

Chain of Lies

**The Truth About Kimberly-Clark's
Use of Ancient Rainforests for Tissue Products**



GREENPEACE

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**For more information about Kimberly-Clark
and the loss of ancient forests,
please visit**

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EXECUTIVE SUMMARY

The Kimberly-Clark Corporation, the world's largest tissue product manufacturer and the maker of Kleenex brand tissue products, positions itself as an environmentally responsible company - one that goes out of its way to meet and exceed standards of ecological sustainability.

In various published corporate materials and correspondence extending as far back as 1998, Kimberly-Clark has committed to not purchase fiber from coastal temperate rainforests in British Columbia, Canada. This position forms a key pillar of the company's Corporate Policy on Sustainable Use of Natural Resources, adopted on December 1991. Since then, in a variety of publications, including Kimberly-Clark environmental reports, letters to environmental organizations and the Securities and Exchange Commission, stockholder materials, newspaper articles, and in meetings with Greenpeace and Natural Resource Defense Council representatives, the company has constantly pointed to the fact that it does not use wood fiber sourced from coastal temperate rainforests as a show of corporate commitment to the environment.

Extensive research conducted in 2005 and 2006 by Greenpeace reveals that these claims are false and that, in truth, Kimberly-Clark is obtaining large amounts of wood fiber that originate from coastal temperate rainforests via their wood chip suppliers. The chip suppliers, located largely in Washington, USA, regularly purchase logs from brokers who ship logs from rainforests, like those found on Vancouver Island, British Columbia, Canada. Additionally, contrary to statements by company executives, Greenpeace has uncovered evidence that the company also purchases fiber from US federal forestlands.

Products manufactured using fiber that does not meet Kimberly-Clark's own corporate policy are being sold throughout North America and shipped as far as the European market. Consumers and institutional customers are being deceived by Kimberly-Clark's claims and unknowingly purchasing these products. Similarly, false information has been distributed to shareholders and the Securities and Exchange Commission. Greenpeace's findings raise serious questions about the transparency and integrity of Kimberly-Clark's policies and the company's real impacts on ancient forests.

Until the company comes clean on its claims and improves its fiber procurement policies, customers who care about our world's ancient forests should not purchase products from this company. Shareholders and investors should be wary of investments in the company in the face of what is either outright misinformation about the company's fiber purchasing or a serious breakdown in the internal auditing, tracking and reporting mechanisms of the company.



INTRODUCTION

Kimberly-Clark is a company that is proud of its environmental record putting significant stock in what it perceives to be its 'best in sector' environmental policies. Amongst its many claims about protecting forests and sustainable forestry is a claim that the company does not source wood fiber from the coastal temperate rainforests of British Columbia, Canada or from US federal forests. These claims have been stated repeatedly by Kimberly-Clark's senior executives and published in corporate reports, shareholder materials, correspondences, news articles, and other materials.

Since November 2004, an international campaign by Greenpeace and the Natural Resources Defense Council has shed a revealing light on the company's use of fiber from one ancient forest in North America, the Boreal. Despite massive public outcry calling on the company to reform its fiber purchasing practices, Kimberly-Clark continues to source many hundreds of thousands of tonnes (tons) of virgin fiber from clearcut ancient Boreal forests that are not managed in a sustainable fashion². The company regularly downplays this continued controversy by citing a long held corporate policy which prohibits the use of pulp sourced from the coastal temperate rainforests of British Columbia, Canada and designated old growth forests areas of the Boreal. The citation is meant to show consumer and institutional customers that the company has taken in the past and continues to take in the present a strong stand on forest protection. Kimberly-Clark believes that these environmental statements, rooted in the company's natural resources policy, insulate the company from criticism by shareholders, consumers, customers and the general public.



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In 2005 and 2006, Greenpeace researchers investigated Kimberly-Clark's claims to discover if these statements were true and if the company's policies were being enforced. Unfortunately, as the research revealed, Kimberly-Clark's policies and statements which are meant to protect globally significant ancient forests are worth much less than the paper they have been printed on.

The researchers found clear and irrefutable evidence, summarized in this report, that the company, in fact, does use pulp and fiber from the coastal temperate rainforests of British Columbia, as well as from U.S. federal forests in the Pacific Northwest, primarily in Washington state. For example, significant quantities of the wood chips used to make pulp in one of Kimberly-Clark's largest mills in the United States located in Everett, Washington originate from coastal temperate rainforests. The logging operations that supply wood chips and logs are not sustainable³ and are not certified to the standards of the Forest Stewardship Council. Tissue products containing fiber from the Everett, Washington mill are sold to unsuspecting consumers, businesses and institutions throughout North America and Europe.

Time and again, Kimberly-Clark claims that its Corporate Policy on Sustainable Use of Natural



Kimberly-Clark Sustainable Use of Natural Resources

Environmental Operating Policy - Adopted October 25, 1991.

Interpretation by the senior environmental officer.

Policy Statement:

It is the policy of Kimberly-Clark to conduct business with a sincere and proper regard for the need to sustain natural resources. For purposes of this policy, natural resources shall include fiber and all other materials used in the manufacture of corporate products and in providing corporate services.

Policy Comment:

It is the intent of this policy to:

- Use sustained yield forestry practices so that lands continue to provide a source of fiber for corporate products and an attractive natural habitat.
- Use virgin pulp produced in high-yield processes as well as recycled fiber in products and packaging consistent with product performance and customer requirements.
- Encourage vendors to follow responsible environmental practices by considering such practices in the vendor selection process.⁴

Resources prohibits of the purchase of pulp from these forests, yet there is little within the policy as published that details or empowers this prohibition. Excerpts from various statements that Kimberly-Clark has made in regards to coastal temperate rainforests since 1998 are summarized on pages 8-9. Kimberly-Clark has consistently presented false information about it's implementation of these environmental policies.

