

2019

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# Global Sustainability Report





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Our "Toilets Change Lives" program and long-time partner Water For People is impacting communities in Honduras and across Latin America by providing sustainable water, sanitation, and hygiene services.

*Photo Credit: Anthony Adams, Water For People*

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For more detailed data, metrics and disclosures, see the [2019 Sustainability Report Addendum](#).



Message from Mike Hsu  
Message from Lisa Morden

# Living Our Values

## A Message from Mike Hsu

Each day, Kimberly-Clark and its employees around the world are driven to provide the best for our consumers, our customers and the communities where we work and live, all while minimizing the impact on our planet.

Yet as we share an ambitious strategy for 2030 and new sustainability goals for the company, we do so against the backdrop of an unprecedented challenge, the COVID-19 pandemic.

This global health crisis is changing the way we think about the health and safety of our teams and the accessibility of our products. These extraordinary times have reminded us why our purpose to deliver the essentials for a better life is more important than ever, as the values that have guided us for nearly 150 years continue to shape our response to our people, our consumers and those in need.

As you will see in this report, we know that the next 10 years will be decisive. We know our consumers are concerned about the impact our products have on the environment, and we are

concerned too. That's why we will focus on the areas where we can make the biggest difference – climate, forests, water, ingredients and plastics.

Just as important, and incredibly inspiring to me, we will advance the well-being of one billion people by 2030 through innovation, access and programs that support underserved communities around the world. We will continue innovating our products, which service peoples' essential needs throughout their life journeys.

I'm proud of the work our company is doing to meet the challenges of today and prepare for the challenges of tomorrow, and I'm enthusiastic about what the future holds.

**Mike Hsu**  
CEO





Message from Mike Hsu  
Message from Lisa Morden

# Setting Up the Journey to 2030

## A Message from Lisa Morden

When we look back at 2019, it was a pivotal year for sustainability at Kimberly-Clark.

Our Sustainability 2022 strategy, introduced in 2015, provided the framework to drive programs and initiatives that protect our planet and build stronger communities. And with so many sustainability challenges facing the world, these efforts were imperative to our business.

The past year saw our social impact programs reach some big milestones. We celebrated five years of Toilets Change Lives, a program that has brought improved access to sanitation to nearly 4 million people in need. Huggies' "No Baby Unhugged" expanded into Latin America which will add nearly 2 million babies and young children across 16 countries to its global impact. And we continued to combat stigmas and fight period poverty by providing education and period products to those who need them most.

But we recognize that the world around us is changing rapidly and that we need a bigger ambition designed to positively impact more people and the planet.

In 2018, Kimberly-Clark surpassed our energy and climate goal four years early, so we doubled down and set a new goal to reduce absolute greenhouse gas emissions by 40% by 2022. Our teams were up to the challenge, achieving a 34.7% reduction in 2019.

Looking forward to 2030, we are thinking even bigger in pursuit of science-based climate targets.

In 2019, we reduced our natural forests footprint by 31% and our water footprint in water-stressed areas by 28.9%. And our brand and innovation teams launched innovative and impactful initiatives to reduce waste, allowing Kimberly-Clark to divert 96% of its manufacturing waste and consumers to send

26,300 metric tons of product and packaging waste to higher-value alternatives.

But the challenges of plastics and single-use products require us to think beyond just recycling schemes, so we've set our sights on innovative new materials that use less plastic, less natural forest fibers and more ingredients that consumers expect.

While we've made strong progress against our goals, we know we must do more. Our 2030 ambitions are a recognition of the risks and opportunities that lie ahead, and a challenge to make lives better with the smallest environmental footprint.

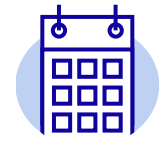
We're ready to take it on.

**Lisa Morden**  
Vice President, Safety, Sustainability,  
and Occupational Health





# Our Business



**148**  
years in  
business

Kimberly-Clark and its trusted brands are an indispensable part of life for people in more than 175 countries.



**1/4**  
of the world's  
population  
use one of  
our products  
every day

We are headquartered in Dallas, Texas, with approximately **40,000 employees** worldwide and manufacturing operations in **34 countries**.



**\$18.5**  
billion sales  
in 2019

**Fueled by ingenuity, creativity, and an understanding of people's most essential needs, we create products that help individuals experience more of what's important to them.**



**+175**  
countries,  
regions and  
territories where  
our brands  
are sold

For nearly 150 years, we've had the foresight to find new ways to make lives better. From creating new categories to starting new conversations, we are constantly innovating our products and our practices to serve and care for the ever-changing needs of the people we touch at all stages of life.



## Net Sales

**52%**  
North America

**48%**  
outside North America

Our portfolio of brands, including Huggies, Kleenex, Scott, Kotex, Cottonelle, Poise, Depend, Andrex, Pull-Ups, GoodNites, Neve, Plenitud, Viva and WypAll, hold the **No. 1** or **No. 2** share position in **80 countries**.

### Personal Care

- Diapers
- Training/Youth/Swim Pants
- Baby Wipes
- Feminine Care
- Incontinence Care

**\$9.1**  
billion

### Consumer Tissue

- Facial Tissue
- Bathroom Tissue
- Paper Towels

**\$6.0**  
billion

### K-C Professional

- Facial Tissue, Bathroom Tissue and Paper Towels for away-from-home use
- Wipers
- Safety Products

**\$3.3**  
billion





Leadership Message

Our Business

**Our Strategy**

Better Lives

Smallest Footprint

Doing the Right Thing

- The Decisive Decade
- Our Value Chain
- Creating Shared Value
- Focusing on the Essentials
- Converting Words to Action
- Our Aspirations and Goals

# Our Strategy for the Decisive Decade



Kimberly-Clark switched on one of Singapore's largest solar energy installations at its manufacturing facility in Tuas. Mr. Masagos Zulkifli, Singapore's Minister for the Environment and Water Resources, was the guest of honor at a ceremony to inaugurate the solar roof.



# Decisive Action for the Decisive Decade

In 2016, Kimberly-Clark established our Sustainability 2022 goals, which focused on improving the well-being of underrepresented and vulnerable communities while reducing waste, greenhouse gas emissions and forest impacts associated with the manufacture of our products. As this report shows, we are making significant progress. To date, we have helped improve the lives of 17 million people through programs such as Toilets Change Lives and the Kotex "Period or Not, She Can" promise. We have reduced our GHG emissions by 34% and decreased our use of natural forest fiber by 31%.

These are important achievements; however, much has changed in the world since 2016. Science has highlighted the potential impacts and rapid acceleration of the twin climate and biodiversity crises, leading many to dub the 2020s "the decisive decade" – our last chance to avoid the worst consequences of environmental degradation. It is also clearer than ever that we cannot effectively and equitably address these environmental challenges if we don't also tackle poverty and inequality and build access to education, health care and sanitation. We can't wait. We must think bigger, move faster

and change things for the better, starting now.

That's why, as we look further ahead to 2030, we have reevaluated our Sustainability 2022 goals. Refreshing our [materiality assessment](#) helped us to understand how the operating environment around the world has shifted and sharpen our focus on areas where we can make the greatest difference.

With our refined strategy, we challenged ourselves to reset our ambition level to drive action that we believe is proportionate to the challenges and opportunities that lie ahead.

**Kimberly-Clark's new commitment is to improve the lives and well-being of one billion people in underserved communities around the world, with the smallest environmental footprint.**

## By 2030 we will:



Advance the well-being of **1 billion people**



Reduce our plastics footprint by **50%**



Reduce our Natural (Northern) Forest Fiber footprint by **50% (by 2025)**



Reduce our absolute GHG emissions (Scope 1 and Scope 2), over a 2015 base year, by **50%**



Reduce our water footprint in water-stressed areas by **50%**

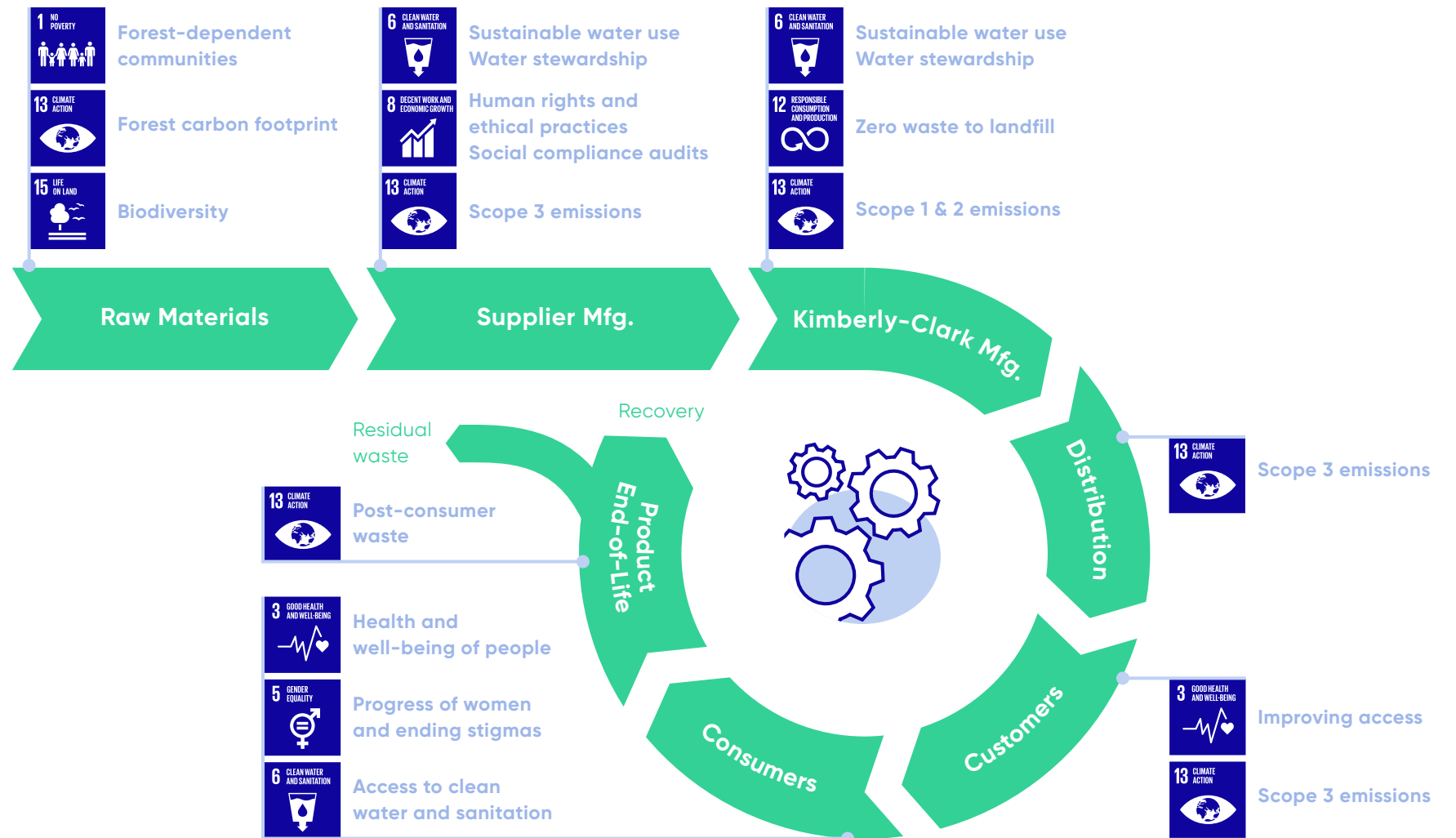


# Making a Difference in Our Value Chain

Our direct environmental and social impacts are only a part of the full life cycle impacts of our products.

We have considered the United Nations Sustainable Development Goals (SDGs) against our value chain to better understand risks and opportunities and drive positive change.

That is why our strategy is focused on addressing key sustainability impacts and opportunities throughout our value chain.







# Creating Shared Value to Solve Global Challenges



An important lesson from our programs over the last decade is that we can only have the scale of positive impact we now seek when we align our commercial plans with what the world really needs. So, sustainability is not a brake on our business – in fact quite the opposite – and our new strategy puts our brand and innovation teams to work to create shared value by solving global challenges. The United Nations' Sustainable Development Goals are now accepted as the best shared definition of what needs to be done over the next decade, and we have aligned our own goals with that framework.

**We believe we can make meaningful contributions to gender equality, clean water and sanitation, climate action and responsible consumption and production.**



- The Decisive Decade
- Our Value Chain
- Creating Shared Value
- Focusing on the Essentials**
- Converting Words to Action
- Our Aspirations and Goals

# Focusing on the Essentials

## Kimberly-Clark Brands at the Leading Edge of Social Impact

Kimberly-Clark delivers essentials for a better life to one quarter of the world's population every day, yet millions around the world still lack basic products and services that could dramatically improve their quality of life – either because they can't access or afford them, or because of associated social stigmas. Meeting these societal needs is a moral imperative. We make lives better when we break down barriers and create opportunities with our purpose-driven brands and products.

