



# Carbon Footprint

**We know how aggressive our actions must be to reduce our carbon footprint.**

Kimberly-Clark has proven we can meet ambitious GHG-reduction targets, exceeding our initial 2022 target four years ahead of schedule. Backed by that success, we aspire to do our part to put our world on a path toward effective climate solutions.

We are accelerating our efforts to help build a low-carbon economy and avert the worst impacts of climate change.





Leadership  
Message

Our Business  
in 2020

Our Strategy for the  
Decisive Decade

Making  
Lives Better

Smallest Environmental  
Footprint

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

# Program Ambition

**Our customers, consumers, and investors expect Kimberly-Clark to respond to the climate crisis with strong, specific commitments and actions to mitigate and reduce climate impacts throughout our supply chain.**

That's why we committed to aggressive GHG emissions reduction targets that are science-based, meaning they are aligned with the Paris Climate Agreement's principal goal of limiting global temperature rise to well below 2°C above pre-industrial levels.

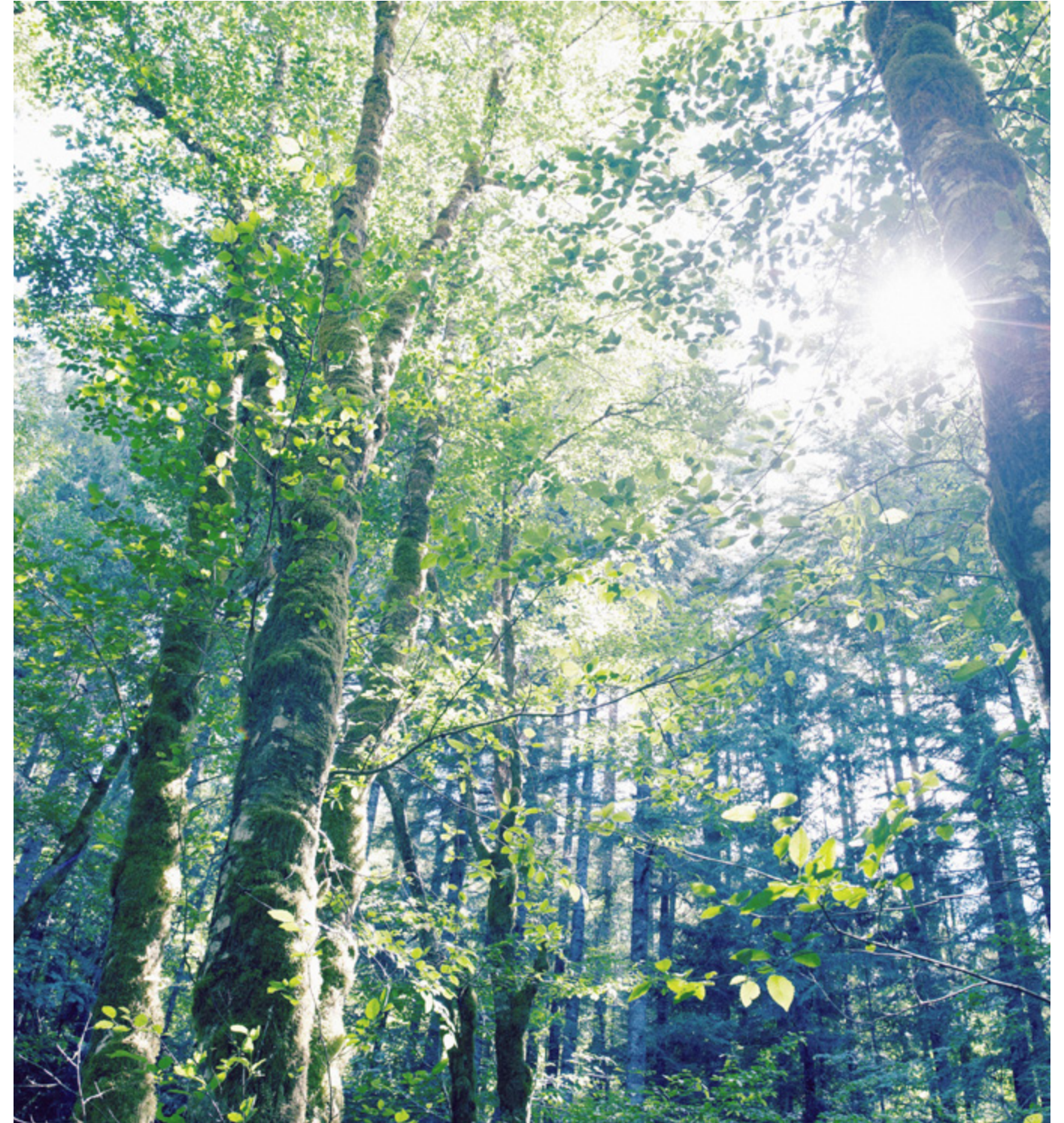
We have executed on aggressive energy and climate goals. In 2016, following completion of a successful five-year sustainability plan, we set a goal of reducing our Scope 1 and 2 GHG emissions by 20% (baseline 2005).