The findings of the investigation lead to the conclusion that either the company is unaware it is using coastal temperate rainforest fiber or it is blatantly presenting false information to the public, shareholders, investors and corporate customers. If it is the former, there is a major failure in Kimberly-Clark's operations showing a disconnect between its claims and practices. The company's inability to track the source of its fiber represents a serious financial liability in a company the size and stature of Kimberly-Clark. If is the latter, and the company is disseminating false information while it has full knowledge of its fiber sources, then this calls into question the honesty, integrity and leadership of its executives and board directors. It also presents a serious black mark against the company's much-vaunted environmental claims, and opens the door to possible legal liability issues.

In either case, the situation and ongoing controversy bring other Kimberly-Clark claims into serious doubt: claims that the company does not buy fiber from Indonesian rainforests, where much of the logging is illegal; that it does not buy fiber originating from ecologically significant areas (a term yet to be defined by the company) in the North American Boreal forest; and that the company has a comprehensive fiber sourcing system that traces the source of its fiber and whether it comes from a well-managed logging operation. The company's continued use of fiber from coastal temperate rainforests make such claims questionable, and put the entire company's reputation on the line.

Who is Kimberly-Clark?



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The Kimberly-Clark Corporation is a multinational corporation (NYSE symbol: KMB) with sales exceeding US\$15 billion, based in Dallas, Texas, USA. Kimberly-Clark is the world's largest manufacturer of tissue paper products, including the well-known Kleenex brand. It also makes

various types of commercial and consumer tissue products under the brand names



Cottonelle, Andrex, Scott, Viva, KC Professional, Surpass, Page and Hakle. Many of these products are sold in the US and Canada and can also be found in over 150 countries around the world, including the United Kingdom, Germany, Brazil, Netherlands and Australia. Other products manufactured by Kimberly-Clark include Huggies diapers, Depend adult diapers, and Kotex and Poise feminine care products. All of Kimberly-Clark's consumer products sold in North American grocery stores and pharmacies contain 100% virgin fiber with no recycled paper fiber content.

To manufacture many of these products, the company depends on North American ancient forests for much of its fiber needs. In 2005, Kimberly-Clark used over 3.1 million tonnes [3.4 million tons (short)] of virgin fiber to manufacture its products, an increase of over 23% from 2003⁵. Many of the Kimberly-Clark products for sale in the American, Canadian and European markets are made from the few remaining ancient forests in the U.S.A. and Canada—including the North American Boreal and coastal temperate rainforests.



KIMBERLY-CLARK'S CLAIMS

For years, Kimberly-Clark has claimed that it does not source from key ancient forests including coastal temperate rainforests. The following is a sampling of these claims:

"Our corporate policy prohibits the use of wood fiber from virgin rainforests or from designated ecologically significant old growth areas, including mixed hardwood forestlands in Indonesia, temperate rainforests in coastal British Columbia, Canada, and designated areas in Canada's Boreal Forest"

- Kimberly-Clark Sustainability Report 2005, p. 5⁶

"Kimberly-Clark has one of the most progressive Fiber Purchasing Policies in the North American tissue industry. K-C does not source fiber from tropical rainforests or designated ecologically significant old growth forest areas, including such areas in Canada's Boreal Forest. K-C will not knowingly use fiber from any source, anywhere in the world, that was illegally harvested."

- Exhibit B, Kimberly-Clark response to Domini Social Investment shareholder resolution presented to selected shareholders December 9, 2005 and submitted to the Securities and Exchange Commission.

"All of Kimberly-Clark's forestry activities are governed by our Corporate Policy on Sustainable Use of Natural Resources. This policy was adopted in December 1992 and commits the Corporation to responsible forest management practices both for the woodlands that we own or manage and for all of the vendors supplying fiber to the Corporation. In addition, this policy prohibits the use of fiber from any rainforest or from endangered, old growth forest areas in any Kimberly-Clark consumer product."

- Kimberly-Clark Environmental Report 2002, p. 17.⁸

"Our corporate policy prohibits the use of wood fiber from virgin rainforests or from designated ecologically significant old growth areas, including mixed hardwood forestlands in Indonesia; temperate rainforests in coastal British Columbia, Canada; and designated areas in Canada's Boreal Forest."

- Kimberly-Clark 2004 Sustainability Report: p. 30.¹⁰

"Kimberly-Clark's corporate policy prohibits the use of wood fiber from virgin rainforests or from designated ecologically significant old growth areas, including mixed hardwood forestlands in Indonesia; temperate rainforests in coastal British Columbia, Canada; and designated areas in Canada's Boreal Forest."

- March 14, 2006, Kimberly-Clark Corporation Proxy Statement for 2006 Annual Meeting of Stockholders, page 22. Response to the Corporation to Stockholder Proposal Requesting a Report on Sustainable Forestry Practices.

"Kimberly-Clark does not source fiber from tropical rainforests or designated ecologically-significant old growth forest areas and will not knowingly use fiber from any source, anywhere in the world, that was illegally harvested. Kimberly-Clark devotes substantial resources to evaluating prospective suppliers."

- Letter from Melissa Munson, Locke, Liddel and Sapp, LLP, counsel to Kimberly-Clark to the Office of the Chief Counsel, Securities and Exchange Commission dated December 16, 2005.-

"All of Kimberly-Clark's forestry activities are governed by our Corporate Policy on Sustainable Use of Natural Resources. This policy was adopted in December 1992 and commits the Corporation to responsible forest management practices both for the woodlands that we own or manage and for all of the vendors supplying fiber to the Corporation. In addition, this policy prohibits the use of fiber from any rainforest or from endangered, old growth forest areas in any Kimberly-Clark consumer product."

