

## Addressing Modern Slavery in our Supply Chain

Kimberly-Clark's well-known consumer and away-from-home brands, including Kleenex, Kotex, Huggies, Pull-Ups, KleenGuard, Andrex, and WypAll are an indispensable part of life for people in more than 175 countries.

Billions of people choose Kimberly-Clark products each day to make a positive difference in their lives. This important responsibility requires that we build and maintain the trust of our consumers, shareholders, employees and other interested parties by managing our business responsibly.

This responsibility is about making a positive contribution to the people we serve around the globe while applying sustainable practices throughout our supply chain to support a healthier planet and build stronger communities. In all that we do, we're working to build a legacy of positive impact.

Kimberly-Clark stands against slavery and human trafficking in any form. In line with our Values, Code of Conduct and Corporate Policies, and pursuant to the UK Modern Slavery Act (2015), California Transparency in Supply Chains Act, and the Australian Modern Slavery Act (2018)(Cth), this document describes the steps we have taken to combat slavery and human trafficking globally in the 2020 financial year (ending 31 December 2020).

### How this Statement has been Developed

This Statement has been developed through a process of consultation involving officers and senior managers of Kimberly-Clark Corporation, Kimberly-Clark Limited, Kimberly-Clark Europe Limited, Kimberly-Clark European Services Limited and the following three entities which are each reporting entities for the purposes of the Australian Modern Slavery Act 2018 (Cth): Kimberly-Clark Pacific Holdings Pty Limited, Kimberly-Clark Australia Holdings Pty Limited, and Kimberly-Clark Australia Pty Ltd and their subsidiaries, in the course of which the participants have had the opportunity to have input into, and to approve, the content of this Statement.

To learn more about Kimberly-Clark please visit the [About Us section](#) of our website.

### Organisation Structure, Operations & Supply Chains

With manufacturing operations in 34 countries and approximately 46,000 employees – and fueled by ingenuity, creativity, and an understanding of people's most essential needs – Kimberly-Clark's portfolio of trusted products includes sanitary and incontinence products, paper towel, facial and bath tissue products, cleansing wipes and diapers.

We are supported by over 25,000 suppliers worldwide, who not only provide quality raw materials and finished goods, but also service our offices with supplies, software and services, including marketing and media to help us communicate with our customers and consumers.

In addition to working with suppliers, Kimberly-Clark operates a highly efficient supply chain of its own, consisting of a global network of distribution centers, serviced by logistics operators, to deliver our products to our wholesaler, distributor and retailer partners. These partners in turn operate complex supply chains to deliver these products to our end-user customers.

To learn more about our leadership structure, please visit the [Leadership Team section](#) of our website.

## Our Policies related to Modern Slavery and Human Trafficking

Kimberly-Clark takes a global approach to dealing with modern slavery and human trafficking risks. Kimberly-Clark's [Code of Conduct](#) and [Human Rights Policy](#) establish the company's expectations, provide guidance and create accountability for our people with respect to human rights and other ethical concerns.

Similarly, we have published [Supplier Social Compliance Standards](#) (SSCS) – aligned with the ILO's *Declaration on Fundamental Principles and Rights at Work*, UN *Guiding Principles on Business and Human Rights*, the UN Global Compact, and the Ethical Trading Initiative's *ETI Base Code* – which set forth our principles and procedures to hold suppliers, employees, and contractors accountable for combating forced labour and human trafficking. Suppliers must evaluate and address risks of human trafficking and slavery and not produce goods or services using forced, bonded, indentured, involuntary convict or compulsory labour, and comply with applicable laws. Suppliers acknowledge and agree to the SSCS as part of their contracts with Kimberly-Clark. By agreeing to the SSCS, suppliers certify that their materials are produced in compliance with laws relating to human trafficking and slavery as well as applicable labour laws in the countries where they operate. The SSCS is available on Kimberly-Clark's website in 10 languages.

## Due Diligence

Kimberly-Clark has systems in place to:

- Identify and monitor potential human rights risks in our operations and supply chain
- Mitigate the risk of modern slavery occurring in our operations and supply chains
- Provide access to grievance mechanisms without fear of retaliation

Kimberly-Clark's Supply Chain Human Rights team within the company's Global Supply Chain organisation provides support to our business for integrating the protection of human rights into our owned and contracted operations and advises on stakeholder interactions based on the Code of Conduct, SSCS and other applicable standards.

