

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2023

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____
Commission File Number 1-225



KIMBERLY-CLARK CORPORATION
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

39-0394230

(I.R.S. Employer Identification No.)

P.O. Box 619100

Dallas, TX

75261-9100

(Address of principal executive offices)

(Zip code)

Registrant's telephone number, including area code: (972) 281-1200

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|-------------------------------|-------------------|---|
| Common Stock-\$1.25 par value | KMB | New York Stock Exchange |
| 0.625% Notes due 2024 | KMB24 | New York Stock Exchange |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Emerging growth company
Non-accelerated filer Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the registrant's common stock held by non-affiliates on June 30, 2023 (based on closing stock price on the New York Stock Exchange as of such date) was approximately \$46.7 billion.

As of January 31, 2024, there were 336,883,198 shares of Kimberly-Clark common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the definitive Proxy Statement for Kimberly-Clark's Annual Meeting of Stockholders to be held on May 2, 2024 is incorporated by reference into Part III.

KIMBERLY-CLARK CORPORATION
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ITEM 1. BUSINESS

Kimberly-Clark Corporation was founded in 1872 and incorporated in Delaware in 1928. We are a global company focused on delivering products and solutions that provide better care for a better world through product innovation and building our personal care, consumer tissue and K-C Professional brands. We are principally engaged in the manufacturing and marketing of a wide range of products made from natural or synthetic fibers and materials using advanced technologies in fibers, nonwovens and absorbency. Unless the context indicates otherwise, the terms "Corporation," "Kimberly-Clark," "K-C," "we," "our" and "us" refer to Kimberly-Clark Corporation and its consolidated subsidiaries.

Dollar amounts are reported in millions, except per share dollar amounts, unless otherwise noted.

Description of Kimberly-Clark

We are organized into operating segments based on product groupings. These operating segments have been aggregated into three reportable global business segments as follows:

- *Personal Care* brands offer our consumers a trusted partner in caring for themselves and their families by delivering confidence, protection and discretion through a wide variety of innovative solutions and products such as disposable diapers, training and youth pants, swimpants, baby wipes, feminine and incontinence care products, reusable underwear and other related products. Products in this segment are sold under the Huggies, Pull-Ups, Little Swimmers, GoodNites, DryNites, Sweetie, Kotex, U by Kotex, Intimus, Thinx, Poise, Depend, Plenitud, Softex and other brand names.
- *Consumer Tissue* offers a wide variety of innovative solutions and trusted brands that responsibly improve everyday living for families around the world. Products in this segment include facial and bathroom tissue, paper towels, napkins and related products, and are sold under the Kleenex, Scott, Cottonelle, Andrex, Viva, Scottex and other brand names.
- *K-C Professional* partners with businesses to create Exceptional Workplaces, helping to make them healthier, safer and more productive through a range of solutions and supporting products such as wipers, tissue, towels, personal protective equipment, soaps and sanitizers. Our brands, including Kleenex, Scott, WypAll, Kimtech and KleenGuard are well known for quality and trusted to help people around the world work better.

These reportable segments were determined in accordance with how our chief operating decision maker and our executive managers develop and execute our global strategies to drive growth and profitability of our Personal Care, Consumer Tissue and K-C Professional operations. These strategies include global plans for branding and product positioning, technology, research and development programs, cost reductions including supply chain management and capacity, and capital investments for each of these businesses.

Products for household use are sold directly to supermarkets, mass merchandisers, drugstores, warehouse clubs, variety and department stores and other retail outlets, as well as through other distributors and e-commerce. Products for away-from-home use are sold through distributors, directly to manufacturing, lodging, office building, food service, and high-volume public facilities, and through e-commerce.

Our largest customer, Walmart Inc., represented approximately 13 percent in 2023 and 2022 and 14 percent in 2021 of our consolidated net sales. Net sales to Walmart Inc. were primarily in the Personal Care and Consumer Tissue segments.

On February 24, 2022, we completed our acquisition of a majority and controlling share of Thinx Inc. ("Thinx"), an industry leader in the reusable period and incontinence underwear category, for total consideration of \$181 consisting of cash of \$53, the fair value of our previously held equity investment of \$127, and certain share-based award costs of \$1. In the first quarter of 2023, we delivered a redemption notice to the third-party minority owner with respect to a portion of the remaining common securities of Thinx. This redemption closed in the second quarter of 2023, and we acquired additional ownership of Thinx for \$48, increasing our ownership in Thinx to 70 percent. As part of the completion of a negotiated final redemption, we acquired the remaining 30 percent ownership of Thinx for \$47 in the fourth quarter of 2023. See Item 8, Note 3 to the consolidated financial statements for details.

On June 1, 2023, we completed the sale transaction, announced on October 24, 2022, of our Neve tissue brand and related consumer and K-C Professional tissue assets in Brazil for \$212, including the base purchase price of \$175 and working capital and other closing adjustments of \$37. This transaction also included a licensing agreement to allow the acquirer to manufacture and market in Brazil the Kleenex, Scott and Wypall brands to consumers and away-from-home customers for a period of time. See Item 8, Note 3 to the consolidated financial statements for details.

Patents and Trademarks

We own various patents and trademarks registered domestically and in many foreign countries. We consider the patents and trademarks that we own and the trademarks under which we sell certain of our products to be material to our business. Consequently, we seek patent and trademark protection by all available means, including registration.

Raw Materials

Cellulose fiber, in the form of kraft pulp or fiber recycled from recovered waste paper, is the primary raw material for our tissue products, and in the form of fluff pulp, is a component of disposable diapers, training and youth pants, feminine pads and incontinence care products.

Polypropylene and other synthetics and chemicals are the primary raw materials for manufacturing nonwoven fabrics, which are used in disposable diapers, training and youth pants, wet wipes, feminine pads, incontinence care products, and away-from-home wipers and apparel. Superabsorbent materials are important components of disposable diapers, training and youth pants and incontinence care products.

Raw materials are purchased from third parties, and we consider the supply to be adequate to meet the needs of our businesses. See Item 1A, "Risk Factors."

Competition

We have several major competitors in most of our markets, some of which are larger and more diversified than us. The principal methods and elements of competition include brand recognition and loyalty, product innovation, quality and performance, price, and marketing and distribution capabilities. For additional discussion of the competitive environment in which we conduct our business, see Item 1A, "Risk Factors."

Foreign Market Risks

We operate and market our products globally, and our business strategy includes targeted growth in Latin America, Asia, the Middle East and Africa. See Item 1A, "Risk Factors" for a discussion of foreign market risks that may affect our financial results.

Corporate Responsibility and Sustainability

Better care for a better world begins with focusing on the health and safety of our customers, consumers, and employees; promoting the value of inclusion, equity and diversity within our business; and making efforts to protect the rights of workers across our supply chain. We believe we can make meaningful contributions through our business activities and operations to clean water and sanitation, climate action and responsible consumption and production. Our sustainability strategy puts our brand, supply chain and innovation teams to work with the goal of creating shared value by addressing relevant global challenges and is focused on addressing key climate-related risks and opportunities throughout our value chain.

We strive to make lives better while also working to help safeguard the earth's natural systems. We implement this effort by considering our sustainability goals during our business and capital planning processes, coordinating the priorities of our supply chain, brand and innovation teams, and establishing meaningful performance indicators. Our environmental priorities include reducing our use of new fossil fuel-based plastic, while enabling circular systems to recover the materials in our products and packaging; reducing our products' use of natural forest fiber, while supporting forest biodiversity and forest dependent communities; reducing greenhouse gas emissions along our value chain, with goals approved by the Science Based Targets initiative ("SBTi"); and building resilience to water risk at our facilities and in our communities in water-stressed regions around the world. We have aligned our goals with the United Nations' Sustainable Development Goals framework. Progress on our strategy is outlined in our Global Sustainability reports.

For 2024 and 2025, we expect total capital expenditures for voluntary environmental controls or controls necessary to comply with legal requirements relating to the protection of the environment at our facilities to average approximately \$50 on an annual basis. Total operating expenses for environmental compliance, including pollution control equipment operation and maintenance costs, governmental fees, and research and engineering costs, are expected to be approximately \$100 in 2024 and \$110 in 2025.

Total environmental capital expenditures and operating expenses are not expected to have a material effect on our total capital and operating expenditures, consolidated earnings or competitive position. Current environmental spending estimates could be modified as a result of changes in our plans or changes in legal requirements, including any requirements related to global climate change or other factors.

Regulatory Compliance

We are subject to many laws and regulations across all the countries in which we do business, and we are particularly impacted by those relating to product safety, environmental protection and data privacy and protection. We are also subject to anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act, and antitrust and competition laws and regulations that govern our dealings with suppliers, customers, competitors and government officials.

We are obligated to comply with regulations that cover product safety, efficacy, manufacturing, advertising, labeling and safety reporting. These include requirements that we provide a label that highlights perceived concerns about a product or warns consumers of risks of using our products. In some cases, it may be necessary to initiate product recalls if safety risks are considered to exist. All our facilities and other operations are subject to various environmental protection statutes and regulations, including those relating to the use of water resources and the discharge of wastewater. We are also subject to expanding laws and regulations related to sustainability-related matters, non-financial reporting and diligence, labor and employment, trade, taxation and data privacy and protection, including the European Union's General Data Protection Regulation, Brazil's General Data Protection Law, China's Personal Information Protection Law, and the California Consumer Privacy Act of 2018.

Our policy is to abide by all applicable laws and regulations, and we have internal programs in place to manage global compliance with these various requirements. We also expect that our many suppliers, consultants and other third parties working on our behalf share our commitment to compliance, and we have policies and procedures in place to manage these relationships, though they inherently involve a lesser degree of control over operations and governance. We monitor each of these areas for new or changed regulatory requirements, particularly in the rapidly evolving area of data privacy and protection. We have made, and plan to continue making, necessary expenditures for compliance with applicable laws and regulations; however, total capital expenditures and operating expenses related to compliance are not expected to have a material effect on our total capital and operating expenditures, consolidated earnings or competitive position.

Human Capital Management

We had approximately 41,000 employees as of December 31, 2023 in our consolidated operations. Approximately 35 percent of our employees were located in North America and the remainder were in approximately 60 countries outside of North America. Overall, approximately 55 percent of our workforce was directly involved in manufacturing and distribution operations.

In order to recruit, retain, develop, protect and fairly compensate our employees, we focus on the following four key areas:

- Inclusion, equity and diversity – We believe our business success is tied to creating workplaces, communities and experiences where inclusion, equity and diversity are evident and thriving. We prioritize the need to cultivate a workforce where our employees are included and empowered to do their best work. Employing people from disparate backgrounds, cultures, and experiences amplifies our ability to gather insights, foster innovation and understand the culture, context, and mindset of consumers around the world. As a company who serves global consumers and communities, we work to cultivate a workforce comprised of people who look, think, and behave like the people who use our products – now and in the future. As such, we support workforce inclusion, equity and diversity and consider it a fundamental business strategy. The Management Development and Compensation Committee (“MDC”) of the Board of Directors is responsible for reviewing our inclusion, equity and diversity strategy.

- Health and safety – We strive to protect the health and safety of our employees. We create and administer company-wide policies and processes designed to protect our employees and to comply with applicable safety regulations. Health and safety training is regularly provided to our employees. We review and monitor our performance closely to drive continuous improvement in our safety programs.
- Development and employee engagement – Developing talent and leaders at all levels of the organization and engaging our employees is critical to our long-term success. We maintain talent and succession planning processes and have leadership and management development programs as well as broad learning opportunities to support career growth and skill advancement.

We also offer all employees the opportunity to join any of our Employee Resource Groups ("ERGs"). These groups foster professional development, social connectivity, and celebrate diversity throughout our company. Current ERGs provide community and insights into the perspectives and experiences of those with African, Hispanic, Latino, and Asian ancestry, women, and LGBTQ+, as well as parents, caregivers, people with disabilities, military veterans, and new employees. Our ERGs promote career development by allowing employees to connect with and learn from one another and help amplify our inclusion, equity and diversity efforts.

In regard to employee engagement, we hold regular Town Hall meetings where employees can ask questions of executives and make their voice heard. We host a series of conversations to drive employee and leadership engagement across a variety of topics on inclusion. We engage in continuous listening via global surveys, on an ongoing basis, that offer our employees the ability to provide feedback and valuable insights to help address potential issues and identify opportunities to improve and support employee engagement.

- Compensation and benefits – We provide market-based competitive compensation through our salary, annual incentive and long-term incentive programs and robust benefits packages that promote employee well-being across all aspects of their lives. Eligible employees are compensated for their contributions to our goals with both short-term cash incentives and long-term equity-based incentives. We also provide a variety of resources and services to help our employees plan for retirement. We believe the structure of our compensation packages provides the appropriate incentives to attract, retain and motivate our employees.

The MDC is responsible for establishing and administering the policies governing annual compensation and long-term compensation to ensure that the policies are designed to align compensation with our overall business strategy and performance.

Available Information

We make financial information, news releases and other information available on our corporate website at www.kimberly-clark.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge on this website as soon as reasonably practicable after we file these reports and amendments with, or furnish them to, the Securities and Exchange Commission ("SEC"). The information contained on or connected to our website is not incorporated by reference into this Annual Report on Form 10-K and should not be considered part of this or any other report filed with the SEC. Stockholders may also contact Stockholder Services, P.O. Box 612606, Dallas, Texas 75261-2606 to obtain a hard copy of these reports without charge.

ITEM 1A. RISK FACTORS

Our business faces many risks and uncertainties that we cannot control. Any of the risks discussed below, as well as factors described in other places in this Form 10-K, or in our other filings with the SEC, could adversely affect our business, consolidated financial position, results of operations or cash flows. In addition, these items could cause our future results to differ from those in any of our forward-looking statements. These risks are not the only ones we face. Other risks that we do not presently know about or that we presently believe are not material could also adversely affect us.

Business Operations

Significant increases in prices for raw materials, energy, transportation or other necessary supplies or services, without corresponding increases in our selling prices, could adversely affect our financial results.

Increases in the cost and availability of raw materials, including pulp and petroleum-based materials, the cost of energy, transportation and other necessary services, supplier constraints, supplier consolidation which could limit our sources of supply for these items, an inability to maintain favorable supplier arrangements and relations or an inability to avoid disruptions in production output could have an adverse effect on our financial results.

Cellulose fiber, in the form of kraft pulp or recycled fiber from recovered waste paper, is used extensively in our tissue products and is subject to significant price fluctuations. Cellulose fiber, in the form of fluff pulp, is a key component in our personal care products. In past years, pulp prices have experienced significant volatility. Increases in pulp prices or limits in the availability of recycled fiber could adversely affect our earnings if selling prices for our finished products are not adjusted or if these adjustments significantly trail the increases in pulp prices. We utilize a variety of pricing structures and revenue growth management strategies to manage these risks but have not used derivative instruments.

A number of our products, such as diapers, training and youth pants, feminine pads, incontinence care products and disposable wipes, contain certain materials that are principally derived from petroleum. These materials are subject to price fluctuations based on changes in petroleum prices, availability and other factors, with these prices experiencing significant volatility in recent years. We purchase these materials from a number of suppliers. Significant increases in prices for these materials could adversely affect our earnings if selling prices for our finished products are not adjusted, if these adjustments significantly trail the increases in prices for these materials, or if we do not utilize lower priced substitutes for these materials.

Our manufacturing operations utilize electricity, natural gas and petroleum-based fuels. To help ensure we use energy efficiently and cost-effectively, we maintain energy efficiency improvement programs at our manufacturing sites. Our contracts with energy suppliers vary as to price, payment terms, quantities and duration. Our energy costs are also affected by various market factors including the availability of supplies of particular forms of energy, energy prices and local and national regulatory decisions (including actions taken to address climate change and related market responses) and geopolitical factors. There can be no assurance that we will be fully protected against substantial changes in the price or availability of energy sources.

There can be no assurance that our efforts to minimize the impact of increased costs, including increasing selling prices, in response to the increased costs will be successful.

Failure of key technology systems, cyberattacks, privacy breaches or data breaches could have a material adverse effect on our business, financial condition, results of operations and reputation.

To conduct our business, we rely extensively on information and operational technology systems, many of which are managed, hosted, provided and/or used by third parties and their vendors. These systems include, but are not limited to, programs and processes relating to internal communications and communicating with customers, consumers, vendors, investors and other parties; ordering and managing materials from suppliers; converting materials to finished products; receiving and processing purchase orders and shipping products to customers; processing transactions; storing, processing and transmitting data, including personal confidential information and payment card industry data; supporting employee data processing for our global workforce; hosting, processing and sharing confidential and proprietary research, business and financial information; and complying with financial reporting, regulatory, legal and tax requirements. Furthermore, we sell certain products directly to consumers online and through websites, mobile apps and connected devices, and we also engage in online activities, including data collection, promotions, rebates and customer loyalty and other programs, through which we may receive personal information. A breach or other breakdown in our technology, including a cyberattack, privacy incident, data incident or other event involving us or any of our third-party service providers or vendors could adversely affect our financial condition and results of operations.

Despite the security measures we have in place, the information and operational technology systems, including those of our customers, vendors, suppliers and other third-party service providers with whom we have contracted, have, in the past, and may, in the future, be vulnerable to cyber-threats such as computer viruses or other malicious codes, ransomware, cyber extortion, security incidents, denial of service attacks, unauthorized access, phishing attacks, social engineering and other disruptions from employee error, unauthorized uses, system failures, including Internet outages, unintentional or malicious actions of employees or contractors or cyberattacks by hackers, criminal groups, nation-states and nation-state-sponsored

organizations and social-activist organizations. We have seen and may continue to see an increase in the number of such attacks, especially as we continue operating under a hybrid working model under which employees can work and access our technology infrastructure remotely. In addition, while we have purchased cybersecurity insurance, costs related to a cyberattack may exceed the amount of insurance coverage or be excluded under the terms of our cybersecurity insurance policy. As cyberattacks increase in frequency and magnitude, we may be unable to obtain cybersecurity insurance in amounts and on terms we view as appropriate for our operations.

Our security efforts and the efforts of our third-party providers may not prevent or timely detect future attacks and resulting breaches or breakdowns of our, or third-party service providers', databases or systems. In addition, if we or our third-party providers are unable to effectively resolve such breaches or breakdowns on a timely basis, we may experience interruptions in our ability to manage or conduct business, as well as reputational harm, governmental fines, penalties, regulatory proceedings, and litigation and remediation expenses. In addition, such incidents could result in unauthorized disclosure and misuse of material confidential information, including personal identifying information.

Cyber-threats are becoming more sophisticated, are constantly evolving and are being made by groups and individuals with a wide range of expertise and motives, and this increases the difficulty of detecting and successfully defending against them. We have incurred, and will continue to incur, expenses to comply with privacy and data protection standards and protocols imposed by law, regulation, industry standards and contractual obligations. Increased regulation of data collection, use, and retention practices, including self-regulation and industry standards, changes in existing laws and regulations, including reporting requirements, enactment of new laws and regulations, increased enforcement activity, and changes in interpretation of laws, could increase our cost of compliance and operation, limit our ability to grow our business or otherwise harm our business.

In addition, data incidents or theft of personal information collected by us and our third-party service providers as well as data incidents or theft of our information may occur. We are subject to the laws and regulations of various countries where we operate or do business related to solicitation, collection, processing, transferring, storing or use of consumer, customer, vendor or employee information or related data. These laws and regulations change frequently, and new legislation continues to be introduced and may be interpreted and applied differently from jurisdiction to jurisdiction and may create inconsistent or conflicting requirements. The changes introduced by data privacy and protection regulations increase the complexity of regulations enacted to protect business and personal data and they subject us to additional costs. These laws and regulations also may result in us incurring additional expenses and liabilities in the event of unauthorized access to or disclosure of personal data.

We are in the process of upgrading our enterprise resource planning system (known as SAP) to enhance operating efficiencies and provide more effective management of our business operations. We also use various other hardware, software and operating systems that may need to be upgraded or replaced in the near future as such systems cease to be supported by third-party service providers, and may be vulnerable to increased risks, including the risk of security breaches, system failures and disruptions. System upgrades take time, require oversight and may be costly, and pose several challenges, including training of personnel, communication of new rules and procedures, migration of data, increased risk of security breaches, and the potential instability of the new system. Moreover, there is no assurance that the new enterprise resource planning system will meet our current and future business needs or that it will operate as designed. Any significant failure or delay in system upgrades could cause an interruption to our business and adversely affect our operations and financial results.

Our international operations are subject to foreign market risks, including changes in foreign currency exchange rates, currency restrictions and political, social and economic instability, which may adversely affect our financial results.

Our strategy includes operations growth outside the U.S., especially in developing markets such as China, Eastern Europe, ASEAN and Latin America. About half of our net sales come from markets outside the U.S. We and our equity companies have manufacturing facilities in 33 countries and sell products in a substantial majority of countries around the world. Our results may be adversely affected by a number of foreign market risks:

- Exposure to the movement of various currencies against each other and the U.S. dollar. A portion of the exposures, arising from transactions and commitments denominated in non-local currencies, is systematically managed through foreign currency forward and swap contracts where available and economically advantageous. We do not generally hedge our income statement translation exposure with respect to foreign operations.
- Increases in currency exchange restrictions. These restrictions could limit our ability to repatriate earnings from outside the U.S. or obtain currency exchange for U.S. dollar inputs to continue operating in certain countries.

- Adverse political conditions. Risks related to political instabilities and hostilities (including the wars in Ukraine and Israel), expropriation, new or revised legal or regulatory constraints, difficulties in enforcing contractual and intellectual property rights, and potentially adverse tax consequences could adversely affect our financial results.
- Increases in dollar-based input costs for operations outside the U.S. due to weaker foreign exchange rates versus the U.S. dollar. There can be no assurance that we will be protected against substantial foreign currency fluctuations.
- Greater economic volatility and vulnerability to infrastructure and labor disruptions.

The inability to effectively manage foreign market risk could adversely affect our business, consolidated financial condition, results of operations or liquidity. See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") and Item 8, Note 1 to the consolidated financial statements for information regarding our adoption of highly inflationary accounting in Argentina and Türkiye.

Our operations in Russia and the surrounding region are impacted by the war in Ukraine.

The war between Russia and Ukraine has negatively impacted, and may continue to negatively impact, our operations in Russia and the surrounding region. Beginning in March 2022, we have implemented significant adjustments to our business in Russia. We have substantially curtailed media, advertising and promotional activity and suspended capital investments at our single manufacturing facility in Russia. Consistent with the humanitarian nature of our products, we manufacture and sell only essential items in Russia, such as baby diapers and feminine pads, which are critical to the health and hygiene of women, girls and babies. Our ability to continue our reduced operations in Russia may change as we continue to experience increased input costs, supply chain complexities, reduced consumer demand, restricted access to raw materials and production assets, restricted access to financial institutions and increased supply chain, professional services, monetary, currency, trade and payment/investment sanctions and related controls. As the business, geopolitical, and regulatory environment concerning Russia evolves, we may not be able to sustain the limited manufacture and sale of our products, and our assets may be partially or fully impaired. Moreover, the war in Ukraine could result in cyber-based attacks to our information technology systems, disruptions to foreign exchange rates and financial and credit markets and amplify or affect the other risk factors set forth in this Part I, Item 1A, any of which may adversely affect our business.

We face various risks related to health epidemics, pandemics and similar outbreaks, which may have material adverse effects on our business, financial position, results of operations and cash flows.

Our business and financial results may be negatively impacted by health epidemics, pandemics and similar outbreaks. The COVID-19 pandemic has had and could continue to have negative impacts on our business, including causing significant volatility in demand for our products, changes in consumer behavior and preference, disruptions in our manufacturing and supply chain operations, disruptions to our cost saving programs, limitations on our employees' ability to work and travel, significant changes in the economic or political conditions in markets in which we operate and related currency and commodity volatility. Despite our efforts to manage these impacts, their ultimate impact also depends on factors beyond our knowledge or control, including the duration and severity of any such outbreak and actions taken to contain its spread and mitigate its public health effects.

Damage to the reputation of Kimberly-Clark or to one or more of our brands could adversely affect our business.

Developing and maintaining our reputation, as well as the reputation of our brands, is a critical factor in our relationship with consumers, customers, suppliers and others. Our inability to address adverse publicity or other issues, including with respect to product safety, quality, efficacy, environmental impacts (including packaging, energy and water use and waste management), substances and ingredients of potential concern, inclusion, equity and diversity, human rights and other social responsibility or similar matters, or breaches of consumer, customer, supplier, employee or other confidential information, real or perceived, could negatively impact sentiment towards us and our products and brands, and our business and financial results could suffer. In addition, our products could face withdrawal, recall or other quality issues. Consumers increasing use and reliance on social media for information could increase the risk of adverse publicity, potentially with negative perception of our products or brands. Our business and results could also be negatively impacted by the effects of product-related litigation, allegations of product tampering or contamination, or the distribution and sale of counterfeit products.

Disruption in our supply chain or our manufacturing or distribution operations could adversely affect our business.

Our ability to manufacture, distribute and sell products is critical to our operations. These activities are subject to inherent risks such as natural disasters, power outages, fires or explosions, labor strikes or labor shortages, terrorism, epidemics, pandemics

(including the COVID-19 pandemic), import restrictions, regional economic, business, environmental or political events (including the wars in Ukraine and Israel), governmental regulatory requirements or nongovernmental voluntary actions in response to global climate change or other concerns regarding the sustainability of our business, which could disrupt our supply chain and impair our ability to manufacture or sell our products. This interruption, if not mitigated in advance or otherwise effectively managed, could adversely impact our business, financial condition and results of operations, as well as require additional resources to address.

We have a complex network of suppliers, including a number of sole-source and single-source suppliers for certain commodities and raw material inputs. In addition, third parties manufacture some of our products and provide certain administrative services. Disruptions or delays at these suppliers, third-party manufacturers or service providers due to the reasons above or the failure of these parties, manufacturers or service providers to otherwise satisfactorily perform, could adversely impact our operations, sales, payments to our suppliers, employees, and others, and our ability to report financial and management information on a timely and accurate basis. In the case of our sole-source suppliers, failure to successfully negotiate satisfactory purchase terms could adversely impact our business.

There is no guarantee that our ongoing efforts to reduce costs will be successful.

We continue to implement plans to improve our competitive position by achieving cost reductions in our operations. In addition, we expect ongoing cost savings from our continuous improvement activities. We anticipate these cost savings will result from reducing material costs and manufacturing waste and realizing productivity gains, distribution efficiencies and overhead reductions in each of our business segments and in our corporate functions. Any negative impact these plans have on our relationships with employees, suppliers or customers or any failure to generate the anticipated efficiencies and savings could adversely affect our financial results.

We may acquire or divest product lines or businesses, which could impact our results.

We may pursue acquisitions of product lines or businesses from third parties. Acquisitions involve numerous risks, including difficulties in the assimilation of the operations, technologies, services and products of the acquired product lines or businesses, estimation and assumption of liabilities and contingencies, personnel turnover and the diversion of management's attention from other business concerns. We may be unable to successfully integrate and manage product lines or businesses that we may acquire in the future, or be unable to achieve anticipated benefits or cost savings from acquisitions in the timeframe we anticipate, or at all.

We may periodically divest product lines or businesses. These divestitures may adversely impact our results if we are unable to offset the dilutive impacts from the loss of revenue associated with the divested products or businesses, or mitigate overhead costs allocated to those businesses. Furthermore, the divestitures could adversely affect our ongoing business operations, including by enhancing our competitors' positions or reducing consumer confidence in our ongoing brands and products.

The inability to effectively and efficiently manage acquisitions and divestitures with the results we expect or in the timeframe we anticipate could adversely affect our business, consolidated financial condition, results of operations or liquidity.

Disruptions in the credit markets or changes to our credit ratings may adversely affect our business.

We access the long-term and short-term capital markets to obtain financing. Our financial performance, our short- and long-term debt credit ratings, interest rates, the stability of financial institutions with which we partner, geopolitical or national political developments, the stability and liquidity of the overall global capital markets and the state of the global economy, could affect our access to, and the availability and cost of, financing on acceptable terms and conditions and our ability to pay dividends in the future.

We regularly access the commercial paper market for ongoing funding requirements. A downgrade in our credit ratings by a credit rating agency could increase our borrowing costs and adversely affect our ability to issue commercial paper. Disruptions in the commercial paper market or other effects of volatile economic conditions on the credit markets also could reduce the amount of commercial paper that we could issue and raise our borrowing costs for both short- and long-term debt offerings.

Disruptions in the credit markets, limitations on our ability to borrow, a reduction in our liquidity or an increase in our borrowing costs could materially and adversely affect our financial condition and results of operations.

Climate change and other sustainability matters may adversely affect our business and operations.

There is growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns, water availability and quality, and the frequency and severity of extreme weather and natural disasters. We have transition risks related to the transition to a lower-carbon economy and physical risks related to the physical impacts of climate change. Transition risks include increased costs of carbon emission, increased cost to produce products in compliance with future regulations, increased raw materials cost, shifts in customer/consumer values and other legal, regulatory and technological risks. Physical risks include the risk of direct damage to assets or supply chain disruption caused by severe weather events such as floods, storms, wildfires and droughts. In addition, concern over climate change by governments and regulators globally have resulted and may continue to result in new legal and regulatory requirements to reduce or mitigate the effects of climate change on the environment (or conversely, to restrict activities to address or consider climate change and related matters). Compliance with these requirements may increase our costs of doing business, including to the extent these reporting regimes are inconsistent.

There is also increased focus, including by governmental and non-governmental organizations, investors and investment managers, customers, suppliers, consumers, our employees and other stakeholders on these and other sustainability matters, including responsible sourcing and deforestation, the use of plastic, energy and water, the recyclability or recoverability of packaging, including single-use and other plastic packaging and ingredient transparency. At the same time, there is growing opposition to initiatives on these matters, and our public reporting on our sustainability initiatives, expectations, and progress, including our ambitions for 2030, may not satisfy the expectations of all stakeholders. These stakeholders may rely on their assessment or perception (or a third-party's assessment) of our sustainability practices to inform their future engagement with our company, products, and securities. Any failure to achieve our sustainability goals, including those aimed to reduce our impact on, improve or preserve the environment, or the perception (whether or not valid) that we have failed to act responsibly with respect to such matters or to effectively respond to new legal or regulatory requirements regarding climate change, could adversely affect our business and reputation, including the loss of customers or business opportunities and legal or regulatory proceedings.

Our inability to attract and retain key personnel could adversely impact our business.

We must attract, hire, retain and develop effective leaders and a highly skilled and diverse global workforce. We are experiencing an increasingly tight and competitive labor market and, should conditions worsen, we could experience greater turnover. A sustained labor shortage or increased turnover rates within our employee base could lead to increased costs over time, such as increased overtime to meet demand, and increased wages to attract and retain employees. Additionally, with our rapidly changing environment, it is critical to ensure we have the right skills, capabilities and experience needed to respond to evolving consumer and customer needs. Failure to attract and develop personnel with key emerging capabilities could disrupt our institutional knowledge base and erode our competitiveness.

Marketing and Competition

Intense competition for sales of our products, changes in consumer purchasing patterns and the inability to innovate or market our products effectively could have an adverse effect on our financial results.

We operate in highly competitive domestic and international markets against well-known, branded products and low-cost or private label products. Inherent risks in our competitive strategy include uncertainties concerning trade and consumer acceptance, the effects of consolidation within retailer and distribution channels, a growing e-commerce marketplace, and customers' and competitors' actions. Our competitors for these markets include global, regional and local manufacturers, including private label manufacturers. Some of these competitors may have better access to financial resources and greater market penetration, which enable them to offer a wider variety of products and services at more competitive prices. Alternatively, some of these competitors may have significantly lower product development and manufacturing costs, particularly with respect to private label products, allowing them to offer products at a lower price. E-commerce potentially intensifies competition by simplifying distribution and lowering barriers to entry. The actions of these competitors could adversely affect our financial results. In order to stay competitive, it may be necessary for us to lower prices on our products and increase spending on advertising and promotions, which could adversely affect our financial results.

We may be unable to anticipate or adequately respond to changes in consumer demand for our products. Demand for our products may change based on many factors, including shifting consumer purchasing patterns to lower cost options such as private-label products and mid to lower-tier value products, low birth rates in certain countries due to slow economic growth or

other factors, negative customer or consumer response to pricing actions, consumer shifts in distribution from traditional retailers to e-tailers, subscription services and direct to consumer businesses, changing consumer preferences due to increased concerns in regard to post-consumer waste and packaging materials and their impact on environmental sustainability, or other changes in consumer trends or habits. If we experience lower sales due to changes in consumer demand for our products, our earnings could decrease.

Our ability to develop new products is affected by whether we can successfully anticipate consumer needs and preferences, develop and fund technological innovations, and receive and maintain necessary patent and trademark protection. In addition, we incur substantial development and marketing costs in introducing new and improved products and technologies. The introduction of a new consumer product (whether improved or newly developed) usually requires substantial expenditures for advertising and marketing to gain recognition in the marketplace. If a product gains consumer acceptance, it normally requires continued advertising and promotional support to maintain its relative market position. Some of our competitors may spend more aggressively on advertising and promotional activities, introduce competing products more quickly and respond more effectively to changing business and economic conditions. We may not be successful in developing new or improved products and technologies necessary to compete successfully in the industry, and we may not be successful in advertising, marketing, timely launching and selling our products, including through the use of digital and social media. Also, if we fail to perfect or successfully assert our intellectual property rights, we may be less competitive, which could adversely affect our business, financial results and financial condition.

Increasing dependence on key retailers in Developed Markets and the emergence of new sales channels may adversely affect our business.

Our products are sold in a highly competitive global marketplace, which continues to experience increased concentration and the growing presence of large-format retailers, discounters and e-tailers. With the consolidation of retail trade, both traditional retailers and e-tailers, we are dependent on key customers, and some of these customers, including large-format retailers and large e-tailers, may have significant bargaining power. They may use this leverage to demand higher trade discounts or allowances which could lead to reduced profitability. We may also be negatively affected by changes in the policies of our retail trade customers, such as inventory destocking, limitations on access to shelf space, delisting of our products, additional requirements related to safety, environmental, social and other sustainability issues, and other conditions. If we lose a significant customer or if sales of our products to a significant customer materially decrease, our business, financial condition and results of operations may be adversely affected.

Legal and Regulatory

Government regulations and enforcement, and potential litigation, could have an adverse effect on our financial results.

As a global company, we are subject to a wide variety of laws and governmental regulations across all of the countries in which we do business, including laws and regulations involving marketing, antitrust, anti-bribery or anti-corruption, data privacy, product liability, product composition or formulation, packaging content or corporate responsibility after consumer purchase, environmental impact, intellectual property, employment, healthcare, tax or other matters.

We could be subject to significant legal liability and litigation expense if we fail to comply with applicable laws, regulations, policies and related interpretations. Our business is subject to the risk of litigation involving customers, consumers, suppliers, competitors, shareholders, government agencies or others through private actions, class actions, whistleblower claims, administrative proceedings, regulatory actions or other litigation. While it is our policy and practice to comply with all legal and regulatory requirements applicable to our business, we cannot provide assurance that our employees and agents will follow our policies and procedures at all times. A finding that we are in violation of, or out of compliance with, applicable laws or regulations could subject us to civil remedies, including fines, damages, injunctions, product recalls or criminal sanctions, any of which could adversely affect our business, results of operations, cash flows and financial condition. Whether or not a claim is successful, without merit or not fully pursued, negative publicity arising from allegations regarding our products, processes or business practices could adversely affect our reputation and brand image.

In addition, new or revised laws, regulations or their interpretation may alter the environment in which we do business which could adversely impact our financial results. For example, new legislation or regulations may result in increased costs to us, directly for our compliance, or indirectly to the extent suppliers increase prices of goods and services because of increased compliance costs, excise taxes or reduced availability of raw materials.

While we maintain insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions as well as caps on amounts recoverable. Even if we believe a claim is covered by insurance, insurers may dispute our entitlement to recovery for a variety of potential reasons, which may affect the timing and, if they prevail, the amount of our recovery.

New or revised tax regulations could have an adverse effect on our financial results.

We are subject to income tax requirements in various jurisdictions in the U.S. and internationally. Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. Some jurisdictions have unpredictable enforcement activity. Increases in applicable tax rates, implementation of new taxes, changes in applicable tax laws and interpretations of these tax laws and actions by tax authorities in jurisdictions in which we operate could reduce our after tax income and have an adverse effect on our results of operations.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

We have implemented a cybersecurity program to assess, identify, and manage risks from cybersecurity threats. Our efforts are designed to maintain the confidentiality, integrity, and availability of our information and operational technology systems and the data stored on those systems. The program includes:

- periodic risk assessments to identify and assess cybersecurity risks and vulnerabilities in our information technology systems;
- security event monitoring, management, and incident response;
- third party engagements to perform periodic penetration testing and reviews of program maturity based on the National Institute of Standards and Technology ("NIST") cybersecurity framework;
- reviews by our internal audit team of the effectiveness of information technology-related internal controls;
- cybersecurity risk assessments of our third-party vendors; and
- employee training, including regular phishing simulations.

The program is continually adapting to the evolving threat landscape and technology developments.

Cybersecurity risk management is included within our overall enterprise risk management program which is overseen by our Global Risk Oversight Committee ("GROC"). The GROC is composed of executive officers and other senior leaders and coordinates with other risk assurance functions, including internal audit and compliance. The GROC receives regular briefings concerning cybersecurity risks and risk management processes.

Additional information on cybersecurity risks we face is discussed in Item 1A, "Risk Factors," which should be read in conjunction with the information in this section.

Internal Cybersecurity Team

Our Chief Information Security Officer ("CISO") oversees a team with extensive cybersecurity knowledge and experience. The team is responsible for:

- leading enterprise-wide cybersecurity strategy, policy, standards, architecture, and processes;
- incident response and operational activities, including identifying and initiating updates to systems which require patching, vulnerability management strategy, red teaming, network security configurations and security architecture;

- oversight of third parties engaged to assist in our cybersecurity risk management, along with third parties' vendors; and
- legal and regulatory compliance.

Our CISO reports to our Chief Digital and Technology Officer ("CDTO"), an executive officer, who provides management of cybersecurity risks, reviews operational metrics and performs other relevant activities related to the cybersecurity function.

Security Policy and Requirements

As part of our overall risk management program, we have adopted our Information Security Policy which details the overall risk-based framework and governance for the management and security of our information technology assets and information. The policy applies to everyone who accesses our data or information resources and all of our information systems and resources, including third parties we engage. Our program aligns with the NIST cybersecurity framework.

Material Cyber Risks, Threats and Incidents

We actively monitor the evolving cybersecurity and geopolitical landscapes that could result in new or increased cybersecurity threat including geopolitical events such as the Russia invasion of Ukraine in March 2022.

As a global company serving consumers in more than 175 countries and territories, we routinely experience a wide variety of cybersecurity incidents. However, we have not experienced a cybersecurity incident that has materially affected or is reasonably likely to materially affect our business strategy, results of operation or financial condition. For a more detailed discussion of the risks we face, see Item 1A, "Risk Factors."

Incident Response

We have adopted a cybersecurity incident response plan that is designed to provide a framework across all functions for a coordinated identification and response to security incidents. The plan specifies the process for identifying, validating, classifying, documenting, and responding to cybersecurity events as well as determining whether reporting of an event is appropriate under regulatory standards. The plan also includes a materiality assessment framework that sets forth procedures to support our assessment of whether a security incident is "material" under the federal securities laws. Internal reporting and escalation protocols are in place to ensure the involvement of the CISO, other senior leaders, and the Audit Committee, as appropriate. Under the plan, we regularly conduct tabletop exercises to test our preparedness and our incident response process, and we provide ongoing training.

Governance

Our Board of Directors has delegated to the Audit Committee oversight responsibility of our risk management program, including cybersecurity, business continuity, IT operational resilience, and data privacy. The Audit Committee receives quarterly reports from our CDTO and our CISO covering cybersecurity risks, strategic programs for managing cybersecurity risk, emerging trends and operational and policy compliance metrics.

At the management level, our cybersecurity program is led by our CDTO and our CISO. Our CDTO has served in various information technology roles for over 26 years, including as Chief Digital and Technology Officer of Kimberly-Clark and as Executive Vice President and Chief Digital Officer of Toyota Motors North America, Inc. Our CISO has served as a chief information security officer or equivalent role at large public and private companies for over 16 years. Our CISO also has several information technology-related certifications, including the Certified Information Systems Security Professional ("CISSP") certification. Our CISO reports to our CDTO, who in turn regularly reports to our Chairman of the Board and Chief Executive Officer. We have protocols by which certain cybersecurity incidents are reported promptly to the Chairman of the Board and Chief Executive Officer, or the Audit Committee, as appropriate.

ITEM 2. PROPERTIES

As of December 31, 2023, we own or lease:

- our principal executive office located in the Dallas, Texas metropolitan area;
- five operating segment and geographic headquarters at three U.S. and two international locations; and
- four global business service centers at one U.S. and three international locations.

The locations of our and our equity affiliates' principal production facilities by major geographic areas of the world are as follows:

| <u>Geographic Area:</u> | <u>Number of Facilities</u> |
|--|-----------------------------|
| North America (in 14 states in the U.S.) | 28 |
| Outside North America | 54 |
| Total (in 33 countries) | 82 |

Many of these facilities produce multiple products, some across multiple segments. Consumer tissue and K-C Professional products are produced in 47 facilities and personal care products are produced in 48 facilities. We believe that our and our equity affiliates' facilities are suitable for their purpose, adequate to support their businesses and well maintained.

ITEM 3. LEGAL PROCEEDINGS

See Item 8, Note 11 to the consolidated financial statements, which is incorporated in this Item 3 by reference, for information on legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The names and ages of our executive officers as of February 8, 2024, together with certain biographical information, are as follows:

Ehab Abou-Oaf, 57, was elected President of K-C Professional in 2022. He is responsible for our global business to business operations which provide a deep range of essential commercial products and services, including tissue and surface wipers, skin care, safety and do-it-yourself products. Previously, he served as Vice President, Middle East & Africa since 2020. Mr. Abouf-Oaf joined Kimberly-Clark from Mars, Inc., a manufacturer of confectionery, pet food, and other food products, where he had a number of positions with increasing responsibility over 19 years, including Regional President, Asia, Middle East & Africa Confectionery from 2017 to 2019 and Regional President, Asia Pacific, Middle East & Northern Africa Chocolate from 2016 to 2017. Prior to joining Mars, he spent ten years with The Procter & Gamble Company in packaging, product development and marketing roles. He also serves on the board of trustees of the American University in Cairo and on the board of directors of the Singapore American School.

Doug Cunningham, 52, was elected President, K-C Europe, Middle East & Africa ("EMEA") in 2021. He is responsible for our consumer business in our EMEA region. Prior to that, he served as Vice President and Managing Director, Australia & New Zealand since 2019. Mr. Cunningham joined Kimberly-Clark from Johnson & Johnson, a health care products company, where he served in multiple roles across Asia Pacific, North America and Africa, most recently as Managing Director, Johnson & Johnson Pacific.

Tamera Fenske, 45, was elected Senior Vice President and Chief Supply Chain Officer in 2022. She is responsible for procurement, manufacturing, logistics, transportation, safety and sustainability, as well as our global nonwovens division. Ms. Fenske joined Kimberly-Clark from 3M Company where she served in multiple roles of increasing responsibility, most recently as Senior Vice President, U.S. and Canada Manufacturing and Supply Chain from February 2022 to September 2022, Senior Vice President Global Operations, Transportation & Electronics Business Group (TEBG) from 2021 to February 2022, Vice President of Global Operations, TEBG, from 2020 to 2021, Mfg/SC/LSS Vice President from 2018 to 2020, and Customer Value Stream Vice President from 2016 to 2018.

Zackery Hicks, 60, was elected Chief Digital and Technology Officer in 2022. He is responsible for all aspects of our information technology and digital functions, including building brands and creating differentiated capability. Mr. Hicks joined Kimberly-Clark from Toyota Motors North America, Inc., a subsidiary of Toyota Motor Corporation, a multinational automotive manufacturer, where he served as Executive Vice President and Chief Digital Officer since April 2018, and held roles of increasing responsibility with Toyota since 1996, including CEO and President of Toyota Connected North America. He also serves on the board of directors of Signet Jewelers Ltd.

Michael D. Hsu, 59, has served as Chairman of the Board since January 2020 and as Chief Executive Officer since January 2019. Prior to that, he served as President and Chief Operating Officer since 2017, where he was responsible for the day-to-day operations of our business units, along with our global innovation, marketing and supply chain functions. He served as Group President, K-C North America from 2013 to 2016, where he was responsible for our consumer business in North America, as well as leading the development of new business strategies for global nonwovens. From 2012 to 2013, his title was Group President, North America Consumer Products. He has been a director of Kimberly-Clark since 2017. Prior to joining Kimberly-Clark, Mr. Hsu served as Executive Vice President and Chief Commercial Officer of Kraft Foods, Inc., from January 2012 to July 2012, as President of Sales, Customer Marketing and Logistics from 2010 to 2012 and as President of its grocery business unit from 2008 to 2010. Prior to that, Mr. Hsu served as President and Chief Operating Officer, Foodservice at H. J. Heinz Company.

Sandra R.A. Karmann, 58, was elected Senior Vice President and Chief Human Resources Officer in 2020. She is responsible for the design and implementation of all human capital strategies for Kimberly-Clark, including global compensation and benefits, talent management, inclusion, equity and diversity, organizational effectiveness and labor/employee relations. Ms. Karmann joined Kimberly-Clark from Tenet Healthcare Corporation, a diversified healthcare services company, where she served as Executive Vice President and Chief Human Resources Officer since 2019 and Senior Vice President and Chief Human Resources Officer since 2017. Prior to joining Tenet, she served as Senior Vice President and Chief Human Resources Officer for United Surgical Partners International, which operates surgical facilities, since 2013.

Alison Lewis, 56, was elected Chief Growth Officer in 2019. Ms. Lewis joined Kimberly-Clark from Johnson & Johnson, where she served as Chief Marketing Officer of the Global Consumer business since 2013. Prior to her role at Johnson & Johnson, Ms. Lewis served as Chief Marketing Officer, Senior Vice President, North America at The Coca-Cola Company.

Robert Long, 66, was elected Chief Research and Development Officer in 2021. He has global responsibility for our research and development, quality and regulatory functions, and is charged with accelerating growth through innovation that addresses opportunities to elevate Kimberly-Clark's trusted brands. Mr. Long joined Kimberly-Clark from the Coca-Cola Company where he served in multiple roles of increasing responsibility, most recently as Senior Vice President for Global R&D and Chief Innovation Officer from 2016 to 2021.

Grant B. McGee, 43, was elected Senior Vice President and General Counsel in February 2024. Mr. McGee rejoined Kimberly-Clark from American Airlines, where he served as Vice President, Deputy General Counsel and Corporate Secretary from 2022 to February 2024. From 2015 to 2022, Mr. McGee served in various roles of increasing responsibility at Kimberly-Clark, most recently as Vice President and Senior Deputy General Counsel.

Jeffrey Melucci, 53, was elected Chief Business and Transformation Officer in January 2024. From November 2020 to January 2024, he served as Chief Business Development and Legal Officer, from April 2020 to November 2020, he served as Senior Vice President, Business Development and General Counsel and from September 2017 to April 2020, he served as Senior Vice President - General Counsel. From January 2017 to September 2017, he served as Vice President, Senior Deputy General Counsel and General Counsel of Kimberly-Clark's Global Operations. From 2013 to 2017, he served as Vice President and Deputy General Counsel. He also served as Chief Transformation Officer from November 2020 to October 2021, Corporate Secretary from 2014 to 2017 and General Counsel of Kimberly-Clark International from 2013 to 2016. Mr. Melucci joined Kimberly-Clark from General Electric, where he served in multiple roles of increasing responsibility, most recently as General Counsel - Aviation Systems and Aviation Business Development.

Paula S. Vaz Ramos, 44, was elected Chief Strategy and Transformation Officer in October 2021. From March 2021 to October 2021 she served as Chief Strategy Officer. She has global responsibility for our enterprise strategy and transformation activities. Ms. Ramos joined Kimberly-Clark from McKinsey & Company where she served in multiple roles of increasing responsibility over 18 years, most recently as a Partner.

Russell Torres, 52, was elected Group President, K-C North America in 2021. He is responsible for our consumer business in North America. From 2020 to 2021, he served as President of K-C Professional. Mr. Torres joined Kimberly-Clark from Newell Brands Inc., a consumer goods company, where he served as Group President since 2018 and as Chief Transformation Officer from 2016 to 2018. Prior to joining Newell Brands, Mr. Torres was a partner at Bain & Company from 2013 to 2016. Prior to that, Mr. Torres served as a senior executive at Mondelēz International in its North America Business Unit from 2011 to 2013.

Nelson Urdaneta, 51, was elected Senior Vice President and Chief Financial Officer in 2022. Prior to joining Kimberly-Clark, he served as Senior Vice President, Treasurer at Mondelēz International since September 2021. Mr. Urdaneta joined Mondelēz in 2005 and served in multiple roles of increasing responsibility, including Senior Vice President, Corporate Controller and Chief Accounting Officer and Vice President Finance, Asia Pacific. Prior to joining Mondelēz, he was the Director, Financial Planning and Analysis at Ryder System, Inc.

Gonzalo Uribe, 52, was elected President, K-C Latin America in 2020. He is responsible for our consumer business in our Latin America region. From 2018 to 2020 he served as Vice President, North Latin America and from 2017 to 2018 he served as Vice President, Andean Region. Mr. Uribe joined Kimberly-Clark from Mondelēz International, where he served in multiple roles of increasing responsibility, most recently as Western Andean, Central America and Caribbean General Manager.

Tristram Wilkinson, 55, was elected President, K-C Asia Pacific in 2021. He is responsible for our consumer business in our Asia Pacific region. From 2018 to 2021, he served as President, K-C EMEA. From 2016 to 2018, he served as Vice President and Managing Director, Central & Eastern Europe. Prior to that, Mr. Wilkinson held a number of positions of increasing responsibility within our EMEA operations, including Vice President and Managing Director, United Kingdom & Ireland. Mr. Wilkinson joined Kimberly-Clark in 1995.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Kimberly-Clark common stock is listed on the New York Stock Exchange. The ticker symbol is KMB.

Quarterly dividends have been paid continually since 1935. Dividends have been paid on or about the second business day of January, April, July and October.

As of January 31, 2024, we had 16,019 holders of record of our common stock.

For information relating to securities authorized for issuance under equity compensation plans, see Part III, Item 12 of this Form 10-K.

We repurchase shares of Kimberly-Clark common stock from time to time pursuant to publicly announced share repurchase programs. During 2023, we repurchased 1.8 million shares of our common stock at a cost of \$225 through a broker in the open market.

The following table contains information for shares repurchased during the fourth quarter of 2023. None of the shares in this table were repurchased directly from any of our officers or directors.

| Period (2023) | Total Number of Shares Purchased ^(a) | Average Price Paid Per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs ^(b) |
|---------------------------|---|------------------------------|--|---|
| October 1 to October 31 | 135,225 | \$ 119.78 | 39,963,754 | 40,036,246 |
| November 1 | 12,292 | 119.39 | 39,976,046 | 40,000,000 |
| November 1 to November 30 | 507,399 | 121.25 | 507,399 | 39,492,601 |
| December 1 to December 31 | 396,139 | 121.15 | 903,538 | 39,096,462 |
| Total | <u>1,051,055</u> | | | |

(a) Share repurchases were made pursuant to share repurchase programs authorized by our Board of Directors on November 13, 2014 (the "2014 Program") and January 22, 2021 (the "2021 Program"). The 2014 Program allowed for the repurchase of 40 million shares in an amount not to exceed \$5 billion, and the 2021 Program allows for the repurchase of 40 million shares in an amount not to exceed \$5 billion. Purchases on November 1 of 12,292 shares exhausted the 2014 Program's \$5 billion limit and, as a result, that program has expired. All remaining purchases in the fourth quarter of 2023 were made pursuant to the 2021 Program.

