

\* Kimberly-Clark

October 22, 2024

# Sustainability Climate and Energy



# Kimberly-Clark at a Glance

Fueled by ingenuity, creativity, and an understanding of people's most essential needs, Kimberly-Clark creates products that help individuals experience more of what is important to them. This dedication has helped our portfolio of trusted brands achieve leading share positions in approximately 80 countries.

We have three reportable business segments: Personal Care, Consumer Tissue, and Kimberly-Clark Professional. Our essential products are used by about one-quarter of the world population every day. We embrace our ability to make a positive contribution to the people we serve. Our sustainable practices are designed to support a healthy planet and build stronger communities to allow our business to thrive for decades to come.



## Facts

152  
years  
in business

\$20.4B  
in sales

175+  
countries where  
our brands are sold

41,000  
employees worldwide

For the fiscal year ended December 31, 2023.

# Sustainability 2030 embraces “Better Care for a Better World”



BETTER PRODUCTS

Innovating for more sustainable products



BETTER PLANET

Safeguarding our climate and natural ecosystems



BETTER WORKPLACE





Fostering a culture of integrity and belonging

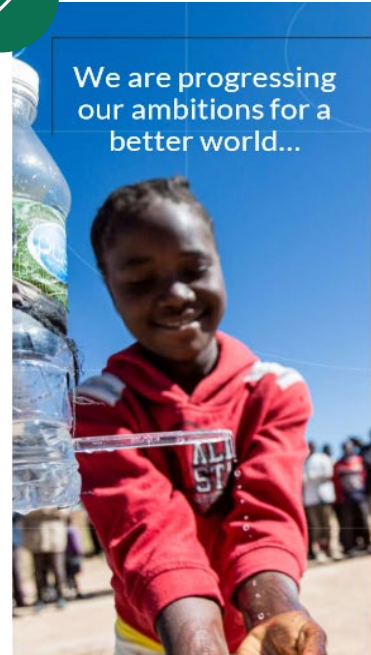


BETTER SOCIETY

Partnering with changemakers to uplift our communities

## BETTER CARE FOR A BETTER WORLD

STRATEGIC FOCUS	OUR 2030 ASPIRATION	2030 GOAL
Forests Footprint 	Address the climate and biodiversity crises by reducing reliance on fiber from natural forests.	Reduce Natural Forest Fiber <sup>2</sup> footprint by 50% compared to 2011.
Carbon Footprint 	Increase energy efficiency while seeking lower carbon alternatives.	Reduce absolute greenhouse gas (GHG) emissions (Scopes 1 and 2) by 50% over 2015 base year. Reduce value chain emissions (Scope 3, Categories 1 and 12) by 20% from base year 2015.*
Plastics Footprint 	Deliver solutions that incorporate more renewable or recycled materials and materials that can be regenerated or repurposed after use.	Reduce plastics footprint by 50% from 2019 base year.
Water Footprint 	Reduce water use at sites in watersheds under stress while supporting community-based water programs.	Reduce the water footprint of our mills in water-stressed <sup>4</sup> areas by 50% over a 2015 base year.
Social Impact 	Provide product innovation and social and community program investments that increase access to sanitation, help children thrive, and empower women and girls.	Advance the well-being of 1 billion people in vulnerable and underserved communities.



We are progressing our ambitions for a better world...

### Sustainability

# 2030

Results through July 2024

Stretch Goals - Brands/ Innovation

**SOCIAL IMPACT**

**205M** ↑

(cumulative lives impacted since 2015)  
2030 goal: 1B Lives Impacted

**PLASTICS FOOTPRINT**

**19%** ↓

(reduction over 2019 baseline)  
2030 Goal: 50% reduction

Supply Chain-Oriented Goals:

**ENERGY & CLIMATE**

**42%** ↓

(Scope 1 & 2 greenhouse gas emissions reduction over 2015)  
2030 Goal: 50% reduction

**FIBER & FORESTS**

**41%** ↓

(reduction in use of fiber from natural forests over 2011)  
2025 Goal: 50% reduction  
Beyond 2030 Goal: 100% reduction

**WATER & WASTEWATER**

**54%** ↓

(reduction in absolute water use over 2015 at mills in stressed watersheds)  
2030 Goal: 50% reduction

We have adopted Science Based Targets initiative (SBTi)-approved GHG emissions reduction goals aligned with the Paris Climate Agreement's principal goal of limiting global temperature rise to well below 2°C above pre-industrial levels.