- Kimberly-Clark Environmental Report 2001, p. 15.⁷

"To produce consumer products, Kimberly-Clark does not source any fiber from mixed hardwood forests in Indonesia or from temperate rainforests in coastal British Columbia, Canada."

- Kimberly-Clark 2003 Sustainability Report: p. 30.⁹

"This policy further prohibits the use of fiber from any virgin rainforest or ecologically significant old-growth area. As one example of the application of this policy, Kimberly-Clark committed in 1998 not to source any fiber for use in its consumer products from coastal rainforests of British Columbia."

- Letter from Kenneth A. Strassner, Vice-President of Environment and Energy, Kimberly-Clark to John Adams, Natural Resources Defense Council and Danna Smith, Dogwood Alliance, dated January 26, 2004.

"This policy [Corporate Policy on Sustainable Use of Natural Resources] further prohibits the use of fiber from any virgin rainforest or ecologically significant old-growth area. As one example of the application of this policy, Kimberly-Clark committed in 1998 not to source any fiber for use in its consumer products from coastal rainforests of British Columbia."

- Letter from Kenneth A. Strassner, Vice-President of Environment and Energy, Kimberly-Clark to Tamara Stark and Richard Brooks, Greenpeace Canada, dated June 6, 2003.

"This policy further prohibits the use of fiber from any virgin rainforest or ecologically significant old-growth area. As one example of the application of this policy, Kimberly-Clark committed in 1998 not to source any fiber for use in its consumer products from coastal rainforests of British Columbia."

- Letter from Kenneth A. Strassner, Vice-President of Environment and Energy, Kimberly-Clark, to Darby Hoover and Allen Hershkowitz, Natural Resources Defense Council dated September 30, 2004.

“Fairly viewed, we believe that K-C has the most progressive forestry and fiber procurement policies of any tissue product manufacturing company in North America.”

- Letter from Kenneth A. Strassner, Vice-President of Environment and Energy, Safety, Quality and Consumer Services, Kimberly-Clark to Allen Hershkowitz and Susan Casey-Lefkowitz, Natural Resources Defense Council and Richard Brooks, Greenpeace Canada, dated January 26, 2005.

“He said the company said it does not use timber from hardwood forests in Indonesia or temperate rainforests along the British Columbia coast in Canada”

- Dave Dixon, Director Corporate Communications, Kimberly-Clark quoted in Dallas Morning News online article, by AP reporter David Koenig, April 28, 2005.¹¹

“We have recently completed this year’s review, and have decided that no use will be made of any coastal BC wood fiber in making any Kimberly-Clark consumer products sold anywhere in the world.”

- Letter from Sarah Portway, Director, Corporate Communications, Kimberly-Clark Europe to Phil Aikman, Forest Campaigner, Greenpeace UK, dated June 10, 1998.

“This policy was adopted in December 1991 and commits the Corporation to follow sustainable forest management practices and requires that all vendors supplying fiber to the Corporation also follow such policies. This policy further prohibits the use of fiber from virgin tropical or temperate rainforest areas or from ecologically-significant old growth forest areas such as those found in Canada’s Boreal Forest.”

- Letter from Kenneth A. Strassner, Vice-President of Environment and Energy, Safety, Quality and Consumer Services, Kimberly-Clark to Morgan Simon, ForestEthics, dated August 22, 2005.

“Kimberly-Clark is committed to being an environmentally and socially responsible company and we appreciate the opportunity to respond and to provide you some additional information on our policies and practices. Kimberly-Clark will not knowingly use fibre sourced from endangered forests”

- Letter from Dave Challis, Environment Manager, Kimberly-Clark Europe to Judy Rodrigues, Greenpeace International, dated April 4, 2006.

“With regard to the sourcing of virgin fibre, all of K-C’s forestry activities and fibre procurement practices are governed by our Corporate Policy on Sustainable Use of Natural Resources. This policy was adopted in December 1991, commits the Corporation to follow sustainable forest management practices and requires that all vendors supplying fiber to the Corporation also follow such policies. This policy further prohibits the use of fiber from rainforest areas or from designated ecologically significant old growth forest areas such as those found in the Canadian Boreal Forest. In addition, K-C does not source from illegal or controversial sources. As an example of the application of this policy, K-C has committed not to source any fibre from the coastal temperate rainforests of British Columbia, Canada or made from mixed Indonesian hardwoods.”

- Letter from Kenneth A. Strassner, Vice-President of Environment and Energy, Safety, Quality and Consumer Services, Kimberly-Clark to Nathan Argent, Greenpeace UK, dated September 1, 2005.

Kimberly-Clark has also stated that they do not source fiber from federal public forests in the USA:

***When asked in a meeting between Kimberly-Clark staff and staff from the Natural Resources Defense Council and Greenpeace if they source from U.S. Federal forests, Kenneth Strassner, VP Environment and Energy, Kimberly-Clark answered that they did not.**

- Personal Communications, May 18 2005, at the law offices of Sidley and Austin, Washington, DC. Meeting between Kimberly-Clark, Greenpeace and the Natural Resources Defense Council.¹²

****To the best of our knowledge, none of K-C’s pulp vendors source timber from U.S. National Forests or Bureau of Land Management forests.”**

- Excerpt from presentation by Ed (Skip) Krasny, Energy & Environment. May 18, 2005 at meeting between Kimberly-Clark, Natural Resources Defense Council and Greenpeace USA/Canada staff.