(b) Includes shares under both the 2014 Program (through November 1, 2023), and the 2021 Program.

ITEM 6. SELECTED FINANCIAL DATA

Intentionally Omitted

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

This MD&A is intended to provide investors with an understanding of our recent performance, financial condition and prospects. This discussion and analysis compares 2023 results to 2022. For a discussion that compares our 2022 results to 2021, see Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 of our 2022 Annual Report on Form 10-K. The reference to "N.M." indicates that the calculation is not meaningful. In addition, we provide commentary regarding organic sales growth, which describes the impact of changes in volume, product mix and net selling prices on net sales. Changes in foreign currency exchange rates, acquisitions and exited businesses also impact the year-over-year change in net sales. Revenue growth management is used to describe our capability that helps optimize our consumer value proposition and thereby maximize our brands' revenue potential with consumer-centric insights. It focuses on strategic pricing decisions, price pack architecture, managing our product mix, trade promotion activity and trading terms. Dollar amounts are reported in millions, except per share dollar amounts, unless otherwise noted.

The following will be discussed and analyzed:

- Overview of Business
- Overview of 2023 Results
- Business Environment and Trends
- Results of Operations and Related Information
- Liquidity and Capital Resources
- Critical Accounting Policies and Use of Estimates
- New Accounting Standards
- Information Concerning Forward-Looking Statements

Throughout this MD&A, we refer to financial measures that have not been calculated in accordance with accounting principles generally accepted in the U.S., or GAAP, and are therefore referred to as non-GAAP financial measures. These measures include adjusted gross and operating profit, adjusted net income, adjusted earnings per share, adjusted other (income) and expense, net, and adjusted effective tax rate. We believe these measures provide our investors with additional information about our underlying results and trends, as well as insight to some of the financial measures used to evaluate management.

Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for the comparable GAAP measures, and they should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. There are limitations to these non-GAAP financial measures because they are not prepared in accordance with GAAP and may not be comparable to similarly titled measures of other companies due to potential differences in methods of calculation and items being excluded. We compensate for these limitations by using these non-GAAP financial measures as a supplement to the GAAP measures and by providing reconciliations of the non-GAAP and comparable GAAP financial measures.

The non-GAAP financial measures exclude the following items for the relevant time periods as indicated in the reconciliations included later in this MD&A:

- Sale of Brazil tissue and K-C Professional business - In 2023, we recognized a net benefit related to the sale of our Brazil tissue and K-C Professional business. See Item 8, Note 3 to the consolidated financial statements for details.
- Impairment of intangible assets - In 2023, we recognized charges related to the impairment of certain intangible assets related to Softex Indonesia and Thinx. See Item 8, Note 4 to the consolidated financial statements for details.
- Pension settlements - In 2023 and 2022, pension settlement charges were recognized related to lump-sum distributions from pension plan assets exceeding the total of annual service and interest costs resulting in a recognition of deferred actuarial losses.

- Acquisition of controlling interest in Thinx – In the first quarter of 2022, we increased our investment in Thinx. As a result of this transaction, a net benefit was recognized, primarily due to the non-recurring, non-cash gain recognized related to the remeasurement of the carrying value of our previously held equity investment to fair value, partially offset by transaction and integration costs. See Item 8, Note 3 to the consolidated financial statements for details.

Overview of Business

We are a global company focused on delivering products and solutions that provide better care for a better world, with manufacturing facilities in 33 countries, including our equity affiliates, and products sold in more than 175 countries and territories. Our products are sold under well-known brands such as Kleenex, Scott, Huggies, Pull-Ups, Kotex and Depend. We have three reportable business segments: Personal Care, Consumer Tissue and K-C Professional. These business segments are described in greater detail in Item 8, Note 15 to the consolidated financial statements.

In operating our business, we seek to:

- grow our portfolio of brands through innovation, category development and commercial execution,
- leverage our cost and financial discipline to fund growth and improve margins, and
- allocate capital in value-creating ways.

We describe our business outside North America in two groups – Developing and Emerging Markets ("D&E") and Developed Markets. D&E Markets comprise Eastern Europe, the Middle East and Africa, Latin America and Asia-Pacific, excluding Australia and South Korea. Developed Markets consist of Western and Central Europe, Australia and South Korea.

On February 24, 2022, we completed our acquisition of a majority and controlling share of Thinx, an industry leader in the reusable period and incontinence underwear category, for total consideration of \$181 consisting of cash of \$53, the fair value of our previously held equity investment of \$127, and certain share-based award costs of \$1. In the first quarter of 2023, we delivered a redemption notice to the third-party minority owner with respect to a portion of the remaining common securities of Thinx. This redemption closed in the second quarter of 2023, and we acquired additional ownership of Thinx for \$48, increasing our ownership in Thinx to 70 percent. As part of the completion of a negotiated final redemption, we acquired the remaining 30 percent ownership of Thinx for \$47 in the fourth quarter of 2023. As the purchase of additional ownership in an already controlled subsidiary represents an equity transaction, no gain or loss was recognized in consolidated net income or comprehensive income. See Item 8, Note 3 to the consolidated financial statements for details.

On June 1, 2023, we completed the sale transaction, announced on October 24, 2022, of our Neve tissue brand and related consumer and K-C Professional tissue assets in Brazil for \$212, including the base purchase price of \$175 and working capital and other closing adjustments of \$37. This transaction also included a licensing agreement to allow the acquirer to manufacture and market in Brazil the Kleenex, Scott and Wypall brands to consumers and away-from-home customers for a period of time. The assets included in the sale agreement were reclassified to Other current assets as of December 31, 2022, and upon closure of the transaction, a gain of \$74 pre-tax was recognized in Other (income) and expense, net. We incurred divestiture-related costs of \$30 pre-tax, which were recorded in Cost of products sold and Marketing, research and general expenses, resulting in a net benefit of \$44 pre-tax (\$26 after tax).

Overview of 2023 Results

- Net sales of \$20.4 billion increased 1 percent. Organic sales increased 5 percent, while changes in foreign currency exchange rates decreased sales by 3 percent and exited business decreased sales by 1 percent.
- In North America, organic sales increased 4 percent in consumer products and increased 8 percent in K-C Professional.
- Outside North America, organic sales increased 5 percent in D&E Markets and increased 4 percent in Developed Markets.
- Operating Profit and Net Income Attributable to Kimberly-Clark were \$2,344 and \$1,764 in 2023, respectively.
- Diluted earnings per share were \$5.21 in 2023 compared to \$5.72 in 2022. Results in 2023 include the net benefit related to the sale of the Brazil tissue and K-C Professional business of \$0.08, charges related to the impairment of intangible assets of \$1.36 and pension settlement charges of \$0.08. Results in 2022 include a net benefit of \$0.20 associated with the acquisition of Thinx, primarily due to the non-recurring, non-cash gain recognized related to the

remeasurement of the carrying value of our previously held equity investment to fair value, partially offset by transaction and integration costs, and pension settlement charges of \$0.12.

- We continue to focus on generating cash flow and allocating capital to shareholders. Cash provided by operations was \$3.5 billion in 2023. We raised our dividend in 2023 by 2 percent, the 51st consecutive annual increase in our dividend. Altogether, share repurchases and dividends in 2023 amounted to \$1.8 billion.

In 2024, we plan to continue to execute our strategies for long-term success which include delivering balanced, sustainable growth by growing our brands in-line with or ahead of category growth, leveraging our cost and financial discipline to fund growth and improve margins, and allocating capital in value-creating ways. Our growth strategy is built on two pillars. Elevate our core business is our first pillar and is driven by delivering value-added innovations and driving category opportunities. Expanding our markets is our second pillar and emphasizes Personal Care. Both strategies are enabled by our focus on accelerating and investing in our commercial capabilities through digital marketing, revenue growth management, consumer-inspired innovation and strong in-market execution.

Our strong legacy of financial discipline supports our growth strategy by driving ongoing supply chain productivity through our FORCE (Focused On Reducing Costs Everywhere) program, controlling discretionary spending, driving down working capital and maintaining the top-tier return on invested capital. Our capital allocation strategy is consistent with our historical approach of disciplined capital spending, payment of a top tier dividend, evaluation of acquisition opportunities and allocation of excess cash flow to share repurchases.

We are subject to risks and uncertainties, which can affect our business operations and financial results. See Item 1A, "Risk Factors" in this Form 10-K for additional information.

Business Environment and Trends

Our results of operations have been, and we expect them to continue to be, affected by the following factors and key trends, which may cause our future results of operations to differ from our historical results discussed under "Results of Operations and Related Information."

COVID-19 - The macro business environment has experienced unprecedented volatility in recent years reflecting the effects of the global COVID-19 pandemic on supply and demand dynamics. We have seen stabilization in demand across all of our business segments during 2022 and 2023, and we expect this trend to continue.

The pandemic significantly disrupted supply chains across the globe, primarily due to the very significant fluctuations in demand and related transportation and labor supply issues. Resulting supply shortages led to record levels of inflation in commodities and other costs. During 2023, inflation slowed, but costs remain elevated across many categories of our raw materials, labor, energy and other input costs, as well as transportation costs, and we expect that these elevated levels could persist in 2024, although at a decreasing rate of inflation compared to the prior fiscal year.

Additionally, consumer purchasing power has generally been impacted negatively by the inflation driven by the effects of the pandemic which can impact consumer purchasing patterns.

Birth Rate Trends - Sales of our baby and child care products are highly correlated with birth rate trends. In recent years, birth rate declines in key countries, including China, South Korea and the U.S., have pressured category volume growth rates. To help mitigate the effects of birth rate declines, we aim to drive sales growth at or ahead of category growth rates through innovation, premiumization, strong brand building plans and digital marketing investment as part of our Elevate and Expand growth strategy.

Competition - Our products are sold in a highly competitive global marketplace. Our competitors include global, regional and local manufacturers, including private label manufacturers which offer products that are typically sold at lower prices. In particular, private label market share has been increasing in the tissue category. Increased purchases of private label products could reduce net sales of our higher-margin products which would negatively impact our profitability. While the global marketplace in which we operate has always been highly competitive, we continue to experience increased concentration and the growing presence of large-format retailers, discounters and e-tailers. This market environment has resulted in increased pressure on pricing and other competitive factors, and we expect these pressures to continue in the coming year.

Pricing - Our net sales growth and profitability may be affected as we adjust prices to address market conditions. We adjust our product prices based on a number of variables including demand, the competitive environment, technological improvements, product innovations and changes in our raw material, distribution, energy and other input costs. In 2022 and early 2023, certain price increases were in response to continuing inflation related to the ongoing impacts of the COVID-19 pandemic and other market conditions, including the war in Ukraine. In 2024, we anticipate that challenging market conditions, including those related to inflation and foreign currency exchange rate fluctuations, may continue to impact pricing. Price changes may affect net sales, earnings and market share in the near term as the market adjusts to new pricing and other market conditions.

Operating Costs - Our operating costs include raw materials, labor, selling, general and administrative expenses, general business taxes, currency impacts and financing costs. We manage these costs through cost saving and productivity initiatives, sourcing and hedging programs, and pricing actions. To remain competitive on our operating structure, we continue to work on programs to expand our profitability. While some costs moderated in 2023, they still remained elevated and our results were impacted by increased costs, particularly for pulp, resin, distribution, labor and energy, primarily related to COVID-19 pandemic driven effects and the effect of the war in Ukraine. In 2024, we expect that increased costs will continue to affect us, although at a decreasing rate of inflation compared to the prior fiscal year.

Evolving Consumer Product and Shopping Preferences - The retail landscape in many of our markets continues to evolve due to the rapid growth of e-commerce retailers, changing consumer preferences (as consumers increasingly shop online) and the increased presence of alternative retail channels, such as subscription services and direct-to-consumer businesses. Changing consumer preferences also include increased concerns in regard to post-consumer waste and packaging materials and their impact on environmental sustainability. If we experience lower sales due to changes in consumer demand for our products, our earnings could decrease. We believe our strategic growth focus, sustainability initiatives, innovation pipeline and continued investment in e-commerce capabilities has us well positioned relative to these changing dynamics.

Volatility of Global Markets - Our growth strategy depends in part on our ability to expand our operations, including in D&E Markets. Some D&E Markets have greater political, economic and currency volatility and greater vulnerability to infrastructure and labor disruptions. Volatility in these markets affects our production costs and the demand for our products and may impact our supply chain and distribution networks. Volatility in global consumer demand, commodity costs and foreign currency exchange rates increased significantly over the past few years and is expected to continue in the near term.

Climate Change - We operate in many regions around the world where our businesses could be disrupted by climate change. Our climate change risk categories include risks related to the transition to a lower-carbon economy (“Transition Risks”) and risks related to the physical impacts of climate change (“Physical Risks”). Transition Risks include increased costs of carbon emission, increased cost to produce products in compliance with future regulations, increased raw materials cost, shifts in customer/consumer values and other legal, regulatory and technological risks. Physical Risks include the risk of direct damage to assets or supply chain disruption caused by severe weather events such as floods, storms, wildfires and droughts. We continue to progress toward our 2030 Sustainability Goals which include elements that aim for reductions in greenhouse gas emissions, use of natural forest fibers, use of plastics and use of water in water-stressed regions.

War in Ukraine - Beginning in March 2022, we have implemented significant adjustments to our business in Russia. We have substantially curtailed media, advertising and promotional activity and suspended capital investments in our sole manufacturing facility in Russia. Consistent with the humanitarian nature of our products, we manufacture and sell only essential items in Russia, such as baby diapers and feminine pads, which are critical to the health and hygiene of women, girls and babies. Our Russia business has represented approximately 1 to 2 percent of our net global sales, operating profit and total assets. Our ability to continue our operations in Russia may change as the situation evolves. Our business in Russia is experiencing increased input costs, supply chain complexities, reduced consumer demand, restricted access to raw materials and production assets, and restricted access to financial institutions, as well as increased supply chain, professional services, monetary, currency, trade and payment/investment sanctions and related controls. We are actively monitoring the situation, and as the business, geopolitical and regulatory environment concerning Russia evolves, we may not be able to sustain the limited manufacture and sale of our products, and our assets may be partially or fully impaired. We are also monitoring the increased risk of cyber-based attacks as a result of the war in Ukraine and have implemented additional cybersecurity measures designed to address the evolving threat landscape.

Results of Operations and Related Information

This section presents a discussion and analysis of net sales, operating profit and other information relevant to an understanding of 2023 results of operations.

Consolidated

Selected Financial Results

| | Year Ended December 31 | | |
|---|------------------------|-----------|-------------------------|
| | 2023 | 2022 | Change 2023 vs. 2022 |
| Net Sales: | | | |
| North America | \$ 11,132 | \$ 10,663 | +4 % |
| Outside North America | 9,552 | 9,799 | -3 % |
| Intergeographic sales | (253) | (287) | -12 % |
| Total Net Sales | 20,431 | 20,175 | +1 % |
| Operating Profit: | | | |
| North America | 2,475 | 2,071 | +20 % |
| Outside North America | 1,056 | 979 | +8 % |
| Corporate & Other ^(a) | (1,118) | (412) | N.M. |
| Other (income) and expense, net ^(a) | 69 | (43) | N.M. |
| Total Operating Profit | 2,344 | 2,681 | -13 % |
| Provision for income taxes | (453) | (495) | -8 % |
| Share of net income of equity companies | 196 | 116 | +69 % |
| Net Income Attributable to Kimberly-Clark Corporation | 1,764 | 1,934 | -9 % |
| Diluted Earnings per Share | 5.21 | 5.72 | -9 % |

(a) Corporate & Other and Other (income) and expense, net includes income and expenses not associated with the business segments, including adjustments as indicated in the Non-GAAP Reconciliations.

GAAP to Non-GAAP Reconciliations of Selected Financial Results

| | Twelve Months Ended December 31, 2023 | | | | |
|---|---------------------------------------|--|------------------------------------|------------------------|----------------------------|
| | As Reported | Sale of Brazil Tissue and K-C Professional Business | Impairment of Intangible Assets | Pension Settlements | As Adjusted Non-GAAP |
| Cost of products sold | \$ 13,399 | \$ 15 | \$ — | \$ — | \$ 13,384 |
| Gross Profit | 7,032 | (15) | — | — | 7,047 |
| Marketing, research and general expenses | 3,961 | 15 | — | — | 3,946 |
| Impairment of intangible assets | 658 | — | 658 | — | — |
| Other (income) and expense, net | 69 | (74) | — | — | 143 |
| Operating Profit | 2,344 | 44 | (658) | — | 2,958 |
| Nonoperating expense | (96) | — | — | (35) | (61) |
| Provision for income taxes | (453) | (18) | 175 | 9 | (619) |
| Effective tax rate | 22.4 % | — | — | — | 23.2 % |
| Net income attributable to noncontrolling interests | — | — | 20 | — | (20) |
| Net Income Attributable to Kimberly-Clark Corporation | 1,764 | 26 | (463) | (26) | 2,227 |
| Diluted Earnings per Share ^(a) | 5.21 | 0.08 | (1.36) | (0.08) | 6.57 |

| | Twelve Months Ended December 31, 2022 | | | |
|---|---------------------------------------|--|---------------------|----------------------|
| | As Reported | Acquisition of Controlling Interest in Thinx | Pension Settlements | As Adjusted Non-GAAP |
| Marketing, research and general expenses | \$ 3,581 | \$ 21 | \$ — | \$ 3,560 |
| Other (income) and expense, net | (43) | (85) | — | 42 |
| Operating Profit | 2,681 | 64 | — | 2,617 |
| Nonoperating expense | (73) | — | (52) | (21) |
| Provision for income taxes | (495) | 4 | 13 | (512) |
| Effective tax rate | 21.2 % | — | — | 22.0 % |
| Net Income Attributable to Kimberly-Clark Corporation | 1,934 | 68 | (39) | 1,905 |
| Diluted Earnings per Share ^(a) | 5.72 | 0.20 | (0.12) | 5.63 |

(a) "As Adjusted Non-GAAP" may not equal "As Reported" plus "Adjustments" as a result of rounding.

Analysis of Consolidated Results

| <i>Percent Change in Net Sales 2023 vs. 2022</i> | Volume | Net Price | Mix/Other | Exited Business ^(e) | Currency | Total ^(a) | Organic ^(b) |
|--|------------|-----------|-----------|--------------------------------|------------|----------------------|------------------------|
| Consolidated | (2) | 6 | 1 | (1) | (3) | 1 | 5 |
| North America | — | 4 | — | — | — | 5 | 5 |
| Developed & Emerging | (5) | 8 | 2 | (2) | (8) | (6) | 5 |
| Developed Markets | (6) | 9 | 1 | — | (1) | 3 | 4 |

| <i>Percent Change in Adjusted Operating Profit 2023 vs. 2022</i> | Volume | Net Price | Input Costs | Cost Savings ^(c) | Currency Translation | Other ^(d) | Total |
|--|------------|-----------|-------------|-----------------------------|----------------------|----------------------|-----------|
| Twelve months ended | (6) | 49 | (2) | 12 | (5) | (35) | 13 |

(a) Total may not equal the sum of volume, net price, mix/other, exited business and currency due to rounding and excludes intergeographic sales.

(b) Combined impact of changes in volume, net price and mix/other.

(c) Benefits of the FORCE (Focused On Reducing Costs Everywhere) program.

(d) Includes impact of changes in product mix, marketing, research and general expenses, foreign currency transaction effects and other manufacturing costs.

(e) Impact of the sale of Brazil tissue and K-C Professional business.

Net sales of \$20.4 billion increased 1 percent compared to the year ago period. Operating profit was \$2,344 in 2023 and \$2,681 in 2022. Adjusted operating profit was \$2,958 in 2023 and \$2,617 in 2022. Results benefited from higher net selling prices, \$325 of cost savings from our FORCE program, and improved product mix, partially offset by higher marketing, research and general expenses, unfavorable foreign currency effects, higher other manufacturing costs, lower volumes and higher input costs.

Other (income) and expense, net was \$69 of expense in 2023, which primarily reflected unfavorable foreign currency effects, including highly inflationary accounting adjustments, partially offset by the gain on the sale of the Brazil tissue and K-C Professional business. Other (income) and expense, net was \$43 of income in 2022, which primarily reflected the non-recurring, non-cash gain recognized upon the acquisition of a controlling interest in Thinx related to the remeasurement of the carrying value of our previously held equity investment to fair value. Adjusted other (income) and expense, net was \$143 and \$42 of expense in 2023 and 2022, respectively.

The effective tax rate was 22.4 percent in 2023 compared to the effective tax rate of 21.2 percent in 2022. The adjusted effective tax rate was 23.2 percent in 2023 compared to 22.0 percent in 2022.

Our share of net income of equity companies was \$196 in 2023 and \$116 in 2022. Kimberly-Clark de Mexico, S.A.B. de C.V. results in 2023 benefited from favorable foreign currency effects, higher net selling prices and cost savings, partially offset by higher input costs and general and administrative expenses.

Diluted earnings per share were \$5.21 in 2023 and \$5.72 in 2022. Adjusted earnings per share of \$6.57 in 2023 increased 17 percent compared to \$5.63 in 2022. The increase was primarily driven by higher adjusted operating profit and improved net income from our equity companies.

Business Segments

Personal Care

| | 2023 | 2022 | | 2023 | 2022 |
|-----------|-----------|-----------|------------------|----------|----------|
| Net Sales | \$ 10,691 | \$ 10,622 | Operating Profit | \$ 1,890 | \$ 1,787 |

| <i>Percent Change in Net Sales 2023 vs. 2022</i> | Volume | Net Price | Mix/Other | Currency | Total ^(a) | Organic ^(b) |
|--|------------|-----------|-----------|------------|----------------------|------------------------|
| Total Personal Care | (1) | 5 | 1 | (5) | 1 | 5 |
| North America | 1 | 2 | — | — | 4 | 4 |
| D&E Markets | (4) | 9 | 2 | (11) | (4) | 7 |
| Developed Markets | (5) | 6 | 1 | (2) | — | 3 |

| <i>Percent Change in Operating Profit 2023 vs. 2022</i> | Volume | Net Price | Input Costs | Cost Savings ^(c) | Currency Translation | Other ^(d) | Total |
|---|--------|-----------|-------------|-----------------------------|-------------------------|----------------------|-------|
| Twelve months ended | (1) | 31 | (3) | 8 | (6) | (23) | 6 |

(a) Total may not equal the sum of volume, net price, mix/other and currency due to rounding and excludes intergeographic sales.

(b) Combined impact of changes in volume, net price and mix/other.

(c) Benefits of the FORCE program.

(d) Includes impact of changes in product mix, marketing, research and general expenses, foreign currency transaction effects and other manufacturing costs.

Net sales of \$10.7 billion increased 1 percent compared to the year ago period, while organic sales increased 5 percent driven by changes in net selling prices and product mix of 5 percent and 1 percent, respectively, partially offset by lower volumes of approximately 1 percent. Changes in foreign currency exchange rates decreased sales by approximately 5 percent. Changes in net selling prices and foreign currency exchange rates for D&E Markets were primarily driven by highly inflationary economies.

Operating profit of \$1,890 increased 6 percent. Results benefited from higher net selling prices, cost savings and improved product mix, partially offset by higher marketing research and general expenses and unfavorable foreign currency effects.

Consumer Tissue

| | 2023 | | 2022 | | | 2023 | | 2022 | |
|-----------|------|-------|------|-------|------------------|------|-----|------|-----|
| Net Sales | \$ | 6,290 | \$ | 6,243 | Operating Profit | \$ | 976 | \$ | 806 |

| <i>Percent Change in Net Sales 2023 vs. 2022</i> | <i>Percent Change in Net Sales 2023 vs. 2022</i> | | | | | | |
|--|--|-----------|-----------|--------------------------------|----------|----------------------|------------------------|
| | Volume | Net Price | Mix/Other | Exited Business ^(e) | Currency | Total ^(a) | Organic ^(b) |
| Total Consumer Tissue | (3) | 6 | — | (2) | (1) | 1 | 3 |
| North America | — | 5 | — | — | — | 5 | 5 |
| D&E Markets | (9) | 7 | — | (8) | (3) | (13) | (2) |
| Developed Markets | (5) | 9 | — | — | (1) | 4 | 4 |

| <i>Percent Change in Operating Profit 2023 vs. 2022</i> | <i>Percent Change in Operating Profit 2023 vs. 2022</i> | | | | | | |
|---|---|-----------|-------------|-----------------------------|----------------------|----------------------|-------|
| | Volume | Net Price | Input Costs | Cost Savings ^(c) | Currency Translation | Other ^(d) | Total |
| Twelve months ended | (7) | 48 | (8) | 14 | — | (26) | 21 |

(a) Total may not equal the sum of volume, net price, mix/other, exited business and currency due to rounding and excludes intergeographic sales.

(b) Combined impact of changes in volume, net price and mix/other.

(c) Benefits of the FORCE program.

(d) Includes impact of changes in product mix, marketing, research and general expenses, foreign currency transaction effects and other manufacturing costs.

(e) Impact of the sale of Brazil tissue and K-C Professional business.

Net sales of \$6.3 billion increased 1 percent compared to the year ago period, while organic sales increased 3 percent driven by changes in net selling prices of 6 percent, partially offset by lower volumes of 3 percent. Exited business decreased sales by approximately 2 percent, and changes in foreign currency exchange rates decreased sales by approximately 1 percent.

Operating profit of \$976 increased 21 percent. Results benefited from higher net selling prices and cost savings, partially offset by higher other manufacturing costs, higher input costs, lower volumes and higher marketing research and general expenses.

K-C Professional

| | 2023 | | 2022 | | | 2023 | | 2022 | |
|-----------|------|-------|------|-------|------------------|------|-----|------|-----|
| Net Sales | \$ | 3,404 | \$ | 3,256 | Operating Profit | \$ | 665 | \$ | 457 |

| <i>Percent Change in Net Sales 2023 vs. 2022</i> | <i>Percent Change in Net Sales 2023 vs. 2022</i> | | | | | | |
|--|--|-----------|-----------|--------------------------------|----------|----------------------|------------------------|
| | Volume | Net Price | Mix/Other | Exited Business ^(e) | Currency | Total ^(a) | Organic ^(b) |
| Total K-C Professional | (5) | 10 | 1 | (1) | (1) | 5 | 7 |
| North America | (2) | 9 | — | — | — | 8 | 8 |
| D&E Markets | (5) | 10 | 1 | (6) | (6) | (5) | 6 |
| Developed Markets | (13) | 13 | 4 | — | — | 4 | 4 |

| <i>Percent Change in Operating Profit 2023 vs. 2022</i> | <i>Percent Change in Operating Profit 2023 vs. 2022</i> | | | | | | |
|---|---|-----------|-------------|-----------------------------|----------------------|----------------------|-------|
| | Volume | Net Price | Input Costs | Cost Savings ^(c) | Currency Translation | Other ^(d) | Total |
| Twelve months ended | (14) | 73 | 10 | 13 | (3) | (33) | 46 |

(a) Total may not equal the sum of volume, net price, mix/other, exited business and currency due to rounding and excludes intergeographic sales.

(b) Combined impact of changes in volume, net price and mix/other.

(c) Benefits of the FORCE program.

(d) Includes impact of changes in product mix, marketing, research and general expenses, foreign currency transaction effects and other manufacturing costs.

(e) Impact of the sale of Brazil tissue and K-C Professional business.

Net sales of \$3.4 billion increased 5 percent compared to the year ago period, while organic sales increased 7 percent driven by changes in net selling prices and product mix of 10 percent and 1 percent, respectively, partially offset by lower volumes of 5 percent. The decrease in volumes primarily reflected expected elasticity from pricing actions. Exited business decreased sales by 1 percent, and changes in foreign currency exchange rates decreased sales by 1 percent.

Operating profit of \$665 increased 46 percent. Results benefited from higher net selling prices, cost savings and lower input costs, partially offset by lower volumes, higher other manufacturing costs, higher marketing research and general expenses and unfavorable foreign currency effects.

Liquidity and Capital Resources

Cash Provided by Operations

Cash provided by operations was \$3,542 in 2023 compared to \$2,733 in 2022. The increase was driven by the increase in operating profit, excluding the effect of non-cash charges, and improvements in working capital.

Obligations

The following table presents our total contractual obligations for which cash flows are fixed or determinable.

| | Total | 2024 | 2025 | 2026 | 2027 | 2028 | 2029+ |
|-------------------------------------|------------------|-----------------|-----------------|-----------------|-----------------|---------------|-----------------|
| Long-term debt | \$ 7,993 | \$ 566 | \$ 559 | \$ 403 | \$ 601 | \$ 698 | \$ 5,166 |
| Interest payments on long-term debt | 3,118 | 289 | 276 | 254 | 247 | 224 | 1,828 |
| Operating lease liabilities | 519 | 145 | 128 | 110 | 64 | 27 | 45 |
| Unconditional purchase obligations | 3,042 | 1,528 | 1,029 | 227 | 227 | 13 | 18 |
| Open purchase orders | 1,285 | 1,133 | 131 | 12 | 5 | 2 | 2 |
| Total contractual obligations | <u>\$ 15,957</u> | <u>\$ 3,661</u> | <u>\$ 2,123</u> | <u>\$ 1,006</u> | <u>\$ 1,144</u> | <u>\$ 964</u> | <u>\$ 7,059</u> |

The unconditional purchase obligations are for the purchase of raw materials, primarily superabsorbent materials, pulp and utilities. Although we are primarily liable for payments on the above operating leases and unconditional purchase obligations, based on historic operating performance and forecasted future cash flows, we believe exposure to losses, if any, under these arrangements is not material.

The open purchase orders displayed in the table represent amounts for goods and services we have negotiated for delivery.

The table does not include amounts where payments are discretionary or the timing is uncertain. The following payments are not included in the table:

- We will fund our defined benefit pension plans to meet or exceed statutory requirements and currently expect to contribute approximately \$20 to these plans in 2024.
- Other postretirement benefit payments are estimated using actuarial assumptions, including expected future service, to project the future obligations. Based upon those projections, we anticipate making annual payments for these obligations of approximately \$50 through 2033.
- Accrued income tax liabilities for uncertain tax positions, deferred taxes and noncontrolling interests.

Investing

Our capital spending was \$766 in 2023 and \$876 in 2022. Proceeds from asset and business dispositions of \$245 primarily reflected the sale of our Brazil tissue and K-C Professional business. Acquisition of business, net of cash acquired of \$46 in 2022 reflected the acquisition of a controlling interest of Thinx. We expect capital spending to be approximately \$900 in 2024.

Financing

We issue long-term debt in the public market periodically. Proceeds from the offerings are used for general corporate purposes, including repayment of maturing debt or outstanding commercial paper indebtedness. See Item 8, Note 6 to the consolidated financial statements for details.

Our short-term debt, which consists of U.S. commercial paper with original maturities up to 90 days and/or other similar short-term debt issued by non-U.S. subsidiaries, was \$2 as of December 31, 2023 (included in debt payable within one year on the consolidated balance sheet). The average month-end balance of short-term debt for the twelve months ended December 31, 2023 was \$139. These short-term borrowings provide supplemental funding to support our operations. The level of short-term debt generally fluctuates depending upon the amount of operating cash flows and the timing of customer receipts and payments for items such as pension contributions, dividends and income taxes.

At December 31, 2023, total debt was \$8.0 billion compared to \$8.4 billion at December 31, 2022.

In 2023, Cash paid for redemption of common securities of Thinx of \$95 was to acquire the remaining ownership of Thinx. See Item 8, Note 3 to the consolidated financial statements for details.

We maintain a \$2.0 billion revolving credit facility which expires in June 2028 and a \$750 revolving credit facility which expires in May 2024. These facilities, currently unused, support our commercial paper program, and would provide liquidity in the event our access to the commercial paper markets is unavailable for any reason.

In October 2021, members of the Organization for Economic Co-operation and Development/G20 Inclusive Framework on Base Erosion and Profit Shifting Project (“Inclusive Framework”) agreed to a two-pillar solution to reform the international tax framework to realign international taxation with economic activities and value creation. Inclusive Framework members agreed to a coordinated system of Global anti-Base Erosion rules, referred to as Pillar 2, that are designed to ensure large multinational enterprises pay a minimum 15 percent level of tax on the income arising in each jurisdiction in which they operate. Many countries have formally implemented Pillar 2, and several other countries have draft legislation to implement this framework. We do not expect Pillar 2 current and proposed legislation to materially impact our effective tax rate or cash flows. We will continue to monitor and evaluate new legislation and guidance, which could change our current assessment.

The United Kingdom’s Financial Conduct Authority, which regulated the London Interbank Offered Rate (“LIBOR”), has completed its phase out of LIBOR as of June 30, 2023. The effect of the elimination of LIBOR was not material.

We paid \$1.6 billion in dividends in 2023. The Board of Directors approved a dividend increase of 3.4 percent for 2024. We repurchase shares of Kimberly-Clark common stock from time to time pursuant to publicly announced share repurchase programs. During 2023, we repurchased 1.8 million shares of our common stock at a cost of \$225 through a broker in the open market.

We believe that our ability to generate cash from operations and our capacity to issue short-term and long-term debt are adequate to fund working capital, capital spending, pension contributions, dividends and other needs for the foreseeable future. Further, we do not expect restrictions or taxes on repatriation of cash held outside of the U.S. to have a material effect on our overall business, liquidity, financial condition or results of operations for the foreseeable future.

Critical Accounting Policies and Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the reporting period. The critical accounting policies we used in the preparation of the consolidated financial statements are those that are important both to the presentation of our financial condition and results of operations and require significant judgments by management with regard to estimates used. The critical judgments by management relate to accruals for sales incentives and trade promotion allowances, pension and other postretirement benefits, deferred income taxes and potential income tax assessments, and goodwill and other intangible assets. These critical accounting policies have been reviewed with the Audit Committee of the Board of Directors.

Sales Incentives and Trade Promotion Allowances

Trade promotion programs include introductory marketing funds such as slotting fees, cooperative marketing programs, temporary price reductions and other activities conducted by our customers to promote our products. Rebate and promotion accruals are based on estimates of the quantity of customer sales. Promotion accruals also consider estimates of the number of consumer coupons that will be redeemed and timing and costs of activities within the promotional programs. Generally, the estimated redemption value of consumer coupons and related expense are based on historical patterns of coupon redemption, influenced by judgments about current market conditions such as competitive activity in specific product categories, and the cost is recorded when the related revenue from customers is realized. Our related accounting policies are discussed in Item 8, Note 1 to the consolidated financial statements.

Employee Postretirement Benefits

Substantially all regular employees in the U.S. and the United Kingdom are covered by defined contribution retirement plans and certain U.S. and United Kingdom employees previously earned benefits covered by defined benefit pension plans that currently provide no future service benefit (the "Principal Plans"). Certain other subsidiaries have defined benefit pension plans or, in certain countries, termination pay plans covering substantially all regular employees. Our related accounting policies and account balances are discussed in Item 8, Note 8 to the consolidated financial statements.

Changes in certain assumptions could affect pension expense and the benefit obligations, particularly the estimated long-term rate of return on plan assets and the discount rate used to calculate the obligations:

- Long-term rate of return on plan assets. The expected long-term rate of return is evaluated on an annual basis. In setting these assumptions, we consider a number of factors including projected future returns by asset class relative to the target asset allocation. Actual asset allocations are regularly reviewed and they are periodically rebalanced to the targeted allocations when considered appropriate.

As of December 31, 2023, the Principal Plans had cumulative unrecognized investment and actuarial losses of approximately \$1.0 billion. These unrecognized net losses may increase future pension expense if not offset by (i) actual investment returns that exceed the assumed investment returns, (ii) other factors, including reduced pension liabilities arising from higher discount rates used to calculate pension obligations, or (iii) other actuarial gains, and whether such accumulated actuarial losses at each measurement date exceed the "corridor" as required. If the expected long-term rate of return on assets for the Principal Plans were lowered by 0.25 percent, the impact on annual pension expense would not be material in 2024.

- Discount rate. The discount (or settlement) rate used to determine the present value of our future U.S. pension obligation at December 31, 2023 was based on a portfolio of high quality corporate debt securities with cash flows that largely match the expected benefit payments of the plan. For the United Kingdom plan, the discount rate was determined based on yield curves constructed from a portfolio of high quality corporate debt securities. Each year's expected future benefit payments were discounted to their present value at the appropriate yield curve rate to determine the pension obligations. If the discount rate assumptions for these same plans were reduced by 0.25 percent, the increase in annual pension expense would not be material in 2024, and the December 31, 2023 pension liability would increase by about \$60.
- Other assumptions. There are a number of other assumptions involved in the calculation of pension expense and benefit obligations, primarily related to participant demographics and benefit elections.

Pension expense for defined benefit pension plans is estimated to approximate \$50 in 2024. Pension expense beyond 2024 will depend on future investment performance, our contributions to the pension trusts, changes in discount rates and various other factors related to the covered participants in the plans.

Substantially all U.S. retirees and employees have access to our unfunded health care and life insurance benefit plans. Changes in significant assumptions could affect the consolidated expense and benefit obligations, particularly the discount rate used to calculate the obligations and the health care cost trend rate:

- Discount rate. The determination of the discount rates used to calculate the benefit obligations of the plans is discussed in the pension benefit section above, and the methodology for each country is the same as the methodology used to determine the discount rate for that country's pension obligation. If the discount rate assumptions for these plans were reduced by 0.25 percent, the impact to 2024 other postretirement benefit expense and the increase in the December 31, 2023 benefit liability would not be material.
- Health care cost trend rate. The health care cost trend rate is based on a combination of inputs including our recent claims history and insights from external advisers regarding recent developments in the health care marketplace, as well as projections of future trends in the marketplace.

Deferred Income Taxes and Potential Assessments

As a global organization, we are subject to income tax requirements in various jurisdictions in the U.S. and internationally. Changes in certain assumptions related to income taxes could significantly affect consolidated results, particularly with regard to valuation allowances on deferred tax assets, undistributed earnings of subsidiaries outside the U.S. and uncertain tax positions. Our income tax related accounting policies, account balances and matters affecting income taxes are discussed in Item 8, Note 13 to the consolidated financial statements.

- Deferred tax assets and related valuation allowances. We have recorded deferred tax assets related to, among other matters, income tax loss carryforwards, income tax credit carryforwards and capital loss carryforwards and have established valuation allowances against these deferred tax assets. These carryforwards are primarily in non-U.S. taxing jurisdictions and in certain states in the U.S. Foreign tax credits earned in the U.S. in current and prior years, which cannot be used currently, also give rise to net deferred tax assets. In determining the valuation allowances to establish against these deferred tax assets, many factors are considered, including the specific taxing jurisdiction, the carryforward period, income tax strategies and forecasted earnings for the entities in each jurisdiction. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realized.
- Undistributed earnings. As of December 31, 2023, we have accumulated undistributed earnings generated by our foreign subsidiaries of approximately \$7.2 billion. Earnings of \$3.3 billion were previously subject to U.S. federal income tax. Any additional taxes due with respect to such previously-taxed foreign earnings, if repatriated, would generally be limited to foreign and U.S. state income taxes. Deferred taxes have been recorded on \$0.8 billion of earnings of foreign consolidated subsidiaries expected to be repatriated. We do not intend to distribute the remaining \$2.5 billion of previously-taxed foreign earnings and therefore have not recorded deferred taxes for foreign and U.S. state income taxes on such earnings. We consider any excess of the amount for financial reporting over tax basis in our foreign subsidiaries to be indefinitely reinvested. The determination of deferred tax liabilities on the amount of financial reporting over tax basis or the \$2.5 billion of previously-taxed foreign earnings is not practicable.
- Uncertain tax positions. We record our global tax provision based on the respective tax rules and regulations for the jurisdictions in which we operate. Where we believe that a tax position is supportable for income tax purposes, the item is included in our income tax returns. Where treatment of a position is uncertain, a liability is recorded based upon the expected most likely outcome taking into consideration the technical merits of the position based on specific tax regulations and facts of each matter. These liabilities may be affected by changing interpretations of laws, rulings by tax authorities or the expiration of the statute of limitations.

Goodwill and Other Intangible Assets

Goodwill and other indefinite-lived intangible assets are not subject to amortization and are tested for impairment annually and whenever events or changes in circumstances indicate that impairment may have occurred. Intangible assets that are deemed to

have finite lives are amortized over their useful lives, generally ranging from 4 to 20 years. We typically obtain the assistance of third-party valuation specialists to measure the acquisition date fair values of goodwill and other intangible assets acquired.

Events and conditions that could result in impairment include a sustained drop in the market price of our common shares, increased competition or loss of market share, obsolescence, product claims that result in a significant loss of sales or profitability over the product life, deterioration in macroeconomic conditions, or declining financial performance in comparison to projected results.

Our related accounting policies, acquisition of Thinx and goodwill and other intangible assets account balances and other intangible asset impairment charges are discussed in Item 8, Notes 1, 3 and 4, respectively, to the consolidated financial statements.

Goodwill

In our evaluation of goodwill impairment, we have the option to first assess qualitative factors such as macroeconomic, industry and competitive conditions, legal and regulatory environments, historical and projected financial performance, significant changes in the reporting unit and the magnitude of excess fair value over carrying amount from the previous quantitative impairment testing. If the result of a qualitative test indicates a potential for impairment, a quantitative test is performed. When a quantitative test is considered necessary, estimates of fair value for goodwill impairment testing are determined based on a discounted cash flow model and a market-based approach. We use inputs from our long-range planning process to determine growth rates for sales and earnings. The other key estimates and factors used in the discounted cash flow include, but are not limited to, discount rates, actual business trends experienced, commodity prices, foreign exchange rates, inflation and terminal growth rates.

For 2023, we completed the required annual assessment of goodwill for impairment for all of our reporting units using a qualitative assessment as of the first day of the third quarter, and we determined that it is more likely than not that the fair value of goodwill significantly exceeds the carrying amount for each of our reporting units.

Other Intangible Assets

We evaluate the useful lives of our other intangible assets, primarily brands, to determine if they are finite or indefinite-lived. Reaching a determination on useful life requires significant judgments and assumptions regarding the future effects of obsolescence, demand, competition, other economic factors (such as the stability of the industry, known technological advances and expected changes in distribution channels), the level of required maintenance expenditures, and the expected lives of other related groups of assets.

Our estimate of the fair value of our brand assets is based on a discounted cash flow model and a market-based approach using inputs which include projected revenues from our long-range plan, assumed royalty rates that could be payable if we did not own the brands, and a discount rate. The cash flows used in the discounted cash flow model are consistent with those we use in our internal planning, which gives consideration to actual business trends experienced and the long-term business strategy.

We performed our 2023 impairment assessment of our intangible assets as of the first day of the third quarter, subsequent to the impairments recognized in the second quarter of 2023, and based upon a qualitative assessment, no additional impairment indicators were found to be present. See Item 8, Note 4 to the consolidated financial statements for details.

New Accounting Standards

See Item 8, Note 1 to the consolidated financial statements for a description of recent accounting standards and their anticipated effects on our consolidated financial statements.

Forward Looking Statements

Certain matters contained in this report concerning the business outlook, including raw material, energy and other input costs, the anticipated cost savings from our FORCE program, cash flow and uses of cash, growth initiatives, innovations, marketing and other spending, net sales, anticipated currency rates and exchange risks, including the impact in Argentina and Türkiye, effective tax rate, contingencies and anticipated transactions of Kimberly-Clark, including dividends, share repurchases and pension contributions, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and are based upon management's expectations and beliefs concerning future events impacting Kimberly-Clark.

There can be no assurance that these future events will occur as anticipated or that our results will be as estimated. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to publicly update them.

The assumptions used as a basis for the forward-looking statements include many estimates that, among other things, depend on the achievement of future cost savings and projected volume increases. In addition, many factors outside our control, including the war in Ukraine (including the related responses of consumers, customers, and suppliers and sanctions issued by the U.S., the European Union, Russia or other countries), pandemics, epidemics, fluctuations in foreign currency exchange rates, the prices and availability of our raw materials, supply chain disruptions, disruptions in the capital and credit markets, counterparty defaults (including customers, suppliers and financial institutions with which we do business), failure to realize the expected benefits or synergies from our acquisition and disposition activity, impairment of goodwill and intangible assets and our projections of operating results and other factors that may affect our impairment testing, changes in customer preferences, severe weather conditions, regional instabilities and hostilities (including the war in Israel), government trade or similar regulatory actions, potential competitive pressures on selling prices for our products, energy costs, general economic and political conditions globally and in the markets in which we do business, as well as our ability to maintain key customer relationships, could affect the realization of these estimates.

The factors described under Item 1A, "Risk Factors" in our Form 10-K, or in our other SEC filings, among others, could cause our future results to differ from those expressed in any forward-looking statements made by us or on our behalf. Other factors not presently known to us or that we presently consider immaterial could also affect our business operations and financial results.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As a multinational enterprise, we are exposed to risks such as changes in foreign currency exchange rates, interest rates and commodity prices. A variety of practices are employed to manage these risks, including operating and financing activities and, where deemed appropriate, the use of derivative instruments. Derivative instruments are used only for risk management purposes and not for speculation. Foreign currency derivative instruments are primarily entered into with major financial institutions. Our credit exposure under these arrangements is limited to agreements with a positive fair value at the reporting date. Credit risk with respect to the counterparties is actively monitored but is not considered significant since these transactions are executed with a diversified group of financial institutions.

Presented below is a description of our risks (foreign currency risk and interest rate risk) together with a sensitivity analysis, performed annually, of each of these risks based on selected changes in market rates and prices. These analyses reflect management's view of changes which are reasonably possible to occur over a one-year period. Also included is a description of our commodity price risk.

Foreign Currency Risk

A portion of our foreign currency risk is managed through the systematic use of foreign currency forward contracts. The use of these instruments supports the management of transactional exposures to exchange rate fluctuations as the gains or losses incurred on the derivative instruments will offset, in whole or in part, gains or losses on the underlying foreign currency exposure. We also utilize cross currency swaps and foreign denominated debt to hedge certain investments in foreign subsidiaries. The gain or loss on these instruments is recognized in other comprehensive income to offset the change in value of the net investments being hedged.

Foreign currency contracts and transactional exposures are sensitive to changes in foreign currency exchange rates. An annual test is performed to quantify the effects that possible changes in foreign currency exchange rates would have on annual operating profit based on our foreign currency contracts and transactional exposures at the current year-end. The balance sheet effect is calculated by multiplying each affiliate's net monetary asset or liability position by a 10 percent change in the foreign currency exchange rate versus the U.S. dollar.

As of December 31, 2023, a 10 percent unfavorable change in the exchange rate of the U.S. dollar against the prevailing market rates of foreign currencies involving balance sheet transactional exposures would not be material to our consolidated financial position, results of operations or cash flows. This hypothetical loss on transactional exposures is based on the difference between the December 31, 2023 rates and the assumed rates.

Our operations in Argentina ("K-C Argentina") are reported using highly inflationary accounting and their functional currency is the U.S. dollar. Changes in the value of an Argentine peso versus the U.S. dollar applied to our net peso monetary position are recorded in Other (income) and expense, net at the time of the change. As of December 31, 2023, K-C Argentina had an immaterial net peso monetary position and a 10 percent unfavorable change in the exchange rate would not be material.

As of April 1, 2022, we elected to adopt highly inflationary accounting for our operations in Türkiye ("K-C Türkiye"), and their functional currency is also the U.S. dollar. Changes in the value of a Turkish lira versus the U.S. dollar applied to our net lira monetary position are recorded in Other (income) and expense, net at the time of the change. As of December 31, 2023, K-C Türkiye had an immaterial net lira monetary position and a 10 percent unfavorable change in the exchange rate would not be material.

The translation of the balance sheets of non-U.S. operations from local currencies into U.S. dollars is also sensitive to changes in foreign currency exchange rates. Consequently, an annual test is performed to determine if changes in currency exchange rates would have a significant effect on the translation of the balance sheets of non-U.S. operations into U.S. dollars. These translation gains or losses are recorded as unrealized translation adjustments ("UTA") within stockholders' equity. The hypothetical change in UTA is calculated by multiplying the net assets of these non-U.S. operations by a 10 percent change in the currency exchange rates. As of December 31, 2023, a 10 percent unfavorable change in the exchange rate of the U.S. dollar against the prevailing market rates of our foreign currency translation exposures would have reduced stockholders' equity by approximately \$600. In the view of management, the above potential UTA adjustments resulting from these assumed changes in foreign currency exchange rates are not material to our consolidated financial position because they would not affect our cash flow.

Interest Rate Risk

Interest rate risk is managed through the maintenance of a portfolio of variable and fixed-rate debt composed of short and long-term instruments. The objective is to maintain a cost-effective mix that management deems appropriate. At December 31, 2023, the long-term debt portfolio was comprised of primarily fixed-rate debt. From time to time, we also hedge the anticipated issuance of fixed-rate debt and those contracts are designated as cash flow hedges.

In order to determine the impact of changes in interest rates on our financial position or future results of operations, we calculated the increase or decrease in the market value of fixed-rate debt using a 10 percent change in current market interest rates and the rates governing these instruments. At December 31, 2023, a 10 percent decrease in interest rates would have increased the fair value of unhedged fixed-rate debt by about \$347, which would not have a significant impact on our financial statements as we do not record unhedged fixed-rate debt at fair value.

Commodity Price Risk

We are subject to commodity price risk, the most significant of which relates to the price of pulp and petroleum-based materials. Selling prices of products are influenced, in part, by the market price for these pulp and petroleum-based materials. As previously discussed under Item 1A, "Risk Factors," increases in pulp or petroleum-based material prices could adversely affect earnings if selling prices are not adjusted or if such adjustments significantly trail the increases in commodity prices. In some instances, we use contracts of varying durations along with strategic pricing mechanisms to manage volatility for a portion of our commodity costs, but derivative instruments have not been used to manage these risks.

