



TOWARDS A SUSTAINABLE FUTURE

KIMBERLY-CLARK
AUSTRALIA & NEW ZEALAND
SUSTAINABILITY 2020
PROGRESS REPORT (2017)



Kimberly-Clark
Australia & New Zealand

SUSTAINABILITY AT KIMBERLY-CLARK

For nearly 150 years Kimberly-Clark has placed sustainability at the core of our business and it remains an integral element of our company vision to lead the world in essentials for a better life.

Our commitment to sustainability ensures we make a lasting impact on the people we serve around the globe: the people we help empower, the customers we support, and the communities we touch. By using sustainable practices, we are also creating value for our company.

In Australia and New Zealand (ANZ), sustainability is a key focus of our local business strategy. We have developed a specific set of sustainability goals for ANZ: Sustainability 2020, which brings together the power of our brands, operations and employees and guides the development of initiatives, practices and the ways we work together with our customers, consumers, partners and suppliers to ensure we're looking after our world for generations to come.

The ANZ Sustainability update for 2017 reflects on our local performance in the second year of the Sustainability 2020 strategy. We are pleased to report that at the end of year two, we remain on track with our new goals and through this work are delivering environmental, social and business value across five key priority areas – Social Impact, Forests & Fibre, Waste & Recycling, Energy & Climate, and Supply Chain.

We know that we have ongoing opportunities to make a big impact on the communities in which we live and work and we are committed to delivering continued change in the years to come.

OUR VISION

Kimberly-Clark
Australia & New Zealand

TO LEAD THE WORLD IN ESSENTIALS FOR A BETTER LIFE



Kimberly-Clark
Australia & New Zealand

SUSTAINABILITY 2020 PROGRESS SCORECARD

*Our
priorities*



**SOCIAL
IMPACT**



**FORESTS
& FIBRE**



**WASTE &
RECYCLING**



**ENERGY
& CLIMATE**



**SUPPLY
CHAIN**

*ANZ
2020 goals*

IMPROVE THE
WELL-BEING OF
1.2M
PEOPLE
THROUGH
OUR BRANDS

MAINTAIN
100%
OF FIBRE FROM
FSC® CERTIFIED OR
FSC® CONTROLLED
WOOD SOURCES

EXTEND OUR
ZERO
WASTE
MINDSET

40%
REDUCTION
IN CARBON
EMISSIONS

100%
COMPLIANT
WITH
ENVIRONMENTAL
HEALTH AND
SAFETY
STANDARDS

*2017
progress*

120,000 LIVES
Improved
through
our brand-led
social and
education
programs

100%
Fibre from FSC®
certified or
controlled
wood sources
34%
Consumer
awareness
of FSC®

91.4%
Manufacturing
waste diverted
from landfill
14.6 TONNES
Flexible
plastics
recycled

47%
Reduction
in carbon
emissions
from 2011
baseline

22%
Decrease in
reportable
injuries

SOCIAL IMPACT



Globally, Kimberly-Clark is proud to deliver essentials for a better life to nearly one-quarter of the world's population every day through products from our leading brands like Kleenex®, Huggies®, U by Kotex® and Depend®.

We are committed to extending our brand leadership beyond functional and emotional benefits to deliver lasting social benefits. We're focused on helping children thrive, empowering women and girls and improving access to sanitation and we're bringing our customers and consumers on the journey to address these important issues.



U BY KOTEX WORKING HARD TO CHAMPION WOMEN'S PROGRESS

Through our U by Kotex brand we are working hard to champion women's progress and ensure that a period, or social stigmas about periods, never hold women back from achieving their full potential. This is why U by Kotex has partnered on a series of initiatives that enable us to provide much-needed support to women and girls in need throughout Australia and New Zealand:

- We provided our essential feminine hygiene products to **Share the Dignity**, a National Australian charity whose mission is to ensure that no woman should have to suffer the indignity of going without sanitary items at a time when she needs it the most. **Share the Dignity** help us get our products in the hands of people in need, from those in remote indigenous communities to homeless and domestic violence shelters, and many others who don't have access to our products.
- We partnered on an important social media and PR campaign with health promotion charity **EndoActive** to create awareness about the impacts of the menstrual condition Endometriosis. We reached approximately 1.1 million people and helped promote better education and outcomes for young women affected by the condition.
- We donated 2,000 U by Kotex feminine hygiene packs to New Zealand's first online food bank – **The Foodbank Project** – to be distributed to families and individuals in need through **The Salvation Army's Manukau Community Ministry**.
- We reached over 314,000 students across ANZ with our fully syllabus compliant U by Kotex Puberty Education Program which provides teachers and health professionals with detailed resources and product samples to support their lessons on puberty and menstruation.

IN 2017 IN ANZ WE IMPROVED THE LIVES OF OVER 120,000 PEOPLE THROUGH OUR BRAND-LED SOCIAL AND EDUCATION PROGRAMS.

It is Huggies ambition to extend a mothers embrace with our essential products to ensure babies can thrive. In 2017, we continued to support **The Nappy Collective** charity during their donation drive in May and were a major sponsor of their 10th anniversary drive in October, providing over 27,000 sample nappy packs to be redistributed to disadvantaged families in need.

To support the introduction of our Huggies Micro and Nano premie nappies (our tiniest nappies ever), we launched a partnership with **Life's Little Treasures Foundation**, Australia's leading charity supporting families of premie and sick babies. We were also excited to be major sponsors of the annual Walk for Prems charity event, which is held in major cities across Australia to raise funds and awareness for premature babies.

And we continued our 25-year-strong partnership with New Zealand's **Plunket**

organisation to deliver critical support to thousands of families in communities throughout New Zealand. By providing financial assistance and donating over \$345,000 worth of product, the Huggies brand has helped **Plunket** facilitate a range of education initiatives, sampling programs, awareness campaigns and successfully launch a nappy bank in South Auckland – providing unparalleled

access to products and services that ensure babies and children have the essential resources they need to thrive.

In addition, we provided over 10.5 tonnes of our essential products to Australia's largest hunger relief organisation, **Foodbank**, for distribution to the 3.6 million disadvantaged Australians who need assistance most.



Note: The data point '120,000 lives impacted through brand-led social and education programs' – pertains to the total number of people reached through our Plunket partnership initiatives in New Zealand.

FORESTS & FIBRE



Kimberly-Clark globally is one of the world's largest buyers of market pulp, meaning we have a duty to protect the world's valuable forest environments to conserve terrestrial biodiversity, address climate change and ensure a resilient supply chain for our products. We are committed to reducing our impact on forests through innovation and responsible sourcing, prioritising the use of fibre from environmentally-preferred sources, whilst continuing the challenging work of developing alternatives to traditional sources of fibre for our products. And we're using the strong reputation of our brands to raise awareness of responsible forestry with our consumers.

100% of the fibre used in our tissue and towel products has been sourced from **Forest Stewardship Council® (FSC®)** certified or FSC® Controlled Wood sources.

Through our Love Your Forests program with **WWF-Australia**, which launched in 2011, we have worked on building recognition and understanding of FSC® certification and emphasising the fact that small choices, like the brand of toilet tissue purchased, can have a big impact on the environment. We are incredibly proud to share that over seven years, the program achieved its goal of raising consumer awareness of responsible forest management and 34% of Australians were aware of the FSC® logo in 2017, due in part to this work. Moreover, since the campaign commenced, we have

seen a marked uptake in FSC® certification right across the tissue sector. As we have exceeded our program goals, we will not be continuing the program from mid-2018, however as always, we can guarantee that Kimberly-Clark remains deeply committed to supporting responsible forestry.

We maintained **Environmental Choice New Zealand** certification across a wide range of our Kimberly-Clark Professional paper products, including our Kleenex® and Scott® Toilet Tissue and Kleenex® and Scott Compact and Optimum Towel range. Recognising the genuine moves made by manufacturers to reduce the environmental impacts of their products, Environmental Choice provides a credible

and independent guide for consumers who want to purchase products that are better for the environment.