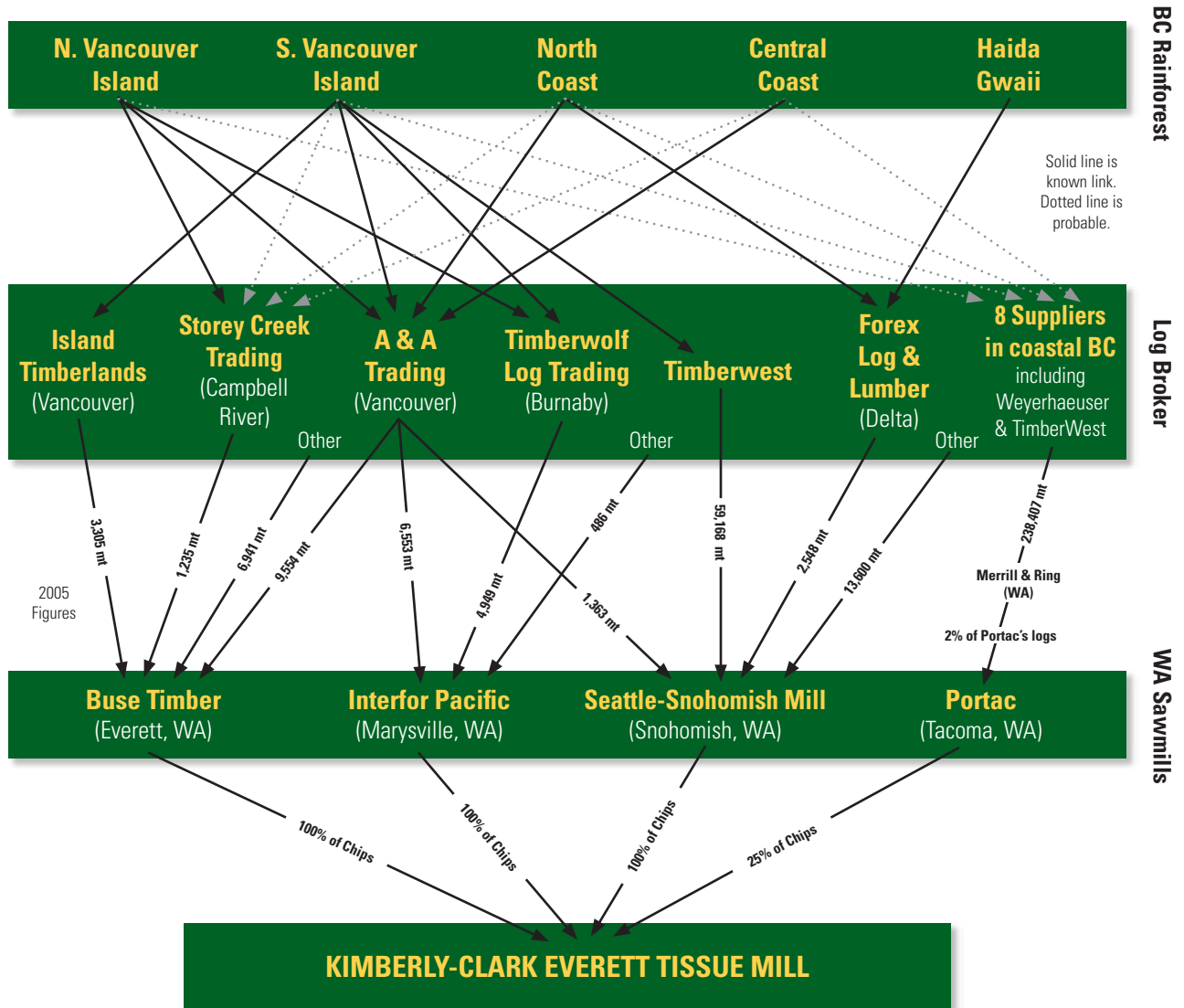
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TRACING KIMBERLY-CLARK'S FIBER SOURCING

Research compiled by Greenpeace of some of the sources of Kimberly-Clark's fiber are outlined below and in case studies on the following pages. The research reveals that the company continues to purchase wood fiber originating from coastal temperate rainforests of British Columbia and U.S. federal forestlands.

The investigation focused on Kimberly-Clark's pulp mill located in Everett, Washington, U.S.A.. This mill manufactures pulp for tissue products which are sold throughout North America and around the world.

COASTAL TEMPERATE RAINFOREST → LOGGING COMPANY → LOG BROKER → SAWMILL → KIMBERLY-CLARK PULP MILL



Case Study:

From Log Broker to Saw Mill to Kimberly-Clark (Everett, Washington)



There are several saw mills in the Washington State area that supply chips to the Kimberly-Clark Everett pulp mill. These sawmills are supplied with logs from coastal temperate rainforests in BC by log brokers or exporters.

- Four chip suppliers to Kimberly-Clark's Everett mill, have been recorded as receiving or believed to be receiving logs from coastal temperate rainforests in BC: Buse Timber, Interfor Pacific, Seattle-Snohomish Mill Company, and Portac. Buse Timber, Interfor Pacific and Seattle-Snohomish Mill Company sell 100% of their chips to Kimberly-Clark's Everett mill according to company officials. Portac sells a portion of their chips to Kimberly-Clark's Everett mill.
- Two chip suppliers to Kimberly-Clark's Everett mill have been documented to use logs from Federal lands: Interfor Pacific in Marysville, Washington, and Portac in Tacoma, Washington.

1. Seattle-Snohomish Mill Company¹³

According to U.S. Customs data, the Seattle-Snohomish Mill Company's mill buys logs from log brokers dealing in logs from coastal temperate rainforests in BC. Total imports were 79,679 metric tonnes [87,831 tons (short)] of logs from BC in 2005. There is no evidence that Seattle-Snohomish Mill Company gets logs from US Federal lands. The Seattle-Snohomish Mill Company's sawmill is located in Snohomish, Washington.