In 2019, we announced that we had achieved our goal four years ahead of schedule, prompting us to double our emissions-reduction target to a

40% reduction on the same timeline. In 2020, we went further, announcing our new, SBTi-approved 2030 GHG goals. The new goals call for a reduction of our absolute Scope 1 and 2 emissions by 50% (baseline 2015) and reduction of absolute Scope 3 emissions from purchased goods and services and end-of-life treatment of sold products by 20% (baseline 2015).

In a changing climate and business environment, we know we need to do more. The need to be transparent about climate impacts across the business is becoming increasingly important, so understanding and managing risks and opportunities across our value chain is no longer optional.

That's why Kimberly-Clark plans to adopt the TCFD framework. 





# Strategic Focus

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

## Driving Greater Energy Efficiency Throughout Our Operations

Kimberly-Clark uses a Lean energy strategy to drive a culture of energy conservation at our manufacturing sites. An energy management system is embedded into each facility's daily accountability process, positioning energy efficiency 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** – improvement of trainings, awareness, and recognition

## Enacting Innovative Conservation Efforts

We want to continuously improve sustainability and cost efficiency of our products, so we identify and operationalize capital projects that deliver manufacturing cost savings through improved energy efficiency and reduced consumption.

We aim to uncover new opportunities for innovation through energy assessments, workshops, best practices analyses, and benchmarking, in parallel with 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 suitable conditions for installing solar at our facilities, make large-scale power purchase agreements of clean electricity to further reduce our reliance on fossil fuels, and leverage evolving decarbonization technologies to get the most out of the fossil fuels we still employ.

Nine of our manufacturing facilities employ cogeneration units that burn natural gas to generate electricity and reuse the waste heat to produce steam for use in the manufacturing process.

As part of our 2030 SBTi commitment, Kimberly-Clark will continue to pursue working with strategic partners to develop and install thermal decarbonization technologies to power our high-thermal-load facilities around the world.

## Driving Emissions Reductions Across Our Full Value Chain

Our GHG reduction goals extend beyond our in-house operations to include indirect value-chain (Scope 3) emissions from our suppliers and customers.

We're aiming to reduce Scope 3 emissions from purchased goods, services, and end-of-life treatment of sold products by 20% by 2030 compared to our 2015 baseline.

Our teams collaborate closely on initiatives to reduce our plastic and fiber footprints and ensure that all business decisions take into consideration their life cycle carbon impacts. The Scope 3 emissions implications of actions taken in these areas is significant, so it's critical that we have a strong understanding of co-benefits or trade-offs that may exist.



# Goals and Performance

In 2020, Kimberly-Clark achieved 32.1% reduction of GHG emissions versus our 2015 baseline, with a year-on-year reduction of 4.3% points against 2019, based on our total Scope 1+2 market-based inventory.

