suppliers | 1,333,400,825.32 |

Gross Revenue (in billion Reais) (GRI EC1)

| 2008 | 2009 | 2010 | 2011 | 2012 |
|-------|-------|-------|-------|-------|
| 2.00* | 2.20* | 2.40* | 2.60* | 3.00* |

*In billion Reais

Kimberly-Clark Brazil’s gross revenue has been growing in a continued and sustained manner. In 2012, the company reached the defined growth target in the two-digit range and the target defined in dollars by the corporation, which required stronger effort due the foreign exchange variations that occurred in the year. The gross revenue reached 3 billion Reais, representing 15.4% growth, thanks to the efforts from all the stakeholders to increase the market share and keep the operational costs within the defined targets. The salaries to the 3,433 employees amounted to R\$ 337,063,754.82 Reais, corresponding to 60.5% increase compared to 2011, when it reached 210 million Reais. “The company is very healthy, in financial terms, it improved its indebtedness profile, generated employment and accounted with investments figuring 80 million Reais in production, machinery and equipment,” said Edmilson Silva, the company’s Controller. (GRI 02.8, EC1)

K-C prioritized the productive investment projects, financed by the Banco Nacional de Desenvolvimento Econômico e Social (BNDES), which enabled considerable improvement of the indebtedness profile. “We closed 2012 with 100% of the long-term debts linked to smaller interests. That was a groundbreaking event here in Brazil”, explained Luiz Castello, Financial Manager. This type of financing is only allowed to investments that generate employment and improve the productive capacity, which benefits the society as a whole.

Another great jump verified along the year was related to the working capital, which measures the time between the exit of money from the cash to buy the input until the instance it returns upon payment of the product sold. “K-C set another record in this

indicator, reducing from 31 to 30 days, one of the best figures of the corporation in the whole world,” stated Luiz Castello. This continuous enhancement is possible thanks to several measures that affect the entire chain. The purchase teams negotiate the best possible deadlines without impairing the suppliers or the working capital. “K-C offers tools and financing programs with partner Banks that charge more attractive rates than those that would be attained should they ask for the credit alone,” Castello explained.

VALUE TO THE CONSUMER

- **The Brasis do Brasil [Brazils in Brazil]**

Kimberly-Clark respects the cultural differences of the several regions

“We know that cultural differences impact consumption. It is not by chance that the regional brands many times are the leaders: they adapt communication, product, they are more dynamic,” observed Carolina Kourroski, Director of the North/Northeast division for Kimberly-Clark Brazil. With offices in Recife and representatives in several points of the two regions, it accounts that each state and even city has its specific features, which requires sociological knowledge to respect well the consumer audience. “This is our great challenge,” she said. At the other tip of the country, the person in charge of the São Paulo/South division, Cláudio Vilardo, also observes consumers’ behavior to define strategies and actions.

“In Rio Grande do Sul, we noticed that they assign great value to our participation in a local event. We usually invest into the ‘Garota Verão’ [Summer Girl], a contest that mobilizes the entire state,” affirmed Vilardo. Another example is the fair of the Associação Gaúcha de Supermercados (Agas), much valued by the Rio Grande do Sul natives. “During that event, we launched Neve® Neutracare, which comes with a technology that controls the smells of the garbage can, and it reverberated intensely,” he said. The outcome: at the end of 2012, sales of Neve jumped to 66% compared to Scott, which attained 34%. At the end of 2011, the indexes were 48% to 52%, respectively. “We are showing consumer that Neve is the brand on which K-C puts its resources, the one with the most innovations that benefit the consumer,” he stated.

In the Northeast and in the North, Carolina, natural from Bahia but who lived 11 years outside the Northeast, discovered first that she had to adapt the communication strategies to reach the audience. “To be at the same place with the consumer allows us to observe details and understand the particular features of the behavior. That proximity is one of the reasons for the business duplicating its size in four years,” she said. The current priority for the office is to establish the team in other cities, defining sales agents and executives to work in other cities, in order to enable fine tuning with the target audience’s wishes. “We have opted to value the local resource, which allows us to generate a cycle of trust,” said the Director.

One of the successful examples is that of a sales executive that accomplished a first of the kind market share in Pernambuco state country area. Kennede Ribeiro, with the help of a communication agency and a distributor created the ‘Caixas de Som’ [Sound Boxes] project. Small, with battery enough to work for six hours and covered by a

screen printed with the brands that would be announced, the boxes were taken to the points of sales to disclose the products with the vignettes adapted to the local accent. With that project, he was able to increase sales by 20% between January and October, 2012, in comparison to the same period in 2011. “He took the opportunity to solidify the presence, talking in the same language of the consumer,” said Carolina.

Box

Respect to consumer

Kimberly-Clark constantly assesses consumer’s perception of its products. After each launching, the data of the Customer Services (SAC) are analyzed to verify the need to carry out changes or not, aiming to attain health and safety, and also customer satisfaction. (GRI PR1) Today, active satisfaction surveys are not performed, by the company assesses repercussion in communication vehicles, social networks and in possible legal actions, an indication that the year 2012 has been positive. K-C serves more than 60 thousand consumers per year, and it has indexes below 0.5% of cases that reach the judicial sphere. Large part of the complaints are resolved in the attendance service, with satisfaction and reversion of the problem. (GRI PR5) In 2012, no case of non-compliance with the regulations and volunteer codes related to marketing communication have been verified, including publicity, promotion and sponsorship. (GRI PR7) The company also preserves privacy of its clients: its mailing is unique and exclusive and it is not shared with other companies or vehicles. Therefore, there have never been issues with proven complaints related to privacy violation and loss of clients’ data. (GRI PR8)

Box 2

A toast to the future mothers

An initiative created and put into practice in the Northeast today is already applied across Brazil, benefitting the future mothers and helping them organize their baby shower. This is the way it works: the interested woman enrolls herself in the website www.chadaturma.com.br, creates its personalized invitation and attains discounts and prizes. The guests get 15% discount in the purchase of up to three packages of Turma da Mônica Soft Touch diapers (promotion valid until August, 2013) and the host gains a R\$ 50 purchase ticket for Huggies Turma da Mônica products. “The campaign was developed by a local partner and got an award,” said Carolina Kourroski, Director of the North/Northeast division. The agency ‘Hagua - Estratégia e Comunicação [Hagua – Strategy and Communication]’ got Bronze in the Hotsite category for the Chá da Turma in the 2012 Advertisement Award of Pernambuco. The campaign started in 2011, for a specific period and after 2012 it became permanent. Just between April and August, 69,745 people accessed the site, generating 3,358 enrollment and sending of 55,655 invitations, totaling 125,400 people impacted by the campaign.

- **Teaching is a necessity**

Kimberly-Clark performs actions to educate and preserve consumer’s health

Selling is not enough, it is necessary to educate. Kimberly-Clark, who has the mission of leading the world in the essentials for a better life, acts in contributing for education of

the consumer and complying with its commitment towards social responsibility. The 'Aprendendo Sobre Proteção Solar' [Learning about Sun Protection] campaign, developed in elementary schools has the purpose of making mothers and children aware of the relevance of daily sun protection. The Idea is also to disseminate habits that cannot be limited just to the beach and pool moments, like for instance: to elect the best hours for exposure to the sun, use of accessories like caps and sunglasses and use of sun block.

According to the Instituto Nacional do Câncer [Brazilian Institute on Cancer] the children are exposed to the sun, in average, three times more than the adults. Researches indicate that cumulative and excessive exposure during the first 10 to 20 years of life increase the risk of skin cancer.

In 2012, the action was performed in 11 of the main Brazilian capital cities, reaching 180 schools and 65 thousand people, including teachers and children. Using playful resources such as games, stories telling with Turma da Mônica characters and an activities book customized for the brand, the children and teachers are made aware of the relevance to use daily sun protection. (GRI EC8)

Another initiative recognized by a regulatory agency during the year was Neve® Compacto toilet paper, which premises were approved by the Conselho Nacional de Autorregulamentação Publicitária (Conar) [Brazilian Publicity Self-regulation Council]. "The agency asked the companies to evidence that the futures included in the publicity were true," said Marco Antonio Iszlaji, Director of Legal and Corporate Affairs. The final document states that the defense sent by K-C and its agency evidence the claims of the campaign that the product demands "less packaging, less truck for transportation, less pollution." (GRI EN26)

K-C Professional, which offers hygiene solutions for companies, shopping centers, restaurants and pubs, also constantly performs initiatives for its clients. "K-C wants to provide well-being for people not only inside the house, but also at work. Then, we try to help offer exceptional work environments, keeping the stakeholder healthy and happy," said Marli Spizzirri, Manager of K-C Professional. The division launched the platform 'A Saúde Está em suas Mãos' [Health is in Your Hands], about the importance to clean the hands in order to prevent contamination in the work environment, and enhanced the way to implement the hygiene programs in its clients. "Before that, we thought in product and systems, today we have platforms with a broader concept that encompasses well-being of the employees", highlighted Juan Lenis, Director of K-C Professional. Besides the communication material that explains the relevance of hygiene, the sales executives of the division make lectures on this and other subjects related to waste control for hygiene products, giving directions to use only one towel to dry the hands, among others. "This is possible thanks to K-C's exclusive technology. The towels have high performance and therefore, besides reducing consumption, they generate less waste to the environment," said Marli. (GRI EN26)

- **How many trees did you spend?**

Environmental calculator shows the quantity of natural resources used in the manufacture of the products

Kimberly-Clark Professional (KCP) is showing its clients the quantity of water, trees and even carbon dioxide emission is required to manufacture each product. Hence, the client can know the economic and environmental advantages of K-C's portfolio, which is designed to increase performance and reduce the quantity of natural resources used in the manufacture. First, the executives offer a one-week test with K-C's products in one or two bathrooms of the client, so that he can calculate the difference in consumption with the brand that the client customarily uses. Afterwards, already aware of the economy in quantity terms, he becomes aware of the sustainable value of the products, after the executive shows the client, using the environmental calculator, how much the K-C products save from gas, trees, electrical energy and even carbon dioxide reduction, with less trucks travelling to carry them. (GRI EN26) "We talk to experts, thus our speech has to be very technical, with solid arguments," said Juan Lenis, Director of KCP."

With the help of a sustainability consulting company, K-C elaborated the environmental calculator, based on market averages. It has been taken into account, for instance, how much the plants in general use from fibers and water, among other supplies, to produce each ton of paper. In practical terms, and without complex accounts, the client finds out how much it refrained from polluting nature by opting to purchase the KC's products.

"Today, 60% or 70% of our conquests are grounded on sustainable concepts," said Marli. She cites an easily measurable example: K-C's liquid soap systems (dispensers) release 0.2 milliliter at each use, which is enough to clean up the hands, while the ordinary ones release one milliliter.

Another product with proven environmental efficiency is the wiper, a disposable towel that replaces cloth in the several cleaning tasks, with better performance. Available at several weights, to serve different needs, from drying the dishes and cleaning the table at a restaurant up to removing excesses of paint and grease in assembly lines within the industries and other market segments. The wipers generate less waste than cloth, providing more safety to the user and to the process.

One of the targets of the division is to attain reverse logistics for the wipers, finding a way to assist the clients in recycling the material used. "Although our products are evidently much more environmental friendly, our concern does not stop there. We want to go farther," stated Juan Lenis.

NATURAL VALUE

- **The clean energy challenge**

The plant responsible for manufacture of tissues, feminine napkins and diapers, located in the city of Suzano, reached a manufacturing pace that demanded energy capacity much higher when compared to former periods. To serve the new energy demand Kimberly-Clark Brazil invested, in 2012, 20 million Reais to build a transmission line aiming to increase the energy capacity in the surroundings of the

unit, avoiding the oscillations caused by the company’s activity and it has been eventually making available for the companies in the region’s larger amount of available energy so that they can increase their production and generate more jobs. (GRI EC8)

Programs reduce energy consumption

Energy conservation and efficiency programs are applied in all of K-C’s units, considering equipment, enhancement of circuits and productivity. In a comparison with 2011, in 2012 5% reduction was observed in the total energy spent to manufacture all the products in Brazil, considering the costs of the Centro de Distribuição da Mata Atlântica (CDMA). In addition, a team specialized in Lean processes focused efforts in the energy process, accomplishing 5% higher energy gain in production equipment. The target for 2013 is to implement Lean projects to minimize energy expenditure in all the units. (GRI EN5) The total reduction in energy consumption for all the production units was 13%.

INFOGRAPHICS

Indirect energy consumption by source (GRI EN4)

| | Electricity | Biomass |
|-----------------|-------------|----------|
| Mogi das Cruzes | 27,092.10* | 0 |
| Eldorado do Sul | 43,289* | 0 |
| Correia Pinto | 252,873* | 271,234* |
| Suzano | 18,345.92* | 0 |

*In gigajoules

At Correia Pinto unit, the waste is used to produce energy in biomass boiler. (GRI EN6).

