



Kimberly-Clark and Greenpeace

Sorting the good from the trees

By James Geary

Kimberly-Clark and Greenpeace have gone from combatants to collaborators and it could pave the way for improving the behaviour of other consumer goods titans

A lot of people may have been surprised this summer when Kimberly-Clark – maker of Kleenex tissues, Huggies nappies, Kotex tampons and other global brands – made new commitments to sustainable wood fibre sourcing. The surprise was not so much in the stronger standards themselves, but in the fact that the corporation devised and announced them in collaboration with Greenpeace. After all, for much of the past five years, Greenpeace was more likely to be found unfurling banners outside Kimberly-Clark's annual general meetings than issuing joint press releases with the company.

As part of its Kleercut campaign, Greenpeace activists have staged a sit-in at Kimberly-Clark's offices in Massachusetts, blockaded the company's production plant in Connecticut, and surrounded the firm's Canadian headquarters in Mississauga, Ontario, among other stunts, to highlight what Greenpeace described as the corporation's "crimes against ancient forests". Those "crimes" consisted primarily of sourcing fibre from Canada's ecologically important Boreal Forest and not using enough recycled fibre in its products.

The August announcement changed all that. By the end of 2011, Kimberly-Clark has committed itself to ensuring that 40% of its North American tissue fibre will be either recycled or certified by the Forest Stewardship Council. By the same time, Kimberly-Clark has promised to eliminate any fibre bought from the Boreal Forest that is not FSC-certified. Greenpeace, in turn, has agreed to end its Kleercut campaign.

That's great news for environmentalists and for the Boreal Forest. But how did two former adver-

saries manage to make the transition from confrontation to collaboration?

The shift wasn't quick – or easy. Formal talks between Greenpeace and Kimberly-Clark started about two years ago, but talk is about all the two sides did for a good while. Greenpeace repeatedly brought the same three issues to the table. It wanted Kimberly-Clark to agree to certain no-go areas for logging, to ensure that all its fibre was responsibly sourced, and to start using more recycled fibre in its products. The two sides kept circling these issues without making any tangible progress.

Too many cooks

"There were too many people on their side of the table and too many people on our side of the table," says Greenpeace USA forest campaign director Scott Paul, who was closely involved in the talks as well as the Kleercut campaign. "The process was dominated by too many lawyers." Unable to find any common ground, the world's largest tissue product manufacturer and the world's leading environmental organisation then stopped talking altogether.

There had been no overtures from either side for about 12 months when, at the beginning of this year, a third party contacted Greenpeace to ask: what needs to happen to start talking again? Greenpeace said it was keen on a new interlocutor. Shortly afterwards, Paul found himself sitting in an Italian restaurant in Atlanta across from one of Kimberly-Clark's senior executives, a man with more than 30 years of experience with the firm and someone who was not involved in the previous talks.

Other section content:

- 37 RBS fights back
- 40 ArcelorMittal's ethical melting pot
- 42 John Lewis cuts emissions

The Boreal Forest ecosystem is North America's largest old growth forest and the largest intact forest in the world

Not just a wilderness

- Canada's Boreal Forest provides jobs for **400,000** people, working for **7,000** forest-related companies and organisations.
- Recreation in the forests – hiking, canoeing and wildlife spotting, for example – contribute over **C\$4bn** to the Canadian economy each year.

Source:
www.borealcanada.ca

No consultants or advisers – or lawyers – from either side were present at the meeting. The two men hit it off immediately, and decided there and then to handle all future negotiations themselves. After the meeting in Atlanta, they went back to their respective offices and within a short time Paul had a Kimberly-Clark draft sustainability document on his desk. Over the next six months, Paul and his counterpart engaged in a kind of virtual shuttle diplomacy. With each iteration of the document, Paul and the Kimberly-Clark exec consulted with their respective teams of experts and then got on the phone with each other to hammer out the details.

“We talked in plain English,” Paul says. “We had heard the propaganda from both sides and agreed to keep the hotheads on each side out of the room and that no lawyer would ever be allowed in the room again. We managed to bridge the natural hostility that comes from four years of an intensely run campaign to consistently find a way forward.”