Brokers and log suppliers who supply Seattle-Snohomish Mill Company with logs from Coastal Temperate Rainforests include:

- TimberWest (Vancouver, BC) – Shipped 59,168 metric tonnes [65,221 tons (short)] of logs in 2005, mainly from the port of Nanaimo, British Columbia to Seattle-Snohomish Mill Company. Most of these logs shipped are believed to originate from TimberWest's private lands on Vancouver Island – all of which are coastal temperate rainforests.
- Forex Log & Lumber (Delta, BC) – Shipped 2,548 metric tonnes [2,808 tons (short)] of logs in 2005, from the ports of Nanaimo and Chemainus.
- A&A Trading (Vancouver, BC) – Shipped 1,363 metric tonnes [1,502 tons (short)] of logs in 2005, from the port of Nanaimo. A&A Trading is the largest private log broker in BC.

100% of Seattle-Snohomish Mill Company's chips are sold to Kimberly-Clark's Everett, Washington pulp mill.

2. Buse Timber¹⁴



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100% of Buse Timber's chips are sold to Kimberly-Clark's Everett, Washington pulp mill.

According to U.S Customs data, Buse Timber mill in Everett, Washington buys logs from log brokers dealing in logs from coastal temperate rainforests in BC. Total imports were 21,035 metric tonnes [23,187.1 tons (short)] of logs in 2005.

Brokers and log suppliers who supply Buse Timber with logs from Coastal Temperate Rainforests include:

- Storey Creek Trading (Campbell River, BC) – Shipped 1,235 metric tonnes [1,361 tons (short)] of logs to Buse Timber in 2005.
- Island Timberlands (Nainamo, BC) – Shipped 3,305 metric tonnes [3,643 tons (short)] of logs in 2005, from the ports of Nanaimo and Chemainus.
- A&A Trading (Vancouver, BC) – Shipped 9,554 metric tonnes [10,531 tons (short)] of logs in 2005, from the ports of Nanaimo and Chemainus.



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3. Interfor Pacific¹⁵

Interfor Pacific's mill in Marysville, Washington gets logs from US Federal forestlands.¹⁶ According to US Customs data, Interfor Pacific's mill also buys logs from brokers dealing in logs from coastal temperate rainforests in BC. Species bought and used by the sawmill include Western hemlock and Douglas fir. Total imports were 11,968 metric tonnes [13,190 tons (short)] of logs in 2005.

Brokers and log suppliers who supply Interfor Pacific with logs from coastal temperate rainforests include:

- Steelhead Timber (Surrey, BC) – Shipped 486 metric tonnes [536 tons (short)] of logs in 2005,
- Timberwolf Log Trading (Burnaby, BC) – Shipped 4,949 metric tonnes [5,455 tons (short)] in 2005, from the ports of Vancouver and Nanaimo.
- A&A Trading (Vancouver, BC) – Shipped 6,533 metric tonnes [7,201 tons (short)] of logs in 2005, from the ports of Nanaimo and Chemainus.

Log purchases from US Federal Lands:

- Interfor Pacific (combined with Crown Pacific) purchased 44,254 thousand board feet of lumber valued at \$2.0 million in fiscal year 2004¹⁷



**100% of Interfor Pacific's chips
are sold to Kimberly-Clark's Everett,
Washington pulp mill.**

4. Portac¹⁸

Portac is a subsidiary of Mitsui USA. The Portac mill located in Pierce County in the port of Tacoma receives logs from US Federal forestlands and likely logs from coastal BC¹⁹. This mill "accepts mixed loads of old growth wood including species such as Douglas fir, Western hemlock, Sitka spruce and white pine logs up to 60" in diameter."²⁰ 50% of their whitewood (hemlock and Sitka spruce) go to Kimberly-Clark in Everett. Roughly 2% of their woodchips originate from British Columbia.

Portac did not import any logs directly from BC in the first half of 2005. However, they have received a small amount of logs from BC via Merrill & Ring. Merrill & Ring is a large buyer of logs and they also own their own private timberlands in Washington State. According to US Customs information, Merrill & Ring bought logs from the following companies in BC, totaling about 238,407 metric tonnes [262,798 tons (short)] in 2005, mostly from the port of Nanaimo, but also from the ports of Chemainus, Port Alberni and Vancouver:²¹

- Merrill & Ring Forestry (Campbell River, BC)
- R D Merrill (Campbell River, BC)
- Weyerhaeuser
- S A Mowat (West Vancouver, BC, log broker)
- Broadway Timber (Vancouver, BC, log broker)
- Storey Creek Trading (Campbell River, BC, log broker)
- Interpac Log & Lumber (Mission, BC)

It is very likely that many of the logs sent to Portac by Merrill & Ring originate from coastal temperate rainforests and that chips from these logs are being sent to Kimberly-Clark's Everett pulp mill.

Log purchases from US Federal Lands:

- 8,029 thousand board feet valued at \$0.9 million in fiscal year 2004²².

Case Study:

From Coastal Temperate Rainforest to Log Broker

Log brokers and exporters purchase logs from many different suppliers. Some of these suppliers are consistent and others fluctuate depending on the availability of logs, cost, and location of log sorting yards, log piles and barges. The list of suppliers to log brokers below is not comprehensive. Virtually all the logs supplied to the above mentioned log brokers originate in coastal temperate rainforests. Most of the species shipped are spruce, hemlock or fir. In 2005, nearly 2 million metric tonnes [2,205,000 tons (short)] of logs were exported from BC to the U.S.