INFOGRAPHIC:

Energy consumption (in gigajoules)

| | 2010 | 2011 | 2012 |
|----------|-----------|---------|------------|
| Direct | 763,239 | 751,686 | 745,452 |
| Indirect | 1,923,412 | 918,567 | 594,488.10 |

- **Preservation by knowing**

The creation of the Centro de Referência Socioambiental Mata Atlântica will help to protect the local fauna and flora

Kimberly-Clark created, in association with Universidade Brás Cubas, the Centro de Referência Socioambiental Mata Atlântica (CRSMA). The company provided a house inside the Centro de Distribuição Mata Atlântica (CDMA), located at Mogi-Dutra Highway, close to the access to Suzano, in a property with 62 thousand square meters, in an area close to Estação Ecológica Itapeti [Ecológica Itapeti Station] and to the Parque Natural Municipal Francisco Antonio de Mello [Francisco Antonio de Mello Natural City Park], in Mogi das Cruzes. (GRI EN11). “The idea is to diffuse practices of educational management, handling and education. The space will provide knowledge about the regional flora and fauna, which is very rich. We will map all such wealthy, as it needs to be known by the population,” said Jefferson Correia, K-C’s Public Relations manager. He explained that the company will hire four students of the university to perform on-the-job training at the center. (GRI SO1) (GRI EC8)

During 2012, the students attended preparatory workshops. The purpose is that the studies prepared by them will be afterwards shared with the student population of the Elementary and High School education in the region. “A cross-disciplinary team of the university will develop a program to make good use of such visits, which will be monitored by the university students,” detailed Marco Antonio Iszlaji, Director of Legal and Corporate Affairs.

Before electing the place for the CDMA, K-C performed a study of the environmental impact that took several aspects into account, since clearance of the routes in the city of São Paulo up to recovery of spaces for preservation of the species. After defining the place, 13 thousand seedlings of native plants from the region were planted. “The site presented secondary woods, we have committed to build the green pocket that connects the property to the Atlantic Forest,” said Iszlaji. Therefore, several animals which were absent could return to the local woods allowing them to live in their habitats and also to be the object of researches to foment environmental education. “Our main target is to diffuse environmental management, handling and education practices connected to nature preservation and improvement of the social and environmental conditions of the city”, stated Anderson Pagoto, professor of Universidade Brás Cubas who coordinates the project together with the peers Vanda dos Santos and Pedro Tomasulo.

The work to be performed at the site has two assumptions: to catalogue the species and education. For that, the Center will perform several actions, since collecting samples of the plants to be exposed in the house up to registering appearance of animals at the site. The schools in the region will be consulted in order to define what could be of interest to the students and, based on the demands, the space and the visitation program will be developed. The project is part of K-C’s environmental strategy, which, during 2012, identified all the impacts of its activities, products and services over the biodiversity of the areas protected or not. In what concerns biodiversity, no significant impact has been identified in protected areas or in areas with high level of biodiversity outside the protected areas. (GRI EN12)

- **Now, it fits more**

Measures like concentration of more diapers into a single package reduces waste and use of raw material, besides favoring the consumer

The more watchful consumers have already noticed that now, instead of packages with four or eight rolls, the Neve toilet papers come in larger packages, with 24 and up to 32 rolls. Kimberly-Clark decided to increase the portfolio for several reasons: to save plastic and attain better performance in transportation and storage, both at its premises and in those of its clients, and also to favor the consumer, who accounts with more options. Such methodology has already been applied in diapers, as well. “We have had a plastic reduction project, using less bags and compacting. This year we have bought a machine that enables packing two rows of diapers. We already had a large package, but it grouped several small packs,” explained Alexandre Hara, Manager of Personal Care Innovation.

With it, the consumers, instead of purchasing 15 small packs, take only one home. “That has an impact in the use of plastic, we have been able to accomplish gain,” he said. That change in the diapers was inspired in toilet paper compacting, a measure that has been certified with the ‘Ecological’ logo, a label created by the corporation at the global level and which audits ecological products projects. “Those are strict criteria defined by the company and they are audited before attaining the label,” said Cláudio Buiatti, Director of Research and Development for Latin America. Compacting of the rolls allowed the company to reduce by 84 tons the use of plastic in the packaging; in 2011, a reduction of 15 tons was verified. (GRI EN6)

The average monthly consumption of toilet paper in Brazil corresponds to eight rolls per family. But, within that, there are variations, therefore the need to create several packaging formats, with four, eight, twelve, sixteen, twenty-four and thirty-two rolls. Another novelty from 2012 was the launching, for the whole market, of Neve Naturali paper, which was previously sold only at Walmart. Once the product is made it is made with 100% recycled fibers, this is a consistent initiative of working sustainability and defend the cause of the brand, *Por um Brasil mais Verde [For a Greener Brazil]*. At the end of the year, Naturali was already present in 62% of the most representative stores of the market, and at the end of 2011 the index had already reached 34%.

Another novelty started up in 2012 is Neutracare, an initiative that helps neutralize the odors from the bathroom’s garbage can through an exclusive technology. The company verified that 99% of the Brazilian households use garbage cans to dispose of paper, as the toilet piping does not allow disposal through the sanitary bowl itself. Based on that, K-C Brazil was one of the pioneers to launch such groundbreaking innovation in the world, provided by Kimberly-Clark Corporation.

In 2013, the Family Care category is taking part for the third time in a Walmart program that aims to develop sustainable products. This time, a new version of the Kleenex tissues will be presented, with sustainability gains. Preserving its essence, K-C will bring an innovation that is good for the company, for the consumer and for the environment.

- **Purer air**

Compact toilet paper and other measures reduce emissions of gases in the atmosphere

Year after year, Kimberly-Clark Brazil has been reducing emission of greenhouse effect gases. In 2012, the direct emissions presented 3.8% decrease and the indirect ones by 11%, when compared to 2011. (GRI EN16) “The main basis for such reduction is the toilet papers compacting project,” stated Ricardo Gonçalves, Director of Supply Chain.

Alone, this novelty allowed reduction of 815 tons in the total CO₂, with compacting of 77% of the volume of toilet paper that can be compacted (i.e., excluding the four rolls formats and Neve[®] Supreme range). In 2011, with 17%, a reduction of 157 tons was verified. (GRI EN6) “It is a great idea, very simple and bringing benefits to everyone: to the consumer, to clients and distributors and to K-C,” observed Gonçalves.

INFOGRAPHIC:

Emissions of gases (in tons) (GRI EN16)

| | 2010 | 2011 | 2012 |
|----------|--------|--------|--------|
| Direct | 45,404 | 42,978 | 41,321 |
| Indirect | 17.9 | 18.012 | 16.014 |

INFOGRAPHIC:

Compact paper growth*

| | 2010 | 2011 | 2012 |
|---------------|---------|----------|-----------|
| Total compact | 9,576.2 | 45,099.1 | 307,400.5 |
| Neve Compact | 5,413.5 | 10,011.3 | 257,210.8 |
| Scott Compact | 4,162.8 | 35,087.8 | 50,150.5 |

* In number of rolls sold

“With this program, we have been able to carry 18% more paper in each truck, which allows less emissions of CO₂,” explained Márcia de Ferran, Manager of Family Care Innovation and one of the creators of the initiative, applied since 2011. And the best: the competition also adhered to this initiative started by K-C, yet shyly, but indicating a trend for the future.

Change in the fleet

In 2012, a change in K-C’s logistics was started which certainly will reflect into even more indirect emissions in 2013. The trucks that pull the semi-wagons that take the products from the plants in Mogi das Cruzes and Suzano up to the Centro de Distribuição Mata Atlântica (CDMA) will belong to a new company, Liran Transporte e Logística, selected from criteria that includes sustainability. The change is done in two stages: semi-wagon exchange, in January; and semi-tractors, in July, which will provide sustainable gains. In 2012, the third party’s diesel powered cargo transportation vehicles issued 131.742 tons of gases. (GRI EN17)

The new semi-tractors comply with the standards defined by the Program for the Control of Air Pollution by Automotive Vehicles (Proconve P-7) from the Brazilian Environmental Council (Conama), the Brazilian equivalent to the European standard Euro 5. The program started to be applied in 1986, currently being in the seventh phase (P7) and setting forth several rules. The trucks, already manufactured to follow the standard, travel with S-50 diesel, which issues 50 particles of sulfur per million. To

have an idea of that, the old engine lines emitted between 500 and 1,800 particles. In addition, all the trucks have catalysis, which remove large part of the particles from the atmospheric emissions. In economic terms, they are also more affordable, with costs between 3% to 7% lower than the former, and they require less maintenance – the interval went from 15 thousand kilometers to 25 thousand. “It is more efficient, it is capable of pulling higher quantity of cargo with less fuel and, yet, emitting lower quantity of polluters,” said Gonçalves.

One of the 2012 targets, which was to engage clients and distributors in the project of adopting natural gas and ethanol powered vehicles, has not advanced. “Furthermore, aside from other problems, the law restricts traffic of trucks inside the city of São Paulo, making the project economically unfeasible. The vehicle, to become feasible, has to be constantly travelling, it cannot stand still,” said the Director of Supply Chain. Increased coasting navigation, transportation among ports in the same country by ship, has also become unfeasible. “We hope that the Federal Government projects will improve the infrastructure and reduce costs so that we can resume navigation. Our transportation area is frequently analyzing this possibility, but until now it continues to be unfeasible,” stated Gonçalves. The railway transportation, made until a client in Uberlândia, has already been extinguished, as the operator has ended its activities.

Local suppliers

The project of the new plant in Camaçari, in the State of Bahia, was created in order to reduce emission of greenhouse effect gases. “We calculated the whole impact of the chain, from transportation of the raw material up to the finished product. Currently, we are negotiating with the suppliers so that they shall deliver the inputs with the lowest possible impact,” explained the Director. According to him, during the first phase, K-C will try to negotiate with the local companies and do everything possible to homologate them in the standards required by the company; during a second phase, the idea is to stimulate them to set base close to the plant.

Highlight

Direct energy consumption by primary energy sources of non-renewable sources was 528,692 gigajoules of natural gas, 203,567 of LPG and 13,193 of fuel gas. (GRI EN3)

Box

Other emissions

Kimberly-Clark Brazil follows international standards and does not purchase equipment that contain substances harmful to the ozone layer. This practice is proven by the corporate audits. (GRI EN19).

K-C emitted 0.98 tons of NO_x and 9.12 of NH₄, reaching the target of 2% reduction of the total value, in relation to the former year. The calculations were made based on conversion factors supplied by KCC. (GRI EN20).

K-C minimizes the impacts caused by transportation of products and other materials used in the organization operations, as well as transportation of the workers. (GRI EN29)

Yet, the company is dedicated to reduce eventual direct and indirect impacts. All the projects are based on the energy conservation principles, intelligent sensors system, reduction and enhancement of equipment energy consumption, advantage use of the sun light, natural or wind ventilation systems. As an example of such efforts results we observed 3.2% reduction in the indirect emissions, compared to 2011. (GRI EN7)

INFOGRAPHIC:

Investments in environmental protection (GRI EN30)

| Types of expenditures | Values (in Reais) |
|--|-------------------|
| Maintenance of environmental control equipment | 345 thousand |
| Operation of the effluents treatment stations | 720 thousand |
| Environmental training | 220 thousand |
| Environmental projects | 720 thousand |
| Environmental education in the community | 120 thousand |

The company was not subject to significant fines or non-pecuniary sanctions derived from non-compliance with the environmental laws and regulations (GRI EN28).

- **Alliance for the green**

The joint work with suppliers provides environmental and economic improvements

“Increasingly more, they understand that there is no good in only having value added to attain sustainability appeal. They notice that, in order to enter with volume and consistency into a company they have to attain scale so that they shall keep competitive cost in time,” said the Manager of Relationship with the Supplier, Fernanda Felicetti, accountable for the selection and negotiation with Kimberly-Clark Brazil’s suppliers. With this statement, she shows that the sustainability culture that permeates the company’s activities already defines the suppliers’ behavior as well, who first incorporated the concepts of social and environmental care and now they know that it is necessary also to present economically feasible raw material.

Fernanda says that two project initiated in 2011, the use of green resin in packaging and recycled material in bundles, became fully operational in 2012. In the case of green resin, that was only possible because Braskem produces polyethylene from sugarcane, i.e., renewable source, in large scale. Until the end of the year, all the packaging of Neve® toilet paper, which adopted the cause Por Um Brasil Mais Verde

[For a Greener Brazil], were already composed with more than 56% of such resin and the rest with ordinary resin, which is made from petroleum. During the year, 628 tons of that material were used, reducing by 43% the consumption of polyethylene from non-renewable source, thus resulting into 2,700 tons less in emissions of CO₂ equivalent. (GRI EN6)

The recycled material was adopted to form the bundles that contain products already packed, like toilet paper and towels, to be transported and stored at the resellers. At the end of the year, one part of the bundles was already composed by 70% of secondary packaging gathered across Brazil by the supplier's partners. "It seems simple, but it was hard to get a composition of resin that would generate good plastic and not impair our productivity. We had to refine the recipe with the supplier and reached 70% recycled material. There is no result parallel to this efficacy level at K-C Corporation," said Marcia de Ferran, Manager of Innovation. She said that the target is to develop suppliers until it is possible to use recycled material, post-consumption, for the product packaging that is exposed at the shelves, which demands much better quality. (GRI EN6)

"We want to develop the suppliers, make them well-structured. Our relation with the supplier is always that of exchange," stated Marcia. "Today, we have this responsibility of given proper destination to such packaging materials that would be disposed at landfills or any improper site, purchasing it through recycling," added Fernanda. Another initiative, at the Personal Care division, uses industrial scraps to manufacture the pre-molded bags that involve the products for transportation and storage at the clients. "For 2013, we will also have the opportunity of counting on with more sustainable packaging ranging from the bath and after bath lines," advanced Fernanda. Another advancement verified in 2012 was the Forest Stewardship Council (FSC) certification, granted to one of the paper tubes, i.e., the more consistent paper tube laid inside the toilet paper roll. "The company is the first and the single one in Brazil, in this segment to have the FSC label. It got the certificate not only for K-C, but actually to have a differential in the market," said Marcelo Lemes, Manager of Relationship with the Supplier. Today, 100% of the virgin cellulose suppliers for paper manufacture in the areas of Family Care and K-C Professional are certified. Just in Family Care alone, 134 thousand tons of virgin fibers were used and 25 thousand of chips. (GRI EN2) One of the chips suppliers, who produce cellulose recycled from industrial scrap, also attained the label. The targets for 2013 include certifications of another supplier of inner paper tube, of the chips suppliers and the producers of jumbo-roll, the large cylinders in which the paper is manufactured and rolled before being cut at the size of the products.