Better fibre

That way forward involves Kimberly-Clark’s commitment to make the wood fibre it uses progressively more environmentally responsible. In addition to the 40% target for recycled or FSC-certified fibre, Kimberly-Clark will not knowingly use fibre from “special forest areas” of high ecological value or from “high conservation value forests” of critical biological, ecological, socio-economic or cultural importance that have been identified and mapped as no-harvest areas. Kimberly-Clark will require that its suppliers demonstrate that their management activities in these areas maintain or enhance conservation values. The corporation will also encourage its fibre suppliers to adopt the FSC certification scheme and it will work with suppliers, governments and NGOs to map potentially endangered forests before commercial logging begins.

Despite these commitments, some have criticised the Kimberly-Clark targets – and Greenpeace’s agreement to them – as weak. The company currently uses 1.5m tonnes of fibre a year to make its North American tissue products, 1.2m tonnes of which is virgin fibre. (The agreement with Greenpeace is confined to North America.) By the end of 2011, Kimberly-Clark will ensure that 40% of its North American tissue fibre, representing an estimated 600,000 tonnes, is either recycled or FSC-certified. While that is an increase in recycled or FSC-certified fibre of more than 70% over 2007 levels, critics argue that Kimberly-Clark will still need a lot of trees.

And the trees in the Boreal Forest are particularly important. Stretching across the whole of northern Canada, the ecosystem is North America’s largest old growth forest and the largest intact forest in the world, bigger than even the Brazilian rainforest. It is a refuge for woodland caribou, which are on the verge of extinction in much of the country, as well as

polar bears and wolverines. In the summer, it hosts many of North America’s native songbirds. The Boreal is also a home for a significant number of Canada’s indigenous peoples.

But so far, just 12% of the region is protected; more than 30% is designated for logging or other development.

The forest is crucial from a climate change perspective, too. Greenpeace Canada estimates that the wilderness area stores 186bn tonnes of carbon, equivalent to 27 times the world’s annual fossil fuel emissions. The organisation’s report, *Turning Up the Heat: Global Warming and the Degradation of Canada’s Boreal Forest*, warns that logging and its side-effects, such as wildfires and “herbivorous insect outbreaks”, could trigger a “carbon bomb”, a sudden and massive release of greenhouse gases.

Given the Boreal’s biological and ecological importance, Paul argues that Kimberly-Clark’s commitment to stop using fibre from these types of forests and to increase the recycled fibre content in its products is a major step forward and, potentially, a game-changer within the paper industry. “Kimberly-Clark has a lot of prestige and importance in the market,” Paul says. “When they embrace sustainability, it has implications for the sector as a whole that are not to be underestimated” – including, Greenpeace hopes, implications for other major players such as Procter & Gamble and Georgia Pacific.

For its part, Kimberly-Clark is taking a very business-like approach to its enhanced commitments to sustainability. Indeed, the corporate policy that outlines the new standards states: “The implementation of these instructions must always take into account product performance and competitive market conditions.”

That same emphasis on practicality is evident in the corporation’s relationship with Greenpeace. “As a company, we understand the importance of working with large stakeholders and looking at issues pragmatically,” says Suhas Apte, vice-president for global sustainability at Kimberly-Clark. “We have a lot to gain from Greenpeace’s expertise. NGOs have a large knowledge base that we can use to do what’s right for the environment and for our business.”

Softly, softly

And selling sustainability is clearly right for Kimberly-Clark’s business, as it is for businesses throughout the consumer products sector. “Customers demand [FSC-certified fibre sources],” Apte says, “and we produce what consumers demand. As technology continues to evolve, we will add more secondary fibre to the mix, while still delivering what consumers are looking for.”

Balancing consumer demand with environmental sustainability is not always easy. Americans favour softer toilet tissue, Apte explains, and virgin

Kimberly-Clark in numbers, 2008

- Net sales: **\$19.4bn**
- Operating profit: **\$2.6bn**
- Employees: **53,000**
- Manufacturing operations in **35** countries
- Products sold in over **150** countries
- **52%** revenue from North America
- **18%** revenue from Europe
- **30%** revenue from Asia, Latin America and rest of world

Source: Kimberly-Clark Fact Sheet 2009

Kimberly-Clark’s enhanced environmental standards are as much a response to market opportunities as to Greenpeace pressure



It's ok! FSC-certified

pulp provides the optimum softness and performance. In the North American market, most of the Kimberly-Clark products containing recycled fibre are used in public places such as cinemas, hotels and stadiums. Most products intended for home use contain little or no recycled fibre. Some levels of softness can be achieved with a mix of virgin and recycled fibre, and in countries such as Germany and Switzerland recycled fibre content in consumer tissue is much higher. As demand for green products increases, more consumers might be willing to accept a rougher toilet tissue in exchange for a gentler ecological footprint.