In 2017 we also continued our Kleenex® tissue brand partnership with the **Wingspan National Bird of Prey Centre** as part of our SneezeSafe Healthy Forests education program. In support of conservation efforts for the threatened Kārearea species (New Zealand Falcon), more than 10,000 primary school students throughout New Zealand acted as Wingspan Warriors - participating in activities and lessons to learn more about the importance of the Kārearea and encourage the protection of their natural pine forest environments.

WASTE & RECYCLING



Across our business, we continue to extend our zero-waste mindset. We are committed to eliminating waste in our processes, products and packaging, while also exceeding our consumers' expectations for safe and effective products. In 2017, we diverted 91.4% of our manufacturing waste from landfill. And our programs for post-consumer waste are gaining traction. We understand the value of materials in our product categories and seek secondary, beneficial uses of these materials from source to shelf – and beyond.



We continuously review our practices to ensure we are adopting more sustainable packaging solutions. As part of our Australian Packaging Covenant Organisation (APCO) Plan, we regularly review the specifications of all our packaging materials and ensure our packaging design selection is carried out under the principles of the APCO Sustainable Packaging Guidelines (SPG), which outline the principles for optimising the design and selection of packaging for the environment.

As a leading producer of a wide range of non-woven, single-use products, Kimberly-Clark is committed to educating consumers about the correct disposable methods for our products, to help prevent damaging materials ending up in the environment or entering water systems. Part of this process is helping consumers understand what is – and is not – safe to flush. For our range of non-flushable consumer products, which includes our Huggies baby wipes, U by Kotex tampons and Kleenex® facial tissues among others, we have begun the process of updating our labelling to include a prominent 'DO NOT FLUSH' logo on our packaging.



PACKAGING

Across ANZ, 14.6 tonnes or 3.6 million pieces of Kimberly-Clark plastic packaging were recycled. This was a 21% increase from 2016.

In Australia we continued our foundation partnership with the **REDcycle program**, which enables consumers to drop their flexible packaging at key points, like supermarkets. The plastic packaging is sent to a local manufacturer, Replas, where it's made into new products like outdoor park benches and playground equipment. In New Zealand we have a similar partnership with the **Soft Plastics Recycling Program**. We are pleased to share that the program has now expanded to include drop-off points in 350 stores (up from 260 stores in 2016).

WASTE

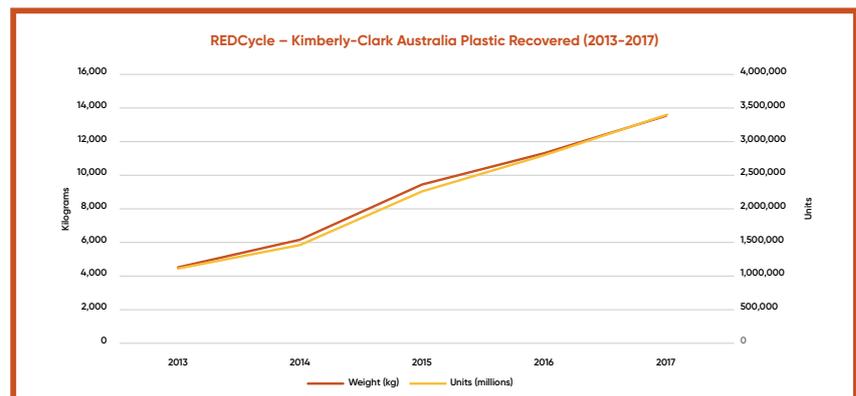
Continuing our commitment to environmental performance and sustainability, our Millicent Mill passed the annual surveillance audit for ISO 14001:2015, Environmental Management System (EMS). Retaining this highly regarded international standard ensures that Millicent Mill not only fulfils all compliance obligations and objectives set out in the Standard, but continues to reduce its environmental impact.