BOX/highlight

Besides developing the supplier in terms of offering more quality and meeting international sustainability standards, K-C tries to use local companies for less complex services, which are available and with qualified labor, at somewhat low cost due to physical proximity with the plant. However, due to other options in supply of material or services coming from other sites, the companies elect the lower cost, with lower environmental impact and compliance with the rules on worker's health and safety. The company cannot measure the values or even percentage of services or material from the local suppliers compared to the total expenditure, as they are scattered and low value costs. (GRI EC6)

INFOGRAPHIC:

Material used by weight or volume (in tons *) (GRI EN1)

| | |
|------------------------|----------|
| | |
| Renewable Material | 272,9722 |
| Non-renewable material | 28,109 |

* Except for measures in square meters

INFOGRAPHIC

Impact of compacting in packaging

| | | |
|------------------------------------|------|------|
| | 2011 | 2012 |
| Reduction of plastic use (in tons) | 15 | 84 |

INFOGRAPHIC

Total weight of waste, by type of disposal (in tons) (GRI EN22)

| Year | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------------|-------|---------|---------|----------|-------|
| SANITARY landfill | 3970 | 14783 | 15494 | 17712 | 14473 |
| Others | 730.7 | 2060.02 | 9097.03 | 11034.03 | 10958 |

- **In pursuit of the zero footprint**

Enhancement of processes and project for recovery of the Tietê river fountain region pursue to neutralize the use of water

INFOGRAPHIC

Total water extracted by source (in cubic meters) (GRI EN8)

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|
| Canoas River (Correia Pinto) | 1,377,764 | 1,255,855 | 1,243,609 | 1,123,765 | 1,093,821 |
| Tietê River (Mogi das Cruzes) | 810,881 | 853,432 | 763,089 | 692,021 | 683,721 |

The water footprint is the indicator that shows how much water has been used to manufacture a product, considering how much returns to nature. It looks like a simple equation, that would consider only how many liters of water the manufacturer

extracted from the river and how much returned, but the account is much more complex than that. “Besides calculating how much water was used in the raw material, we must also consider what we have returned to nature with evaporation, how much goes to the soil,” said Janaína Rodrigues, Environmental Coordinator of Kimberly-Clark Brazil. That is the entire company, from the operators to the directors, including the one in charge of correct handling of natural resources, is engaged in several projects aimed at zeroing the water footprint and protect the river fountains.

“In 2012, we concluded two large studies: one inside the plant, which calculated the footprint, and another one outside it, which mapped the degraded areas of Tietê river basin in the region of Mogi das Cruzes’ plant, that need to be recovered,” explained Janaína Coutinho, Manager of Quality, Environment and Safety for K-C. The recovery work of the river fountain region is done in partnership with The Nature Conservancy (TNC), a NGO that works with the company at the global level for water footprint projects. In 2013, with all the risk areas duly mapped, the part of engaging the community is started and also planting of the seedlings that will guarantee that the river continues to supply good quality water. “That is Neve’s cause, ‘Por um Brasil Mais Verde’. The brand itself assigned R\$ 1.2 million for this project, which has funding guaranteed until 2015,” explained Jefferson Correia, Manager of Public Relations.

This project guaranteed permanent seat for K-C in the Tietê River Basins Committee, representing the São Paulo State Industries Center (Ciesp). “We are representing the concept of footprint for other companies, which are interested, waiting for the result of what we have been doing so that they shall also apply similar practices,” said Janaína Coutinho. According to her, it will be the first of KCC’s units in the world and the first industry of the segment in Brazil to carry out such a deep water footprint survey. “That is being observed by the whole world, the corporation has been helping in all the calculations and methodology, they performed an assessment of TNC to check whether it was capable of endorsing the project, in technical terms. Everything has been approved,” Janaína Coutinho said. She also added that Mogi and Correia Pinto units are among the five best plants of KCC in the world, in terms of water management.

In 2012, the Environmental Sanitation Technology Company (Cetesb), of the State of São Paulo, also recognized K-C’s water management quality. Cetesb appointed the company to an American company that performs a survey to list the companies that best perform management of such natural resource. “They visited the unit, checked all the processes and assigned us 98% approval,” said Janaína Coutinho. Among the 112 companies appointed by Cetesb, only 16 reached the minimum score, which was 75% approval.

Besides Mogi, which uses water for the manufacturing process, Correia Pinto, in Santa Catarina, which also has similar production, has been enhancing its controls to reduce consumption. “We have been able to reduce the quantity of nitrogen and phosphorus of the effluent to 30 milligrams per liter with good equalization since water inlet up to the process of the effluents treatment station operation. Those are strict standards. It has been a great challenge accomplished by us,” said Janaína Rodrigues. “Today, Correia Pinto operates with the operational controls of the Lean standards, with the entire water management under control,” she added.

Another novelty, both in Correia and in Mogi, is the use of new technology for microbiological control that improves output quality of the water. “Quality of the water that returns to the environment is one of the best in the region,” said Janaína

Coutinho. With these adjustments, that enable improved water quality, Correia Pinto accomplished recirculation index close to 40%.

For 2013, the company’s target is to provide recirculation of at least 50% of the paper units cooling water.

Concerning the new unit, in Camaçari, it will be started-up already, in April, with several technologies to save water. “Our unit in Bahia will have low consumption, basically water for the toilets and to prepare the meals. We already account with a tank to collect rain water and use it in the flushes,” said Marco Antonio Iszlaji, Director of Legal and Corporate Affairs. About Mogi, he states K-C’s great dream: “We want to reduce to zero the water collection from the Tietê River. Then we will close the circuit.”

Health Care, K-C’s division that offers products to avoid hospital contamination, also provides water saving by using disposable packaging for sterilized surgical material. Besides being recycled, they do not consume the 30 to 40 liters of water needed to sterilize each kilo of the paper packaging.

INFOGRAPHIC

Cubic meter of water per ton produced (Mogi)

| 2004 | 16.3 |
|------|-------|
| 2005 | 17.60 |
| 2006 | 15.17 |
| 2007 | 13.73 |
| 2008 | 12.69 |
| 2009 | 12.31 |
| 2010 | 11.00 |
| 2011 | 10.97 |
| 2012 | 9.80 |

Highlight

Total water disposal in 2012 was 1,189,278 liters of industrial effluent in the surface water bodies (Canoas River and Tietê River). In Mogi das Cruzes, the yearly average of total suspended solids was 31.07 milligrams per liter; the biochemical demand for oxygen-DBO, 32.72. In Correia Pinto, yearly average of total suspended solids was 51.12 milligrams per liter; the biochemical demand for oxygen -DBO, 89. Hence, we have accomplished the target of staying below the water treatment standards defined in the resolution passed by the Brazilian Environmental Council (CONAMA) and the State decrees. (GRI EN21)

VALUE FOR STAKEHOLDERS

- **Good environment to grow**

The company has programs to develop and manage talents and perpetrate good results

Just in 2012, Kimberly-Clark promoted 490 employees from a universe of 3,431 and the leadership structure was reorganized by more than 50%, with no external contracting. And that was not a stroke of luck, by a mere coincidence that so many people have been gathered in the company with potential and energy to be explored. Those figures result from the company's policy that seeks to use the most of the stakeholders' talents. "We are committed to developing people inside here, so that they will be our future Directors," said Ana Paula Bógus, Director of Human Resources. To her, K-C's main intangible asset is its plan for development and leadership. "In 2012, we were ranked second in the list of the Best Companies to Work For in Brazil, prepared by the Instituto Great Place to Work® and Época magazine. We climbed half a point, from 91 to 91.5, and the main reason for that, with 63% of the votes, is the possibility of growing inside the company, and those are the ones more satisfied to be here," said the Director. The company offers individual coaching program for the professionals with potential for leadership that, in 2012, summed up to 370 hours. The 'Geração K-C' [K-C Generation], for potential analysis with at least one year tenure, is performed during one year and a half and it is available at the plants, Centro de Distribuição da Mata Atlântica and at the office in Faria Lima Avenue. The Aprendizagem Livre [Free Learning], for all the employees of Faria Lima office, lasts eight hours and the purpose is to complement and enhance training on subject matters related to personal development, according to their necessities and interests. The Programa de Desenvolvimento Individual (PDI) [Individual Development Program], continuous and carried out at Faria Lima office, plants and CDMA, seeks to provide self-knowledge and professional development, based on the One K-C Behaviors and on the competences required by the 2015 Vision. As for the Programa de Desenvolvimento de Lideranças (PDL) [Leaderships Development Program], for leaders from senior professionals up to executives, tries to develop and align the leaders in terms of culture, values, style, management and business practices of K-C Brazil. (GRI LA11)

Another mechanism that stimulates development and perpetuity of good results is the performance assessment system which K-C applies to all the employees, through the GDO [Operational Performance and Development Management] or K-C P&D [Kimberly-Clark Performance and Development]. (GRI LA12) Through the Global Performance Manager (GPM), which can be accessed by the computer, all the stakeholders, besides defining performance goals, can also define their own personal development goals, through training courses focused on the areas of interest of the stakeholder. "It is not a target, but actually a wish, a desire. That shows genuine interest for the human being, a possibility for him to express what he wants to be as an individual," said Ana Paula. She affirms that the company gives high importance to the performance

assessments made in person with each one, by the direct leaders. “Some heads sometimes have up to 300 reports, they spend almost one month performing such one to one feedback work.”

Private welfare

Concerned with the well-being of its stakeholders presently and in the future, K-C offers a complementary retirement plan to the social security plan, named K-C Prev. The plan offers special market conditions and free of cost to the stakeholders, divided into two groups: for salaries above R\$ 4,167, the company contributes with 100%, limited to 6% of the participation salary. For salaries below R\$ 4,167, volunteer contribution is made, without the counterpart from the company.(GRI EC03).

- **More egalitarian future**

As of now, Kimberly-Clark invests into female on-the-job students and trainees to prepare, the female leaderships of tomorrow

There is even a law to apply fines to companies that make differences in salary between men and women, prepared by the congressman Marçal Filho (PMDB-SP). The document defines that the employer must pay to the female employee a fine corresponding to five times the difference between her salary and that of a man in the same position since the beginning of the contract. But, despite several legal and juridical mechanisms, women’s condition is still complicated in the labor market. According to data from the last census performed by the Instituto Brasileiro de Geografia e Estatística (IBGE) [Brazilian Institute of Geography and Statistics], in 2010, women received about 70% of men’s salary: the female average was R\$ 983 per month, the male one was R\$ 1,391. That is why Kimberly-Clark Brazil adopted a policy that constantly and effectively fosters professional equality between the genders. “Since 2008, we have increased, every year, our female stakeholders’ participation in the company. In 2012, we reached 26%,” said the Director of Human Resources in Brazil, Ana Paula Bógus. This figure, which might seem low, in fact reflects the nature of the operations, as few women usually work at “the shop floor” of the hygiene and well-being industry. Therefore, the proportion of salaries between men and women is not equivalent yet, according to the following table. According to the company, in 2012 an increase in the salary difference was verified by several causes: collective agreement, merit, promotions and adjustments. (GRI LA14)

Proportion of Base Salaries Between Men and Women:

| | Female | Male |
|---------------------|--------|------|
| Other positions | 29% | 71% |
| Supervisors | 35% | 65% |
| Managers | 34% | 66% |
| Directors | 16% | 84% |
| On-the-job students | 64% | 36% |
| Trainees | 32% | 68% |

(GRI LA14)

The company has a program to form, since now, the leaders of tomorrow. “We are focusing on the base: 64% of the on-the-job students and 32% of the trainees are women, because we want to have a more feminine future leadership,” said Ana Paula. And this strategy is already giving its fruit: 24% of the analysts and 35% of the junior managers are women.

K-C offers six months maternity leave and it does not discriminate women by the work leave during the period. A proof of it is that in 2012 the 24 women who gave birth returned to ordinary work afterwards – the company does not have information available concerning the paternity leave. (GRI LA15). “The issue of maternity continues to have a real impact on women’s career, mainly with approval of the maternity leave for a six-month period. There is a paradox. Although the companies acknowledge the relevance of the female features within the corporate environment – capacity to work with and lead teams, for instance – there is still the concern with the time that the woman will be out when she becomes a mother,” stated José Tolovi Jr, Chairman of the Great Place to Work® (GPTW), in a memorandum available at the Institute’s site. He states that a survey recently prepared by the GPTW in 49 countries demonstrates that, although woman has conquered more space, the genders equivalence has not yet been attained.