## OUR GOALS & PROGRESS

### SCOPES 1 AND 2

↓ **50%** reduction of absolute Scope 1 and 2 GHG emissions from a 2015 base year by 2030:

40.9%  against a 50% goal

### SCOPE 3 – CATEGORY 1 (Purchased Goods and Services) & CATEGORY 12 (End of Life Treatment of Sold Products)

↓ **20%** reduction of absolute Scope 3 GHG emissions from a 2015 base year by 2030\*:

19.3%  against a 20% goal<sup>12</sup>

Note: Calculation of our Scope 1 and market-based Scope 2 GHG emissions inventories is aligned with the World Resource Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol (GHG Protocol), Corporate Accounting & Reporting Standard, revised edition. Our Scope 3 assumptions and GHG emissions calculations align with the GHG Protocol's Corporate Value Chain Accounting & Reporting Standard. Progress is provided as of December 31, 2023.

## OUR PILLARS - HOW WE WILL GET THERE

### SCOPES 1 AND 2

1. Driving a culture and capabilities to support energy efficiency throughout our operations
2. Deploying innovative energy conservation projects
3. Embracing low carbon energy solutions

### SCOPE 3 – CATEGORY 1 (Purchased Goods and Services) & CATEGORY 12 (End of Life Treatment of Sold Products)

For Scope 3 emissions reduction we continue to improve data quality from suppliers, while seeking innovative, low-carbon solutions, and alternatives. We have deployed a cross-functional Scope 3 strategy around the following pillars:

1. Fossil fuel-based plastics reduction and alternatives
2. Fiber mix
3. Transportation efficiencies
4. Alternative technologies
5. Recovery and recycling of materials after use

\* 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).

12. Measurement and calculation of Scope 3 GHG emissions continues to be a challenging undertaking, but we have been improving the methodology and accuracy of our emissions data each year. Through ongoing systems enhancement and supplier collaboration engagement, we are continuously improving data quality and are seeking more accurate, innovative, representative emission factors from our largest suppliers.

**1,280,198**

MWh of renewable electricity (Scope 1 and 2)

1,270,883

MWh Virtual\* and Direct PPAs

9,316

MWh On-site solar

**33%** 

/ Grid Electricity



Solar Panels at Pune mill, India



Maverick Creek Wind Farm, TX



Rayos del Sol Solar Farm, TX



Chester CHP, PA

# Full activation of the fundamental pillars of the program ....



## 1. Conservation , 2. Lean Energy

### Enacting Innovative Conservation Efforts

.... Implementation of energy conservation + efficiency improvement actions + best practices deployment

In 2023, more than 150 energy conservation initiatives and building efficiency improvements were deployed at manufacturing sites around the world, yielding approximately 30,200 MTCO<sub>2</sub>e in GHG emissions reductions.