Between 2015 and 2019 we reached 17 million people through our social impact program, so our new goal - advancing the well-being of 1 billion people in underserved communities by 2030 – is certainly ambitious.

Our work to achieve it has three elements:

- 1 Caring for the health and well-being of people at all stages of life.**
- 2 Challenging stigmas and championing the progress of women everywhere.**
- 3 Championing a world where all enjoy access to clean water and sanitation.**





# Safeguarding Natural Systems

Our commitment to reach a billion people relies on growth in our business, but it's vital that growth doesn't come at the expense of the environment.

To achieve the smallest footprint – and start to rebuild the natural systems we all depend on – we must focus our efforts and raise our ambition level in the impact areas our stakeholders and the latest science tell us to prioritize. In some cases, this means shifting the emphasis – for example from waste reduction to circular solutions, or from minimizing water use to water stewardship in communities facing the greatest risk.

**The priority environmental topics that form the backbone of our 2030 strategy are:**

## Plastics Footprint

Reducing our use of new fossil fuel-based plastic, while enabling circular systems to recover the materials in our products and packaging.

## Forest Footprint

Reducing our products' forest carbon footprint, while protecting forest biodiversity and supporting forest-dependent communities.

## Carbon Footprint

Reducing greenhouse gas (GHG) emissions along our value chain, in line with climate science.

## Water Footprint

Building resilience to water risk at our facilities and in our communities.





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# Doing the Right Thing

Our continued commitment to doing the right thing underpins our social impact and smallest footprint ambitions.

**Making lives better begins with ensuring the health and safety of our customers, consumers, and employees, promoting diversity and inclusion within our business, and protecting the rights of workers across our supply chain.**

Ingredients and transparency are important parts of our 2030 sustainability strategy. As part of our efforts we strive to use the safest ingredients (as defined by a science-based approach to product safety) and provide open and transparent details about those ingredients.





# Converting Words to Action

We implement our strategy by further integrating sustainability objectives into our business and capital planning processes; aligning the priorities of our supply chain, brand and innovation teams; and establishing meaningful performance indicators.

Our sustainability program and function are led by Lisa Morden, Vice President of Safety, Sustainability, and Occupational Health. Her team of global program leaders works at the global, regional and local levels to drive actions, address gaps and fuel progress toward our long-term goals and ambitions. Two additional groups support, oversee and guide our sustainability efforts: our Sustainability Steering Committee, comprised of top Kimberly-Clark leaders, and our Sustainability Advisory Board of prominent external thought leaders.

It's great to see Kimberly-Clark setting such an ambitious new social goal to 2030. There is also no doubt that we have entered a decade where action on climate change, biodiversity, resources and protecting the natural environment will be critical if we hope to survive and thrive through the next century and beyond. The current COVID-19 crisis is proving again that we need a just transition to a more sustainable future, so it's exciting to see such strong focus in these pages on human well-being, from a business with so many touchpoints to health. Achieving such goals while rebuilding natural systems will not be easy, but Kimberly-Clark has a strong track record on keeping its promises. I look forward to tracking their progress.

**Sally Uren**

Chief Executive, Forum for the Future  
Kimberly-Clark Sustainability Advisory Board member





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# Our Aspirations and Goals

Strategic Focus	Our 2030 Aspiration	Our Goals	Target Year			SDG Focus
			2022	2025	2030	
<b>BETTER LIVES</b>						
 <b>Social Impact</b>	Make lives better through purpose-driven brands.	Advance the well-being of 1 billion people through innovation and programs that deliver essentials to underserved <sup>1</sup> communities.				
<b>SMALLEST ENVIRONMENTAL FOOTPRINT</b>						
 <b>Plastics Footprint</b>	Reduce our plastics footprint by 50% through delivery of solutions that use more renewable materials and can be regenerated after use.	<p>50% reduction in the use of new, fossil fuel-based plastics.</p> <hr/> <p>75% of the material in our products will be either biodegradable or will be recovered and recycled.</p> <hr/> <p>100% of our packaging will be reusable, recyclable or compostable.</p> <hr/> <p>20% average recycled content across plastic packaging.</p> <hr/> <p>100% of our manufacturing waste will be diverted from landfill to beneficial uses.</p>		 	 	

1. We identify "underserved" populations based on (1) inability to pay for existing products, (2) inadequate distribution; (3) under-developed wastemanagement infrastructure; or (4) other disparities such as lack of education, social stigmas, etc.



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Strategic Focus	Our 2030 Aspiration	Our Goals	Target Year			SDG Focus
			2022	2025	2030	
 <b>Forest Footprint</b>	Reduce our natural forest footprint by 50% while unlocking the power of the world's forests to help solve the climate and biodiversity crises.	<p>Reduce our Natural (Northern) Forest Fiber<sup>2</sup> footprint by 50% from a 2011 base year.</p> <p>—</p> <p>Source 90% of our tissue fiber from Environmentally Preferred Fiber (EPF) sources.</p> <p>—</p> <p>In the near future, set a science-based goal to reduce Scope 3 land-use emissions by 2030.</p>		 		
 <b>Carbon Footprint</b>	Do our part in the fight against climate change by minimizing the carbon footprint of our products and brands and reducing our direct emissions by 50% and value chain emissions by 20%.	<p>Reduce absolute Scope 1 and 2 GHG emissions by 50% over a 2015 base year.</p> <p>—</p> <p>Reduce absolute Scope 3<sup>3</sup> GHG emissions by 20% from a 2015 base year.</p>		 	   	
 <b>Water Footprint</b>	Reduce our water footprint by 50% in water-stressed regions by creating significant improvements in our supply chain and the surrounding communities, ensuring ongoing access to fresh water for all.	<p>Achieve sustainable water use at 100% of our sites in water-stressed regions.</p> <p>—</p> <p>Create positive and measurable watershed impact in 30 watersheds/water basins.</p> <p>—</p> <p>Achieve responsible and efficient water use at all Kimberly-Clark manufacturing facilities.</p> <p>—</p> <p>Collaborate with key supplier partners to amplify our impact in water-stressed regions around the world.</p>		   		

2. Natural forests are composed of native species that self-regenerate and contain key elements of native ecosystems such as wildlife and biological diversity. To us, this primarily includes boreal fibers known as Northern Bleached Softwood Kraft (NBSK).

3. Reduction target is focused on emissions from the Greenhouse Gas Protocol's Scope 3 Category 1 (Purchased Goods and Services) and Category 12 (End of Life Treatment of Sold Products).



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Social Impact

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# Making Lives Better

Our products change lives. We help people around the world access essentials for a dignified life and we aim to do more. We have aligned our growth plans with the UN's Sustainable Development Goals, and we are putting Kimberly-Clark's brands to work on some of the most pressing challenges facing the world.



We partner with Water for People to provide communities in Honduras and around the world with access to essentials like sanitation and hygiene.  
Photo Credit: Water for People





# Social Impact

We deliver essentials for a better life to one quarter of the world's population every day.

Yet millions around the world still lack access to basic products and services that could dramatically improve their quality of life.

Our Social Impact ambition aims to serve these unmet societal needs, with the goal of advancing the well-being of 1 billion people in underserved communities through programs and innovation focused on delivering essentials for a better life.

## Social Impact



Photo Credit: Jannatul Mawa, WaterAid



# Program Ambition and Strategic Focus

As we look ahead to 2030, we are in a unique position to support three of the UN Sustainable Development Goals: SDG 3 – Good Health and Well-being; SDG 5 – Gender Equality; and SDG 6 – Clean Water and Sanitation. Our history demonstrates our commitment to act on these goals and our 2030 strategy seeks to accelerate our contribution.

We have identified three strategic areas of focus that will help us unlock the greatest societal benefit and will guide our efforts during the coming decade.

- 1 We care for the health and well-being of people at all stages of life.**  
We address diaper need around the world through initiatives like the National Diaper Bank Network and the Singapore Diaper Bank. We enable cleaner and safer working environments through education. We are innovating to develop baby diapering and adult incontinence solutions.
- 2 We challenge stigmas and champion the progress of women everywhere.**  
We fight menstrual stigmas around the world through brand communications and education programs. We work to alleviate period poverty through product donation and brand-led programs like SheCan.
- 3 We champion a world where all enjoy access to clean water and sanitation.**  
In partnership with others, we help deliver solutions to the global sanitation crisis that affects 2 billion people. We advocate for societal change to promote water, sanitation and hygiene (WASH) access for all.

**Make lives better through purpose-driven brands**

Advance the well-being of

**1 billion people** through innovation and programs that deliver essentials to underserved\* communities by 2030

\*We identify "underserved" populations based on (1) inability to pay for existing products, (2) inadequate distribution; (3) under-developed waste-management infrastructure; or (4) other disparities such as lack of education, social stigmas, etc.

Aspirations

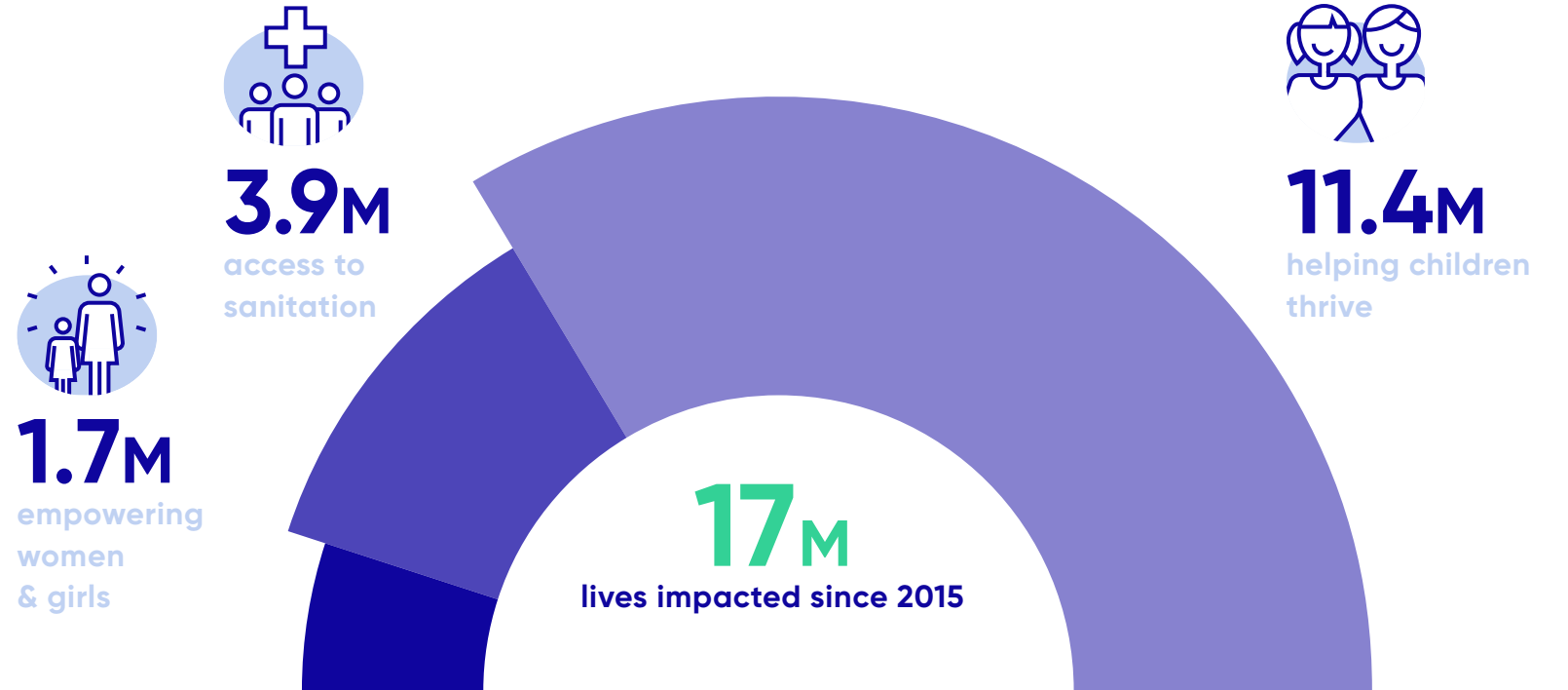


# 2019 Performance

In 2019, our brands continued to deliver programs and initiatives that made a difference to people and communities around the world.

Many of these programs were aligned to the work of the Kimberly-Clark Foundation, which helps carry out efforts through social and community investments that increase access to sanitation, help children thrive and empower women and girls.