© Brooks/Greenpeace

Log Broker: A&A Trading²³ receive their logs from a number of sources including:

- Two Timber Licenses (TL) that they own themselves
- Private land
- Timber Sales (TS)
- Various other licenses and supply agreements

Suppliers include:

A&A Fibre: A&A Fibre is a subsidiary of A&A Trading. They receive logs from a Dorman Timber forest operation located near Mission/Chilliwack. The logging operation

supplies nearly 100,000 m³/year. Dorman Timber sells all of their timber through A&A Fibre and has many different forestry operations throughout the province including on Vancouver Island.

As well A & A Fibre also owns the following logging licenses located in coastal temperate rainforests:

- TSL A57351 (Jennis Lake²⁴). This TSL is located near Drury Inlet, approximately 45-kilometers north of Port Hardy.²⁵
- TSL A72313 This licenses, located in Hotham Sound was awarded to A&A Fibre on 26 March 2004.²⁶

Cho Timbers: Cho Timbers is a subsidiary of A&A Trading. They hold the following license:

- TSL A66164 (Mt. Elphinstone / Clack Creek) – This is close to Sechelt and Roberts Creek and is considered to be a coastal temperate rainforest.²⁷
- TSL A77881 (Effingham Pass²⁸) – This license, recently awarded to Coho Timber on 23 February 2006, it borders the Clayoquot Sound UNESCO Biosphere Reserve. The forest under license is old-growth coastal temperate rainforest.²⁹

Log Broker: Timberwolf Log Trading³⁰ receives their logs from a number of sources on the coast of British Columbia, including from Timber Sales located on Vancouver Island and near Powell River.

Log Broker: Forex Log and Lumber receives nearly half of their logs supplied from Husby Forest Products located in Haida Gwaii (Queen Charlotte Islands) from coastal temperate rainforests.

ANCIENT FORESTS AT RISK

Ancient forests are the planet's original forests. According to the World Resources Institute, almost 80 percent of the world's original forests have been degraded or completely destroyed. Much of this loss is due to human industrial use including logging, clearing for agricultural land, and oil, gas and hydroelectric development.

The world's ancient forests maintain environmental systems that are essential for life on Earth. They influence weather by controlling rainfall and evaporation of water from soils. They help stabilize the world's climate by storing large amounts of carbon that would otherwise contribute to global warming pollution. These forests also house approximately two-thirds of the world's land-based plant and animal life. They are home to forest-based communities who depend on them for their survival, both economically and spiritually.

Throughout the world, ancient forests are in crisis. Many of the plants and animals that live in these forests face extinction. And many of the people whose cultures and livelihoods depend on ancient forests are also under threat. Ten million hectares (25 million acres) of ancient forest are cleared or destroyed every year around the world - an area the size of a soccer field is lost every two seconds.

North American ancient forests have suffered severely from logging and clearing. Less than 38 percent of ancient forests left in North America are in contiguous blocks larger than 500 km². Many of these intact forests are found in the Boreal forest and in pockets of coastal temperate rainforest.



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Coastal Temperate Rainforests

Covering less than one percent of the earth's surface, the world's coastal temperate rainforests are geographically restricted to just six regions: Canada, United States, Chile, New Zealand, Australia, and Western Europe.

Of the remaining coastal temperate rainforests, two-thirds are found along the west coast of North America. In the United States, these forests are located in Alaska, Washington and Oregon states. Meanwhile, Canada is home to approximately 25 percent of the planet's remaining temperate rainforests. All located in British Columbia, these rainforests are situated on Vancouver Island and the coastal region of the province which includes the Great Bear Rainforest.

In British Columbia aboriginal groups have inhabited these coastal temperate rainforests for thousands of years. The abundance of the forests helped support the development of highly organized cultures and intricate trade networks, and the striking style of many coastal First Nations' art and design is globally renowned. Today, more than thirty First Nations have unceded ancestral lands in these forests including one of the earliest known coastal village Namu, a 14,000 year old site.

Close to the ocean and protected by mountains, coastal temperate rainforests are characterized by a wet and mild climate that make naturally occurring fires rare, providing the perfect environment for thousand year old towering western red cedar trees. Home to wild runs of five species of Pacific salmon,

salal bushes and soft carpets of moss, the biomass (weight of organic matter) of this forest is four times greater than comparable areas in the Amazon jungle.

The biodiversity of these forests is vastly disproportionate to the area they occupy. Their unique habitat shelters many endangered species such as northern spotted owls, bald eagles and marbled murrelets. Unique to coastal temperate rainforests is the Kermode bear, a rare white variant of black bears, also known as the Spirit Bear. Recent announcements by the Government of British Columbia include the protection of 33% of the Great Bear Rainforest from logging. However, logging practices in the rest of the rainforest must also change to secure the ecological future of the region³³.



© Greene/Rainforest Solutions Project

North America's Boreal Forest

The ancient Boreal forest is the largest intact forest left in North America, accounting for 25 percent of the remaining ancient forest left on the planet. The Boreal is home to more than 80 percent of Canada's First Nations, who depend on this forest for their cultural sustenance and livelihoods.

The Boreal forest stretches across the northern portion of the continent and stores the largest source of land-based carbon on the planet. The carbon contained in the soil, peatlands, trees and plants of the Boreal forest helps regulate the global climate. When the forest is destroyed or disturbed by clearcutting, carbon is released into the atmosphere, greatly exacerbating global warming pollution.

The Boreal is also a vital ecosystem for nearly 50 percent of the North American bird species that rely on this forest for their nesting and breeding grounds³⁴. Billions of migratory birds travel to the Boreal in summer months. The Boreal forest is also home for far-ranging wildlife like woodland caribou, wolves and bears.

Much of the fiber used by Kimberly-Clark for the manufacture of tissue products sold in North America and elsewhere comes from the Boreal Forest including the West Fraser Timber logging company located in Alberta and Neenah Paper located in Ontario.