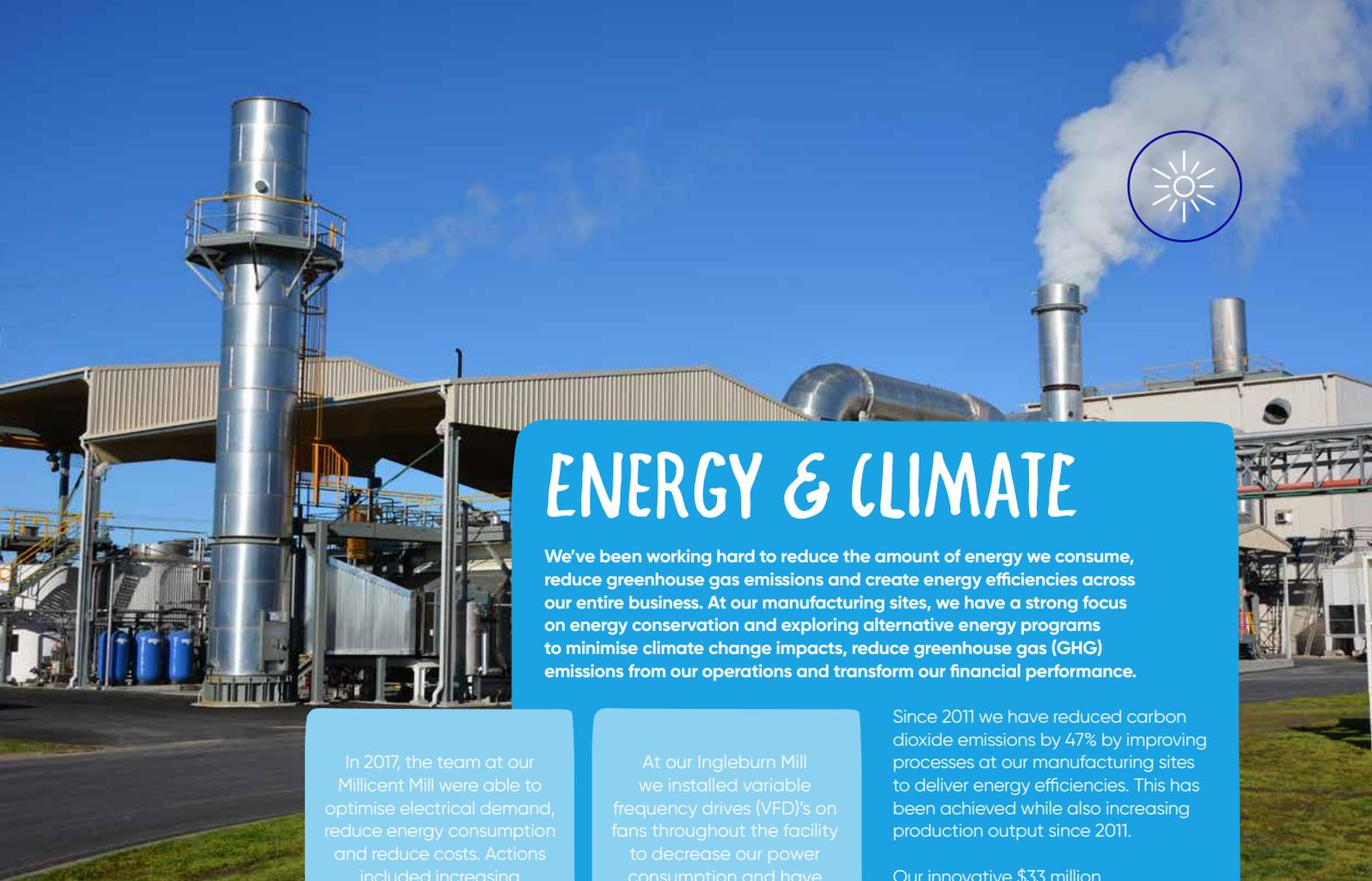
Our Millicent Mill has an extremely high recycle rate. In 2017, 92.6% of solid waste material generated from the mill was successfully recycled through

local companies. This included all sludge (tissue fibre waste), low density polypropylene plastic, cardboard, scrap metal and e-waste materials.