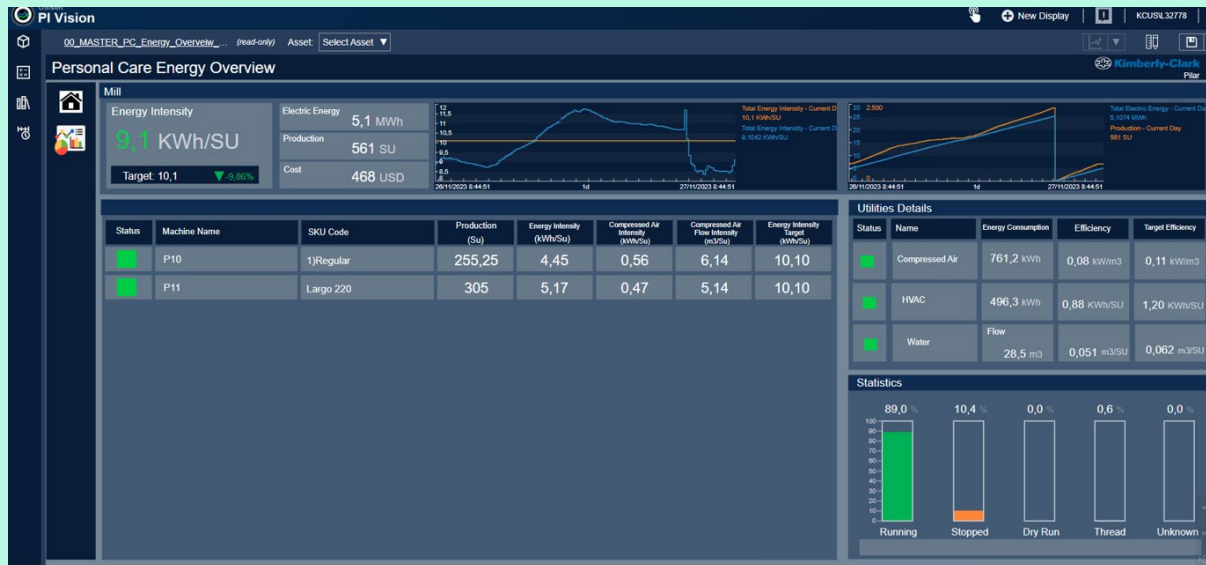
### Driving Greater Energy Efficiency Throughout Our Operations with Lean Energy

....into each facility's daily accountability processes.

Focused on:

- Operational Systems: Process Improvements
- Management Infrastructure: Meters, dashboards and daily accountability process
- MB&C: improvement of trainings, awareness, and recognition

In 2023, we executed more than 45 lean energy efforts, delivering ~10,700 MTCO<sub>2</sub>e in emissions reduction.



# .... And 3.Low Carbon Energy Solutions

UK - **80%** of all electrical power consumption used in our UK production facilities is now renewable

9,485MT CO<sub>2</sub>e of GHG emissions reduction from 32 GWh wind power every year, the equivalent of:

- taking **2,111** vehicles off the road each year.
- OR manufacturing almost **150 million** toilet rolls.



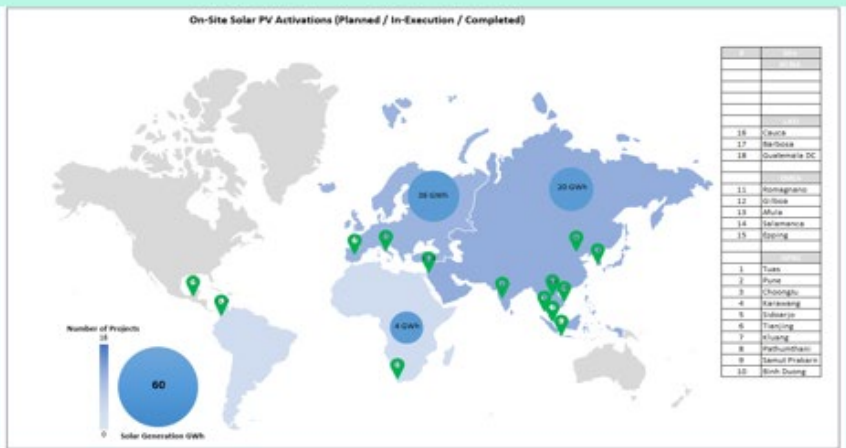


# Solar, Wind, CHP, Biomass

Our carbon footprint strategy involves significant investment in renewable electricity generation. Through on-site installations and **power purchase agreements (PPAs)**, Kimberly-Clark is scaling up our solar and wind inventory to contribute toward our GHG emissions reduction goal and reduce our electricity costs.

Some 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. This has allowed us to remove high carbon intensity fuel sources such as coal from our operations and reduce electricity supply and pricing risk from some of our global facilities.