Our energy, manufacturing and transportation costs are affected by various market factors including the availability of supplies of particular forms of energy, energy prices and local and national regulatory decisions. As previously discussed under Item 1A, "Risk Factors," there can be no assurance we will be fully protected against substantial changes in the price or availability of energy sources. In addition, we are subject to price risk for utilities and manufacturing inputs, used in our manufacturing operations. Derivative instruments are used in accordance with our risk management policy to hedge a portion of the price risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

**KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS**

| (Millions of dollars, except per share amounts) | Year Ended December 31 | | |
|--|------------------------|------------------|------------------|
| | 2023 | 2022 | 2021 |
| Net Sales | \$ 20,431 | \$ 20,175 | \$ 19,440 |
| Cost of products sold | 13,399 | 13,956 | 13,452 |
| Gross Profit | 7,032 | 6,219 | 5,988 |
| Marketing, research and general expenses | 3,961 | 3,581 | 3,399 |
| Impairment of intangible assets | 658 | — | — |
| Other (income) and expense, net | 69 | (43) | 28 |
| Operating Profit | 2,344 | 2,681 | 2,561 |
| Nonoperating expense | (96) | (73) | (86) |
| Interest income | 66 | 14 | 6 |
| Interest expense | (293) | (282) | (256) |
| Income Before Income Taxes and Equity Interests | 2,021 | 2,340 | 2,225 |
| Provision for income taxes | (453) | (495) | (479) |
| Income Before Equity Interests | 1,568 | 1,845 | 1,746 |
| Share of net income of equity companies | 196 | 116 | 98 |
| Net Income | 1,764 | 1,961 | 1,844 |
| Net income attributable to noncontrolling interests | — | (27) | (30) |
| Net Income Attributable to Kimberly-Clark Corporation | \$ 1,764 | \$ 1,934 | \$ 1,814 |
| Per Share Basis | | | |
| Net Income Attributable to Kimberly-Clark Corporation | | | |
| Basic | \$ 5.22 | \$ 5.73 | \$ 5.38 |
| Diluted | \$ 5.21 | \$ 5.72 | \$ 5.35 |

See notes to the consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| (Millions of dollars) | Year Ended December 31 | | |
|--|------------------------|-----------------|-----------------|
| | 2023 | 2022 | 2021 |
| Net Income | \$ 1,764 | \$ 1,961 | \$ 1,844 |
| Other Comprehensive Income (Loss), Net of Tax | | | |
| Unrealized currency translation adjustments | 89 | (355) | (288) |
| Employee postretirement benefits | (15) | 103 | 122 |
| Cash flow hedges and other | 12 | (185) | 84 |
| Total Other Comprehensive Income (Loss), Net of Tax | 86 | (437) | (82) |
| Comprehensive Income | 1,850 | 1,524 | 1,762 |
| Comprehensive income attributable to noncontrolling interests | 1 | (19) | (15) |
| Comprehensive Income Attributable to Kimberly-Clark Corporation | \$ 1,851 | \$ 1,505 | \$ 1,747 |

See notes to the consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

| (Millions of dollars) | December 31 | |
|--|------------------|------------------|
| | 2023 | 2022 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,093 | \$ 427 |
| Accounts receivable, net | 2,135 | 2,280 |
| Inventories | 1,955 | 2,269 |
| Other current assets | 520 | 753 |
| Total Current Assets | 5,703 | 5,729 |
| Property, Plant and Equipment, Net | 7,913 | 7,885 |
| Investments in Equity Companies | 306 | 238 |
| Goodwill | 2,085 | 2,074 |
| Other Intangible Assets, Net | 197 | 851 |
| Other Assets | 1,140 | 1,193 |
| TOTAL ASSETS | \$ 17,344 | \$ 17,970 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Debt payable within one year | \$ 567 | \$ 844 |
| Trade accounts payable | 3,653 | 3,813 |
| Accrued expenses and other current liabilities | 2,316 | 2,289 |
| Dividends payable | 394 | 388 |
| Total Current Liabilities | 6,930 | 7,334 |
| Long-Term Debt | 7,417 | 7,578 |
| Noncurrent Employee Benefits | 669 | 654 |
| Deferred Income Taxes | 374 | 647 |
| Other Liabilities | 860 | 799 |
| Redeemable Common and Preferred Securities of Subsidiaries | 26 | 258 |
| Stockholders' Equity | | |
| Kimberly-Clark Corporation | | |
| Preferred stock - no par value - authorized 20.0 million shares, none issued | — | — |
| Common stock - \$1.25 par value - authorized 1.2 billion shares; issued 378.6 million shares at December 31, 2023 and 2022 | 473 | 473 |
| Additional paid-in capital | 878 | 679 |
| Common stock held in treasury, at cost - 41.6 and 41.1 million shares at December 31, 2023 and 2022, respectively | (5,222) | (5,137) |
| Retained earnings | 8,368 | 8,201 |
| Accumulated other comprehensive income (loss) | (3,582) | (3,669) |
| Total Kimberly-Clark Corporation Stockholders' Equity | 915 | 547 |
| Noncontrolling Interests | 153 | 153 |
| Total Stockholders' Equity | 1,068 | 700 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 17,344 | \$ 17,970 |

See notes to the consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

| (Millions of dollars, shares in thousands, except per share amounts) | Common Stock Issued | | Additional Paid-in Capital | Treasury Stock | | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Non-controlling Interests | Total Stockholders' Equity |
|--|---------------------|---------------|----------------------------|----------------|-------------------|-------------------|---|---------------------------|----------------------------|
| | Shares | Amount | | Shares | Amount | | | | |
| Balance at December 31, 2020 | 378,597 | \$ 473 | \$ 657 | 39,873 | \$ (4,899) | \$ 7,567 | \$ (3,172) | \$ 243 | \$ 869 |
| Net income in stockholders' equity, excludes redeemable interests' share | — | — | — | — | — | 1,814 | — | 29 | 1,843 |
| Other comprehensive income, net of tax, excludes redeemable interests' share | — | — | — | — | — | — | (67) | (14) | (81) |
| Stock-based awards exercised or vested | — | — | (80) | (1,339) | 146 | — | — | — | 66 |
| Shares repurchased | — | — | — | 3,228 | (430) | — | — | — | (430) |
| Recognition of stock-based compensation | — | — | 26 | — | — | — | — | — | 26 |
| Dividends declared (\$4.56 per share) | — | — | — | — | — | (1,538) | — | (36) | (1,574) |
| Other | — | — | 2 | — | — | 15 | — | 1 | 18 |
| Balance at December 31, 2021 | 378,597 | 473 | 605 | 41,762 | (5,183) | 7,858 | (3,239) | 223 | 737 |
| Net income in stockholders' equity, excludes redeemable interests' share | — | — | — | — | — | 1,934 | — | 38 | 1,972 |
| Other comprehensive income, net of tax, excludes redeemable interests' share | — | — | — | — | — | — | (429) | (9) | (438) |
| Stock-based awards exercised or vested | — | — | (86) | (1,406) | 145 | — | — | — | 59 |
| Shares repurchased | — | — | — | 779 | (100) | — | — | — | (100) |
| Recognition of stock-based compensation | — | — | 147 | — | — | — | — | — | 147 |
| Dividends declared (\$4.64 per share) | — | — | — | — | — | (1,566) | — | (98) | (1,664) |
| Other | — | — | 13 | — | 1 | (25) | (1) | (1) | (13) |
| Balance at December 31, 2022 | 378,597 | 473 | 679 | 41,135 | (5,137) | 8,201 | (3,669) | 153 | 700 |
| Net income in stockholders' equity, excludes redeemable interests' share | — | — | — | — | — | 1,764 | — | 37 | 1,801 |
| Other comprehensive income, net of tax, excludes redeemable interests' share | — | — | — | — | — | — | 87 | (3) | 84 |
| Stock-based awards exercised or vested | — | — | (70) | (1,327) | 140 | — | — | — | 70 |
| Shares repurchased | — | — | — | 1,791 | (225) | — | — | — | (225) |
| Recognition of stock-based compensation | — | — | 165 | — | — | — | — | — | 165 |
| Dividends declared (\$4.72 per share) | — | — | — | — | — | (1,594) | — | (35) | (1,629) |
| Other | — | — | 104 | — | — | (3) | — | 1 | 102 |
| Balance at December 31, 2023 | <u>378,597</u> | <u>\$ 473</u> | <u>\$ 878</u> | <u>41,599</u> | <u>\$ (5,222)</u> | <u>\$ 8,368</u> | <u>\$ (3,582)</u> | <u>\$ 153</u> | <u>\$ 1,068</u> |

See notes to the consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS

| (Millions of dollars) | Year Ended December 31 | | |
|---|------------------------|----------------|----------------|
| | 2023 | 2022 | 2021 |
| Operating Activities | | | |
| Net income | \$ 1,764 | \$ 1,961 | \$ 1,844 |
| Depreciation and amortization | 753 | 754 | 766 |
| Asset impairments | 676 | — | 3 |
| Gain on previously held equity investment in Thinx | — | (85) | — |
| Stock-based compensation | 169 | 150 | 26 |
| Deferred income taxes | (322) | (57) | (70) |
| Net (gains) losses on asset and business dispositions | (75) | 15 | 39 |
| Equity companies' earnings (in excess of) less than dividends paid | (59) | 6 | 25 |
| Operating working capital | 582 | (17) | 46 |
| Postretirement benefits | 24 | (4) | 47 |
| Other | 30 | 10 | 4 |
| Cash Provided by Operations | 3,542 | 2,733 | 2,730 |
| Investing Activities | | | |
| Capital spending | (766) | (876) | (1,007) |
| Acquisition of business, net of cash acquired | — | (46) | — |
| Proceeds from asset and business dispositions | 245 | 12 | 43 |
| Investments in time deposits | (720) | (658) | (918) |
| Maturities of time deposits | 815 | 797 | 836 |
| Other | 8 | (14) | (10) |
| Cash Used for Investing | (418) | (785) | (1,056) |
| Financing Activities | | | |
| Cash dividends paid | (1,588) | (1,558) | (1,516) |
| Change in short-term debt | (371) | 261 | (97) |
| Debt proceeds | 363 | — | 605 |
| Debt repayments | (475) | (312) | (269) |
| Proceeds from exercise of stock options | 97 | 94 | 65 |
| Acquisitions of common stock for the treasury | (225) | (100) | (400) |
| Cash paid for redemption of common securities of Thinx | (95) | — | — |
| Cash dividends paid to noncontrolling interests | (35) | (98) | (36) |
| Other | (45) | (47) | (48) |
| Cash Used for Financing | (2,374) | (1,760) | (1,696) |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents | (84) | (31) | (11) |
| Change in Cash and Cash Equivalents | 666 | 157 | (33) |
| Cash and Cash Equivalents - Beginning of Year | 427 | 270 | 303 |
| Cash and Cash Equivalents - End of Year | \$ 1,093 | \$ 427 | \$ 270 |

See notes to the consolidated financial statements.

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Accounting Policies

Basis of Presentation

The consolidated financial statements present the accounts of Kimberly-Clark Corporation and all subsidiaries in which it has a controlling financial interest as if they were a single economic entity in conformity with accounting principles generally accepted in the United States of America ("GAAP"). All intercompany transactions and accounts are eliminated in consolidation. The terms "Corporation," "Kimberly-Clark," "we," "our," and "us" refer to Kimberly-Clark Corporation and all subsidiaries in which it has a controlling financial interest. Dollar amounts are reported in millions, except per share dollar amounts, unless otherwise noted.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the reporting periods. Actual results could differ from these estimates, and changes in these estimates are recorded when known. Estimates are used in accounting for, among other things, sales incentives and trade promotion allowances, employee postretirement benefits, and deferred income taxes and potential assessments.

Cash Equivalents

Cash equivalents are short-term investments with an original maturity date of three months or less.

Inventories and Distribution Costs

Most U.S. inventories are valued at the lower of cost, using the Last-In, First-Out ("LIFO") method, or market. The balance of the U.S. inventories and inventories of consolidated operations outside the U.S. are valued at the lower of cost or net realizable value using either the First-In, First-Out ("FIFO") or weighted-average cost methods. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Distribution costs are classified as cost of products sold.

Property and Depreciation

Property, plant and equipment are stated at cost and are depreciated on the straight-line method. Buildings are depreciated over their estimated useful lives, primarily 40 years. Machinery and equipment are depreciated over their estimated useful lives, primarily ranging from 16 to 20 years. Purchases of computer software, including external costs and certain internal costs (including payroll and payroll-related costs of employees) directly associated with developing significant computer software applications for internal use, are capitalized. Computer software costs are amortized on the straight-line method over the estimated useful life of the software, which generally does not exceed 5 years.

Estimated useful lives are periodically reviewed and, when warranted, changes are made to them. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss would be indicated when estimated undiscounted future cash flows from the use and eventual disposition of an asset group, which are identifiable and largely independent of the cash flows of other asset groups, are less than the carrying amount of the asset group. Measurement of an impairment loss would be based on the excess of the carrying amount of the asset group over its fair value. Fair value is measured using discounted cash flows or independent appraisals, as appropriate. When property is sold or retired, the cost of the property and the related accumulated depreciation are removed from the consolidated balance sheet and any gain or loss on the transaction is included in income.

Goodwill and Other Intangible Assets

Goodwill represents costs in excess of fair values assigned to the underlying net assets of acquired businesses. Goodwill is not amortized, but rather is assessed for impairment annually and whenever events and circumstances indicate that impairment may have occurred. Impairment testing compares the reporting unit carrying amount, including goodwill, with its fair value. If the reporting unit carrying amount, including goodwill, exceeds its fair value, a goodwill impairment charge for the excess amount above fair value would be recorded. In our evaluation of goodwill impairment, we have the option to first assess qualitative factors such as macroeconomic, industry and competitive conditions, legal and regulatory environments, historical and

projected financial performance, significant changes in the reporting unit and the magnitude of excess fair value over carrying amount from the previous quantitative impairment testing. If the qualitative assessment determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, then a quantitative impairment test using discounted cash flows to estimate fair value must be performed. Alternatively, if the qualitative assessment determines that it is more likely than not that the fair value of a reporting unit is more than its carrying value, then further quantitative testing is not required. For 2023, we completed the required annual assessment of goodwill for impairment for all of our reporting units using a qualitative assessment as of the first day of the third quarter, and we determined that it is more likely than not that the fair value of goodwill significantly exceeds the carrying amount for each of our reporting units.

Indefinite-lived intangible assets, other than goodwill, consist of certain brand names related to our acquisition of Softex Indonesia and are tested for impairment annually at the same time as our goodwill impairment assessment and whenever events and circumstances indicate that impairment may have occurred. Our estimate of the fair value of our brand assets is based on a discounted cash flow model and a market-based approach using inputs which include projected revenues from our long-range plan, assumed royalty rates that could be payable if we did not own the brands, and a discount rate. For 2023, we completed the required annual assessment of indefinite-lived intangible assets, other than goodwill, for impairment using a qualitative assessment as of the first day of the third quarter, subsequent to the impairment recognized in the second quarter of 2023, and we determined that it is more likely than not that the fair value is more than the carrying amount for each of these intangible assets.

Intangible assets with finite lives are amortized over their estimated useful lives and are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss would be indicated when estimated undiscounted future cash flows from the use of the asset are less than its carrying amount. An impairment loss would be measured as the difference between the fair value (based on discounted future cash flows) and the carrying amount of the asset. Estimated useful lives range from 10 to 20 years for trademarks and 4 to 20 years for certain acquired distributor and customer relationships.

Investments in Equity Companies

Investments in companies which we do not control but over which we have the ability to exercise significant influence and that, in general, are at least 20 percent-owned by us, are stated at cost plus equity in undistributed net income. These investments are evaluated for impairment when warranted. An impairment loss would be recorded whenever a decline in value of an equity investment below its carrying amount is determined to be other than temporary. In judging "other than temporary," we would consider the length of time and extent to which the fair value of the equity company investment has been less than the carrying amount, the near-term and longer-term operating and financial prospects of the equity company, and our longer-term intent of retaining the investment in the equity company.

Revenue Recognition

Sales revenue is recognized at the time of product shipment or delivery, depending on when control passes, to unaffiliated customers, and when all of the following have occurred: a firm sales agreement is in place, pricing is fixed or determinable, and collection is reasonably assured. Sales are reported net of returns, consumer and trade promotions, rebates and freight allowed. Taxes imposed by governmental authorities on our revenue-producing activities with customers, such as sales taxes and value-added taxes, are excluded from net sales.

Sales Incentives and Trade Promotion Allowances

The cost of promotion activities provided to customers is classified as a reduction in sales revenue. In addition, the estimated redemption value of consumer coupons and related expense are recorded when the related revenue from customers is realized. Rebate and promotion accruals are based on estimates of the quantity of customer sales. Promotion accruals also consider estimates of the number of consumer coupons that will be redeemed and timing and costs of activities within the promotional programs.

Advertising Expense

Advertising costs are expensed in the year the related advertisement or campaign is first presented through traditional or digital media. For interim reporting purposes, advertising expenses are charged to operations as a percentage of sales based on estimated sales and related advertising expense for the full year.

Research Expense

Research and development costs are charged to expense as incurred.

Other Income

Certain amounts not directly associated with the current operations of the business are recorded in Other (income) and expense, net.

On June 1, 2023, we completed the sale transaction, announced on October 24, 2022, of our Neve tissue brand and related consumer and K-C Professional tissue assets in Brazil for \$212, including the base purchase price of \$175 and preliminary working capital and other closing adjustments of \$37. This transaction also included a licensing agreement to allow the acquirer to manufacture and market in Brazil the Kleenex, Scott and Wypall brands to consumers and away-from-home customers for a period of time. Upon closure of the transaction, a gain of \$74 pre-tax was recognized in Other (income) and expense, net. See Note 3 for details.

In the first quarter of 2022, an \$85 non-recurring, non-cash gain was recognized in Other (income) and expense, net as a result of the remeasurement of the carrying value of our previously held equity investment to fair value upon the acquisition of a controlling interest in Thinx Inc. ("Thinx"). See Note 3 for details.

Foreign Currency Translation

The income statements of foreign operations, other than those in highly inflationary economies, are translated into U.S. dollars at rates of exchange in effect each month. The balance sheets of these operations are translated at period-end exchange rates, and the differences from historical exchange rates are reflected in stockholders' equity as unrealized translation adjustments. Under highly inflationary accounting, the countries' functional currency becomes the U.S. dollar, and its income statement and balance sheet are measured in U.S. dollar using both current and historical rates of exchange.

As of July 1, 2018, we elected to adopt highly inflationary accounting for our subsidiaries in Argentina ("K-C Argentina"). The effect of changes in exchange rates on peso-denominated monetary assets and liabilities has been reflected in earnings in Other (income) and expense, net. As of December 31, 2023, K-C Argentina had an immaterial net peso monetary position. Net sales of K-C Argentina were approximately 1 percent of our consolidated net sales in 2023, 2022 and 2021.

As of April 1, 2022, we elected to adopt highly inflationary accounting for our subsidiary in Türkiye ("K-C Türkiye"). The effect of changes in exchange rates on lira-denominated monetary assets and liabilities has been reflected in earnings in Other (income) and expense, net. As of December 31, 2023, K-C Türkiye had an immaterial net lira monetary position. Net sales of K-C Türkiye were less than 1 percent of our consolidated net sales in 2023 and 2022.

Derivative Instruments and Hedging

Our policies allow the use of derivatives for risk management purposes and prohibit their use for speculation. Our policies also prohibit the use of any leveraged derivative instrument. Consistent with our policies, foreign currency derivative instruments, interest rate swaps and locks, and the majority of commodity hedging contracts are entered into with major financial institutions. At inception, we formally designate certain derivatives as cash flow, fair value or net investment hedges and establish how the effectiveness of these hedges will be assessed and measured. This process links the derivatives to the transactions or financial balances they are hedging. Changes in the fair value of derivatives not designated as hedging instruments are recorded in earnings as they occur. All derivative instruments are recorded as assets or liabilities on the balance sheet at fair value. Changes in the fair value of derivatives are either recorded in the income statement or other comprehensive income, as appropriate. The gain or loss on derivatives designated as fair value hedges and the offsetting loss or gain on the hedged item attributable to the hedged risk are included in income in the period that changes in fair value occur. The gain or loss on derivatives designated as cash flow hedges is included in other comprehensive income in the period that changes in fair value occur, and is reclassified to income in the same period that the hedged item affects income. The gain or loss on derivatives designated as hedges of investments in foreign subsidiaries is recognized in other comprehensive income to offset the change in value of the net investments being hedged. Certain foreign-currency derivative instruments not designated as hedging instruments have been entered into to manage certain non-functional currency denominated monetary assets and liabilities. The gain or loss on these derivatives is included in income in the period that changes in their fair values occur. Cash flows from derivatives are classified within the consolidated statement of cash flows in the same category as the items being hedged. Cash flows from derivatives are classified within Operating Activities, except for derivatives designated as net

investment hedges which are classified in Investing Activities. See Note 12 for disclosures about derivative instruments and hedging activities.

Leases

Lease assets and lease liabilities are recognized at the commencement of an arrangement where it is determined at inception that a lease exists. Lease assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. These assets and liabilities are initially recognized based on the present value of lease payments over the lease term calculated using our incremental borrowing rate generally applicable to the location of the lease asset, unless the implicit rate is readily determinable. Lease assets also include any upfront lease payments made and exclude lease incentives. Lease terms include options to extend or terminate the lease when it is reasonably certain that those options will be exercised.

Variable lease payments are generally expensed as incurred and include certain index-based changes in rent, certain nonlease components, such as maintenance and other services provided by the lessor, and other charges included in the lease. Leases with an initial term of 12 months or less are not recorded on the balance sheet, and the expense for these short-term leases and for operating leases is recognized on a straight-line basis over the lease term.

Certain lease agreements with lease and nonlease components are combined as a single lease component. The depreciable life of lease assets and leasehold improvements is limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

Accounting Standard -Adopted During 2023

In 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2022-04, *Liabilities – Supplier Finance Programs (Subtopic 405-50)*. The new guidance requires that a buyer in a supplier finance program disclose sufficient information about the program to allow a user of the financial statements to understand the program's nature, activity during the period, changes from period to period, and potential magnitude. This ASU was effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, except for the provision on roll forward information, which is effective for fiscal years beginning after December 15, 2023. We adopted this ASU as of January 1, 2023, except for the amendment on roll forward information which was adopted January 1, 2024, on a prospective basis. As the guidance requires only additional disclosure, there were no effects of this standard on our financial position, results of operations or cash flows.

Accounting Standards Issued - Not Adopted as of December 31, 2023

In 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280)*. The new guidance improves reportable segment disclosures primarily through enhanced disclosures about significant segment expenses and by requiring current annual disclosures to be provided in interim periods. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The new guidance is to be applied retrospectively to all prior periods presented unless impracticable to do so. As the guidance requires only additional disclosure, there will be no effects of this standard on our financial position, results of operations or cash flows.

In 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740)*. The new guidance is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in this ASU are effective for annual periods beginning after December 15, 2024. Early adoption is permitted, and the amendments should be applied on a prospective basis with retrospective application permitted. As the guidance requires only additional disclosure, there will be no effects of this standard on our financial position, results of operations or cash flows.

Note 2. 2018 Global Restructuring Program

In 2018, we initiated our 2018 Global Restructuring Program to reduce our structural cost base by streamlining and simplifying our manufacturing supply chain and overhead organization. The restructuring actions were completed in 2021. We closed or sold 11 manufacturing facilities and expanded production capacity at several others. We exited or divested some lower-margin businesses that generated approximately 1 percent of our net sales. Workforce reductions were approximately 6,000. The restructuring impacted all of our business segments and our organizations in all major geographies.

The restructuring actions were completed with total costs of \$2.2 billion pre-tax (\$1.6 billion after tax). Pre-tax cash and non-cash costs of \$1.2 billion and \$1.0 billion, respectively, were incurred.

The following net charges were incurred in connection with the 2018 Global Restructuring Program:

| | Year Ended December 31 | | | | |
|---|------------------------|---------------|---------------|---------------|-----------------|
| | 2021 | 2020 | 2019 | 2018 | Total |
| Cost of products sold: | | | | | |
| Charges for workforce reductions | \$ 4 | \$ 10 | \$ 31 | \$ 149 | \$ 194 |
| Asset impairments | 3 | 17 | — | 74 | 94 |
| Asset write-offs | 17 | 63 | 54 | 112 | 246 |
| Incremental depreciation | 18 | 94 | 235 | 172 | 519 |
| Other exit costs | 112 | 99 | 96 | 34 | 341 |
| Total | 154 | 283 | 416 | 541 | 1,394 |
| Marketing, research and general expenses: | | | | | |
| Charges for workforce reductions | 39 | 13 | (12) | 243 | 283 |
| Other exit costs | 72 | 96 | 111 | 137 | 416 |
| Total | 111 | 109 | 99 | 380 | 699 |
| Other (income) and expense, net ^(a) | 10 | (9) | (194) | (12) | (205) |
| Nonoperating expense ^(b) | 79 | 36 | 45 | 127 | 287 |
| Total charges | 354 | 419 | 366 | 1,036 | 2,175 |
| Provision for income taxes | (75) | (94) | (118) | (243) | (530) |
| Net charges | 279 | 325 | 248 | 793 | 1,645 |
| Net impact related to equity companies and noncontrolling interests | 2 | (2) | — | (10) | (10) |
| Net charges attributable to Kimberly-Clark Corporation | \$ 281 | \$ 323 | \$ 248 | \$ 783 | \$ 1,635 |

(a) Other (income) and expense, net in 2019 was the result of pre-tax gains on the sales of manufacturing facilities and associated real estate which were disposed of as part of the restructuring.

(b) Represents non-cash pension settlement and curtailment charges resulting from restructuring actions, primarily in the U.S., United Kingdom and Canada.

The measurement of the asset impairment charges was based on the excess of the carrying values of the impacted asset groups over their fair values. These fair values were measured by using discounted cash flows expected over the limited time the assets would remain in use or the expected sales value, and as a result, the assets were essentially written off or written down to fair value less costs to sell. The use of discounted cash flows represents a level 3 measure under the fair value hierarchy.

The impact related to restructuring charges was recorded in Operating working capital and Other Operating Activities, as appropriate, in our consolidated cash flow statement. Cash payments of \$235, \$249, \$302 and \$325 were made during 2021, 2020, 2019 and 2018, respectively.

Note 3. Acquisition and Divestiture

On February 24, 2022, we completed our acquisition of a majority and controlling share of Thinx, an industry leader in the reusable period and incontinence underwear category, for total consideration of \$181 consisting of cash of \$53, the fair value of our previously held equity investment of \$127, and certain share-based award costs of \$1.

We previously accounted for our ownership interest in Thinx as an equity method investment, but upon increasing our ownership to 58 percent, we began consolidating the operations of Thinx into our financial statements at the end of the first quarter of 2022. The consolidated results of operations for Thinx are reported in our Personal Care business segment on a one-month lag. Prior to the acquisition of the remaining outstanding shares in the fourth quarter of 2023, the share of Thinx net income and equity attributable to the third-party minority owner of Thinx was classified in our consolidated income statement within Net income attributable to noncontrolling interests and in our consolidated balance sheet within Redeemable Common

and Preferred Securities of Subsidiaries. This noncontrolling equity interest was measured at the estimated redemption value, which approximated fair value.

During the first quarter of 2022, we substantially completed an initial purchase price allocation in which we utilized several generally accepted valuation methodologies to estimate the fair value of certain acquired assets. The primary valuation methods included two forms of the Income Approach (i.e., the multi-period excess earnings method [distributor method] and the relief-from-royalty method). These valuation methodologies are commonly used to value similar identifiable intangible assets in the Consumer Packaged Goods industry. All of the selected valuation methodologies incorporate unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy in Accounting Standard Codification 820, *Fair Value Measurements*. In connection with these valuation methodologies, we are required to make estimates and assumptions regarding market comparable companies, revenue growth rates, operating margins, distributor and customer attrition rates, royalty rates, distributor margins, discount rates, etc., which are primarily based on cash flow forecasts, business plans, economic projections and other information available to market participants. The purchase price allocation was finalized in the first quarter of 2023 with immaterial measurement period adjustments recorded.

The total purchase price consideration was allocated to the net assets acquired based upon their respective final estimated fair values as follows:

| | | |
|--|----|------------|
| Current assets | \$ | 28 |
| Property, Plant and Equipment, Net | | 2 |
| Goodwill | | 298 |
| Other Intangible Assets, Net | | 123 |
| Other assets | | 4 |
| Current liabilities | | (18) |
| Deferred income taxes | | (18) |
| Other liabilities | | (4) |
| Fair value of net assets acquired | | 415 |
| Less fair value of noncontrolling interest | | (234) |
| Total purchase price consideration | \$ | <u>181</u> |

Other Intangible Assets, Net includes brands and customer relationships which have estimated useful lives of 4 to 15 years, primarily 15 years. Based on the carrying value of these finite-lived assets as of December 31, 2023, amortization expense per year for each of the next five years is estimated to be approximately \$3.

Goodwill of \$298 was allocated to the Personal Care business segment. The goodwill is primarily attributable to future growth opportunities and any intangible assets that did not qualify for separate recognition. For tax purposes, the acquisition of additional Thinx shares was treated as a stock acquisition, and the goodwill acquired is not tax deductible.

As a result of this transaction during the quarter ended March 31, 2022, an \$85 non-recurring, non-cash gain was recognized in Other (income) expense, net as a result of the remeasurement of the carrying value of our previously held equity investment to fair value, and related transaction and integration costs of \$21 were recorded in Marketing, research and general expenses. This recognition resulted in a net benefit of \$64 pre-tax (\$68 after tax) being included in our consolidated income statement for the quarter ended March 31, 2022. In addition, we removed the non-cash gain impact from Operating Activities in our consolidated cash flow statements for the year ended December 31, 2022.

In the first quarter of 2023, we delivered a redemption notice to the third-party minority owner with respect to a portion of the remaining common securities of Thinx. The redemption closed in the second quarter of 2023, and we acquired additional ownership of Thinx for \$48, increasing our controlling ownership to 70 percent. As part of the completion of a negotiated final redemption, we acquired the remaining 30 percent ownership of Thinx for \$47 in the fourth quarter of 2023. As the purchase of additional ownership in an already controlled subsidiary represents an equity transaction, no gain or loss was recognized in consolidated net income or comprehensive income. The following table discloses the effect of the change in the ownership interest between us and the previous noncontrolling interest:

| | Year Ended December 31, 2023 |
|--|---------------------------------|
| Net income attributable to Kimberly-Clark Corporation | \$ 1,764 |
| Increase in Kimberly-Clark Corporation's additional paid-in capital for purchase of the remaining shares of Thinx ^(a) | 87 |
| Change in net income attributable to Kimberly-Clark Corporation and transfer to noncontrolling interests | <u>\$ 1,851</u> |

(a) The acquisition of the remaining ownership of Thinx was recorded as a reduction in Redeemable Common and Preferred Securities of Subsidiaries of \$234, an increase to retained earnings of \$52, an increase to additional paid-in capital of \$87, and a reduction of cash of \$95.

Pro forma results of operations have not been presented as the impact on our consolidated financial statements is not material.

Divestiture

On June 1, 2023, we completed the sale transaction, announced on October 24, 2022, of our Neve tissue brand and related consumer and K-C Professional tissue assets in Brazil for \$212, including the base purchase price of \$175 and working capital and other closing adjustments of \$37. This transaction also included a licensing agreement to allow the acquirer to manufacture and market in Brazil the Kleenex, Scott and Wypall brands to consumers and away-from-home customers for a period of time. The assets included in the sale agreement were reclassified to Other current assets as of December 31, 2022, and upon closure of the transaction, a gain of \$74 pre-tax was recognized in Other (income) and expense, net. We incurred divestiture-related costs of \$30 pre-tax, which were recorded in Cost of products sold and Marketing, research and general expenses, resulting in a net benefit of \$44 pre-tax (\$26 after tax).

Note 4. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill by reportable segment for the years ended December 31, 2023 and 2022 were as follows:

| | Personal Care | Consumer Tissue | K-C Professional | Total |
|--|-----------------|-----------------|------------------|-----------------|
| Balance at December 31, 2021 | \$ 961 | \$ 494 | \$ 385 | \$ 1,840 |
| Acquisition | 304 | — | — | 304 |
| Effect of foreign currency translation | (60) | (6) | (4) | (70) |
| Balance at December 31, 2022 | 1,205 | 488 | 381 | 2,074 |
| Divestiture | — | (4) | (3) | (7) |
| Effect of foreign currency translation | 9 | 7 | 2 | 18 |
| Balance at December 31, 2023 | <u>\$ 1,214</u> | <u>\$ 491</u> | <u>\$ 380</u> | <u>\$ 2,085</u> |

The carrying amounts of Other Intangible Assets, Net for the years ended December 31, 2023 and 2022 were as follows:

| | December 31 | | | | | |
|---|--------------------------------------|---|---------------------|--------------------------------------|---|---------------------|
| | 2023 | | | 2022 | | |
| | Gross Carrying Amount ^(b) | Accumulated Amortization ^(b) | Net Carrying Amount | Gross Carrying Amount ^(b) | Accumulated Amortization ^(b) | Net Carrying Amount |
| Intangible assets with indefinite lives: | | | | | | |
| Brand names | \$ 68 | \$ — | \$ 68 | \$ 610 | \$ — | \$ 610 |
| Intangibles assets with finite lives: | | | | | | |
| Trademarks and brand names | 148 | (83) | 65 | 253 | (91) | 162 |
| Other intangible assets ^(a) | 76 | (12) | 64 | 98 | (19) | 79 |
| Total intangible assets with finite lives | 224 | (95) | 129 | 351 | (110) | 241 |
| Total | \$ 292 | \$ (95) | \$ 197 | \$ 961 | \$ (110) | \$ 851 |

(a) Other intangible assets primarily include customer and distributor relationships.

(b) Amounts subject to foreign currency adjustments.

Amortization expense relating to the intangible assets with finite lives was \$13, \$15 and \$9 for the three years ended December 31, 2023, 2022 and 2021, respectively. Based on the carrying values of the intangible assets with finite lives as of December 31, 2023, amortization expense for each of the next five years is estimated to be approximately \$9.

In the second quarter of 2023, we conducted forecasting and strategic reviews and integration assessments of our Softex Indonesia business, acquired in the fourth quarter of 2020, and with performance below expectations since acquisition, we revised internal financial projections of the business to reflect updated expectations of future financial performance. These reviews and the subsequent revisions in the projections highlighted challenges for the Softex business arising from modified consumer shopping behavior in the post-COVID-19 period, inflationary pressures and other macroeconomic factors and increased competitive activity in the region. As a result of separate management reviews, we also have revised internal financial projections associated with our acquisition of a controlling interest in Thinx as a result of performance below expectations due to the impact of modified consumer shopping behavior in the post-COVID-19 period.

These revisions were considered triggering events requiring interim impairment assessments to be performed relative to the intangible assets that had been recorded as part of these acquisitions. These intangible assets were recorded as part of the Personal Care business segment and included indefinite-lived and finite-lived brands and finite-lived distributor and customer relationships. As a result of the interim impairment assessments, we recognized impairment charges, principally arising from the impairment charge of \$593 related to the Softex business, totaling \$658 pre-tax (\$483 after tax) to write-down these intangible assets to their respective fair values aggregating to \$188 as of June 30, 2023. The valuation methods used in the assessments included the relief from royalty and distributor and customer relationships methods. This noncash charge was included in Impairment of intangible assets in our consolidated income statement and in Asset impairments within Operating Activities in our consolidated cash flow statement.

We believe our estimates and assumptions used in the valuations are reasonable and comparable to those that would be used by other market participants; however, actual events and results could differ substantially from those used in the valuation, and to the extent such factors result in a failure to achieve the projected cash flows used to estimate fair value, additional noncash impairment charges could be required in the future.

Note 5. Fair Value Information

The following fair value information is based on a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels in the hierarchy used to measure fair value are:

Level 1—Unadjusted quoted prices in active markets accessible at the reporting date for identical assets and liabilities.

Level 2—Quoted prices for similar assets or liabilities in active markets. Quoted prices for identical or similar assets and liabilities in markets that are not considered active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3—Prices or valuations that require inputs that are significant to the valuation and are unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

During 2023 and 2022, there were no significant transfers to or from level 3 fair value determinations.

Derivative assets and liabilities are measured on a recurring basis at fair value. At December 31, 2023 and 2022, derivative assets were \$70 and \$99, respectively, and derivative liabilities were \$259 and \$318, respectively. The fair values of derivatives used to manage interest rate risk are based on the Secured Overnight Financing Rate ("SOFR") as of December 31, 2023, and on LIBOR rates as of December 31, 2022, and interest rate swap curves. The fair values of derivatives used to manage commodity price risk are based on commodity price quotations. The fair values of hedging instruments used to manage foreign currency risk are based on published quotations of spot currency rates and forward points, which are converted into implied forward currency rates. Measurement of our derivative assets and liabilities is considered a level 2 measurement. See Note 12 for additional information on our use of derivative instruments.

Redeemable common and preferred securities of subsidiaries are measured on a recurring basis at their estimated redemption values, which approximates fair value. As of December 31, 2023 and 2022, the securities were valued at \$26 and \$258 respectively. The securities are not traded in active markets, and their measurement is considered a level 3 measurement. In 2023, all the redeemable common securities held by the third-party minority owner of Thinx were redeemed. Additional information is contained in Note 3.

Company-owned life insurance ("COLI") assets are measured on a recurring basis at fair value. COLI assets were \$67 and \$63 at December 31, 2023 and 2022, respectively. The COLI policies are a source of funding primarily for our nonqualified employee benefits and are included in other assets. The COLI policies are measured at fair value using the net asset value per share practical expedient, and therefore, are not classified in the fair value hierarchy.

The following table includes the fair value of our financial instruments for which disclosure of fair value is required:

| | Fair Value Hierarchy Level | Carrying Amount | | Estimated Fair Value | |
|--|----------------------------|-------------------|----------|----------------------|--------|
| | | December 31, 2023 | | December 31, 2022 | |
| Assets | | | | | |
| Cash and cash equivalents ^(a) | 1 | \$ 1,093 | \$ 1,093 | \$ 427 | \$ 427 |
| Time deposits ^(b) | 1 | 169 | 169 | 268 | 268 |
| Liabilities | | | | | |
| Short-term debt ^(c) | 2 | 2 | 2 | 373 | 373 |
| Long-term debt ^(d) | 2 | 7,982 | 7,569 | 8,049 | 7,403 |

(a) Cash equivalents are composed of certificates of deposit, time deposits and other interest-bearing investments with original maturity dates of 90 days or less. Cash equivalents are recorded at cost, which approximates fair value.

(b) Time deposits are composed of deposits with original maturities of more than 90 days but less than one year and instruments with original maturities of greater than one year, included in Other current assets or Other Assets in the consolidated balance sheet, as appropriate. Time deposits are recorded at cost, which approximates fair value.

(c) Short-term debt is composed of U.S. commercial paper and/or other similar short-term debt issued by non-U.S. subsidiaries, all of which are recorded at cost, which approximates fair value.

(d) Long-term debt includes the current portion of these debt instruments. Fair values were estimated based on quoted prices for financial instruments for which all significant inputs were observable, either directly or indirectly.

Note 6. Debt and Redeemable Common and Preferred Securities of Subsidiaries

Long-term debt is composed of the following:

| | Weighted-Average Interest Rate | Maturities | December 31 | |
|---|--------------------------------|-------------|-------------|----------|
| | | | 2023 | 2022 |
| Notes and debentures | 3.3% | 2024 - 2050 | \$ 7,851 | \$ 7,825 |
| Industrial development revenue bonds | 4.8% | 2024 - 2051 | 59 | 169 |
| Bank loans and other financings in various currencies | 3.3% | 2024 - 2039 | 72 | 55 |
| Total long-term debt | | | 7,982 | 8,049 |
| Less current portion | | | 565 | 471 |
| Long-term portion | | | \$ 7,417 | \$ 7,578 |

Scheduled maturities of long-term debt for the next five years are \$566 in 2024, \$559 in 2025, \$403 in 2026, \$601 in 2027 and \$698 in 2028.

In February 2023, we issued \$350 aggregate principal amount of 4.50 percent notes due February 16, 2033. Proceeds from the offering were used for general corporate purposes including the repayment of a portion of our commercial paper indebtedness.

In October 2021, we issued \$600 aggregate principal amount of 2.00 percent notes due November 2, 2031. Proceeds from the offering were used for general corporate purposes.

We maintain a \$2.0 billion revolving credit facility which expires in June 2028 and a \$750 revolving credit facility which expires in May 2024. These facilities, currently unused, support our commercial paper program, and would provide liquidity in the event our access to the commercial paper markets is unavailable for any reason.

Redeemable common securities represented the share of Thinx equity attributable to the third-party minority owner of Thinx, which were redeemed in 2023. Additional information is contained in Note 3. Our subsidiary in Central America has outstanding redeemable preferred securities that are held by a non-controlling interest.

Note 7. Stock-Based Compensation

We have a stock-based Equity Participation Plan and an Outside Directors' Compensation Plan (the "Plans"), under which we can grant stock options, restricted shares and restricted share units to employees and outside directors. As of December 31, 2023, the number of shares of common stock available for grants under the Plans aggregated to 8.8 million shares.

Stock options are granted at an exercise price equal to the fair market value of our common stock on the date of grant, and they have a term of 10 years. Stock options are subject to graded vesting whereby options vest 30 percent at the end of each of the first two 12-month periods following the grant and 40 percent at the end of the third 12-month period.

Time-vested restricted share unit grants starting in 2022 are valued at the closing market price of our common stock on the grant date and are generally subject to a graded vesting whereby shares vest 30 percent at the end of each of the first two 12-month periods following the grant and 40 percent at the end of the third 12-month period. Time-vested restricted share unit grants issued prior to 2022 or issued for special one-time awards, restricted shares units and performance-based restricted share units granted to employees are valued at the closing market price of our common stock on the grant date and vest generally at the end of three years. The number of performance-based share units that ultimately vest ranges from zero to 200 percent of the number granted based on performance. Beginning in 2021, performance metrics are tied to modified free cash flow and organic sales growth during the three-year performance period. Modified free cash flow and organic sales growth are set at the beginning of the performance period. Performance-based share units granted prior to 2021 are structured similarly but vest on performance tied to return on invested capital ("ROIC") and net sales. Restricted share units granted to outside directors are valued at the closing market price of our common stock on the grant date and vest when they are granted. The restricted period begins on the date of grant and expires on the date the outside director retires from or otherwise terminates service on our Board.

At the time stock options are exercised or restricted shares and restricted share units become payable, common stock is issued from our accumulated treasury shares. Dividend equivalents are credited on restricted share units on the same date and at the same rate as dividends are paid on Kimberly-Clark's common stock. These dividend equivalents, net of estimated forfeitures, are charged to retained earnings.

Stock-based compensation costs of \$169, \$150 and \$26 and related deferred income tax benefits of \$36, \$33 and \$7 were recognized for 2023, 2022 and 2021, respectively.

The fair value of stock option awards was determined using a Black-Scholes-Merton option-pricing model utilizing a range of assumptions related to dividend yield, volatility, risk-free interest rate, and employee exercise behavior. Dividend yield is based on historical experience and expected future dividend actions. Expected volatility is based on a blend of historical volatility and implied volatility from traded options on Kimberly-Clark's common stock. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. We estimate forfeitures based on historical data.

The weighted-average fair value of stock options granted was estimated at \$21.28 and \$10.26, in 2022 and 2021, respectively, per option on the date of grant based on the following assumptions:

| | Year Ended December 31 | |
|-------------------------|------------------------|--------|
| | 2022 | 2021 |
| Dividend yield | 3.3 % | 3.9 % |
| Volatility | 22.1 % | 17.4 % |
| Risk-free interest rate | 2.8 % | 0.8 % |
| Expected life - years | 4.6 | 4.6 |

During 2023, no stock options were granted.

Total remaining unrecognized compensation costs and amortization period are as follows:

| | December 31, 2023 | Weighted-Average Service Years |
|--|-------------------|--------------------------------|
| Stock options | \$ 4 | 0.5 |
| Restricted shares and time-vested restricted share units | 64 | 1.4 |
| Performance-based restricted share units | 29 | 1.7 |

A summary of stock-based compensation is presented below:

| <u>Stock Options</u> | Shares (in thousands) | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term | Aggregate Intrinsic Value |
|----------------------------------|--------------------------|------------------------------------|---|------------------------------|
| Outstanding at January 1, 2023 | 5,117 | \$ 126.81 | | |
| Granted | — | — | | |
| Exercised | (847) | 114.92 | | |
| Forfeited or expired | (73) | 126.47 | | |
| Outstanding at December 31, 2023 | 4,197 | 128.80 | 5.04 | \$ 14 |
| Exercisable at December 31, 2023 | 3,578 | 128.40 | 4.55 | \$ 11 |

The total intrinsic value of options exercised during 2023, 2022 and 2021 was \$23, \$21 and \$16, respectively.

| | Time-Vested Restricted Share Units | | Performance-Based Restricted Share Units | |
|---------------------------------|---------------------------------------|--|---|--|
| | Shares (in thousands) | Weighted- Average Grant-Date Fair Value | Shares (in thousands) | Weighted- Average Grant-Date Fair Value |
| Other Stock-Based Awards | | | | |
| Nonvested at January 1, 2023 | 845 | \$ 134.81 | 1,103 | \$ 138.96 |
| Granted | 790 | 141.59 | 288 | 143.34 |
| Vested | (333) | 135.33 | (298) | 137.11 |
| Forfeited | (97) | 138.75 | (190) | 136.25 |
| Nonvested at December 31, 2023 | 1,205 | 133.14 | 903 | 130.36 |

The total fair value of restricted share units that were distributed to participants during 2023, 2022 and 2021 was \$99, \$118 and \$100, respectively.

Note 8. Employee Postretirement Benefits

Substantially all regular employees in the U.S. and the United Kingdom are covered by defined contribution retirement plans and certain U.S. and United Kingdom employees previously earned benefits covered by defined benefit pension plans that currently provide no future service benefit (the "Principal Plans"). Certain other subsidiaries have defined benefit pension plans or, in certain countries, termination pay plans covering substantially all regular employees. The funding policy for our qualified defined benefit pension plans is to contribute assets at least equal in amount to regulatory minimum requirements. Nonqualified U.S. plans providing pension benefits in excess of limitations imposed by the U.S. income tax code are not funded.

Substantially all U.S. retirees and employees have access to our unfunded health care and life insurance benefit plans. The annual increase in the consolidated weighted-average health care cost trend rate is expected to be 6.0 percent in 2024 and to decline to 4.5 percent in 2034 and thereafter. Assumed health care cost trend rates affect the amounts reported for postretirement health care benefit plans.

As a result of restructuring actions related to the 2018 Global Restructuring Program, aggregate pension settlement charges of \$91 and curtailment gains of \$2 were recognized during 2021 in Nonoperating expense, primarily related to the defined benefit pension plans in the U.S, Switzerland and the United Kingdom (see Note 2 for further information about the 2018 Global Restructuring Program).

Summarized financial information about postretirement plans, excluding defined contribution retirement plans, is presented below:

| | Pension Benefits | | Other Benefits | |
|--|------------------------|-----------------|-----------------|-----------------|
| | Year Ended December 31 | | | |
| | 2023 | 2022 | 2023 | 2022 |
| Change in Benefit Obligation | | | | |
| Benefit obligation at beginning of year | \$ 2,441 | \$ 3,811 | \$ 533 | \$ 669 |
| Service cost | 13 | 16 | 4 | 7 |
| Interest cost | 121 | 89 | 30 | 21 |
| Actuarial (gain) loss ^(a) | 59 | (1,000) | 13 | (113) |
| Currency and other | 51 | (197) | 5 | 2 |
| Benefit payments from plans | (141) | (173) | — | — |
| Direct benefit payments | (9) | (8) | (54) | (53) |
| Settlements | (66) | (97) | — | — |
| Benefit obligation at end of year | <u>2,469</u> | <u>2,441</u> | <u>531</u> | <u>533</u> |
| Change in Plan Assets | | | | |
| Fair value of plan assets at beginning of year | 2,321 | 3,744 | — | — |
| Actual return on plan assets | 137 | (987) | — | — |
| Employer contributions | 26 | 30 | — | — |
| Currency and other | 52 | (199) | — | — |
| Benefit payments | (141) | (173) | — | — |
| Settlements | (66) | (94) | — | — |
| Fair value of plan assets at end of year | <u>2,329</u> | <u>2,321</u> | <u>—</u> | <u>—</u> |
| Funded Status | <u>\$ (140)</u> | <u>\$ (120)</u> | <u>\$ (531)</u> | <u>\$ (533)</u> |

(a) The actuarial net losses in 2023 and actuarial net gains in 2022 were primarily due to discount rate decreases and increases, respectively.

Substantially all of the funded status of pension and other benefits is recognized in the consolidated balance sheet in Noncurrent Employee Benefits, with the remainder recognized in Accrued expenses and other current liabilities and Other Assets.

Information for the Principal Plans and All Other Pension Plans

| | Principal Plans | | All Other Pension Plans | | Total | |
|--|------------------------|----------|-------------------------|--------|----------|----------|
| | Year Ended December 31 | | | | | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Projected benefit obligation (“PBO”) | \$ 2,123 | \$ 2,089 | \$ 346 | \$ 352 | \$ 2,469 | \$ 2,441 |
| Accumulated benefit obligation (“ABO”) | 2,123 | 2,089 | 298 | 305 | 2,421 | 2,394 |
| Fair value of plan assets | 2,019 | 2,018 | 310 | 303 | 2,329 | 2,321 |

Approximately one-half of the PBO and fair value of plan assets for the Principal Plans relate to the U.S. qualified and nonqualified pension plans.

Information for Pension Plans with an ABO in Excess of Plan Assets

| | December 31 | |
|---------------------------|-------------|----------|
| | 2023 | 2022 |
| ABO | \$ 2,273 | \$ 1,251 |
| Fair value of plan assets | 2,095 | 1,089 |

Information for Pension Plans with a PBO in Excess of Plan Assets

| | December 31 | |
|---------------------------|-------------|----------|
| | 2023 | 2022 |
| PBO | \$ 2,288 | \$ 1,261 |
| Fair value of plan assets | 2,102 | 1,091 |

Components of Net Periodic Benefit Cost

| | Pension Benefits | | | Other Benefits | | |
|---|------------------------|-------|-------|----------------|-------|-------|
| | Year Ended December 31 | | | | | |
| | 2023 | 2022 | 2021 | 2023 | 2022 | 2021 |
| Service cost | \$ 13 | \$ 16 | \$ 21 | \$ 4 | \$ 7 | \$ 8 |
| Interest cost | 121 | 89 | 80 | 30 | 21 | 19 |
| Expected return on plan assets ^(a) | (128) | (123) | (132) | — | — | — |
| Recognized net actuarial (gain) loss | 39 | 34 | 37 | (3) | 1 | 1 |
| Settlements and curtailments | 35 | 52 | 89 | — | — | — |
| Other | — | 1 | (5) | 1 | (1) | (2) |
| Net periodic benefit cost | \$ 80 | \$ 69 | \$ 90 | \$ 32 | \$ 28 | \$ 26 |

(a) The expected return on plan assets is determined by multiplying the fair value of plan assets at the remeasurement date, typically the prior year-end adjusted for estimated current year cash benefit payments and contributions, by the expected long-term rate of return.

The components of net periodic benefit cost other than the service cost component are included in the line item Nonoperating expense in our consolidated income statement.

Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost for Years Ended December 31

| | Pension Benefits | | | | Other Benefits | | |
|--|------------------|--------|--------|--------|----------------|--------|--------|
| | Projected 2024 | 2023 | 2022 | 2021 | 2023 | 2022 | 2021 |
| Discount rate | 4.89 % | 5.19 % | 2.71 % | 1.98 % | 5.92 % | 3.15 % | 2.69 % |
| Expected long-term return on plan assets | 5.57 % | 5.75 % | 3.80 % | 3.41 % | — | — | — |
| Rate of compensation increase | 3.53 % | 3.49 % | 3.23 % | 3.07 % | — | — | — |

Weighted-Average Assumptions Used to Determine Benefit Obligations at December 31

| | Pension Benefits | | Other Benefits | |
|-------------------------------|------------------|--------|----------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| Discount rate | 4.89 % | 5.18 % | 5.66 % | 5.92 % |
| Rate of compensation increase | 3.53 % | 3.49 % | — | — |

Investment Strategies for the Principal Plans

Strategic asset allocation decisions are made considering several risk factors, including plan participants' retirement benefit security, the estimated payments of the associated liabilities, the plan funded status, and Kimberly-Clark's financial condition. The resulting strategic asset allocation is a diversified blend of equity and fixed income investments. Equity investments are typically diversified across geographies and market capitalization. Fixed income investments are diversified across multiple sectors including government issues and corporate debt instruments with a portfolio duration that is consistent with the estimated payment of the associated liability. Actual asset allocation is regularly reviewed and periodically rebalanced to the strategic allocation when considered appropriate. Our 2024 target plan asset allocation for the Principal Plans is approximately 85 percent fixed income securities and 15 percent equity securities.

The expected long-term rate of return is generally evaluated on an annual basis. In setting this assumption, we consider a number of factors including projected future returns by asset class relative to the current asset allocation. The weighted-average expected long-term rate of return on pension fund assets used to calculate pension expense for the Principal Plans was 6.05 percent in 2023, 3.55 percent in 2022 and 3.51 percent in 2021, and will be 5.73 percent in 2024.