U.S. Federal Forests

United States forests provide essential services like clean air and water, soil production, flood control and climate stability. They also offer scenic beauty, recreational activities and related jobs. America's forests play a critical role in providing large expanses of undisturbed terrain for plants and animals, housing 17 percent of the USA's 1,200 listed threatened and endangered species.

For over 100 years, federal forests have been largely mismanaged by the Forest Service, primarily for lumber and pulp production. Not only have these practices been ruinous to most forest ecosystems, they have continually wasted the American taxpayers' money, providing few benefits to the general population in return. The Bureau of Land Management (BLM) is also responsible for managing federal forests. Like the Forest Service, the BLM is also fiscally irresponsible and operates its lumber and pulp programs at an economic loss³⁵. Though the U.S. Forest Service and the BLM have been entrusted and mandated to protect these forests, they have neglected to safeguard these public lands. As a result, less than five percent of the United States' ancient forests in the lower 48 states are still intact.³⁶



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THE NEED FOR ACTION:

What Kimberly-Clark can do to lessen its impact on ancient forests and regain the confidence of shareholder and customers.

The evidence outlined above raises serious questions about all of the environmental statements made by Kimberly-Clark. If the company is misleading, not only its customers, but also its shareholders, the Securities and Exchange Commission, and environmental organizations about the purchase of fiber from coastal temperate rainforests, then it is likely that its claims about the legality and sustainability of its other fiber sources are also incorrect. These fiber sources include the North American Boreal forest, tropical rainforests and Indonesian mixed forests.

There is a solution to the company's obvious problems with its fiber supply that can help the company regain consumer, customer and shareholder confidence. The company should invite outside auditors to assess the company's chain of custody for virgin fiber and adopt Forest Stewardship Council certification for all virgin fiber.

The Forest Stewardship Council (FSC) provides a rigorous system of tracking fiber from source (logging operation) to end product. FSC approved auditors work with companies to track and label forest products throughout their chain of custody. Since its inception in 1992, there are now more than 74 million hectares (182 million acres) of forests certified to the standards of the FSC and more than 4,500 chain of custody certificates held by companies worldwide. The FSC certification program stands for environmentally appropriate, socially beneficial, and economically viable management of the world's forests.



Though certification systems other than the FSC exist, these schemes are designed by the logging industry and do not equate to sustainable forestry. Only the FSC is truly independent and able to protect forests, wildlife and the communities that depend on these forests³⁷. The FSC is the one of the fastest growing certification systems in the world and the only certification system supported by major environmental organizations including Greenpeace, the Natural Resources Defense Council, ForestEthics and the World Wildlife Fund. Companies like JP Morgan Chase, Goldman Sachs and do-it-yourself giants B&Q and Home Depot all recognize that the Forest Stewardship Council certification is the most accurate measurement for maintaining the ecological values of a forest when it is managed for timber.

Greenpeace urges the company to move swiftly to:

1. Require Forest Stewardship Council certification for all suppliers of virgin wood fiber;
2. Create and enforce a publicly-announced policy that effectively prohibits the use of fiber from endangered and high conservation value forests;
3. Decrease the amount of virgin fiber used by the company overall by increasing the purchase of post-consumer recycled fiber; and
4. Publish in the company's annual report the origins of all its virgin fiber, including the type of forest, country and region of origin.

With consumer and commercial products found in homes and businesses in over 150 countries, the time has come for Kimberly-Clark to take real responsibility for its impact on forests and become a progressive corporate citizen that shows leadership and innovation in both sustainability and transparent reporting.



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What Shareholders and Customers can do:

Shareholder and customers can play a role in urging the company to address the serious issues raised in this report.

Shareholders, consumers and customers should consider:

1. Communicating concerns directly to Kimberly-Clark executives. Urge the company to move quickly and seriously to address the sustainability and origins of its virgin fiber by playing a progressive role in the Boreal and adopting Forest Stewardship Council certification for all of its products and operations;
2. Notifying Kimberly-Clark executives that you will reconsider investments in the company or future purchase of the company's products if the company fails to adopt an enforceable and progressive forest policy including key commitments to secure the future of the North America's Boreal forest;
3. Cancelling contracts with Kimberly-Clark and switching to tissue products made from recycled and Forest Stewardship Council certified fiber from alternative suppliers; and
4. Divesting of the company's stock until a strong forest policy is in place.



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NOTES

¹Progressive agreements recently announced for the Great Bear Rainforest do not apply to Vancouver Island's coastal temperate rainforests.

²As of March 2006, over 140,000 letters, emails and faxes of concern had been sent to Kimberly-Clark executives and board directors calling on the company to use more recycled fiber and support sustainable forestry by purchasing only Forest Stewardship Council certified virgin fiber. In early November 2005, shareholders of Kimberly-Clark, holding over 368,000 shares of the company, filed a resolution with the company asking Kimberly-Clark to report on switching to solely FSC-certified fiber. The company unsuccessfully tried to prevent the resolution from appearing on the 2006 annual meeting proxy statement. Over 34 million shares, totaling US\$2 billion, supported the resolution at the company's April 2006 annual stockholder meeting.

³Logging practices in the Great Bear Rainforest are expected to shift by 2009 based on commitments made by the Government of British Columbia. Until significant progress has been made the ecology of the mainland coast is not yet secure. On Vancouver Island, a lack of protection and status quo logging practices continue to threaten these coastal temperate rainforests.

⁴Sent as an attachment to letter to Richard Brooks, Greenpeace Canada by Kenneth A. Strassner, Vice-President Environment and Energy, Kimberly-Clark. July 7, 2003.