Promising beginning

The new Camaçari unit, in Bahia, will be a good ground for K-C to exercise the equality concepts. “We are dedicating great effort to have population gender balance, as we will start the plant from zero,” said Marco Antonio Iszlaji, Director of Legal and Corporate Affairs. In the first group contracted, the general figure is basically 30%, stated Marcelo Zenni, the Unit Manager. “In the administrative area, we have 50% comprised of women; in the engineers, the figure is 35%; and operations is 15%. We are located in a region that is, between quotation marks, needy. The woman is still seen as housewife, in charge of caring for the children, but the reality is quite different, as many of them are the household providers. Our premise is to give them opportunities,” said Zenni.

| Unit | Age Range | Turnover by Initiative of the Employee | | | Turnover by Initiative of the Company | | |
|---------------|-------------------------|--|------|-------|---------------------------------------|------|-------|
| | | Fem | Male | Total | Fem | Male | Total |
| CDMA | Up to 30 years old | 0% | 1% | 1% | 43% | 12% | 13% |
| | From 31 to 34 years old | 0% | 0% | 0% | 0% | 19% | 16% |
| | From 35 to 44 years old | 0% | 3% | 3% | 33% | 9% | 11% |
| | From 45 to 54 years old | 0% | 7% | 5% | 0% | 0% | 0% |
| | Total | 0% | 1% | 1% | 20% | 11% | 12% |
| Correia Pinto | Up to 30 years old | 0% | 1% | 1% | 0% | 1% | 1% |
| | From 31 to 34 years old | 0% | 0% | 0% | 50% | 0% | 2% |
| | From 35 to 44 years old | 0% | 2% | 2% | 33% | 7% | 8% |
| | From 45 to 54 years old | 0% | 10% | 10% | 0% | 5% | 5% |

| | | | | | | | |
|-----------------|-------------------------|-----------|-----------|-----------|------------|------------|------------|
| | Total | 0% | 2% | 2% | 11% | 4% | 4% |
| Eldorado | Up to 30 years old | 7% | 9% | 8% | 30% | 27% | 27% |
| | From 31 to 34 years old | 0% | 9% | 4% | 6% | 29% | 18% |
| | From 35 to 44 years old | 2% | 0% | 1% | 13% | 13% | 13% |
| | From 45 to 54 years old | 0% | 0% | 0% | 11% | 22% | 18% |
| | Total | 3% | 5% | 4% | 16% | 22% | 20% |
| Faria Lima | Above 55 years old | 0% | 0% | 0% | 33% | 17% | 20% |
| | Up to 30 years old | 15% | 11% | 13% | 5% | 14% | 10% |
| | From 31 to 34 years old | 11% | 8% | 10% | 11% | 17% | 14% |
| | From 35 to 44 years old | 1% | 7% | 4% | 10% | 24% | 18% |
| | From 45 to 54 years old | 0% | 3% | 2% | 19% | 6% | 11% |
| | Total | 10% | 8% | 9% | 8% | 17% | 13% |
| Mogi das Cruzes | Above 55 years old | 0% | 0% | 0% | 0% | 40% | 40% |
| | Up to 30 years old | 0% | 2% | 2% | 6% | 4% | 4% |
| | From 31 to 34 years old | 6% | 2% | 3% | 0% | 6% | 5% |
| | From 35 to 44 years old | 0% | 1% | 1% | 8% | 9% | 9% |
| | From 45 to 54 years old | 0% | 1% | 1% | 0% | 9% | 9% |
| | Total | 2% | 2% | 2% | 5% | 7% | 7% |
| Recife | Up to 30 years old | 0% | 0% | 0% | 13% | 0% | 8% |
| | From 31 to 34 years old | 0% | 0% | 0% | 100% | 0% | 33% |
| | From 35 to 44 years old | 0% | 0% | 0% | 0% | 20% | 14% |
| | Total | 0% | 0% | 0% | 18% | 9% | 14% |
| Suzano | Up to 30 years old | 7% | 4% | 5% | 13% | 7% | 9% |
| | From 31 to 34 years old | 6% | 4% | 4% | 6% | 11% | 10% |
| | From 35 to 44 years old | 4% | 1% | 2% | 4% | 9% | 8% |
| | From 45 to 54 years old | 0% | 0% | 0% | 7% | 3% | 4% |
| | | 5% | 3% | 4% | 8% | 8% | 8% |
| | | | | | | | |
| Total | Total | 6% | 4% | 4% | 10% | 11% | 11% |

(GRI LA2)

The percentage of severances by initiative of the company was slightly increased compared to 2011: it was 10% and became 11%. As for the exits by initiative of the stakeholder, it decreased from 5% to 4%.

Highlights

Percentage of stakeholders impacted by collective negotiation agreements (GRI LA04)

2012 - 96%

2011 – 94%

2010 – 95%

- **Balance spot**

To Kimberly-Clark, the employees' well-being is the main starting point for the success

To accomplish well its mission of “leading the world in what is essential for a better life”, Kimberly-Clark has several actions and mechanisms to care and manage its

teams' talents, besides trying to reach the subtle balance between private life and career. The 'Viva Bem' [Live Well] program has been divided into three main areas so that the employees can understand and profit from what is offered to them. The first one, Mundo de Benefícios K-C [K-C's World of Benefits], has the premises of generating indirect financial proceeds to the stakeholder, meeting the basic needs of the human being and being aligned with the best market practices. The second one 'De Bem com a Vida K-C' [K-C's Being Happy with Life], tries to foster healthy habits, stimulate activities outside the work environment according to each one's life style and preventing diseases. Finally, 'Você em Segurança K-C' [K-C's You in Safety] fosters security inside and outside the work environment, strengthening the Idea of value and attitude for the whole life and setting the culture of safety and prevention of occupational accidents.

One of the novelties for 2012 was the start-up of the Home Office program, allowing the administrative employees who work in roles that do not require their physical presence to work from home once a week. "The program started as a pilot during the first half of the year. The office staff could stay home on Tuesdays, Wednesdays or Thursdays, once a week. In the beginning we observed some fear from the leaders, which was soon dissipated," explained Ana Paula Bógus, Director of Human Resources. At the end of the year, with 100% approval, the initiative included the possibility of working from home also on Mondays and Fridays.

The race and walk program puts a physical education teacher available, twice a week, at the main office and at the Eldorado do Sul, Mogi das Cruzes and Suzano units, and the target for 2013 is to include Correia Pinto. The Konte Comigo [Count on Me] program offers the employees and their families assistance in several specialties: psychology, pedagogy, social services, physiotherapy, nutrition, legal support, pet-consultant and personal trainer. This service offers support so that the stakeholders can solve doubts and, depending on the specialty, treat stress, anxiety and physical or emotional problems. In specific cases, the person is forwarded to treatment. The company also offers rental of soccer court, sponsorship to races in the city of São Paulo and sponsorship for sports uniforms, besides the vaccination days: in 2012, 1988 employees were immunized against the virus of H1N1 influenza. (GRI LA08)

Since 2009, the department has been investing into actions like the benefits fairs. "We found out that many people were not using what is offered by the company because they were not familiar with it," said Ana Paula. Events were created which bring the suppliers closer to the stakeholders during the months of February and March. During the year, the announcement continues with surveys and consultations to resolve doubts. The list of benefits follows the market standards, including medical and dentist care up to baby kit and allowance for optical products. In addition, the department distributed across the stakeholders 150 education allowances for college degree, 152 for English courses and 27 for Spanish courses.

| WORKERS BY REGION | |
|-------------------|------|
| Mid-West | 10 |
| North | 14 |
| Northeast | 151 |
| Southeast | 2531 |
| South | 727 |
| Total | 3433 |

| WORKERS BY TYPE OF CONTRACT | |
|-----------------------------|------|
| Employees | 3312 |
| On-the-job students | 69 |
| Trainees | 52 |
| Total | 3433 |

| GENDER | |
|--------|-------|
| 74% | Men |
| 26% | Women |

(GRI LA1)

Highlight

As an outcome of the ‘Você em Segurança K-C’ Pillar, during 2012 the company recorded incidents rate of 0.16, below the rate reported in 2011 (0.19) and the target as well (0.20). There was no severe case, like deaths or occupational illnesses has been recorded. In Eldorado do Sul, Suzano, Correia Pinto and Mogi das Cruzes only one episode of less severe cases, like sprain, has been observed. (GRI LA07).

Accountability

The Health Care division, which offers medical-hospital products for prevention of contamination, initiated, in 2012 a program referred to as The Culture of Accountability in the corporation, that is, the responsibility culture. “It is a process of cultural change; we define clear goals for each one of the stakeholders and the way to reach them is by everyone being engaged with everything, i.e., by the team’s adoption of an extended accountability positioning, not limited to the department,” stated César Carvalho, the National Manager of Operations for the division. One of the Health Care executives went to the United States to become familiar with the methodology and bearing the mission of transferring it to all the stakeholders of the division. “We want to have an active role in disclosing the best practices in Brazil,” said the Manager. According to him, the team has already been demonstrating more pro-activity towards the collective goals.

BOX

CROSS BORDER

Brazil wants to be an example

In 2012, five Brazilians traveled abroad and eight foreigners came to Brazil through the Cross Boarder program. The project, which consists of sending employees to work in specific projects within the units of Kimberly-Clark Corporation in other countries during a period from three to six months, is aimed at increasing synergies, productivity and innovation by integration. “Brazil wants to be a role model in Latin America. We are opened to exchange experiences, values and ideas,” affirmed Ana Paula Bógus.

The Ecuadorian Economist Leonardo Santos, 32 years old and Commercial Manager, had the experience in 2012, working for four months at the North/Northeast division office, in Recife, and he approved it. “The fact of working in a continental country like Brazil and meeting a dynamic company, a highly competitive business environment and exceptional professionals has given me the opportunity to enlarge my global view of Kimberly-Clark’s business and understand the needs of the different clients and consumers. That has helped develop my strategic thought and attain new Professional competences and methodologies what, certainly, will enhance my present and future

performance inside the company. It was the best professional experience I've had," said the executive. He keeps good memories of the period, like the fact that he was very well hosted by the colleagues and that he made friendships that last until today. "Some of them have even come visiting me in Ecuador," he said.

The Peruvian Adriana Lewis, 35 years old and Sales Executive, came to Brazil for three months and considered her stay as very rewarding, both in professional and personal terms. "The Human Resources team in Brazil made all the difference in this process. They were constantly supporting me and cared about making me feel at home," she said; Adriana worked in an internal communication and sales project for the KCP and Health Care areas. "The experience helped me strengthen my planning and organization capacities. To know the Brazilian business and understand its dimension has been very interesting. To visit the plants in Mogi das Cruzes, Suzano and the Centro de Distribuição da Mata Atlântica, to observe the logistics plans and the technology level used for the products arrival in every region of the countries has been impressive. I also highlight the great capacity of the stakeholders in different areas to perform their roles with high quality standards, despite the complexity arising from the large territorial dimension of K-C's operation in Brazil. All of that enlarged a lot my perception of the business," said Adriana, who is graduated in Social Communication and holds an MBA in Business Administration.

Edmilson Silva, Controller of Kimberly-Clark Brazil, also experienced a life-changing trip. He went, together with his wife, Caroline, and his son, Thomas, who was 2 years old at the time, to live in Singapore for two months, an Asian country with a culture very different from the Brazilian's. "The experience helped me enhance the capacity of dealing with complex business situations in a different cultural environment and within a very competitive and dynamic business scenario. To learn some about the culture and the interaction has been something extraordinary, both with the staff from Singapore's office and in other countries I have visited. I think that I became more mature to direct the business outlooks we deal with at the company and also I and my family now have a broader view about the Asian cultures and their strengths," said Edmilson Silva. To him, interaction among people from different markets and cultures generates new ideas and initiatives. "It is an experience I highly recommend," he added.

BOX

Direct channels (GRI 4.4)

K-C Brazil has several communication channels that allow the stakeholders to contact and be heard by the leaders. The 'Café com Ideias' [Coffee with Ideas] is a meeting where a group of stakeholders is hosted by the President or by a Director for an open talk about several subjects, including the company's business. 'Falando de Negócios' [Talking about Business] are meetings in which the leaders talk directly about their experiences and challenges for groups of on-the-job students or for whomever wants to attend the meetings. Other direct communication channels are the quarterly and annual results meetings and the weekly cascade carried out every week by all the directors, reporting on the main subject matters discussed during the executive board meeting. In the plants, there are also monthly meetings to discuss the results and performance of the operations and the 'Canal Interativo' [Interactive Channel], an adaptation of the 'Café com Ideias' where the meeting is held with the unit's manager.

The company accounts yet with a 0800 [toll free] telephone line to report violation of the Code of Conduct and other ethical nature subjects. This line is operated by an independent company, located in the United States, with operators that speak Portuguese. The reports are submitted to the legal directory of K-C Brazil, presidency and/or directors that can handle the subject matter at the local sphere, keeping confidentiality in identification of the denouncer.

SOCIAL VALUE

- **The citizenship, brick after brick**

The project performs an exercise of citizenship, making women the main characters of their social and family lives

The sentence “I know what is best for you” can still keep working with children who need limits, but not to the women engaged in the ‘Mulher Atuação’ [Women Activity] project, a Kimberly-Clark Brazil’s initiative present in the cities of Mogi das Cruzes and Suzano, in São Paulo Metropolitan area, and with plans to expand it to the Northeast, benefitting the dwellers of the surroundings of the new Camaçari plant (Bahia). In 2012, the company carried out two participative quests in Mogi das Cruzes, with 548 women interviewed and in Suzano, with 705. Performed in partnership with the Centro Integrado de Estudos e Programas de Desenvolvimento Sustentável (Cieds) and Instituto Paulo Montenegro – Ibope’s Social Action, the surveys were carried through in January and February and they illustrate an example of direct channel with the representatives of the communities. (GRI SO01, GRI 4.16)

After that, two reports were produced, one for each city, and delivered to the city secretariats and to the São Paulo State Mixed Parliament Commission on Violence Against Women, from the Legislative House. “What is important about this project is that it is headed by people from the community, who could know what matters more than such people?”, said Marco Antonio Iszlaji, Director of Legal and Corporate Affairs for K-C. “It mobilizes different sectors of the society, such as dwellers, company’s stakeholders, agencies of the city hall, all those engaged in the shared goal of understanding the community and increasing by 20% the local social indicators until 2015,” explained Jefferson Correia, Manager of Public Relations. One of the impacts caused by the project has already been verified with publication of an article in the Diário de Mogi newspaper, on September 19, 2012. The publication informed that holding of an event of the Council for Women’s Rights of Mogi das Cruzes with candidates to the post of Mayor has been justified based on the data of the survey prepared by the Mulher Atuação project.