These percentages translate to a reduction of 213,700 MTCO<sub>2</sub>e from 2019 to 2020, and helped us achieve a 3.7% improvement in energy intensity, from 10.7 MMBTU/BDMT\* in 2019 to 10.3 in 2020.

Though COVID-19 safeguards such as restricted travel forced postponement of some energy projects in 2020, we were able to conduct virtual working sessions that kept small and medium-sized energy conservation projects on track.

Some of the GHG emissions reductions we expected to achieve in 2020 have been shifted out to 2021.

\* MMBTU/BDMT = one million British thermal units / bone dry metric tons

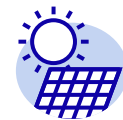
## Our 2020 progress was driven by a variety of energy management actions:



120+ energy conservation projects and energy best practices adoption, representing a total GHG emissions reduction of **42,000 MTCO<sub>2</sub>e**



40+ Lean Energy operational systems improvement activities, representing GHG emissions reduction of **17,000 MTCO<sub>2</sub>e**

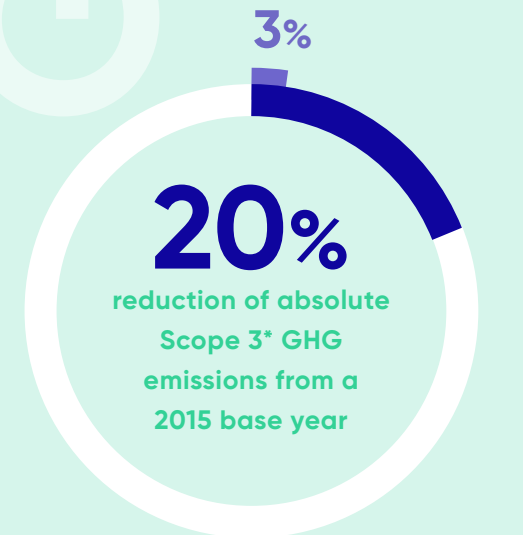
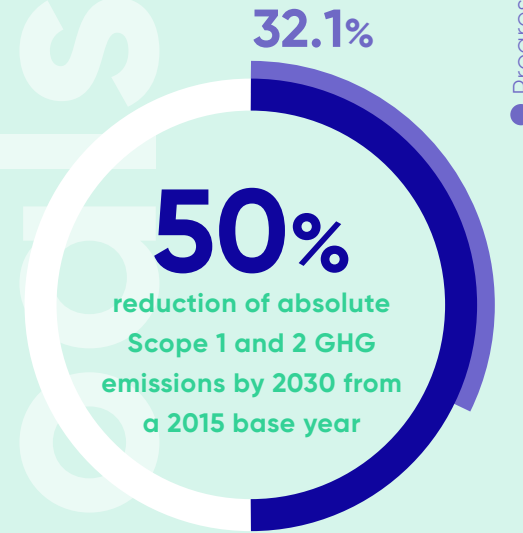


Impact of 11 alternative and renewable energy projects, providing GHG emissions reduction of **135,000 MTCO<sub>2</sub>e**



Structural asset changes, manufacturing footprint optimization, and other non-energy and climate-related activities, representing GHG emissions reduction of **20,000 MTCO<sub>2</sub>e**

Reduce the carbon footprint of our products and brands by reducing our direct and indirect (Scope 1 + 2) emissions by 50% and value chain (Scope 3) 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).



# Stories from Across Our Organization

## Pursuing Energy Efficiency Initiatives

Kimberly-Clark executed more than 120 energy conservation projects last year at our global manufacturing sites, leveraging energy best practices to deliver 42,000 MTCO<sub>2</sub>e emissions reductions. Among many other processes and building envelope efficiency improvements, our efforts included:

- **Implementation of compressed air optimization**
- **Installation of variable frequency drives in fans and process pump motors**
- **Upgrades to electrical infrastructure, tissue machine drying, and vacuum systems**
- **Recovery of waste heat**

In addition to our conservation efforts, we executed more than 40 Lean energy sustaining activities, delivering an additional 17,000 MTCO<sub>2</sub>e in savings. These initiatives included improvements and optimizations in manufacturing processes, improvements in energy efficiency based on visual management, the use of the centerlining methodology to determine and adjust variables and ensure consistent results, and on-line containment of energy overconsumption.

