



PRIORITY TOPIC: ENERGY & CLIMATE

INCREASING OUR ENERGY EFFICIENCY WHILE SEEKING LOWER CARBON SOLUTIONS.

We deploy energy conservation and alternative energy programs to minimize climate change impacts, reduce greenhouse gas (GHG) emissions from our operations and transform our financial performance.

Our program focuses on:

- Reducing our GHG emissions from our direct emissions from operations ("Scope 1") and our indirect emissions from utility suppliers ("Scope 2").
- Measuring GHG emissions from our upstream and downstream supply chain ("Scope 3").
- For additional information, see [10-K](#) or [Proxy Statement](#).

2022 GOAL(S)

20% REDUCTION in absolute greenhouse gases versus a 2005 baseline.

(Note: Modeling using the Science-Based Targets Initiative's "Sectoral Decarbonisation Approach" validates that this target is aligned with climate science and is "science-based").

HOW IMPACT IS ACHIEVED AND MEASURED

- Energy Conservation: Reduce greenhouse gas emissions and total delivered costs through LEAN Energy deployment and energy efficiency standard practice adoption across our operations. LEAN Energy engages employees in a culture of conservation to execute process changes which optimize energy efficiency.
- Alternative Energy: Create a step change reduction in greenhouse gas emissions and energy cost by switching to lower carbon emitting fuels (e.g. gas, biomass and renewable energy).
- Energy Supply: Manage energy supply to optimize price and cost predictability across our operations.

PRIORITY TOPIC:
ENERGY & CLIMATE (CONTINUED)



2017 PROGRESS

Our 2017 target was to reduce our Scope 1 and 2 absolute greenhouse gas (GHG) emissions by 18% over our 2005 baseline. Through deployment of our energy conservation and alternative energy programs, we achieved this goal and our cost savings targets.

In 2017, we announced two renewable energy wind power agreements to purchase approximately 1,000,000 megawatt hours (245 megawatts – MW) of electricity annually from new projects in Texas and Oklahoma. The long-term power purchase agreements (PPA) include wind energy from the Rock Falls Wind project in Northern Oklahoma, being developed by EDF Renewable Energy, and the Santa Rita Wind Energy Center in West Texas, being built by Invenergy. The Rock Falls Wind project became operational at the end of 2017, and the Santa Rita facility is expected to begin commercial operation by the second quarter of 2018.

The renewable energy supplied by the wind farms is equivalent to about one-third of the electricity needs of Kimberly-Clark's North American manufacturing operations,

and will enable the company to reduce its greenhouse gas emissions by up to 550,000 metric tons annually. This is equivalent to removing 116,178 passenger vehicles from the road.

OTHER ENERGY PROGRAMS

1) Alternative Energy

- Fuel switching with natural gas at our Chester, Pennsylvania facility to lower carbon emissions.
- Announced two co-generation projects at our company's Mobile, Alabama and Puenta Piedra, Peru manufacturing facilities due to start-up in 2019. These accompany six large-scale electricity co-generation facilities with waste heat recovery.
- Four biomass thermal energy generating plants that provide steam for our company's tissue operations.

2) Energy Conservation

- Deployment of 174 Energy Conservation projects in 2017 (more than 350 since 2015).

3) LEAN Energy

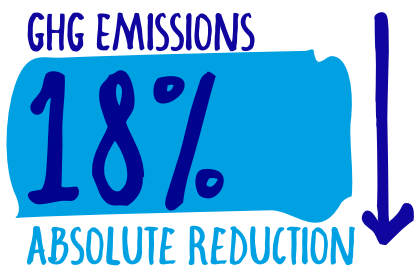
- Expansion of our LEAN Energy Management System at 35 of our manufacturing sites globally.

Through these efforts we achieved our reduction target with an absolute reduction in GHG emissions by 18% from a 2005 baseline.