The survey was performed based on the Federal Government’s National Plan of Policy for Women. By the end of 2012, the quests and discussions were used as basis to define six focuses of action, four of them directed to generate income and employments, one for conditions of the social equipment and one to prevent household violence. (GRI SO01). After the reports were prepared, six community forums were held and 30 local meetings, from April to July, where the 170 participants

defined the work fronts and the six action plans. From the six districts involved, four of them are developing projects for economic development of women, one is taking part on the discussions about how to improve the health conditions in the community and the last, it plans to create a project aimed at eradicating household violence in the district. The yearly report elaborated by the project designers provides precise dimensions of the change caused by all such exercises of hearing and discussion over the women of the communities. (GRI SO01)

“The development of the work in the territories of activity shows that the more active women have developed a look of change over the reality. A situation of non-acceptance has been created against the violations of rights, stimulating reflection about the possibilities of intervention and seeking to foster community mobilization to gather more women from the neighborhood and strengthen the fight for their rights,” affirmed the document. One of the examples about the efficacy of the initiative in the sense of strengthening women’s awareness about their rights was the elaboration of a plan to gather resources at the Jundiapéba district, in Mogi das Cruzes, which has the potential to generate positive social and economic changes among the participants and indirectly benefit the entire region (GRI EC09). The members, who had never written any project or taken part in any publication, elaborated the document together, which was sent to Instituto Brasis. In addition, two participants acted reviewing the Federal Government’s National Plan of Policy for Women, in Brasília, in a manner aligned with Kimberly-Clark’s positioning towards the public policies that impact its sector of activities. (GRI SO05)

To know more, access mulheratuacao.com.br.

From radiography to diagnosis

Verify some figures of the two surveys performed in Mogi and Suzano

| | Mogi das Cruzes | Suzano |
|--|---|--|
| Number of respondents | 548 | 705 |
| Number of women who experienced or observed situations of discrimination | 4 out of 10 | 5 out of 10 |
| Not working for lack of opportunity | 33% | 28% |
| Reasons to quit school | To care for the children, 33%; need to work, 20% | To care for the children, 26%; lack of place to leave the children, 22% |
| Aware of cases of violence against women | 7 out of 10 | 3 out of 5 |

| | Mogi das Cruzes | Suzano |
|---|---|---|
| Why they do not exit from the conditions of violence | 1-Shame 2- Financial dependence 3- Unawareness about care services and feeling of insecurity at the sites | 1- Fear of the partner's reaction 2- Ashamed to speak 3- Financial dependence |
| Main issues observed in public healthcare | Lack of places, 61%; queues for scheduling, 59% | Lack of places, 54%; queues for scheduling, 52% |
| No access to information on citizenship and women's participation in their cities | 3 out of 5 | 3 out of 5 |

- **Minds and bodies in action**

Initiatives supported by Kimberly-Clark take physical and cultural activities to groups of elders (GRI EC08)

During a mild weather afternoon, a group of nearly 100 elders enters one of the exhibition rooms of Cinemateca Brasileira, in Vila Clementino, São Paulo city. They have come to the place by chartered bus to watch a movie and they can't hide the excitement: they form cheerful chat groups and exchange ideas about the movie, after the exhibition. In the Eastern Zone, another group exercises and stretches under the guidance of a tutor. Those two projects have been supported, in 2012, by Kimberly-Clark, within the 'Viva Plenamente' program, of Plenitud® brand, and they demonstrate the clear tune between the company's strategy and values and the social actions for the public benefit.

In the first initiative, named 'Circuito Maior Idade' [Major Age Circuit], groups of elders watch special movie sessions, dance shows, expositions and theater plays and practice complementary activities that provide cultural insertion. During the year, 133 people attended workshops and 562 watched shows. Organized by Via Gutenberg and with the involvement of São Paulo Cia. de Danças, Cinemateca, Pinacoteca do Estado de São Paulo, Universidade Federal de São Paulo (Unifesp) and by the theater group Nau de Ícaros, the project seeks to foster total health, focused on social and cultural insertion, with activities that complement the agendas of the institutions and organizations that already work with that audience. Besides the cultural activities, the participants attend

stretching and meditation sessions, as a way to increase their well-being and provide new cultural and social experiences.

The second project, by the Instituto Barrichello Kanaan, has the same name of the Plenitud® brand program, 'Viva Plenamente', and it promotes physical activities sessions twice a week, for more than 200 elders at the districts of Vila Ré, Penha and Arthur Alvim, in the Eastern Zone of São Paulo city. The method, which is part of a Doctorship Degree research of Professor Cristiane Peixoto, develops three aspects: physical-motor, social-affective and cognitive. Its great differential is to also train memory and reasoning associated to agility, balance, strength and resistance, a method that has been evidencing significant improvements in the health and well-being of the participants.

BOX

Where K-C is

"We make an effort to support projects in the communities we are present," said Marco Antonio Iszlaji, director of Legal and Corporate Affairs. Initiatives from several areas are carefully assessed before composing the list of programs supported by K-C, which, in 2012, invested R\$ 2,731,308.71 in this area. (EC08) Through the Sports Incentive Act, the 'Vôlei para Brilhar' [Volley to Shine], of Vanessa Menga tennis player, was one of the projects granted the benefit. Since May, 2012, 120 youngsters and children from 7 to 14 years old, students from public schools in Mogi das Cruzes, attended classes and playful activities twice per week, at the Ginásio Clube Vila Santista [Vila Santista Gymnasium Club]. The company also donates products for the De Bem Com Você – A Beleza Contra o Câncer [In Peace With You – Beauty Against Cancer] project, where patients learn self make-up techniques, ways to soften the signals caused by the treatment and receive a kit with personal hygiene, perfumery and cosmetics products. In addition, K-C supports the campaign Pedofilia – Não Feche os Olhos Para Isso [Pedophilia – Don't Close Your Eyes On That], from the Associação Brasileira das Indústrias de Higiene Pessoal, Perfumaria e Cosméticos (Abihpec) [Brazilian Association of the Personal Hygiene, Perfumery and Cosmetics Industry], performed through social networks. Launched in May, 2012, it achieved 3,720 total fans on Facebook during the months of September, October and November.

BOX 2

Full list of the supported projects

'Viva Plenamente [Fully Alive]' Project (Physical Activity in Aging – Instituto Barrichello Kanaan)

'Circuito Maior Idade'

EPROCAD

Female Volleyball of Esporte Clube Pinheiros [Pinheiros Sports Club]

'Judô do Futuro' Project – Aurélio Miguel

Audiovisual for Youngsters

'A História do Incrível Peixe Orelha' Theater Play

'Papo de Música(o)!'

- **Change in the route**

The company overcomes the challenge and finds a new cooperative to perform project of income generation and use of scrap

In 2011, Kimberly-Clark negotiated with the Banco Nacional de Desenvolvimento e Social (BNDES) a social credit for a project aimed at increasing the income and generating employment for recyclable waste collectors in the region where Suzano manufacturing unit is established. (GRI EC08) The Idea was to purchase machines capable of changing the scrap of diapers into plastic based agglomerate (chapatex), a material that has more than 240 uses in the industry. Kimberly-Clark, which had already performed a prior project to qualify the members of Cooperativa de Suzano, dedicated efforts to formalize the institution, offering advisory of counselor and experts in finances and human resources, but it was not possible to continue with the process. “They have not been able to organize themselves in a structured and legal manner to receive the investments,” said Jefferson Correia, Manager of Public Relations.

The company had to seek for another cooperative and, as there was no one bearing the required conditions in the city, it selected Cooperativa Unidos pelo Meio Ambiente (Cruma) from Poá, which received the expected 350 thousand Reais of investments. In 2012, the members of the cooperative started training with the machines purchased for the project still in a partner institution, Mundo Limpo [Clean World], while they prepare the specific property to receive the equipment (GRI EC08).

“Such solid waste management policy is aimed at enabling the waste collectors to be included into the productive system in a more organized manner. That is part of the sectorial support strategy whereby K-C tries to enable them to create a pre-industrialized product to become more economically feasible,” explained Correia. The target for 2013 is that CRUMA shall start to produce and trade the product, increasing employment and income among its cooperative members. The income per capital will be measured before and after start-up of the machinery, expecting to increase by 20% the income of the cooperative members in the first year. (GRI EC08)

K-C integrates, by the Associação Brasileira das Indústrias de Higiene Pessoal, Perfumaria e Cosméticos (Abihpec) the Sectorial Agreement for Reverse Logistics of After-Consumption Packaging, which proposal has already been delivered by a colligation of Associations and Companies to the Minister of Environment, Izabella Mônica Vieira Teixeira, on December 19, 2012. “We want to have a general sectorial agreement, for now we have already signed it in Paraná, Rio de Janeiro and São Paulo,” said Marco Antonio Iszlaji, Director of Legal and Corporate Affairs. According to Abihpec’s statistics, on average, 13% of the packaging and products sold are recycled, by category. (GRI EN27)

- **Producing life quality**

Camaçari plant privileges local manpower and enhances the market introducing new articles

“We want to contribute with life quality for the surroundings of the unit. We have developed a plan so that, until 2020, 80% of the workers come from Camaçari,” plans Ana Paula Bógus, Director of Human Resources for Kimberly-Clark Brazil. The plant, expected to be launched in May, 2013, had already contracted 45% of the total

employees' structure until February. From those, 61% come from the city and from the region, which required great effort from the selectors and represents an advancement towards the company's local contracting policies.

The plant in Camaçari will produce, besides diapers and feminine napkins, toilet paper. The Distribution Center (DC) will be in charge of the logistics for the whole consumption of the Northeast and 70% of that total will be produced at its very own unit. During the civil construction work, 500 jobs were created, but when it attains the full operation capacity, the plant and the DC will have 384 employees and they will generate 1.2 thousand indirect jobs. (GRI EC9)

The option of hiring local manpower demanded K-C to create a structured training and development plan. The city, although sheltering an Industrial Complex, does not account with qualified manpower available. "All the people contracted in Camaçari lacked any experience in the manufacturing process of diapers or feminine napkins," said Marcelo Zenni, Manager of the new unit. Kimberly has a process directed to professional technical development, based on Education, Exposition and Experience (3 E's). At the first instance, the employees had theoretical classes in Camaçari with experts from other units of K-C and teachers of Senai. Then, the groups traveled to K-C's units in the Southeast and South for three months in order to learn, in practice, how to operate the machines. At such second instance, the training was divided into two phases: first, the classes were trained and monitored by an operator experienced in the normal operation machine and then they started to operate alone. Back to Camaçari, they will follow-up mounting of the machines, completing the final phase of such training and already with their respective targets defined in terms of production so that the plant can be started up.

Through the 'Programa de Oportunidades Internas' (POI) [Internal Opportunities Program], by which 40% of the jobs are offered internally, the company provides growth opportunities to its stakeholders, besides the promotions by performance. According to the policy in force, the jobs generated for the lower levels are opened primarily to the outsourced stakeholders (GRI EC07)

Besides cooperating with the development of the region based on creation of new job positions, K-C also performs other actions. (GRI EC09) In 2012, it started to create new more sustainable consumption habits in the region, introducing products with more efficiency and comfort to the user, elaborated with the lowest possible harm to the environment. (GRI EC08)

More products

The expectation is that the local production can leverage more sales in the Northeast, assessed Carolina Kourroski, Director of the North/Northeast division. In 2011, the company had 16.1% market share; in 2012, it went up to 18.2%. The region is already the largest consumer of adult diapers and feminine napkins, and with K-C's presence some consumption habits have been changing. The double sheet toilet paper, which was not very usual, already answers for 20% of the category's consumption. "For 2015, we intend it to hold 40% of the market. We have bold target, but examples like São Paulo and Rio de Janeiro show us that it is possible," stated Carolina. The double sheet brings advantages to consumer and to nature as well, as one roll yields more than the simple sheet, generating several benefits with less disposal and economy in transportation.

Another enhancement observed in the region related to quality of the diapers. With more power of consumption, women started to choose products from the so called

level two, which offer more absorption capacity than the more ordinary ones, which previously represented almost 50% of the market (GRI 2.07). “The mother who works out and wants to sleep all night through started to use both types, to make her life easier. At night, she guarantees peaceful rest with the level two; during the day, to save, she uses the simpler ones,” claims Carolina. The level three ones, which protect more the baby’s skin, were also prominent in sales, according to the Director.

- **Expansion in the search for new talents**

Kimberly-Clark participates in more on-the-job students’ fairs in universities

“In August, 2013, we want to attend the on-the-job students’ fairs of the universities close to our new unit, in Camaçari, state of Bahia, in several colleges of the suburbs,” plans Ana Paula Bogus, Director of Human Resources for Kimberly-Clark. In 2012, the company already started to put into practice the project of making on-the-job students’ selection more inclusive, starting to consider Anhembi-Morumbi and Mogi das Cruzes (UMC) universities. The company was also present in the fairs of ESPM, Escola Politécnica [Polytechnical School], Mackenzie and Fundação Armando Álvares Penteado (Faap). “Although the company is a multinational corporation, we do not require fluency in English, as this benefit is offered internally. In 2012, we granted 152 education allowances for English courses and 27 for Spanish courses,” said Ana Paula. Fifty-six places were offered in the main business areas: finances, market intelligence, marketing, human resources, industrial operations, logistics, sales, information technology and public relations. The program lasts for one year and a half to two years and it offers the attendants the possibility to act in several business areas as well as to take part in training sessions.