## Investing in Alternative Energy

In mid-2020, Kimberly-Clark's manufacturing site in Chester, Pennsylvania, fully transitioned from a mix of coal-based fuel and natural gas to a new, state-of-the-art combined heat and power (CHP) cogeneration plant. This plant is able to produce 42 megawatts of electricity and repurpose waste heat from the generating process into process steam for manufacturing.

In 2018, the Chester manufacturing facility was Kimberly-Clark's largest emitter of greenhouse gases, accounting for almost 10% of the company's total GHG emissions. Following installation of the new cogeneration system, which is fueled by cleaner burning natural gas, the facility's Scope 1 and 2 emissions fell by 40% compared to the 2018 baseline.

Our Enstra manufacturing facility in South Africa completed a similar transformation in 2020, replacing its inefficient coal boilers with a new process-steam generation plant powered by two natural gas boilers.

The upgrade reduced greenhouse gas emissions by 17,000 MTCO<sub>2</sub>e, a 52% reduction of Scope 1 footprint. The project also eliminates some tax liability under South Africa's carbon tax system.

**Together, the new Chester CHP plant and Enstra natural gas boilers are lowering Kimberly-Clark's GHG emissions by 167,000 MTCO<sub>2</sub> per year, equivalent to a 4% reduction of the company's total GHG emissions.**



Jeff Hutter, Chester facility plant manager



# Stories from Across Our Organization

## Investing in Renewable Energy

Kimberly-Clark is significantly scaling up our use of solar and wind power, both through on-site installations and virtual power purchase agreements (VPPAs).

In 2019, we completed on-site photovoltaic solar installations at Kimberly-Clark manufacturing facilities and distribution sites in Tuas, Singapore; Pune, India; Cauca, Colombia; and Guatemala City, Guatemala. In 2020, those installations generated 4,900 MWh of green electricity.

We signed an agreement with the Rayos del Sol Solar Project in 2019 for a project that is currently under construction in Cameron County, Texas. This direct PPA will supply 100% of purchased electricity required by our Personal Care manufacturing facility in Paris, Texas.