In 2017, our state of the art nappy reclaim facility at our Ingleburn Mill processed 355 tonnes of faulty and discarded nappies. As a result of this process, super absorbent materials are re-used and made into new nappies and the other materials are recycled by a third party.

In addition, our Ingleburn Mill facility now diverts approximately 16 - 20 cardboard glue drums from landfill a day. The result of a new recycling solution (in partnership with Cleanway Environmental Services), this process enables the drums to be cleaned and re-used, diverting one of our most difficult manufacturing waste streams from impacting the environment.





ENERGY & CLIMATE

We've been working hard to reduce the amount of energy we consume, reduce greenhouse gas emissions and create energy efficiencies across our entire business. At our manufacturing sites, we have a strong focus on energy conservation and exploring alternative energy programs to minimise climate change impacts, reduce greenhouse gas (GHG) emissions from our operations and transform our financial performance.

In 2017, the team at our Millicent Mill were able to optimise electrical demand, reduce energy consumption and reduce costs. Actions included increasing the level of automation of climate control in manufacturing areas.

At our Ingleburn Mill we installed variable frequency drives (VFD)'s on fans throughout the facility to decrease our power consumption and have upgraded to a compressed air system to reduce energy costs.

Since 2011 we have reduced carbon dioxide emissions by 47% by improving processes at our manufacturing sites to deliver energy efficiencies. This has been achieved while also increasing production output since 2011.

Our innovative \$33 million cogeneration facility at our Millicent Mill facility plays a critical role in lowering total energy consumption at the site, in addition to providing the overall environmental benefits of reduced carbon dioxide emissions.

Note: Correction from 2016 report:

The 2016 carbon emissions reduction number was incorrectly stated in last year's sustainability update. The reduction was stated as 37%, when it should have been communicated as a 43% reduction in carbon emissions from our 2011 baseline. This occurred as we incorrectly excluded the Albury Mill facility (which closed in 2015), from our baseline. However according to the greenhouse gas (GHG) protocol we follow as an enterprise, we should have included this facility in baseline calculations.

SUPPLY CHAIN

We value compliance with environmental, health and safety standards. Our goal is to maintain social and environmental compliance throughout our own operations and those of our suppliers by managing internal and external product supply risks and continuously improving our compliance programs.

In 2017, we achieved the lowest injury rate ever recorded for Kimberly-Clark Australia and New Zealand, which equated to a 22% decrease in reportable injuries from 2016. This result can largely be attributed to our continued focus on proactive risk reduction. This work included initiatives to improve employee awareness of essential safety principles and preventative measures and diligent reporting of all incidents.

Both our Millicent and Ingleburn Mill facilities passed a comprehensive Corporate Environmental Health and

Safety audit, confirming compliance with current Kimberly-Clark environmental and safety standards. This ensures we are continuously improving our systems and standards and assessing performance gaps. These include air emissions, chemical management, water, waste and wastewater treatment and others.

We continued our commitment to employee wellbeing, launching a fully integrated employee wellness program featuring an online health assessment and 12-month calendar of activities

and resources. This program assists employees to evaluate and set health, fitness and nutrition goals, access techniques for managing stress and achieve work/life balance.

Water conservation initiatives also remained a priority focus. Our Millicent Mill achieved a 7% reduction in the total amount of water used in the tissue manufacturing process (vs 2016 results). Increased water efficiencies in our KCA5 facility, where we make Kleenex® toilet tissue and VIVA paper towel, were successfully achieved.



IN 2017, WE ACHIEVED OUR LOWEST INJURY RATE EVER RECORDED FOR KIMBERLY-CLARK AUSTRALIA AND NEW ZEALAND