18 on-site solar PV installations



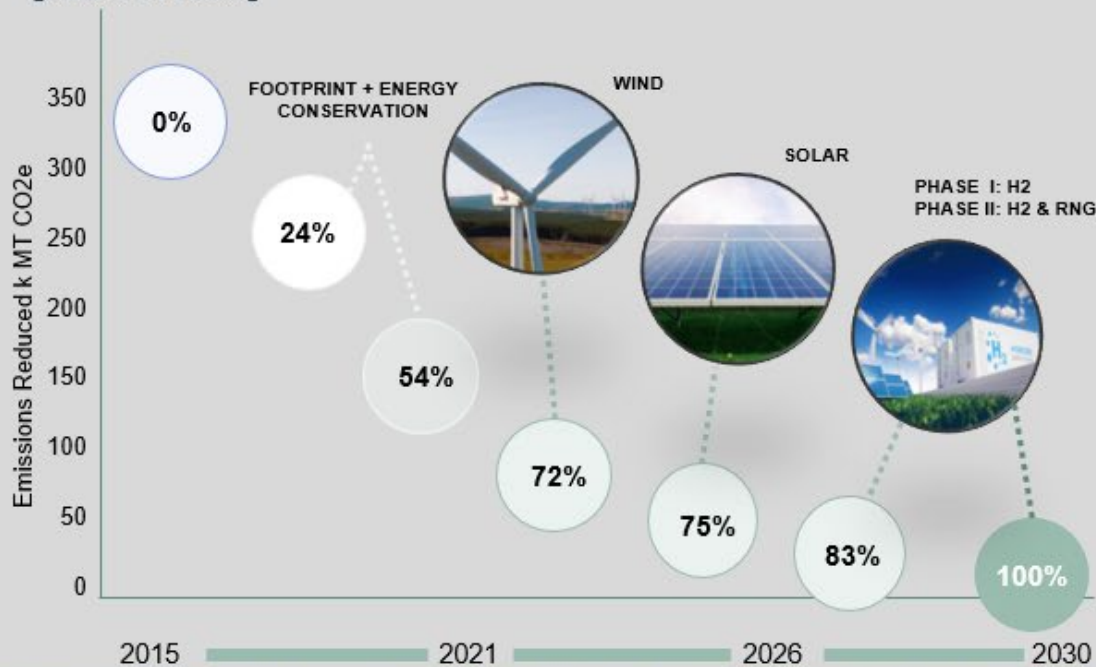
# UK Operations Emission Reduction



By 2030, we expect to meet our ambition of decarbonizing our operations by **100%**

## Pipeline Health

Pipeline fueled by initiatives that enhance energy security, affordability, and are ground-breaking



## Pipeline Drivers

- Policy & Risk:** UK consumers & customers demand aggressive decarbonization strategies aligned to net zero. Additionally, amplified policy action is supporting the energy transition and enabling innovative solutions.
- Renewable Electricity:** Expand our onsite solar executions over the next 2 years to complement the 2023 Cumberhead, Scotland windfarm VPPA that offsets 80% of our electricity consumption.
- Thermal Process Innovation:** KC-UK has secured two hydrogen activations with UK government. Green hydrogen will be made on-site and replace 50% of our current natural gas demand.
- Energy Conservation:** Advanced analytics, modernized equipment, and best practice deployment



# UK Operations Leading the way in Energy Transition

## KC to develop UK's first green hydrogen supply activations at scale



### Overview

KC UK has reinforced its commitment to sustainability by finalizing long-term offtake agreements with its energy partners ready for Q4 signature. The contract will produce & supply hydrogen for its facilities in Cumbria and Kent, as part of two green hydrogen projects selected for the Government's Hydrogen Business Model Strategy (HBMS)

**The first corporate green hydrogen supply agreement at scale**, the HBMS scheme will fund a first-round allocation of 250MW of electrolytic hydrogen projects across United Kingdom, kickstarting the UK's low carbon hydrogen economy