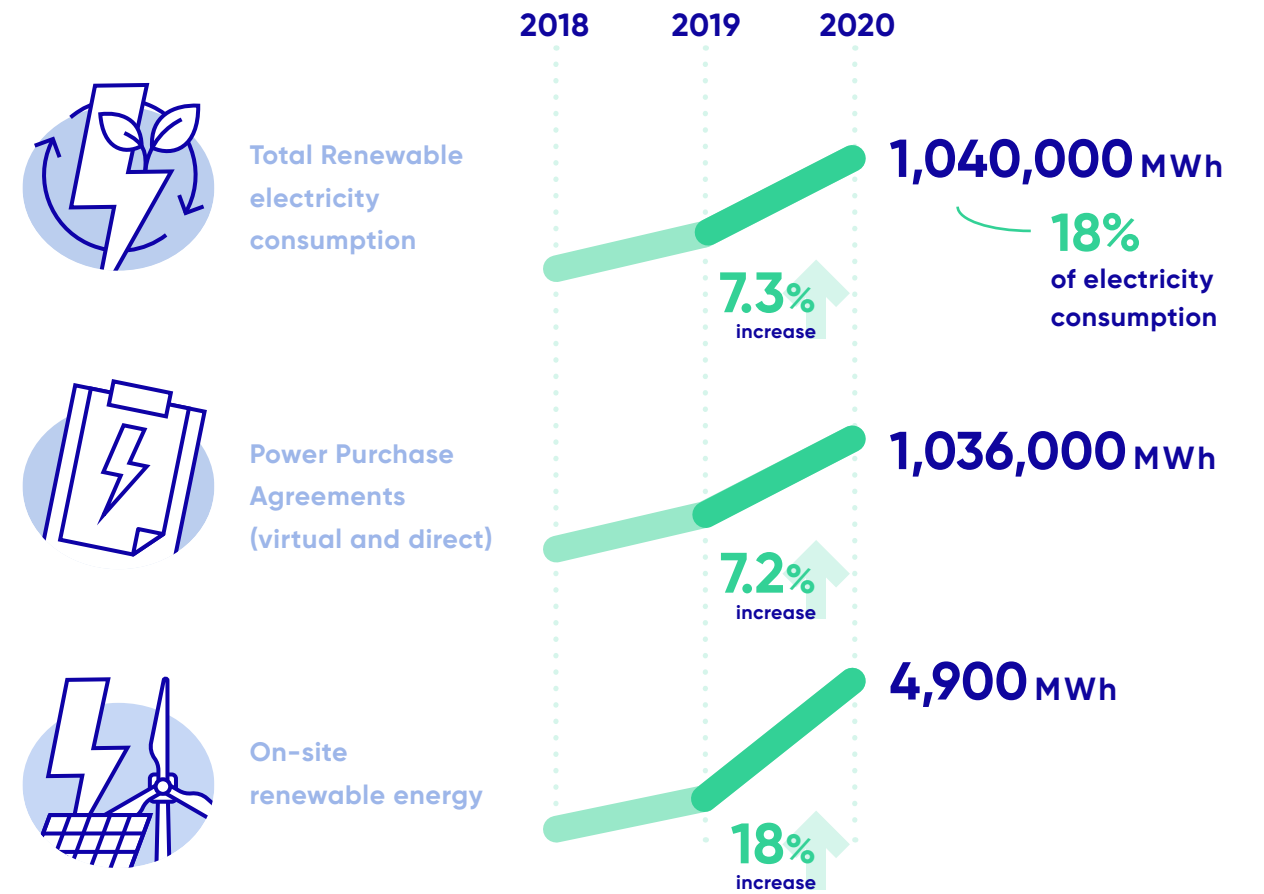
For the first phase of the contract, the utility company supplied 39% of the electricity demanded by the manufacturing facility in 2020 with renewable energy generated from another solar project in the region. The Rayos del Sol project will go online in 2022.

**Our first utility-scale VPPAs for two wind power projects in Texas and Oklahoma were executed in 2017 and offset 100% of the electricity purchased by Kimberly-Clark Professional™ manufacturing sites in North America.**

We followed up on this success by entering into another utility-scale VPPA with another Texas wind project, Maverick Creek, which began delivering power in December 2020. This contract will provide approximately 670,000 MWh of electricity to our North American Family Care business, covering 100% of purchased electricity needs for their manufacturing sites and accounting for an emissions reduction of 300,000 MTCO<sub>2</sub>e.

In 2020, the total electricity from renewable sources, including virtual and direct PPAs and on-site solar generation, was 1,040,000 MWh.

This is equivalent to **18%** of the total electricity consumed by Kimberly-Clark's global operations.