SCOPE 3 GHG EMISSIONS

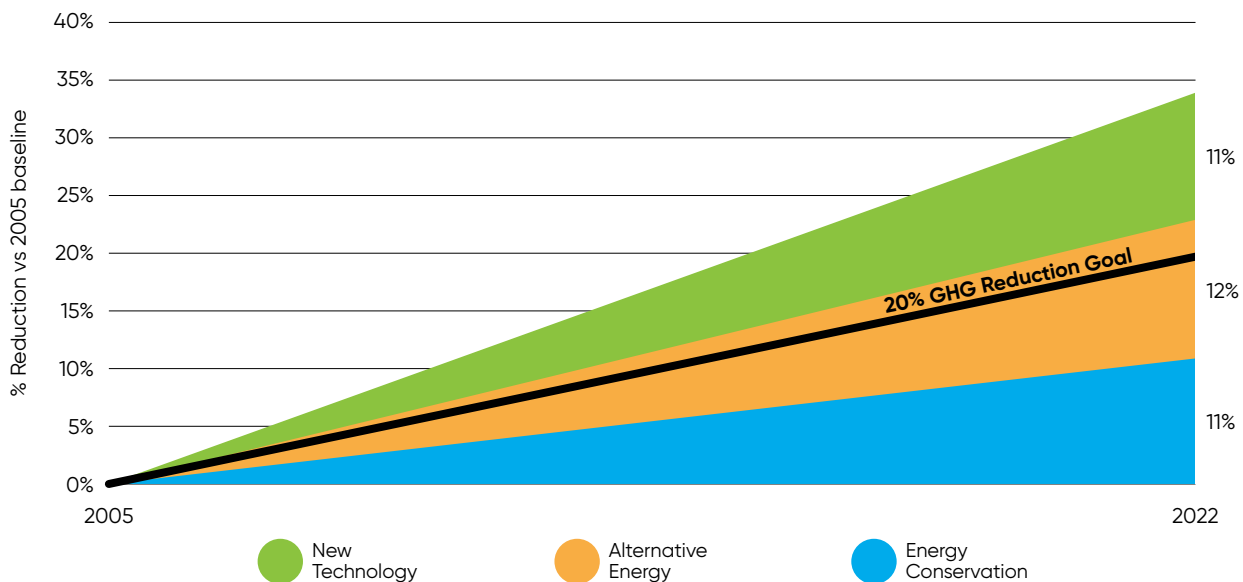
We partnered with World Resource Institute and WWF to measure our Scope 3 emissions, and learned that the majority of these emissions are found in three areas: purchased goods and services, transportation and distribution, and post-consumer waste.

Our Scope 3 program, designed to improve our product carbon footprint, will help us create greater efficiencies in our value chain and further deliver on our vision to lead the world in essentials for a better life.



DRIVING INNOVATION IN ENERGY MANAGEMENT TO CREATE VALUE AND REDUCE GHG EMISSIONS.

\$2022 GHG Reduction Glidepath by Strategy





POWERING WITH RENEWABLE WIND ENERGY

NORTH AMERICA

In 2017, Kimberly-Clark announced a commitment to renewable energy with two new wind power agreements to purchase approximately 1,000,000 megawatt hours (245 megawatts – MW) of electricity annually from new projects in Texas and Oklahoma. The power purchased will fuel our North American operations.

The long-term power purchase agreements (PPA) will enable Kimberly-Clark to reduce its greenhouse gas emissions by up to 550,000 metric tons annually. This is equivalent to removing 116,178 passenger vehicles from the road.

 [Read more about renewable energy](#)

OUR FIRST SCOPE 3 EMISSIONS CALCULATION

GLOBAL

As part of our global energy and climate goal to reduce greenhouse gas emissions (GHG), we embarked on work to measure and reduce our Scope 3 emissions – the indirect emissions that occur both upstream and downstream in our supply chain. Going forward, these learnings will be a foundation for future value stream greenhouse gas emissions reductions.