The company offers English and Spanish classes to the on-the-job students, support allowance compatible with the market as well as medical and dentist care plan, life insurance, parking area or transportation allowances, meal ticket or dining area, paid rest after one year, additional allowance by performance, flexible working hours (four or six hours per day) and networks of covenants and partnerships.

VALUE FOR CLIENTS

- **Favoring the partners**

Purchase in phases helps specialized wholesalers to sell more and plan since logistics up to stocks management

During 2012, Kimberly-Clark Brazil improved the sales phasing program, directed to the contracted wholesalers that distribute the trademark’s products in the state of São Paulo. “We prepare a menu of activities so that they can sell our product. With that, we are able to conquer market share in the segment they are active, with small shops and bakeries,” said Claudio Vilardo, Director of the São Paulo/South division. They conquered the clients, who started to sell more and manage their stocks better, and K-

C gained with that, as it already started to apply the model in other regions, being able to schedule sales, production and deliveries with more anticipation and efficacy.

Denilson Yukio dos Santos, Manager of Products for Atacadista Núcleo, one of the companies that work with K-C, says that the program reduces the high concentration of stocks in the beginning of the month, which allows negotiation of higher volume of goods: "In addition, division into phases reduces rupture of the products and facilities control of the cash flow, which is essential for the success of the business," he added.

The phasing works in the following manner: if the orders are made in a scheduled manner, during a certain period, the client is granted discounts. "K-C's seller visits the client during the first week of the month, closes the deal, and during the other three weeks it is free to assist the wholesaler in the sales," said Vilardo. To convince the distributor to adopt the new model, the company, besides giving the advantages of the negotiation package, offers a calendar of activities with gifts, actions in the wholesaler's clients and campaigns with sellers. "We treat those clients as fundamental business partners," affirmed the Director.

The success of that model is such that K-C performs yearly campaigns with the wholesalers with quantitative and qualitative performance targets, offering travels to the owners of the companies that accomplish the goals. Cláudio Vilardo affirms that this strategy works in the short, medium and long term: strengthening of the distributor, of the specialized wholesales and the small dealer who have access to K-C's quality products, leader in several segments, solidifies a relation with potential to perpetuate in time. "We prefer to use our 'arms' (partners) to reach the small ones, and our condition as leaders helps us in that," said Vilardo.

In the Southern region, a partnership with a wholesaler specialized in the pharma channel has also helped the company to reach small commercial facilities. A business plan tailored to GAM, belonging to the businessman Genésio Antônio Mendes, enabled K-C to increase the market share in the region and massively reach the pharmacies. Located in Tubarão (SC), but capable of serving 10 thousand active clients in the three states of the Southern region, GAM exceeded the targets defined in the plan.

In Paraná, Vilardo explained, the local retail chains many times accomplish better performance than those with global operation. "We have prepared interesting business plans and in certain cases we preferred to launch new products with them, as they are dynamic, giving us fast return on sales and good space in the shelves," affirmed Vilardo.

PUBLIC CONSULTATION

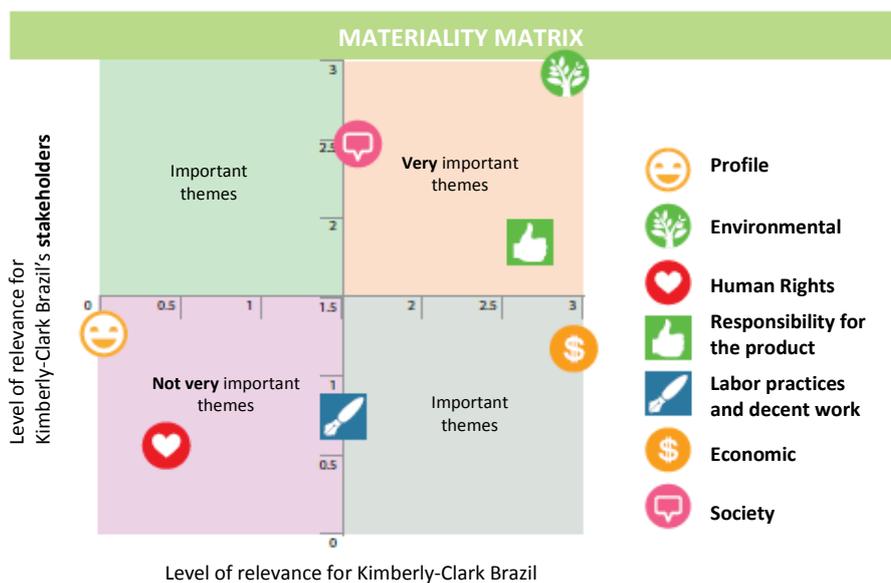
- **Fine tuning**

Elaboration of the report is made based on consultations to the different audiences that relate with the company

Before preparing its sustainability report, Kimberly-Clark Brazil tries to define constant and direct dialogue channels with its stakeholders. Selection of the content for the Sustainability Report 2012 base year is the outcome of the sustainability test, which tries to prioritize the more relevant subject matters for the audiences of interest to the company. Said methodology considers three forms of consultation, an electronic one, which reaches the largest part of the

audience; qualitative consultations and interviews with K-C’s leaderships. The materiality test reflects the results of those interviews and defines the relevance of the subject matters that will be reported. The audiences of interest use the report to consult about the company’s work, besides serving as criterion to contract its services, mainly in case of Kimberly-Clark Professional’s clients. Therefore, the document reflects the concern of objectively presenting the main contents and targets that can influence decisions of the interested parties. Internally, the opportunities for enhancement are assessed by the Sustainability Committee, which proposes actions and is accountable for forwarding those themes within the company. (GRI 3.5)

The materiality test was performed with 269 people including clients, consumers, suppliers, internal audience, professional associations, authorities from the federal, state and city spheres, Cross-Institutional Commission, NGOs, environmental agencies and K-C Corporation (headquarters). (GRI 4.14). Selection of the respondents was made based on the impact they present to K-C’s business and their involvement with the company to handle sustainable subjects like the development of alternative raw material, trade of final product, actions with community and consumers, impact on the supply chain, unions, authorities of the region wherein the company has operations and partners in business associations in which K-C is a party. (GRI 4.15). The assessed subjects were Economic, Environmental and Social Profile, Labor Practices and decent work, Human and Social Rights and Responsibility for the product. The result of the survey evidences that the consulted stakeholders prioritize the subjects of Environment and Responsibility for the Product, while Profile and Human Rights are subjects less emphasized during development of the report. Observe the diagram with the result of the materiality test. (GRI 4.17)



(GRI 4.17)

Besides performing the queries for the report, Kimberly-Clark takes part in several external forums in which it holds dialogues with its target audiences. The company attends, on monthly basis, the direction meetings of the Brazilian Association of Hygiene, Perfumery and Cosmetics Industries (Abihpec), committees of the Brazilian Association of Paper and Cellulose Industries (Bracelpa). In the region of its plants in the State of São Paulo, K-C carries through the ‘Mulher Atuação’ project, whereby it keeps a direct channel with community agents, and takes part in the City Environmental Education Cross-Institutional Commission (Cimea), wherein it discusses with several agents of the society on themes related to environmental education. (GRI 4.16)

Testimonials

“We noticed, in Kimberly-Clark, that from long ago the managers were concerned to make a pleasant company, with managerial style that would not sacrifice the trust. Today, when we observe the company, we perceive that it has that trace, a profile strongly remarked by care towards coexistence.”

Marco Túlio Zanini, Director of the consulting company Symbállein and coordinator of the Executive Mastership Course for Fundação Getúlio Vargas, in Rio de Janeiro.

“Congratulations to the company. The report is comprehensive: it addresses the actions, focuses the themes related to sustainability, with proactive and meaningful action. It provides very clear outlook of K-C’s actions in the area.”

João Basílio, President of the Brazilian Association of Hygiene, Perfumery and Cosmetics Industries (Abihpec)

REFERENCES

- **GRI Application Level Check**

GREEN PAGES

- **Sustainability, female substantive**

The group of stakeholders acknowledges the women’s key roles for the future of the planet

How is the woman’s condition in the social and family life? What is left to be conquered? What are the dreams and wishes of these new representatives of the female gender, currently divided between what their mothers were and what their daughters will be? Where does sustainability fit into this universe? We heard some professionals who are part of Kimberly-Clark’s stakeholders to know how is it going, in practice, the so expected equality of genders. During in afternoon, a meeting room at Suzano’s plant, 14 participants (see the list below) of the ‘Mulher Atuação’ Project discussed these and other themes, divided into groups. By telephone, we talked to Samyra Crespo, from Rio de Janeiro, who holds, in Brasília, the title of secretary of Institutional Dialogue and Environmental Citizenship (SAIC) of the Ministry of Environment and with Camila Valverde, from Bahia, Director of Sustainability for Walmart.

Samyra Crespo

"Today, in Brazil, we have an Outlook that is completely different from what we had ten years ago. Before the government of the ex-President Lula and now of President

Dilma, we had a very important feminist agenda, but it was labeled as feminist. During these ten years that ended up with Dilma's election, that all changed: now it refers to an agenda of development where the woman plays a strategic role. Everyone is thinking and working in the field of sustainability. We can look at the 'women's segment' enthusiastically; we do not have only victims of violence or inequality, but also the positive examples of those who have already reached leadership positions. Those leaders are accountable for increasingly making more women part of the decision making process."

Camila Valverde

"I think that women's condition has improved a lot in the last years, by their entrances into the labor market. During the 70's, the average was more or less 20% and, today, it is already more than 50%. An evolution is going on, but the path is still long, as women do not grow in the career with the same proportion of men. As the hierarchical levels rise, the percentage of women is reduced. Another point that needs improvement is the issue of violence. Brazil is democratic, open, a country of the moment, but we are ranked seventh in violence against the woman. I think it is important to make the link of the sustainability and women themes. We cannot talk about sustainable development for real if we do not include women's growth, as they are half of the world's total population."

Ana Lúcia Veloso de Deus

"Concerning strengthening of women's actions, as most of us are community agents, our work is crucial in that matter. If a woman goes to a police station, the sheriff does not know her actual situation, he has never been to her house. We are there every day. They tell us things that they do not tell even to their parents. Today, we have access to that house, we seat on their sofa and we can appoint where she can seek for help until she is able to rearrange her life. It is useless to tell her to take the children and go live under the bridge, she will choose to continue being beaten. I know people like that, they put up with years of beating because they did not study, they came from nowhere. I think that the community agents and the Social Assistance Reference Center (Cras) play a very important role, which is to show that she can attend a course, maintain her own needs, find a job... In relation to the sustainability practices, I think that the woman must give the example and incentive to the children she lives with."

Eliã dos Santos Silva

"About women's role in society, I notice that it goes beyond the household chores, beyond the responsibilities of being the mother and the wife, although we still live in a macho society. In a way, women many times also contribute to perpetrate and disseminate this macho ideology. Maybe for lack of knowledge, or by the cultural environment they lived in, they end up educating their children in the same manner she was raised, educated. We know that this condition has to change and it has been changing, slowly. In fact, we want women to have their turn and voice, we want them to be able to build their own story as an intellectual, social and subjective being, someone who has as much knowledge as men."

Maria Auxiliadora Pereira da Costa

“We reflected, as a group, and reached the conclusion that most women are submissive, limited to household care, children and husband. We live in a macho society, most women are not aware of their rights, there is still the inter-generations heritage, because the grandmother or the mother did not have external jobs ... Sometimes you end up educating your children in the same manner, the mother does everything and the man, when he gets married, want the partner to do everything as well. And it gets harder for the woman to emancipate alone, that is why it is important to be part of a group. Fighting alone is harder. ”

List of agents from the ‘Mulher Atuação’ Project attending the meeting:

- Maria Auxiliadora Pereira da Costa
- Talita Gifone Teixeira
- Alessandra Ferreira
- Karla Caroline de Melo Garbelotto
- Marta Vieira
- Miriam Elídio Cruz
- Magna Schneider de Almeida
- Naiara Aline Silva Couto
- Joelma Nascimento de Carvalho
- Ana Lúgia Veloso de Deus
- Simone Valezini
- Eliã dos Santos Silva
- Débora Garcia
- Camila Taceli