## Operational and Supply Chain Risks

The diversity of the products, geographic locations, markets and regulatory systems associated with our supply chain can pose a range of risks arising from the countries in which these suppliers are based and/or the types of goods or services they provide (including their sourcing of raw materials). Addressing these risks through a systematic approach to our procurement processes, practices and dealings with suppliers is an essential element of progressing the global eradication of modern slavery and human trafficking.

We identify and review geographies with high human rights risks, including potential modern slavery risks at least annually, using the World Bank's *World Governance Indicators*, U.S. State Department *Trafficking in Persons Report*, U.S. Department of Labour's *List of Goods Produced by Child Labour or Forced Labour* and other resources. Based on these sources, sourcing regions with elevated human rights risks include South, Southeast and North Asia, Middle East, Sub-Saharan Africa, and Central and South America. Operations and suppliers assessed to have elevated human rights risks are prioritised for additional due diligence.

Kimberly-Clark's Supply Chain Human Rights Governance Committee consists of senior representatives from our sustainability, procurement, external contract manufacturing, legal,

labour relations, and human resources teams and K-C's regional organisations. As the cross-functional decision-making body, this committee meets quarterly (or more frequently as needed) to identify emerging human rights issues, escalations, and responses.

In 2019-2020, the Supply Chain Human Rights team, in consultation with approximately 50 diverse internal stakeholders, conducted an assessment of potential salient human rights risks within our supply chain and prioritised these based on their likelihood, severity and the ability to remedy them.

The following risks were identified:

Salient Human Rights Issue	Key Concerns	Focus Geographies	Mitigation
<b>Forced Labour</b>	Worker-paid recruitment fees; passport retention; excessive overtime	Southeast Asia, Taiwan, Middle East	Enhanced due diligence in risk countries; participation in multi-stakeholder platforms on forced labour
<b>Child Labour</b>	Continued risk of exploitation of children upstream in value chains	Global	Social compliance audits
<b>Occupational Health &amp; Safety</b>	Workplace injuries & fatalities	Global	Social compliance audits, EHS program enhanced diagnostics and training
<b>Discrimination &amp; Harassment</b>	Workplace Discrimination; Harassment & Bullying	Global	Global anti-discrimination policy; social compliance audits and training
<b>Wages &amp; Benefits</b>	Compliance with minimum wage laws; Living Wages	Global	Social compliance audits
<b>Indigenous &amp; Land Rights</b>	Legal or customary rights to land; protect people's livelihoods	North, Central & South America	Fiber procurement policy; certified fiber sourcing
<b>Access to Water &amp; Sanitation</b>	Water access; water quality; access to improved sanitation	South America; Middle East & Africa; South & Southeast Asia	Environment policy; Water initiatives in high water-stressed regions
<b>Environmental Issues</b>	Impacts of Climate Change; Impacts of Product/Packaging waste on vulnerable communities	Global (climate change); Emerging economies (waste)	Environment policy; plastics & packaging reduction strategy; waste picker initiatives

Kimberly-Clark's Human Rights Policy and SSCS are being updated in 2021 to reflect these risks.

In 2020, Kimberly-Clark began deployment of a new Vendor Due Diligence process to assess potential new vendors against a variety of compliance risks, including human rights risks. As part of this process, potential vendors acknowledge Kimberly-Clark's Supplier Code of Conduct, including the SSCS. Potential vendors that present elevated human rights risks, based on location or industry, are asked to complete a social compliance Self-Assessment Questionnaire and may be subject to additional third-party audits (see below). The new Vendor Due Diligence

process has been deployed in North America and is expected to be rolled out globally within 2021.