 [Read more about our emissions-reduction goal](#)

USING INNOVATION TO IMPROVE ENERGY EFFICIENCY

NORTH AMERICA AND LATIN AMERICA

In 2017, we invested \$75 million in the construction of a combined heat-and-power plant to improve the energy efficiency of our Mobile, Alabama, tissue plant; and \$8.1 million into our Puente Piedra plant in Peru. These co-generation facilities will improve energy efficiency and will transform the financial performance of the plants.

 [Read more about energy efficiency](#)



ENERGY USE (TRILLION BTU)	2010	2011	2012	2013	2014	2015	2016	2017
Non-renewable energy	60.8	59.8	54.4	53.1	53.1	53.8	51.9	51.74
% of total	85%	86%	94%	93%	92.8%	93.6%	92.2%	92.4%
Renewable energy ¹	10.5	9.6	3.6	4.0	4.1	3.7	4.4	4.24
% of total	14.7%	13.8%	6.2%	7.0%	7.2%	6.4%	7.8%	7.6%
Total Energy Use	71.3	69.3	58.0	57.1	57.2	57.5	56.3	56.0
Energy Efficiency (million BTU/MT of production)	14.2	14.7	12.3	12.0	11.5	11.4	11.2	11.0

(1) Our 2017 renewable energy does not include power from the North American purchase power agreements, which will be reflected in the 2018 report.

DIRECT ENERGY USE (TRILLION BTU)	2010	2011	2012	2013	2014	2015	2016	2017
Natural gas	29.1	29.6	30.0	29.9	29.7	30.9	31.0	31.5
% of total	54.0%	56.8%	73.1%	74.3%	73.2%	75.4%	78.9%	81.1%
Purchased biomass, purchased liquor	15.5	14.1	3.6	4.0	4.1	3.7	3.9	3.7
% of total	28.9%	27.0%	8.7%	10.0%	10.9%	9.0%	10.0%	9.5%
Coal	7.8	7.3	6.5	5.6	5.5	5.2	4.3	3.6
% of total	14.4%	13.9%	15.8%	13.9%	13.4%	12.7%	11.0%	9.3%
Fuel oil	1.3	1.0	0.9	0.7	0.5	0.3	0.1	0.1
% of total	2.4%	2.0%	2.1%	1.7%	1.2%	0.7%	0.2%	0.2%
Other	–	–	–	–	–	–	–	0.2
% of total	–	–	–	–	–	–	–	0.0
Total Direct Energy use	53.6	52.0	40.9	40.1	40.0	41.0	39.3	38.9

INDIRECT ENERGY USE (TRILLION BTU)	2010	2011	2012	2013	2014	2015	2016	2017
Electricity	17.52	17.21	16.94	16.96	16.59	16.50	15.71	15.73
% of total	99.0%	99.2%	99.2%	99.4%	95.1%	94.7%	93.5%	93.3%
Steam	0.2	0.1	0.1	0.1	0.9	0.9	1.1	1.1
% of total	1.0%	0.8%	0.8%	0.6%	4.9%	5.3%	6.5%	6.7%
Total Indirect Energy use	17.7	17.4	17.1	17.1	17.4	17.4	16.8	16.9



GREENHOUSE GAS EMISSIONS (MILLION MT CO₂E)	2005 (base year)	2010	2011	2012	2013	2014	2015	2016 ¹	2017
Direct (Scope 1)	2.6	2.5	2.5	2.4	2.2	2.2	2.2	2.1	2.09
Indirect (Scope 2)	2.9	2.8	2.7	2.7	2.7	2.7	2.7	2.4	2.44
Total emissions	5.5	5.3	5.2	5.1	5.0	4.9	4.9	4.6	4.53
Change from previous year (%)	N/A	N/A	-1.6%	-2.4%	-2.3%	-1.1%	-0.1%	-7.1%	-0.9%
CO ₂ e per metric ton of production (CO ₂ intensity)		1.05	1.11	1.08	1.04	0.99	0.97	0.91	0.89
Specific emissions									
Carbon Dioxide (CO ₂)		5,240	5,157	5,048	4,934	4,899	4,879	4,544	4,505
Methane (CH ₄)		0.011	0.010	0.006	0.006	0.006	0.006	0.006	0.005
Nitrous Oxide (N ₂ O)		0.033	0.031	0.020	0.020	0.021	0.020	0.020	0.019
Market-based emissions²									
Direct (Scope 1)	2.6	–	–	–	–	–	–	–	2.09
Indirect (Scope 2)	3.0	–	–	–	–	–	–	–	2.48
Total emissions	5.6	–	–	–	–	–	–	–	4.57
Specific emissions									
Carbon Dioxide (CO ₂)	5,526	–	–	–	–	–	–	–	4,544
Methane (CH ₄)	0.008	–	–	–	–	–	–	–	0.005
Nitrous Oxide (N ₂ O)	0.031	–	–	–	–	–	–	–	0.018