Since 2015 we have made significant progress towards our 2022 goal to improve the lives of 25 million people in need.



## Increasing Our Ambition and Broadening Our Scope

Done right, the benefits of social impact initiatives ripple outward from direct to secondary and tertiary beneficiaries. Our Touch of White Angels program provided training and professional support to maternal and newborn health professionals in over 200 hospitals across China. Initially, we only accounted for hospital workers who received training, but have since recognized that each of these hospital workers was then able to offer better care, improving the lives of mothers and babies.

As a result, **we have updated the impact of the Touch of White Angels from 150,000 to 7.1M over the life of the program**

We have also added the impact of a program in Australia and New Zealand schools. **U by Kotex®** has been providing a standardized curriculum where none existed before, along with teaching materials and sample packs.

Since 2016, **this program has reached:**  
**734,000 girls in Australia**  
**300,000+ students in New Zealand**



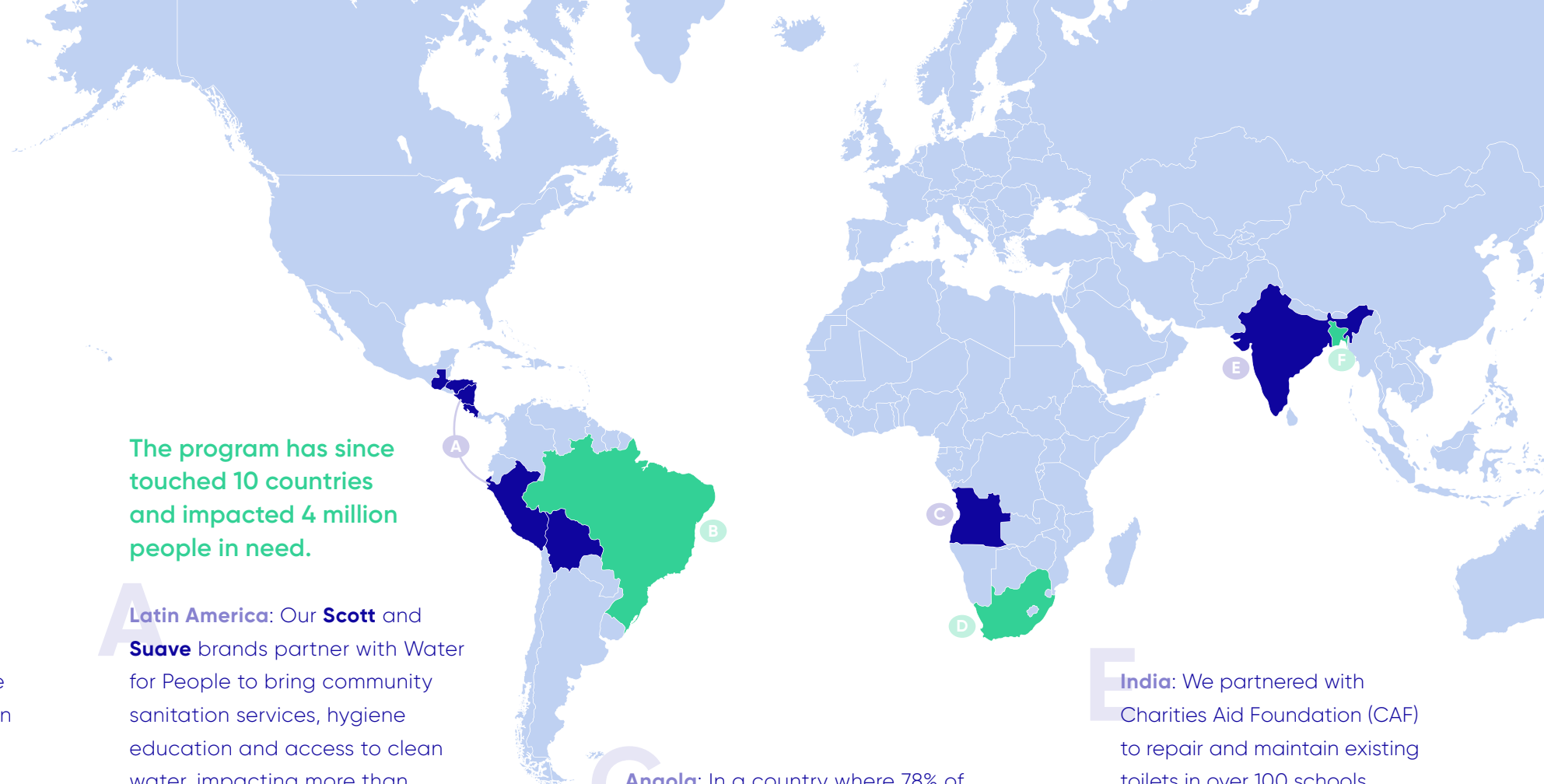
# Five Years of Toilets Change Lives

Two billion people around the world lack access to basic sanitation, leading to the spread of infectious disease and impacting human dignity.

Without proper facilities, children fall ill and miss school. Millions of girls also miss school when menstruation becomes too hard to manage because of a lack of toilets at home or at school. Women often lack safety and privacy when the only toilets are out in the open.

To create positive change, in 2014 Kimberly-Clark launched Toilets Change Lives, a multinational program that funds solutions to the global sanitation crisis. Through consumer awareness, NGO partnerships and on-the-ground activations, we're bringing toilets, sanitation education and increased health, safety and dignity to many of the world's most vulnerable communities.

The program began in the United Kingdom in 2014 as a partnership between our **Andrex** brand, UNICEF and retailer Sainsbury's to donate a portion of each **Andrex** sale to UNICEF sanitation efforts in Angola.



The program has since touched 10 countries and impacted 4 million people in need.

**A** **Latin America:** Our **Scott** and **Suave** brands partner with Water for People to bring community sanitation services, hygiene education and access to clean water, impacting more than

**96,000** people  
**6** countries  
**233** communities  
**145** schools

**B** **Brazil:** **Neve** partnered with UNICEF to support their WASH programs, impacting more than

**1M** people

**C** **Angola:** In a country where 78% of the rural population lacks access to a toilet, **Andrex** and UNICEF have given access to safe and clean facilities to

**464,000** people

**D** **South Africa:** Our **Baby Soft** brand partnered with WaterAid to support the WASH agenda and implement WASH best practices in five schools. The project is expected to benefit

**7,000** people

**E** **India:** We partnered with Charities Aid Foundation (CAF) to repair and maintain existing toilets in over 100 schools and daycare centers, and to recruit children to be change agents for sanitation. The effort impacted more than

**133,000** people

**F** **Bangladesh:** **Andrex** partnered with WaterAid to build and renovate public toilets in three urban centers, which has resulted in more than

**1.65M** uses



# No Baby Unhugged in Latin America

We know that those first moments of a baby's life are some of the most important, and that Early Childhood Development (ECD) programs are critical to helping babies meet their full potential. That's why our **Huggies®** brand partnered with UNICEF in 2019 to launch No Baby Unhugged in Latin America.

**No Baby Unhugged supports UNICEF's ECD programs, which aim to improve children's lives and engage parents in nurturing care and positive parenting practices.**

The UNICEF / Kimberly-Clark Partnership spans 16 countries in Latin America and the Caribbean and is expected to improve the lives of nearly 2 million babies and young children.

**441,489**  
lives impacted in 2019

## The Program:



Ensures babies receive quality services, including neonatal care



Creates baby-friendly environments at hospitals and clinics



Trains frontline workers to provide essential services for young children



Ensures that families have the support they need to care for their children and provide a safe and enriching environment for child development

# Alliance for Period Supplies

One in four American women struggle to purchase period products due to lack of income. To address that need, our **U by Kotex®** brand partnered with the National Diaper Bank Network in 2018 to become the founding sponsor of the Alliance for Period Supplies (APS).

**The Alliance distributes period products to existing network partners throughout the United States, and from there to women and girls who need them.**

Each month, APS Allied Programs serve 42,000 individuals.

**11.8M**  
period products donated in 2019

## Overall Impact of U by Kotex® Donations to the Alliance for Period Supplies



**26.8k**  
clients helped every month



**1.1M**  
worry-free days



**225k**  
worry-free cycles



**18,750**  
clients with a worry-free year



# #SheCan Fund

Our **Kotex®** Malaysia team is helping women turn their ambitions into reality with the #SheCan fund. Following the theme “Open Doors for Her” in mind, the **Kotex®** Malaysia team created the #SheCan fund to inspire women throughout Malaysia. Using the **Kotex®** website and social media, the digital campaign invites women to submit an online application detailing their passion. A panel of judges reviews the entries. Winners are shortlisted and selected every three months.



One #SheCan fund winner designed a limited-edition Batik packaging to create greater relevance in the marketplace. Another winner debuted her clothing collection during Kuala Lumpur's fashion week.



The #SheCan fund has motivated women to break down barriers and pursue their passion because – period or not – Kotex® believes they CAN.

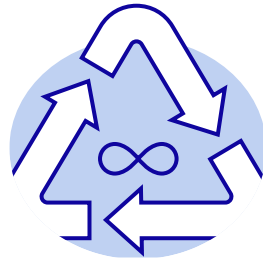


# Smallest Environmental Footprint

Better lives happen in healthy environments. Kimberly-Clark's success is dependent on innovating new ways to give consumers the essentials they need while safeguarding natural systems and the life they support. That means eliminating waste and recovering resources; protecting forests of high carbon, biodiversity, and cultural value; cutting greenhouse gas emissions in line with climate science; and building strong water stewardship practices where it matters most.



Leaders from Kimberly-Clark, General Mills and Algonquin Power & Utilities Corp. broke ground on the Maverick Creek Wind Project in Eden, Texas. The project will help offset 100% of the electricity we purchase for our Family Care business in North America.



# Plastics Footprint

**Waste has no place in business – or in tomorrow's circular economy.**

For the past two decades, we have been diverting manufacturing waste to higher value alternatives. We are taking the lessons learned from our efforts to address manufacturing waste and applying them to our plastics footprint aspiration.

We aspire to be at the forefront of the transition to a circular, reuse economy – contributing to human and ecosystem health by reducing waste, improving waste-handling systems and innovating new ways of giving consumers the products they need. We realize getting there will take game-changing innovation, and we know we're up to the challenge.

By improving resource efficiency and reducing waste, we can meaningfully contribute to the objectives of UN Sustainable Development Goal 12, Responsible Consumption and Production.

**Plastics Footprint**

- Forest Footprint
- Carbon Footprint
- Water Footprint







- Plastics Footprint
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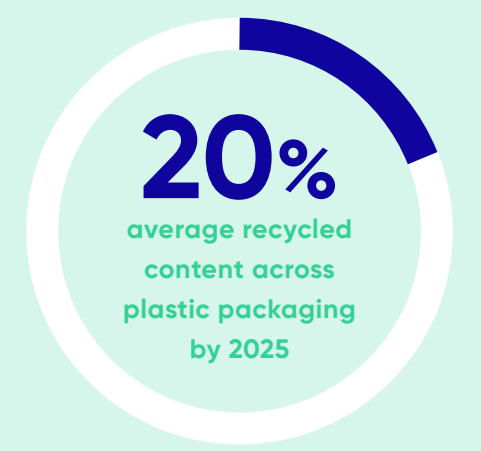
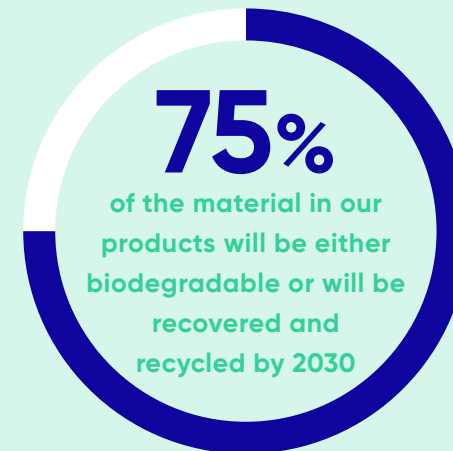
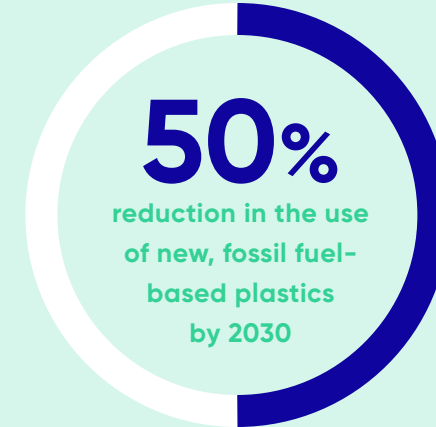
# Helping People Live Their Best Lives with the Smallest Footprint

In 1995, we launched our first sustainability plan, which focused on reducing the manufacturing waste we sent to landfills. Today we are an industry leader, with a diversion rate of 96%. More recently, we turned our focus to diverting post-consumer waste (PCW) materials to higher value uses – and through 2019 we diverted 26,000 metric tons of PCW materials.