Set forth below are the pension plan assets of the Principal Plans measured at fair value, by level in the fair-value hierarchy. More than 65 percent of the assets are held in pooled funds and are measured using a net asset value (or its equivalent). Accordingly, such assets do not meet the Level 1, Level 2, or Level 3 criteria of the fair value hierarchy.

| | Fair Value Measurements at December 31, 2023 | | | |
|--|--|--|---|---|
| | Total Plan Assets | Assets at Quoted Prices in Active Markets for Identical Assets (Level 1) | Assets at Significant Observable Inputs (Level 2) | Assets at Significant Unobservable Inputs (Level 3) |
| Cash and Cash Equivalents | | | | |
| Held directly | \$ 34 | \$ 23 | \$ 11 | \$ — |
| Fixed Income | | | | |
| Held directly | | | | |
| U.S. government and municipals | 98 | 97 | 1 | — |
| U.S. corporate debt | 203 | — | 203 | — |
| Non-U.S. securitized | 67 | — | — | — |
| International bonds | 38 | — | 38 | — |
| Held through mutual and pooled funds measured at net asset value | | | | |
| U.S. government and municipals | 85 | — | — | — |
| U.S. corporate debt | 408 | — | — | — |
| International bonds | 591 | — | — | — |
| Equity | | | | |
| Held directly | | | | |
| U.S. equity | 21 | 21 | — | — |
| International equity | 15 | 15 | — | — |
| Held through mutual and pooled funds measured at net asset value | | | | |
| Non-U.S. equity | 3 | — | — | — |
| Global equity | 224 | — | — | — |
| Insurance Contracts | 230 | — | — | 230 |
| Other | 2 | 2 | — | — |
| Total Plan Assets | \$ 2,019 | \$ 158 | \$ 253 | \$ 230 |

Futures contracts are used when appropriate to manage duration targets. As of December 31, 2023 and 2022, the U.S. plan held directly Treasury futures contracts with a total notional value of approximately \$288 and \$362, respectively, and an

insignificant fair value. As of December 31, 2023 and 2022, the United Kingdom plan held through a pooled fund future contracts with a total notional value of approximately \$417 and \$524, and an insignificant fair value.

During 2023 and 2022, the plan assets did not include a significant amount of Kimberly-Clark common stock.

| Fair Value Measurements at December 31, 2022 | | | | |
|--|------------------------------|---|--|--|
| | Total Plan Assets | Assets at Quoted Prices in Active Markets for Identical Assets (Level 1) | Assets at Significant Observable Inputs (Level 2) | Assets at Significant Unobservable Inputs (Level 3) |
| Cash and Cash Equivalents | | | | |
| Held directly | \$ 69 | \$ 69 | \$ — | \$ — |
| Held through mutual and pooled funds measured at net asset value | 76 | — | — | — |
| Fixed Income | | | | |
| Held directly | | | | |
| U.S. government and municipals | 115 | 115 | — | — |
| U.S. corporate debt | 193 | — | 193 | — |
| International bonds | 33 | — | 33 | — |
| Held through mutual and pooled funds measured at net asset value | | | | |
| U.S. government and municipals | 71 | — | — | — |
| U.S. corporate debt | 419 | — | — | — |
| International bonds | 549 | — | — | — |
| Equity | | | | |
| Held directly | | | | |
| U.S. equity | 21 | 21 | — | — |
| International equity | 15 | 15 | — | — |
| Held through mutual and pooled funds measured at net asset value | | | | |
| Non-U.S. equity | 15 | — | — | — |
| Global equity | 221 | — | — | — |
| Insurance Contracts | 222 | — | — | 222 |
| Other | (1) | (1) | — | — |
| Total Plan Assets | <u>\$ 2,018</u> | <u>\$ 219</u> | <u>\$ 226</u> | <u>\$ 222</u> |

Inputs and valuation techniques used to measure the fair value of plan assets vary according to the type of security being valued. Substantially all of the equity securities held directly by the plans are actively traded and fair values are determined based on quoted market prices. Fair values of U.S. government securities are determined based on trading activity in the marketplace.

Fair values of U.S. corporate debt, U.S. municipals and international bonds are typically determined by reference to the values of similar securities traded in the marketplace and current interest rate levels. Multiple pricing services are typically employed to assist in determining these valuations.

Fair values of equity securities and fixed income securities held through units of pooled funds are based on net asset value of the units of the pooled fund determined by the fund manager. Pooled funds are similar in nature to retail mutual funds, but are typically more efficient for institutional investors. The fair value of pooled funds is determined by the value of the underlying assets held by the fund and the units outstanding.

Equity securities held directly by the pension trusts and those held through units in pooled funds are monitored as to issuer and industry. Except for U.S. Treasuries, concentrations of fixed income securities are similarly monitored for concentrations by issuer and industry. As of December 31, 2023, there were no significant concentrations of equity or debt securities in any single issuer or industry.

No level 3 transfers (in or out) were made in 2023 or 2022. Fair values of insurance contracts are based on an evaluation of various factors, including purchase price.

We expect to contribute approximately \$20 to our defined benefit pension plans in 2024. Over the next ten years, we expect that the following gross benefit payments will occur:

| | Pension Benefits | Other Benefits |
|-----------|------------------|----------------|
| 2024 | \$ 182 | \$ 56 |
| 2025 | 193 | 56 |
| 2026 | 191 | 56 |
| 2027 | 192 | 54 |
| 2028 | 185 | 52 |
| 2029-2033 | 918 | 227 |

Defined Contribution Pension Plans

Our 401(k) profit sharing plan and supplemental plan provide for a matching contribution of a U.S. employee's contributions and accruals, subject to predetermined limits, as well as a discretionary profit sharing contribution, in which contributions will be based on our profit performance. We also have defined contribution pension plans for certain employees outside the U.S. Costs charged to expense for our defined contribution pension plans were \$185 in 2023, \$132 in 2022, and \$116 in 2021. Approximately 25 percent of these costs were for plans outside the U.S.

Note 9. Stockholders' Equity

The changes in the components of Accumulated Other Comprehensive Income ("AOCI") attributable to Kimberly-Clark, net of tax, are as follows:

| | Unrealized Translation | Defined Benefit Pension Plans | Other Postretirement Benefit Plans | Cash Flow Hedges and Other |
|--|---------------------------|----------------------------------|--|----------------------------------|
| Balance as of December 31, 2021 | \$ (2,422) | \$ (803) | \$ (34) | \$ 20 |
| Other comprehensive income (loss) before reclassifications | (347) | (51) | 86 | (139) |
| (Income) loss reclassified from AOCI | — | 65 ^(a) | — ^(a) | (44) |
| Net current period other comprehensive income (loss) | (347) | 14 | 86 | (183) |
| Balance as of December 31, 2022 | (2,769) | (789) | 52 | (163) |
| Other comprehensive income (loss) before reclassifications | 84 | (57) | (9) | (153) |
| (Income) loss reclassified from AOCI | 7 | 55 ^(a) | (4) ^(a) | 164 |
| Net current period other comprehensive income (loss) | 91 | (2) | (13) | 11 |
| Balance as of December 31, 2023 | \$ (2,678) | \$ (791) | \$ 39 | \$ (152) |

(a) Included in computation of net periodic pension and other postretirement benefits costs (see Note 8).

Included in the above defined benefit pension plans and other postretirement benefit plans balances as of December 31, 2023 is \$750 and \$2 of unrecognized net actuarial loss and unrecognized net prior service cost, respectively.

The changes in the components of AOCI attributable to Kimberly-Clark, including the tax effect, are as follows:

| | Year Ended December 31 | | |
|---|------------------------|-----------------|----------------|
| | 2023 | 2022 | 2021 |
| Unrealized translation | \$ 84 | \$ (324) | \$ (248) |
| Tax effect | 7 | (23) | (17) |
| | <u>91</u> | <u>(347)</u> | <u>(265)</u> |
| Defined benefit pension plans | | | |
| Unrecognized net actuarial loss and transition amount | | | |
| Funded status recognition | (49) | (109) | 16 |
| Amortization | 39 | 34 | 37 |
| Settlements and curtailments | 35 | 52 | 91 |
| Currency and other | (23) | 36 | 10 |
| | <u>2</u> | <u>13</u> | <u>154</u> |
| Unrecognized prior service cost/credit | | | |
| Funded status recognition | 3 | 2 | (2) |
| Amortization | — | — | (4) |
| Curtailments | — | — | (3) |
| Currency and other | — | — | — |
| | <u>3</u> | <u>2</u> | <u>(9)</u> |
| Tax effect | (7) | (1) | (36) |
| | <u>(2)</u> | <u>14</u> | <u>109</u> |
| Other postretirement benefit plans | | | |
| Unrecognized net actuarial loss and transition amount and other | (18) | 113 | 12 |
| Tax effect | 5 | (27) | (6) |
| | <u>(13)</u> | <u>86</u> | <u>6</u> |
| Cash flow hedges and other | | | |
| Recognition of effective portion of hedges | (178) | (165) | 70 |
| Amortization | 208 | (58) | 39 |
| Currency and other | (14) | (22) | (4) |
| Tax effect | (5) | 62 | (22) |
| | <u>11</u> | <u>(183)</u> | <u>83</u> |
| Change in AOCI | \$ <u>87</u> | \$ <u>(430)</u> | \$ <u>(67)</u> |

Amounts are reclassified from AOCI into Cost of products sold, Nonoperating expense, Interest expense, or Other (income) and expense, net, as applicable, in the consolidated income statement.

Net unrealized currency gains or losses resulting from the translation of assets and liabilities of foreign subsidiaries, except those in highly inflationary economies, are recorded in AOCI. For these operations, changes in exchange rates generally do not affect cash flows; therefore, unrealized translation adjustments are recorded in AOCI rather than net income. Upon sale or substantially complete liquidation of any of these subsidiaries, the applicable unrealized translation adjustment would be removed from AOCI and reported as part of the gain or loss on the sale or liquidation. The change in unrealized translation in 2023 is primarily due to the strengthening of various foreign currencies versus the U.S. dollar. Also included in unrealized translation amounts are the effects of foreign exchange rate changes on intercompany balances of a long-term investment nature and transactions designated as hedges of net foreign investments.

Note 10. Leases and Commitments

We have entered into leases for certain facilities, vehicles, material handling and other equipment. Our leases have remaining contractual terms up to 95 years, some of which include options to extend the leases for up to 99 years, and some of which include options to terminate the leases within 1 year. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. Our lease costs are primarily related to facility leases for inventory warehousing and administration offices.

Lease Expense

| | Year Ended December 31 | | | Income Statement Classification |
|---------------------------------------|------------------------|--------|--------|---|
| | 2023 | 2022 | 2021 | |
| Operating lease expense | \$ 147 | \$ 145 | \$ 157 | Cost of products sold, Marketing, research and general expenses |
| Finance lease expense: | | | | |
| Amortization of lease assets | 16 | 15 | 13 | Cost of products sold |
| Interest on lease liabilities | 2 | 1 | 2 | Interest expense |
| Total finance lease expense | 18 | 16 | 15 | |
| Variable lease expense ^(a) | 253 | 242 | 219 | Cost of products sold, Marketing, research and general expenses |
| Total lease expense | \$ 418 | \$ 403 | \$ 391 | |

(a) Includes short-term leases, which are immaterial.

Lease Assets and Liabilities

| | December 31 | | Balance Sheet Classification |
|-------------------------|-------------|--------|--|
| | 2023 | 2022 | |
| Assets | | | |
| Operating lease | \$ 450 | \$ 475 | Other Assets |
| Finance lease | 79 | 71 | Property, Plant and Equipment, Net |
| Total lease assets | \$ 529 | \$ 546 | |
| Liabilities | | | |
| Current: | | | |
| Operating lease | \$ 130 | \$ 127 | Accrued expenses and other current liabilities |
| Finance lease | 14 | 11 | Debt payable within one year |
| Noncurrent: | | | |
| Operating lease | 346 | 377 | Other Liabilities |
| Finance lease | 57 | 49 | Long-Term Debt |
| Total lease liabilities | \$ 547 | \$ 564 | |

As of December 31, 2023 and 2022, accumulated amortization of finance lease assets was \$37 and \$32, respectively.

Maturity of Lease Liabilities

| | December 31, 2023 | | |
|------------------------------------|-------------------|----------------|--------|
| | Operating Leases | Finance Leases | Total |
| 2024 | \$ 145 | \$ 16 | \$ 161 |
| 2025 | 128 | 14 | 142 |
| 2026 | 110 | 11 | 121 |
| 2027 | 64 | 9 | 73 |
| 2028 | 27 | 7 | 34 |
| Thereafter | 45 | 25 | 70 |
| Total lease payments | 519 | 82 | 601 |
| Less imputed interest | 43 | 10 | 53 |
| Present value of lease liabilities | \$ 476 | \$ 72 | \$ 548 |

As of December 31, 2023, our operating leases have a weighted-average remaining lease term of 4 years and a weighted-average discount rate of 4 percent and our finance leases have a weighted-average remaining lease term of 7 years and a weighted-average discount rate of 4 percent.

Supplemental Information Related to Leases

| | December 31 | | |
|---|-------------|--------|--------|
| | 2023 | 2022 | 2021 |
| Cash paid for amounts included in the measurement of lease liabilities: | | | |
| Operating leases | \$ 147 | \$ 148 | \$ 155 |
| Finance leases | 17 | 11 | 13 |
| Lease assets obtained in exchange for new lease obligations: | | | |
| Operating leases | 66 | 57 | 34 |
| Finance leases | 24 | 6 | 56 |
| Other non-cash modifications to lease assets: | | | |
| Operating leases | 39 | 72 | 61 |

We have entered into long-term contracts for the purchase of superabsorbent materials, pulp and certain utilities. Commitments under these contracts based on current prices are \$1,528 in 2024, \$1,029 in 2025, \$227 in 2026, \$227 in 2027, \$13 in 2028, and \$18 beyond the year 2028.

Although we are primarily liable for payments on the above-mentioned leases and purchase commitments, our exposure to losses, if any, under these arrangements is not material.

Note 11. Legal Matters

We routinely are involved in legal proceedings, claims, disputes, tax matters, regulatory matters and governmental inspections or investigations arising in the ordinary course of or incidental to our business, including those noted below in this section. We record accruals in the consolidated financial statements for pending litigation when we determine that an unfavorable outcome is probable and the amount of the loss can be reasonably estimated. For the matters we disclose that do not include an estimate of the amount of loss or range of losses, such an estimate is not possible or is immaterial, and we may be unable to estimate the possible loss or range of losses that could potentially result from the application of non-monetary remedies, unless disclosed below. At present we believe that the ultimate outcome of these proceedings, individually and in the aggregate, will not materially harm our financial position, results of operations or cash flows. However, legal proceedings and government investigations are subject to inherent uncertainties, and unfavorable rulings or other events could occur. Unfavorable resolutions could involve substantial monetary damages. In addition, in matters for which conduct remedies are sought, unfavorable resolutions could include an injunction or other order prohibiting us from selling one or more products at all or in

particular ways, precluding particular business practices or requiring other remedies. An unfavorable outcome might result in a material adverse impact on our business, results of operations or financial position.

We are party to certain legal proceedings relating to our former health care business, Avanos Medical, Inc. ("Avanos", previously Halyard Health, Inc.), which we spun-off on October 31, 2014, including a qui tam matter and certain subpoena and document requests from the federal government. The subpoena and document requests include subpoenas from the United States Department of Justice ("DOJ") concerning allegations of potential criminal and civil violations of federal laws, including the Food, Drug, and Cosmetic Act, in connection with the manufacturing, marketing and sale of surgical gowns by our former health care business. We continue to cooperate in this investigation and are making efforts to reach a potential resolution with the DOJ.

We are subject to federal, state and local environmental protection laws and regulations with respect to our business operations and are operating in compliance with, or taking action aimed at ensuring compliance with, these laws and regulations. We have been named a potentially responsible party under the provisions of the U.S. federal Comprehensive Environmental Response, Compensation and Liability Act, or analogous state statutes, at a number of sites where hazardous substances are present. None of our compliance obligations with environmental protection laws and regulations, individually or in the aggregate, is expected to have a material adverse effect on our business, liquidity, financial condition or results of operations.

Note 12. Objectives and Strategies for Using Derivatives

As a multinational enterprise, we are exposed to financial risks, such as changes in foreign currency exchange rates, interest rates, and commodity prices. We employ a number of practices to manage these risks, including operating and financing activities and, where appropriate, the use of derivative instruments.

At December 31, 2023 and 2022, derivative assets were \$70 and \$99, respectively, and derivative liabilities were \$259 and \$318, respectively, primarily comprised of foreign currency exchange and commodity price contracts. Derivative assets are recorded in Other current assets or Other Assets, as appropriate, and derivative liabilities are recorded in Accrued expenses and other current liabilities or Other Liabilities, as appropriate.

Foreign Currency Exchange Rate Risk

Translation adjustments result from translating foreign entities' financial statements into U.S. dollars from their functional currencies. The risk to any particular entity's net assets is reduced to the extent that the entity is financed with local currency borrowings. A portion of our balance sheet translation exposure for certain affiliates, which results from changes in translation rates between the affiliates' functional currencies and the U.S. dollar, is hedged with cross-currency swap contracts and certain foreign denominated debt which are designated as net investment hedges. The foreign currency exposure on certain non-functional currency denominated monetary assets and liabilities, primarily intercompany loans and accounts payable, is hedged with primarily undesignated derivative instruments.

Derivative instruments are entered into to hedge a portion of forecasted cash flows denominated in foreign currencies for non-U.S. operations' purchases of raw materials, which are priced in U.S. dollars, and imports of intercompany finished goods and work-in-process priced predominantly in U.S. dollars and euros. The derivative instruments used to manage these exposures are designated as cash flow hedges.

Interest Rate Risk

Interest rate risk is managed using a portfolio of variable and fixed-rate debt composed of short and long-term instruments. Interest rate swap contracts may be used to facilitate the maintenance of the desired ratio of variable and fixed-rate debt and are designated as fair value hedges. From time to time, we also hedge the anticipated issuance of fixed-rate debt, and these contracts are designated as cash flow hedges.

Commodity Price Risk

We use derivative instruments, such as commodity forward and price swap contracts, to hedge a portion of our exposure to market risk arising from changes in prices of certain commodities. These derivatives are designated as cash flow hedges of specific quantities of the underlying commodity expected to be purchased in future months. In addition, we utilize negotiated contracts of varying durations along with strategic pricing mechanisms to manage volatility for a portion of our commodity costs.

Fair Value Hedges

Derivative instruments that are designated and qualify as fair value hedges are predominantly used to manage interest rate risk. The fair values of these derivative instruments are recorded as an asset or liability, as appropriate, with the offset recorded in current Interest expense. The offset to the change in fair values of the related debt is also recorded in Interest expense. Any realized gain or loss on the derivatives that hedge interest rate risk is amortized to Interest expense over the life of the related debt. As of December 31, 2023, the aggregate notional values and carrying values of debt subject to outstanding interest rate contracts designated as fair value hedges were \$525 and \$482, respectively. For years ended December 31, 2023, 2022 and 2021, gains or losses recognized in Interest expense for interest rate swaps were not significant.

Cash Flow Hedges

For derivative instruments that are designated and qualify as cash flow hedges, the gain or loss on the derivative instrument is initially recorded in AOCI, net of related income taxes, and recognized in earnings in the same income statement line and period that the hedged exposure affects earnings. As of December 31, 2023, outstanding commodity forward and price swap contracts were in place to hedge a portion of our estimated requirements of the related underlying commodities in 2024 and future periods. As of December 31, 2023, the aggregate notional value of outstanding foreign exchange derivative contracts designated as cash flow hedges was \$3.0 billion. For years ended December 31, 2023, 2022 and 2021, no significant gains or losses were reclassified into Interest expense, Cost of products sold or Other (income) and expense, net as a result of the discontinuance of cash flow hedges due to the original forecasted transaction no longer being probable of occurring. At December 31, 2023, amounts to be reclassified from AOCI into Interest expense, Cost of products sold or Other (income), net during the next twelve months are not expected to be material. The maximum maturity of cash flow hedges in place at December 31, 2023 is December 2026.

Net Investment Hedges

For derivative instruments that are designated and qualify as net investment hedges, the aggregate notional value was \$1.6 billion at December 31, 2023. We exclude the interest accruals on cross-currency swap contracts and the forward points on foreign exchange forward contracts from the assessment and measurement of hedge effectiveness. We recognize the interest accruals on cross-currency swap contracts in earnings within Interest expense. We amortize the forward points on foreign exchange contracts into earnings within Interest expense over the life of the hedging relationship. Changes in fair value of net investment hedges are recorded in AOCI and offset the change in the value of the net investment being hedged. For the year ended December 31, 2023, unrealized loss of \$43 related to net investment hedge fair value changes were recorded in AOCI and no significant amounts were reclassified from AOCI to Interest expense.

No significant amounts were excluded from the assessment of net investment, fair value or cash flow hedge effectiveness as of December 31, 2023.

Undesignated Hedging Instruments

Gains or losses on undesignated foreign exchange hedging instruments are immediately recognized in Other (income) and expense, net. Gain of \$2, a loss of \$29 and a loss of \$5 were recorded in the years ending December 31, 2023, 2022 and 2021, respectively. The effect on earnings from the use of these non-designated derivatives is substantially neutralized by the transactional gains and losses recorded on the underlying assets and liabilities. At December 31, 2023, the notional amount of these undesignated derivative instruments was approximately \$2.8 billion.

Note 13. Income Taxes

An analysis of the Provision for income taxes follows:

| | Year Ended December 31 | | |
|---|------------------------|---------------|---------------|
| | 2023 | 2022 | 2021 |
| Current income taxes | | | |
| United States | \$ 370 | \$ 248 | \$ 179 |
| State | 54 | 16 | 35 |
| Other countries | 351 | 288 | 335 |
| Total | 775 | 552 | 549 |
| Deferred income taxes | | | |
| United States | (133) | (27) | (18) |
| State | (28) | (1) | (1) |
| Other countries | (161) | (29) | (51) |
| Total | (322) | (57) | (70) |
| Total provision for income taxes | \$ 453 | \$ 495 | \$ 479 |

The components of Income Before Income Taxes and Equity Interests follow:

| | Year Ended December 31 | | |
|--|------------------------|-----------------|-----------------|
| | 2023 | 2022 | 2021 |
| United States | \$ 2,004 | \$ 1,802 | \$ 1,580 |
| Other countries | 17 | 538 | 645 |
| Total income before income taxes and equity interests | \$ 2,021 | \$ 2,340 | \$ 2,225 |

Deferred income tax assets and liabilities are comprised of the following:

| | December 31 | |
|---|-----------------|-----------------|
| | 2023 | 2022 |
| Deferred tax assets | | |
| Pension and other postretirement benefits | \$ 182 | \$ 179 |
| Tax credits and loss carryforwards | 668 | 534 |
| Capitalized research costs | 224 | 118 |
| Lease liability | 137 | 116 |
| Derivatives | 80 | 74 |
| Other | 357 | 409 |
| | <u>1,648</u> | <u>1,430</u> |
| Valuation allowances | (302) | (299) |
| Total deferred tax assets | <u>1,346</u> | <u>1,131</u> |
| Deferred tax liabilities | | |
| Property, plant and equipment, net | 943 | 940 |
| Investments in subsidiaries | 110 | 101 |
| Goodwill | 80 | 76 |
| Intangible assets | 12 | 153 |
| Lease asset | 128 | 111 |
| Other | 177 | 153 |
| Total deferred tax liabilities | <u>1,450</u> | <u>1,534</u> |
| Net deferred tax assets (liabilities) | <u>\$ (104)</u> | <u>\$ (403)</u> |

Valuation allowances at the end of 2023 primarily relate to tax credits, capital loss carryforwards, and income tax loss carryforwards of \$1.5 billion. If these items are not utilized against taxable income, \$463 of the income tax loss carryforwards will expire from 2024 through 2043. The remaining \$1.0 billion has no expiration date.

Realization of income tax loss carryforwards is dependent on generating sufficient taxable income prior to expiration of these carryforwards. Although realization is not assured, we believe it is more likely than not that all of the deferred tax assets, net of applicable valuation allowances, will be realized. The amount of the deferred tax assets considered realizable could be reduced or increased due to changes in the tax environment or if estimates of future taxable income change during the carryforward period.

Presented below is a reconciliation of the Provision for income taxes computed at the U.S. federal statutory tax rate to the actual effective tax rate:

| | Year Ended December 31 | | |
|--|------------------------|--------|--------|
| | 2023 | 2022 | 2021 |
| U.S. statutory rate applied to income before income taxes and equity interests | 21.0 % | 21.0 % | 21.0 % |
| State income taxes, net of federal tax benefit | 1.0 | 0.5 | 1.2 |
| Routine tax incentives | (3.9) | (3.5) | (5.8) |
| Net nondeductible expenses | 2.4 | 1.4 | 1.5 |
| Net tax (benefit) cost on foreign income | 1.1 | 2.4 | 2.4 |
| Valuation allowance | 2.8 | 1.3 | 2.4 |
| Tax effects of the impairment of intangible assets | (1.4) | — | — |
| Other - net ^(a) | (0.6) | (1.9) | (1.2) |
| Effective income tax rate | 22.4 % | 21.2 % | 21.5 % |

(a) Other - net is composed of numerous items, none of which is greater than 1.05 percent of income before income taxes and equity interests.

As of December 31, 2023, we have accumulated undistributed earnings generated by our foreign subsidiaries of approximately \$7.2 billion. Earnings of \$3.3 billion were previously subject to U.S. federal income tax. Any additional taxes due with respect to such previously-taxed foreign earnings, if repatriated, would generally be limited to foreign and U.S. state income taxes. Deferred taxes have been recorded on \$0.8 billion of earnings of foreign consolidated subsidiaries expected to be repatriated. We do not intend to distribute the remaining \$2.5 billion of previously-taxed foreign earnings and therefore have not recorded deferred taxes for foreign and U.S. state income taxes on such earnings.

We consider any excess of the amount for financial reporting over tax basis in our foreign subsidiaries to be indefinitely reinvested. The determination of deferred tax liabilities on the amount of financial reporting over tax basis or the \$2.5 billion of previously-taxed foreign earnings is not practicable.

Presented below is a reconciliation of the beginning and ending amounts of unrecognized income tax benefits:

| | 2023 | 2022 | 2021 |
|---|--------|--------|--------|
| Balance at January 1 | \$ 488 | \$ 506 | \$ 497 |
| Gross increases for tax positions of prior years | 38 | 22 | 62 |
| Gross decreases for tax positions of prior years | (13) | (38) | (37) |
| Gross increases for tax positions of the current year | 109 | 36 | 42 |
| Settlements | (26) | (21) | (39) |
| Other | (8) | (17) | (19) |
| Balance at December 31 | \$ 588 | \$ 488 | \$ 506 |

Of the amounts recorded as unrecognized income tax benefits at December 31, 2023, \$520 would reduce our effective tax rate if recognized.

We recognize accrued interest and penalties related to unrecognized income tax benefits in Provision for income taxes. During each of the three years ended December 31, 2023, the net impact of interest and penalties was not significant. Total accrued penalties and net accrued interest was \$45 and \$35 at December 31, 2023 and 2022, respectively.

It is reasonably possible that a number of uncertainties could be resolved within the next 12 months. The aggregate resolution of the uncertainties could be up to \$190, while none of the uncertainties is individually significant. Resolution of these matters is not expected to have a material effect on our financial condition, results of operations or liquidity.

As of December 31, 2023, the following tax years remain subject to examination for the major jurisdictions where we conduct business:

| <u>Jurisdiction</u> | <u>Years</u> |
|---------------------|--------------|
| United States | 2016 to 2023 |
| United Kingdom | 2021 to 2023 |
| Brazil | 2019 to 2023 |
| China | 2014 to 2023 |
| South Korea | 2020 to 2023 |

Our originally filed U.S. federal income tax returns have been audited through 2015; however, our amended U.S. federal income tax returns are subject to audit for 2013-2018.

State income tax returns are generally subject to examination for a period of 3 to 5 years after filing of the respective return. The state effect of any changes to filed federal positions remains subject to examination by various states for a period of up to two years after formal notification to the states. We have various state income tax return positions in the process of examination, administrative appeals or litigation.

The Brazilian tax authority, Secretaria da Receita Federal do Brasil ("RFB"), concluded an audit for the taxable periods from 2008-2013. This audit included a review of our determinations of amortization of certain goodwill arising from prior acquisitions in Brazil, and the RFB has proposed adjustments that effectively eliminate the goodwill amortization benefits related to these transactions. Administrative appeals have been exhausted with a partial favorable decision for our position, and the remaining dispute is in the judicial phase. Based upon the matters that remain in dispute, the amount of the proposed tax and penalty adjustments is approximately \$50 as of December 31, 2023 (translated at the December 31, 2023 currency exchange rate). The amount ultimately in dispute will be significantly greater because of interest. The first instance judge has issued a decision in our favor, finding that our amortization of the goodwill at issue was valid; however, an appeal is pending and final resolution of this matter is expected to take a number of years.

As part of the tax audit of our U.S. federal income tax returns for the taxable years ended December 31, 2017 and 2018, the U.S. Internal Revenue Service proposed an adjustment that would increase the amount of the one-time transition tax on certain undistributed earnings of foreign subsidiaries owed by us. We believe we have adequate reserves and meritorious defenses and intend to vigorously defend against the proposed adjustment; however, it is expected to take a number of years to reach resolution of this matter.

Note 14. Earnings Per Share ("EPS")

There are no adjustments required to be made to net income for purposes of computing basic and diluted EPS. The dilutive effect of stock options and other stock-based awards is reflected in diluted EPS by application of the treasury stock method. The average number of common shares outstanding is reconciled to those used in the basic and diluted EPS computations as follows:

| <u>(Millions of shares)</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|---|--------------|-------------|-------------|
| Basic | 337.8 | 337.4 | 337.3 |
| Dilutive effect of stock options and restricted share unit awards | 1.0 | 0.9 | 1.5 |
| Diluted | 338.8 | 338.3 | 338.8 |

Options outstanding that were not included in the computation of diluted EPS because their exercise price was greater than the average market price of the common shares were insignificant. The number of common shares outstanding as of December 31, 2023, 2022 and 2021 was 337.0 million, 337.5 million and 336.8 million, respectively.

Note 15. Business Segment Information

We are organized into operating segments based on product groupings. These operating segments have been aggregated into three reportable global business segments: Personal Care, Consumer Tissue and K-C Professional. The reportable segments were determined in accordance with how our chief operating decision maker and our executive managers develop and execute

global strategies to drive growth and profitability. These strategies include global plans for branding and product positioning, technology, research and development programs, cost reductions including supply chain management, and capacity and capital investments for each of these businesses. Segment management is evaluated on several factors, including operating profit. Segment operating profit excludes Other (income) and expense, net and income and expense not associated with ongoing operations of the business segments.

The principal sources of revenue in each global business segment are described below:

- *Personal Care* brands offer our consumers a trusted partner in caring for themselves and their families by delivering confidence, protection and discretion through a wide variety of innovative solutions and products such as disposable diapers, training and youth pants, swimpants, baby wipes, feminine and incontinence care products, reusable underwear and other related products. Products in this segment are sold under the Huggies, Pull-Ups, Little Swimmers, GoodNites, DryNites, Sweety, Kotex, U by Kotex, Intimus, Thinx, Poise, Depend, Plenitud, Softex and other brand names.
- *Consumer Tissue* offers a wide variety of innovative solutions and trusted brands that responsibly improve everyday living for families around the world. Products in this segment include facial and bathroom tissue, paper towels, napkins and related products, and are sold under the Kleenex, Scott, Cottonelle, Andrex, Viva, Scottex and other brand names.
- *K-C Professional* partners with businesses to create Exceptional Workplaces, helping to make them healthier, safer and more productive through a range of solutions and supporting products such as wipers, tissue, towels, personal protective gear, soaps and sanitizers. Our brands, including Kleenex, Scott, WypAll, Kimtech and KleenGuard are well known for quality and trusted to help people around the world work better.

Net sales to Walmart Inc. as a percent of our consolidated net sales were approximately 13 percent in 2023, and 2022 and 14 percent in 2021. Net sales to Walmart Inc. were primarily in the Personal Care and Consumer Tissue segments.

Information concerning consolidated operations by business segment is presented in the following tables:

Consolidated Operations by Business Segment

| | Year Ended December 31 | | |
|--|------------------------|------------------|------------------|
| | 2023 | 2022 | 2021 |
| NET SALES^(a) | | | |
| Personal Care | \$ 10,691 | \$ 10,622 | \$ 10,267 |
| Consumer Tissue | 6,290 | 6,243 | 6,034 |
| K-C Professional | 3,404 | 3,256 | 3,072 |
| Corporate & Other | 46 | 54 | 67 |
| TOTAL NET SALES | \$ 20,431 | \$ 20,175 | \$ 19,440 |
| OPERATING PROFIT^(b) | | | |
| Personal Care | \$ 1,890 | \$ 1,787 | \$ 1,856 |
| Consumer Tissue | 976 | 806 | 888 |
| K-C Professional | 665 | 457 | 404 |
| Corporate & Other ^(c) | (1,118) | (412) | (559) |
| Other (income) and expense, net ^(d) | 69 | (43) | 28 |
| TOTAL OPERATING PROFIT | \$ 2,344 | \$ 2,681 | \$ 2,561 |

- (a) Net sales in the U.S. to third parties totaled \$10,362, \$9,848 and \$9,285 in 2023, 2022 and 2021, respectively. No other individual country's net sales exceeds 10 percent of total net sales.
- (b) Segment operating profit excludes Other (income) and expense, net and income and expenses not associated with the business segments.
- (c) Corporate & Other in 2023 includes divestiture-related costs associated with the sale of our Brazil tissue and K-C Professional business of \$30 and the charges related to the impairment of intangible assets of \$658. In 2022, it includes transaction and integration costs of \$21 related to the acquisition of a controlling interest in Thinx, and in 2021, it includes charges of \$265 related to the 2018 Global Restructuring Program. Restructuring charges in 2021 related to the Personal Care, Consumer Tissue and K-C Professional business segments were \$104, \$118 and \$40, respectively.
- (d) Other (income) and expense, net in 2023 includes the gain of \$74 related to the sale of our Brazil tissue and K-C Professional business, and in 2022 includes the non-cash, non-recurring gain of \$85 related to the acquisition of a controlling interest in Thinx.

| | Personal Care | Consumer Tissue | K-C Professional | Corporate & Other | Total |
|--------------------------------------|---------------|-----------------|------------------|-------------------|--------|
| Depreciation and Amortization | | | | | |
| 2023 | \$ 387 | \$ 236 | \$ 127 | \$ 3 | \$ 753 |
| 2022 | 375 | 251 | 125 | 3 | 754 |
| 2021 | 355 | 291 | 116 | 4 | 766 |
| Capital Spending | | | | | |
| 2023 | 342 | 285 | 123 | 16 | 766 |
| 2022 | 442 | 280 | 142 | 12 | 876 |
| 2021 | 536 | 303 | 157 | 11 | 1,007 |
| Assets | | | | | |
| 2023 | 7,999 | 4,935 | 2,507 | 1,903 | 17,344 |
| 2022 | 9,086 | 5,048 | 2,675 | 1,161 | 17,970 |
| 2021 | 8,890 | 5,083 | 2,650 | 1,214 | 17,837 |

Sales of Principal Products

| (Billions of dollars) | 2023 | 2022 | 2021 |
|--------------------------------------|----------------|----------------|----------------|
| Baby and child care products | \$ 7.1 | \$ 7.2 | \$ 7.2 |
| Consumer tissue products | 6.3 | 6.2 | 6.0 |
| Away-from-home professional products | 3.4 | 3.3 | 3.1 |
| All other | 3.6 | 3.5 | 3.1 |
| Consolidated | <u>\$ 20.4</u> | <u>\$ 20.2</u> | <u>\$ 19.4</u> |

Note 16. Supplemental Data

Supplemental Income Statement Data

| | Year Ended December 31 | | |
|---------------------|------------------------|--------|--------|
| | 2023 | 2022 | 2021 |
| Advertising expense | \$ 1,075 | \$ 901 | \$ 893 |
| Research expense | 312 | 292 | 269 |

Equity Companies' Data

| | Net Sales | Gross Profit | Operating Profit | Net Income | Corporation's Share of Net Income |
|------|----------------|-------------------|---------------------|------------------------|-----------------------------------|
| 2023 | \$ 3,135 | \$ 1,003 | \$ 683 | \$ 410 | \$ 196 |
| 2022 | 2,690 | 707 | 438 | 240 | 116 |
| 2021 | 2,501 | 696 | 398 | 205 | 98 |
| | Current Assets | Noncurrent Assets | Current Liabilities | Noncurrent Liabilities | Stockholders' Equity |
| 2023 | \$ 1,974 | \$ 1,362 | \$ 1,175 | \$ 1,687 | \$ 474 |
| 2022 | 1,585 | 1,303 | 814 | 1,751 | 323 |
| 2021 | 1,283 | 1,219 | 809 | 1,334 | 360 |

Equity companies are principally engaged in operations in the personal care and consumer tissue businesses. At December 31, 2023, our ownership interest in Kimberly-Clark de Mexico, S.A.B. de C.V. and subsidiaries ("KCM") was 47.9 percent. KCM is partially owned by the public, and its stock is publicly traded in Mexico. At December 31, 2023, our investment in this equity company was \$244, and the estimated fair value of the investment was \$3.0 billion based on the market price of publicly traded shares. Our other equity ownership interests are not significant to our consolidated balance sheet or financial results.

At December 31, 2023, undistributed net income of equity companies included in consolidated retained earnings was \$1.1 billion.

Supplemental Balance Sheet Data

| | December 31 | |
|--|-----------------|-----------------|
| | 2023 | 2022 |
| Summary of Accounts Receivable, Net | | |
| From customers | \$ 2,063 | \$ 2,155 |
| Other | 150 | 189 |
| Less allowance for doubtful accounts and sales discounts | (78) | (64) |
| Total | <u>\$ 2,135</u> | <u>\$ 2,280</u> |

| | December 31 | | | | | |
|--|---------------|-----------------|-----------------|---------------|-----------------|-----------------|
| | 2023 | | | 2022 | | |
| | LIFO | Non-LIFO | Total | LIFO | Non-LIFO | Total |
| Summary of Inventories by Major Class | | | | | | |
| Raw materials | \$ 121 | \$ 292 | \$ 413 | \$ 147 | \$ 425 | \$ 572 |
| Work in process | 116 | 95 | 211 | 139 | 107 | 246 |
| Finished goods | 520 | 692 | 1,212 | 518 | 870 | 1,388 |
| Supplies and other | — | 311 | 311 | — | 302 | 302 |
| | <u>757</u> | <u>1,390</u> | <u>2,147</u> | <u>804</u> | <u>1,704</u> | <u>2,508</u> |
| Excess of FIFO or weighted-average cost over LIFO cost | (192) | — | (192) | (239) | — | (239) |
| Total | <u>\$ 565</u> | <u>\$ 1,390</u> | <u>\$ 1,955</u> | <u>\$ 565</u> | <u>\$ 1,704</u> | <u>\$ 2,269</u> |

Inventories are valued at the lower of cost or net realizable value, determined on the FIFO or weighted-average cost methods, and at the lower of cost or market, determined on the LIFO cost method.

| | December 31 | |
|--|-----------------|-----------------|
| | 2023 | 2022 |
| Summary of Property, Plant and Equipment, Net | | |
| Land | \$ 149 | \$ 156 |
| Buildings | 3,067 | 3,062 |
| Machinery and equipment | 15,132 | 14,655 |
| Construction in progress | 803 | 676 |
| | <u>19,151</u> | <u>18,549</u> |
| Less accumulated depreciation | (11,238) | (10,664) |
| Total | <u>\$ 7,913</u> | <u>\$ 7,885</u> |

Property, plant and equipment, net in the U.S. as of December 31, 2023 and 2022 was \$4,356 and \$4,273, respectively.

| <u>Summary of Accrued Expenses and Other Current Liabilities</u> | December 31 | |
|--|-------------|----------|
| | 2023 | 2022 |
| Accrued advertising and promotion | \$ 524 | \$ 455 |
| Accrued salaries and wages | 518 | 421 |
| Accrued rebates | 268 | 285 |
| Accrued taxes - income and other | 294 | 318 |
| Operating leases | 130 | 127 |
| Accrued interest | 88 | 82 |
| Derivative liabilities | 139 | 200 |
| Other | 355 | 401 |
| Total | \$ 2,316 | \$ 2,289 |

Supplemental Cash Flow Statement Data

| <u>Summary of Cash Flow Effects of Operating Working Capital</u> | Year Ended December 31 | | |
|--|------------------------|----------|---------|
| | 2023 | 2022 | 2021 |
| Accounts receivable | \$ 127 | \$ (151) | \$ (37) |
| Inventories | 290 | (76) | (417) |
| Trade accounts payable | (109) | 109 | 627 |
| Accrued expenses | 125 | 92 | (124) |
| Accrued income taxes | 122 | 20 | (4) |
| Derivatives | (15) | 9 | 30 |
| Currency and other | 42 | (20) | (29) |
| Total | \$ 582 | \$ (17) | \$ 46 |

| <u>Other Cash Flow Data</u> | Year Ended December 31 | | |
|-----------------------------|------------------------|--------|--------|
| | 2023 | 2022 | 2021 |
| Interest paid | \$ 277 | \$ 270 | \$ 243 |
| Income taxes paid | 648 | 468 | 492 |

Supplier Finance Program

We have a supplier finance program managed through two global financial institutions under which we agree to pay the financial institutions the stated amount of confirmed invoices from our participating suppliers on the invoice due date. We, or the global financial institutions, may terminate our agreements at any time upon 30 days written notice. The global financial institutions may terminate our agreements at any time upon three days written notice in the event there are insufficient funds available for disbursement. We do not provide any forms of guarantees under these agreements. Supplier participation in the program is solely up to the supplier, and the participating suppliers negotiate their arrangements directly with the global financial institutions. We have no economic interest in a supplier's decision to participate in the program, and their participation has no bearing on our payment terms or amounts due. The payment terms that we have with our suppliers under this program generally range from 75 to 180 days and are considered commercially reasonable. The outstanding amount related to the suppliers participating in this program was \$1.0 billion as of December 31, 2023 and 2022, and was recorded within Trade accounts payable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Kimberly-Clark Corporation:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Kimberly-Clark Corporation and subsidiaries (the "Corporation") as of December 31, 2023 and 2022, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows, for each of the three years in the period ended December 31, 2023, and the related notes and the financial statement schedule listed in the Table of Contents at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Corporation's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 8, 2024, expressed an unqualified opinion on the Corporation's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the Corporation's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Corporation in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Sales Incentives and Trade Promotion Allowances —Refer to Note 1 to the financial statements

Critical Audit Matter Description

The Corporation utilizes various trade promotion programs globally. The cost of promotion activities is classified as a reduction in sales revenue and can result in a period of time between the date the customer earns a promotion and the date the customer claims the promotion. The Corporation records an accrual for estimated promotions using customer sales associated with valid promotion events, actual promotion claims, and forecasted information of amounts earned by the customer but not yet claimed.

We identified trade promotions and the related accrual as a critical audit matter because of the complexity and volume of the Corporation's processes related to trade promotion programs and the subjectivity of estimating future customer claims. This required an extensive audit effort due to the complexity and volume of the trade promotion programs and information systems utilized globally as well as the subjectivity of estimating future customer claims related to the trade promotion accrual.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the reduction in revenue associated with trade promotions and the related accrual included the following, among others:

- With the assistance of our IT specialists, we:
 - Identified the significant systems used to process trade promotion transactions and tested the general IT controls over each of these systems, including testing of user access controls, change management controls, and IT operations controls
 - Tested the effectiveness of automated controls over revenue streams, including those over the evaluation of the accuracy and completeness of trade promotions
- We tested the effectiveness of controls over the trade promotions and the related accrual, including those over the quantity of customer sales associated with valid promotion events and the estimated future promotion claims associated with the trade accrual.
- We evaluated trade promotion transactions using either analytical procedures or by evaluating individual transactions. When analytical procedures were performed, we developed an expectation for reduction in revenue associated with trade promotions based on the relationship with gross sales, among other factors, and compared to the recorded amount. When individual promotion transactions were evaluated, we obtained evidence of the promotion agreement with the customer and the amounts of the promotions earned.
- We evaluated management's ability to estimate future promotion claims by comparing actual promotion claims to management's historical estimates.
- We evaluated the reasonableness of management's estimate of future promotion claims by testing the underlying data related to (1) customer sales associated with valid promotion events, (2) actual promotion claims, and (3) forecasted information.

/s/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP

Dallas, Texas

February 8, 2024

We have served as the Corporation's auditor since 1928.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of December 31, 2023, an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a - 15(e) and 15d - 15(e) of the Securities Exchange Act of 1934 (Exchange Act)). Based on that evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of December 31, 2023.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting, including safeguarding of assets against unauthorized acquisition, use or disposition. This system is designed to provide reasonable assurance to management and our Board of Directors regarding preparation of reliable published financial statements and safeguarding of our assets. This system is supported with written policies and procedures, contains self-monitoring mechanisms and is audited by the internal audit function. Appropriate actions are taken by management to correct deficiencies as they are identified. All internal control systems have inherent limitations, including the possibility of circumvention and overriding of controls, and, therefore, can provide only reasonable assurance as to the reliability of financial statement preparation and such asset safeguarding.

We have assessed the effectiveness of our internal control over financial reporting as of December 31, 2023. In making this assessment, we used the criteria described in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that, as of December 31, 2023, our internal control over financial reporting is effective.

Deloitte & Touche LLP has audited the effectiveness of our internal control over financial reporting as of December 31, 2023, and has expressed an unqualified opinion in their report, which appears in this report.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting identified in connection with the evaluation described above in "Internal Control Over Financial Reporting" that occurred during our fourth fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Kimberly-Clark Corporation:

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Kimberly-Clark Corporation and subsidiaries (the "Corporation") as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2023, of the Corporation and our report dated February 8, 2024, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Corporation's internal control over financial reporting

based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Corporation in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP

Dallas, Texas

February 8, 2024

ITEM 9B. OTHER INFORMATION

- (b) Our directors and officers may from time to time enter into plans or other arrangements for the purchase or sale of our shares that are intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or may represent a non-Rule 10b5-1 trading arrangement under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). During the quarter ended December 31, 2023, no such plans or other arrangements were adopted or terminated.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following sections of our 2024 Proxy Statement for the Annual Meeting of Stockholders (the "2024 Proxy Statement") are incorporated in this Item 10 by reference:

- "The Nominees" under "Proposal 1. Election of Directors," which identifies our directors and nominees for our Board of Directors.
- "Corporate Governance - Other Corporate Governance Policies and Practices - Code of Conduct," which describes our Code of Conduct.
- "Corporate Governance - Stockholder Rights," "Proposal 1. Election of Directors," "General Information about our Annual Meeting - Stockholder Director Nominees for Inclusion in Next Year's Proxy Statement," and "General Information about our Annual Meeting - Stockholder Director Nominees Not Included in Next Year's Proxy Statement," which describe the procedures by which stockholders may nominate candidates for election to our Board of Directors.
- "Corporate Governance - Board Committees - Audit Committee," which identifies members of the Audit Committee of our Board of Directors and audit committee financial experts.

Information regarding our executive officers is reported under the caption "Information About Our Executive Officers" in Part I of this Report.

ITEM 11. EXECUTIVE COMPENSATION

The information in the sections of our 2024 Proxy Statement captioned "Compensation Discussion and Analysis," "Compensation Tables," "Director Compensation," "Corporate Governance - Compensation Committee Interlocks and Insider Participation," "Other Information - CEO Pay Ratio Disclosure" and "Other Information - Pay Versus Performance" is incorporated in this Item 11 by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information in the sections of our 2024 Proxy Statement captioned "Compensation Tables - Equity Compensation Plan Information" and "Other Information - Security Ownership Information" is incorporated in this Item 12 by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information in the sections of our 2024 Proxy Statement captioned "Other Information - Transactions with Related Persons" and "Corporate Governance - Director Independence" is incorporated in this Item 13 by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES (Deloitte & Touche LLP, PCAOB ID 34)

The information in the sections of our 2024 Proxy Statement captioned "Principal Accounting Firm Fees" and "Audit Committee Approval of Audit and Non-Audit Services" under "Proposal 2. Ratification of Auditor" is incorporated in this Item 14 by reference.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**(a) Documents filed as part of this report.**

1. Financial statements.

The financial statements are set forth under Item 8 of this report on Form 10-K.

2. Financial statement schedules.

The following information is filed as part of this Form 10-K and should be read in conjunction with the financial statements contained in Item 8:

- Report of Independent Registered Public Accounting Firm

Schedule for Kimberly-Clark Corporation and Subsidiaries:

- Schedule II Valuation and Qualifying Accounts

All other schedules have been omitted because they were not applicable or because the required information has been included in the financial statements or notes thereto.