REFERENCES INDEX

| Reference | Indicator / Global Pact | Answered | Page |
|-----------|--|-----------|-------------------|
| GRI 01.01 | Statement of the President | Totally | 1 |
| GRI 01.02 | Description of the main impacts, threats and opportunities | Totally | 1 |
| GRI 02.01 | Name of the organization | Totally | 8, 61 |
| GRI 02.02 | Main brands, products and/or services | Totally | 10, 12, 13 |
| GRI 02.03 | Operational structure of the organization, including main divisions, operational units, subsidiaries and joint ventures. | Totally | 15 |
| GRI 02.04 | Location of the organization’s headquarters. | Totally | 61 |
| GRI 02.05 | Number of countries where the company has activities and name of the countries wherein its main operations are located or are specially relevant for the sustainability issues encompassed by the report. | Totally | 14 |
| GRI 02.06 | Company’s type and legal nature | Totally | 61 |
| GRI 02.07 | Markets served (including geographic description, sectors served and types of clients/beneficiaries) | Totally | 09 |
| GRI 02.08 | Size of the organization, including: number of employees; net sales; total capitalization specified in terms of debt and net worth; quantity of products or services offered. | Partially | 11,10, 14, 21, 29 |
| GRI 02.09 | Main changes during the period covered by the report in terms of size, structure or shareholding, including: location or change in the operations, including opening, closing and expansion of operating units; change in the corporate capital structure and other capital structuring; maintenance or change in the operations (for private sector org.) | Totally | 1 |
| GRI 02.10 | Awards received during the period covered by the report. | Totally | 4, 13 |
| GRI 03.01 | Period covered by the report | Totally | 60, 61 |
| GRI 03.02 | Date of the former report | Totally | 61 |

| | | | |
|-----------|--|---------|--------|
| GRI 03.03 | Reports issuance cycle | Totally | 61 |
| GRI 03.04 | Contact data in case of questions related to the report and its content. | Totally | 61 |
| GRI 03.05 | Process to define the content of the report (including definition of the materiality; prioritizing of themes inside the report; identification of which stakeholders the company expects to use the report). | Totally | 51 |
| GRI 03.06 | Limit of the Report (countries, divisions, subsidiaries, joint ventures, suppliers, leased facilities). | Totally | 49 |
| GRI 03.07 | Declaration of any specific limitation towards the scope or the limit of the GRI. Answer 2012: K-C keeps A+ classification of its sustainability report. The content of this report encompasses the economic, environmental and social impacts of the organization and its targets for the next years, allowing follow-up Cia's evolution in management of sustainability along the years. However, it is important to emphasize that, as it has closed capital, Kimberly-Clark Brazil's financial information cannot be detailed. | Totally | 55 |
| GRI 03.08 | Base for preparation of the Report in what concerns joint ventures, subsidiaries, leased facilities, outsourced operations and other organizations that can significantly affect comparison between periods and/or between organizations. Answer 2012: No changes were verified during the last fiscal year. | Totally | 55 |
| GRI 03.09 | Data measurement techniques and the calculation bases, including hypotheses and techniques, which sustain the estimates applied to gathering of indicators and other information of the report. Answer 2012: Likewise the former year, all the information is presented based on consolidated figures and in Reais, according to the Brazilian accounting standards and the valid shareholding laws. In case the measurement technique and/or the calculation base are different, there will be, whenever needed, explanatory note along the texts. | Totally | 55 |
| GRI 03.10 | Explanation about the consequences from any reformulation in the information supplied in former reports and the reasons for said reformulations (like mergers or acquisitions, change in the period or base year, in the nature of the business, in measurement methods). Answer 2012: For this publication, the information published in the prior years has not been submitted to reformulation. | Totally | 55 |
| GRI 03.11 | Significant changes compared to the prior years in terms of scope, limit or measurement methods applied in the report. Answer 2012: In relation to the prior years, there has been no significant change. | Totally | 55 |
| GRI 03.12 | Table identifying location of the information in the report. Answer 2012: In the end of the publication, there is the index of references and the table with the summary of the content of the Global Reporting Initiative (GRI) informing where to find the indicators answered in the Kimberly-Clark Brazil's 2012 Sustainability Report. | Totally | 55 |
| GRI 03.13 | Current policy and practice related to search for external checking for the report. If the checking is not included into the sustainability report, it will be necessary to explain the scope and the base for any external checking supplied, as well as the relation between the reporting organization and the auditor (s). | Totally | 60 |
| GRI 04.01 | The organization's governance structure, including committees under the highest governance body in charge of specific tasks such as definition of strategy or supervision of the organization. | Totally | 18, 19 |
| GRI 04.02 | Indication whether the President of the highest governance body is an executive director (and, if so, his roles within management of the organization and the reasons for such composition). | Totally | 19 |
| GRI 04.03 | For organizations with single administrative unit, declaration of the number of independent or non-executive members of the highest governance body. | Totally | 19 |
| GRI 04.04 | Mechanisms for the shareholders and employees to make recommendations or give directions to the highest governance body. Include reference to processes related to: use of shareholders' deliberations or other mechanisms that allow the minor shareholders to express opinions to the high direction; information and consultation to the employees about the employment relations with formal representation bodies, like workers commissions, at the organization level and employees' representation at the highest governance body. Answer 2012: The company's communication channels are: "Café com Idéias", a meeting where a group of stakeholders get together with the President or a Director for an open talk about several subjects, among those the Company's business. "Falando de Negócios": meetings in which the leaders speak directly about their experiences and challenges for groups of on-the-job students or openly. Other direct communication channels are the Quarterly and Annual Results Meetings, the weekly cascade held on weekly basis by the whole executive board with their teams, reporting the main subjects discussed in the executive board's meeting. In the plants there are also the Monthly Results and Performance Meetings of the operations and the Canal Interativo [Interactive Channel], an adaptation of the 'Café com Idéias', however the meeting is held with the unit's manager. The company also accounts with a 0800 [toll free telephone] line for report of violation of the Code of Conduct and other ethical nature subjects. This line is operated by an independent company, located in the USA with Portuguese speaker operators. The reports are forwarded to K-C Brazil's legal directory, presidency and/or directors that can deal with the subject matter at the local level, keeping confidentiality of the denouncer's identification. | Totally | 55 |

| | | | |
|--|--|-----------|---------------------------|
| GRI 04.05 | Relation between remuneration for members of the highest governance body, executive directors and other executives (including termination agreements) and the organization's performance (including social and environmental performance). | Totally | 2, 20 |
| GRI 04.06 | Processes in place at the highest governance body to assure that the conflicts of interest are duly avoided. | Totally | 10 |
| GRI 04.07 | Process to determine the qualifications and knowledge of the members of the highest governance body to define the organization's strategy for issues related to economic, environmental and social themes | Totally | 20 |
| GRI 04.08 | Declaration of the mission and values, codes of conduct and internal principles relevant for the economic, environmental and social performance as well as the implementation phase. Explain to what extent they are applied in the organization in different regions and departments/units and relate to internationally agreed standards | Totally | 4, 10 |
| GRI 04.09 | Procedures of the highest governance body to supervise identification and management, by the organization, of the economic, environmental and social performance, including relevant threats and opportunities, as well as adhesion or compliance with internationally agreed standards, codes of conduct and principles | Totally | 17, 20 |
| GRI 04.10 | Processes for self-assessment of the highest governance body, mainly concerning the economic, environmental and social performance | Totally | 20 |
| GRI 04.11 | Explanation on if and how the organization applies the principle of precaution. Article 15 of the Rio Principles introduced the principle of precaution. The answer to item 4.11 could report the organization's approach to risk management in the operational planning or in the new products development and introduction | Totally | 17 |
| GRI 04.12 | Letters, principles or other initiatives, developed externally, bearing economic, environmental and social character to which the organization is a subscriber or endorser. Include the date of adoption and countries/operational units wherein they are applied and the range of stakeholders engaged in development and governance of said initiatives. | Totally | 14 |
| GRI 04.13 | Participation in associations (like industries federations) and/or national/international defense bodies wherein the organization: has seats in groups, in charge of corporate governance; integrates projects or committees, contributes with funds beyond the basic rate as member organization; considers its action as member to be strategic. Answer 2012: Kimberly-Clark has representative in the directory of the ABIHPEC (Brazilian Association of the Hygiene, Perfumery and Cosmetics Industry), wherein it contributes for discussion of solutions to common issues related to the sector. In 2012, the company took part in the discussions about strategies to support defense of the sector due to the Draft Law Project 5921/01, which deals with publicity for children-teenagers articles in several areas. Kimberly-Clark is part of the CIMEA (City Inter-institutional Commission on Environmental Education), responsible for creating the Law 4614/12, which implemented the Environmental Education Policy and System in the City of Suzano (SP). In 2011, K-C became part of the Tietê River Basins Committee. | Totally | 56 |
| GRI 04.14 | List of the groups of stakeholders engaged by the organization. | Totally | 51 |
| GRI 04.15 | Base for identification and selection of stakeholders to engage with. | Totally | 51 |
| GRI 04.16 | Approaches to engage the Stakeholders , including frequency of engagement by type and groups of stakeholders. (it will be possible to include surveys, focus groups, community committees, corporate advisory committees, written notices, managerial and union structures, etc.) | Totally | 43, 51 |
| GRI 04.17 | Main themes and concerns indicated through engagement of the stakeholders and which measures the organization has been adopting to address them. | Totally | 51 |
| ECONOMIC PERFORMANCE INDICATORS | | | |
| GRI EC01 | Direct economic value generated and distributed, including revenues, operational costs, employees' remuneration, donations and other investments in the community, accrued profits and payment for capital providers and governments | Totally | 21 |
| GRI EC02 | Financial implications and other threats and opportunities for the organization's activities due to the climate changes. (PG7) | Partially | 18 |
| GRI EC03 | Coverage of the obligations of the pension plan of the defined benefit offered by the organization. | Totally | 37 |
| GRI EC04 | Significant financial help received from the government. Answer 2012: We have borrowings with the BNDES, which we do not see as help but actually financial operation of funds raising which is ordinary in the market. | Totally | 56 |
| GRI EC06 | Policies, practices and proportions of expenditures with local suppliers in important operational units | Totally | 32 |
| GRI EC07 | Procedures for local contracting and proportion of members of the high management recruited in the local community (company's surroundings) in important operational units (PG6) | Totally | 48 |
| GRI EC08 | Development and impact of investments in infrastructure and services offered, mainly for public benefit, through commercial engagement, in cash or pro bono activities. | Totally | 24, 26, 27, 45, 46,47, 48 |
| GRI EC09 | Identification and description of significant indirect economic impacts, including extension of the impacts. | Totally | 44, 48, 49 |

| ENVIRONMENTAL PERFORMANCE INDICATORS | | | |
|--------------------------------------|---|-----------|--------------------|
| GRI EN01 | Material used by weight or volume (PG8) | Totally | 33 |
| GRI EN02 | Percentage of material used generated from recycling. (PG8) (PG9) | Totally | 32 |
| GRI EN03 | Direct energy consumption detailed by primary energy source (PG8) | Totally | 30 |
| GRI EN04 | Direct energy consumption detailed by primary energy source. (PG8) | Partially | 26 |
| GRI EN05 | Energy saved due to improvements in conservation and efficiency. (PG8) (PG9) | Totally | 16, 26 |
| GRI EN06 | Initiatives to provide products and services with low energy consumption, or which use energy generated by renewable resources, and reduction in the need for energy resulting from such initiatives. (PG8) (PG9) | Totally | 11, 26, 28, 29, 32 |
| GRI EN07 | Initiatives to reduce indirect energy consumption and the reductions achieved (PG8) (PG9) | Totally | 30 |
| GRI EN08 | Total water withdrawal by source (PG8) | Totally | 33 |
| GRI EN11 | Location and size of the area owned, leased or administered within protected areas, or close to them, and areas with high level of biodiversity outside the protected areas. (PG8) | Totally | 15, 27 |
| GRI EN12 | Description of significant impact on the biodiversity by activities, products and services in protected areas and in areas with high level of biodiversity outside the protected areas. (PG8) | Totally | 27 |
| GRI EN16 | Total direct and indirect emissions of greenhouse effect gases, by weight (PG8) | Totally | 28, 29 |
| GRI EN17 | Other relevant indirect emissions of greenhouse effect gases, by weight. (PG8) | Totally | 29 |
| GRI EN19 | Emissions of substances harmful to the ozone layer, by weight. (PG8) | Totally | 30 |
| GRI EN20 | NOx, SOx, and other significant atmospheric emissions, by weight. (PG8) | Totally | 30 |
| GRI EN21 | Total water disposal, by quality and destination. (PG8) | Totally | 35 |
| GRI EN22 | Total waste weight, by type and disposal method. (PG8) | Partially | 33 |
| GRI EN23 | Number and volume of significant spills. (PG8) Answer 2012: No spill was verified in the period. | Totally | 57 |
| GRI EN26 | Initiatives to mitigate the environmental impacts of products and services and the extension of such impacts' reduction (PG7) (PG8) (PG9) | Totally | 11, 24, 25 |
| GRI EN27 | Percentage of recovered products and their packaging, in relation to the total products sold, by products category. (PG8) (PG9) | Totally | 47 |
| GRI EN28 | Monetary value of significant fines and the total number of non-monetary sanctions resulting from non-compliance with environmental laws and regulations. (PG8) | Totally | 31 |
| GRI EN29 | Significant environmental impacts of transportation of products and other goods and materials used in the organization's operations, as well as transportation of the workers (PG8) | Totally | 30 |
| GRI EN30 | Total investments and expenditures with environmental protection and specification, by type. Define the types of expenditures. (PG7) (PG8) (PG9) | Totally | 31 |
| HUMAN RIGHTS PERFORMANCE INDICATORS | | | |
| GRI HR01 | Percentage and total number of significant investment contracts that include clauses related to human rights or which have been submitted to assessments related to human rights. (PG1) (PG2) (PG3) (PG4) (PG5) (PG6) | Totally | 11 |
| GRI HR02 | Percentage of contracted companies and critical suppliers that have been submitted to assessments related to human rights and the measures taken. (PG1) (PG2) (PG3) (PG4) (PG5) (PG6) | Totally | 10 |
| GRI HR03 | Total training hours for employees in policies and procedures related to human rights aspects relevant for the operations, including the percentage of employees that have received training. Include type of training, number of employees trained and average duration of the training sessions (PG1) (PG2) (PG3) (PG4) (PG5) (PG6) | Totally | 10 |
| GRI HR04 | Total number of cases of prejudice and the measures taken. (PG1) (PG2) (PG6) Answer 2012: No case of prejudice, of any nature whatsoever, has been observed. | Totally | 57 |
| GRI HR05 | Identified operations where the right to exercise the right of freedom of association and collective negotiation may be at significant risk and the measures taken to support such right. (PG1) (PG2) (PG3) Answer 2012: K-C understands that the unions are an active part of the society and contribute for the democratic process , thus, the company opens its doors so that the unions can perform the process of employees' association, enrolling them and, in 2012, no operation has been observed with the risk for the employees in exercising their right of association. | Totally | 57 |
| GRI HR06 | Operations identified as bearing risk of occurrence of child labor and the measures taken to contribute for abolishment of child labor. | Totally | 18 |
| GRI HR07 | Operations identified as bearing significant risk of occurrence of forced labor or slave-like labor and the measures taken to contribute for eradication of forced labor or slave-like labor. | Totally | 18 |

