

Moderator: Lisa Kremer, SVP, Marsh Risk Consulting

Panelists:

- Raymond Van Eperen, VP Property & Casualty Risk Mgmt, Kimberly-Clark Corp.
- Frank Fiorille, Director of Enterprise Risk Mgmt, Paychex, Inc
- Chris Mandel, Asst. VP, Enterprise Risk Mgmt, United Services Automobile Assoc.

Enterprise Risk Management

Treasury & Risk's 12th annual

alexander hamilton
BEST PRACTICES SUMMIT

Kimberly-Clark Corporation

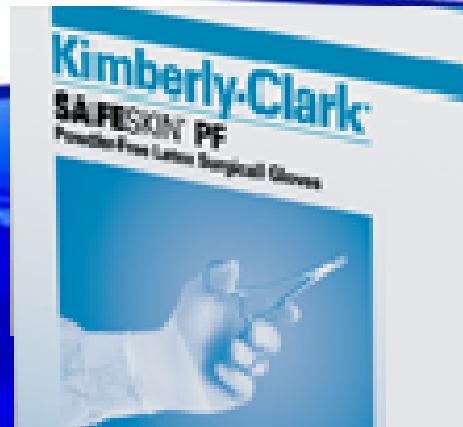
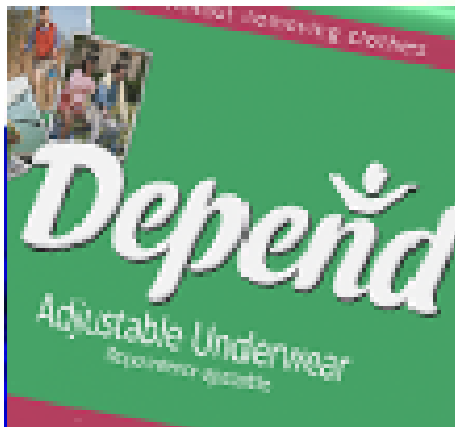
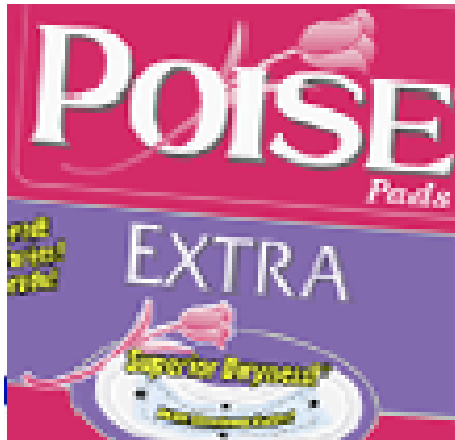
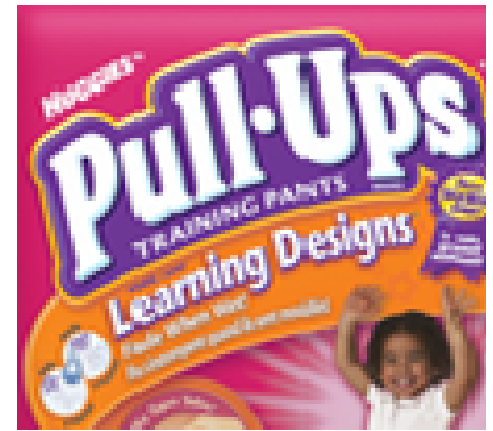
Property & Casualty Risk Management