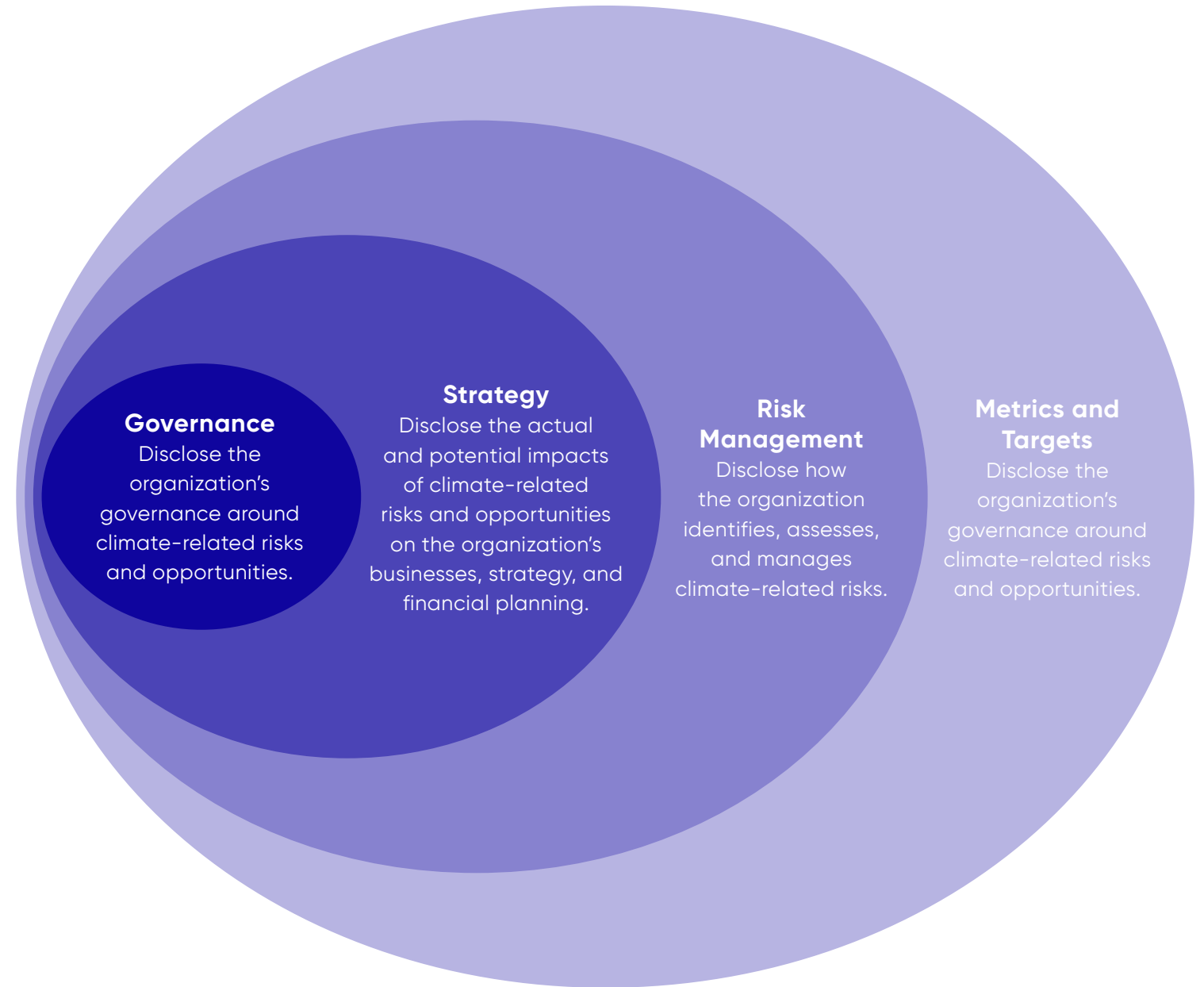
# Task Force on Climate-related Financial Disclosures (TCFD)

In December 2020, we partnered with Willis Towers Watson (WTW) to start a comprehensive and multi-stage process of assessing our gaps in the TCFD themes of governance, strategy, risk management, and metrics and targets to create Kimberly-Clark's first TCFD Aligned report.

We completed a deep mid-century and end-of-century qualitative and quantitative assessment on physical climate risks across the Kimberly-Clark value chain, including our own manufacturing sites as well as key raw material suppliers and material natural resources. The approach focused on assets that contribute to potential losses due to both acute and chronic climate impacts: drought, fire, heat stress, sea level rise, tropical cyclone, river flooding, and precipitation.

The transition climate risk assessment, focused on the next decade, was performed under a "well below 2°C" scenario with considerations to operations (including geographical variations in risk drivers), supply chain, and resources. Eleven transition risks classified in four different categories (Policy & Legal, Technology, Market and Reputation) were identified and assessed.