Looking ahead, we are shifting our efforts and expertise to tackle single-use plastics in our products and packaging and support innovation in waste collection and circular systems.

Our ambition to be a leader in driving innovative solutions is supported by aggressive goals for 2025 and 2030.

Reduce our plastics footprint by 50% through delivery of solutions that use more renewable materials and can be regenerated after use





**Plastics Footprint**

- Forest Footprint
- Carbon Footprint
- Water Footprint

# How We Will Deliver on Our Strategy

To expedite our move to more sustainable materials and processes, we're partnering with stakeholders across our value chain to drive innovation and action in three key areas.

## 1 Packaging

Packaging is one of the most visible sustainability challenges. In 2019, we undertook a comprehensive evaluation of our packaging and products that led to our new multi-pronged strategy of reducing new, fossil fuel-based plastic, which includes replacing hard-to-recycle components with recyclable, renewable or reusable options. Moving forward, where it makes business sense, we will explore opportunities to extend our strategy to incorporate alternative materials that are compostable.

## 2 Product

Our program is highly focused on the footprint of our plastic-containing materials. We are shifting to recovered or renewable materials to reduce our consumption of traditional plastics and designing products to be recyclable or biodegradable to provide secondary value to post-consumer waste. By designing products that are either technical inputs (return for recovery) in the Circular Economy or compostable or biological (return to nature), we are better serving the diverse waste management systems around the world.

## 3 Waste Management Systems

We will continue to nurture circular systems around the world that are necessary to recover the materials in our products and packaging when a consumer is done with them. By creating partnerships and building on existing waste management infrastructure, we develop new business models that can support management of waste from our products and packaging and be scaled in emerging or mature markets.

**Moving forward, we will continue to conduct life cycle assessments (LCA) and other environmental or social impact assessments to build an innovation approach based on science.**





**Plastics Footprint**

- Forest Footprint
- Carbon Footprint
- Water Footprint

# How We Define Our Materials



## Fossil Fuel-Based

- Is** 'Traditional' plastic made from fossil fuel feedstock
- To reduce impact we will**
  - Minimize mass
  - Replace single-use with reusable components
  - Use bio-based feedstock and recycled content
  - Use compostable or biodegradable plastics

## Biodegradable

- Is** Material that breaks down in soil or marine environments without creating microplastics
- Is not**
  - Oxo-degradable
  - A "license to litter"

## Compostable

- Is** Material that can be broken down to biomass in industrial or home composting environments
- Is not** The same as biodegradable, where materials break down naturally in soil or marine environments

## Recovered and Recycled

- Is** Material that is collected and used as feedstock for new production or as organic input to biological systems
- Is not** Material that is recyclable but ends up in landfill or the environment
- To grow impact we will**
  - Establish post-consumer waste systems for collection and recovery
  - Build partnerships throughout the value chain
  - Follow recognized industry standards for biodegradability



**Plastics Footprint**

- Forest Footprint
- Carbon Footprint
- Water Footprint

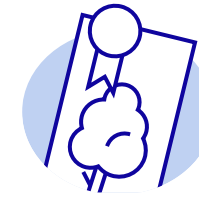
# 2019 Performance

Throughout 2019 we focused on refining and establishing our new waste ambition and 2030 goals, while making progress against our existing commitments.

The year also marked our first full-year participation in the UK Plastics Pact, a trailblazing, collaborative effort between industry, NGOs and the UK government to tackle the problem of plastic waste and create a circular economy. Our involvement helped inspire our 2025 commitments to utilize an average of 20% recycled content across all our plastic packaging and to make 100% of our packaging reusable, recyclable or compostable.

We made progress on our 2022 goal of sourcing only recycled fiber or virgin fiber from certified suppliers for our fiber-based packaging, achieving a 99% rate in 2019.

We were also able to divert 26,300 MT of product and packaging waste to value-adding alternatives. While we are not currently on pace to achieve our target of 150,000 MT by 2022, we believe that our new goals focused on reducing plastic and packaging waste will help us to drive more meaningful change.



**99%**  
fiber-based packaging from virgin fiber certified suppliers or recycled fiber



**26,300 MT**  
of product and packaging waste diverted to value-adding alternatives

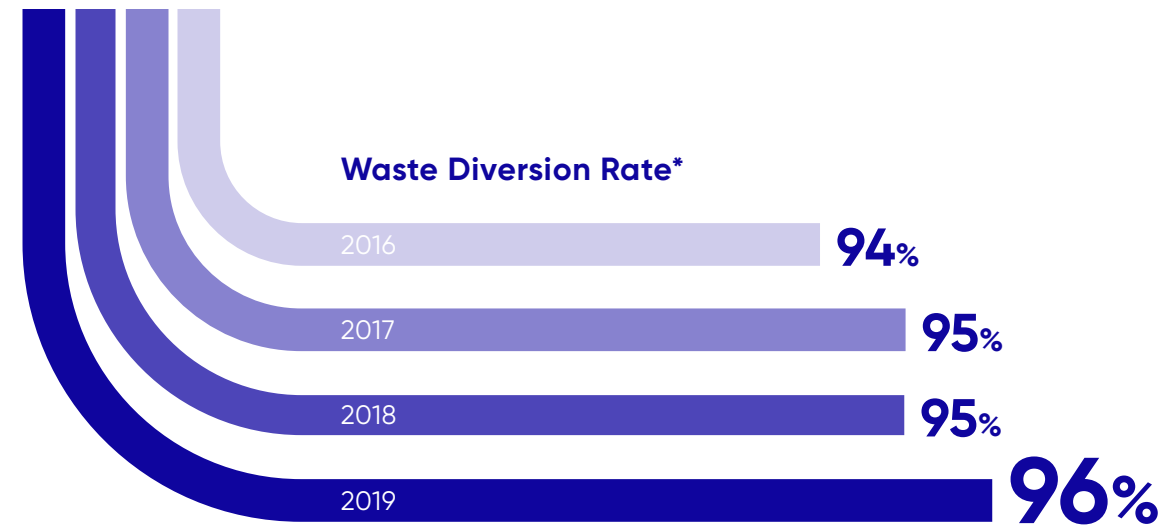


# Operational Waste and Zero Waste to Landfill

In 2019 we continued our strong focus on eliminating waste from our day-to-day operations and were able to divert 96% of operational waste from landfills to higher value alternatives.

**By 2022, we intend to achieve zero waste to landfill across all of our operations, including manufacturing facilities, offices, warehouses and distribution centers.**

We're focusing on the top ten largest waste streams we currently send to landfill each year and are supporting regional and mill teams in diverting smaller streams. At our facilities, we're creating waste inventories that document the quantities, consistency, location and visual management of each waste stream, a process that helps identify opportunities and prepare a glidepath for hard-to-divert waste streams.



\* We calculate landfill diversion using the most recent three months of data.





Plastics Footprint

- Forest Footprint
- Carbon Footprint
- Water Footprint

# Brand-Driven Waste Reduction Initiatives

Some of Kimberly-Clark's most inventive and impactful waste-reduction efforts in 2019 were launched by our brands around the world.

- **Huggies Tiniest Footprint campaign:** In the United Kingdom, our Huggies brand conducted an LCA to assess the environmental impact of baby wipes. The brand announced plans to completely phase out plastic from its baby wipes line by 2025 and to make its packaging recyclable in home recycling bins. In 2019 alone, the brand removed 15 tons of plastic from Huggies Extra Care wipes and curtailed the use of inner plastic bags in its 12- and 18-pack

boxes, which saves 43 tons of plastic annually. The brand also began labeling all baby wipes with their natural fiber and plastic content ahead of regulatory requirements.

- **Huggies explores plant-based plastics:** Huggies North America introduced Huggies Special Delivery, the first diaper that incorporates plant-based materials (23% by weight) in its liner and waistband.
- **Materials reuse in Latin America:** In Latin America, Kimberly-Clark launched a partnership between its professional and consumer businesses to divert used stretch wrap film waste from our Tocancipa, Colombia mill to one of our packaging suppliers. The material is now reused as plastic film packaging for our products, replacing 30% of virgin plastic film packaging with post-consumer recycled content.
- **Inclusive recycling in Sao Paulo:** Kimberly-Clark began working with the Inclusive Waste Recycling Consortium (iWrc) to develop a socially responsible program focused on improving the lives of waste-picker cooperatives in Sao Paulo, Brazil – teaching management, networking, and technology skills to improve personal outcomes while connecting us with the socially responsible materials they're producing.
- **Renewable polyethylene packaging in Brazil:** Our Neve Tissue brand in Brazil expanded its program to replace fossil fuel-based plastic content with renewable polyethylene packaging produced from sugarcane.





- Plastics Footprint
- Forest Footprint**
- Carbon Footprint
- Water Footprint



# Forest Footprint

Protecting our forests is critical to conserving terrestrial biodiversity, safeguarding forest-dependent communities around the world and mitigating climate change.

We are keenly aware that both the global biodiversity crisis and the climate crisis have worsened, with their potential impacts coming into even starker relief.

We are increasing our ambition and refocusing our efforts on the primary mission of reducing our products' forest carbon footprint, while protecting forest biodiversity and supporting forest-dependent communities.



Photo Credit: Forest Stewardship Council®



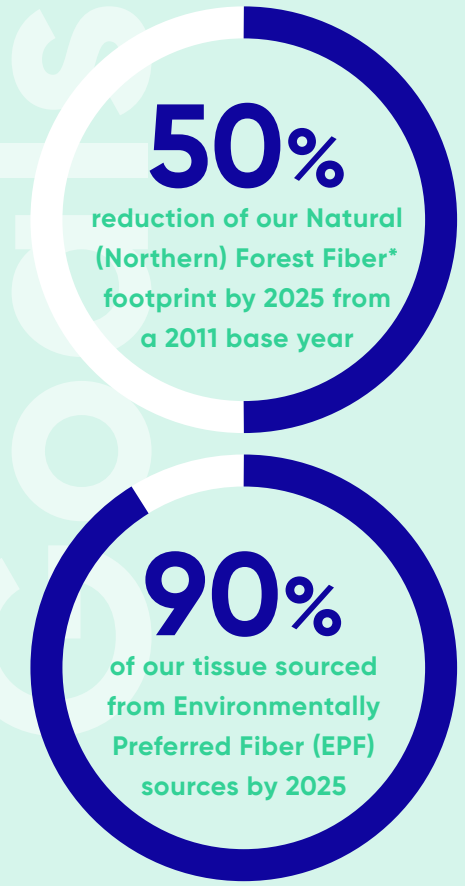
# Redefining Responsible Fiber Sourcing Leadership for the Coming Decade

More than a decade ago, Kimberly-Clark launched an industry-leading fiber procurement policy that sought to minimize our impact on the world's forests. We focused on two strategies:

- 1 Increase our use of environmentally preferred fibers – e.g., recycled and alternative fibers and virgin fibers certified by the Forest Stewardship Council®.**
- 2 Reduce our use of natural forest fibers, which for Kimberly-Clark are primarily fibers from northern boreal and temperate forests.**

We've made significant progress in both areas, but we recognize the challenges posed by the dual climate and biodiversity crises. We also know that our fiber sourcing footprint overlaps with communities that will be disproportionately impacted by climate change and biodiversity loss: Indigenous communities and communities that depend on forests for their livelihoods. That's why, looking ahead, we are realigning our efforts to tackle these issues.

**Reduce our natural forest footprint by 50% while unlocking the power of the world's forests to help solve the climate and biodiversity crises**



**In the near future, set a science-based goal to reduce Scope 3 land-use emissions by 2030**

\* Natural forests are composed of native species that self-regenerate and contain key elements of native ecosystems such as wildlife and biological diversity. To us, this primarily includes boreal fibers known as Northern Bleached Softwood Kraft (NBSK).





# Forest Carbon Footprint

Measuring the life cycle impacts of biological materials – from their natural carbon cycle through harvesting and utilization – is extremely difficult. Robust land-use carbon accounting tools and methodologies have been slow to develop, making it challenging to create an accurate baseline against which to gauge the full carbon impacts of our supply chain's forestry activities, and how they vary across different fiber and product types.

However, new tools are starting to come online that will better enable companies to account for both their biogenic and fossil carbon footprints.



Photo Credit: Forest Stewardship Council®

**Kimberly-Clark has been tracking the development of these new tools and will be using recent methodological advances to develop an initial baseline of our forest carbon footprint.**

This new knowledge will help us evaluate the relative biogenic carbon impacts of our fiber mix across virgin wood fiber, recycled fiber and sustainable alternative fibers. Once we finalize a baseline of our forest carbon footprint, we plan to integrate forest land-use emissions into our future Scope 3 GHG emissions reduction objectives.