*Enhancing the Health, Hygiene and Well-Being
of People Every Day, Everywhere*

Ray Van Eperen

Just a few of the products manufactured by Kimberly-Clark Corporation



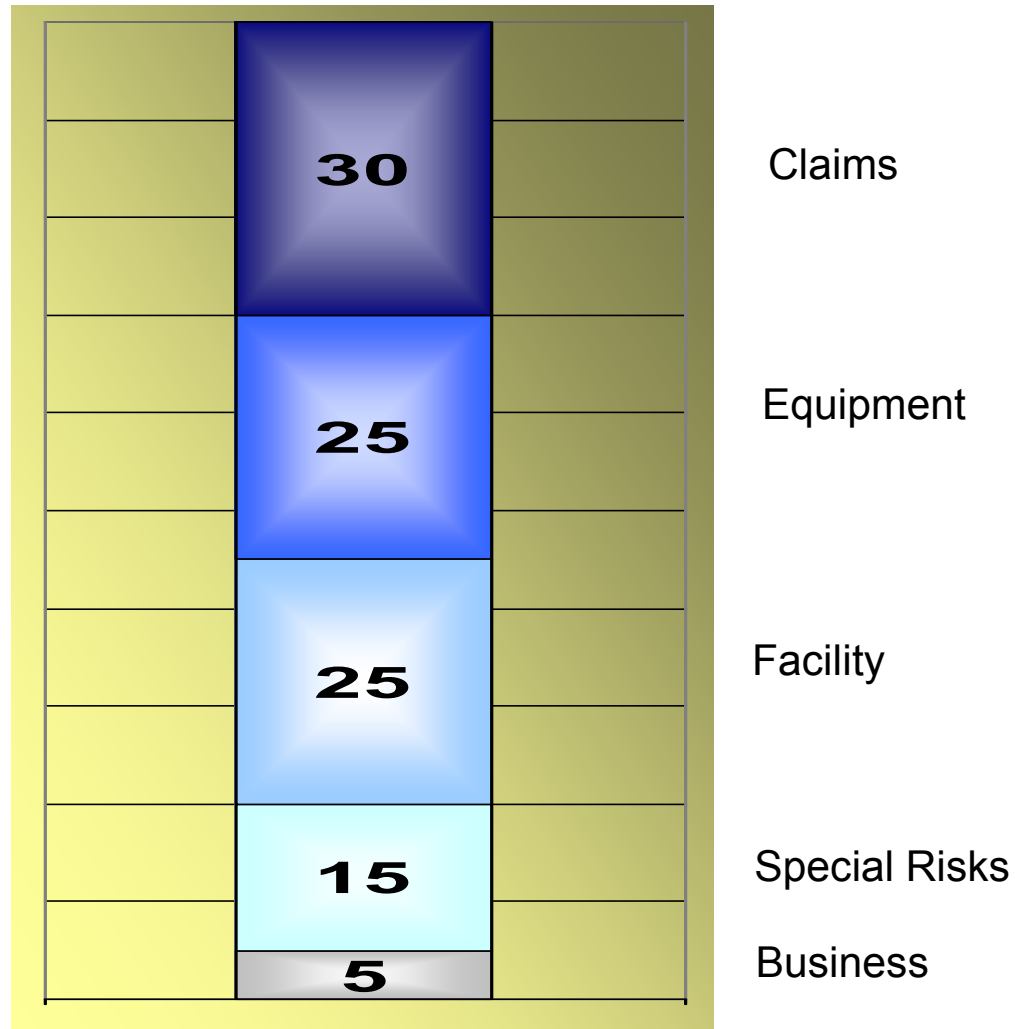


Submission Headlines

- Quality of Risk
 - Internal benchmarking tool
- Collaborative Risk Assessment
 - Partnering to manage assets
- Attacking loss expectancies above \$10 mil
 - Corporate commitment



Quality of Risk Benchmarking Tool





Collaborative Risk Assessment

- Three day risk assessment
 - Share best practices, site inspection and audit, reinforce controls & education
- Collaboration
 - Internal Audit, Global Security and Risk Management
- 2007 Site Inspections
 - Czech Republic, South Africa, Australia and Everett
- Checklist to assist in the auditing process
 - Over 200 inspection items
 - Physical Security, Asset Protection, Crisis Management, Accounting
- 2008 Collaborating with new partners
 - E&E, Corporate Communications, TALCM, Safety