**We intend to compile the relevant findings and assessment results into a climate-related risk and opportunity report, fully aligned with the TCFD framework and published later in 2021.**





## Energy

Energy Use (trillion Btu)	2015	2016	2017	2018	2019	2020
<b>Non-renewable energy</b>	53.8	51.9	51.7	50.2	48.4	<b>45.8</b>
% of total	94%	92%	92%	90%	92%	<b>91%</b>
<b>Renewable energy</b>	3.7	4.4	4.2	5.9	4.4	<b>4.7</b>
% of total	6%	8%	8%	10%	8%	<b>9%</b>
<b>Total energy use</b>	<b>57.5</b>	<b>56.3</b>	<b>56.0</b>	<b>56.0</b>	<b>52.9</b>	<b>50.5</b>
<b>Energy efficiency (million Btu/MT of production)</b>	11.4	11.2	11.0	11.1	10.7	<b>10.3</b>

Direct Energy Use (trillion Btu)	2015	2016	2017	2018	2019	2020
<b>Natural gas</b>	30.9	31.0	31.5	33.5	34.1	<b>32.9</b>
% of total	75.4%	78.9%	81.1%	86.4%	94.7%	<b>96.4%</b>
<b>Purchased biomass, purchased liquor</b>	3.7	3.9	3.7	2.7	0.5	<b>0.5</b>
% of total	9.0%	10.0%	9.5%	7.1%	1.5%	<b>1.4%</b>
<b>Coal</b>	5.2	4.3	3.6	2.5	1.2	<b>0.18</b>
% of total	12.7%	11.0%	9.3%	6.4%	3.3%	<b>0.5%</b>
<b>Fuel oil</b>	0.3	0.1	0.1	0.1	0.02	<b>0.2</b>
% of total	0.7%	0.2%	0.2%	0.2%	0.1%	<b>0.7%</b>
<b>Other</b>			0.2	0.2	0.2	<b>0.3</b>
% of total			0.0%	0.0%	0.0%	<b>0</b>
<b>Total direct energy use</b>	<b>41.0</b>	<b>39.3</b>	<b>38.9</b>	<b>38.8</b>	<b>36.2</b>	<b>34.1</b>



**Indirect Energy Use (trillion Btu)**

	2015	2016	2017	2018	2019	2020
<b>Electricity</b>	16.5	15.7	15.7	15.9	15.6	<b>15.2</b>
% of total	94.7%	93.5%	93.3%	93.5%	93.4%	<b>93.0%</b>
<b>Steam</b>	0.9	1.1	1.1	1.1	1.1	<b>1.2</b>
% of total	5.3%	6.5%	6.7%	6.5%	6.6%	<b>7.0%</b>
<b>Hot water</b>				0.01	0.02	<b>0.01</b>
% of total				0.0%	0.0%	<b>0.0%</b>
<b>Total indirect energy use</b>	<b>17.4</b>	<b>16.8</b>	<b>16.9</b>	<b>17.0</b>	<b>16.7</b>	<b>16.3</b>



## GHG Emissions Scope 1 & 2 (Million MTCO<sub>2</sub>e)<sup>1</sup>

	Baseline 2015	2016	2017	2018	2019	2020
<b>Direct (Scope 1)</b>	2.2	2.1	2.1	2.1	2.0	<b>1.8</b>
<b>Indirect (Scope 2)</b>	2.7	2.4	2.4	2.4	2.2	<b>2.0</b>
<b>Total emissions</b>	4.9	4.6	4.5	4.5	4.1	<b>3.8</b>
<b>Change from previous year (%)</b>	-0.1%	-7.1%	-0.9%	-1.4%	-7.8%	<b>-7.8%</b>
<b>CO<sub>2</sub>e per metric ton of production (CO<sub>2</sub> intensity)</b>	0.97	0.91	0.89	0.88	0.83	<b>0.77</b>
<b>Specific emissions</b>						
Carbon dioxide (CO <sub>2</sub> )	4.88	4.54	4.51	4.44	4.11	<b>3.77</b>
Methane (CH <sub>4</sub> )	0.006	0.006	0.005	0.005	0.004	<b>0.003</b>
Nitrous oxide (N <sub>2</sub> O)	0.020	0.020	0.019	0.017	0.013	<b>0.012</b>
<b>Market-based emissions<sup>2</sup></b>						
Direct (Scope 1)			2.09	2.08	1.96	<b>1.8</b>
Indirect (Scope 2)			2.48	1.99	1.67	<b>1.6</b>
Total emissions			4.57	4.07	3.64	<b>3.4</b>
<b>Specific emissions</b>						
Carbon dioxide (CO <sub>2</sub> )			4.54	4.50	3.62	<b>3.4</b>
Methane (CH <sub>4</sub> )			0.005	0.005	0.003	<b>0.003</b>
Nitrous oxide (N <sub>2</sub> O)			0.02	0.02	0.01	<b>0.01</b>