Despite the methodological and accounting challenges left to be solved, we feel confident that we are already on the right path. Our

ongoing efforts to reduce our use of natural forest fiber from high-carbon value forests and increase our use of environmentally preferred fibers (such as alternative and recycled fibers) will continue to be important levers for lowering our forest carbon footprint. We also believe Forest Stewardship Council (FSC)® certification has the potential to provide future forest carbon and climate benefits. In short, our 2025 goals will serve as milestones for achieving our forthcoming 2030 forest carbon ambition.



# Protecting Biodiversity and Supporting Forest-Dependent Communities

As both Kimberly-Clark and society at large look to the world's forests as an important climate change mitigation pathway, we must ensure safeguards are in place that simultaneously provide protection for forest biodiversity and the rights of local, forest-dependent communities.

We believe Forest Stewardship Council® certification applies the most rigorous criteria for the conservation of biodiversity and the protection of the rights of indigenous communities. These are two important reasons why FSC®-certified virgin fiber is the only virgin fiber we consider to be an environmentally preferred fiber and allow to count toward our 2025 goal.

We will continue to look beyond our FSC® commitment for additional ways Kimberly-Clark can support the well-being and land tenure rights of indigenous and other under-represented forest-dependent communities within our sphere of influence, while simultaneously delivering climate and biodiversity benefits.



Photo Credit: Forest Stewardship Council®



# 2019 Performance

Through 2019, our use of environmentally preferred tissue fiber was 84%. While this represents a 3% year-over-year decrease from 2018, we remain on track towards meeting our goal of 90% by 2025.

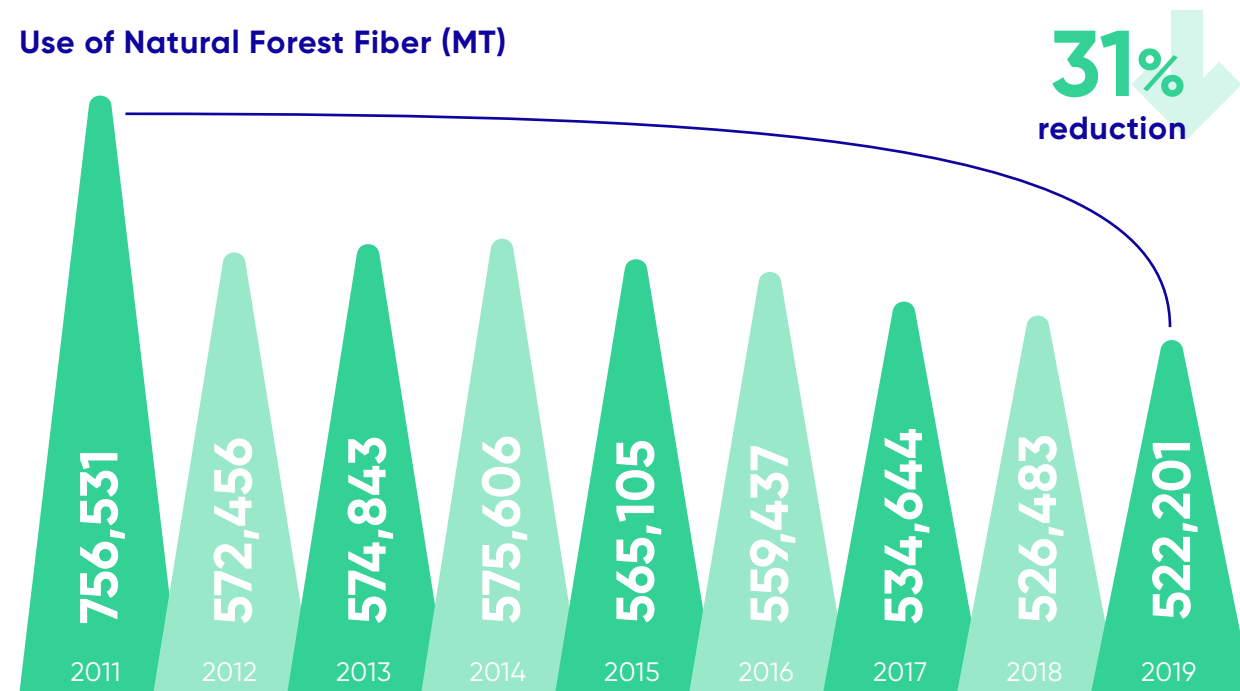
We were also able to achieve a 31% reduction in our use of natural forest fiber compared to our 2011 baseline, as we continue to drive towards a 50% decrease by 2025. Additionally, 100% of the fiber used in Kimberly-Clark products in 2019 was sourced from suppliers who met our certification standards.

These accomplishments demonstrate our continued progress in creating a more sustainable and resilient supply chain.



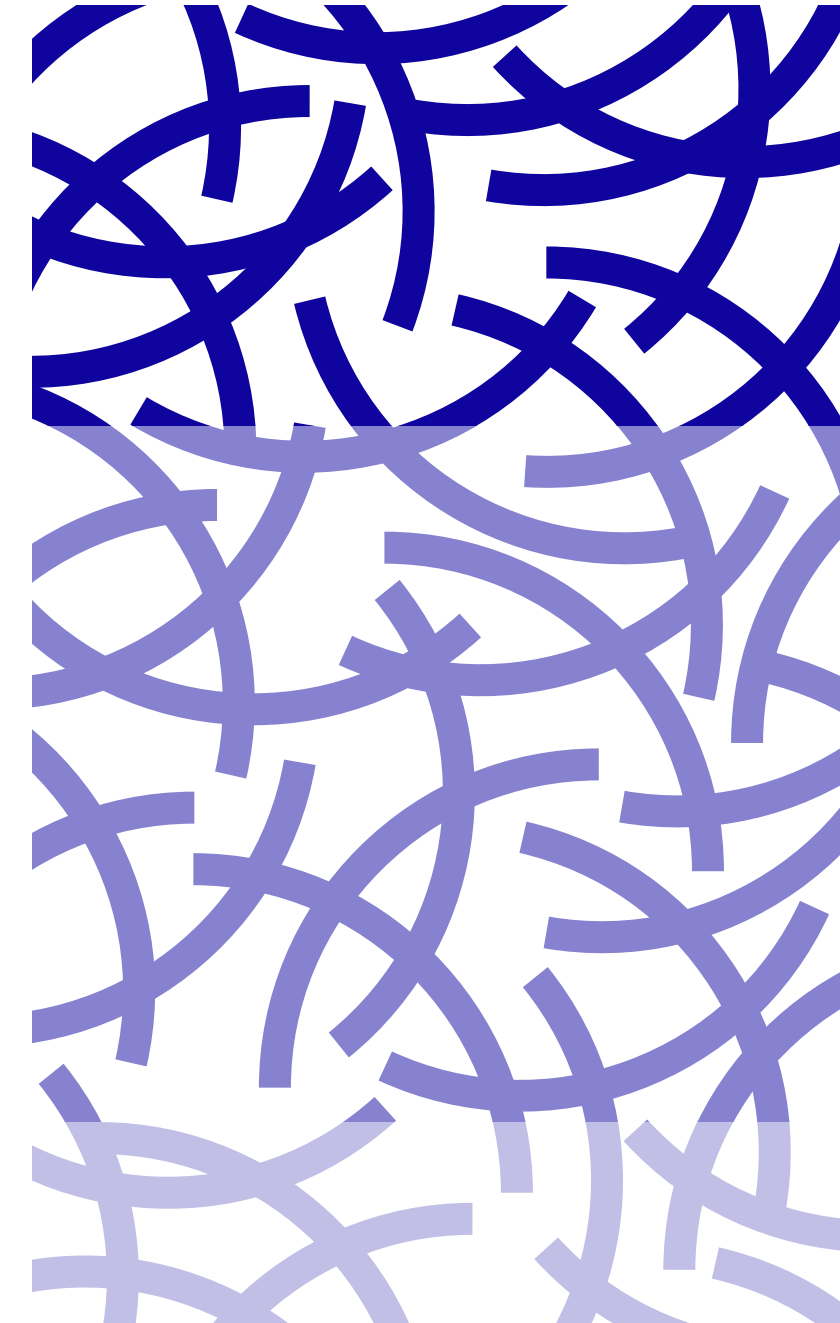
**100%**  
of the fiber used in Kimberly-Clark products in 2019 was sourced from suppliers who met our certification standards

Use of Natural Forest Fiber (MT)



Plastics Footprint  
**Forest Footprint**  
Carbon Footprint  
Water Footprint

## 2019 Tissue Fiber Sourcing



**31%**  
recycled fiber

**54%**  
FSC®  
virgin fiber

**16%**  
other  
certified  
virgin fiber



# Forest Partnerships

We continue to advance many important partnerships that help us reduce the environmental and social impacts of forestry.

## Forest Management with the Appalachian Woodlands Alliance

In 2019, Kimberly-Clark joined the Rainforest Alliance, the Forest Stewardship Council® (FSC®) and corporate partners in announcing the launch of the Smallholder Access Program (SAP).

This two-year FSC® pilot project is designed to provide the benefits of FSC® certification to forest-dependent landowners who manage 100 hectares (250 acres) or less of woodlands.

The program was developed by the Appalachian Woodlands Alliance, a partnership between the Rainforest Alliance and forest product leaders across the United States who share a commitment to practicing responsible forestry. Kimberly-Clark joined the Appalachian Woodlands Alliance in 2015.

## WWF Partnership 10-Year Anniversary

In 2019, we celebrated the 10-year anniversary of our partnership with the World Wildlife Fund (WWF).

As a member of WWF's Global Forest and Trade Network, we are committed to increasing our use of wood fiber from sustainable sources to help protect the world's forests.

Through the partnership, WWF has helped us implement our global fiber procurement policy and has provided support as we increased the amount of responsibly harvested fiber used for our tissue products.

Kimberly-Clark has pledged to support WWF's efforts to protect high conservation value forests by funding the development of tools for identifying, mapping and monitoring these forests in priority regions. We have also worked closely with WWF to support the Forest Stewardship Council® in its mission to protect forest ecosystems by boosting consumer demand for responsibly-sourced forest products.

We are currently working with WWF to develop a forest protection project in two watersheds in Alabama and Mississippi, and look forward to another ten years of collaboration and conservation.

## Expanding FSC® in Canada

Support for FSC® certification is foundational to our forest footprint strategy.

In 2019, the Kimberly-Clark Foundation provided support to FSC® Canada for the successful introduction and uptake of the new FSC® Canada National Forest Management Standard, which provides important new protections for at-risk species and indigenous rights.





# Carbon Footprint

We have seen firsthand the impacts climate change is having on our planet and we know that the next decade is critical.

Kimberly-Clark has been focused on shifting the current trajectory and doing our part to build a low-carbon economy.

We exceeded our 2022 target to reduce absolute greenhouse gas emissions by 20% over a 2005 baseline three years early. Yet we aspire to do more.





- Plastics Footprint
- Forest Footprint
- Carbon Footprint**
- Water Footprint

# Doing Our Part in the Fight Against Climate Change

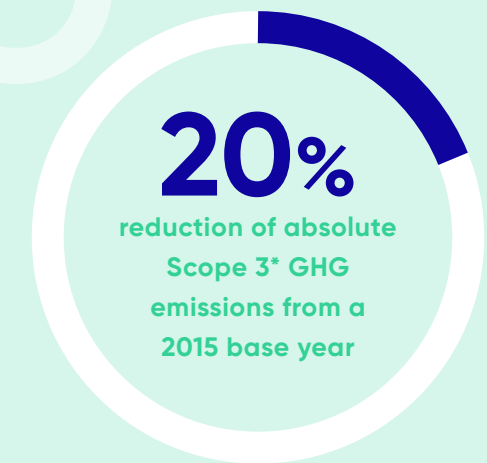
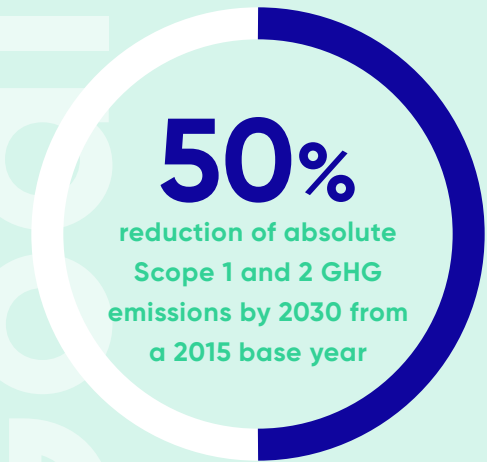
To future-proof our growth, Kimberly-Clark's 2030 carbon footprint strategy is based on carbon-reduction goals that have been approved by the Science Based Targets initiative (SBTi).