## Corporate Social Compliance Audits

Within our Supply Chain Human Rights program, key suppliers and Kimberly-Clark operations are assessed against the risk factors identified above to determine which will be subject to our corporate social compliance audit requirements (“in-scope” suppliers). Auditing resources are directed to areas with the most significant risks to identify gaps and opportunities for improvement. Most in-scope suppliers are audited by third-party audit firms once every three years, with certain suppliers in high risk industries or geographies audited more frequently. While most audits are conducted on an announced basis, in certain circumstances Kimberly-Clark will conduct semi-announced or unannounced audits from time to time.

Kimberly-Clark has a preference for audits conducted by Association of Professional Social Compliance Auditors (APSCA) accredited audit firms to the Sedex Member’s Ethical Trade Audit (SMETA) audit standard. However, we may consider certain other third-party audit standards conducted on behalf of other members of AIM-PROGRESS, under the principle of mutual recognition. In addition, Kimberly-Clark deploys enhanced diagnostic tools as needed for suppliers and own sites in high risk geographies or industries and/or where otherwise warranted.

## Remediating Findings

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. When a supplier is found to be in noncompliance with our SSCS, 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 the event that these issues continue unresolved, we may exit a supplier for continued non-compliance.

## Training on Modern Slavery

Kimberly-Clark provides basic training on human trafficking and forced labour for employees and managers with direct responsibility for our supply chain, including procurement buyers and teams managing external contract manufacturers. The training includes a strong focus on identifying and mitigating risks. Over 350 supplier-facing employees globally completed the online training in 2019. Through our Supply Chain University learning and development platform, we also offer in-depth courses to enable employees to manage human rights risks in our supply chain; for example, in early 2020, over 40 procurement employees in our Europe, Middle East, and Africa business completed the working level competency through a combination of computer-based and face-to-face learning sessions.

In addition, through our memberships in organisations like AIM-PROGRESS, we continually seek to build supplier knowledge and capability on human rights issues. Kimberly-Clark co-leads the AIM-PROGRESS APAC Hub, which in October 2020 kicked off a virtual responsible recruitment capacity building series in Malaysia, including three webinars and three separate

three separate e-learning modules. The focus included information that migrant workers need to know, both before departing for a job abroad and on arrival.

## Grievance Mechanisms

Employees, business partners and others are encouraged to report any ethical concerns through Kimberly-Clark's Code of Conduct Help Line. Reports may be made anonymously and are subject to our non-retaliation policy. For more information visit our [Code of Conduct webpage](#).

## Measuring Effectiveness

To measure the effectiveness of steps being taken, we track the number and types of non-conformances identified and closed and assign scores to suppliers and Kimberly-Clark sites based on audit performance to help managers understand the risk profile of their suppliers or sites. We also publish summary results of our audit program in our annual [Sustainability Report](#).

## Approval & Signature

This disclosure seeks to meet reporting obligations under the UK Modern Slavery Act (2015) and has been approved on 26<sup>th</sup> July 2021 for the following legal entities:

- Kimberly-Clark Europe Limited
- Kimberly-Clark European Services Limited
- Kimberly-Clark Limited



Dhillon Kalbander Singh, Director

26<sup>th</sup> July 2021

The sections of the Statement that specifically address what we have done to align with recommended reporting criteria for UK Modern Slavery Act statements.

UK Modern Slavery Act recommended reporting criteria	Section(s)
Organisation's structure, its business and its supply chains	<a href="#">How this Statement has been Developed</a>
	<a href="#">Organisation Structure, Operations and Supply Chain</a>
Parts of the organisation's business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk	<a href="#">Operational and Supply Chain Risks</a>

<p>Organisation's policies in relation to slavery and human trafficking; its due diligence processes in relation to slavery and human trafficking in its business and supply chains; the training about slavery and human trafficking available to its staff</p>	<p><a href="#">Our Policies related to Modern Slavery and Human Trafficking</a></p> <p><a href="#">Due Diligence</a></p> <p><a href="#">Corporate Social Compliance Audits</a></p> <p><a href="#">Remediating Findings</a></p> <p><a href="#">Training on Modern Slavery</a></p>
<p>Organisation's effectiveness in ensuring that slavery and human trafficking is not taking place in its business or supply chains, measured against such performance indicators as it considers appropriate</p>	<p><a href="#">Measuring Effectiveness</a></p> <p><a href="#">How this Statement has been Developed</a></p>