Internal Audit



Property & Casualty Risk Management

PCRM

We identified 55 Loss Expectancies > \$10 Million in July 2004

Bus.	Facility	Country	Expected Loss Amt. (000)	Recommendations (status)	Capital Needed (000)
B2B	Villaneuva	Honduras	\$ 12,000	Install sprinklers and water supply (risk grew since last previous inspection, plan 2006)	\$ 494
B2B	Aranguren	Spain	\$ 30,000	Install sprinklers (LE reduced <\$10m/GRC assessment)	\$ -
B2B	Arceniega	Spain	\$ 30,000	Install sprinklers (done)	\$ 454
B2B	Safeskin SSCT	Thailand	\$ 37,000	Install sprinklers and water supply (done)	\$ 522
B2B	Safeskin SSMT	Thailand	\$ 30,000	Install sprinklers (warehouse protected 2004, remaining risk <\$10m/GRC)	\$ 100
B2B	Arlington DC	USA	\$ 12,000	Upgrade sprinklers (relocation planned 3Q06)	\$ -
B2B	Corinth Pinecrest	USA	\$ 15,000	Install sprinklers and water supply (inventory permanently reduced below \$10mm)	\$ -
B2B	Des Plaines DC	USA	\$ 13,000	Install in-rack sprinklers (protect by 2Q06)	\$ -
B2B	McDonough DC	USA	\$ 26,000	Replace ceiling sprinklers (authorized for 2/2006 completion)	\$ 180
B2B	N. Richland Hills	USA	\$ 36,000	Install sprinklers (inventory permanently reduced below \$5mm)	\$ -
B2B	Roswell Office	USA	\$ 13,000	Install sprinklers (planned 2006)	\$ 600
DEM	Bernal	Argentina	\$ 23,000	Install sprinklers (phase-1 approved, phase-2 2006)	\$ 1,560
DEM	Pilar	Argentina	\$ 40,000	Upgrade sprinklers (done)	\$ 83
DEM	Minto DC	Australia	\$ 21,000	Install sprinklers and water supply (alternative plan)	\$ -
DEM	Santa Cruz	Bolivia	\$ 11,000	Install sprinklers and water supply (planned 2005-2006)	\$ 950
DEM	Correia Pinto	Brazil	\$ 67,000	Install sprinklers (appropriation authorized for 2007 close-out)	\$ 1,638
DEM	Cruzeiro	Brazil	\$ 39,000	Upgrade sprinklers and install water supply (GBP)	\$ 888
DEM	Mogi das Cruces	Brazil	\$ 76,000	Install sprinklers (appropriation authorized for 2007 start-up)	\$ 1,668
DEM	Santo Amaro	Brazil	\$ 28,000	Install sprinklers (GBP close by August)	\$ -
DEM	Suzano DC	Brazil	\$ 10,000	Install in-rack sprinklers (GBP replace storage with production)	\$ -
DEM	Beijing	China	\$ 24,000	Install sprinklers and water supply (planned 2006)	\$ 761
DEM	Shanghai	China	\$ 14,000	Install sprinklers and water supply (planned for 2006 completion)	\$ 500
DEM	Guarne	Colombia	\$ 16,000	Upgrade sprinklers (operations ceased, storage removed - sell by 1Q05)	\$ -
DEM	Pereira	Colombia	\$ 10,000	Upgrade sprinklers (inventory + other values reduced below \$10mm)	\$ -
DEM	Cartago	Costa Rica	\$ 26,000	Install sprinklers (done)	\$ 200
DEM	Mapasinque	Ecuador	\$ 33,000	Install sprinklers (phase-1 authorized, phase-2 authorized)	\$ 619
DEM	Santa Rosa	Guatemala	\$ 11,000	Install sprinklers and water supply (inventory + other values reduced below \$10mm)	\$ -
DEM	Chorrillos, Villa	Peru	\$ 54,000	Install sprinklers and water supply (commitment to relocate not timely)	\$ 800
DEM	Puente Piedra	Peru	\$ 36,000	Install sprinklers & water supply (authorized water supply 2005, plan sprinklers 2006+)	\$ 800
DEM	Bayamon	Puerto Rico	\$ 26,000	Upgrade sprinklers (inventory + other values reduced below \$10mm)	\$ -
DEM	Cape Town	S. Africa	\$ 30,000	Install sprinklers and water supply (auth 10/06)	\$ 750