This certification ensures that Kimberly-Clark's efforts align with the Paris Climate Agreement's principal goal of limiting global temperature rise to well below 2°C above pre-industrial levels.

The deployment of our science-based strategy and climate ambition is good for the earth and good for Kimberly-Clark's business. In a changing climate and changing economy, it gives us an avenue toward ongoing competitive advantage.

As we go forward, we have established a new baseline year of 2015 for Scope 1, 2 and 3 emissions versus our previous baseline of 2005.

**Minimize the carbon footprint of our products and brands and reduce our direct emissions by 50% and value chain emissions by 20%**



\* Reduction target is focused on emissions from the Greenhouse Gas Protocol's Scope 3 Category 1 (Purchased Goods and Services) and Category 12 (End of Life Treatment of Sold Products).



# How We Will Deliver on the Strategy

Reducing the carbon footprint of our products means owning comprehensive climate objectives based on four pillars.

## Driving Greater Energy Efficiency Throughout Our Operations

At Kimberly-Clark, Lean Energy means working with Lean efficiency principles and continuous improvement tools to promote an energy conservation mindset at our manufacturing sites. To do that, we employ an energy management system that’s embedded into the daily accountability process, positioning energy as a priority at the same level as safety, quality, delivery and cost. We focus on:

- Operational systems – process improvement and standard changes to deliver efficiencies
- Management infrastructure – energy meters and dashboards to aid real-time energy management
- Mindset, behaviors and capabilities – improve training, awareness and recognition

## Enacting Innovative Conservation Efforts

In an effort to continuously improve sustainability and cost efficiency for each product, we identify and operationalize capital projects that deliver manufacturing cost savings by improving energy efficiency and reducing consumption. We uncover opportunities while conducting new energy assessments, workshops, best practices analysis and benchmarking, all while implementing our Lean Energy initiatives.

## Embracing Tomorrow's Alternative/Renewable Energy Technologies

Our carbon footprint strategy also involves significant investment in renewable and alternative energy generation. We look for attractive conditions to install renewable energy on site, such as solar panels. We have also had success installing cogeneration units, burning natural gas on-site to generate electricity and using the waste heat to produce steam that can be used in the manufacturing process. Green electricity generation from large-scale power purchase agreements is being integrated into our sustainability brand strategies as we continue to find ways to reduce the overall carbon footprint of our products.

## Taking Responsibility for Driving Emissions Reductions Across Our Full Value Chain

The carbon footprint of Kimberly-Clark products goes beyond our in-house operations to include indirect value-chain emissions from our suppliers and customers (Scope 3).

**As part of our commitment to help avoid the worst impacts from climate change, we have a goal to reduce Scope 3 emissions by 20% by 2030 compared to our 2015 baseline.**

To drive this change, we are focused on areas such as land-use, renewable materials, transportation efficiency and partnerships with key suppliers. Such interdisciplinary work requires a high degree of coordination and collaboration between our teams to ensure we are always considering the life cycle carbon impacts of any decision we make.



# 2019 Performance

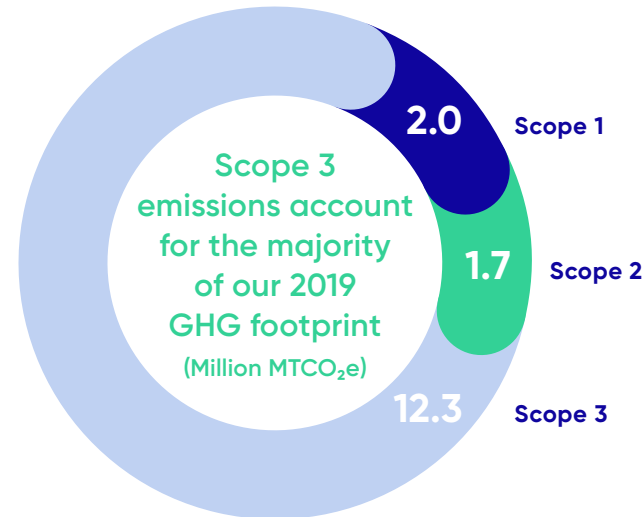
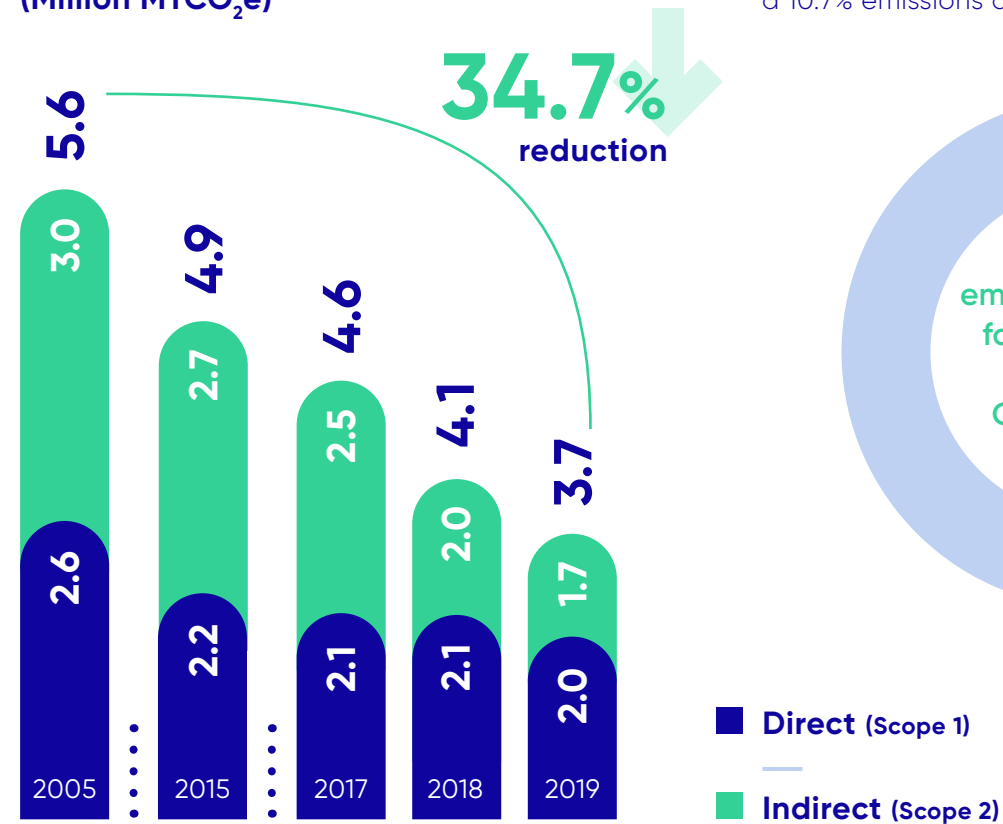
Kimberly-Clark has had a goal to reduce absolute carbon emissions by 40% by 2022 compared to a 2005 baseline. In 2019, we were able to establish the necessary global processes to pursue new 2030 carbon reduction goals approved by the Science Based Targets initiative (SBTi).

With the establishment of these new 2030 targets (50% reduction in Scope 1 and 2 GHG emissions between 2015 and 2030), our existing 2022 goal becomes a key milestone along the way.

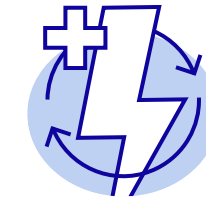
**In 2019, we made great progress against the 2022 objective, achieving a 34.7% GHG emissions reduction (Scope 1 and 2) versus the 2005 baseline.**

This represents a total reduction of 435,000 MTCO<sub>2</sub>e, a 10.7% emissions decline since 2018.

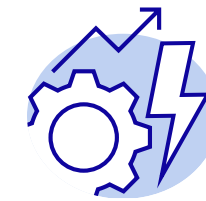
**Scope 1 and 2 Carbon Footprint (Million MTCO<sub>2</sub>e)**



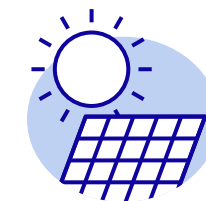
**Our 2019 progress was driven by a variety of energy management actions:**



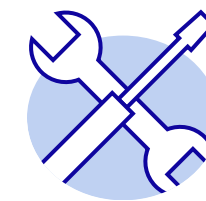
200 energy conservation projects, representing a total GHG emissions reduction of **85,000 MTCO<sub>2</sub>e**



More than 35 Lean Energy operational systems improvement activities, representing GHG emissions reduction of **30,000 MTCO<sub>2</sub>e**



Eight alternative and renewable energy projects, providing GHG emissions reduction of **130,000 MTCO<sub>2</sub>e**



Structural asset changes, manufacturing footprint optimization, and other non-energy and climate-related activities, representing GHG emissions reduction of **190,000 MTCO<sub>2</sub>e**





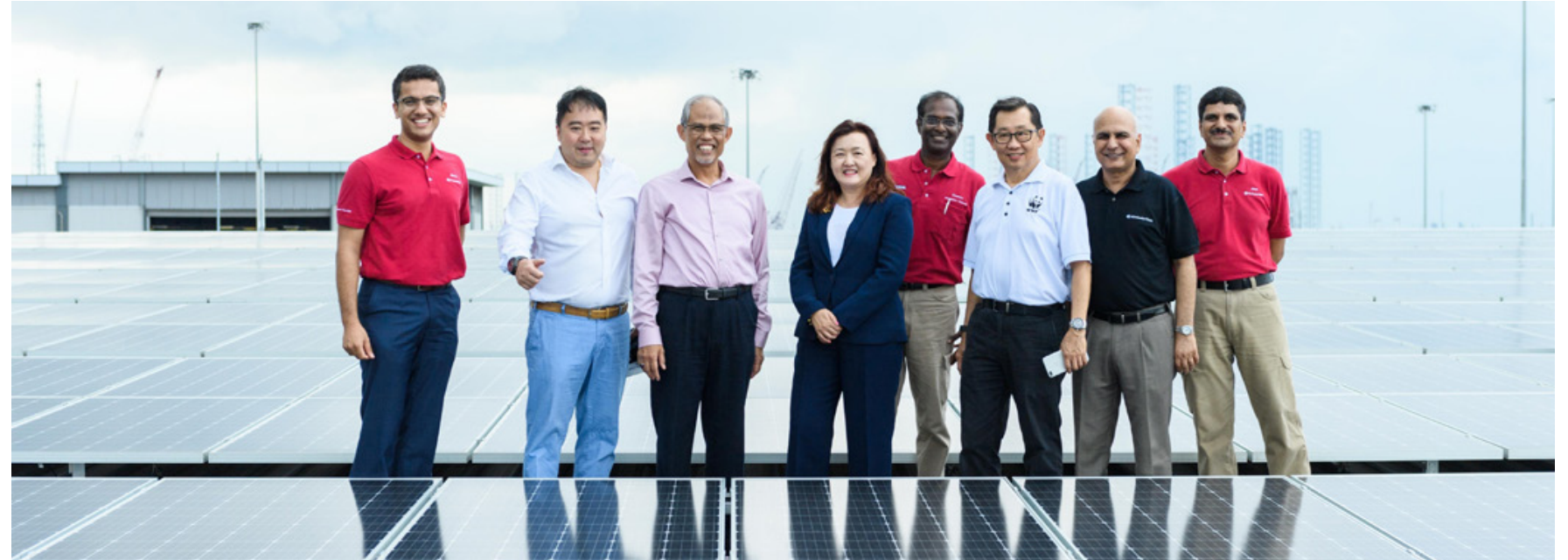
## Pursuing Energy Efficiency Initiatives

In 2019, Kimberly-Clark undertook 200 energy conservation projects at our global manufacturing sites, leveraging energy best practices to realize reductions of 85,000 MTCO<sub>2</sub>e. Projects included LED lighting retrofit, compressed air systems improvement, automation of the drying section on tissue assets, replacement of low-efficiency vacuum generation technology and installation of variable frequency drives in process pumps and fans, among many other initiatives.

## Investing in Alternative Energy

In 2019, Kimberly-Clark manufacturing sites in Mobile, Alabama; Cauca, Colombia; and Puente Piedra, Peru, began operation of new, state-of-the-art combined heat and power cogeneration plants, with a fourth (in Chester, Pennsylvania) expected to come online in early 2020. Together, these units are capable of producing 88 MWh of electricity.

Through reuse of waste heat from the generating process, we are also able to produce process steam that can be used for manufacturing. We anticipate these sites will account for aggregated GHG emissions reductions of approximately 100,000 MTCO<sub>2</sub>e.