Kimberly-Clark has launched new products this year designed to meet this emerging

consumer demand. The Scott Naturals range contains 40% recycled fibre in toilet tissue, 60% in paper towels and 80% in paper napkins. In the UK, Kimberly-Clark already has two FSC-labelled brands – Andrex toilet tissue and Kleenex facial tissue. FSC-labelled Kleenex will be available across Europe this year, as will a range of Kimberly-Clark Professional products. Kimberly-Clark's enhanced environmental standards are as much a response to market opportunities as to Greenpeace pressure.

Greenpeace and Kimberly-Clark intend their collaboration to be more than just a one press release wonder. The two organisations have agreed to twice yearly formal meetings, the first of which is scheduled for this month, in addition to regular informal contacts at multiple levels as and when necessary. The purpose of the meetings will be to continue to build relationships as well as to discuss the nitty-gritty of meeting targets. "It is incumbent upon us to maintain a candid, open dialogue and to keep the agenda broad," Apte says.

Greenpeace, too, is keen to talk about more than just the Boreal Forest. Apart from its impact on ecosystems, the virgin-timber-based pulp and paper industry is the third biggest source of global warming pollution, according to the Natural Resources Defence Council (NRDC). The industry's

carbon dioxide emissions are projected to double by 2020. A corporation the size of Kimberly-Clark wields a lot of clout in sustainability discussions with its suppliers. "We're already talking to Kimberly-Clark about its larger carbon footprint," Paul says.

Paul thinks the Kimberly-Clark announcement might even become the wood fibre industry's "Wal-Mart moment". Not long ago, you couldn't say Wal-Mart in green circles without hearing a hiss of derision. Now, with the mega-retailer taking steps towards sustainability, there is the occasional burst of mild applause.

"Wal-Mart still has a massive environmental footprint," Paul says, "but the script has flipped. If we walk down this road with Kimberly-Clark, in five years I think we'll look back and go, 'Wow, this has been a Wal-Mart-esque change'."

Paper deals

There is precedent for successful collaborations between environmental groups and the paper industry. Back in 2005, Bowater, the largest newsprint manufacturer and a major forest owner in the south-eastern US, signed a memorandum of understanding with the NRDC and the Dogwood Alliance committing the firm to improved forest management practices. As part of the deal, Bowater agreed to end clear-cutting, limit the use of chemicals and protect ecologically significant areas in its forests in Tennessee's Cumberland Plateau. Like the Greenpeace/Kimberly-Clark accord, the NRDC/Dogwood/Bowater agreement encouraged the use of FSC certification for hardwood management and a commitment from all three organisations to maintain an ongoing working relationship to review progress in implementing the memorandum.

According to the NRDC, Bowater has met all of the terms outlined in the deal, as confirmed via an independent audit by KPMG. The firm has stopped converting native forests on its land into plantations. It has implemented a remote sensing system to verify wood sourcing requirements from third parties. It has updated its wood procurement system to include information that tracks fibre. And, it has sold or transferred more than 30,000 acres of high-conservation-value land to the state of Tennessee for conservation.

So, could Kimberly-Clark's announcement be the beginning of a new sustainability trend? Paul certainly hopes so. He says: "I'm paid to be a sceptic, but Kimberly-Clark is serious about meeting its sustainability objectives and that is a very positive step for forest protection and management." He adds that Greenpeace "would definitely like to leverage this" with other companies in the industry. So watch out, P&G and Georgia Pacific, Greenpeace may soon be inviting you to dinner at an Italian restaurant. No lawyers allowed. ■

More consumers might be willing to accept a rougher toilet tissue in exchange for a gentler ecological footprint