3. Exhibits

- Exhibit No. (3)a. [Restated Certificate of Incorporation, dated April 29, 2021, incorporated by reference to Exhibit No. \(3\)a of the Corporation's Current Report on Form 8-K filed on April 29, 2021.](#)
- Exhibit No. (3)b. [By-Laws, as amended April 29, 2021, incorporated by reference to Exhibit No. \(3\)b of the Corporation's Current Report on Form 8-K filed on April 29, 2021.](#)
- Exhibit No. (4)a. [First Amended and Restated Indenture dated as of March 1, 1988 between the Corporation and The Bank of New York Mellon Trust Company, N.A. \(as successor in interest to The First National Bank of Chicago\) as Trustee \(originally executed with Bank of America National Trust and Savings Association\) \(incorporated by reference to Exhibit No. 4.1 to the Registration Statement on Form S-3 filed on February 2, 1998 \(Registration No. 333-45399\)\).](#)
- Exhibit No. (4)b. [First Supplemental Indenture, dated as of November 6, 1992, to the Indenture \(incorporated by reference to Exhibit No. 4.3 to the Registration Statement on Form S-3 filed on June 17, 1994 \(Registration No. 33-54177\)\).](#)
- Exhibit No. (4)c. [Second Supplemental Indenture, dated as of May 25, 1994, to the Indenture \(incorporated by reference to Exhibit No. 4.4 to the Registration Statement on Form S-3 filed on June 17, 1994 \(Registration No. 33-54177\)\).](#)
- Exhibit No. (4)d. [Eighth Supplemental Indenture, dated as of October 27, 2021, to the Indenture, among the Corporation, The Bank of New York Mellon Trust Company, N.A., as successor trustee, and U.S. Bank National Association, as successor trustee, incorporated by reference to Exhibit No. 4.3 of the Corporation's Current Report on Form 8-K filed on November 2, 2021.](#)
- Exhibit No. (4)e. Copies of instruments defining the rights of holders of long-term debt will be furnished to the Securities and Exchange Commission on request.
- Exhibit No. (4)f. [Description of the Corporation's Common Stock, filed herewith.](#)
- Exhibit No. (4)g. [Description of the Corporation's 0.625% Notes due 2024, incorporated by reference to Exhibit No. \(4\)f of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2019.](#)

- Exhibit No. (10)a. [Management Achievement Award Program, as amended and restated January 1, 2021, incorporated by reference to Exhibit \(10\)a of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2020.*](#)
- Exhibit No. (10)b. [Form of Executive Severance Agreement, incorporated by reference to Exhibit No. \(10\)b of the Corporation's Current Report on Form 8-K filed on September 16, 2020.*](#)
- Exhibit No. (10)c. [Seventh Amended and Restated Deferred Compensation Plan for Directors, effective January 1, 2008, incorporated by reference to Exhibit No. \(10\)c of the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008.*](#)
- Exhibit No. (10)d. [Kimberly-Clark Corporation Voluntary Deferred Compensation Plan, incorporated by reference to Exhibit \(10\)d of the Corporation's Current Report on Form 8-K dated September 15, 2022.*](#)
- Exhibit No. (10)e. [First Amendment to the Kimberly-Clark Corporation Voluntary Deferred Compensation Plan, effective January 1, 2023.*](#)
- Exhibit No. (10)f. [Summary of Kimberly-Clark Corporation Executive Long-Term Disability Plan, incorporated by reference to Exhibit \(10\)g of the Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2022.*](#)
- Exhibit No. (10)g. [Outside Directors' Stock Compensation Plan, as amended, incorporated by reference to Exhibit No. 10\(g\) of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2002.*](#)
- Exhibit No. (10)h. [Supplemental Benefit Plan to the Kimberly-Clark Corporation Pension Plan, as amended and restated effective April 17, 2009, incorporated by reference to Exhibit No. \(10\)h of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2009.*](#)
- Exhibit No. (10)i. [Second Supplemental Benefit Plan to the Kimberly-Clark Corporation Pension Plan, as amended and restated, effective April 17, 2009, incorporated by reference to Exhibit No. \(10\)i of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2009.*](#)
- Exhibit No. (10)j. [Kimberly-Clark Corporation Supplemental Retirement 401\(k\) and Profit Sharing Plan, as amended and restated effective January 1, 2023, filed herewith*](#)
- Exhibit No. (10)k. [2021 Outside Directors' Compensation Plan effective April 29, 2021, incorporated by reference to Exhibit No. \(10\)k of the Corporation's Current Report on Form 8-K filed on April 29, 2021.*](#)
- Exhibit No. (10)l. [2011 Outside Directors' Compensation Plan, as amended and restated, effective May 4, 2016, incorporated by reference to Exhibit No. \(10\)l of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016.*](#)
- Exhibit No. (10)m. [2011 Equity Participation Plan, as amended and restated, effective April 21, 2011, incorporated by reference to Exhibit No. 10.2 of the Corporation's Current Report on Form 8-K filed on April 26, 2011.*](#)
- Exhibit No. (10)n. [Form of Award Agreements under 2021 Equity Participation Plan for Nonqualified Stock Options, incorporated by reference to Exhibit No. \(10\)n of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022.*](#)
- Exhibit No. (10)o. [2021 Equity Participation Plan effective April 29, 2021, incorporated by reference to Exhibit No. \(10\)o of the Corporation's Current Report on Form 8-K filed on April 29, 2021.*](#)

| | |
|-----------------------|--|
| Exhibit No. (10)p. | <u>Severance Pay Plan, as amended and restated effective January 1, 2023, filed herewith.*</u> |
| Exhibit No. (10)q. | <u>Form of Award Agreements under 2021 Equity Participation Plan for Performance Restricted Stock Units, incorporated by reference to Exhibit No. (10)q of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023.*</u> |
| Exhibit No. (10)r. | <u>Form of Award Agreements under 2021 Equity Participation Plan for Off-Cycle Time-Vested Restricted Stock Units, incorporated by reference to Exhibit No. (10)r of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023.*</u> |
| Exhibit No. (10)s. | <u>First Amendment to 2011 Equity Participation Plan, effective February 12, 2020, incorporated by reference to Exhibit No. (10)s of the Corporation's Annual Report on Form 10-K for the year ended December 31, 2019.*</u> |
| Exhibit No. (10)t. | <u>Form of Award Agreements under 2021 Equity Participation Plan for Annual Time-Vested Restricted Stock Units, incorporated by reference to Exhibit No. (10)t of the Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023.*</u> |
| Exhibit No. (21). | <u>Subsidiaries of the Corporation, filed herewith.</u> |
| Exhibit No. (23) | <u>Consent of Independent Registered Public Accounting Firm, filed herewith.</u> |
| Exhibit No. (24) | <u>Powers of Attorney, filed herewith.</u> |
| Exhibit No. (31)a. | <u>Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), filed herewith.</u> |
| Exhibit No. (31)b. | <u>Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), filed herewith.</u> |
| Exhibit No. (32)a. | <u>Certification of Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, furnished herewith.</u> |
| Exhibit No. (32)b. | <u>Certification of Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, furnished herewith.</u> |
| Exhibit No. (97)a. | <u>Executive Officer Incentive Compensation Recovery Policy, filed herewith.</u> |
| Exhibit No. (101).INS | XBRL Instance Document - the instant document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document |
| Exhibit No. (101).SCH | XBRL Taxonomy Extension Schema Document |
| Exhibit No. (101).CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| Exhibit No. (101).DEF | XBRL Taxonomy Extension Definition Linkbase Document |
| Exhibit No. (101).LAB | XBRL Taxonomy Extension Label Linkbase Document |
| Exhibit No. (101).PRE | XBRL Taxonomy Extension Presentation Linkbase Document |
| Exhibit No. 104 | The cover page from this Current Report on Form 10-K formatted as Inline XBRL |

* A management contract or compensatory plan or arrangement required to be identified pursuant to Item 15(a)(3) of this Annual Report on Form 10-K.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KIMBERLY-CLARK CORPORATION

February 8, 2024

By: /s/ Andrew S. Drexler

Andrew S. Drexler
Vice President and Controller

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

| | | |
|---|---|------------------|
| <u>/s/ Michael D. Hsu</u> Michael D. Hsu | Chairman of the Board and Chief Executive Officer and Director (principal executive officer) | February 8, 2024 |
| <u>/s/ Nelson Urdaneta</u> Nelson Urdaneta | Senior Vice President and Chief Financial Officer (principal financial officer) | February 8, 2024 |
| <u>/s/ Andrew S. Drexler</u> Andrew S. Drexler | Vice President and Controller (principal accounting officer) | February 8, 2024 |

Directors

| | |
|-------------------|--------------------|
| Sylvia M. Burwell | Sherilyn S. McCoy |
| John W. Culver | Christa S. Quarles |
| Mae C. Jemison | Jaime A. Ramirez |
| Deeptha Khanna | Dunia A. Shive |
| S. Todd Maclin | Mark T. Smucker |
| Deirdre A. Mahlan | Michael D. White |

By: /s/ Andrew S. Drexler
Andrew S. Drexler
Attorney-in-Fact

February 8, 2024

KIMBERLY-CLARK CORPORATION AND SUBSIDIARIES

SCHEDULE II

**VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**
(Millions of dollars)

| <u>Description</u> | Balance at Beginning of Period | Additions | | Deductions | | Balance at End of Period |
|---|--------------------------------------|-------------------------------------|--|-------------------------------------|--|--------------------------------|
| | | Charged to Costs and Expenses | Charged to Other Accounts ^(a) | Write-Offs and Reclassifications | | |
| December 31, 2023 | | | | | | |
| Allowances deducted from assets to which they apply | | | | | | |
| Allowance for doubtful accounts | \$ 47 | \$ 15 | \$ 3 | \$ 6 ^(b) | | \$ 59 |
| Allowances for sales discounts | 17 | 248 | (4) | 242 ^(c) | | 19 |
| December 31, 2022 | | | | | | |
| Allowances deducted from assets to which they apply | | | | | | |
| Allowance for doubtful accounts | \$ 40 | \$ 14 | \$ (3) | \$ 4 ^(b) | | \$ 47 |
| Allowances for sales discounts | 15 | 239 | (3) | 234 ^(c) | | 17 |
| December 31, 2021 | | | | | | |
| Allowances deducted from assets to which they apply | | | | | | |
| Allowance for doubtful accounts | \$ 34 | \$ 12 | \$ (4) | \$ 2 ^(b) | | \$ 40 |
| Allowances for sales discounts | 16 | 225 | (2) | 224 ^(c) | | 15 |

(a) Includes bad debt recoveries and the effects of changes in foreign currency exchange rates.

(b) Primarily uncollectible receivables written off.

(c) Sales discounts allowed.

| <u>Description</u> | Balance at Beginning of Period | Additions | | Deductions ^(a) | Balance at End of Period |
|--------------------------|--------------------------------------|-------------------------------------|---------------------------------|---------------------------|--------------------------------|
| | | Charged to Costs and Expenses | Charged to Other Accounts | | |
| December 31, 2023 | | | | | |
| Deferred taxes | | | | | |
| Valuation allowance | \$ 299 | \$ 46 | \$ — | \$ 43 | \$ 302 |
| December 31, 2022 | | | | | |
| Deferred taxes | | | | | |
| Valuation allowance | \$ 279 | \$ 37 | \$ — | \$ 17 | \$ 299 |
| December 31, 2021 | | | | | |
| Deferred taxes | | | | | |
| Valuation allowance | \$ 272 | \$ 12 | \$ — | \$ 5 | \$ 279 |

(a) Represents the net currency effects of translating valuation allowances at current rates of exchange and benefits recognized to Other Comprehensive Income.

Description of Common Stock

The following description is a summary and is subject to the provisions of our Amended and Restated Certificate of Incorporation, our By-laws and the relevant provisions of the law of the State of Delaware.

We are currently authorized to issue up to 1,200,000,000 shares of common stock, par value \$1.25 per share. The shares of common stock outstanding are fully paid and nonassessable.

Holders of our common stock are entitled to share equally and ratably in any dividends and in any assets available for distribution to stockholders on liquidation, dissolution or winding-up, subject, if preferred stock is then outstanding, to any preferential rights of such preferred stock. Each share of common stock entitles the holder of record to one vote at all meetings of stockholders, and the votes are noncumulative. The common stock is not redeemable, has no subscription or conversion rights and does not entitle the holder to any preemptive rights.

Dividends may be paid on our common stock out of funds legally available for dividends, as and when declared from time to time by our board of directors.

Computershare Trust Company, N.A. is the transfer agent and registrar for our common stock.

Anti-Takeover Provisions

The provisions of Delaware law and our Amended and Restated Certificate of Incorporation and By-laws we summarize below may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in his or her best interest.

Director Nominations. Our stockholders may nominate candidates for our board of directors or propose business to be acted upon at an annual or special meeting only if the stockholders follow the advance notice procedures described in our Amended and Restated Certificate of Incorporation together with the additional procedural and disclosure requirements under our By-laws. Individuals who are nominated by our board of directors, or who are nominated by a stockholder who has given to the secretary of the Company timely written notice, in proper form pursuant to the foregoing requirements and procedures, prior to an annual or special meeting of stockholders at which directors are to be elected, will be eligible for election to our board of directors. Although our Amended and Restated Certificate of Incorporation and By-laws do not give our board of directors the power to approve or disapprove shareholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting, the advance notice procedures set forth therein may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed or may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect its own slate of directors or otherwise attempting to obtain control of the Company.

In addition to the director nomination provisions described above, our By-laws permit any stockholder or group of up to twenty stockholders who have maintained continuous qualifying ownership of 3% or more of our outstanding common stock for at least the previous three years to include up to a specified number of director nominees in our proxy materials for an annual meeting. The maximum number of stockholder nominees permitted under the proxy access provisions of our By-laws is the greater of two or 20% of the total number of Kimberly-Clark directors on the last day a notice of nomination may be submitted. Generally, notice of a nomination must contain the information described above, along with certain additional information specified in our By-laws. Director nominations that are late or that do not include all required information may be rejected. This could prevent stockholders from making director nominations.

No Action by Written Consent. Our Amended and Restated Certificate of Incorporation states that action may be taken by stockholders only at annual or special meetings of the stockholders, and that stockholders may not act by written consent.

Special Meetings of Stockholders. The Amended and Restated Certificate of Incorporation and our By-laws vest the power to call special meetings of stockholders in our chairman of the board, our chief executive officer, our board of directors or, subject to certain restrictions contained in our By-laws, the holders of not less than 15% of our issued and outstanding

shares of capital stock entitled to vote to request that a special meeting of stockholders be called. Each request for a special meeting must contain certain information about the requesting stockholders described in our By-laws.

Certain Anti-Takeover Effects of Delaware Law. We are subject to Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in various “business combination” transactions with any interested stockholder for a period of three years following the date when the person became an interested stockholder, unless:

- either the business combination or the transaction which caused the stockholder to become an interested stockholder is approved by the board of directors prior to the date the interested stockholder obtained that status;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for the purposes of determining voting stock outstanding (but not voting stock owned by the interested stockholder) shares owned by certain insiders and certain employee stock plans; or
- on or subsequent to such date, the business combination is approved by the board and authorized at an annual or special meeting of stockholders by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

A “business combination” is defined to include mergers, asset sales and other transactions resulting in financial benefit to a stockholder. In general, an “interested stockholder” is a person who, together with affiliates and associates, owns (or within three years, did own) 15% or more of a corporation’s voting stock.

The statute could prohibit or delay mergers or other takeover or change in control attempts with respect to our company and, accordingly, may discourage attempts to acquire us even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price.

ARTICLE I

NAME, PURPOSE AND EFFECTIVE DATE OF PLAN

The Kimberly-Clark Corporation 401(k) and Profit Sharing Plan (the “Plan”) is adopted January 1, 2010 by Kimberly-Clark Corporation. The Plan’s purpose is to supplement in part the retirement income which eligible Employees may be entitled to receive under the Federal Social Security Act and promote the interests of the Corporation and its stockholders by encouraging Eligible Employees to arrange for personal investment programs which, depending upon the success of the Corporation, will be augmented by Company Match Safe Harbor Contributions and Profit Sharing Contributions. It provides each Eligible Employee with an opportunity to become a stockholder of the Corporation. The K-C Stock Fund portion of the Plan is intended to be an employee stock ownership plan, as defined in section 4975 of the Code, and is designed to invest primarily in qualifying employer securities, as defined in Code section 409(l). The Plan contains within it a cash or deferred arrangement under section 401(k) of the Code and a qualified Roth contribution program under section 402A of the Code. The Plan is intended to meet the requirements of Section 401(a) of the Internal Revenue Code of 1986, as amended, and the Employee Retirement Income Security Act of 1974, as amended. The Plan is also intended to comply with the designed-based “safe harbor” requirements prescribed in section 401(k)(13) and section 401(m)(12) of the Code.

The Plan contains assets of Participants who were formerly Participants in the Kimberly-Clark Corporation Incentive Investment Plan and Kimberly-Clark Corporation Retirement Contribution Plan and whose Contributions from the Kimberly-Clark Corporation Incentive Investment Plan and Kimberly-Clark Corporation Retirement Contribution Plan were transferred into the Plan effective January 4, 2010.

Effective March 21, 2015, the Plan reflects the merger of the Kimberly-Clark Corporation 401(k) and Retirement Contribution Plan (the “401(k) & RCP”) into the Plan. The Plan contains assets of Participants who were formerly Participants in the 401(k) & RCP and whose Contributions from the 401(k) & RCP were transferred into the Plan effective March 21, 2015.

This document is effective January 1, 2010.

ARTICLE II

DEFINITIONS AND CONSTRUCTION

2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:

- (a) 401(k): Code Section 401(k) which allows Participants to make a cash or deferred election through which Pre-Tax Contributions are made to the Plan.
- (b) Accounts: The accounts under the Plan to be maintained for each Participant as provided in Section 6.2.
- (c) Actual Contribution Percentage: A percentage which, for a specified group of Eligible Employees for a Plan Year shall be the average of the ratios (calculated separately for each Eligible Employee in such group) of:
 - (i) the amount of After-Tax Contributions remitted to the Trustee on behalf of each Eligible Employee for such Plan Year under Section 2.1(e)(i) to
 - (ii) the Eligible Employee's Total Compensation for such Plan Year.

The Committee may elect, to the extent permitted by Treasury Regulations, to take into account Company Match Safe Harbor Contributions in computing the Actual Contribution Percentage.

- (d) Affiliated Employer: An Employer and any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes an Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code section 414(c)) with an Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code section 414(m)) which includes an Employer; and any other entity required to be aggregated with an Employer pursuant to Code section 414(o).
- (e) After-Tax Contributions: Contributions made by Participants on an after-tax basis, which include:
 - (i) Contributions made by Participants under subsection 3.3(c) on an after-tax basis; or
 - (ii) Employee contributions, as defined in Code section 401(m) and the regulations thereunder, contributed prior to April 1, 1990 on account of which a Company Matching Contribution on behalf of a Participant who was employed prior to April 1, 1989; or
 - (iii) After-Tax Rollover Contributions: After-Tax contributions made by a Participant to an Eligible Retirement Plan which is accepted by the Plan as a direct rollover under Section 402(c) of the Code and that satisfy the requirements of Section 401(a) (31) for treatment as a rollover.
 - (iv) After-Tax Rollover Account: An Account consisting of After-Tax Rollover Contributions of the Participant
- (f) All Cash Distribution: As defined in subsection 7.3(c).
- (g) All Stock Distribution: As defined in subsection 7.3(a).

- (h) Beneficiary: The person or persons last designated on Timely Notice by a Participant, provided the named person survives the Participant. If no such person is validly designated as provided under subsection 7.5(a), or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's spouse, if living, and if not, the Participant's estate. For purposes of Section 7.7, the Beneficiary shall be considered the designated beneficiary under section 401(a)(9) of the Code and section 1.401(a)(9)-1 Q&A-4 of the regulations. On January 1, 2010, the Beneficiary under the Plan will be the beneficiary designations in the former Kimberly-Clark Corporation Incentive Investment Plan unless the Participant only participated in the former Kimberly-Clark Corporation Retirement Contribution Plan which then the beneficiary designations under the former Kimberly-Clark Corporation Retirement Contribution Plan will apply.
- (i) Board: The Board of Directors of the Corporation.
- (j) Bond Index Fund: An Investment Fund that primarily invests in U.S. government and investment grade corporate bonds, and asset backed and mortgage backed securities. This fund generally seeks to provide investment returns that correspond, before fees and expenses, to the performance of a U.S. broad market bond index.
- (k) Business Day: Any day on which securities are traded on the New York Stock Exchange.
- (l) Code: The Internal Revenue Code of 1986, as amended from time to time.
- (m) Commissioner: The Commissioner of the Internal Revenue Service.
- (n) Committee: The committee appointed to administer and regulate the Plan as provided in Article IX.
- (o) Company Matching Contributions: Contributions consisting of non-safe harbor company matching contributions made with respect to Plan Years beginning on or before December 31, 2009 and transferred to the Plan from the Kimberly-Clark Corporation Incentive Investment Plan effective January 4, 2010 and the earnings (or losses) attributable to them.
- (p) Company Matching Account: An Account consisting of Company Matching Contributions of the Participant.
- (q) Company Match Safe Harbor Account: An Account consisting of Company Match Safe Harbor Contributions of the Participant.
- (r) Company Match Safe Harbor Contributions: Amounts contributed under the Plan by the Employer and allocated to Participant's Company Match Safe Harbor Account as provided in Article IV.
- (s) Compensation:
- (A) Compensation includes amounts actually paid or made available to a Participant (regardless of whether he was such during the entire Plan Year);
- (1) as wages, salaries, fees for professional service, and other amounts received for personal services actually rendered in the course of employment with the company including but not limited to commissions, compensation for services on the basis of a percentage of profits and bonuses;

- (2) for purposes of (i) above, earned income from sources outside the United States (as defined in Code section 911(b)); whether or not excludable from gross income under Code section 911 or deductible under Code section 913;
- (3) amounts described in Code sections 104(a)(3), 105(a) and 105(h) but only to the extent that these amounts are includable in the gross income of the Participant;
- (4) amounts paid or reimbursed by the company for moving expenses incurred by the Participant, but only to the extent that these amounts are not deductible by the Participant under Code section 217;
- (5) value of a nonqualified stock option granted to the Participant, but only to the extent that the value of the option is includable in the gross income of the Participant in the taxable year in which granted;
- (6) the amount includable in the gross income of a Participant upon making the election described in Code section 83(b).

(B) excludes -

- (1) contributions made by the company to a plan of deferred compensation to the extent that, before the application of the Code section 415 limitations to that plan, the contributions are not includable in the gross income of the Participant for the taxable year in which contributed and any distributions from a plan of deferred compensation, regardless of whether such amounts are includable in the gross income of the Participant when distributed; provided however, any amounts received by a Participant pursuant to an unfunded nonqualified plan shall be considered as Compensation in the year such amounts are includable in the gross income of the Participant;
- (2) amounts realized from the exercise of a nonqualified stock option, or recognized when restricted stock (or property) held by a Participant either becomes freely transferable or is no longer subject to a substantial risk of forfeiture pursuant to Code section 83 and the regulations thereunder;
- (3) amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option;
- (4) other amounts which receive special tax benefits such as premiums for group term life insurance (but only to the extent that the premiums are not includable in the gross income of the Participant); and
- (5) Compensation in excess of the limit set forth in Section 11.12.

In lieu of the above definition of "Compensation," the following alternative definitions of "Compensation" in (A) or (B) below may be applied with respect to a Plan Year, as determined by the Committee in its discretion:

- (A) Wages within the meaning of section 3401(a) of the Code and all other payments of compensation to an Employee by his Employer (in the course of the Employer's trade or business) for which the Employer is required to furnish the Employee a written statement under section 6041(d), 6051(a)(3), and 6052 of the Code, but excluding amounts paid or reimbursed by the Employer for moving expenses incurred by an Employee, but only to the extent that at the time of the payment it is

reasonable to believe that these amounts are deductible by the Employee under section 217 of the Code, and determined without regard to any rules under section 3401(a) of the Code that limit the remuneration included in wages based on the nature or location of the employment or the services performed.

- (B) Wages within the meaning of section 3401(a) of the Code (for purposes of income tax withholding at the source) of the Participant but determined **without** regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed.

"Compensation" hereunder includes amounts contributed or deferred by the Employer on behalf of the Employee under Code sections 125 or 401(k).

The definition of Compensation in Section 12.1 includes payments made by the later of 2 ½ months after severance from employment, or the end of the limitation year that includes the date of severance from employment, if, absent a severance from employment, such payments would have been paid to the Employee while the Employee continued in employment with the Employer, and are regular compensation for services during the Employee's regular working hours, compensation for services outside the Employee's regular working hours (such as overtime or shift differential), commissions, bonuses or other similar compensation.

- (t) Contributions: Amounts deposited under the Plan by or on behalf of Participants including Pre-Tax Contributions, After-Tax Contributions and Roth 401(k) Contributions as provided in Article III.
- (u) Core Investment Funds: The Investment Funds of the Plan other than the Self-Directed Brokerage Account.
- (v) Corporation: Kimberly-Clark Corporation (a Delaware corporation).
- (w) Corporation Stock: The common stock of the Corporation.
- (x) Current Market Value: The fair market value on any day as determined by the Trustee in accordance with generally accepted valuation principles applied on a consistent basis.
- (y) Day of Service: An Employee shall be credited with a Day of Service for each calendar day commencing with the date on which the Employee first performs an Hour of Service until the Employee's Severance from Service Date. If an Employee quits, is discharged, retires, or dies, and such Employee does not incur a One-Year Period of Severance, the Employee shall be credited with a Day of Service for each calendar day elapsed from the Employee's Severance from Service Date to the date on which the Employee again completes an Hour of Service.
- (z) Distribution Calendar Year: A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin under subsection 7.7(b). The required minimum distributions for the Participant's first Distribution Calendar Year will be made on or before the Participant's Required Beginning Date. The required minimum distribution for other Distribution Calendar Years, including the required minimum distribution for the Distribution Calendar Year in which the Participant's Required Beginning Date occurs, will be made on or before December 31 of that Distribution Calendar Year.
- (aa) Eligible Earnings: An amount as determined by the Employer which is that portion of an Eligible Employee's Total Compensation from an Employer which consists of wages,

overtime, shift differential, and certain bonuses, (Free Day, MAAP, AIP, Merit Lump Sum, Mill Incentive, Vacancy Pay, Fire Brigade, Sales Incentives, lump sum in lieu of wage increase) while a Participant. Eligible Earnings shall be determined before Pre-Tax Contributions pursuant to Code sections 125 or 132(f)(4) are deducted. Notwithstanding the foregoing, the amount of any Eligible Employee's compensation which is taken into account for purposes of determining such Eligible Employee's Eligible Earnings under the Plan shall not exceed the limit set forth in Section 11.12.

Notwithstanding any provision of the Plan to the contrary, Eligible Earnings shall include any military differential paid to the Participant by the Employer with respect to any period of active military service in the uniformed services of the United States.

- (bb) Eligible Employee: Any person who is in the employ of an Employer during such periods as he meets all of the following conditions:
- (i) he is an Employee on the regular payroll of an Employer; and
 - (ii) he is in a Participating Unit.

For purposes of this subsection, "on the regular payroll of an Employer" shall mean paid through the payroll department of such Employer, and shall exclude employees classified or reclassified by an Employer as intermittent or temporary employees, and persons classified by an Employer as independent contractors, regardless of how such Employees may be classified or reclassified by any federal, state, or local, domestic or foreign, governmental agency or instrumentality thereof, or court.

A leased employee shall not be considered an Eligible Employee under the Plan. For purposes of the preceding sentence, the term "leased employee" means any person (other than an employee of recipient) who pursuant to an agreement between the recipient and any other person (a "leasing organization") has performed services for the recipient (or for the recipient and related persons determined in accordance with Code section 414(n)) on a substantially full-time basis for a period of at least one year, and such services are performed under the primary direction and control of the recipient. In addition, a person who formerly was an Eligible Employee shall be treated as an Eligible Employee for all purposes hereunder during such periods as he meets all of the following conditions:

- (i) he is an Employee on the regular payroll of an Employer, and
 - (ii) he is on temporary assignment to provide services for a corporation, hereinafter referred to as the "Affiliate," which is a member of a controlled group of corporations, within the meaning of Code section 414(b) as modified by Code section 415(h), of which the Corporation is a member, and which is not an Employer hereunder.
- (cc) Eligible Retirement Plan: A qualified plan under Code section 401(a), including a 401(k) plan, defined benefit pension plan, profit sharing or thrift plan, SIMPLE 401(k) plan, stock bonus plan and employee stock ownership plan, an individual retirement account under Code section 408(a), an individual retirement annuity under Code section 408(b), a tax-sheltered annuity under Code section 403(b), an annuity plan under section 403(a) of the Code, and an eligible deferred compensation plan under section 457(b) of the Code which is maintained by an employer described in Code section 457(e)(1)(A) and which agrees to separately account for amounts transferred into such plan from this plan.
- (dd) Employee: A person employed by an Employer.
- (ee) Employee Accounts: Those Accounts which reflect that portion of a Participant's interest in the Investment Funds which are attributable to his Contributions, including his Rollover

Account, After-Tax Rollover Account, Roth Rollover Account, Roth In-Plan Conversion Restricted I Account and a portion of the Roth In-Plan Conversion Account attributable to After-Tax Contributions and Pre-Tax Contributions.

- (ff) Employer: The Corporation and each Subsidiary which the Committee shall from time to time designate as an Employer for purposes of the Plan pursuant to Article X hereof and which shall adopt the Plan and the Trust. A list of Employers is set forth in Appendix A.
- (gg) Employer Accounts: Those Accounts which reflect the portion of a Participant's interest in the Investment Funds which are attributable to Company Matching Contributions, Company Match Safe Harbor Contributions, Retirement Contributions, Profit Sharing Contributions, Roth In-Plan Conversion Restricted II Account, Roth In-Plan Conversion Restricted III Account and a portion of the Roth In-Plan Conversion Account attributable to Company Matching Contributions.
- (hh) Equity Company: Any corporation, which is not the Corporation or a Subsidiary, 33-1/3% or more of the voting shares of which are owned directly or indirectly by the Corporation.
- (ii) ERISA: The Employee Retirement Income Security Act of 1974, as amended from time to time.
- (jj) Highly Compensated Eligible Employee: An Eligible Employee who is described in Code section 414(q) and applicable regulations thereunder. An Employee who is described in Code section 414(q) and applicable regulations thereunder generally means an Employee who performed services for the Employer or an Affiliated Employer during the "Determination Year" and is in one or more of the following groups:
 - (i) Employees who at any time during the "Determination Year" or "Look-Back Year" were "Five Percent Owners" of the Employer or an Affiliated Employer. "Five Percent Owner" means any person who owns (or is considered owning within the meaning of Code section 318) more than five percent of the outstanding stock of the Employer or stock possessing more than five percent of the total combined voting power of all stock of the Employer or, in the case of an unincorporated business, any person who owns more than five percent of the capital or profits interest in the Employer. In determining percentage ownership hereunder, employers that would otherwise be aggregated under Code sections 414(b), (c), (m) and (o) shall be treated as separate employers; or
 - (ii) Employees who received "Compensation" during the "Look-Back Year" from the Employer or an Affiliated Employer in excess of \$110,000, adjusted for changes in the cost of living as provided in Code section 415(d) and, if the Employer elects, were in the "Top Paid Group" of Employees for the Plan Year. "Top Paid Group" means the top 20 percent of Employees, excluding those Employees described in Code section 414(q)(8) and applicable regulations, who performed services during the applicable Year, ranked according to the amount of "Compensation" received from the Employer during such Year.

The "Determination Year" shall be the Plan Year for which testing is being performed, and the "Look-Back Year" shall be the immediately preceding 12 month period.

An Employer may make a uniform election with respect to all plans of the Employer to apply a calendar year calculation, as permitted by regulations under Code section 414(q).

For purposes of this subsection, "Compensation" shall mean Compensation including elective salary reduction contributions made under this Plan or any other cash or deferred arrangement, or pursuant to Code sections 125 or 132(f)(4).

- (kk) Hours of Service: Each hour for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer for the performance of duties and for reasons other than the performance of duties during the applicable computation period. An Hour of Service shall also include each hour for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer. Hours of Service shall be credited to the Employee for the computation period or periods in which the duties are performed or for the period to which the award or agreement pertains, whichever is applicable. Credit for Hours of Service shall be given for periods of absence spent in military service to the extent required by law. Credit for Hours of Service may also be given for such other periods of absence of whatever kind or nature as shall be determined under uniform rules of the Committee. Employment with a company which was not, at the time of such employment, an Employer shall be considered as the performance of duties for an Employer if such employment was continuous until such company was acquired by, merged with, or consolidated with an Employer and such employment continued with an Employer following such acquisition, merger or consolidation. Employment with a Subsidiary that is not an Employer or with an Equity Company shall be considered as performance of duties for an Employer.

Hours of Service shall be calculated and credited in a manner consistent with U.S. Department of Labor Regulation 2530.200b-2(b) and (c), and shall in no event exclude any hours required to be credited under U.S. Department of Labor Regulation 2530.200b-2(a).

For any period or periods for which adequate records are not available to accurately determine the Employee's Hours of Service, the following equivalency shall be used:

190 Hours of Service for each month for which such Employee would otherwise receive credit for at least one Hour of Service.

Solely for purposes of determining whether an Employee has incurred a one-year break-in-service, an Employee who is absent from work:

- (i) by reason of the pregnancy of the Employee;
- (ii) by reason of the birth of a child of the Employee;
- (iii) by reason of a placement of a child with the Employee in connection with the adoption of such child by the Employee; or
- (iv) for purpose of caring for such child for a period beginning immediately following such birth or placement,

shall be credited with certain Hours of Service which would otherwise have been credited to the Employee if not for such absence. The Hours of Service credited hereunder by reason of such absence shall be credited with respect to the Plan Year in which such absence begins, if such credit is necessary to prevent the Employee from incurring a one-year break-in-service in such Plan Year, and otherwise with respect to the Plan Year immediately following the Plan Year in which such absence begins. In addition, the Hours of Service credited with respect to such absence shall not exceed 501, and shall be credited only to the extent that the Employee substantiates to the satisfaction of the Committee that the Employee's absence, and the length thereof, was for the reasons described in paragraphs (i)-(iv) above. Notwithstanding the foregoing, no Hours of Service shall be credited pursuant to the three immediately preceding sentences with respect to any absence which commenced before April 1, 1985.

- (ll) International Index Fund: An Investment Fund that primarily invests in publicly traded common stocks and related instruments of companies in developed and emerging market economies outside the U.S. This fund generally seeks to provide investment returns that correspond, before fees and expenses, to the performance of a non-U.S. international stock index.

(mm) Investment Fund: The Self-Directed Brokerage Account and/or an unsegregated fund of the Plan including the Target Date Funds, Money Market Fund, Stable Income Fund, Bond Index Fund, Large Cap Stock Index Fund, Large Cap Value Stock Index Fund, Large Cap Growth Stock Index Fund, Small Cap Index Fund, K-C Stock Fund, International Index Fund, and such other funds as the Named Fiduciary may establish. The Named Fiduciary may, from time to time, in its discretion, establish additional funds. An Investment Fund may be, but shall not be limited to, a fund managed by the Trustee, by an insurance company, or by an investment company regulated under the Investment Company Act of 1940. An Investment Fund, pending investment in accordance with the fund purpose, may be invested in short-term securities of the United States of America or in other investments of a short-term nature.

An Investment Fund, in whole or in part, may be invested in any common, collective, or commingled trust fund maintained by the Trustee or another financial institution, which is invested principally in property of the kind specified for that particular Investment Fund or for the temporary investment of assets, and which is maintained for the investment of the assets of plans and trusts which are qualified under the provisions of Section 401(a) of the Code and exempt from federal taxation under the provisions of Section 501(a) of the Code, and during such period of time as an investment through any such medium exists the declaration of trust of such trust shall constitute a part of the applicable Trust Agreement.

All interest, dividends, and other income, as well as cash received from the sale or exchange of securities or other property, produced by each of the Investment Funds or any losses incurred by each of the Investment Funds, shall be reinvested in or deducted from the same Investment Fund which produced such proceeds, interest, dividends, other income or losses.

- (nn) K-C Stock Fund: An Investment Fund that primarily invests in Corporation Stock, with a portion invested in money market securities to provide liquidity for Participant transactions.
- (oo) Large Cap Growth Stock Index Fund: An Investment Fund that primarily invests in publicly traded common stocks and related instruments of established corporations. This fund generally seeks to provide investment returns that correspond, before fees and expenses, to the performance of a U.S. large cap growth stock index.
- (pp) Large Cap Stock Index Fund: An Investment Fund that primarily invests in publicly traded common stocks and related instruments of established corporations. This fund generally seeks to provide investment returns that correspond, before fees and expenses, to the performance of a U.S. large cap stock index.
- (qq) Large Cap Value Stock Index Fund: An Investment Fund that primarily invests in publicly traded common stocks and related instruments of established corporations. This fund generally seeks to provide investment returns that correspond, before fees and expenses, to the performance of a U.S. large cap value stock index.
- (rr) Life Expectancy: Life Expectancy as computed by the use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury regulations.
- (ss) Lump Sum Distribution: A single distribution of the entire amount of a Participant's Accounts.
- (tt) Managed Accounts: For a Participant's Plan Investment Funds, professional asset management within Participant's Accounts. The Plan shall provide one or more investment advisor programs, pursuant to which Participants may, in their sole discretion, obtain, on a discretionary or nondiscretionary basis, individual investment advice for a fee which such fees to be paid by the Participant to use the program. A Participant's fee for an investment advisor program may be paid from the Participant's Account. Participants under age 18, or with a non-U.S. address are excluded from Managed Accounts but may access Planning Guidance.

- (uu) Money Market Fund: An Investment Fund that primarily invests in short-term U.S. government debt securities. This fund generally seeks to provide investment returns that correspond, before fees and expenses, to the performance of U.S. short-term Treasury securities.
- (vv) Month of Service: A calendar month any part of which an Employee completes an Hour of Service. Except, however, an Employee shall be credited with a Month of Service for each month during the 12-month computation period in which he has not incurred a One-Year Period of Severance. An Employee shall be credited with a Month of Service for each calendar month of absence during the 12-month computation period following the date on which the Employee does not complete an Hour of Service for any reason other than the Employee quits, is discharged, retires or dies.
- (ww) Named Fiduciary: The Committee, as defined in Article IX of the Plan, (the members of which are designated by the Chief Human Resources Officer of the Corporation) shall be the Named Fiduciary of the Plan as defined in ERISA section 402(a).
- (xx) One-Year Period of Severance: The applicable computation period of 12 consecutive months during which an Employee fails to accrue a Day of Service. Years of Service and One-Year Periods of Severance shall be measured on the same computation period.

An Employee shall not be deemed to have incurred a One-Year Period of Severance if he completes an Hour of Service within 12 months following his Severance from Service Date.
- (yy) Partial Distribution: A distribution of a portion of a Participant's Accounts.
- (zz) Participant: An Eligible Employee who participates under Section 3.1 by validly electing to participate or has a deemed election and/or an Eligible Employee who is eligible to receive a Profit Sharing Contribution pursuant to Article IV. He remains a Participant until all of his Accounts have been distributed pursuant to the Plan.
- (aaa) Participating Unit: A specific classification of Employees of an Employer designated from time to time by the Committee pursuant to Article X hereof as participating in this Plan. The classifications so designated are shown in Appendix A.
- (bbb) Plan: The Kimberly-Clark Corporation 401(k) and Profit Sharing Plan.
- (ccc) Plan Year: A twelve calendar month period beginning January 1 and ending the following December 31.
- (ddd) Planning and Guidance: The Plan may provide to Participants investment education and advice on investing of Accounts. A Participant may utilize Planning and Guidance by receiving specific fund recommendations along with regular progress reports.
- (eee) Pre-Tax Contributions: Contributions made by Participants under subsection 3.3(a) that are considered deferred within the meaning of Code section 401(k) and regulations thereunder. For individuals age 50 or over by the end of the Plan Year, Pre-Tax Contributions also include catch-up contributions in accordance with Code section 414(v). (fff) Profit Sharing Account: The account under the Plan to be maintained for each Participant as provided in Section 4.7.
- (fff) Profit Sharing Contributions: Employer contributions made pursuant to Article IV of the Plan to a Participant's Profit Sharing Account.
- (ggg) Required Beginning Date: The date specified in subsection 7.7(a)(ii) of the Plan.

- (hhh) Retirement Contribution Account: An Account consisting of Retirement Contributions of the Participant.
- (iii) Retirement Contributions: Contributions transferred into the Plan from the Kimberly-Clark Corporation Retirement Contribution Plan effective January 4, 2010 and the earnings (or losses) attributable to them and the final contribution into the Plan from the Kimberly-Clark Corporation Retirement Contribution Plan made in January 2010 for the December 2009 earnings.
- (jjj) Rollover Account: An Account consisting of Rollover Contributions of the Participant.
- (kkk) Rollover Contributions: Pre-tax contributions or employer matching contributions made by a Participant to an Eligible Retirement Plan, which is accepted by the Plan as a rollover under section 402(c) of the Code and that satisfy the requirements of section 401(a)(31) for treatment as a rollover.
- (lll) Roth 401(k) Account: An Account consisting of Roth 401(k) Contributions of the Participant.
- (mmm) Roth 401(k) Contributions: Contributions made by Participants on an after-tax basis under subsection 3.3(b), specifically designated irrevocably as Roth 401(k) Contributions and are being made in lieu of all or a portion of the Pre-Tax Contributions a Participant is otherwise eligible to make under the Plan. For individuals age 50 or over by the end of the Plan Year, Roth 401(k) Contributions also includes Catch-Up Contributions in accordance with Code Section 414(v). Roth 401(k) Contributions shall be maintained by the Plan in a separate account and maintained in accordance with Section 402A of the Code and any guidance issued thereunder.
- (nnn) Roth 401(k) Rollover Contributions: After-tax roth 401(k) contributions made by a Participant to an Eligible Retirement Plan, which is accepted by the Plan as a rollover under Section 402(c) of the Code and that satisfy the requirements of Section 401(a)(31) for treatment as a rollover. Rollover Roth contributions from Roth IRA accounts shall not be allowed.
- (ooo) Roth In-Plan Conversion: A rollover to a designated Roth account in the Plan from a Plan account in accordance with Code section 402A(c)(4) and section 3.13 of the Plan.
- (ppp) Roth In-Plan Conversion Account: A Roth account holding unrestricted amounts and related earnings which have been rolled over in a Roth In-Plan Conversion, in accordance with Section 3.13 of the Plan.
- (qqq) Roth In-Plan Conversion Restricted I Account: A Roth account holding Pre-Tax Contributions and earnings amounts rolled over in a Roth In-Plan Conversion, in accordance with Section 3.13 of the Plan.
- (rrr) Roth In-Plan Conversion Restricted II Account: A Roth account holding Company Match Safe Harbor Contributions and earnings amounts rolled over in a Roth In-Plan Conversion, in accordance with Section 3.13 of the Plan.
- (sss) Roth In-Plan Conversion Restricted III Account: A Roth account holding Retirement Contributions and Profit Sharing Contributions rolled over in a Roth In-Plan Conversion, in accordance with Section 3.13 of the Plan.
- (ttt) Roth Rollover Account: An Account consisting of Roth 401(k) Rollover Contributions of the Participant.
- (uuu) Self-Directed Brokerage Account: An Investment Fund in which Participants may direct their investments in a wide range of equity and debt securities, mutual funds, ETFs, etc. through a

brokerage account pursuant to such limitations and procedures as may be approved by the Committee as it deems appropriate.

- (vvv) Service: Regular employment with the Corporation, a Subsidiary or an Equity Company. Service shall also include any service credited under the prior Kimberly-Clark Corporation Incentive Investment Plan and Kimberly-Clark Corporation Retirement Contribution Plan.
- (www) Severance from Service Date: The earlier of:
 - (i) the date an Employee quits, is discharged, retires or dies, or
 - (ii) the first anniversary of the date an Employee is absent from Service for any reason other than a quit, discharge, retirement, or death (e.g., disability, leave of absence, or layoff, etc.)
- (xxx) Small Cap Index Fund: An Investment Fund that primarily invests in publicly traded common stocks and related instruments of corporations. This fund generally seeks to provide investment returns that correspond, before fees and expenses, to the performance of a U.S. small cap stock index.
- (yyy) Stable Income Fund: An Investment Fund that primarily invests in a combination of diversified portfolios of high quality short to intermediate-term bonds, book value wrap contracts issued by insurance companies and banks, and money market securities. This fund generally seeks to provide investment returns that correspond, before fees and expenses, to the performance of U.S. short-term Treasury securities.
- (zzz) Stock and Cash Distribution: As defined in subsection 7.3(b).
- (aaaa) Subsidiary: Any corporation, 80% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.
- (bbbb) Systematic Withdrawal Payments: A systematic distribution that automatically withdraws installments in a specified amount and frequency from the Participant's Account while keeping Participant's funds in the Plan.
- (cccc) Target Date Funds: Investment Funds that primarily invest in a mix of asset classes, as determined by an investment manager that target a certain risk and return profile consistent with participants' needs at their stage of life.
- (dddd) Terminated Participant: A Participant who has terminated his employment with an Employer.
- (eeee) Timely Notice: A notice provided in writing on a designated form, or by electronic medium, or through a voice response system, prescribed by the Committee and submitted at such places and at such times as shall be established by Committee rules.
- (ffff) Total Compensation: An Eligible Employee's total compensation as that term is defined in Code section 414(s) and Treasury Regulation 1.415(c)-2(d)(4) plus, amounts contributed or deferred under Code sections 125, 132(f)(4) or 401(k). Total Compensation of any Eligible Employee shall not exceed the limit set forth in Section 11.12.

Notwithstanding any provision of the Plan to the contrary, Total Compensation shall include any military differential pay paid to a Participant by the Employer with respect to any period of active military service in the uniformed services in the United States.
- (gggg) Trust: The Kimberly-Clark Corporation 401(k) and Profit Sharing Plan Trust pursuant to the trust agreement provided for in Article V.

(hhh) Trustee: The trustee under the Trust.

(iii) Valuation Date: Each Business Day for which the Current Market Value of a Participant's Accounts is determined for purposes of this Plan.

(jjj) Year of Service: An Employee shall accrue a Year of Service for each 365 Days of Service.

2.2 Construction. Where appearing in the Plan, the masculine shall include the feminine and the plural shall include the singular, unless the context clearly indicates otherwise. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan and not to any particular section or subsection.

ARTICLE III

PARTICIPATION, EMPLOYEE CONTRIBUTIONS, AND ALLOCATIONS

3.1 Participation.

- (a) Each Eligible Employee who commences employment with a Participating Unit in Appendix A, or returns to work with a Participating Unit, shall become a Participant in the Plan on his employment or reemployment date, as applicable.
- (b) An Eligible Employee's may commence Employee Contributions and qualify for Company Match Safe Harbor Contributions by making an election to participate in the Plan. Such election shall remain in effect as a valid election to participate for each successive Plan Year.
- (c) Unless otherwise affirmatively elected, effective for a Participant automatically enrolled on or after January 1, 2019, an Eligible Employee shall be deemed to have authorized a reduction in such Eligible Employee's Eligible Earnings equal to eight percent of his Eligible Earnings per pay period for the Plan Year, effective for the first payroll period on or after 30 days when such individual becomes an Eligible Employee. Before the date an Eligible Employee becomes a Participant, the Eligible Employee shall be given notice of such deemed authorization and a reasonable opportunity to change the percentage of his Eligible Earnings (including to zero percent) to be contributed to Pre-Tax Contributions.
- (d) Notwithstanding the foregoing, Participants with amounts transferred to the Plan from the Kimberly-Clark Corporation Incentive Investment Plan and/or the Kimberly-Clark Corporation Retirement Contribution Plan shall be Participants in the Plan on January 1, 2010.

3.2 Transfer To and From Participating Units

- (a) An Eligible Employee who transfers out of a Participating Unit shall cease to be a Participant in the Plan as of the date on which he transfers out of such Participating Unit.
- (b) An Eligible Employee who transfers into a Participating Unit shall become a Participant in the Plan as of the date on which he transfers into such Participating Unit.

3.3 Amount of Contributions by and on behalf of Participants.

- (a) Pre-Tax Contributions. During each Plan Year, Pre-Tax Contributions shall be made on behalf of a Participant by his Employer for deposit to his Account as follows:
 - (i) Subject to the provisions of Section 3.6, a Participant may elect on Timely Notice to make Pre-Tax Contributions to his Account in any whole percentage equal to an amount which is not less than 1% of his Eligible Earnings and not more than 50% of his Eligible Earnings.

Notwithstanding the foregoing, Pre-Tax Contributions also include Contributions made to the Plan for the benefit of a Participant pursuant to a deemed election to reduce the compensation otherwise currently payable to such Participant as described in Section 3.1(c) above.

A Participant who has an election for Pre-Tax Contributions to his Account as a flat dollar amount for contributions as of April 7, 2017, 4:00 p.m. ET shall be defaulted to an election of 6% of the Participant's Eligible Earnings.

- (ii) Pre-Tax Contributions shall be deducted from a Participant's Total Compensation. An election or deemed election under this subsection shall remain in effect for so

long as a Participant is eligible to make Pre-Tax Contributions or, if earlier, until changed by a Participant. A Participant may change his election on Timely Notice effective as of the Participant's first payroll check on or after first day of the next payroll period following the date of the election, or as soon as administratively possible thereafter.

A Participant may make an election to have Pre-Tax Contributions to his Account in accordance with this Section 3.3 up to the contribution limit allowed by Code section 402(g) and then have the contributions automatically switch to After-Tax Contributions until the maximum contribution rate elected by the Participant is reached. The Plan will automatically switch to making Pre-Tax Contributions on behalf of the Participant as of the beginning of the next Plan Year in such amount as elected by the Participant. This election is not available when the Participant is contributing Roth 401(k) Contributions to his Account.

(b) Roth 401(k) Contributions.

- (i) A Participant may elect on Timely Notice to make Roth 401(k) Contributions to his Account in any whole percentage equal to an amount which is not less than 1% of his Eligible Earnings and not more than 50% of his Eligible Earnings.

A Participant who has an election for Roth 401(k) Contributions to his Account as a flat dollar amount for contributions as of April 7, 2017, 4:00 p.m. ET shall be defaulted to 0% of the Participant's Eligible Earnings for Roth 401(k) Contributions.

- (ii) An election to make Roth 401(k) Contributions by regular payroll deduction shall remain in effect for so long as a Participant is eligible to make Roth 401(k) Contributions or, if earlier, until changed by a Participant. A Participant may change such election on Timely Notice effective as of the Participant's first payroll check on or after the first day of the next payroll period following the date of the election, or as soon as administratively possible thereafter.
- (iii) All Roth 401(k) Contributions equal to the difference between 5% of a Participant's Eligible Earnings and the Participant's Pre-Tax Contributions and the Participant's After-Tax Contributions, but not less than zero (0), shall be taken into account in determining the Company Match Safe Harbor Contributions made on behalf of the Participant.

Notwithstanding the above, for hourly union Participants located at Mobile Operations, all Roth 401(k) Contributions equal to the difference between 4% of a Participant's Eligible Earnings and the Participant's Pre-Tax Contributions and the Participant's After-Tax Contributions, but not less than zero (0), shall be taken into account in determining the Company Match Safe Harbor Contributions made on behalf of the Participant.

(c) After-Tax Contributions.

- (i) A Participant may elect on Timely Notice to make After-Tax Contributions to his Account in any whole percentage equal to an amount which is not less than 1% of his Eligible Earnings and not more than 50% of his Eligible Earnings.

A Participant who has an election for After-Tax Contributions to his Account as a flat dollar amount for contributions as of April 7, 2017, 4:00 p.m., ET shall be defaulted to 0% of the Participant's Eligible Earnings for After-Tax Contributions.

- (ii) An election to make After-Tax Contributions by regular payroll deduction shall remain in effect for so long as a Participant is eligible to make After-Tax

Contributions or, if earlier, until changed by a Participant. A Participant may change such election on Timely Notice effective as of the Participant's first payroll check on or after the first day of the next payroll period following the date of the election, or as soon as administratively possible thereafter.

- (iii) All After-Tax Contributions equal to the difference between 5% of a Participant's Eligible Earnings and the Participant's Pre-Tax Contributions and Roth 401(k) Contributions, but not less than zero (0), shall be taken into account in determining the Company Match Safe Harbor Contributions made on behalf of the Participant.

Notwithstanding the above, for hourly union Participants located at Mobile Operations, all After-Tax Contributions equal to the difference between 4% of a Participant's Eligible Earnings and the Participant's Pre-Tax Contributions and Roth 401(k) Contributions, but not less than zero (0), shall be taken into account in determining the Company Match Safe Harbor Contributions made on behalf of the Participant.

- (d) Rollover Contributions, Roth 401(k) Rollover Contributions, and After-Tax Rollover Contributions. A Participant may contribute, and the Plan may accept, Rollover Contributions, Roth 401(k) Rollover Contributions, and After-Tax Rollover Contributions made by a direct transfer from an Eligible Retirement Plan; provided that the Participant represents to the Plan that such funds are eligible for rollover. Notwithstanding the foregoing, if the Plan Administrator learns that such funds are not eligible to be rolled over, the funds shall be returned to such Participant as soon as administratively feasible. Upon such transfer to the Plan, a Participant's Rollover Contributions, After-Tax Rollover Contributions, and Roth 401(k) Rollover Contributions will be allocated among the available Investment Funds based on the Participant's current election on file. If the Participant does not have an election on file, the Rollover Contributions, After-Tax Rollover Contributions, and Roth 401(k) Rollover Contributions shall be allocated to the Target Date Fund closest to the date the Participant turns age 65.
- (e) An election by a Participant to make contributions to a Participant's Account may include an election for the Plan to automatically annually increase an election in the amount of Pre-Tax Contributions or Roth 401(k) Contributions made to the Plan between 1% to 10%, not to exceed the maximum percentage allowed by the Plan. The Participant may on Timely Notice elect the date of the annual increase; however, if a date is not elected, the deemed election date is June 1 of each calendar year.

Any deemed election under Section 3.1(c) shall include an authorization for the Plan to automatically increase each June 1 of the calendar year following a deemed election in the amount of Pre-Tax Contributions made to the Plan in increments of 1% of his Eligible Earnings up to a target amount of 15% of his Eligible Earnings. The Eligible Employee shall be given notice of such deemed authorization and a reasonable opportunity to change the automatic increase or timing of the annual increase of his Pre-Tax Contributions (including to 0% of his Eligible Earnings).

- (f) A Participant who is eligible to make Pre-Tax Contributions and Roth 401(k) Contributions under this Plan and who has attained age 50 before the close of the Plan Year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of, section 414(v) of the Code. Such catch-up contributions shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of sections 402(g) and 415 of the Code. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of section 401(k)(3), 401(k)(13), 410(b), or 416 of the Code, as applicable, by reason of the making of such catch-up contributions.