| | | | |
|---|---|-----------|--------|
| GRI HR08 | Percentage of the security personnel submitted to training in the organization's policies or procedures related to Human Rights aspects relevant to the operations. Include type of training, number of people trained and average duration of the training. | Totally | 11 |
| GRI HR09 | Total number of cases of violation rights of the indigenous people and the measures taken. Answer 2012: No case of violation of rights of the indigenous people has been verified in the regions wherein K-C has operations. Concerning the chain of suppliers for purchase of cellulose, K-C only purchase cellulose from suppliers certified by the Imaflores and holding the FSC label. That gives us the guarantee not only of the care towards the environmental matters but also the care towards the communities in the surroundings of the plantations and human resources used in plantation and cut of the trees, which come from the planted woods. K-C does not buy material from virgin forests, as the eucalyptus used in production of cellulose is an exotic tree and it is not part of Brazil's native woods. | Totally | 58 |
| GRI HR10 | Percentage and total number of operations which were subject to assessments related to Human Rights and/or assessment of the impacts. Answer 2012: In the year 2012, 34 denunciations were registered in Kimberly-Clark's hotline. All the denunciations were investigated and only 03 of them were confirmed and substantiated: measures were taken to correct the problems, also by dismissing the employees involved in them. However, no denunciations were related to the Human Rights field. | Partially | 58 |
| GRI HR11 | Number of complaints related to the Human Rights field, addressed and resolved through formal mechanisms of complaints. Answer 2012: No formal complaint was received in 2012. | Totally | 58 |
| PERFORMANCE INDICATORS RELATED TO LABOR PRACTICES AND DECENT LABOR | | | |
| GRI LA01 | Total workers, by type of job, employment agreement and region | Partially | 15, 41 |
| GRI LA02 | Total number of employees and turnover rate, by age range, gender and region. | Partially | 39 |
| GRI LA04 | Percentage of employees covered by collective negotiation agreements. | Totally | 39 |
| GRI LA05 | Minimum term for prior notice related to operational changes, including if such procedure is specified in collective negotiation agreements. Answer 2012: The term is six months and it is not specified in collective agreement or convention. K-C makes such notification by its own initiative. | Totally | 58 |
| GRI LA07 | Rates of injuries, occupational diseases, days lost, absenteeism and deaths related to labor, by region | Partially | 41 |
| GRI LA08 | Programs of education, training, advisory, risk prevention and control in progress to give assistance to the employees, their families or members of the community concerning severe diseases. | Totally | 40 |
| GRI LA10 | Average training hours per year, per employee, detailed by functional category. | Partially | 10 |
| GRI LA11 | Programs for management of competences and continuous learning which support continuity of employment capacity of the employees and to manage the career. | Totally | 36 |
| GRI LA12 | Performance assessments and career development | Totally | 36 |
| GRI LA13 | Composition of the groups in charge of corporate governance and description of employees by category, with gender, age range, minorities and other diversity indicators. | Totally | 19 |
| GRI LA14 | Proportion of base salary between men and women, by functional category. | Totally | 37 |
| GRI LA15 | Rates of return to work and retention after maternity leave and paternity leave, by gender. | Totally | 38 |
| PERFORMANCE INDICATORS RELATED TO RESPONSIBILITY FOR THE PRODUCT | | | |
| GRI PR01 | Phases of the products and services life cycles in which the impacts in health and safety are assessed aiming to attain improvement, and the percentage of products and services subject to such procedures. | Totally | 18, 23 |
| GRI PR03 | Type of information on products and services required by labeling procedures and the percentage of products and services subject to said requirements. Answer 2012: K-C's products aim to serve the needs of consumers and shoppers and it bets on the sustainable bias to add value to the product. In this sense, we cite presentation of the FSC label (use of certified wood) and, in the professional division, the Green Building Council label for all the packaging and dispensers of the professional line. One hundred percent of our products have some agency regulating some labeling item, whether the mandatory text for the products regulated by ANVISA, INMETRO or other specific ones. Subsequently we have listed the regulations followed by K-C: * Law no. 8.078, dated September 11, 1990 – Consumer protection; * Decree no. 79094, dated January 05, 1977 – Regulates the law no. 6.360/1976; * Resolution RDC no. 211, dated July 14, 2005. * Definition and classification of products of Personal Hygiene, Cosmetics and Perfumes; * Resolution RDC no. 03 dated January 18, 2012 – Restrictive list of cosmetics; * Resolution RDC no. 30, dated June 01, 2012 – Technical Regulation on Sun Protectors in Cosmetics; * Resolution - RDC No. 47 , dated March 16, 2006 – List of Ultraviolet Filters for Cosmetics; * Resolution - RDC no. 343, | Totally | 58, 59 |

| | | | |
|--------------------------------------|--|-----------|------------|
| | dated December 13, 2005 – Notification of Grade 1 Cosmetics; * Resolution - RDC no. 19 dated June 01, 2012 – Preservatives in cosmetics; * Resolution - RDC no. 38, dated March 21, 2001 – Cosmetics for Children; * Resolution - RDC no. 10, dated October 21, 1999 – Prior Communication of Disposable Feminine Napkins; * Ordinance no. 1480, dated December 31, 1990 – technical standards and requisites for disposable feminine napkins (absorbents and diapers); *Technical opinions for cosmetics issued by the Technical Chamber of Cosmetics /ANVISA; * Resolution - RDC no. 44 dated August 09, 2012 – Dyers for Cosmetics; * Resolution - RDC no. 48, dated March 16, 2006 – list of substances that cannot be used in cosmetics; * Resolution - RDC no. 332, dated December 01, 2005 – Cosmetics surveillance; *INMETRO/MDIC Ordinance no. 157 dated 08/19/2002 – Declaration of the nominal content of premeasured products * Resolution - RD no. 59 dated December 17, 2010 – requisites for notification and registration of sanitizers; * Resolution - RDC no. 40 dated June 05, 2008 – regulation for cleansing products; * Resolution - RDC no. 42 dated August 13, 2009 – procedure for notification of risky sanitizers 1; * Resolution - RDC no. 14 dated February 28, 2007 - technical regulation for sanitizers with antimicrobial action; * Guide for Preparation of Labels – Notified Products – Notified Sanitizers; * link at the ANVISA portal* Regulatory Standard no. 6 – Ministry of Labor – Personal Protective Equipment; *Ordinance no. 121 dated September 30, 2009 – Technical standards on essays and mandatory requisites applicable to the PPE framed within Attachment I of NR-6. In 2012, we adjusted ourselves to the guidelines of RDC 59 dated June 27, 2000, which sets forth the Good Manufacturing Practices for Medical Products. | | |
| GRI PR05 | Practices related to client satisfaction, including results of the researches | Totally | 23 |
| GRI PR06 | Programs of adhesion to the laws, standards and volunteer codes related to marketing communication, including publicity, promotion and sponsorship. Answer 2012: K-C, as the announcer, is subject to the publicity self-regulation rules defined by the CENP (Executive Council of Standard Rules) and it is subject to CONAR. Besides following the policies developed by the corporation. The company is also a member of the Brazilian Association of Announcers - ABA. K-C is associated to CONAR – Brazilian Council on Publicity Self-Regulation, strictly following the rules defined in the Brazilian Code of Publicity Self-Regulation, aiming to assure ethical communication and adequate to its consumers, respecting the competitors, besides following the policies developed by the corporation. The company is also part of the Brazilian Association of Announcers - ABA, which discusses the main themes related to the sector. As an Announcer, it is aware of and follows the rules defined by CENP (Executive Council of Standard Rules) in order to check whether its contracts with communication agencies and bodies comply with the defined rules. | Totally | 59 |
| GRI PR07 | Total number of non-compliance cases towards regulations and volunteer codes related to marketing communications, including publicity, promotion and sponsorship, detailed by type of result. | Totally | 23 |
| GRI PR08 | Total number of proven complaints related to violation of clients’ data privacy and loss. | Totally | 23 |
| GRI PR09 | Monetary value of fines (significant) by non-compliance with laws and regulations related to supply and use of products and services. | Totally | 18 |
| SOCIAL PERFORMANCE INDICATORS | | | |
| GRI SO01 | Percentage of operations implemented, involving the local community, assessment of impacts and programs developed (identify the total number of operations; identify involvement with the community; report the percentage of operations involving the community.) | Partially | 27, 43, 44 |
| GRI SO02 | Percentage and total number of business units submitted to assessment of risks related to corruption. | Totally | 10 |
| GRI SO03 | Percentage of employees trained on the organization’s antitrust policies and procedures. | Totally | 10 |
| GRI SO04 | Measures taken in response to corruption cases | Totally | 10 |
| GRI SO05 | Position towards public policies and participation in elaboration of public policies and lobbies. | Totally | 44 |
| GRI SO08 | Monetary value of significant fines and total number of non-monetary sanctions resulting from non-compliance with laws and regulations . Answer 2012: In 2012, no significant fines or non-monetary sanctions for non-compliance with laws and regulations have been verified. | Totally | 59 |
| GRI SO09 | Operations with significant negative impacts, potential and real ones, on the local communities. Answer 2012: No operations with significant and potential/real negative impacts have been identified. | Totally | 59 |
| GRI SO10 | Prevention and mitigation measures implemented in operations with potential and real significant negative impacts in local communities. Answer 2012: As no operations with significant negative impacts have been verified, these measures are only preventive, namely: environmental education, protections against spills, double valves to avoid spills to the river and double locks in atmospheric emission systems to avoid unintended discharges. | Totally | 59 |

EXTERNAL CHECKING

- **A look from the outside**

By recommendation of the Global Reporting Initiative (GRI) and aiming to grant more transparency to the reporting process, Kimberly Clark Brazil submitted its Sustainability Report once more to external checking. The work was performed by Prof. Dr. Priscila Borin Claro, Doctor in Administration, Environment and Development by Universidade Federal de Lavras, Mater in Social Management, Environment and Development by the University of Wageningen (WUR) in Holland (GRI 3.13) and Professor of Insper, Instituto de Ensino e Pesquisa de São Paulo.

“In general terms, K-C’s report, besides informing about the company’s planning and management, presents important reports on subjects like how the company has been creating value to its several stakeholders in the triple bottom line, following the principles of Strategic Sustainability, Social, Corporate and Ethical Responsibility.

Scope:

The indicators selected for publication are adequate to the scope of K-C’s business.

Form:

The text presents the material themes and also the process by which materiality has been defined, with several stakeholders participating in different situations. The details and the explanations about the strategic choices grant the material educational capacity and awareness about sustainability. Finally, in the ‘form’ requisite, presentation of the testimonials along the text is an innovative way to communicate perception of the stakeholders and their relations with K-C.

Reported performance:

One of the reported indicators refers to SO04 and the answer states what is done in case of violations and denounces towards the Code of Ethics. It would be interesting to present more details in case of eventual occurrences in the year 2012, thus providing more comprehensive perception of the subject.

The report also presents results that have not been so positive during 2012, like, for instance, fines and sanctions suffered by the company, which grants transparency to the report. In order to assure event further balance and transparency, it would be interesting to report with more details, better explaining the information of RADAR table. Therefore it would be possible to understand better the reasons why the targets on some indicators (like GRIHR10, SO1 and SO5) could not be met. Finally, concerning the indicators HR03, HR01, HR02 and HR08, although K-C does report its conduct towards them, it is further suggested, as future development, to present the accomplished results.

Commitments and Targets:

K-C is compromised with sustainable performance targets aligned with the term of the strategic planning. In terms of comparison, also, the report has several indicators and comparisons of performance along the years, enabling the reader to check the accomplished results.

One point that could be detailed more related to the targets of the executive board. The indicator GRI4.10 informs that those stakeholders have exclusively financial targets. It would be important to detail if K-C's stakeholders also have social-environmental targets and at which hierarchical levels.

In general, K-C evidences that Sustainability is integrated into the company's strategy. In this report, one of the company's important decisions, concerning the investment in Camaçari, confirms such integration even further, as said initiative can be compared to the development of a regional cluster that will generate economic, social and environmental benefits for several stakeholders. Based on this assessment, I affirm that the report contains the requisites to assess it as A+ level."

São Paulo, May, 2013

Prof. Dr. Priscila Borin Claro

PUBLICATION DATA

Annual Publication of the Sustainability Report of Kimberly-Clark Brasil Indústria e Comércio de Produtos de Higiene Ltda (GRI 2.1, 2.6)

Issue cycle: Annual cycle. This edition covers the period from 01/01/2012 to 12/31/2012 (GRI 3.1, 3.3)

Prior report: January 1st, 2011 to December 31st, 2011, with publications in May, 2011 (GRI 3.2)

Report limits: Activities of Kimberly-Clark Brasil Indústria e Comércio de Produtos de Higiene Ltda. in Brazil (GRI 3.6)

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