## Investing in Wind

In 2017, Kimberly-Clark made a major commitment to renewable energy by entering its first utility-scale virtual power purchase agreements (VPPAs) with two wind power projects in Texas and Oklahoma, intended to offset electricity purchased by Kimberly-Clark Professional™ manufacturing sites in the United States. In 2019, these facilities delivered 966,700 MWh of renewable electricity.

**With the success of this arrangement, we entered another utility-scale VPPA in 2019 with a second Texas wind project.**

Starting in late 2020, this contract will deliver approximately 670,000 MWh of renewable energy annually and will account for 100% of the electricity purchased by our family care manufacturing facilities in North America. This equates to a 300,000 MTCO<sub>2</sub>e reduction, bringing the total reduction from our three VPPAs to 830,000 MTCO<sub>2</sub>e annually.

## Investing in Solar

In 2019, we completed photovoltaic solar installations at four Kimberly-Clark manufacturing and distribution sites located in Tuas, Singapore; Pune, India; Cauca, Colombia; and Guatemala City, Guatemala. Combined, these four projects are capable of generating 3.9 MWh of green electricity (peak capacity) and contributing 3,150 MTCO<sub>2</sub>e emissions reduction.



# Water Footprint

Water insecurity and water stress affect billions of people around the world.

The impact is felt across our value chain, from the sources of our fiber to the facilities that create our products to the communities where our employees and consumers live.

This increasing impact on our communities and our planet led us to elevate the issue's importance in Kimberly-Clark's 2030 sustainability strategy.





# Ensuring Access to Fresh Water for All

As we look to 2030, relentlessly pursuing short-term milestones and making meaningful improvements in our own operations, in our surrounding communities and in our supply chain will help us achieve our long-term aspirations for sustainable water use.

Although a global challenge, water stress is inherently a local issue. Our strategy maximizes the benefit we can drive by targeting the majority of our efforts on regions at greatest risk and customizing our approach and ambition for the specific needs of each water basin.

**Our holistic approach means we focus not just on our facilities but on creating greater water security for the entire water basin.**

We developed a methodology that engages private-public groups composed of local government, NGOs, and business to review scientific assessments of the watershed's challenges, share best practices and approaches, and implement solutions that drive economic, social, and environmental value at the community and watershed level.

We recognize the need for strong water stewardship practices within our supply chain and are helping suppliers apply the methodology we've developed for our own operations to their facilities. By working with suppliers to set and achieve sustainable water use targets for their facilities in water-stressed regions, we can magnify the impact of our efforts.

**Reduce our water footprint by 50% in water-stressed regions by creating significant improvements in our supply chain and the surrounding communities, ensuring ongoing access to fresh water for all**

By 2030, we intend to:



Create positive and measurable watershed impact in **30** watersheds/water basins

Achieve responsible and efficient water use at all Kimberly-Clark manufacturing facilities

Collaborate with key supplier partners to amplify our impact in water-stressed regions around the world



## Driving Sustainable Water Use at Our Sites

Achieving sustainable water use in our operations begins by ensuring that all our sites comply with relevant local permitting and with Kimberly-Clark's global water, wastewater and environmental performance standards.

We are working to understand what sustainable water use looks like in water-stressed regions, expanding our work beyond the 12 manufacturing sites identified in our 2022 strategy to all 30 manufacturing locations in regions that are, or are projected to be, water-stressed.

**Our process includes a scientific watershed analysis for each location that factors in water availability, biodiversity considerations, socio-economic trends and the regulatory landscape.**

Based on this assessment, we establish customized sustainable water use targets.

Our facilities then mobilize to implement best practices for reducing, reusing and recycling water in pursuit of our sustainable water use targets.

By taking what we've learned from our initial focus on tissue mills, we can now apply this process to all water-stressed manufacturing locations.

To achieve our 2030 goal, we will ensure that all qualifying facilities achieve their individual sustainable water use targets, thus creating meaningful improvements in the surrounding communities and ensuring ongoing access to fresh water.





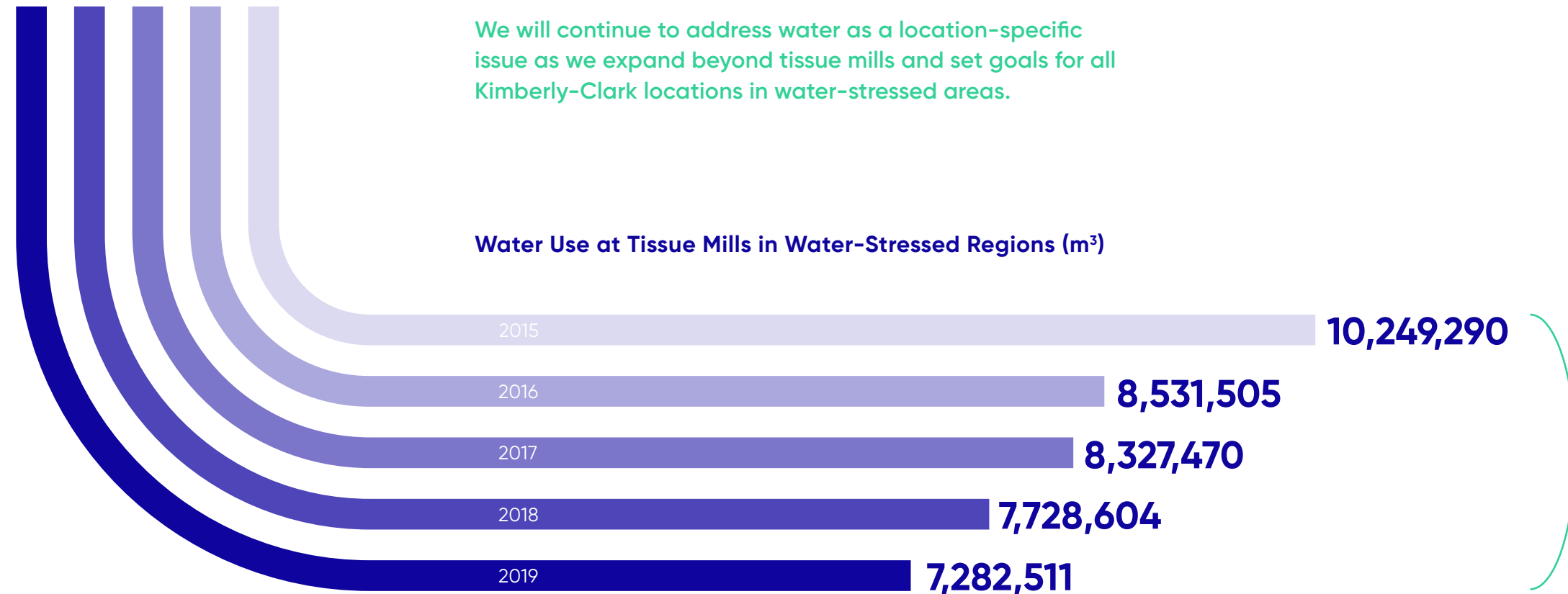
# 2019 Performance

Water is an essential input to our tissue manufacturing process, so the majority of our initial water-responsibility efforts have been focused on 12 Kimberly-Clark tissue mills identified as operating in water-stressed areas.

In 2019 we enacted sustainable water-use plans for all 12 mills. Four of them have now achieved their sustainable water-use target, and our goal is for the remainder to meet their targets by 2022.

Last year, these 12 mills achieved a 5.8% reduction in water use compared to 2018. In the years since 2015, they have reduced absolute water use by 28.9%.

We will continue to address water as a location-specific issue as we expand beyond tissue mills and set goals for all Kimberly-Clark locations in water-stressed areas.



**28.9%**  
reduction



# WaterLOUPE

Kimberly-Clark takes a local approach to water, because truly understanding water risks in the community better enables us to create positive solutions. We host water scarcity workshops to bring stakeholders to the table to discuss water risks and use tools like WaterLOUPE, which we developed with Dutch research group Deltares, to generate actionable insights.

**The WaterLOUPE tool allows us to understand who is most exposed to water risk, who is most vulnerable, and what is the hazard they face.**

The information provided by the tool enables us to identify risks and bring together a holistic group of local businesses, government and NGOs in a watershed to determine community-based solutions.



Jim Bath, Director of Environmental Sustainability, in front of the Theewaterskloof Dam, which provides water to the city of Cape Town, South Africa.

In February 2019, Kimberly-Clark and Deltares gathered over 30 individuals representing local governments, businesses and NGOs at our Epping mill, just outside of Cape Town, South Africa, for a water scarcity workshop. The workshop engaged stakeholders to look at risks for the entire watershed and align on objectives. Using the data from the workshop,

a WaterLOUPE water scarcity risk dashboard was created and utilized to scientifically model potential solutions.

We reconvened in Cape Town in August for a second session to evaluate the data we received at the first WaterLOUPE workshop and create collective action towards solutions.

This work in Cape Town has become a model for the rest of the business. Instead of just focusing on reducing water at the facility, local teams in water-stressed areas are using this holistic, analytics-enabled approach to understand water risk across their entire watershed and find solutions that work for all stakeholders over the long term.



- Ingredients & Transparency
- Environment, Health & Safety
- Human Rights & Ethical Practices
- Inclusion & Diversity
- Talent Development
- Caring for the Community

# Doing the Right Thing

The foundation of Kimberly-Clark's sustainability program is our deep commitment to running our business with the highest ethical standards and meeting all our compliance obligations.

We aspire to make a lasting, positive impact on people throughout the world – and that includes the people close to home. We take seriously our obligation to ensure the health and safety of our consumers, customers and employees; promote inclusion and diversity within our business; and protect the rights of workers and communities across our supply chain.



Sagar

Kimberly-Clark

Kidarius

Kimberly-Clark





# Ingredients & Transparency

**Our brands produce essential products that people use every day to make their lives better – healthier, cleaner and more convenient.**

As a company, we want to continue to serve our consumers and grow our brands to help even more people. That's why we take ingredient safety and product quality so seriously.

We're also committed to transparency: sharing our practices and providing ingredient information that is clear, reliable and accessible. That's one of the ways we give consumers peace of mind and build trust in our brands.



**Ingredients & Transparency**

- Environment, Health & Safety
- Human Rights & Ethical Practices
- Inclusion & Diversity
- Talent Development
- Caring for the Community





- Ingredients & Transparency**
- Environment, Health & Safety
- Human Rights & Ethical Practices
- Inclusion & Diversity
- Talent Development
- Caring for the Community

# Program Ambition and Strategic Focus

**Kimberly-Clark has always been focused on product safety. It's how our brands and products earn the trust of so many families around the world.**

Looking ahead, we plan to take this commitment even further, accelerating our efforts to improve our formulations, simplify our ingredients and incorporate more naturally sourced alternatives. Our approach is guided by rigorous science and supported by meticulous internal and independent safety evaluations that ensure the quality and safety of all our products.

As we make changes, we're also focused on increasing ingredient transparency to give our consumers peace of mind. But with hundreds of products around the world, incorporating thousands of ingredients, the path to transparency isn't quite as easy as it sounds. We're focused on publishing ingredient information in our high-priority markets. In the future we plan to disclose all our ingredient information, giving consumers the data they need to make smart, informed choices.



**Our aspiration is to use the safest ingredients, as defined by a science-based approach to product safety, and provide open and transparent details about those ingredients.**

We continue our work replacing a set of ingredients that we recognized some consumers preferred to avoid. We have now removed 100% of these ingredients from Kimberly-Clark Professional skin care products (including microbeads, nonylphenol ethoxylates and triclosan) and from baby and feminine care wipes (including parabens and phenoxyethanol).

Our North America website includes a master list of all ingredients used in our North America products, and we are piloting a new smart-label system to provide consumers easier access to ingredient information. In Europe, lists of baby and child care ingredients can now be found on our brands' websites.





- Ingredients & Transparency**
- Environment, Health & Safety
- Human Rights & Ethical Practices
- Inclusion & Diversity
- Talent Development
- Caring for the Community

# Ensuring Product Quality and Safety



Here a diaper is being inspected for quality at our Paris, TX facility.

**Our policy is to design, manufacture and deliver products that are safe and meet or exceed customer and consumer expectations.**

Each Kimberly-Clark business, function and facility is charged with aligning to enterprise standards and maintaining quality systems that support these expectations.

Kimberly-Clark also has programs and systems to ensure we meet regulatory requirements in all regions where we operate. These requirements, along with industry best practices and our own internal standards, define our quality and compliance criteria. We maintain programs to measure compliance against these standards and report results to senior management. The process of assuring compliance across these stringent requirements drives continuous improvement activities that ensure Kimberly-Clark products are safe and effective for consumers.