3.4 General Limitation.

- (a) Notwithstanding any other provision of this Article III, no Contribution shall be made to the Plan which would cause the Plan to fail to meet the requirements for exemption from tax or to violate any provisions of the Code.
- (b) Notwithstanding any other provision of this Article III, the Contributions made by and on behalf of a Participant shall not exceed 50% of his Eligible Earnings.

3.5 Investment of Contributions by and on behalf of Participants.

Pre-Tax Contributions, Roth 401(k) Contributions and After-Tax Contributions. On Timely Notice, a Participant shall elect to allocate in whole multiples of 1% all of the Pre-Tax Contributions, Roth 401(k) Contributions and After-Tax Contributions to be made on his behalf during a Plan Year to one or more of the Core Investment Funds.

Pre-Tax Contributions for a deemed election pursuant to Section 3.1(c), in effect on or before December 31, 2021, shall be defaulted into Managed Accounts, as soon as administratively possible thereafter; provided if a Participant is ineligible to participate in a Managed Account, Pre-Tax Contributions shall be defaulted into the applicable Target Date Fund closest to the date the Participant turns age 65.

Pre-Tax Contributions for a deemed election pursuant to Section 3.1(c), on or after January 1, 2022, shall be defaulted into the applicable Target Date Fund closest to the date the Participant turns age 65.

An election under this subsection shall remain in effect until changed by a Participant. A Participant may change his election and such election shall be effective as of the date of the Participant's next Contribution following Timely Notice of the change, or as soon as administratively possible thereafter.

A Participant may not allocate Rollover Contributions, Roth 401(k) Rollover Contributions, After-Tax Rollover Contributions or Contributions to the Self-Directed Brokerage Account, except as a reallocation under Section 3.9.

Participants defaulting into Managed Accounts or Target Date Funds are thereby delegating the authority to the service provider to make investment decisions with respect to Investment Funds in Participant Accounts and authorizing the deduction of a reasonable fee therefrom for the service. Participants shall remain enrolled in the defaulted Investment Fund until the Participant elects to opt out and following the Timely Notice of the change, the election to opt out shall be effective as soon as administratively possible thereafter. Participants who opt out of Managed Accounts may remain in Planning and Guidance, if so elected.

3.6 Limitation on Pre-Tax Contributions and Roth 401(k) Contributions.

Overall Limitation.

- (a) Notwithstanding any provision of the Plan to the contrary, Pre-Tax Contributions and Roth 401(k) Contributions made on behalf of a Participant by his Employer for deposit to his Account shall not exceed the dollar limitation contained in Code section 402(g) in effect in any taxable year of the Participant, except to the extent permitted under subsection 3.3(a)(ii) of the Plan and Code section 414(v), if applicable.
- (b) If a Participant exceeds the dollar limitation in subsection 3.6(a), the percentage of his Pre-Tax Contributions and Roth 401(k) Contributions shall be reduced in order to meet the limitations of subsection 3.6(a). In such case, a Participant may designate the extent to which the excess amount is composed of Pre-Tax and After-Tax deferrals, but only to the extent such types of deferrals are made for the taxable year. If the Participant does not designate

which type of elective deferrals are to be distributed, the Plan will distribute Pre-Tax elective deferrals first.

- (c) With respect to subsection 3.6(b) above, the Plan may distribute excess deferrals no later than the first April 15th following the close of the taxable year to a Participant with excess amounts in his Account and any earnings on the excess amounts.

3.7 Suspension of All Contributions. On Timely Notice and notwithstanding the provisions of Section 3.3, a Participant may elect to suspend all of his Contributions, effective as of the Participant's first payroll check on or after the first day of the next payroll period following the date of the election, or as soon as administratively possible thereafter. On Timely Notice a Participant may elect to resume Contributions as of the Participant's first payroll check on or after the first day of the next payroll period following the date of the election, or as soon as administratively possible thereafter.

A Participant's Contributions shall be suspended commencing with and continuing throughout any period during which he fails to qualify as an Eligible Employee. On Timely Notice upon requalifying as an Eligible Employee a Participant may elect to make Contributions to his Accounts and such election shall be effective as soon as administratively possible.

3.8 Payment of Contributions to Trustee. The Employers shall contribute or remit to the Trustee within the time period required under ERISA and the requirements thereunder the amounts deducted or withheld from the Participants' Eligible Earnings as Contributions under the Plan.

3.9 Reallocation of Participant's Accounts.

- (a) A Participant or Beneficiary may, as of any Business Day, elect to (i) reallocate all or any whole percentage portion, or (ii) effect a fund exchange of all or any whole percentage portion or dollar amount, of any of his Employee Accounts or Employer Accounts among the Investment Funds; provided, however, that
- (i) amounts in a Participant's Employee Accounts or Employer Accounts in the Stable Income Fund (A) may be reallocated or exchanged to one or more of any of the Investment Funds except for the Money Market Fund; and (B) once reallocated or exchanged, cannot be transferred to the Money Market Fund for a period of not less than 90 days; and
- (ii) the minimum amount which may be reallocated or transferred to the Self-Directed Brokerage Account is \$1,000 per transaction.
- (b) A Participant's or Beneficiary's election to reallocate or effect a fund exchange shall be effective as soon as administratively possible following Timely Notice, and the amount of such reallocation shall be determined by the value of the Participant's or Beneficiary's interest in any Investment Fund on the Valuation Date on which such reallocation takes effect, subject to any restrictions prescribed by the Committee.
- (c) A Participant or Beneficiary may elect to receive a rebalance notification of his Plan Accounts if any of Participant's or Beneficiary's allocations among the Investment Funds change from the elected target mix. The automatic rebalance notification service is not available for the Self-Directed Brokerage Account.

3.10 Redeposits and Restored Amounts.

- (a) Notwithstanding any provision in this Plan to the contrary, on Timely Notice, an Employee who has forfeited all or a portion of his Employer Accounts may redeposit the distribution or withdrawal which caused the forfeiture before the earlier of (i) the date on which the Employee has been reemployed for five years or (ii) the date on which the Employee incurs five consecutive One-Year Periods of Severance following the year of the distribution or

withdrawal. Upon such redeposit, the amount of the forfeiture associated with the redeposit shall be restored to the Employer Account and allocated based on Employee's contribution investment elections. Redeposits shall be allocated to the Plan funds in the same manner as Pre-Tax Contributions, Roth 401(k) Contributions and After-Tax Contributions made on behalf of the Participant. The amount redeposited shall be equal to the amount distributed or withdrawn from the Pre-Tax Contributions, Roth 401(k) Contributions or After-Tax Contributions section of his Employee Accounts which caused the forfeiture.

- (b) No redeposit of such a withdrawal or distribution shall be permitted if, coincident with or subsequent to the forfeiture associated with that withdrawal or distribution, an Employee incurs 5 consecutive One-Year Periods of Severance.
- (c) A Participant who is entitled to no portion of his Employer Accounts upon termination of employment shall be deemed to have received a distribution of zero dollars (\$0) from such accounts.
- (d) Any forfeiture from the Company Match Safe Harbor Contributions or Profit Sharing Contributions section of his Employer Accounts shall be restored in accordance with the provisions of this Section 3.10 if the Terminated Participant returns to his employment with an Employer prior to incurring five consecutive One-Year Periods of Severance and the Terminated Participant has either (i) not received a distribution or withdrawal from the Pre-Tax Contributions, Roth 401(k) Contributions, or After-Tax Contribution section of his Employee Accounts, or (ii) has redeposited such distribution or withdrawal as provided in subsection (a) above.

The Participant will be fully vested in the restored amounts on the Participant's first day of active employment with the Corporation as a rehired.

- 3.11 Source of and Interest in Pre-Tax Contributions. Anything in this Plan to the contrary notwithstanding, Pre-Tax Contributions shall be made by the Employers out of current or accumulated earnings and profits, and the Employers shall have no beneficial interest of any nature whatsoever in any such Contributions after the same have been received by the Trustee.
- 3.12 Contributions During Qualified Military Leave. Notwithstanding any provision of this Plan to the contrary, Contributions, Company Match Safe Harbor Contributions, and Profit Sharing Contributions may be made for periods of qualified military service in accordance with Code section 414(u).
- 3.13 Roth In-Plan Conversion.

A Participant or Beneficiary may, as of any Business Day, elect a Roth In-Plan Conversion of his eligible Account balances under the Plan to his Roth In-Plan Conversion Account, Roth In-Plan Conversion Restricted I Account, Roth In-Plan Conversion Restricted II Account, and Roth In-Plan Conversion Restricted III Account, in accordance with this Section. Requests for a Roth In-Plan Conversion from the following accounts shall be rolled over into separate accounts as follows:

- (i) amounts held in After-Tax Contribution, Company Matching Accounts, Rollover Account, and After-Tax Rollover Account rolled to the Roth In-Plan Conversion Account;
- (ii) amounts previously distributable to a Terminated Participant or Beneficiary rolled to the Roth In-Plan Conversion Account;
- (iii) if an active Participant has not attained age 59 ½, amounts held in Pre-Tax Contribution Account rolled to the Roth In-Plan Conversion Restricted I Account;

- (iv) if an active Participant has not attained age 59 ½, amounts held in Company Match Safe-Harbor Account rolled to the Roth In-Plan Conversion Restricted II Account; and
- (v) for any active Participant, amounts held in Profit-Sharing Account and Retirement Contribution Account rolled to the Roth In-Plan Conversion Restricted III Account.

If a Participant's Account balances do not equal at least \$1,000, the Participant or Beneficiary may only request a conversion of the total amount available for conversion.

A Participant or Beneficiary may select the Accounts and Investment Funds for purposes of the conversion. If no selection is made by the Participant or Beneficiary, funds shall be redeemed pro rata from the Participant's available Account balances and from the Investment Funds.

Roth In-Plan Conversions shall be processed as an in-kind transaction from the Investment Funds. A Participant or Beneficiary may reallocate his investments after the Roth In-Plan Conversion to the Investment Funds available under the Plan.

The Roth In-Plan Conversion Account, Roth In-Plan Conversion Restricted I Account, Roth In-Plan Conversion Restricted II Account, and Roth In-Plan Conversion Restricted III Account shall be subject to the same withdrawal, loan and distribution restrictions imposed on the source from which the funds were rolled. The Plan Administrator shall issue such tax statements as required in connection with such conversion.

A Participant shall be prohibited from making a Roth In-Plan Conversion if the Participant during the period has an outstanding qualified domestic relations order or loan. A non-spousal Beneficiary shall not be eligible for a Roth In-Plan Conversion.

ARTICLE IV

EMPLOYER CONTRIBUTIONS

- 4.1 Contribution Percentage. Subject to Section 4.3, Company Match Safe Harbor Contributions for each Plan Year shall be 100% of a Participant's Pre-Tax Contributions, Roth 401(k) Contributions or After-Tax Contributions on the first 5% of such Participant's Eligible Earnings per pay period.

Additionally, subject to the limitations stated above, for each Participant whose total Company Match Safe Harbor Contribution for the Plan Year was limited to less than 5% of Eligible Earnings for the entire Plan Year by virtue of the Code section 401(a)(17) or 402(g) limits being reached before Plan Year end, the Employer shall contribute for each such Participant an additional "true up" Company Match Safe Harbor Contribution as soon as administratively possible following the end of each Plan Year (to be allocated to such Participant's Account as of the last day of such prior Plan Year) equal to the difference between (i) the lesser of (x) 100% of such Participant's combined Contributions for the Plan Year (up to 5% of such Participant's Eligible Earnings), and (y) 5% of such Participant's Eligible Earnings for the Plan Year, and (ii) the amount of Company Match Safe Harbor Contributions previously allocated to such Participant's Account for such Plan Year. "True up" Company Match Safe Harbor Contributions will be invested in the Investment Funds that are current at the time the "true up" contributions are made, and at the cost per unit of each investment on the date the Participant's Account is updated by the recordkeeper to reflect the "true up" contribution amount. In no event will adjustments to the "true up" contribution be made to reflect any changes in investment performance which occur prior to the date such "true up" Company Match Safe Harbor Contribution is actually made.

Notwithstanding the above, for hourly union Participants located at Mobile Operations, subject to Section 4.3, Company Match Safe Harbor Contributions for each Plan Year shall be 100% of a Participant's Pre-Tax Contributions, Roth 401(k) Contributions or After-Tax Contributions on the first 4% of such Participant's Eligible Earnings per pay period.

Additionally, subject to the limitations stated above, for each Participant whose total Company Match Safe Harbor Contribution for the Plan Year was limited to less than 4% of Eligible Earnings for the entire Plan Year by virtue of the Code section 401(a)(17) or 402(g) limits being reached before Plan Year end, the Employer shall contribute for each such Participant an additional "true up" Company Match Safe Harbor Contribution as soon as administratively possible following the end of each Plan Year (to be allocated to such Participant's Account as of the last day of such prior Plan Year) equal to the difference between (i) the lesser of (x) 100% of such Participant's combined Contributions for the Plan Year (up to 4% of such Participant's Eligible Earnings), and (y) 4% of such Participant's Eligible Earnings for the Plan Year, and (ii) the amount of Company Match Safe Harbor Contributions previously allocated to such Participant's Account for such Plan Year. "True up" Company Match Safe Harbor Contributions will be invested in the Investment Funds that are current at the time the "true up" contributions are made, and at the cost per unit of each investment on the date the Participant's Account is updated by the recordkeeper to reflect the "true up" contribution amount. In no event will adjustments to the "true up" contribution be made to reflect any changes in investment performance which occur prior to the date such "true up" Company Match Safe Harbor Contribution is actually made.

- 4.2 Allocation and Payment of Company Match Safe Harbor Contributions. Company Match Safe Harbor Contributions shall be

- (a) made out of current or accumulated earnings and profits,
- (b) allocated according to a Participant's Contributions elections or deemed elections among the Investment Funds, in accordance with Section 3.5.
- (c) made to the Trustee as soon as administratively possible after the related Contributions are deducted or withheld for payment to the Trustee, and

- (d) made in cash, or at the sole option of the Employer, in shares of Corporation Stock held in the treasury, or both (but not in authorized but unissued shares) in which event the amount of any Company Match Safe Harbor Contribution made in Corporation Stock shall be the Current Market Value thereof on the date of delivery to the Trustee which, for the purposes of the Plan, shall be considered as the Trustee's cost of such shares except where Treasury Regulations sections 1.402(a)-1(b)(2)(ii) and 54.4975-11(d)(1) require shares of Corporation Stock acquired while the Plan is an employee stock ownership plan to have a different cost in order to satisfy their requirements.
- (e) A Participant may not allocate initial Company Match Safe Harbor Contributions to the Self-Directed Brokerage Account, except as an exchange or reallocation under Section 3.9.
- (f) All Company Match Safe Harbor Contributions made with respect to Plan Years beginning on or after January 1, 2010, shall be allocated to a Participant's Company Match Safe Harbor Account. Company Matching Contributions made with respect to Plan Years beginning on or before December 31, 2009, are allocated to a Participant's Company Matching Account.
- (g) By virtue of the Company Match Safe Harbor Contributions, the Plan is intended to be a "safe harbor plan" under the Code's rules prohibiting discrimination in favor of Highly Compensated Employees. Company Match Safe Harbor Contributions are intended to be matching safe harbor contributions for the purposes of satisfying the requirements of Code Sections 401(k)(13)(D) and 401(m)(12).

Any forfeiture under the Plan may be applied to reduce Company Match Safe Harbor Contributions, or if determined by the Committee in its discretion, to offset administrative expenses of the Plan. A forfeiture shall be valued at Current Market Value as of the Valuation Date on which the forfeiture occurred.

- 4.3 Temporary Suspension of Company Match Safe Harbor Contributions. The Board may order the suspension of all Company Match Safe Harbor Contributions if, in its opinion, the Corporation's consolidated net income after taxes for the last fiscal year is substantially below the Corporation's consolidated net income after taxes for the immediately preceding fiscal year. Any such determination by the Board shall be communicated to all Eligible Employees and to all Participants reasonably in advance of the first date for which such temporary suspension is ordered.

Except when caused, as determined by the Board, by a change in the capital structure of the Corporation which has the effect that the regular cash dividend rate is not in fairness comparable between successive quarters, any reduction of the regular cash dividend rate payable on Corporation Stock for any quarter as compared with the immediately preceding quarter shall automatically result in the suspension of all Company Match Safe Harbor Contributions for the first Plan Year commencing after the quarter in which such reduction occurs.

4.4 Limitations on After-Tax Contributions.

- (a) Limitations on Actual Contribution Percentage.
 - (i) In any Plan Year in which the Actual Contribution Percentage for the group of Highly Compensated Eligible Employees would be more than the greater of:
 - (A) the Actual Contribution Percentage of all other Eligible Employees multiplied by 1.25, or
 - (B) the lesser of (1) 2 percent plus the Actual Contribution Percentage of all other Eligible Employees or (2) the Actual Contribution Percentage of all other Eligible Employees multiplied by 2.0.

The deferral rate under subsection 3.3 of those Highly Compensated Eligible Employees shall be reduced pursuant to the following steps:

- (A) The Committee will determine the total amount of the After-Tax Contributions to the Plan by starting with the Highly Compensated Eligible Employee(s) who has the greatest contribution rate, reducing his contribution rate (but not below the next highest contribution rate), then, if necessary, reducing the contribution rate of the Highly Compensated Eligible Employee(s) at the next highest contribution rate level, including the contribution rate of the Highly Compensated Eligible Employee(s) whose contribution rate the Committee already has reduced (but not below the next highest contribution rate), and continuing in this manner until the Actual Contribution Percentage for the Highly Compensated Eligible Employees satisfies the test set forth above. These contributions shall be deemed to be “Excess Aggregate Contributions” for purposes of this subsection;
- (B) After the Committee has determined the total Excess Aggregate Contributions amount pursuant to Step (A) above, the Committee shall calculate the total dollar amount by which the Excess Aggregate Contributions for the Highly Compensated Eligible Employees must be reduced in order to satisfy the Actual Contribution Percentage test;
- (C) The Committee shall reduce the After-Tax Contributions of the Highly Compensated Eligible Employee(s) with the highest dollar amount of After-Tax Contributions by refunding such contributions to such Highly Compensated Eligible Employee(s) in the amount required to cause the dollar amount of such Highly Compensated Eligible Employee(s)’ After-Tax Contributions to equal the dollar amount of the After-Tax Contributions of the Highly Compensated Eligible Employee(s) with the next highest dollar amount of After-Tax Contributions.
- (D) If the total dollar amount of After-Tax Contributions distributed pursuant to Step (C) above is less than the total dollar amount of Excess Aggregate Contributions calculated pursuant to Step (B), Step (C) shall be applied to the Highly Compensated Eligible Employee(s) with the next highest dollar amount of After-Tax Contributions until the total amount of distributed After-Tax Contributions equals the total dollar amount of Excess Aggregate Contributions calculated in Step (B).
- (E) When calculating the amount of a distribution under Step (C), if a lesser distribution, when added to any amounts already distributed under this subsection, would equal the total amount of distributions necessary to permit the Plan to satisfy the Actual Contributions Percentage test, the lesser amount shall be distributed from the Plan;
- (F) If the total dollar amount of After-Tax Contributions distributed pursuant to Steps (C) and D above is less than the total dollar amount of Excess Aggregate Contributions calculated pursuant to Step (B), Steps (C) and (D) shall again be applied to the Highly Compensated Eligible Employee(s), beginning with the Highly Compensated Eligible Employee(s) with the highest dollar amount of Company Match Safe Harbor Contributions until the total amount of distributed After-Tax Contributions equals the total dollar amount of Excess Aggregate Contributions calculated in Step (B).

For purposes of this subsection, a person shall not be considered to be an Eligible Employee until such time as he or she could first have in effect a valid election to participate in the Plan.

- (ii) After-Tax Contributions for the Plan Year (if any) in excess of the amount permitted under subsection 4.4(a)(i), together with the income or loss allocable thereto, shall be distributed to the Participant after the close of the Plan Year and within 12 months after the close of that Plan Year (and, if practicable, no later than 6 months after the close of the Plan Year in order to avoid any excise tax imposed on the Employer for Excess Aggregate Contributions); provided, however, that an Employer may make qualified nonelective contributions (as provided under Code section 401(m) and the regulations thereunder) to be allocated only to the Accounts of Participants who are not Highly Compensated Eligible Employees that, with After-Tax Contributions satisfy the limit set forth in 4.4(a)(i) above. Such qualified nonelective contributions (as provided under Code section 401(m) and the regulations thereunder), whether taken into account to satisfy the limit set forth in subsection 4.4(a)(i) above, shall be fully vested when made, shall be allocated as of a date within the Plan Year, and shall not be distributed before one of the following events:
 - (A) the Eligible Employee's death, disability, or severance from employment, as provided under Code section 401(k) and applicable regulations;
 - (B) the Eligible Employee's attainment of age 59½ as provided under Code section 401(k) and applicable regulations;
 - (C) the termination of the Plan without the establishment or maintenance of a successor plan, as provided under Code section 401(k) and applicable regulations;
 - (iii) The income or loss allocable to an Excess Aggregate Contribution shall be calculated through use of the “alternative method” authorized under Treasury Regulations sections 1.401(k)-2(b)(2)(iv)(C) and 1.401(m)-2(b)(2)(iv)(C).
- (b) Additional Limitation. Notwithstanding any provision of the Plan to the contrary, the Committee may limit or adjust the amount of After-Tax Contributions in a manner that prevents contributions in excess of the limit set forth in subsection 4.4(a)(i) above. Also the Committee may elect, to the extent permitted by Treasury Regulations, to take into account Company Match Safe Harbor Contributions in computing the Actual Contribution Percentage.

4.5 Profit Sharing Contributions. Each Eligible Employee who is a Participant under Section 3.1 of the Plan shall be allocated Profit Sharing Contributions as provided in Sections 4.7 and 4.8.

Notwithstanding any provision of the Plan to the contrary, Profit Sharing Contributions and Service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code.

4.6 Limited Service and Leave of Absence. All Participants who are actively employed and receiving Eligible Earnings, are entitled to be allocated Profit Sharing Contributions. Participants who are not actively employed due to a paid leave of absence shall be allocated Profit Sharing Contributions made during such period of absence. Profit Sharing Contributions on behalf of a Participant shall cease upon commencement of his unpaid leave of absence, and such Profit Sharing Contributions shall resume upon the termination of such leave.

4.7 Amount of Profit Sharing Contribution. Subject to the limitations set forth in Article V, for each Plan Year, the Employer may pay or cause to be paid to the Trustee, a discretionary contribution to the Plan that shall be allocated to the Profit Sharing Account of each eligible Participant sufficient to credit each such Participant's Profit Sharing Account with an amount equal to a specified percentage as

determined by the Employer for all such Eligible Employees, not to exceed eight percent (8%) of the Participant's Eligible Earnings while in a Participating Unit. For this purpose, Eligible Earnings shall be considered for the entire month in which a Participant is in a Participating Unit provided the Participant's Eligible Earnings are paid through the Company's regular payroll. The amount of the Profit Sharing Contribution will be determined each Plan Year in the sole discretion of the Employer. For this purpose, Eligible Earnings shall include any Eligible Earnings paid to any Eligible Employee in the month of the Employee's termination of employment provided the Employee was an Eligible Employee on the first day of the month.

- 4.8 Allocations to Profit Sharing Accounts. Profit Sharing Contributions made pursuant to Section 4.7 shall be allocated to the Profit Sharing Account of each Participant (i) employed by Employer on the last day of such Plan Year or (ii) who terminated employment on or after age 55 during the Plan Year or (iii) who died during the Plan Year, as soon as administratively possible following payment to the Trust. Profit Sharing Contributions shall be allocated according to a Participant's Contributions elections or deemed elections among Investment Funds, in accordance with Section 3.5. In the event the Participant does not elect the manner in which his Participant Contributions are to be invested, and has no Account under the Plan, his Profit Sharing Contributions shall default into Managed Accounts until such time the Participant elects the manner in which his Participant Contributions are to be invested; provided if a Participant or Beneficiary is ineligible to participate in a Managed Account, Profit Sharing Contributions shall be defaulted into the applicable Target Date Fund closest to the date the Participant or Beneficiary would turn age 65. For a Participant that is newly enrolled in the Plan on or after January 1, 2022, who has not made an investment election, any Profit Sharing Contributions shall be defaulted into the applicable Target Date Fund closest to the date the Participant would turn age 65.

If, during the Plan Year, an Eligible Employee relocates to an Affiliated Employer or affiliate or subsidiary of the Corporation, the Eligible Employee shall be allocated a Profit Sharing Contribution for the time period the Eligible Employee was a Participant under the Plan during the Plan Year, provided the Employee terminated employment on or after age 55, was employed by an Affiliated Employer or affiliate or subsidiary of the Corporation on the last day of the Plan Year or died during the Plan Year.

Participants defaulting into Managed Accounts or Target Date Funds are thereby delegating the authority to the service provider to make investment decisions with respect to Investment Funds in Participant Accounts and authorizing the deduction of a reasonable fee therefrom for the service. Participants shall remain enrolled in the defaulted Investment Fund until the Participant elects to opt out and following the Timely Notice of the change, the election to opt out shall be effective as soon as administratively possible thereafter. Participants who opt out of Managed Accounts may remain in Planning and Guidance, if so elected.

- 4.9 Payment of Contributions to Trustee. Amounts representing Profit Sharing Contributions shall be paid into the Trust.
- 4.10 Deductibility Requirement. All Profit Sharing Contributions under the Plan are conditioned upon the deductibility of such Profit Sharing Contributions under Section 404 of the Code and to the extent the deduction is disallowed, shall be returned to the Employer within one year after the disallowance of the deduction. Earnings attributable to such Profit Sharing Contributions shall not be returned to the Employer but losses attributable thereto shall reduce the amount to be so returned. For purposes of this Section 4.10, Profit Sharing Contributions which are not deductible in the current taxable year of the Employer but which may be deducted in taxable years subsequent to the year in respect of which it is made, shall not be considered to be disallowed.
- 4.11 Mistaken Contributions. If Profit Sharing Contributions are made by reason of a mistake of fact, such Profit Sharing Contributions shall be returned to the Employer within one year after such Profit Sharing Contributions are made. The amount which may be returned to the Employer shall not exceed the excess of (i) the amount contributed, over (ii) the amount that would have been contributed had there not occurred a mistake of fact or a mistake in determining the deduction. Eligible Earnings

attributable to the excess Profit Sharing Contributions shall not be returned to the Employer but losses attributable thereto shall reduce the amount to be so returned.

- 4.12 General Limitation. Notwithstanding any other provision of this Article IV, no Profit Sharing Contribution shall be made to the Plan which would cause the Plan to fail to meet the requirements for exemption from tax or to violate any provisions of the Code.

ARTICLE V

TRUSTEE AND TRUST AGREEMENT

5.1 Trust Agreement.

- (a) The Corporation shall enter into a trust agreement with a person or corporation selected by the Committee to act as Trustee of Contributions, Profit Sharing Contributions, Company Match Safe Harbor Contributions, Retirement Contributions, Company Matching Contributions, Rollover Contributions, After-Tax Rollover Contributions, Roth 401(k) Roll-Over Contributions, and all amounts held in the Roth In-Plan Conversion Account, Roth In-Plan Conversion Restricted I Account, Roth In-Plan Conversion Restricted II Account, and the Roth In-Plan Conversion Restricted III Account. The Trustee shall receive all Contributions, Profit Sharing Contributions and Company Match Safe Harbor Contributions and shall hold, manage, administer, and invest the same, reinvest any income, and make distributions in accordance with instructions and directions of the Committee.
- (b) The trust agreement shall be in such form and contain such provisions as the Committee may deem necessary and appropriate to effectuate the purposes of the Plan and to qualify the Plan and the Trust under the Code. Upon the written request of an Eligible Employee, a copy of the trust agreement shall be made available for his inspection.
- (c) The Committee may, from time to time, remove the Trustee or any successor Trustee at any time and any such Trustee or any successor Trustee may resign. The Committee shall, upon removal or resignation of a Trustee, appoint a successor Trustee.
- (d) The Trustee's accounts, books, and records relating to the Trust may be audited annually by auditors selected by the Committee.
- (e) The Trustee's fee shall be paid by the Trustee out of those funds of the Trust making up the Core Investment Funds, unless paid by the Corporation in its discretion. Brokerage fees, asset management fees, investment management fees and other direct costs of investment, taxes (including interest and penalties), and administrative expenses of the Plan shall be paid by the Trustee out of the funds of the Trust to which such costs are attributable, unless paid by the Corporation in its discretion; provided, however, that trustee, recordkeeping and administrative expenses of the Plan shall not be attributed to the Self-Directed Brokerage Account. The transfer taxes, brokerage fees and other expenses in connection with the purchase, sale or distribution of Corporation Stock shall be paid by the Trust, and shall be deemed part of the cost of such Corporation Stock, or deducted in computing the sale proceeds therefrom, as the case may be except to the extent that the Corporation, in its sole discretion, determines that such taxes, fees or expenses (other than transfer taxes on distribution) shall be paid by the Employer.

ARTICLE VI

INVESTMENT, PARTICIPANT'S ACCOUNTS, AND VOTING OF STOCK

6.6 Investment of Contributions.

- (a) A Participant's Contributions, Company Matching Contributions, Company Match Safe Harbor Contributions, Retirement Contributions, Profit Sharing Contributions, and all amounts held in the Roth In-Plan Conversion Account, Roth In-Plan Conversion Restricted I Account, Roth In-Plan Conversion Restricted II Account, and the Roth In-Plan Conversion Restricted III Account shall be invested in the Investment Funds in accordance with the Participant's allocations under Section 3.5, Section 4.2 and Section 4.8 and reallocated in such Investment Funds in accordance with the Participant's directions under Section 3.9.
- (b) The Committee shall designate Participant's Contributions, Company Match Safe Harbor Contributions, and Profit Sharing Contributions for payment to the Trustee for investment, and Employee Accounts and Employer Accounts for reallocation in accordance with subsection 6.1(a), and shall advise the Trustee of such designation.

6.2 Participant's Accounts.

- (a) Establishment of Accounts. Each Participant shall have established and maintained for him separate Accounts which, depending upon the allocation and reallocation options he has selected, shall consist of Employee Accounts and Employer Accounts in one or more of the Investment Funds. Each such Employee Account shall be subdivided into a Pre-Tax Contributions Section, Roth 401(k) Contributions Section and an After-Tax Contribution Section. Each such Employer Account shall be subdivided into subsections corresponding to the Sections of Employee Accounts.
- (b) Crediting of Accounts. As of the close of business on each Valuation Date the designated Accounts of each Participant shall be appropriately credited with the amounts of his Contributions and Contributions made on his behalf on that Valuation Date, or the reallocation or transfer of his other Accounts, if any, effective on that Valuation Date and his Accounts shall be credited with the amount of any Company Match Safe Harbor Contributions and/or Profit Sharing Contributions made with respect to him on that Valuation Date.
- (c) Valuation of Accounts. Each Participant's Accounts shall be valued and adjusted each Business Day to preserve for each Participant his proportionate interest in the related funds and reflect the effect of income, collected and accrued, realized and unrealized profits and losses, expenses, valuation adjustments, and all other transactions with respect to the related fund as follows:
 - (i) The Current Market Value of the assets held in each of the funds shall be determined by the Trustee, and
 - (ii) The separate balances provided for in subsection 6.2(b) of each Participant's Account under each of the related funds shall be adjusted by multiplying by the ratio that the Current Market Value of such fund as determined under subsection 6.2(c)(i) bears to the aggregate of the Account balances under such fund.
- (d) For purposes of Section 7.7, the Participant's Account balance shall refer to the Account balance as of the last Valuation Date in the calendar year immediately preceding the Distribution Calendar Year (valuation calendar year) increased by the amount of any contributions made and allocated for forfeitures allocated to the Account balance as of the dates in the valuation calendar year after the Valuation Date, and decreased by distributions made in the valuation calendar year after the Valuation Date. The Account balance for the

valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the Distribution Calendar Year if distributed or transferred in the valuation calendar year.

- 6.3 Stock Rights, Stock Splits and Stock Dividends. A Participant shall have no right of request, direction or demand upon the Committee or the Trustee to exercise in his behalf rights to purchase shares of Corporation Stock or other securities of the Corporation. The Trustee, at the direction of the Committee, shall exercise or sell any rights to purchase shares of Corporation Stock appertaining to shares of such stock held by the Trustee and shall sell at the direction of the Committee any rights to purchase other securities of the Corporation appertaining to shares of Corporation Stock held by the Trustee. The Accounts of Participants shall be appropriately credited. Shares of Corporation Stock received by the Trustee by reason of a stock split or a stock dividend shall be appropriately allocated to the Accounts of the Participants.
- 6.4 Voting of Corporation Stock. A Participant (or in the event of his death, his Beneficiary) may direct the voting at each annual meeting and at each special meeting of the stockholders of the Corporation of that number of whole shares of Corporation Stock held by the Trustee and attributable to the balances in his K-C Stock Fund Account as of the Valuation Date coincident with the record date for such meeting. Each such Participant (or Beneficiary) will be provided with copies of pertinent proxy solicitation material together with a request for his instructions as to how such shares are to be voted. The Committee shall direct the Trustee to vote such shares in accordance with such instructions and shall also direct the Trustee how to vote any shares of Corporation Stock at any meeting for which it has not received, or is not subject to receiving, such voting instructions. Notwithstanding the foregoing, a Participant's (or Beneficiary's) voting instructions shall apply to the balances in the K-C Stock Fund Accounts for all plans maintained by an Employer in which he participates.
- 6.5 Tender Offers. A Participant (or in the event of his death, his Beneficiary) may direct the Trustee in writing how to respond to a tender or exchange offer for any or all whole shares of Corporation Stock held by the Trustee and attributable to the balances in his K-C Stock Fund Account as of the Valuation Date coincident with such offer. The Committee shall notify each Participant (or Beneficiary) and exert its best efforts to timely distribute or cause to be distributed to him such information as will be distributed to stockholders of the Corporation in connection with any such tender or exchange offer. Upon receipt of such instructions, the Trustee shall tender such shares of Corporation Stock as and to the extent so instructed. If the Trustee shall not receive instructions from a Participant (or Beneficiary) regarding any such tender or exchange offer for such shares of Corporation Stock (or shall receive instructions not to tender or exchange such shares), the Trustee shall have no discretion in such matter and shall take no action with respect thereto. With respect to shares of Corporation Stock in the K-C Stock Fund for which the Trustee is not subject to receiving such instructions, however, the Trustee shall tender such shares in the same ratio as the number of shares for which it receives instructions to tender bears to the total number of shares for which it is subject to receiving instructions, and shall have no discretion in such matter and shall take no action with respect thereto other than as specifically provided in this sentence. Notwithstanding the foregoing, a Participant's (or Beneficiary's) voting instructions shall apply to the balances in the K-C Stock Fund Accounts for all plans maintained by an Employer in which he participates.
- 6.6 Administrative Mistake – Investments. If a Participant's change in investment directive or election for redistribution of investments is advertently overlooked and discovery of such oversight is made within thirty (30) days after the date the Participant receives his next quarterly statement, the change or redistribution will be made as soon as administratively feasible and the Participant's Accounts will be retroactively changed or redistributed and treated in the same manner as though his directive to change or redistribute had not been overlooked. If discovery of such oversight is made more than thirty (30) days after the date the Participant receives his next quarterly statement, no retroactive correction will be made in the Participant's Accounts.

ARTICLE VII

DISTRIBUTION OF ACCOUNTS

7.1 Accounts to be Distributed.

- (a) Termination On or After Attainment of Age 55. If a Participant's employment with an Employer is terminated on or after his attainment of age 55, he shall be fully vested in his Accounts and shall be entitled to receive a distribution of the entire amount then in his Accounts in accordance with Section 7.5.
- (b) Termination Upon Death. In the event that the termination of employment of a Participant is caused by his death, or a Terminated Participant dies prior to the first day on which such Terminated Participant's Accounts are payable, the entire amount then in his Accounts shall be paid to his Beneficiary in accordance with Section 7.5 after receipt of acceptable proof of death in accordance with Committee rules. In the case of a Participant who dies while performing qualified military service (as defined in Code section 414(u)), the beneficiaries of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan had the Participant resumed and then terminated employment on account of death in accordance with Code section 401(a)(37).
- (c) Termination for Other Reasons. If a Participant's employment with an Employer is terminated for any other reason, the Participant shall be entitled to the entire amount in his Employee Accounts and the vested portion of his Employer Accounts. Effective May 1, 2017, any active Participant shall be fully vested in his Employer Accounts as of May 1, 2017 and any newly hired Participant shall be fully vested in contributions and earnings made to his Employer Accounts on or after his date of hire. Prior to May 1, 2017, the Plan required a Participant to have 2 Years of Service to become fully vested in his Employer Accounts.

Notwithstanding the above, effective June 1, 2014, each of the nineteen (19) Employees remaining at the San Antonio Plant with less than two Years of Service under the Plan shall be entitled to the entire amount in his Employee Accounts and Employer Accounts at the time of his Severance from Service Date after June 1, 2014.

- (d) Deferred Distributions. Notwithstanding anything in this Article VII to the contrary, if the aggregate value of the Accounts of any Terminated Participant exceeds \$7,000 as provided under Code section 411(a)(11), an immediate distribution shall not be made without the consent of the Terminated Participant in accordance with Section 7.5. A Terminated Participant who fails to consent to a distribution under this subsection shall continue to participate as a Terminated Participant and shall be entitled to a distribution of his Employee Accounts and the vested percentage of his Employer Accounts. Upon Timely Notice of request for payment, the Terminated Participant's Employee Accounts and the vested percentage of his Employer Accounts shall be distributed in accordance with the provisions of Section 7.5.
- (e) Qualified Distribution from Roth Accounts. A "qualified distribution" from a Participant's Roth 401(k) Account, Roth Rollover Account, Roth In-Plan Conversion Account, Roth In-Plan Conversion Restricted I Account, Roth In-Plan Conversion Restricted II Account and Roth In-Plan Conversion Restricted III Account is non includible in the Participant's gross income. A qualified distribution is a distribution that is made after the end of a specified nonexclusion period (defined below) and that is (i) made on or after the date on which the Participant attains age 59 ½; (ii) made to a Beneficiary (or to the estate of the Participant) on or after the death of the Participant; or (iii) attributable to the Participant being disabled within the definition of Code Section 72(m)(7). The nonexclusion period is the 5-taxable-year period beginning the earlier of: (i) the first taxable year for which the Participant made a Roth 401(k) Contribution to the Roth 401(k) Account under the Plan or made a Roth In-Plan

Conversion; or (ii) if the Participant has a Roth Rollover Contribution from a direct rollover of a designated Roth contribution from another qualified plan to his Roth Rollover Account, then the first taxable year for which the Participant made a designated Roth contribution to such prior plan's previously established designated Roth account.

7.2 Timing of Distributions. A Participant's election to receive a distribution of his Accounts shall be effective as soon as practicable following Timely Notice and the amount of the distribution shall be determined by the value of the Participant's interest in any Investment Fund as of the Valuation Date of the distribution. Any forfeiture with respect to the Accounts of the Participant or Terminated Participant shall be determined as of the Valuation Date coincident with such Participant's or Terminated Participant's termination of employment. Distribution of a Participant's Accounts shall be made to him or to his Beneficiary after the termination of his employment and as soon as practicable following his request for a distribution.

7.3 Certain Definitions Relating to Distributions and Withdrawals. The following are forms of distribution under the Plan:

- (a) All Stock Distribution. An All Stock Distribution of a Participant's Accounts shall mean a single distribution as of the Valuation Date consisting of full shares of Corporation Stock attributable to the Participant's Employee Accounts and to the vested percentage of his Employer Accounts, together with the cash equivalent of the Current Market Value on the Valuation Date of fractional shares of such stock attributable to such Accounts.
- (b) Stock and Cash Distribution. A Stock and Cash Distribution of a Participant's Accounts shall mean a single distribution consisting of:
 - (i) the cash equivalent of the Current Market Value on the Valuation Date of the Participant's Employee Accounts, except his Employee Account in the K-C Stock Fund, and the vested percentage of his Employer Accounts, except his Employer Account in the K-C Stock Fund, and
 - (ii) full shares of Corporation Stock on the Valuation Date, attributable to the Participant's Employee Account in the K-C Stock Fund and to the vested percentage of his Employer Account in the K-C Stock Fund, together with the cash equivalent of the Current Market Value on the Valuation Date of fractional shares of such stock attributable to such Accounts, and
 - (iii) the cash equivalent of any other interest attributable to the Participant's Accounts, except the forfeited percentage of his Employer Accounts, on the Valuation Date.
- (c) All Cash Distribution. An All Cash Distribution of a Participant's Accounts shall mean the same as a Stock and Cash Distribution, as defined in subsection 7.3(b), except that clause (ii) in said subsection shall be replaced by the following clause:
 - (ii) the cash equivalent of the Current Market Value as of the Valuation Date of all the shares and fractional shares of Corporation Stock attributable to the Participant's Employee Account in the K-C Stock Fund and to the vested percentage of his Employer Account in the K-C Stock Fund.

7.4 Lump Sum and Partial Distributions. A Lump Sum Distribution or a Partial Distribution may be elected by any Participant, Beneficiary, or alternate payee under a Qualified Domestic Relations Order, in the form of an All Cash Distribution, a Stock and Cash Distribution or an All Stock Distribution. A Systematic Withdrawal Payment may be elected by any Participant or spousal Beneficiary, in the form of an All Cash Distribution, a Stock and Cash Distribution or an All Stock Distribution.

7.5 Methods of Distribution.

- (a) Distribution by Reason of Death. The Beneficiary of a Participant to which subsection 7.1(b) applies shall be entitled to receive a distribution of such Participant's Accounts in any form available pursuant to the terms of the Plan as elected by the Beneficiary. If a Participant designates a Beneficiary other than his spouse at the time of such designation, such designation shall not be valid unless:
- (i) the spouse of such Participant consents in writing to each such election or designation and acknowledges its effect, and
 - (ii) such consent is witnessed by either a notary public or a Plan representative designated by the Committee.

No spousal consent described in the immediately preceding sentence need be furnished, however, with respect to any election or designation if the Committee is satisfied that there is no spouse, that the spouse cannot be located, or that such consent is unobtainable for any other reason provided under regulations of the Internal Revenue Service.

- (b) Distribution Upon Termination of Employment for Reasons Other than Death. A Participant who is entitled to receive a distribution of his Accounts due to the termination of his employment for any reason specified in Section 7.1, except death, may on Timely Notice elect to receive such distribution in the form of an All Stock Distribution, a Stock and Cash Distribution or an All Cash Distribution, at any time.
- (c) Small Distributions. Notwithstanding any provision of this Section 7.5 to the contrary:
- (i) if the aggregate value of a Terminated Participant's Accounts does not exceed \$1,000 as provided under Code section 411(a)(11), the Committee shall direct the distribution of the Accounts of any Terminated Participant as an All Stock Distribution, a Stock and Cash Distribution, an All Cash Distribution as elected by the Terminated Participant or his Beneficiary made directly to the Terminated Participant or his Beneficiary, or by a direct rollover of an eligible rollover distribution paid directly to a single eligible retirement plan specified by the Terminated Participant or his Beneficiary as described in Section 7.11. If no earlier election is made, Timely Notice of a request for payment shall be deemed to have been given as of the Valuation Date which is 90 days following notice of the Terminated Participant's entitlement to a distribution under Section 7.1, and such distribution shall be in the form of an All Cash Distribution.
 - (ii) if the aggregate value of a Terminated Participant's Accounts exceeds \$1,000 but does not exceed \$7,000, as provided under Code section 411(a)(11), the Committee shall direct the distribution of the Accounts of any Terminated Participant as an All Stock Distribution, a Stock and Cash Distribution, an All Cash Distribution as elected by the Terminated Participant or his Beneficiary made directly to the Terminated Participant or his Beneficiary, or by a direct rollover of an eligible rollover distribution paid directly to a single eligible retirement plan specified by the Terminated Participant or his Beneficiary as described in Section 7.11. If no earlier election is made, Timely Notice of a request for payment shall be deemed to have been given as of the Valuation Date which is 90 days following notice of the Terminated Participant's entitlement to a distribution under Section 7.1, and such distribution shall be in the form of an All Cash Distribution made directly to the Terminated Participant or his Beneficiary by a mandatory rollover to an individual retirement account described in Code section 408(a) as selected by the Committee.

7.6 Miscellaneous.

- (a) For the purpose of the Plan, no termination of employment will be deemed to have occurred in any instance where the person involved remains in Service or is re-employed by an Employer prior to receiving a distribution of his Accounts.
- (b) In the event of the death, prior to his receipt of a distribution, of a Participant who at the time of his death was entitled to receive distribution and elected to receive such distribution in the form of an All Stock Distribution, a Stock and Cash Distribution, or an All Cash Distribution, and if the Committee has notice of the Participant's death prior to such distribution, then such distribution shall be made to the Participant's Beneficiary by the same method as it would have been made to the Participant but for his death.
- (c) Notwithstanding anything in this Article VII to the contrary, the distribution provisions of this Article VII shall not apply for a Terminated Participant or Participant whose qualified domestic relations order is pending approval by the Plan Administrator.
- (d) No distribution shall be made directly from the Self-Directed Brokerage Account. A distribution of funds allocated to the Self-Directed Brokerage Account must first be transferred or reallocated to the Participant's or Beneficiary's Accounts in one or more of the Core Investment Funds.
- (e) A Participant performing services in the uniformed services described in Code Section 414(u)(12)(B) while on active duty for a period of more than thirty days shall be treated as having a severance from employment under Section 7.12(a) of the Plan and may request a distribution of his Pre-Tax Contributions, Roth 401(k) Contributions, and any earnings thereon. If the Participant elects to receive a distribution under this Section 7.6(e), such Participant's Contributions shall be suspended for a period of six months beginning on the date of distribution.

7.7 Required Distributions. Effective for distributions required to be made on or after January 1, 2023, with respect to an individual who attains age 72 after such date, the following rules in this Section 7.7 shall apply.

- (a) General Rules: Notwithstanding any provision of the Plan to the contrary, a Participant's Accounts shall be distributed on:
 - (i) the 60th day after the latest of:
 - (A) the close of the Plan Year in which the Participant attains age 65,
 - (B) the close of the Plan Year which includes the date 10 years after the date the Participant first commenced participating in the Plan, or
 - (C) the close of the Plan Year in which the Participant terminated employment with his Employer.

unless the Participant defers his election to a later date, which can be no later than the date specified in 7.7(a)(ii) below. This date shall be the Required Beginning Date:

- (ii) With respect to a Participant other than a Participant who is a five percent owner as defined in Code section 401(a)(9), April 1 of the calendar year following the later of
 - (A) the calendar year in which the Participant attains age 72, or
 - (B) the calendar year in which the Participant retires or terminates employment.

With respect to a Participant who is a five percent owner as defined in Code section 401(a)(9), April 1 of the calendar year following the year in which the Participant attains age 72.

(iii) The Plan will apply the minimum distribution requirements of Code section 401(a)(9) in accordance with the final and temporary regulations under Code section 401(a)(9) that were issued on April 17, 2002.

(b) Death of Participant Before Distributions Begin: The Accounts of a Participant shall be distributed to a Beneficiary:

(i) who is the surviving spouse and Participant's sole designated Beneficiary, commencing on or before December 31 of the later of:

(A) the calendar year in which the Participant would have attained age 73 (only applicable if a Participant dies prior to the Required Beginning Date as determined in subsection 7.7(a)(ii)), or

(B) the calendar year following the year of the Participant's death, or

(C) such other period specified under the requirements of Code section 401(a)(9) and the regulations thereunder.

(ii) who is not the surviving spouse, commencing on or before December 31 of:

(A) the calendar year following the year of the Participant's death, or

(B) such other period specified under the requirements of Code section 401(a)(9) and the regulations thereunder.

(iii) If the Participant has no designated Beneficiary as of September 30 of the year following the year of the Participant's death, and the Participant dies prior to the Required Beginning Date as determined in subsection 7.7(a)(ii), distribution of the Accounts of the Participant must be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(iv) If the Participant's surviving spouse is the Participant's sole Beneficiary, and the surviving spouse dies after the Participant, but before distributions to the surviving spouse begin, subsections 7.7(b)(ii) and 7.7(b)(iii) will apply as if the surviving spouse were the Participant.

For purposes of this subsection 7.7(b), 7.7(d) and subsection 7.7(e), unless subsection 7.7(b)(iv) applies, distributions are considered to begin on the Participant's Required Beginning Date. If subsection 7.7(b)(iv) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under subsection 7.7(b)(i).

Forms of Distribution. Unless the Participant's interest is distributed in a single sum on or before the Required Beginning Date, as of the first distribution calendar year, distributions will be made in accordance with subsections 7.7(c), 7.7(d) and 7.7(e).

(c) Required Minimum Distributions During Participant's Lifetime: During the Participant's lifetime, the minimum amount that will be distributed for each Distribution Calendar Year shall be the lesser of:

(i) the quotient obtained by dividing the Participant's account balance by the distribution period in the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the

regulations, using the Participant's age as of the Participant's birthday in the Distribution Calendar Year, or

- (ii) if the Participant's sole Beneficiary for the Distribution Calendar Year is the Participant's spouse, the quotient obtained by dividing the Participant's account balance by the number in the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the regulations, using the Participant's and spouse's attained as of the Participant's and spouse's birthdays in the Distribution Calendar Year.

Required minimum distributions will be determined under this subsection 7.7(c) beginning with the first Distribution Calendar Year and up to and including the Distribution Calendar Year that includes the Participant's date of death.

- (d) Required Minimum Distributions After Participant's Death: If the Participant dies on or after the date distributions begin and there is a Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the longer of the remaining Life Expectancy of the Participant's or the remaining Life Expectancy of the Participant's Beneficiary, determined as follows:
 - (i) The Participant's remaining Life Expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.
 - (ii) If the Participant's surviving spouse is the Participant's sole Beneficiary, the remaining Life Expectancy of the surviving spouse is calculated for each Distribution Calendar Year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For Distribution Calendar Years after the year of the surviving spouse's death, the remaining Life Expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent year.
 - (iii) If the Participant's surviving spouse is not the Participant's sole Beneficiary, the Beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.
 - (iv) If the Participant dies on or after the date distributions begin and there is no Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the Participant's remaining Life Expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.
- (e) Death Before Distributions Begin:
 - (i) If the Participant dies before the date distributions begin and there is a Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's account balance by the remaining Life Expectancy of the Participant's Beneficiary, determined as provided in subsection 7.7(d).
 - (ii) If the Participant dies before the date distributions begin and there is no Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(iii) If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under subsection 7.7(b)(i), this subsection 7.7(e) will apply as if the surviving spouse were the Participant .

(f) All distributions from the Plan shall be made in accordance with the requirements of Code section 401(a)(9), including Code section 401(a)(9)(G), and the regulations and the Internal Revenue Service rulings and other interpretations issued thereunder. The provisions of Section 7.7 override any distribution options in the Plan inconsistent with Code section 401(a)(9). Notwithstanding the other provisions of Section 7.7, distributions may be made under a designation made before January 1, 1984, in accordance with Sec. 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Plan that relate to Sec. 242(b)(2) of TEFRA.

(g) The Committee may, in its discretion, establish procedures for making such required distributions consistent with the provisions hereof.

7.8 Unclaimed Benefits. During the time when a benefit hereunder is payable to any Terminated Participant or, if deceased, his Beneficiary, the Committee shall mail by regular mail to such Participant or Beneficiary, at his last known address, a written demand for his then address, or for satisfactory evidence of his continued life, or both. If such information is not furnished to the Committee within 12 months from the mailing of such demand, then the Committee may, under rules established by the Committee, in its sole discretion, declare such benefit, or any unpaid portion thereof, suspended, with the result that such unclaimed benefit shall be treated as a forfeiture for the Plan Year within which such 12-month period ends, but shall be subject to restoration through an Employer Contribution if the lost Participant or such Beneficiary later files a claim for such benefit.