(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 "CO₂ Emissions from Fuel Combustion" (2013 Edition). Reported CO₂e emissions are based on location-based emission factors unless noted otherwise. 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 CO₂e emissions in market-based emission factors in preparation for the 2018 renewable wind electricity PPA in North America.

OTHER CRITERIA POLLUTANTS (MT)¹	2010	2011	2012	2013	2014	2015	2016	2017
NO _x	3,948	3,833	2,915	2,869	2,895	2,562	2,545	2,453
SO ₂	4,193	3,031	2,452	1,787	1,776	1,860	1,689	1,638

(1) 2010 through 2015 pollutant values were revised in 2016 to reflect more accurate data from continuous emission monitors compared to previous report responses which were based only on emission factors.



INTERMODAL TRANSPORTATION (NORTH AMERICA)¹	2010	2011	2012	2013	2014	2015	2016	2017
Total Intermodal loads	78,502	87,934	91,353	92,536	95,987	87,517	85,630	79,694
Annual change	22%	12%	4%	1%	4%	-5%	-2%	-9%
Miles traveled (millions)	109.4	117.8	119.6	120.0	122.0	112.9	111.8	103.8
Intermodal cost savings (\$M) vs. over-the-road truck costs	44.2	55.8	60.3	59.2	62.1	56.5	53.9	44.6
Estimated fuel use (million gallons of diesel)								
Intermodal	9.1	9.8	10.0	10.0	10.2	9.4	9.3	8.7
Comparable truck-only fuel use	18.2	19.6	19.9	20.0	20.3	18.8	18.6	17.3
Estimated gallons saved	9.1	9.8	10.0	10.0	10.2	9.4	9.3	8.7
Estimated GHG emissions (million pounds – Scope 3)²								
Intermodal	204.7	220.4	223.8	224.4	228.3	211.2	209.2	194.2
Comparable truck-only fuel use	409.4	440.9	447.7	448.8	456.6	422.3	418.3	388.5
Savings	204.7	220.4	223.8	224.4	228.3	211.2	209.2	194.2

(1) All figures are estimates.

(2) Pounds of GHG emissions based on estimate of 22.45 pounds per gallon of diesel fuel.

Note: total truckload volume was lower in 2017 (vs. 2016) by about 5% and that reduction translated into fewer Intermodal shipments.

2017 SCOPE 3 CALCULATION RESULTS	CO ₂ E (thousand t/yr)	%
Category¹		
Purchased Goods and Services – Category 1	7,040	54.4%
Capital Goods – Category 2	564	4.4%
Fuel and Energy Related Activities – Category 3	1,237	9.6%
Upstream transport and distribution – Category 4	1,141	8.8%
Waste generated in operations – Category 5	283	2.2%
Business travel – Category 6	63	0.5%
Employee commuting – Category 7	20	0.2%
Additional Categories (8, 9, 10, 11, 13 and 14) do not contribute to the results	–	0%
End of Life of sold products – Category 12	2,187	16.9%
Investments – Category 15	400	3.1%

(1) These categories are built referencing the Greenhouse Gas Protocol and supplement to the Corporate Value Chain Accounting and Reporting Standard. Categories left blank are considered non-material to Kimberly-Clark's business.