**We will never put anyone at risk with a product we cannot appropriately ensure is safe for people and the environment.**

Across all our brands we are dedicated to meeting the highest standards for safety, and our consumers rely on this commitment.

Our product safety policy lays out our commitments in three key areas:

## 1 Management Accountability

Our business unit presidents are responsible for ensuring the safety of our products and services, from initial introduction to ongoing reviews for regulatory compliance and alignment with public safety expectations.

## 2 Safety Assessments

All our products undergo safety assessments by qualified experts, in accordance with international standards of human health risk.

## 3 Chemical Management

Safety and environmental data is carefully collected and used to develop business strategies for reducing, restricting or eliminating chemicals of concern, and advancing safer alternatives.



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# Environment, Health & Safety

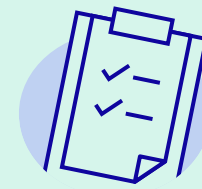
Kimberly-Clark's industry-leading performance in workplace safety and environmental management are points of pride at our company, yet we aspire to do better.

We are committed to protecting the lives of the people working in our facilities and living in our communities, which is why we work tirelessly to improve our safety programs and set strict requirements modeled after the ISO 14001 standard to assure that our operations do not adversely impact the local environment.

In 2019, we reorganized our Environment, Health & Safety (EHS) function to streamline and improve our processes for providing a safe working environment and conducting operations in compliance with laws, regulations and best practices for health, safety and environmental protection. In conjunction with the reorganization,

we launched a transformation program to elevate our EHS performance across all Kimberly-Clark locations, including manufacturing facilities, distribution centers, warehouses and office sites. This standardized approach reinforces that employees are accountable for doing the right thing when it comes to the health and safety of our people and environmental quality. Each site's EHS maturity is measured across three dimensions:

- 1 Mindsets, behaviors and capabilities**
- 2 Risk reduction and compliance**
- 3 Management systems modeled after the ISO 14001 standard**



**0.179**  
Total Reportable Incident Rate (TRIR) in 2019

Our safety vision is to realize an incident-free workplace



**98%\***  
EHS Compliance Score

\* The Environmental Compliance Score is comprised of four different variables: (1) on-time closure of major audit findings; (2) on-time completion of audits; (3) on-time closure of environmental compliance exception reports; and (4) completion of EHS self-assessment.

## Our Six EHS Imperatives

**1**  
Consistent EHS leadership

**4**  
Workforce empowerment to drive impact

**2**  
Positive EHS interactions

**5**  
Consistent critical EHS work practices

**3**  
Risk tolerance reduction

**6**  
Aligned incentives and metrics





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# Human Rights & Ethical Practices

Kimberly-Clark's values of authenticity, accountability, innovation and caring enable us to lead the world in essentials for a better life. Our Ethics and Compliance Program fosters a culture of integrity that supports our employees in living out these values and ensures a workplace where all are treated with respect.

Our Code of Conduct and Human Rights in Employment Policy establish Kimberly-Clark's expectations and create accountability with respect to human rights and other ethical concerns.

This commitment extends beyond our corporate walls to include our suppliers' employees and workplaces.



In recognition of our ethics policies and practices, Kimberly-Clark was named one of the "World's Most Ethical Companies" in 2019 by the Ethisphere Institute, an independent research center that promotes best practices in corporate ethics and governance.



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# Social Compliance & Human Rights

Our policies guide our interaction with suppliers, partners, customers and consumers worldwide, and are communicated to them through our Supplier Social Compliance Standards.

**These expectations are an extension of Kimberly-Clark's commitments to our own people.**

Centered on our values, these supplier standards are aligned with international principles such as the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

The objective of our social compliance program is to proactively manage salient human rights risks across our supply chain. By holding ourselves and our suppliers accountable, we help ensure that the hundreds of thousands of workers in our supply chain enjoy safe, fair and equitable working conditions.

## Key Elements in Our Human Rights Risk Mitigation Process for Kimberly-Clark Operations and Suppliers

1

Defining and prioritizing our salient human rights risks.

2

Building internal and supplier capability to proactively manage these risks.

3

Using audits, self-assessments and other tools to monitor performance and implement corrective measures to address gaps.

4

Sharing supplier and mill social compliance data with internal and external stakeholders.





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# Auditing Against Our Standards



To ensure that our manufacturing facilities and key suppliers are meeting our standards for social and environmental performance, we engage third-party auditors who use a risk-based approach to measure compliance across key issue areas including child labor, forced labor, discrimination, workplace health and safety, and business integrity.

Our audit program assesses more than 150 facilities annually in high-risk geographies and industries, helping us identify non-compliance and drive improvements. To avoid audit fatigue among suppliers, we adhere to the principle of mutual recognition and may accept recent audit reports that have been completed by accredited audit firms utilizing internationally recognized standards.

When a supplier is found to be in non-compliance with our Social Compliance Standards, Kimberly-Clark engages with the supplier to develop a corrective action plan.

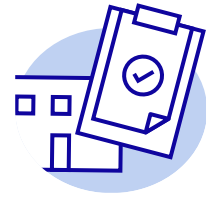
Depending on the concerns raised, corrective actions could include supplier investments in infrastructure, equipment

or training; development of new policies or procedures; or provision of remedy for affected workers. If needed, Kimberly-Clark may provide support to the supplier by sharing good practice examples or connecting them with consultants or other expert resources. We track completion of the agreed corrective action plans through evidence provided by the supplier and/or through a follow-up audit.

In 2019, we met our social compliance targets, with 100% of audited Kimberly-Clark facilities demonstrating compliance with the core requirements of our Social Compliance Standards, as well as customer and licensor requirements. And 84% of suppliers that were audited in 2019 also conformed with the core social compliance requirements. We continue to engage with the remaining noncompliant suppliers to implement corrective action plans and improve their performance.



**150**  
facilities are regularly assessed



**100%**  
of audited Kimberly-Clark facilities demonstrate compliance

**84%**  
of audited suppliers demonstrate compliance



# Supplier Engagement

**We believe strongly that working with suppliers to improve their practices is the most effective way for us to improve the lives of the people working in their facilities.**

Beyond simply policing supplier compliance against our standards, we aim to work with them to drive meaningful improvement, through both direct engagement and participation in multi-stakeholder initiatives like AIM-PROGRESS, a group of leading consumer goods companies that seeks to promote responsible sourcing practices and sustainable supply chains.

By working closely with suppliers to improve social compliance practices, we strengthen our relationships and help to build long-term strategic partnerships. This not only allows us to have greater confidence that human rights are being respected across our supply chain, but also helps to drive innovative solutions that meet our consumers' and customers' needs, creating value from source to shelf.

## Going Beyond Audits

We recently deepened our emphasis on building employee knowledge and capabilities on human rights. Through training and other tools, we are enabling our operations and supplier-facing teams to understand, identify and act on forced labor and other potential human rights risks in the supply chain.

For example, in 2019, over 350 procurement team members completed our Forced Labor Awareness and Risk Mitigation Training to recognize the signs of modern slavery and understand how to raise concerns. We

also provided in-depth training on social compliance to nearly 100 manufacturing and procurement colleagues in Asia-Pacific.

### **Our commitment to capacity building extends beyond our own operations.**

That is why we were proud to co-sponsor the AIM-PROGRESS Responsible Sourcing Forum in Shanghai in October 2019.

Over 200 delegates from various China-based suppliers, including 30 delegates from Kimberly-Clark suppliers, came together to

discuss common challenges for responsible sourcing and find ways to improve their business practices. The forum provided us an opportunity to promote responsible sourcing standards throughout the supply chain and help suppliers gain a better understanding of audit requirements.



# 350

**Kimberly-Clark employees from our global procurement team completed our Forced Labor Awareness and Risk Mitigation Training**



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# Inclusion & Diversity

For Kimberly-Clark to grow and prosper, we must build a more inclusive global organization that applies its diverse experiences and passions to brands that make life better for people all around the world.

That's how we grow, and that's how we make a difference.

**Our ability to gather insights, foster innovation and deliver essential products hinges on having people that can understand our brands as well as the culture, context and mindset of all consumers.**

Kimberly-Clark is purposeful about creating a culture and environment that values every voice and utilizes every perspective. We work hard to attract and retain diverse talent, and to grow the representation of women (globally) and ethnic minorities (U.S.) in senior management positions. We welcome different ways of identifying solutions, and encourage healthy, respectful disruption of the status quo.

**We are proud to have earned recognition from leading organizations for our approach to promoting and nurturing a diverse and inclusive workplace.**

## CEO Action & Check Your Blind Spots

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Kimberly-Clark is a signatory to the CEO Action for Diversity & Inclusion coalition, which commits businesses to advance inclusion and diversity in the workplace. In 2019, more than 120 employees in Dallas, TX, Roswell, GA, Knoxville, TN, and Neenah, WI participated in CEO Action "Caring Conversations" designed to build trust, encourage compassion and open-mindedness, and reinforce our company's commitment to inclusivity.

Kimberly-Clark locations were also stops on CEO Action's "Check Your Blind Spots" bus tour, which offers an immersive, interactive experience where participants explore ways to mitigate unconscious bias in their everyday lives.

## Inclusion Weeks in Latin America

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In 2019, our Latin America HR teams partnered with regional leaders to launch a series of Inclusion Weeks at our facilities in Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Peru and Puerto Rico. Over the course of a week, all employees participated in workshops, talks and activities exploring multiple aspects of inclusion and diversity, including unconscious bias, women in leadership roles, generations in the workplace and other topics of local relevance.





# Talent Development

Developing leaders and top talent is critical. To attract, engage, develop, reward and retain top talent, we value a work environment that fosters personal, professional and corporate growth while building a performance-driven organization.

**To ensure our leaders are ready for more senior roles, we've implemented several programs including Culture of Coaching, Team Leader Development and General Manager Development.**

## Employee Resource Groups

Employee Resource Groups (ERGs) are an integral part of our talent development strategy. These voluntary organizations foster career development and mentorship, bring together diverse backgrounds and perspectives and serve as a platform to advance talent goals. These groups also give back to our local communities through regular volunteer activities.

Kimberly-Clark is proud to offer 10 ERGs, with 60 chapters worldwide that are open for all Kimberly-Clark employees to join.



## Core Values

**Authentic:** Our heritage is one of honesty, integrity and courageously doing the right thing.

**Accountable:** We take ownership for our business and our future.

**Innovative:** We are committed to new ideas that add value to our customers, our business and our world.

**Caring:** We respect each other and care for the communities where we live and work.



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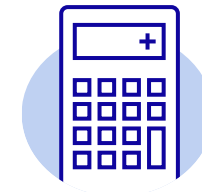
# Caring for the Community

**Our caring value drives our culture, and we are committed to supporting communities through company giving and employee volunteerism.**

The Kimberly-Clark Foundation supports the social responsibility efforts of the company and strives to help those in need gain essentials for better lives through a range of health, humanitarian, economic and environmental initiatives. The Foundation, together with funding from the corporation and our employees, responds to causes and programs with financial contributions, donations of Kimberly-Clark products and volunteer time.

Each year, employees from Kimberly-Clark facilities around the world participate in a variety of volunteer activities with local nonprofit organizations.

The Kimberly-Clark Foundation's Community Partners program recognizes the volunteer efforts of U.S. employees and their spouses by making \$500 grants to the charitable organizations at which they volunteer for 30 or more hours per year. Through our Kimberly-Clark Foundation's Matching Gifts program, U.S. employees are able to double their donations to qualified charitable organizations.



**\$28.3M**  
total giving in 2019



**\$1.32M**  
employee gifts matched in 2019





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## United Way

For nearly 70 years, we have been a strong supporter of United Way. In Kimberly-Clark communities throughout the United States we raise money through enthusiastic campaigns and participate in volunteer events.



**\$2.5M**  
contributed to  
United Way in 2019



## AmbientaDOS

Our AmbientaDOS program has been investing in and promoting a culture of recycling in Costa Rica for ten years. Kimberly-Clark Costa Rica was one of the first companies to adopt a responsible waste management program in the country. Over the past decade, Kimberly-Clark Costa Rica, in alliance with Telenoticias de Canal 7, has collected valuable recycling materials throughout the country.

Through the program, we have:

- Prevented more than 21,000 tons of material from entering landfills**
- Positively impacted 53 communities**
- Established alliances with 13 private companies**
- Partnered with 14 municipalities and 36 collection centers**

## Providing Products for Those Who Need Them Most

We provide essentials for a better life to one quarter of the world's population every day, yet billions of people still lack access to products. All over the world, our employees are responding to that need. From Diaper Repack events at our Neenah, Wisconsin, campus to packing bags with necessities for Share the Dignity's "It's In The Bag" initiative in Australia, we are working hard to give back in the communities where we work and live.

2019



# Global Sustainability Report