Outstanding checks issued from an active Participant's Account, or a Terminated Participant's Account for which there is a balance greater than \$0, shall be stopped if not presented for payment within 180 days from the date of issuance. The net check amount (excluding any tax withholding, if applicable) will be re-deposited proportionally to the Participant's Accounts from which the funds were originally withdrawn and such amounts shall be reinvested based on the Participant's current election or default under Section 6.1, which may include Managed Accounts; except for the following check types which shall be deposited into the Plan's forfeiture account, which forfeitures shall be used as other forfeitures under the Plan:

- (i) Minimum required distributions;
- (ii) Return of excess distributions; and
- (iii) Checks issued to correct Plan operational failures.

If a Participant requests reissuance of a check that has been deposited into the Plan's forfeiture account, a check will be reissued to the Participant from the Plan's forfeiture account.

7.9 Form of ESOP Benefit. Notwithstanding anything in the Plan to the contrary but subject to the provisions of subsections 7.5(c) and 7.7, the form of benefit payment available to a Participant, unless the Participant elects otherwise, shall be substantially equal periodic payments (not less frequently than annually) over a period not longer than the greater of (i) five (5) years, or (ii) in the case of a Participant whose vested portion of his Accounts exceeds \$800,000 (as adjusted by legislation or for cost-of-living increases), five (5) years plus one (1) additional year (not exceeding five (5) additional years) for each \$160,000 (or fraction of \$160,000) (as adjusted by legislation or for cost-of-living increases) by which the vested portion of his Accounts exceeds \$800,000 (as adjusted by legislation or for cost-of-living increases).

7.10 ESOP Cash Dividend Distributions.

- (a) A Participant, or if the Participant has died, his Beneficiary, may elect to have cash dividends on Corporation Stock allocated to the Participant's Accounts distributed to him under this Section. Dividends retained in the Trust under this Section shall be invested as directed under Section 3.9, after the initial investment in the K-C Stock Fund. Notwithstanding both the dollar amount (if any) of any election under this Section and the preceding provisions of this Section, the amount actually paid under this Section shall not exceed the lesser of (i) the electing Participant's share of the dividends subject to such election and (ii) his balance in his Accounts at the time of payment. A dividend payment shall not be made to a Participant or Beneficiary whose qualified domestic relations order is pending approval by the Plan Administrator.
- (b) Notwithstanding subsection 7.10(a) above, a Participant may affirmatively elect prior to the ex-dividend date to have 100% of the dividends paid to the Trust on Corporation Stock allocated to such Participant's K-C Stock Fund on the dividend payment date or to have 100% of the cash dividends paid to the Participant in cash and distributed to him on or after the dividend payment date. A Participant's election to receive such cash dividends allocated to his K-C Stock Fund becomes irrevocable as of 11:59 p.m. (Eastern Time) on the day prior to the ex-dividend date related to such dividend. An election under this subsection shall remain in effect for each subsequent dividend payment as long as a Participant is eligible to receive a distribution or, if earlier, until changed by the Participant. Dividends are paid quarterly as soon as administratively possible, on or after the dividend payment date. Dividends that are paid at the end of the Plan Year will be distributed no later than 90 days after the close of the Plan Year in which the dividends were payable.
- (c) Notwithstanding any other provisions of Section 7.1, a Participant shall be fully vested in any dividends paid to the Trust on Corporation Stock, and shall be entitled to receive a distribution of the entire amount of such dividends allocated to his Accounts in accordance with Section 7.7.

7.11 Direct Rollovers. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section, a distributee may elect, at the time and in the manner prescribed by the Committee, to have any portion of an eligible rollover distribution paid directly to a single eligible retirement plan specified by the distributee in a direct rollover.

For purposes of this Section, the following definitions shall apply:

- (a) An "eligible rollover distribution" is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee and the distributee's designated beneficiary, or for a specified period of ten years or more; any distribution to the extent that such distribution is required under Code section 401(a)(9); and any hardship distribution.
- (b) An "eligible retirement plan" is an individual retirement account described in Code section 408(a), an individual retirement annuity described in Code section 408(b), an annuity plan described in Code section 403(a), or a qualified trust described in Code section 401(a), an annuity contract described in Code section 403(b), or an eligible plan under Code section 457(b) which is maintained by an employer described in Code section 457(e)(1)(A) and which agrees to separately account for amounts transferred into such plan from this Plan. However, in the case of a nonspouse designated beneficiary of the Participant, an eligible retirement plan is limited to an individual retirement plan as described in section 402(c)(8)B(i) or (ii) of the Code established for the purpose of receiving the distribution.

- (c) A "distributee" includes a Participant. The Participant's surviving spouse and the Participant's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code section 414(p), are distributees with regard to the interest of the spouse or former spouse. A distributee also including the nonspouse designated beneficiary of a deceased Employee as defined in Code section 402(c)(11).
- (d) A "direct rollover" is a payment by the Plan to the eligible retirement plan specified by the distributee. For a nonspouse designated beneficiary, the payment must be a direct trustee-to-trustee transfer.
- (e) A "qualified rollover contribution" is a direct rollover of a distribution from a Participant's Roth 401(k) Account or Roth Rollover Account under the Plan and as described in Code section 408A(e). The Roth 401(k) Account or Roth Rollover Account will only be made from the Plan to: (i) another designated Roth account of the Participant under an applicable retirement plan described in Code 402(A)(e)(1), or (ii) a Roth IRA in a direct rollover subject to the rules and provisions set forth in Code section 408A and only to the extent the rollover is permitted under the rules of Code section 402(c).

This Section shall not be construed to alter any of the requirements for distributions or withdrawals under the remaining provisions of this Article VII and the provisions of Article VIII.

7.12 Limitations on Distribution of Pre-Tax Contributions. Notwithstanding any other provision of the Plan to the contrary, Pre-Tax Contributions and earnings thereon (except for the withdrawal of earnings provided under subsection 8.2(b)) shall not be distributed before one of the following events:

- (a) the Eligible Employee's death, disability (as defined below), or severance from employment, as provided under Code section 401(k) and applicable regulations;
- (b) the Eligible Employee's attainment of age 59½ or the Eligible Employee's hardship, as provided under Code section 401(k) and applicable regulations;
- (c) the termination of the Plan without the establishment or maintenance of a successor plan, as provided under Code section 401(k) and applicable regulations;

Disability means that the Participant has been determined by the Social Security Administration to be disabled and entitled to receive Social Security Disability benefits under Title II of the Federal Social Security Act. Only a Participant who is determined by the Social Security Administration to be entitled to receive Social Security Disability benefits shall be determined by the Committee to be disabled for purposes of this Plan.

7.13 Jackson Products, Inc. 401(k) Plan Benefit. The vested account balance ("Jackson Account") of each remaining participant (the "Jackson Participant") in the Jackson Products Inc., Retirement and Profit Sharing Plan (the "Jackson 401(k) Plan") shall be transferred to this Plan. Such amount representing contributions shall be transferred to and held in the Pre-Tax Account, Company Match Safe Harbor Account, After-Tax Account, Profit Sharing Account and Rollover Account.

Such Jackson Account shall be invested according to the Jackson Participant's existing elections under the Jackson 401(k) Plan in the Stable Income Fund (for amounts transferred from the SF Guaranteed Interest Account (Bapson Capital) in the Jackson 401(k) Plan), the Bond Index Fund (for amounts transferred from the PRM Core Bond Fund (Bapson Capital) and Prm High Yield (Bapson Capital) in the Jackson 401(k) Plan), the Target Date Conservative Fund (for amounts transferred from the Destination Retirement Income in the Jackson 401(k) Plan), the Target Date 2015 Fund (for amounts transferred from the Destination Retirement 2010 Fund in the Jackson 401(k) Plan), the Target Date 2025 Fund (for amounts transferred from the Destination Retirement 2020 Fund in the Jackson 401(k) Plan), the Target Date 2035 Fund (for amounts transferred from the Destination Retirement 2030 Fund in the Jackson 401(k) Plan), the Target Date 2045 Fund (for amounts transferred from the Destination Retirement 2040 Fund and Destination Retirement 2050 Fund in the Jackson 401(k) Plan), the Large

Cap Value Index Fund (for amounts transferred from the Sel Fundamental Value Fund (Wellington) and Select Focused Value Fund (Harris) in the Jackson 401(k) Plan), the Stock Index Fund (for amounts transferred from the Sel Indexed Equity Fund (Northern Trust), the Prem Main Street Fund (OFI Inst), and the Leveraged Company Stock Fund (Fidelity Advisor) in the Jackson 401(k) Plan, the Large Cap Growth Index Fund (for amounts transferred from the American Funds Growth Fund of America and the Select Mid Cap Growth Equity II Fund (T. Rowe Price) in the Jackson 401(k) Plan), the Small Cap Index Fund (for amounts transferred from the Oppenheimer Small & Mid Cap Value Fund, the Prm Small Company Opportunities Fund (OFI Inst) and the Select Small Company Growth Fund (Boston Co/Eagle) in the Jackson 401(k) Plan), and the International Index Fund (for amounts transferred from the Thornburg International Value Fund and the Prm International Equity Fund (OFI Inst) in the Jackson 401(k) Plan), subject to reallocation by the Jackson Participant pursuant to Section 3.8 hereof.

The Jackson Participant who is not otherwise eligible under the Plan shall participate in the Plan hereunder only to the extent of his Jackson Account, and shall not be eligible to make Pre-Tax Contributions, Roth 401(k) Contributions or After-Tax Contributions under Article III or to receive Company Matching Contributions under Article IV by reason of such transfer. The Jackson Participant may request a distribution of his Jackson Account in the Plan in accordance with the applicable provisions of this Article VII and Article VIII.

7.14 Waiver of 2009 Required Minimum Distribution. Notwithstanding Section 7.7 of the Plan, a Participant or Beneficiary who would have been required to receive required minimum distributions for 2009 but for the enactment of section 401(a)(9)(H) of the Code (“2009 RMDs”), and who would have satisfied that requirement by receiving distributions that are (1) equal to the 2009 RMDs or (2) one or more payments in a series of substantially equal distributions (that include the 2009 RMDs) made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancy) of the Participant and the Participant’s designated Beneficiary, or for a period of at least 10 years (“Extended 2009 RMDs”), will not receive those distributions for 2009 unless the Participant or Beneficiary chooses to receive such distributions. Participants and Beneficiaries described in the preceding sentence will be given the opportunity to elect to receive the distributions described in the preceding sentence. A direct rollover will be offered for distributions that would be eligible rollover distributions without regard to Code section 401(a)(9)(H).

7.15 Kimtech 401(k) & RCP Benefit. The vested account balances (“Kimtech Accounts”) of each hourly organized Kimtech Machinists and Kimtech Machinery Installation Union Participant (the “Kimtech Participant”) in the Kimberly-Clark Corporation 401(k) and Retirement Contribution Plan (the “RCP Plan”) shall be transferred to this Plan. Such amount representing contributions shall be transferred to and held in the applicable Pre-Tax Account, Company Matching Account, After-Tax Account, Roth 401(k) Account, Retirement Contribution Account, After-Tax Rollover Account, Roth Rollover Account and Rollover Account.

Such Kimtech Account shall remain invested according to the Kimtech Participant’s existing elections under the RCP Plan, subject to reallocation by the Kimtech Participant pursuant to Section 3.8 hereof. Any Beneficiary designation, contribution election, including a deemed election, or loan shall be transferred to this Plan from the RCP Plan relating to the Kimtech Participant and continue to apply as if entered into under this Plan.

The Kimtech Participant who is not otherwise eligible under the Plan shall participate in the Plan hereunder only to the extent of his Kimtech Accounts, and shall not be eligible to make Pre-Tax Contributions, Roth 401(k) Contributions or After-Tax Contributions under Article III or to receive Employer Contributions under Article IV by reason of such transfer. The Kimtech Participant may request a distribution of his Kimtech Accounts in the Plan in accordance with the applicable provisions of this Article VII and Article VIII.

7.16 I-Flow Corporation Retirement Savings Plan Benefit. The vested account balance (“I-Flow Account”) of each remaining participant (the “I-Flow Participant”) in the I-Flow Corporation Retirement Savings Plan (the “I-Flow Retirement Plan”) shall be transferred to this Plan. Such amount representing contributions shall be transferred to and held in the Pre-Tax Account, Company Match Safe Harbor Account, After-Tax Rollover Account, Profit Sharing Account, Rollover Account and Roth 401(k) Account.

Such I-Flow Account shall be invested according to the I-Flow Participant’s existing elections under the I-Flow Retirement Plan in the Small Cap Index Fund (for amounts transferred from the SmallCap World Index Fund in the I-Flow Retirement Plan), the International Index Fund (for amounts transferred from the New World Fund, the EuroPacific Growth Fund, the New Perspective Fund and the Capital World Growth & Income Fund in the I-Flow Retirement Plan), the Large Cap Growth Index Fund (for amounts transferred from the Growth Fund of America Fund in the I-Flow Retirement Plan), the Large Cap Value Index Fund (for amounts transferred from the Capital Income Builder Fund in the I-Flow Retirement Plan), the Large Cap Stock Index Fund (for amounts transferred from the Fundamental Investors Fund, the Investment Company of America Fund and the American Balanced Funds in the I-Flow Retirement Plan), the Bond Index Fund (for amounts transferred from the Capital World Bond Fund and the Bond Fund of America in the I-Flow Retirement Plan), and the Money Market Fund (for amounts transferred from the U.S. Government Securities Fund and the American Funds Money Market Fund in the I-Flow Retirement Plan), subject to reallocation by the I-Flow Participant pursuant to Section 3.8 hereof.

The I-Flow Participant who is not otherwise eligible under the Plan shall participate in the Plan hereunder only to the extent of his I-Flow Account, and shall not be eligible to make Pre-Tax Contributions, Roth 401(k) Contributions or After-Tax Contributions under Article III or to receive Company Matching Contributions or Profit Sharing Contributions under Article IV by reason of such transfer. The I-Flow Participant may request a distribution of his I-Flow Account in the Plan in accordance with the applicable provisions of this Article VII and Article VIII.

7.17 AcryMed, Inc. 401(k) Retirement Savings Plan Benefit. The vested account balance (“AcryMed Account”) of each remaining participant (the “AcryMed Participant”) in the AcryMed, Inc. 401(k) Retirement Savings Plan (the “AcryMed 401(k) Plan”) shall be transferred to this Plan. Such amount representing contributions shall be transferred to and held in the Pre-Tax Account, Company Match Safe Harbor Account, Profit Sharing Account, and Rollover Account.

Such AcryMed Account shall be invested according to the AcryMed Participant’s existing elections under the AcryMed 401(k) Plan in the Bond Index Fund (for amounts transferred from the Franklin Total Return Fund and the Loomis Sayles Investment Grade Bond Fund, in the AcryMed 401(k) Plan), the Money Market Fund (for amounts transferred from the Transamerica High Yield Bond Fund, the Oppenheimer International Bond Fund, the Fidelity Advisor Leveraged Company Fund, the American Funds Smallcap World Fund, the Vanguard European Stock Index Fund, the Vanguard Pacific Stock Index Fund, the Calvert Social Investment Fund, the Columbia Convertible Securities Fund, the Evergreen Precious Metals Fund, the Evergreen Utility and Telecommunications Fund, the First American Real Estate Securities Fund, the Franklin Biotechnology Discovery Fund, the Ivy Science & Technology Fund, the Jennison Natural Resources Fund, the Jennison Utility Fund, the Mutual Financial Services Fund, the Transamerica Cash Management Fund, the Transamerica Balanced Fund, the Oppenheimer Global Fund and the SSgA MSCI Emerging Markets Fund in the AcryMed 401(k) Plan), the Target Date Conservative Fund (for amounts transferred from the Vanguard Target Retirement 2005 Fund in the AcryMed 401(k) Plan), the Target Date 2015 Fund (for amounts transferred from the Vanguard Target Retirement 2015 Fund in the AcryMed 401(k) Plan), the Target Date 2025 Fund (for amounts transferred from the Vanguard Target Retirement 2025 Fund in the AcryMed 401(k) Plan), the Target Date 2035 Fund (for amounts transferred from the Vanguard Target Retirement 2035 Fund in the AcryMed 401(k) Plan), the Target Date 2045 Fund (for amounts transferred from the Vanguard Target Retirement 2045 Fund in the AcryMed 401(k) Plan), the Large Cap Growth Index Fund (for amounts transferred from the American Funds Fundamental Investors Fund, the Alger Capital Appreciation Retirement Fund, the First American Mid Cap Growth Opp Fund, Thornburg Core Growth Fund, and the Janus Capital Appreciation Fund in the AcryMed 401(k)

Plan), the Large Cap Value Index Fund (for amounts transferred from the Pioneer Cullen Value Fund, the Transamerica Partners Mid Value Fund, the Mutual Quest Fund, and the Neuberger Berman Partners Fund in the AcryMed 401(k) Plan), the Large Cap Stock Index Fund (for amounts transferred from the Fidelity VIP II Contrafund Fund and the SSgA Mid-Cap Index Fund in the AcryMed 401(k) Plan), the Small Cap Index Fund (for amounts transferred from the Alger SmallCap Growth Fund, the American Century Small Cap Value Fund, the Neuberger Berman Genesis Fund, Oppenheimer Main Street Small Cap Fund, and the Transamerica Small/Mid Cap Value Fund in the AcryMed 401(k) Plan), the International Index Fund (for amounts transferred from the Alliance Bernstein International Value Fund, the American Funds EuroPacific Growth Fund and the Janus Adviser International Growth Fund in the AcryMed 401(k) Plan), subject to reallocation by the AcryMed Participant pursuant to Section 3.8 hereof.

The AcryMed Participant who is not otherwise eligible under the Plan shall participate in the Plan hereunder only to the extent of his AcryMed Account, and shall not be eligible to make Pre-Tax Contributions, Roth 401(k) Contributions or After-Tax Contributions under Article III or to receive Company Matching Contributions or Profit Sharing Contributions under Article IV by reason of such transfer. The AcryMed Participant may request a distribution of his AcryMed Account in the Plan in accordance with the applicable provisions of this Article VII and Article VIII.

7.18 Chester, Marinette, Mobile, Neenah Cold Spring Facility (including former Lakeview satellite employees) and Everett 401(k) & RCP Benefit. Effective December 31, 2014, at 11:59 p.m., the vested account balances (“RCP Accounts”) of each hourly organized Chester, Marinette, Mobile, Neenah Cold Spring Facility (including former Lakeview satellite employees) and Everett Participant (the “Collectively Bargained Participant”) in the Kimberly-Clark Corporation 401(k) and Retirement Contribution Plan (the “RCP Plan”) shall be transferred from the RCP Plan to this Plan on January 1, 2015. Such amount representing contributions shall be transferred to and held in the applicable Pre-Tax Account, Company Matching Account, After-Tax Account, Roth 401(k) Account, Retirement Contribution Account, After-Tax Rollover Account, Roth Rollover Account and Rollover Account.

Such RCP Account shall remain invested according to the Collectively Bargained Participant’s existing elections under the RCP Plan, subject to reallocation by the Collectively Bargained Participant pursuant to Section 3.8 hereof. Any Beneficiary designation, contribution election, including a deemed election, or loan shall be transferred to this Plan from the RCP Plan relating to the Collectively Bargained Participant and continue to apply as if entered into under this Plan.

The Collectively Bargained Participant who is not otherwise eligible under the Plan shall participate in the Plan hereunder only to the extent of his RCP Accounts, and shall not be eligible to make Pre-Tax Contributions, Roth 401(k) Contributions or After-Tax Contributions under Article III or to receive Employer Contributions under Article IV by reason of such transfer. The Collectively Bargained Participant may request a distribution of his RCP Accounts in the Plan in accordance with the applicable provisions of this Article VII and Article VIII.

7.19 Fullerton Mill Participants 401(k) & RCP Benefit. Effective March 20, 2015, at 11:59 p.m., the vested account balances (“RCP Accounts”) of each hourly organized Fullerton Mill Participant (the “Collectively Bargained Participant”) in the Kimberly-Clark Corporation 401(k) and Retirement Contribution Plan (the “RCP Plan”) shall be transferred from the RCP Plan to this Plan on March 21, 2015. Such amount representing contributions shall be transferred to and held in the applicable Pre-Tax Account, Company Matching Account, After-Tax Account, Roth 401(k) Account, Retirement Contribution Account, After-Tax Rollover Account, Roth Rollover Account and Rollover Account.

Such RCP Account shall remain invested according to the Collectively Bargained Participant’s existing elections under the RCP Plan, subject to reallocation by the Collectively Bargained Participant pursuant to Section 3.8 hereof. Any Beneficiary designation, contribution election, including a deemed election, or loan shall be transferred to this Plan from the RCP Plan relating to the Collectively Bargained Participant and continue to apply as if entered into under this Plan.

The Collectively Bargained Participant who is not otherwise eligible under the Plan shall participate in the Plan hereunder only to the extent of his RCP Accounts, and shall not be eligible to make Pre-Tax Contributions, Roth 401(k) Contributions or After-Tax Contributions under Article III or to receive Employer Contributions under Article IV by reason of such transfer. The Collectively Bargained Participant may request a distribution of his RCP Accounts in the Plan in accordance with the applicable provisions of this Article VII and Article VIII.

ARTICLE VIII

WITHDRAWALS AND LOANS

8.1 Regular Withdrawals. A Participant, subject to the conditions stated below, may make the following regular withdrawals:

- (a) Such amounts as the Participant may elect from the After-Tax Contribution, vested Company Matching Contribution, and After-Tax Rollover Contribution sections of his Account; provided, such amounts (disregarding earnings and losses) have been in the Plan for at least 24 months;
- (b) Such amounts as the Participant may elect from his Rollover Account and Roth Rollover Account; and
- (c) Participant who has attained age 59½ may withdraw such amounts as he may elect from the Pre-Tax Contributions, Roth 401(k) Account, and vested Company Match Safe Harbor Account sections of his Account.

Regular withdrawals for any Participant are limited to two (2) per calendar year.

Any Participant not otherwise described above shall not be eligible to make withdrawals from his Employer Accounts.

8.2 Hardship Withdrawals.

- (a) Upon the application of any Participant who has not attained age 59½, the Committee, in accordance with its uniform nondiscriminatory rules, may permit such Participant to withdraw all or a portion (subject to subsection (b) below) of the amount in the Pre-Tax Contributions section of his Account if the Participant is able to demonstrate financial hardship and provided, however, that all amounts available as regular withdrawals described in Section 8.1 shall first be withdrawn. A Participant shall be considered to have demonstrated financial hardship only if the Participant demonstrates that the purpose of the withdrawal is to meet his immediate and heavy financial needs, the amount of the withdrawal does not exceed such financial needs, and the amount of the withdrawal is not reasonably available from other resources. A Participant making application under this Section 8.2 shall have the burden of demonstrating a financial hardship to the Committee, and the Committee shall not permit withdrawal under this subsection without first receiving such proof.

The Participant will be deemed to have demonstrated that the purpose of the withdrawal is to meet his immediate and heavy financial needs only if he represents that the distribution is on account of:

- (i) expenses for (or necessary to obtain) medical care that would be deductible under Code section 213(d) (determined without regard to whether the expenses exceed 7.5% of adjusted gross income);
- (ii) costs directly related to the purchase of a principal residence for the Participant (excluding mortgage payments);
- (iii) payment of tuition, related educational fees, and room and board expenses for up to the next 12 months of post-secondary education for the Participant, his spouse, children, or dependents (as defined in Code section 152, and, for taxable years beginning on or after January 1, 2005, without regard to Code section 152(b)(1), (b)(2) and (d)(1)(B));

- (iv) payments necessary to prevent eviction of the Participant from the Participant's principal residence or foreclosure on the mortgage on that residence;
 - (v) payments for burial or funeral expenses for the Participant's deceased parent, spouse, children or dependents (as defined in section 152, and, for taxable years beginning on or after January 1, 2005, without regard to section 152(d)(1)(B)); or
 - (vi) expenses for the repair of damages to a Participant's principal residence that would qualify for the casualty deduction under Code section 165 (determined without regard to whether the loss exceeds 10% of gross income).
- (b) Moreover, the Participant will be deemed to have demonstrated that the amount of the withdrawal is unavailable from his other resources and in an amount not in excess of that necessary to satisfy his immediate and heavy financial needs only if each of the following requirements is satisfied:
- (i) the Participant represents that the distribution is not in excess of the amount of his immediate and heavy financial needs, except that the withdrawal may include any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the withdrawal; and
 - (ii) the Participant has obtained all currently available distributions, including employee stock ownership plan distributions and dividends under Code section 404(k) (but not hardship distributions).

If a Participant's Contributions are under a six-month suspension for a hardship withdrawal made prior to January 1, 2019, the six-month suspension shall cease as of January 1, 2019 and such Participant may elect to make a change to the Participant Contribution rate during the election period specified by the Plan Administrator. If no change is elected during the election period, the Pre-Tax Contributions will automatically be reinstated as soon as administratively possible after January 1, 2019 under the Plan in such amount as previously elected by the Participant.

- (c) No hardship withdrawal shall exceed the balance then credited to the Participant's Pre-Tax Contributions section of his Account (or, if less, the Current Market Value thereof), and effective January 1, 2019, earnings on such Contributions, including earnings accrued after December 31, 1988.

8.3 Distribution of Withdrawals.

- (a) Regular Withdrawals. Regular withdrawals under Section 8.1 of the Plan shall be permitted as of any Valuation Date following Timely Notice. A distribution of a withdrawal shall be made as soon as practicable after the withdrawal request or such other time as specified by Committee rule. A Participant who is entitled to receive a regular withdrawal may on Timely Notice elect to receive such distribution in the form of an All Stock Distribution, a Stock and Cash Distribution or an All Cash Distribution.
- (b) Hardship Withdrawals. If a Participant's application for a hardship withdrawal is approved, the effective date for such withdrawal shall be the Valuation Date coincident with or immediately following such approval. If the Participant's application for a hardship withdrawal is denied and, on appeal, subsequently approved, the effective date for such withdrawal shall be the Valuation Date coincident with or immediately following the date of the Committee's decision on the appeal. Hardship withdrawals will be made only in the form of an All Cash Distribution. Pre-tax Contributions (excluding applicable earnings) converted in a Roth In-Plan Conversion are available for hardship withdrawals in accordance with rules otherwise applicable to Pre-Tax Contributions under the Plan.

8.4 Miscellaneous.

- (a) Notwithstanding anything in this Article VIII to the contrary, the withdrawal and loan provisions of this Article VIII shall not apply for Terminated Participants or Participants whose qualified domestic relations order is pending approval by the Plan Administrator. Additionally notwithstanding anything in this Article VIII to the contrary, the loan provisions of this Article VIII shall not apply to a Participant who is not paid for Service under the United States based payroll.
- (b) In the event of the death of a Participant on or after the Valuation Date with respect to which the Participant has elected to make a withdrawal, but prior to the actual distribution thereof, and if the Committee has notice of the Participant's death prior to such distribution, then such distribution shall be made to the Participant's Beneficiary, by the same method as it would have been made to the Participant but for his death.
- (c) No withdrawal shall be made directly from the Self-Directed Brokerage Account. A withdrawal of funds allocated to the Self-Directed Brokerage Account must first be transferred or reallocated to the Participant's or Beneficiary's Accounts in one or more of the Core Investment Funds.
- (d) No withdrawals may be made from a Participant's Profit Sharing Account and Retirement Contribution Account. Notwithstanding the foregoing, a Terminated Participant may, by making a request in the manner prescribed by the Committee, withdraw all or any portion of the total value of the vested portion of his Profit Sharing Account and Retirement Contribution Account.
- (e) No withdrawals may be made for Company Match Safe Harbor Contributions until a Participant's employment with an Employer is terminated (death, disability or severance from employment) or a Participant has attained age 59 ½.

- 8.5 Waiver of Right to Withdraw. A Participant who is on an assignment outside of the United States may waive his right to make a withdrawal pursuant to this Article VIII. Any such waiver shall be in writing, in a form acceptable to the Committee and signed by the Participant, and shall be irrevocable. The duration of a waiver hereunder may be for a stated period or until the occurrence of a specified event, at the election of the Participant, but in absence of such an election the waiver shall expire upon termination or completion of the Participant's assignment outside the United States.

8.6 Participant Loans. For purposes of this Section 8.6, “Participant” shall mean a Participant who is a “party in interest” as defined in ERISA section 3(14). Loans shall be available to Participants on a reasonably equivalent basis on the following conditions:

- (a) A Participant may, on Timely Notice, request a loan from the Plan under the following terms and conditions, provided that such Participant may not request a loan from the Plan if the Participant has an outstanding loan (whether such outstanding loan has become a deemed distribution under Code section 72(p)) from the Plan at the time of such request. Also, a new loan may not be requested until thirty calendar days after the outstanding loan has been paid in full.
- (b) Loan amounts shall be at least \$1,000 and shall not exceed the lesser of (i) 50% of the aggregate value of the vested balance of all the Participant’s Account (except Retirement Contributions Account, Profit Sharing Account, and Roth In-Plan Conversion Restricted III Account) as of the date of the loan request, less any amounts payable for pending withdrawal or (ii) \$50,000 (reduced by the highest outstanding loan balance under the Plan during the one-year period ending on the day before the date on which the loan is made). Loans under any other qualified plan sponsored by the Employer or an Affiliated Employer shall be aggregated with loans under the Plan in determining whether or not the limitation stated herein has been exceeded.

Notwithstanding any other provision in the Plan for purposes of this Section (b)(i), the vested balance of the Retirement Contributions Account, Profit Sharing Account, and Roth In-Plan Conversion Restricted III Account shall be included for a loan requested between November 17, 2017 and November 30, 2017.

- (c) Loans shall be classified as either a General Purpose Loan or a Primary Residence Loan.
 - (i) A General Purpose Loan may be requested on Timely Notice for any purpose other than for the purchase of a primary residence for the Participant. General Purpose Loans shall be for at least a 1 year term and not to exceed 4 years from the date of the loan.
 - (ii) A Primary Residence Loan may be requested on Timely Notice for the purchase (excluding mortgage payments) or construction of a Participant’s primary residence and may be made only upon receipt of proper documentation from the Participant. Primary Residence Loans shall be for at least a 1 year term and not to exceed 10 years from the date of the loan.

Notwithstanding the above, if an AcryMed Participant had a Primary Residence Loan at the time he became a Participant under the Plan, the Primary Residence Loan shall be for at least a 1 year term and not to exceed 30 years from the initial date of the loan.

- (d) Loans shall be nonrenewable and nonexpendable. Loans shall be repaid through payroll deduction for active Participants or through ACH from Terminated Participants.
- (e) Loans shall be repaid (principal and interest) in periodic payments (not less frequently than quarterly) with substantially level amortization required over the term of the loan.

Notwithstanding the foregoing, a Participant with an outstanding loan who is on an unpaid leave of absence with the Employer (other than military leave), the loan payments are automatically suspended at the commencement of such leave of absence, for a period that is the lesser of (i) the period of the leave of absence or (ii) 12 months. The loan payments (including interest that accrues during the leave of absence) will automatically begin upon the return from unpaid leave of absence with the Employer (or if earlier, the first anniversary of the leave of absence) with the amount of such periodic payments to be at a level amortization

over the remaining period of the loan extended for the period of leave. However, the loan must be repaid by the latest date permitted under Code section 72(p)(2)(B) and the amount of the installments due after the leave ends must not be less than the amount required under the terms of the original loan. For loans whose term would pass the latest date permitted, the amount of the loan will be reamortized to be paid by the latest date permitted under Code section 72(p)(2)(B).

Notwithstanding the above, if a Participant with an outstanding loan is a uniformed services Employee on military leave pursuant to Code section 414(u)(4), the loan payments are automatically suspended at the commencement of such leave of absence. The loan payments (including interest that accrues during the military service not to exceed the maximum permissible amount allowed by law) will automatically begin upon the return from military service with the amount of such periodic payments to be at a level amortization over the remaining period of the loan extended by the period absence. However, the loan must be repaid by the latest date permitted under Code section 72(p)(2)(B) plus the period of military service and the amount of the installments due after the leave ends must not be less than the amount required under the terms of the original loan. Notwithstanding the foregoing, loan payments will be suspended under this Plan as permitted under Code section 414(u)(4).

Also notwithstanding the above, a Participant whose Contributions are suspended pursuant to Section 3.7 may not elect to suspend his loan repayments.

If the aggregate value of a Terminated Participant's Accounts exceeds \$5,000 pursuant to Section 7.5(c) of the Plan, the Participant will be allowed to continue to make loan payments for the remainder of the loan term; provided, however if the aggregate value of the Terminated Participant's Accounts in the Plan does not exceed \$5,000, the Participant may repay the outstanding loan balance and accrued interest pursuant to the terms of this Section 8.6, prior to the Valuation Date and distribution specified in Section 7.5(c) of the Plan.

- (f) Loans may be prepaid in full at any time without penalty. Partial prepayments are permitted.
- (g) Each Participant receiving a loan hereunder shall receive a promissory note reflecting the charges involved in the transaction, including the dollar amount and annual interest rate of the finance charges.
- (h) All loans hereunder shall be considered investments of a segregated account of the Trust directed by the borrower. All loans shall be secured by up to 50% of the vested portion of the Participant's Accounts, less any portion of the Participant's Account which has been assigned to an alternate payee under a qualified domestic relations order, to the extent necessary to secure the outstanding loan amount and applied to the Participant's Accounts. No additional security shall be permitted.
- (i) Interest shall be charged at a rate determined by the Committee and shall be determined with regard to interest rates currently being charged on similar commercial loans by persons in the business of lending money.
- (j) Any loan made to a Participant hereunder shall be evidenced by a promissory note which shall be executed by the Participant in such manner and form as the Committee shall determine. Such promissory note shall contain the irrevocable consent of the Participant to payroll deductions.
- (k) Fees chargeable in connection with a Participant's loan may be charged, in accordance with a uniform and nondiscriminatory policy established by the Committee, against the Participant's Account to whom the loan is granted.
- (l) All loans shall be made from the Participant's Accounts and pro rata from the Core Investment Funds in which such Participant's Account are then invested. If the requested loan

amount exceeds the amount available in the Participant's Core Investment Fund Accounts, the Participant shall be required to transfer the remainder from the Self-Directed Brokerage Account into one or more of the Core Investment Funds before the loan will be issued. The loans from the Participant's Account prior to May 1, 2017, shall be deemed taken in the following order: After-Tax Rollover Account, After-Tax Account, Rollover Account, Roth Rollover Account, Roth 401(k) Account, Pre-Tax Account, Company Matching Account, and Company Match Safe Harbor Account. Loans from Participant Accounts on or after May 1, 2017, shall be taken pro rata from the following Participant Accounts: After-Tax Rollover Account, After-Tax Account, Rollover Account, Roth Rollover Account, Roth 401(k) Account, Pre-Tax Account, Company Matching Account, Company Match Safe Harbor Account, Roth In-Plan Conversion Account, Roth In-Plan Conversion Restricted Account I and Roth In-Plan Conversion Restricted Account II. The following are not available for a loan from the following Participant's Account: Retirement Contributions Account, Profit Sharing Contributions Account or Roth In-Plan Conversion Restricted Account III.

- (m) Loan repayments to the Plan by the Participant shall be made on an after-tax basis and shall be proportionately allocated to the Participant's Account to the sources from which the original loan was depleted and shall be invested in the available Investment Funds on the basis of the Participant's current investment election under Section 3.5 in effect at the time of such loan repayment.
- (n) In the event that the Participant fails to make any required loan repayment before a loan is repaid in full and after any grace period adopted by the Committee, the unpaid balance of the loan, with interest due thereon, shall become immediately due and payable, unless the Committee determines otherwise. In the event that a loan becomes immediately due and payable (in "default") pursuant to this Section 8.6, the Participant may satisfy the loan by paying the outstanding balance in full within such time as may be specified by the Committee in a uniform and nondiscriminatory manner. In the event of the Participant's death, the Participant's spousal Beneficiary may satisfy the loan by paying the outstanding balance in full within 90 days from the date of death by certified check, pursuant to this Section 8.6. Otherwise, any such outstanding loan shall be deducted from the portion of the Participant's vested Accounts (based on the repayment hierarchy) before any benefit which is or becomes payable to the Participant or his Beneficiary is distributed. In the case of a benefit which becomes payable to the Participant or his Beneficiary pursuant to Article 7 (or would be payable to the Participant or Beneficiary but for such individual's election to defer the receipt of benefits), the deduction described in the preceding sentence shall occur on the earliest date following such default on which the Participant or Beneficiary could receive payment of such benefit, had the proper application been filed or election been made, regardless of whether or not payment is actually made to the Participant or Beneficiary on such date. In the case of a benefit which becomes payable under any other provision, the deduction shall occur on the date such benefit is paid. The Committee shall also be entitled to take any and all other actions necessary and appropriate to enforce collection of the outstanding balance of the loan. Failure of the Committee to strictly enforce Plan rights with respect to a default on a Plan loan shall not constitute a waiver of such rights.
- (o) The outstanding loan balance or balances of a Jackson Participant under Section 7.13 under the Jackson 401(k) Plan shall be transferred to, and repayment made to, this Plan effective as of January 1, 2010, and shall be subject to the terms of this Plan to the extent not inconsistent with the terms of the outstanding loan; provided, however, that a Jackson Participant whose loan is transferred to this Plan with past due loan payments shall have an extended grace period, as determined by the Committee, in which to avoid default under this Section 8.6, provided the total grace period under this Plan and the Jackson 401(k) Plan does not exceed the time period as provided under the final Treasury Regulations issued under Code section 72(p). Such outstanding loan balance shall be taken into account for all purposes under this Section 8.6.

Notwithstanding Section 8.6(a), Jackson Participants whose loans were transferred to the Plan from the Jackson 401(k) Plan and who at the time of such transfer had two (2) loans outstanding, may continue to have two (2) outstanding loans until such time as one of such loans is repaid, whereupon such Jackson Participant shall not have more than one (1) loan outstanding at any time under this Plan and all other tax qualified plans maintained by Employer.

(p) The Plan Administrator may adopt such other policies or procedures as necessary to administer Participant loans.

8.7 Federal Emergency Management Agency (“FEMA”) Major Disaster Relief. Effective as of the date specified for relief by FEMA and in accordance with Code section 7508A (and related IRS Announcements), Participants impacted by the storms and flooding related to Hurricane Harvey, Hurricane Irma, and Hurricane Florence, or such other Major Disaster Declaration for which such relief is provided by the Internal Revenue Service and communicated to eligible Participants (“Approved Disasters”) shall be eligible to request a loan or hardship withdrawal for a need arising from such Approved Disaster under the Plan. Participants eligible for this relief include:

- (a) Employees whose principal residence on the date specified by FEMA, or whose lineal ascendant or descendant, dependent, or spouse had a principal residence on the date specified by FEMA, which was located in one of the counties identified for individual assistance by FEMA because of the devastation caused by such Approved Disaster; and
- (b) Employees whose place of employment on the date specified by FEMA, or whose lineal ascendant or descendant, dependent, or spouse had a place of employment on the date specified by FEMA, which was located in one of the counties identified for individual assistance by FEMA because of the devastation caused by such Approved Disaster.

Loans and hardship withdrawals made under this provision must be made on or after such date specified by the Internal Revenue Service and communicated to eligible Participants. The amount available for a hardship distribution is limited to the maximum amount and from the sources otherwise permitted to be available for a hardship distribution under the Plan. Hardship withdrawals made in accordance with this Section 8.7 shall not be subject to any suspension of contribution provisions set forth under Section 8.2(b). The Participant may request a loan notwithstanding any other limitation on the number of loans which may be taken from the Plan; however, any loan shall otherwise be subject to the terms for requesting a loan under the Plan.

ARTICLE IX

BENEFITS ADMINISTRATION COMMITTEE

- 9.1 Membership. The Committee shall consist of at least three persons who shall be officers or directors of the Corporation or Eligible Employees. Members of the Committee shall be appointed from time to time by, and shall serve at the pleasure of, the Chief Human Resources Officer of the Corporation. The Chief Human Resources Officer shall appoint one of the members of the Committee to serve as chairman. If the Chief Human Resources Officer does not appoint a chairman, the Committee, in its discretion, may elect one of its members as chairman. The Committee shall not receive compensation for its services. Committee expenses shall be paid by the Corporation.
- 9.2 Powers. The Committee shall have all such powers as may be necessary to discharge its duties hereunder, including, but not by way of limitation, the power to construe or interpret the Plan, to determine all questions of eligibility hereunder, to determine the method of payment of any Accounts hereunder, to adopt rules relating to the giving of Timely Notice, and to perform such other duties as may from time to time be delegated to it by the Chief Human Resources Officer of the Corporation. The Committee may prescribe such forms and systems and adopt such rules and actuarial methods and tables as it deems advisable. It may employ such agents, attorneys, accountants, actuaries, medical advisors, or clerical assistants (none of whom need be members of the Committee) as it deems necessary for the effective exercise of its duties, and may delegate to such agents any power and duties, as it may deem necessary and appropriate.
- 9.3 Procedures. A majority of the Committee members shall constitute a quorum. The Committee may take any action upon a majority vote at any meeting at which a quorum is present, and may take any action without a meeting upon the unanimous written consent of all members. All action by the Committee shall be evidenced by a certificate signed by the chairman or by the secretary to the Committee. The Committee shall appoint a secretary to the Committee who need not be a member of the Committee, and all acts and determinations of the Committee shall be recorded by the secretary, or under his supervision. All such records, together with such other documents as may be necessary for the administration of the Plan, shall be preserved in the custody of the secretary.
- 9.4 Rules and Decisions. All rules and decisions of the Committee shall be uniformly and consistently applied to all Eligible Employees and Participants under this Plan in similar circumstances and shall be conclusive and binding upon all persons affected by them. The Committee shall have absolute discretion in carrying out its duties under the Plan.
- 9.5 Authorization of Payments. Subject to the provisions hereof, it shall be the duty of the Committee to furnish the Trustee with all facts and directions necessary or pertinent to the proper disbursement of the Trust funds.
- 9.6 Books and Records. The records of the Employer shall be conclusive evidence as to all information contained therein with respect to the basis for participation in the Plan and for the calculation of Contributions, Profit Sharing Contribution, Retirement Contributions, Company Match Safe Harbor Contributions and Company Matching Contributions.
- 9.7 Perpetuation of the Committee. In the event that the Corporation shall for any reason cease to exist, then, unless the Plan is adopted and continued by a successor, the members of the Committee at that time shall remain in office until the final termination of the Trust, and any vacancies in the membership of the Committee caused by death, resignation, disability or other cause, shall be filled by the remaining member or members of the Committee.
- 9.8 Claim Procedure. The Committee shall establish a procedure for handling all claims by all persons. In the event any claim is denied, the Committee shall provide a written explanation to the person stating the reasons for denial.

- 9.9 Allocation or Reallocation of Fiduciary Responsibilities. The Named Fiduciary may allocate powers and responsibilities not specifically allocated by the Plan, or reallocate powers and responsibilities specifically allocated by the Plan, to designated persons, partnerships or corporations other than the Committee, and the members of the Committee may allocate their responsibilities under the Plan among themselves. Any such allocation, reallocation, or designation shall be in writing and shall be filed with and retained by the secretary of the Committee with the records of the Committee. Notwithstanding the foregoing, no reallocation of the responsibilities provided in the Trust to manage or control the Trust assets shall be made other than by an amendment to the Trust.
- 9.10 Plan Administrator. The Committee shall be the Plan Administrator as described in ERISA.
- 9.11 Service of Process. The Corporation shall be the designated recipient of service of process with respect to legal actions regarding the Plan.

ARTICLE X

AMENDMENT AND TERMINATION

10.1 Amendment and Termination. While it is intended that the Plan shall continue in effect indefinitely, the Board may from time to time modify, alter or amend the Plan or the Trust, and may at any time order the temporary suspension or complete discontinuance of Profit Sharing Contributions or Company Match Safe Harbor Contributions or may terminate the Plan, provided, however, that

- (i) no such action shall make it possible for any part of the Trust assets (except such part as is used for the payment of expenses) to be used for or diverted to any purpose other than for the exclusive benefit of Participants or their Beneficiaries;
- (ii) no such action shall adversely affect the rights or interests of Participants theretofore vested under the Plan; and
- (iii) in the event of termination of the Plan or complete discontinuance of Profit Sharing Contributions or Company Match Safe Harbor Contributions hereunder, all rights and interests of Participants not theretofore vested shall become vested as of the date of such termination or complete discontinuance.

Any action permitted to be taken by the Board under the foregoing provision regarding the modification, alteration or amendment of the Plan or the Trust may be taken by the Chief Human Resources Officer of the Corporation, using its prescribed procedures, if such action

- (1) is required by law,
- (2) is required by collective bargaining, or
- (3) is estimated not to increase the annual cost of the Plan by more than \$5,000,000, or
- (4) is estimated not to increase the annual cost of the Plan by more than \$25,000,000, provided such action is approved and duly executed by the Chief Executive Officer of the Corporation.

Any action taken by the Board or Chief Human Resources Officer shall be made by or pursuant to a resolution duly adopted by the Board or Chief Human Resources Officer and shall be evidenced by such resolution or by a written instrument executed by such persons as the Board or Chief Human Resources Officer shall authorize for such purpose.

The Chief Human Resources Officer shall report to the Chief Executive Officer of the Corporation before January 31 of each year all action taken by it hereunder during the preceding calendar year.

However, nothing herein shall be construed to prevent any modification, alteration or amendment of the Plan or of the Trust which is required in order to comply with any law relating to the establishment or maintenance of the Plan and Trust, including but not limited to the establishment and maintenance of the Plan or Trust as a qualified employee plan or trust under the Code, even though such modification, alteration, or amendment is made retroactively or adversely affects the rights or interests of a Participant under the Plan.

Except as permitted by Treasury Regulations, no Plan amendment or transaction having the effect of a Plan amendment (such as a merger, plan transfer or similar transaction) shall be effective to the extent it eliminates or reduces any "Section 411(d)(6) protected benefit" or adds or modifies conditions relating to "Section 411(d)(6) protected benefits," the result of which is a further restriction on such benefit, unless such protected benefits are preserved with respect to benefits accrued as of the later of the adoption date or effective date of the amendment. "Section 411(d)(6) protected benefits" are

benefits described in Section 411(d)(6)(A) of the Code, which are early retirement benefits and retirement-type subsidies, and optional forms of benefit.

- 10.2 Ambiguous Plan Provisions. If, due to errors in drafting, any Plan provision does not accurately reflect its intended meaning, as demonstrated by consistent interpretations or other evidence of intent, or as determined by the Committee in its sole and exclusive judgment, the provision shall be considered ambiguous and shall be interpreted in a fashion consistent with its intent, as determined by the Committee in its sole discretion. The Plan shall be amended retroactively to cure any such ambiguity. This section may not be invoked by any person or the Company to require the Plan to be interpreted in a manner that is inconsistent with its interpretation by the Committee.

ARTICLE XI

MISCELLANEOUS

- 11.1 Non-Guarantee of Employment. Nothing contained in this Plan shall be construed as a contract of employment between an Employer and a Participant, or as a right of any Participant to be continued in the employment of his Employer, or as a limitation of the right of an Employer to discharge any Participant with or without cause.
- 11.2 Rights to Trust Assets. No Participant or any other person shall have any right to, or interest in, any part of the Trust assets upon termination of his employment or otherwise, except as provided from time to time under this Plan, and then only to the extent of the amounts due and payable to such person out of the assets of the Trust. All payments as provided for in this Plan shall be made solely out of the assets of the Trust and neither the Employer, the Trustee, nor any member of the Committee or the Named Fiduciary shall be liable therefor in any manner.
- The Employer shall have no beneficial interest of any nature whatsoever in any Employer Contributions after the same have been received by the Trustee, or in the assets, income or profits of the Trust, or any part thereof, except to the extent that forfeitures as provided in the Plan shall be applied to reduce the Employer Contributions.
- 11.3 Disclaimer of Liability. Neither the Trustee, the Employer, nor any member of the Committee or the Named Fiduciary shall be held or deemed in any manner to guarantee the funds of the Trust against loss or depreciation.
- 11.4 Non-Recommendation of Investment. The availability of any security hereunder shall not be construed as a recommendation to invest in such security. The decision as to the choice of investment of Contributions or Profit Sharing Contributions must be made solely by each Participant, and no officer or employee of the Corporation or the Trustee is authorized to make any recommendation to any Participant concerning the allocation of Contributions hereunder.
- 11.5 Indemnification of Committee. The Employer shall indemnify the Committee and the Named Fiduciary and each member thereof and hold them harmless from the consequences of their acts or conduct in their official capacity, including payment for all reasonable legal expenses and court costs, except to the extent that such consequences are the result of their own willful misconduct or breach of good faith.
- 11.6 Selection of Investments. The Trustee shall have the sole discretion to select investments for the various funds provided for herein even though the same may not be legal investments for trustees under the laws applicable thereto.
- 11.7 Non-Alienation. Except as otherwise provided herein, no right or interest of any Participant or Beneficiary in the Plan and the Trust shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, attachment, garnishment, execution, levy, bankruptcy, or any other disposition of any kind, either voluntary or involuntary, prior to actual receipt of payment by the person entitled to such right or interest under the provisions hereof, and any such disposition or attempted disposition shall be void.
- 11.8 Facility of Payment. If the Committee has notice that a Participant entitled to a distribution hereunder, or his Beneficiary, is incapable of caring for his own affairs, because of illness or otherwise, the Committee may direct that any distribution from such Participant's Account may be made, in such shares as the Committee shall determine, and to such other person or persons as the Committee may determine, until such date as the Committee shall determine that such incapacity no longer exists. The Committee shall be under no obligation to see to the proper application of the distributions so made to such person or persons, and any such distribution shall be a complete discharge of any liability under the Plan to such Participant, or his Beneficiary, to the extent of such distribution.

- 11.9 Allocation in the Event of Advance Contributions. In the event that the Employer's tax deduction with respect to amounts contributed to the Plan pursuant to Articles III and IV for the months in the final quarter of a Plan Year results in such amounts being deemed advanced contributions of the Employer with respect to the taxable year of the Employer ending within such Plan Year, such amounts shall be considered allocated pursuant to Articles III and IV, as applicable, as of the last day of such taxable year.
- 11.10 Action by a Committee of the Board. Any action which is required or permitted to be taken by the Board under the Plan may be taken by the Compensation Committee of the Board or any other duly authorized committee of the Board designated under the By-Laws of the Corporation.
- 11.11 Qualified Domestic Relations Orders. Anything in this Plan to the contrary notwithstanding:
- (a) Alternate Payee's Accounts. An alternate payee under a domestic relations order determined by the Plan Administrator to be a qualified domestic relations order (as defined in Code section 414(p)) shall have established and maintained for him separate Accounts similar to the Accounts of the Participant specified in the qualified domestic relations order. The alternate payee's Accounts shall be credited with his interest in such Participant's Accounts, as determined under the qualified domestic relations order. Notwithstanding the foregoing, if the amount allocated to the alternate payee exceeds the amount available in the Participant's Core Investment Fund Accounts, the remainder shall be transferred from the Self-Directed Brokerage Account into one or more of the Core Investment Funds prior to the date the funds are transferred to the alternate payee's separate Accounts on a last-in, first-out basis. Subsection 6.2(c) and Sections 6.3, 6.4, and 6.5 shall apply to the alternate payee's Accounts as if the alternate payee were a Participant.
 - (b) Investment of Alternate Payee's Accounts. An alternate payee may on Timely Notice elect to reallocate or transfer all or any percentage portion of any of his Employee Accounts or Employer Accounts or both, consistent with subsection 6.1(a). An alternate payee's interest arising from this reallocation shall be invested in the Investment Funds in accordance with the Alternate Payee's directions. For purposes of subsection 6.1(b), any such reallocation shall be treated as a reallocation in accordance with subsection 6.1(a).
 - (c) Alternate Payee's Beneficiary. The Alternate Payee may designate on Timely Notice a beneficiary. If no such person is validly designated or if the designated person predeceases the alternate payee, the beneficiary of the Alternate Payee shall be his estate. The beneficiary of the Alternate Payee shall be accorded under the Plan all the rights and privileges of the Beneficiary of a Participant in the same manner as provided in Section 7.5 (except that no spousal consent shall be required). If the Alternate Payee does not designate a Beneficiary, or if the Beneficiary predeceases the Alternate Payee, benefits payable to the Alternate Payee which have not been distributed shall be paid to the Alternate Payee's estate.
 - (d) Distribution to Alternate Payee. An Alternate Payee shall be entitled to receive a distribution from the Plan in accordance with the Qualified Domestic Relations order relating to the Alternate Payee. Such distribution may be made only in a method provided in Section 7.5 and shall include only such amounts as have become vested.
 - (e) Vesting of Alternate Payee's Accounts. In the event that the Qualified Domestic Relations Order provides for all or part of the non-vested portion of the Participant's Employer Accounts to be credited to the Accounts of the Alternate Payee, such amounts shall vest and/or be forfeited at the same time and in the same manner as the Accounts of the Participant specified in the Qualified Domestic Relations Order; provided, however, that no forfeiture shall result to the Accounts of the Alternate Payee due to any distribution to or withdrawal by the Participant from his Accounts or any distribution to or withdrawal by the Alternate Payee from the vested portion of the Accounts of the Alternate Payee.