⁵Kimberly-Clark 2005 Sustainability Report. p. 28. Available online at www.kimberly-clark.com/aboutus/Sustainability2005/2005SustainabilityReport.pdf

⁶Available online at www.kimberly-clark.com/aboutus/Sustainability2005/2005SustainabilityReport.pdf

⁷Available online at www.kimberly-clark.com/aboutus/kccorpenvirreport01.pdf.

⁸Available online at www.kimberly-clark.com/aboutus/kccorpenvirreport02.pdf.

⁹Available online at www.kimberly-clark.com/aboutus/Sustainability2003/SustainableForestry.asp

¹⁰Available online at www.kimberly-clark.com/aboutus/Sustainability2004/page34.asp.

¹¹Available online at www.dallasnews.com/sharedcontent/APStories/stories/D890NEEG0.html

¹²Attendees: Kenneth A. Strassner, Vice-President of Environment and Energy, Safety, Quality and Consumer Services; Ed (Skip) Krasny, Energy & Environment; Jerry Baker, Vice-President of Product and Technology Development for Consumer Tissue Products; Jacob Scherr, Natural Resources Defense Council (NRDC); Susan Casey-Lefkowitz, Senior Attorney, NRDC; Allen Hershkowitz, Senior Scientist, NRDC; Darby Hoover, NRDC; Scott Paul, Forest Campaign Coordinator, Greenpeace USA; on the phone, Richard Brooks, Forest Campaigner, Greenpeace Canada; Pamela Wellner, Senior Campaigner, Greenpeace USA.

¹³Seattle Snohomish Mill Company Snohomish, Washington, 98291. (206) 367-1570; (360) 568-2171

¹⁴Buse Timber, 3812 28th Pl. NE Everett, Washington, 98205 (425)258-2577

¹⁵Interfor Pacific, #220 - 2211 Rimland Drive, Bellingham, WA 98226 (360) 788-2299 head office.

¹⁶Draffan, George. Endgame. Top 100 Purchasers of U.S. National Forest Timber, Fiscal Year 2004. Draft report. May 10, 2005. Current status subject to change. Note that Region 6 is the Pacific Northwest.

¹⁷Draffan, George. Endgame. Top 100 Purchasers of U.S. National Forest Timber, Fiscal Year 2004. Draft report. May 10, 2005.

¹⁸Portac 4215 Sr 509 N Frontage Rd., Tacoma Washington 98421-3901 (206)622-6387.

¹⁹Draffan, George. Endgame. Top 100 Purchasers of U.S. National Forest Timber, Fiscal Year 2004. Draft report. May 10, 2005.

²⁰Washington State University King County Extension, "Log Buyers & Sawmills in Puget Sound Area". www.metrokc.gov/dchs/csd/wsu-ce/Forestry/sawmills.htm, viewed on 02.06.2005.

²¹US Customs data

²²Draffan, George. Endgame. "Top 100 Purchasers of U.S. National Forest Timber, Fiscal Year 2004". Draft report. May 10, 2005

²³A&A Trading, 1111 Melville Street, Vancouver, BC, V6E 3V6, Tel: (604) 684-2107 Fax: (604) 689-0977

²⁴Located at 50°58' N, 126°57' W

²⁵Ministry of Forests. www5.for.gov.bc.ca/notices/init.do .Keyword of Number: A57351

²⁶Ministry of Forests. www5.for.gov.bc.ca/notices/init.do .Keyword of Number: A72313

²⁷Ministry of Forests. www5.for.gov.bc.ca/notices/init.do .Keyword of Number: A66164 Notice ID 1726

²⁸Located at 49°10'15" N, 125°17'15" W

²⁹Ministry of Forests. www5.for.gov.bc.ca/notices/init.do .Keyword of Number: A77881 Notice ID 2348

³⁰Timberwolf Log Trading Ltd, 8988 Fraserton Court 108b, Burnaby, BC, V5J 5H8, Tel: (604) 453-5647, Fax: (604) 453-5640

³¹Bryant, Dirk & Daniel Nielsen and Laura Tanglely. The Last Frontier Forests. World Resources Institute 1197

³²Roadmap to Recovery: the World's Last Intact Forest Landscapes. Greenpeace International. March 2006. Available online at www.intactforests.org.

³³For more information on the status of the Great Bear Rainforest Agreements visit www.greenpeace.ca

³⁴Blancher, Pete and Jeff Wells. The Boreal Forest: North America's Bird Nursery. Bird Studies Canada & Boreal Songbird Initiative, April 2005. www.borealbirds.org/bsi-bscreport-april2005.pdf

³⁵Hanson, Chad. Ending Logging on National Forests: the Fact in the Year 1197 (John Muir Project, March 1999) and Taxpayers for Commons Sense. In the Red: National Forest Logging Continues to Lose Millions. June 2001 and Public Employees for Environmental Responsibility. Land of No Returns: Bankruptcy of the BLM Public Domain Forestry Program. (PEER, April 1997).

³⁶According to a 1995 study by the US Dept. of Interior's National Biological Service, less than 5% of the lower 48 states' original old growth forests remain. Most of this is concentrated on publicly owned lands in the Pacific Northwest. www.americanlands.org/issues.php?sectionNo=1

³⁷These schemes include the Sustainable Forest Initiative (SFI), Canadian Standards Association (CSA), Sistema Brasileiro de Certificacao Florestal (CERFLOR), and the Program for the Endorsement of Forest Certification Schemes (PEFC). These are created by industry for industry and are weak on a number of important criteria including chain of custody, public and aboriginal peoples' consultation, protection of high conservation value forests, and legality.



Harvey/Greenpeace



Fair/Natural Resources Defense Council

Greenpeace is committed to protecting
the world's remaining ancient forests and the peoples,
animals and plants that depend on them.

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