1. The U.S. emission factors were based on the 2015 U.S. EPA eGRID2012 version 1.0, and the international emission factors used the International Energy Agency Data Services "CO<sub>2</sub> Emissions from Fuel Combustion" (2013 Edition). Reported CO<sub>2</sub>e emissions are based on location-based emission factors where available. For further details on location or market-based data, please see our CDP Climate Change Investor Response 2017.

2. In 2017, Kimberly-Clark began reporting CO<sub>2</sub>e emissions in market-based emission factors in preparation for the 2018 renewable wind electricity PPA in North America.



### GHG Emissions Scope 3

Category	Baseline 2015		2016		2017		2018		2019		2020	
	Thousand MTCO <sub>2</sub> e	%	Thousand MTCO <sub>2</sub> e	%	Thousand MTCO <sub>2</sub> e	%	Thousand MTCO <sub>2</sub> e	%	Thousand MTCO <sub>2</sub> e	%	Thousand MTCO <sub>2</sub> e	%
Purchased goods & services - Category 1	7,181	54%	7,146	55%	7,010	52%	7,183	56%	7,227	55%	<b>7,618</b>	<b>59%</b>
Capital goods - Category 2	634	5%	569	4%	564	4%	566	4%	676	5%	<b>663</b>	<b>5%</b>
Fuel & energy related activities - Category 3	1,276	10%	1,248	10%	1,237	9%	1,372	11%	1,333	10%	<b>1,287</b>	<b>10%</b>
Upstream transport and distribution - Category 4	1,139	9%	1,133	9%	1,123	8%	1,136	9%	1,150	9%	<b>1,103</b>	<b>8%</b>
Waste generated in operations - Category 5	270	2%	296	2%	284	2%	301	2%	319	2%	<b>272</b>	<b>2%</b>
Business travel - Category 6	82	1%	80	1%	62	0%	49	0%	80	1%	<b>53</b>	<b>0%</b>
Employee commuting - Category 7	20	0%	20	0%	20	0%	19	0%	20	0%	<b>13</b>	<b>0%</b>
Additional categories (8, 9, 10, 11, 13, and 14) do not contribute to the results	0	0%	0	0%	0	0%	0	0%	0	0%	<b>0</b>	<b>0%</b>
End-of-life of sold products - Category 12	2,333	18%	2,142	16%	2,806	21%	1,953	15%	1,859	14%	<b>1,632</b>	<b>13%</b>
Investments - Category 15	388	3%	435	3%	400	3%	346	3%	369	3%	<b>361</b>	<b>3%</b>
<b>Total</b>	<b>13,323</b>		<b>13,069</b>		<b>13,506</b>		<b>12,924</b>		<b>13,033</b>		<b>13,002</b>	

### Other Criteria Pollutants (MT)<sup>1</sup>

	2015	2016	2017	2018	2019	2020
NO <sub>x</sub>	2,562	2,545	2,453	2,536	1,578	<b>1,153</b>
SO <sub>2</sub>	1,860	1,689	1,638	1,692	1,319	<b>42</b>

1. 2010 through 2015 pollutant values were revised to reflect more accurate data from continuous emission monitors compared to previous report responses, which were based on only emission factors.