### Impact

**28,500** GHG emission reduction per year

**83%** UK operational emission removal in 2026 (vs 2015 baseline)

**50%** Reduction in natural consumption whilst diversifying fuel-type supply

**\$530MM** government subsidy secured over 15 years

**\$123MM** External investment for green hydrogen supply

**\$1.5MM** Avoids annual carbon taxes from H2 switching

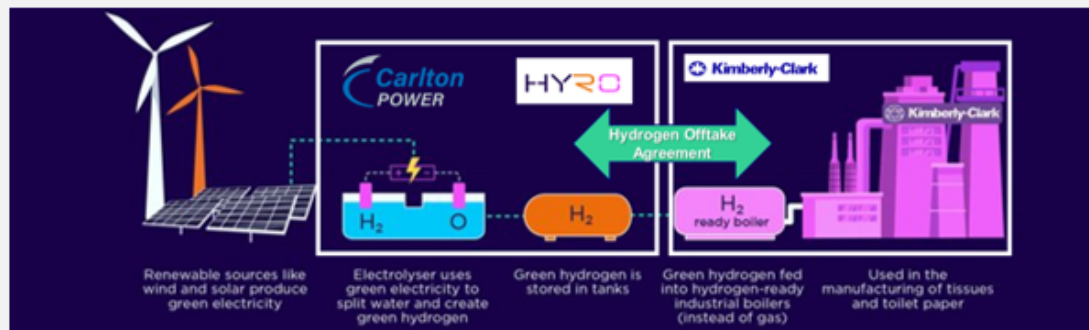
**Q4 2026** First green hydrogen molecule supplied for tissue manufacture



Barrow Mill: 30 MW electrolyzer with Carlton Power



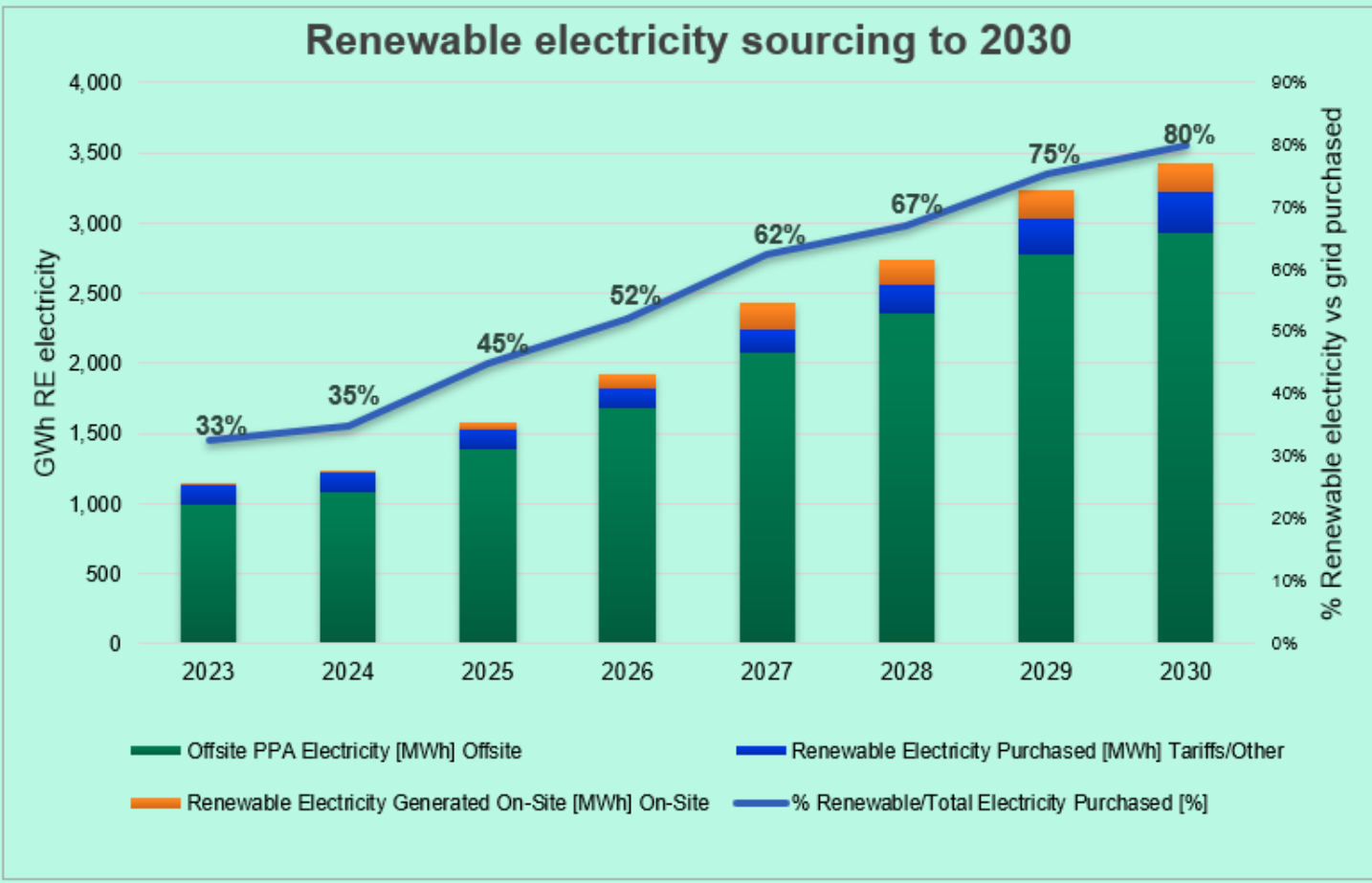
Northfleet Mill: 10MW electrolyzer with HYRO