DEM	Enstra	S. Africa	\$ 110,000	Install sprinklers and upgrade sprinklers (authorized 2005 completion)	\$ 687
DEM	Kimcheon	S. Korea	\$ 38,000	Upgrade sprinklers (done)	\$ 2,004
DEM	Dammam	Saudi Arabia	\$ 29,000	Install sprinklers & water supply (completed pump and phase 1 sprinklers)	\$ -
DEM	Singapore	Singapore	\$ 12,000	Upgrade sprinklers (authorized 2006)	\$ 635
DEM	Chungli/Taoyuan	Taiwan	\$ 34,000	Install sprinklers and water supply (ph1 & 2 done, ph 3 installing)	\$ 1,500
KCM	Naucalpan	Mexico	\$ 12,000	Install sprinklers (done)	\$ 219
NAFC	Huntsville	Canada	\$ 11,000	Upgrade sprinklers (done)	\$ 40
NAFC	Rouen	France	\$ 31,500	Replace corroded sprinklers (authorized 2 of 2 appropriations)	\$ 1,235
NAFC	VSE HUB DC	France	\$ 17,000	Install in-rack sprinklers (authorized for 2006 close-out)	\$ 1,123
NAFC	Mainz moist	Germany	\$ 15,000	Install sprinklers (sold 3/31/06)	\$ -
NAFC	Mainz tissue	Germany	\$ 50,000	Upgrade sprinklers (sold 3/31/0606)	\$ -
NAFC	Mainz warehouse	Germany	\$ 22,000	Upgrade sprinklers (sold 3/31/06)	\$ -
NAFC	Reisholz	Germany	\$ 68,000	Install sprinklers and water supply (GBP)	\$ 2,800
NAFC	Alanno	Italy	\$ 19,000	Upgrade sprinklers (done)	\$ 962
NAFC	Romagnano	Italy	\$ 23,000	Reinforce sprinklers (authorized for 1/2006 completion)	\$ 237
NAFC	Villanovetta	Italy	\$ 11,000	Install sprinklers (GBP sell by 12/2005)	\$ -
NAFC	Salamanca DC	Spain	\$ 25,000	Reinforce sprinklers (authorized for 4/2006 closeout)	\$ 963
NAFC	Reichenburg	Switzerland	\$ 50,000	Reinforce sprinklers and water supply (GBP sell by June 2006)	\$ -
NAFC	Carnforth DC	UK	\$ 15,000	Install sprinklers (maximum allowed inventory was reduced below \$10mm)	\$ -
NAFC	Chester 80-81	USA	\$ 12,000	Install sprinklers (vacated 4Q 2005)	\$ -
NAFC	Chester DC	USA	\$ 93,000	Reinforce and install sprinklers in DC (auth'd #68, 68B in 2005, 69 in 2006)	\$ 1,800
NAPC	Litovel	Czech Rep.	\$ 14,000	Install sprinklers and water supply (reduced risk 2006)	\$ -
NAPC	Galatayud	Spain	\$ 30,000	Install sprinklers & water supply (authorized I-supply for 2005, II-05, III-06)	\$ 1,461
NAPC	Graniteville DC	USA	\$ 16,000	Upgrade sprinklers (planned to protect or vacate by 1Q06)	\$ 144

Loss Expectancies On 12-31-06					
Bus.	Facility	Country	Expected Loss Amt. (000)	Recommendations (status)	Capital Needed (000)
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B2B	Arlington DC	USA	\$ 12,000	Upgrade sprinklers (relocation planned 3Q06)	\$ -
B2B	Corinth Pinecrest	USA	\$ 15,000	Install sprinklers and water supply (inventory permanently reduced below \$10mm)	\$ -
B2B	Des Plaines DC	USA	\$ 13,000	Install in-rack sprinklers (protect by 2Q06)	\$ -
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DEM	Correia Pinto	Brazil	\$ 67,000	Install sprinklers (appropriation authorized for 2007 close-out)	\$ 1,638
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Success in 2006

- Historical risk management loss prevention programs are effective in mitigating risk
- Must continually explore enhancements to your internal processes to maximize effectiveness
- For a Risk Management Department to have success requires daily collaboration
- Results achieved at KC in 2006 were truly a team effort