# A Focus on renewable electricity sourcing to achieve 2030 goals

80% Renewable electricity sourcing will reduce 1M TCO<sub>2e</sub>



## Mission MegaTonne

- Competitive**  
80%+ our electricity sourcing at a predictable, fixed or discounted price by 2030.
- Innovative**  
Diversifying our electricity mix opens the door for process electrification
- Secure Energy Supply**  
More than \$120M is at risk due to electricity price volatility and risk of supply by 2030. Transition risk assessment TCFD
- Sustainability at the core**  
80% renewable electricity supply reduces our scope 2 market-based emissions by 1 Mt CO<sub>2e</sub> annually



## Programme Needs

- Cross-functional task-force covering skills to move fast
- Deploy mechanisms to prioritize and reinvest
- Key pillar of procurement & Net Zero strategy
- Embrace and set the target across segments

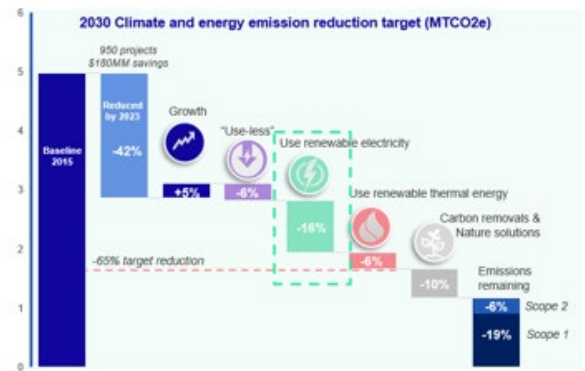
# Looking forward..... 2030 and beyond



## How will KC achieve its climate & energy goals?



Reduce our absolute GHG emissions (Scope 1 & 2) by **65%** over 2015, in alignment with the SBTi Net-Zero Standard, Near-Term Target



1. SBTi re-validation under Net-Zero Standard and Climate Transition Action Plan - CTAP
2. Tactical explorations and activations where maturity of technology, financial opportunity, energy pricing, and carbon abatement potential are strongest – Heat Maps
3. Triangulation with central areas, enterprise supply chain and other pillars of sustainability
4. Activate additional financial levers: Capex funds, ICP, valuation of sustainability (ROSI, building business cases), EaaS, grants, incentives
5. K-C's Scope 2 GHG emissions accounts for 60% of the combined operational emissions (Scope 1+2). Then, decarbonization of thermal energy (Scope 2) is critical for reaching carbon neutrality in tissue manufacturing (Advance Thermal Integration necessary )



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SUSTAINABILITY