- (f) Processing Fee. In the event a Qualified Domestic Relations Order is submitted to the Plan Administrator for review and processing, a processing fee will be charged to the Participant and/or the alternate payee in accordance with the rules and procedures adopted by the Plan Administrator per initial Qualified Domestic Relations Order for the Plan.
 - (g) Tribal Court-Issued Domestic Relations Orders. The Plan must recognize a tribal court-issued domestic relations order that otherwise meets the requirements of a Qualified Domestic Relations Order assigning a Participant's Benefit to the Alternate Payee as a Qualified Domestic Relations Order, when received after December 31, 2022.
- 11.12 Compensation Limit. In addition to other applicable limitations which may be set forth in the Plan and notwithstanding any other contrary provision of the Plan, compensation taken into account under the Plan for a Plan Year shall not exceed the limit prescribed by Section 401(a)(17) of the Code.
- 11.13 Recovery of Overpayments. If it is determined that any amount paid to an individual under this Plan should not have been paid or should have been paid in a lesser amount, written notice thereof shall be given and such individual shall promptly repay the amount of the overpayment to the Plan. If such individual fails to repay the overpayment promptly, the Committee may, in its sole discretion, recover the amount of such overpayment from any monies then payable, or which may become payable to or on behalf of the individual, under this Plan. If insufficient payments are available for such recovery, the Employer, on behalf of the Plan, may, in its sole discretion, arrange to recover the amount of such overpayment from any monies in the form of wages or other benefits under other plans of the Employer which are then payable, or which may become payable, to such individual as permitted by law. Notwithstanding the foregoing, the Plan in all cases reserves the right to pursue collection of any remaining overpayments if the above recovery efforts under this paragraph have failed.

ARTICLE XII

LIMITATIONS ON BENEFITS

12.1 Limitation on Annual Additions.

- (a) The annual addition with respect to any Participant for a Plan Year shall not exceed the lesser of: (i) \$49,000 (or such larger amount determined by the Secretary of the Treasury for purposes of Code section 415(c)(1)(A) pursuant to Code section 415(d)) or (ii) 100% of the Participant's Compensation for such Plan Year.

For purposes of this Section 12.1, all defined contribution plans of the Employer, whether or not terminated, shall be treated as one defined contribution plan. In addition, all employers who are members of the same controlled group of corporations (within the meaning of Code sections 414(b) and (c), as modified by section 415(h) of the Code) as the Corporation shall be treated as a single employer for purposes of this Section 12.1.

- (b) For purposes of this Section 12.1, annual addition means the sum of the following amounts allocable to a Participant's Account for a Plan Year:
- (1) contributions made by the Employer,
 - (2) contributions made by a Participant,
 - (3) reallocated forfeitures, if any, and
 - (4) any other amounts that are considered "annual additions" under Section 415(c)(2) of the Code.

In no event shall annual additions include rollover contributions made by a Participant in accordance with Section 3.3(d).

- (c) In any case where a Participant is, or has been, included in another retirement plan of an Employer, the limitation set forth herein shall be reduced to the extent required under Section 415 of the Code if the reduction is not accomplished under such other retirement plan.
- (d) If the annual additions for a Participant exceed the limits set forth in this Section 12.1 as a result of: (i) the allocation of forfeitures, (ii) a reasonable error in estimating a Participant's Compensation, (iii) a reasonable error in determining the amount of elective deferrals (within the meaning of Section 402(g)(3) of the Code) that may be made with respect to any individual under the limits of Section 415 of the Code, or (iv) other facts and circumstances which the Commissioner of the Service finds justifiable, the Committee shall correct such excess annual additions as permitted under Revenue Procedure 2008-50 or its successor to return to the Participant any After-Tax Contributions (including any earnings thereon to the extent permitted by law), Roth 401(k) Contributions (including any earnings thereon to the extent permitted by law), and Before-Tax Contributions (including any earnings thereon to the extent permitted by law), (unmatched Contributions will be refunded first) for the Plan Year to the extent such return would reduce the excess amount in the Participant's Account. Any remaining excess attributable to Company Match Safe Harbor Contributions and, if necessary, Profit Sharing Contributions shall be held in a suspense account and used to reduce Employer Contributions for the next Plan Year (and succeeding Plan Years, as necessary) for such Participant. If such Participant is not covered under the Plan as of the end of any such Plan Year, the excess amount shall be held in a suspense account and used to reduce Employer Contributions for the next Plan Year (and succeeding Plan Years as necessary) for all remaining Participants.

- (e) Notwithstanding any provision to the contrary, the correction of any excess annual additions described in this Section 12.1 shall be interpreted and administered in compliance with Section 415 of the Code and the Treasury Regulations thereunder.

ARTICLE XIII

MERGER

No merger or consolidation with or transfer of any assets or liabilities to any other plan shall be made unless, upon completion thereof, the value of each Participant's Account shall immediately after said merger, consolidation, or transfer be equal to or greater than the value of the Participant's Account immediately before the merger, consolidation, or transfer (if the Plan had then terminated).

ARTICLE XIV

TOP-HEAVY REQUIREMENTS

- 14.1 Top-Heavy Requirements. Notwithstanding any other provisions of this Plan, the following rules shall apply for any Plan Year if as of the last day of the preceding Plan Year, based on valuations as of such date, the sum of the present value of accrued benefits and Accounts of "key employees" exceeds 60% of a similar sum for all employees under each plan of the Employer or any Affiliated Employer in which a "key employee" participates and each other plan of the Employer or any Affiliated Employer which enables any such plan to meet the requirements of Code section 401(a)(4) or 410. The present values of accrued benefits and the amounts of account balances of an Employee as of the determination date shall be increased by the distributions made with respect to the Employee under the Plan and any plan aggregated with the Plan under Code section 416(g)(2) during the 1-year period ending on the determination date. The preceding sentence shall also apply to distributions under a terminated plan which, had it not been terminated, would have been aggregated with the Plan under Code section 416(g)(2)(A)(i). In the case of a distribution made for a reason other than severance from employment, death, or disability, this provision shall be applied by substituting "5-year period" for "1-year period." A Plan Year during which such rules apply shall be known as a "Top-Heavy Plan Year."

Except to the extent provided in regulations, any rollover contribution (or similar transfer) initiated by the Employee and made after December 31, 1983, to the Plan shall not be taken into account with respect to the Plan for purposes of determining whether the Plan is a top-heavy plan (or whether any aggregation group which includes such plan is a top-heavy group).

Key Employee means any Employee or former Employee, or Beneficiary of the Employee, who, for any Plan Year in the Determination Period is:

An officer of the Employer having Compensation from the Employer and any Affiliated Employer greater than \$160,000 (as adjusted under Section 416(i)(1) of the Code);

An individual who is a Five Percent Owner of the Employer within the meaning of Code section 416(i)(1)(B)(i); or

An individual who is a One Percent Owner of the Employer within the meaning of Code section 416(i)(1)(B)(ii), and whose annual Compensation exceeds \$160,000.

Notwithstanding the foregoing, Key Employee shall have the meaning set forth in Code section 416(i) and the Treasury Regulations thereunder, which are incorporated herein by reference.

For purposes of determining whether an Employee or former Employee is an officer under this Section, an officer of the Employer shall have the meaning set forth in the regulations under Code section 416(i).

For purposes of this Section, Compensation means Compensation determined for the definition of a Highly Compensated Employee.

For purposes of determining ownership hereunder, employers that would otherwise be aggregated as Affiliated Employers shall be treated as separate employers.

- (a) Vesting. A Participant who is credited with an Hour of Service during the Top-Heavy Plan Year, or in any Plan Year after the Top-Heavy Plan Year, and who has completed at least two years of Service shall have a nonforfeitable right to 100% of his Employer Accounts and no such amount may become forfeitable if the Plan later ceases to be Top-Heavy nor may such amount be forfeited under the provisions of Code sections 411(a)(3)(B) (relating to suspension of benefits upon reemployment) or 411(a)(3)(D) (relating to forfeitures upon withdrawal of mandatory contributions).

- (b) Required Contributions. Each Employer shall contribute on behalf of each employee eligible to participate in the Plan, the lesser of:
- (i) 3% of such employee's compensation (within the meaning of Code section 415); or
 - (ii) the percentage of such employee's compensation (within the meaning of Code section 415) which is equal to the percentage at which contributions were made for that Plan Year on behalf of the "key employee" for whom such percentage is the greatest for such Plan Year, as prescribed by Code section 416(c)(2)(B) and regulations thereunder.
- (c) Company Match Safe Harbor Contributions shall be taken into account for purposes of satisfying the minimum contribution requirements of Code section 416(c)(2) and the Plan. The preceding sentence shall apply with respect to Company Match Safe Harbor Contributions under the Plan or, if the Plan provides that the minimum contribution requirement shall be met in another plan, such other plan. Company Match Safe Harbor Contributions that are used to satisfy the minimum contribution requirements shall be treated as Company Match Safe Harbor Contributions for purposes of the actual contribution percentage test and other requirements of Code section 401(m). Any contribution made pursuant to this subsection 14.1(c) shall be allocated according to a Participant's elections among the Investment Funds on behalf of the Employee for whom such contribution is made.
- (d) Additional Limitations. The provisions of this Section 14.1 shall be interpreted in accordance with the provisions of Code section 416 and any regulations thereunder, which are hereby expressly incorporated by reference.
- (e) Coordination. In the event a top heavy minimum contribution or benefit is required under this Plan or a defined benefit plan of an Employer that covers a Participant, the top heavy minimum contribution or benefit, as appropriate, shall be provided in this Plan. In the event a top heavy minimum contribution is required under this Plan or another defined contribution plan of an Employer that covers a Participant, the top heavy minimum contribution shall be provided in this Plan.

Notwithstanding the above, the Top-Heavy rules will not be applied to the Plan during the Plan Years when the Plan meets the automatic enrollment safe harbor requirements for employee deferrals and employer match.

APPENDIX A

LIST OF EMPLOYERS AND PARTICIPATING UNITS

List of Employers and Participating Units

Kimberly-Clark USA, LLC

All salaried employees of this Employer, including those on temporary assignment at other Employers or in other classifications, but excluding employees on temporary assignment from another unit, Employer or classification.

Beech Island Mill

All hourly employees of this unit, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification.

Berkeley Mill

All hourly employees of this unit, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification.

Kimtech Plant

All hourly Machinist and Installer employees of this unit who are represented by Lodge No. 1855 of the International Association of Machinists and Aerospace Workers, AFL-CIO, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification.

Marinette Mill

All hourly employees of this unit who are represented by the United Steelworkers of America International Union (USW), Local No. 86 including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification.

Mobile Operations

All hourly employees of this unit who are represented by the United Steelworkers of America International Union (USW), Local Nos. 1421, 1575 and 1873, or the International Brotherhood of Electrical Workers, Local 2129, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification.

Neenah Cold Spring Facility

All hourly employees of this unit (including Lakeview satellite employees) who are represented by United Steelworkers of America International Union (USW), affiliated with the AFL-CIO, Local Union No. 482, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification.

New Milford Mill

All hourly employees of this unit, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification.

Kimberly-Clark Financial Services, Inc.

All salaried employees of this Employer, including those on temporary assignment at other Employers or in other classifications, but excluding employees on temporary assignment from another Employer or classification.

Kimberly-Clark Global Sales, LLC

All salaried employees of this Employer, or its predecessor Kimberly-Clark Global Sales, Inc., including those on temporary assignment at other Employers or in other classifications, but excluding employees on temporary assignment from another Employer or classification.

Kimberly-Clark International Services Corporation

All salaried employees of this Employer except those who transfer to a less than 80% owned foreign subsidiary.

Kimberly-Clark Pennsylvania, LLC

All salaried employees of this Employer, but excluding employees on temporary assignment from another unit, Employer or classification.

All hourly employees of the Chester Mill who are represented by the United Steelworkers of America International Union (USW), Local No. 2-448, including those on temporary assignment in other classifications or at other units or Employers, but excluding employees on temporary assignment from another unit, Employer or classification.

Kimberly-Clark Services Inc.

All salaried employees of this Employer, including those on temporary assignment at other Employers or in other classifications, but excluding employees on temporary assignment from another Employer or classification.

Kimberly-Clark Worldwide, Inc.

All salaried employees of this Employer, including those on temporary assignment at other Employers or in other classifications, but excluding employees on temporary assignment from another Employer or classification.

**KIMBERLY-CLARK CORPORATION
SEVERANCE PAY PLAN**

Amended and Restated as of January 1, 2024

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ARTICLE I

NAME, PURPOSE AND EFFECTIVE DATE OF PLAN

- 1.1 Name of the Plan. Kimberly-Clark Corporation (the “Corporation”) hereby establishes a severance pay plan for its Employees, to be known as the Kimberly-Clark Corporation Severance Pay Plan (the “Plan”) as set forth in this document. The Plan is intended to qualify as an employee welfare benefit plan within the meaning of Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).
- 1.2 Purpose of the Plan. The purpose of the Plan is to provide Eligible Employees a severance benefit in the event of involuntary termination of employment. The Plan is not intended as a replacement or substitution for any confidentiality or noncompete agreement between an Employee and Employer executed prior or subsequent to the effective date of the Plan.
- 1.3 Effective Date. The Plan is effective as of January 1, 1998 and is amended and restated to apply to involuntary Separations from Service after January 1, 2024.

ARTICLE II

DEFINITIONS AND CONSTRUCTION

- 2.1 Definitions. When the following words and phrases appear in this Plan, they shall have the respective meanings set forth below unless the context clearly indicates otherwise:
- (a) AIP: The Annual Incentive Program or any successor plan.
 - (b) Board: The Board of Directors of the Corporation.
 - (c) Cause: Any termination of employment which is classified by the Employer as for cause, including but not limited to: (i) unsatisfactory performance of duties or inability to meet the requirements of the position, unless classified by the Employer as a Performance Termination; (ii) any habitual neglect of duty or misconduct of the Employee in discharging any of his duties and responsibilities; (iii) excessive unexcused, or statutorily unprotected absenteeism or inattention to duties; (iv) failure or refusal to comply with the provisions of the Employer's personnel manual or any other rule or policy of the Employer; (v) misconduct, including but not limited to, engaging in conduct which the Committee reasonably determines to be detrimental to the Employer; (vi) disloyal, dishonest or illegal conduct by the Employee; (vii) theft, fraud, embezzlement or other criminal activity involving the Employee's relationship with the Employer; (viii) violation of any applicable statute, regulation, or rule, or provision of any applicable code of professional ethics; (ix) suspension, revocation, or other restriction of the Participant's professional license, if applicable; or (x) the Employer's inability to confirm, to its sole satisfaction, the references and/or credentials which the Participant provided with respect to any professional license, educational background and employment history.
 - (d) COBRA: Medical continuation coverage elected under the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985. Participants shall be eligible to receive medical continuation coverage under COBRA for the number of months provided under Article IV without payment of the applicable premium if the Participant is otherwise eligible for, and timely elects, COBRA medical continuation coverage. The Participant shall be responsible for any additional months of COBRA coverage elected beyond the months of COBRA provided by the Corporation under this Plan. The Participant may also enroll in other applicable COBRA coverage (e.g. dental and/or the health care spending accounts); however, the Participant shall be responsible for and must pay the COBRA premium for such coverage.
 - (e) Code: The Internal Revenue Code of 1986, as amended from time to time, and as construed and interpreted by valid regulations or rulings issued thereunder.
 - (f) Committee: The Benefits Administration Committee is appointed to administer and regulate the Plan as provided in Article V.
 - (g) Comparable Position: A position offered to an employee will be considered a Comparable Position under this Plan unless the Committee determines in its sole discretion that any of the following apply (i) there is a material diminution in the Employee's Earnings on the date of such offer, (ii) a material change in the geographic location at which the Employee must perform the services, (iii) the position offered to the Employee is a material diminution of the Employee's authority, duties or responsibilities. The Employee must provide notice to the Corporation of the existence of any of the above conditions within a period not to exceed 90 days of the initial offer of the non-Comparable Position to the employee, upon the notice of which the Corporation must be provided a period of at least 30 days during which it may remedy the offer and not be required to pay the severance amount. The determination whether a position offered will be considered a

Comparable Position under this Plan shall be in the Committee's sole discretion and the Committee shall have the power to promulgate Committee Rules and other guidelines in connection with this determination. Any such determination by the Committee whether a Participant is offered a Comparable Position shall be final and conclusive as to all Eligible Employees and other persons claiming rights under the Plan.

- (h) Earnings: The base salary of an Eligible Employee at his or her current stated hourly, weekly, monthly or annual rate on his Termination Date. If Eligible Employee is a full-time Employee, Earnings are the hourly pay rate (excluding shift differential) times 40 (hours). If Eligible Employee is an Employee who works less than 40 hours per week, Earnings are the hourly pay rate (excluding shift differential) times the Employee's regularly scheduled hours per week. Earnings do not include overtime pay, MAAP, bonus or other remuneration for all Eligible Employees. The calculation of a week of Earnings shall be made subject to any applicable Committee rule.
- (i) Effective Date: January 1, 1998, or with respect to a particular Subsidiary, such later date as of which the Committee deems such Subsidiary to be an Employer, or as set forth in Appendix A. The Plan is amended and restated to apply to involuntary Separations from Service after September 1, 2023.
- (j) Eligible Employee: An hourly Employee not covered by a collective bargaining agreement, or salaried Employee, on the regular payroll of an Employer. For purposes of this subsection, "on the regular payroll of an Employer" shall mean paid through the payroll department of such Employer, and shall exclude employees classified by such Employer as intermittent or temporary, persons seconded to such Employer, and persons classified by such Employer as independent contractors, regardless of how such individuals may be classified by any federal, state, or local, domestic or foreign, governmental agency or instrumentality thereof, or court.
- (k) Employee: A person employed by an Employer.
- (l) Employer: The Corporation and each Subsidiary which the Committee shall from time to time designate as an Employer for purposes of the Plan. A list of Employers is set forth in Appendix A.
- (m) ELT: The Executive Leadership Team ("ELT") consists of the Chief Executive Officer and other executive officers of the Corporation (within the meaning of Rule 3b-7 of the Securities Exchange Act of 1934 as amended from time to time).
- (n) MAAP: The Management Achievement Award Program or any successor plan.
- (o) MAAP Eligible: Eligible Employees who as of their date of termination of employment meet the eligibility requirements to participate under MAAP.
- (p) Participant: An individual who has met the eligibility requirements to receive Severance Pay pursuant to Article III.
- (q) Performance Termination: Any termination of employment with the Corporation or a Subsidiary which is classified by the Employer as for unsatisfactory performance of duties, or inability to meet the requirements of the position. The termination of employment will be classified as a Performance Termination if it is approved by the Employee's team leader, the supervisor of the team leader for the Employee and the applicable Human Resources Business Partner, and also meets one of the following criteria:

- (i) the Employee failed to successfully improve his or her performance to an acceptable level following completion of a Performance Improvement Plan notwithstanding the Employee's previous or most recent performance rating; or
- (ii) the Employee's team leader has offered the Employee a choice of either entering into a Performance Improvement Plan or a Performance Termination, and the Employee has elected a Performance Termination rather than entering into a Performance Improvement Plan.

(r) Plan Year: A twelve calendar month period beginning January 1 through December 31.

(s) Separation from Service: Termination of employment with the Corporation or a Subsidiary. A Separation from Service will be deemed to have occurred if the Employee's services with the Corporation or a Subsidiary is reduced to an annual rate that is 20 percent or less of the services rendered, on average, during the immediately preceding three years of employment (or if employed less than three years, such lesser period). The Committee shall have the power to promulgate Committee Rules and other guidelines in connection with the determination of a Separation from Service and any such determination by the Committee shall be final and conclusive as to all Eligible Employees and other persons claiming rights under the Plan.

(t) Severance Pay: Payment made to a Participant pursuant to Article IV hereof.

(u) SIP: The United States Consumer Sales Incentive Plan or any successor plan.

(v) Subsidiary: Any corporation, 50% or more of the voting shares of which are owned directly or indirectly by the Corporation, which is incorporated under the laws of one of the States of the United States.

(w) Target MAAP: The target bonus amount established for the Participant, if any, under the MAAP, or any successor or additional plan, for the year in which the Participant's Separation from Service occurs (or for the prior year if a target bonus amount has not yet been established for the year in which the Participant's Separation from Service occurs).

(x) Termination Date: The date of an Employee's Separation from Service.

(y) Years of Service: An Employee shall be credited with a Year of Service for each year of service commencing with the Employee's vacation eligibility date as maintained by the payroll department of such Employer until the Employee's Termination Date, rounded to the nearest whole Year of Service. Notwithstanding any provision in the Plan to the contrary, (i) an Employee's credited Years of Service shall be reduced to the extent such Years of Service have previously been used to calculate a prior severance payment to the Employee and (ii) any period during which the Employee is on notice of termination but is not actively working, including, without limitation, any notice period, period of pay in lieu of such notice or "garden leave" period required under applicable law shall not be counted towards the Employee's Years of Service unless expressly required by applicable legislation.

2.2 Construction: Where appearing in the Plan the masculine shall include the feminine and the plural shall include the singular, unless the context clearly indicates otherwise. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Plan and not to any particular Section or subsection.

ARTICLE III

ELIGIBILITY AND PARTICIPATION

- 3.1 Participation. An Eligible Employee shall become a Participant on the later of the Effective Date or the first day actively employed by an Employer.
- 3.2 Eligibility. Each Participant whose employment is involuntarily terminated shall receive Severance Pay; provided, however, that Severance Pay shall not be paid to any Participant who:
- (a) is terminated for Cause;
 - (b) is terminated during a period in which such Participant is not actively at work (i.e. has been on leave) for more than 25 weeks, except to the extent otherwise required by law;
 - (c) voluntarily quits or retires;
 - (d) dies;
 - (e) is offered a Comparable Position as defined in Section 3.5 below.
- 3.3 Duration. A Participant remains a Participant under the Plan until the earliest of:
- (a) the date the Participant is no longer an Eligible Employee;
 - (b) the Participant's Termination Date; or
 - (c) the date the Plan terminates.
- 3.4 Severance Agreement and Release. No Participant shall be entitled to receive Severance Pay hereunder unless such Participant executes a Separation Agreement and Full and Final Release of Claims (the "Agreement"), in the form required by the Corporation, within the period specified for such individual therein and such Participant does not revoke such Agreement in writing within the 7-day period following the date on which it is executed.
- 3.5 Comparable Position. Severance Pay shall not be paid to any Employee whose employment is involuntarily terminated related to
- (a) any separation or reorganization of the Corporation including, but not limited to, a sale, spin-off or shutdown of a portion of the Corporation, including but not limited to a portion of a mill or other location, if such Employee is offered a Comparable Position with the successor entity,
 - (b) the outsourcing of an Employee to a company other than an Employer, in which such Employee is offered or continues in a Comparable Position, or
 - (c) any elimination of a job function, or transfer of an Employee's position to another location, in which such Employee is offered a Comparable Position with the Corporation or a Subsidiary.

ARTICLE IV

SEVERANCE BENEFITS

4.1 Severance Pay. Whether any Severance Pay is payable under this Plan, or any increase or decrease in the amount of Severance Pay, shall be in the sole discretion of the Committee and as authorized pursuant to subsection 5.7 below. Any such increase or decrease in the amount of Severance Pay shall be final and conclusive as to all Eligible Employees and other persons claiming rights under the Plan. Subject to the exercise of such discretion, a Participant's Severance Pay shall be determined as follows:

- (a) Each individual who is eligible as provided in Article III above, shall receive, the Severance Pay, COBRA, outplacement assistance services and Employee Assistance Program services set forth below.

- (b) Each individual who is eligible as provided in Article III above, and whose employment is classified by the Employer as a Performance Termination, shall receive, the Severance Pay, COBRA, outplacement assistance services and Employee Assistance Program services set forth below. Notwithstanding the foregoing, any Participant who is elected by the Board shall not be eligible to receive a benefit under this subsection 4.1(b). Unless otherwise eligible for payment under the terms of the applicable bonus plans, if the Participant's termination is classified as a Performance Termination, the Participant will not receive any pro-rated bonus payments for MAAP, AIP or SIP at termination under this Plan.

| Provision | ELT | Grades 1-4 and Non-ELT Elected Officers | Other MAAP-Eligible | Salaried Exempt | Salaried Non-Exempt | Production Non-Union |
|-------------------------------------|-----|---|---------------------|-------------------|---------------------|----------------------|
| Severance – Performance Termination | N/A | 6 months Earnings | 3 months Earnings | 3 months Earnings | 6 weeks Earnings | N/A |
| COBRA | N/A | 6 months | 6 months | 6 months | 6 months | N/A |
| Outplacement | N/A | 12 months | 9 months | 6 months | 3 months | N/A |
| EAP | N/A | 3 months | 3 months | 3 months | 3 months | N/A |

- (c) Severance Pay, including the payment of any prorated current year SIP, AIP or MAAP shall be paid as a lump sum cash payment no later than 60 days following the Participant's last date of employment, if the Agreement provides for a 21 day period to consider the release, and no later than 75 days following the Participant's last date of employment if the Agreement provides for a 45 day period to consider the release, provided, however, should any payments under this Plan be delayed no interest will be owed to the Participant with respect to such late payment. Notwithstanding the foregoing, unless the Agreement stipulates otherwise, if the Agreement provides for a 21 day period to consider the release and the last date of Employee's employment is on or after November 1, or if the Agreement provides for a 45 day period to consider the release and the last date of Employee's employment is after October 15, then the payment will always be made in the first applicable pay period in the following calendar year.
- (d) The Severance Pay determined pursuant to subsection 4.1(a) and (b) above may be offset, at the Company's sole discretion, by any amount paid to a Participant (but not less than zero) as compensation while employed during the notice period after notice has been given pursuant to the Worker Adjustment and Retraining Notification Act ("WARN"), or any similar state or other law. The benefits provided under this Plan are intended to satisfy any and all statutory obligations that may arise out of an Eligible Employee's involuntary termination, and the Committee shall so construe and implement the terms of the Plan.
- (e) If, at the time Severance Pay is to be made hereunder, a Participant is indebted or obligated to an Employer or any affiliate, including, but not limited to, any repayment under the Corporation's relocation program, then such Severance Pay shall be reduced by the amount of such indebtedness or obligation to the extent allowable under applicable federal or state law; provided that the Corporation may in its sole discretion elect not to reduce the Severance Pay by the amount of such indebtedness or obligation and provided that any such election by the Corporation shall not

constitute a waiver of its claim of such indebtedness or obligation, in accordance with applicable law.

- (f) Notwithstanding any provision in the Plan to the contrary, Severance Pay shall be reduced by the amount of any other severance payments, whether under any severance plan or offer letter or other individual agreement, made by an Employer.
- (g) Severance Pay hereunder shall not be considered “compensation” for purposes of determining any benefits provided under any pension, savings, or other benefit plan maintained by an Employer.
- (h) The Employer will comply with the requirements of American Rescue Plan Act of 2021 (“ARPA”), which requires employers to fully subsidize COBRA for certain Assistance Eligible Individuals for periods of coverage from April 1, 2021 through September 30, 2021. The COBRA subsidy provided by the Employer under the Plan shall be treated in accordance with ARPA as payment of the subsidy for purposes of ARPA and shall not be in addition to or extend the terms of COBRA subsidies provided under ARPA.

4.2 Withholding. A Participant shall be responsible for payment of any federal, Social Security, state, local or other taxes on Severance Pay under the Plan. The Employer shall deduct from Severance Pay any federal, Social Security, state, local or other taxes which are subject to withholding, as determined by the Employer.

4.3 Forfeiture, Recoupment and Recovery of Overpayments. If it is determined that any amount paid to an individual under this Plan should not have been paid or should have been paid in a lesser amount, written notice thereof shall be given and such individual shall promptly repay the amount of the overpayment to the Plan. Notwithstanding the foregoing, the Plan in all cases reserves the right to pursue collection of any remaining overpayments if the above recovery efforts under this paragraph have failed.

Without limiting the foregoing, if, following a Participant’s Separation from Service for a reason other than the Participant’s termination for Cause, the Corporation discovers facts that such Participant’s Separation from Service could have been for Cause, such Participant’s Separation from Service will be deemed to have been for Cause for all purposes, and as a result, (a) the Employer will cease payment of any benefit otherwise payable to the Participant under the Plan and (b) the Participant will be required to repay to the Corporation all cash amounts received under the Plan that would not have been payable to such Participant had such Separation from Service been for Cause under Section 3.2(a) above.

Further, all amounts to which a Participant is entitled under this Plan shall be subject to forfeiture and/or repayment to the Corporation to the extent and in the manner required (i) to comply with any requirements imposed under applicable laws, regulations, stock exchange listing rules or other rules; (ii) under the terms of the Kimberly-Clark Corporation Compensation Recoupment Policy, to the extent applicable to the Participant, or under any other policy or guideline adopted by the Corporation for purposes of fraud prevention, governance, avoidance of monetary or reputational damage to the Corporation and its affiliates or similar reasons, whether or not such policy or guideline was in place at the time the Participant becomes eligible to participate in this Plan (and such requirements shall be deemed incorporated into this Plan without the consent of the Participant).

ARTICLE V

PLAN ADMINISTRATION

BENEFITS ADMINISTRATION COMMITTEE

- 5.1 Membership. The Committee shall consist of at least three persons who shall be officers or directors of the Corporation or Eligible Employees. Members of the Committee shall be appointed from time to time by, and shall serve at the pleasure of, the Chief Human Resources Officer of the Corporation (the "CHRO"). The CHRO shall appoint one of the members of the Committee to serve as chairman. If the CHRO does not appoint a chairman, the Committee, in its discretion, may elect one of its members as chairman. The Committee shall appoint a Secretary who may be but need not be, a member of the Committee. The Committee shall not receive compensation for its services. Committee expenses shall be paid by the Corporation.
- 5.2 Powers. The Committee shall have all such powers as may be necessary to discharge its duties hereunder, including, but not by way of limitation, the power to construe or interpret the Plan, to determine all questions of eligibility hereunder, to adopt rules relating to coverage, and to perform such other duties as may from time to time be delegated to it by the Board. Any interpretations of this Plan by persons other than the Committee or individuals or organizations to whom the Committee has delegated administrative duties shall have no effect hereunder. The Committee may prescribe such forms and systems and adopt such rules and methods and tables as it deems advisable. It may employ such agents, attorneys, accountants, actuaries, medical advisors, or clerical assistants (none of whom need be members of the Committee) as it deems necessary for the effective exercise of its duties, and may delegate to such agents any power and duties, both ministerial and discretionary, as it may deem necessary and appropriate. Notwithstanding the foregoing, any claim which arises under any other plan shall not be subject to review under this Plan, and the Committee's authority under this Article V shall not extend to any matter as to which an Administrator under such Program is empowered to make determinations under such plan. In administering the Plan, the Committee will be entitled, to the extent permitted by law, to rely conclusively on all tables, valuations, certificates, opinions and reports which are furnished by, or in accordance with the instructions of, the Committee of each of the Programs, or by accountants, counsel or other experts employed or engaged by the Committee.
- 5.3 Procedures. The Committee may take any action upon a majority vote at any meeting at which all members are present, and may take any action without a meeting upon the unanimous written consent of all members. All action by the Committee shall be evidenced by a certificate signed by the chairperson or by the secretary to the Committee. The Committee shall appoint a secretary to the Committee who need not be a member of the Committee, and all acts and determinations of the Committee shall be recorded by the secretary, or under his supervision. All such records, together with such other documents as may be necessary for the administration of the Plan, shall be preserved in the custody of the secretary.
- 5.4 Rules and Decisions. All rules and decisions of the Committee shall be uniformly and consistently applied to all Eligible Employees and Participants under this Plan in similar circumstances and shall be conclusive and binding upon all persons affected by them.
- 5.5 Books and Records. The records of the Employers shall be conclusive evidence as to all information contained therein with respect to the basis for participation in the Plan and for the calculation of Severance Pay.
- 5.6 Claim Procedure. The Committee procedure for handling all claims hereunder and review of denied claims shall be consistent with the provisions of ERISA. If a claim for Plan benefits is denied, the Committee shall provide a written notice within 90 days to the person claiming the benefits that contains the specific reasons for the denial, specific references to Plan provisions on which the Committee based its denial and a

statement that the claimant may (a) request a review upon written application to the Committee within 60 days, (b) may review pertinent Plan documents and (c) may submit issues and comments in writing. If a claim is denied because of incomplete information, the notice shall also indicate what additional information is required. If additional time is required to make a decision on the claim, the Committee shall notify the claimant of the delay within the original 90 day period. This notice will also indicate the special circumstances requiring the extension and the date by which a decision is expected. This extension period may not exceed 90 days beyond the end of the first 90-day period.

The claimant may request a review of a denied claim by writing the Committee in care of the Plan Administrator. The appeal must, however, be made within 60 days after the claimant's receipt of notice of the denial of the claim. Pertinent documents may be reviewed in preparing an appeal, and issues and comments may be submitted in writing. An appeal shall be given a complete review by the Committee, and a written decision, including reasons, shall be provided within 60 days. If there are special circumstances requiring an extensive review, the Committee shall notify the claimant in a written notice within the original 60 day period of its receipt of the appeal and indicating that the decision will be delayed. A final decision on the appeal shall be made within 120 days of the Committee's receipt of the appeal.

The Committee shall have all of the authority with respect to all aspects of claims for benefits under the Plan, and it shall administer this authority in its sole discretion.

5.7 Committee Discretion.

- (a) Any action on matters within the discretion of the Committee, including but not limited to, the amount of Severance Pay conferred upon a Participant, shall be final and conclusive as to all Eligible Employees and other persons claiming rights under the Plan. The Committee shall exercise all of the powers, duties and responsibilities set forth hereunder in its sole discretion. Notwithstanding anything in this Plan to the contrary, the Committee shall have the sole discretion to interpret the terms of the Plan included but not limited to, whether a termination is voluntarily or involuntary, whether a Participant's termination is for Cause or whether a Participant could have been terminated for Cause, whether a Participant is offered a Comparable Position, and whether Severance Pay shall be payable to any Participant under this Plan.
- (b) Any increase or decrease in the amount of Severance Pay for Eligible Employees who are not elected by the Board, different than the amount set forth in 4.1(a) and (b) above may be authorized in their sole discretion by (i) the Committee, (ii) a Group President or Senior Vice President of the Corporation with the endorsement of either the Senior Vice President Global Human Resources or the Vice President Compensation and Benefits or (iii) the Chief Executive Officer. Any such increase or decrease in the amount of Severance Pay shall be final and conclusive as to all such Eligible Employees and other persons claiming rights under the Plan.
- (c) Any increase or decrease in the amount of Severance Pay for Eligible Employees who are elected by the Board, different than the amount set forth in 4.1(a) and (b) above may be authorized in their sole discretion by the Management Development and Compensation Committee of the Board. Any such increase or decrease in the amount of Severance Pay shall be final and conclusive as to all such Eligible Employees and other persons claiming rights under the Plan.

5.8 Plan Amendments. The Board may from time to time modify, alter, amend or terminate the Plan. Any action permitted to be taken by the Board under the foregoing provision may be taken by the CHRO if such action:

- (a) is required by law, or
- (b) is estimated not to increase the annual cost of the Plan by more than \$5,000,000, or

- (c) is estimated not to increase the annual cost of the Plan by more than \$25,000,000 provided such action is approved and duly executed by the CEO.

Any action taken by the Board or CHRO shall be made by or pursuant to a resolution duly adopted by the Board or CHRO and shall be evidenced by such resolution or by a written instrument executed by such persons as the Board or CHRO shall authorize for that purpose.

The Board or CHRO also shall have the right to make any amendment retroactively which is necessary to bring the Plan into conformity with the Code or which is otherwise permitted by applicable law. Any such amendment will be binding and effective for the Employer.

Any action which is required or permitted to be taken by the Board under the provisions of this Plan may be taken by the Management, Development and Compensation Committee of the Board or any other duly authorized committee of the Board designated under the By-Laws of the Corporation.

The Board, the Management, Development and Compensation Committee or any duly authorized committee of the Board, the CEO or the CHRO may authorize persons to carry out its policies and directives subject to the limitations and guidelines set by it, and delegate its authority under the Plan.

- 5.9 Annual Reporting to the CEO. The CHRO shall report to the CEO before January 31 of each year all action taken by such position hereunder during the preceding calendar year.
- 5.10 Annual Reporting to the Board. The CEO shall report to the Board before January 31 of each year all action taken by such position hereunder during the preceding calendar year.
- 5.11 Delegation of Duties. This Plan is sponsored by Kimberly-Clark Corporation. The Committee reserves the right to delegate any and all administrative duties to one or more individuals or organizations. Any reference herein to any other entity or person, other than the Committee or any of its members, which is performing administrative services shall also include any other third party administrators. The responsibilities of any third party administrator may be governed, in part, by a separate administrative services contract. Current delegates and the scope of their duties are identified in Appendix K. The Committee shall be responsible for maintaining a current listing of all delegates.
- 5.12 Funding. Benefits shall be paid from the general assets of the Corporation.

ARTICLE VI

LIMITATIONS AND LIABILITIES

- 6.1 Non-Guarantee of Employment. Nothing contained in this Plan shall be construed as a contract of employment between an Employer and a Participant, or as a right of any Participant to be continued in the employment of his Employer, or as a limitation of the right of an Employer to discharge any Participant with or without Cause. Nor shall anything contained in this Plan affect the eligibility requirements under any other plans maintained by the Employer, nor give any person a right to coverage under any other Plan.
- 6.2 Non-Alienation. Except as otherwise provided herein, no right or interest of any Participant or Beneficiary in the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, attachment, garnishment, execution, levy, bankruptcy, or any other disposition of any kind, either voluntary or involuntary, prior to actual receipt of payment by the person entitled to such right or interest under the provisions hereof, and any such disposition or attempted disposition shall be void.
- 6.3 Applicable Law. This Plan is construed under, to the extent not preempted by federal law, enforced in accordance with and governed by, the laws of the State of Wisconsin. If any provision of this Plan is found to be invalid, such provision shall be deemed modified to comply with applicable law and the remaining terms and provisions of this Plan will remain in full force and effect.
- 6.4 Notice. Any notice given hereunder is sufficient if given to the Employee by the Employer, or if mailed to the Employee to the last known address of the Employee as such address appears on the records of the Employer.
- 6.5 Service of Process. The Plan Administrator shall be the designated recipient of the services of process with respect to legal actions regarding the Plan.
- 6.6 No Guarantee of Tax Consequences. The Employer makes no commitment or guarantee that any amounts paid to or for the benefit of a Participant under this Plan will be excludable from the Participant's gross income for federal, Social Security, or state income tax purposes, or that any other federal, Social Security, or state income tax treatment will apply to or be available to any Participant. It shall be the obligation of each Participant to determine whether each payment under this Plan is excludable from the Participant's gross income for federal, Social Security, and state income tax purposes, and to notify the Plan Administrator if the Participant has reason to believe that any such payment is not so excludable. This Plan is intended to be compliant with Section 409A of the Code and the guidance promulgated thereunder. Notwithstanding any other provision of this Plan, the Corporation and the Committee shall administer and interpret the Plan, and exercise all authority and discretion under the Plan, to satisfy the requirements of Code Section 409A and the guidance promulgated thereunder and any noncompliant provisions of this Plan will either be void or deemed amended to comply with Section 409A of the Code and the guidance promulgated thereunder.
- 6.7 Limitation of Liability. Neither the Employer, the Plan Administrator, nor the Committee shall be liable for any act or failure to act which is made in good faith pursuant to the provisions of the Plan, except to the extent required by applicable law. It is expressly understood and agreed by each Eligible Employee who becomes a Participant that, except for its or their willful misconduct or gross neglect, neither the Employer, the Plan Administrator nor the Committee shall be subject to any legal liability to any Participant, for any cause or reason whatsoever, in connection with this Plan, and each such Participant hereby releases the Employer, its officers and agents, and the Plan Administrator, and its agents, and the Committee, from any and all liability or obligation except as provided in this paragraph.
- 6.8 Indemnification of the Committee. The Employer shall indemnify the Committee and each of its members and hold them harmless from the consequences of their acts or conduct in their official capacity, including

payment for all reasonable legal expenses and court costs, except to the extent that such consequences are the result of their own willful misconduct or breach of good faith.

APPENDIX A

EMPLOYERS COVERED BY THE KIMBERLY-CLARK CORPORATION
SEVERANCE PAY PLAN

| <u>Employers</u> | <u>Participating Units</u> |
|---|---|
| Kimberly-Clark Corporation | All salaried and hourly non-organized employees* |
| Kimberly-Clark Financial Services, Inc. | All salaried and hourly non-organized employees* |
| Kimberly-Clark Global Sales, LLC | All salaried employees* |
| Kimberly-Clark International Services Corporation | All salaried and hourly non-organized employees except those who transfer to a 50% or less owned foreign subsidiary on a non-temporary basis* |
| Kimberly-Clark Services, Inc. | All salaried employees* |
| Kimberly-Clark Pennsylvania, LLC | All salaried employees* |
| Kimberly-Clark USA, LLC | All salaried and hourly non-organized employees* |
| Kimberly-Clark Worldwide, Inc. | All salaried and hourly non-organized employees* |

*including those on temporary assignment at other employers or in other classifications, but excluding employees on temporary assignment from another Employer or classification.

APPENDIX G

2018 MOBILE FACILITY VOLUNTARY INCENTIVE SEPARATION PROGRAM

1. In General. Notwithstanding the requirement under Section 3.2 of the Plan that Severance Pay is only payable upon involuntary termination, an eligible Participant who voluntarily terminates employment shall receive Severance Pay under subsection 3(a) below if they otherwise qualify under the terms of the Plan and meet the requirements of Sections 2 and 3 below, except to the extent otherwise limited in accordance with the terms approved by the Corporation for the 2018 Mobile Facility Voluntary Incentive Separation Program (the “Program”).
2. Voluntary Severance Election. A Participant qualifies under this Section 2 if such Participant is:
 - (a) an hourly organized Employee employed by the Corporation at its Mobile Facility as of May 21, 2018, and who is represented by United Steelworkers of America (“USW”), Local Unions 1421 or 1575, and who remains employed with the Corporation through the date selected by the Corporation as of the Participant’s Termination Date which is November 15, 2018 (or a different date as designated by the Corporation in its sole discretion); and
 - (b) has submitted a valid election form (the “Election Form”) to participate in the Program to the Mobile Facility’s Human Resources Department within the election period beginning May 21, 2018 and ending at noon (Central Time) on June 11, 2018, and such election is accepted by the Corporation under the terms of the Program; and
 - (c) If more than 15 eligible employees elect the Program, the Corporation will accept elections in order of Mill seniority.
3. Severance Pay. Notwithstanding any provision in the Plan to the contrary, Severance Pay shall be reduced by the amount of any other severance payments, whether under any severance plan or offer letter or other individual agreement, made by an Employer.
 - (a) If a Participant is accepted into the Program and is employed by the Corporation as of the Termination Date, the Participant will be entitled to:
 - (1) a \$30,000 lump sum severance payment under the Program, less ordinary tax withholding and all required deductions from the Corporation.
 - (2) payout of 2019 vacation allotment, provided the Participant has worked at least 1,040 hours in 2018 before the Termination Date.
 - (b) Severance Pay shall be paid as a lump sum cash payment no later than 75 days following the Participant’s Termination Date, provided, however, should any payments under this Plan be delayed no interest will be owed to the Participant with respect to such late payment. Notwithstanding the foregoing, if the last date of Employee’s employment is after October 15, then the payment will always be made in the first applicable pay period in the following calendar year.
4. Release Agreement. No Participant shall be entitled to receive any of the benefits provided under the Program hereunder unless such Participant returns an executed Separation Agreement and Full and Final Release of Claims, in the form required by the Corporation, to the Mobile Facilities Human Resources Department no later than the 45th day after the Participant received the Separation Agreement and Full and Final Release of Claims and such Participant does not revoke such Separation Agreement and Full and Final Release of Claims in writing within the 7-day period following the date on which it is executed. Once

an employee has elected to participate and is selected to participate in the Program, the election cannot be revoked, even if the employee decides not to sign and return the Separation Agreement and Full and Final Release of Claims.

5. Excluded Participants. Notwithstanding any provision in this 31st Amendment to the contrary, the following Participants, and each of the following groups of Participants are excluded from participation in this Program:

- (a) salaried exempt Employees at the Mobile Facility;
- (b) salaried and hourly non-exempt Employees at the Mobile Facility;
- (c) hourly organized Employees at the Mobile Facility who are not represented by United Steelworkers of America (“USW”), Local Unions 1421 or 1575; and
- (d) Employees who voluntarily or involuntarily terminate employment prior to the Termination Date prescribed for such individual by the Employer.

APPENDIX H

2019 FULLERTON MILL SEPARATION PROGRAM

1. In General. Notwithstanding any requirements in the Plan to the contrary, pursuant to the terms of the Plan and the Fullerton Mill Closing Agreement (“Agreement”) dated July 24, 2018 between Kimberly-Clark Worldwide, Inc. (the “Corporation”) and the Association of Western Pulp and Paper Workers, and its Local 672 (“Union”), for and on behalf of all bargaining unit employees at the Corporation’s Fullerton Mill in Orange County, California, a Participant at the Fullerton Mill who meets the conditions in the Agreement shall receive Severance Pay, COBRA continuation coverage under his/her current medical plan, EAP coverage and the additional lump sum payments under the terms of the Agreement. No additional benefits shall be provided under the terms of the Plan. If any of the terms of the Agreement should conflict with the terms of the Plan, the terms of the Agreement shall control.

APPENDIX I

2020 KIMBERLY-CLARK PROFESSIONAL GROUP REDUCTION IN FORCE PROGRAMS

1. In General. Notwithstanding any provisions of Section 4.1(c) of the Plan, with respect to the 2020 Kimberly-Clark Professional Group Reduction-In Force Programs, Eligible Employees who are eligible for Severance Pay under Section 3.2 and whose last day of employment is on October 23, 2020, shall receive Severance Pay in accordance with the revised amended Section 4.1(c) below:
 - 4.1(c) Severance Pay, including the payment of any prorated current year SIP, AIP or MAAP shall be paid as a lump sum cash payment no later than 60 days following the Participant's last date of employment, if the Agreement provides for a 21 day period to consider the release, and no later than 75 days following the Participant's last date of employment if the Agreement provides for a 45 day period to consider the release, provided, however, should any payments under this Plan be delayed no interest will be owed to the Participant with respect to such late payment. Notwithstanding the foregoing, if the Agreement provides for a 21 day period to consider the release and the last date of Employee's employment is on or after November 1, or if the Agreement provides for a 45 day period to consider the release and the last date of Employee's employment is after October 15, then the payment will be made in the first applicable pay period in the calendar year ending December 31, 2020. Notwithstanding the foregoing, any current year EOAAP, or MAAP that is payable to an officer of the Corporation elected by the Board, shall be paid at the same time as it was payable under the provisions of EOAAP or MAAP but no later than 60 days following the end of the calendar year of the Separation from Service.

APPENDIX J

2021 Positioning Kimberly-Clark North America for Growth Project

Section 3.2 of the Plan is hereby amended effective April 14, 2021, to add the following paragraph to read as follows:

Notwithstanding the provisions of Section 3.2(e) of the Plan, if a Participant who is subject to the 2021 Positioning Kimberly-Clark North America for Growth Project (the "Project") is offered a Comparable Position of employment with the Corporation during the election period beginning April 14, 2021 and ending July 12, 2021 (the "Election Period"), the Participant shall continue to be eligible under the Severance Pay notwithstanding such offer, provided the Participant is otherwise eligible under the terms of the Plan. Any offer the Participant receives of a Comparable Position after such Election Period shall make the Participant ineligible for Severance Pay under the Plan relating to the Participant's involuntary termination in connection with the Project.

APPENDIX K

DELEGATION OF AUTHORITY

| Delegate | Duties | Effective Date |
|--|---|-------------------|
| Global Compensation, Global Mobility & Rewards, Sr. Director | Exercise the powers granted under Article 5.7(b) subject to any restrictions imposed by the Corporation's contract signature thresholds, (which currently limits authorization of amounts up to \$150,000) and any other corporate governance policies. | September 1, 2023 |

KIMBERLY-CLARK CORPORATION
CONSOLIDATED SUBSIDIARIES

Abdelia Comercial Ltda., Brazil
Bacraft Industria de Papel Ltda., Brazil
Badgers LLC, Delaware
Beco, Inc., Wisconsin
Colombiana Kimberly Colpapel S.A., Colombia
Comercializadora de Fibras Guaicaipuro, C.A., Venezuela
Comercializadora de Repuestos Industriales Guaicaipuro C.A., Venezuela
Delaware Overseas Finance, Inc., Wisconsin
Durafab, LLC, Wisconsin
Excell Paper Sales Company, Pennsylvania
Gerincomfort Industria e Comercio de Productos Higienicos Ltda., Brazil
Harquahala Mountain Farms, LLC, Arizona
Hoosiers LLC, Delaware
Housing Horizons, LLC, Texas
I-Flow, LLC, Delaware
Jackson Products, Inc., Wisconsin
K.C.S.A. Holdings (Pty) Limited, South Africa
Kalayaan Land Corporation, Philippines
K-C (Hong Kong II) Limited, Hong Kong
K-C Advertising, Inc., Wisconsin
K-C AFC Manufacturing, S. de R.L. de C. V., Mexico
K-C Equipment Finance LP, United Kingdom
K-C Guernsey I Limited, Isle of Guernsey
K-C Guernsey II Limited, Isle of Guernsey
KCSSA East Africa Limited, Kenya
KCSSA West Africa Limited, Nigeria
Kimberly Bolivia S.A., Bolivia
Kimberly Clark Dominican Services SRL, Dominican Republic
Kimberly Clark MEA DMCC, Dubai
Kimberly-Clark (China) Company Ltd, China
Kimberly-Clark (Cyprus) Limited, Cyprus
Kimberly-Clark (Hong Kong) Limited, Hong Kong
Kimberly-Clark (Nanjing) Care Products Co. Ltd., China
Kimberly-Clark (Nanjing) Personal Hygienic Products Company Limited, China
Kimberly-Clark (Tianjin) Care Products Co., Ltd., China
Kimberly-Clark (Trinidad) Ltd., Trinidad & Tobago
Kimberly-Clark (Wuxi) Equipment Technology Co., Ltd., China
Kimberly-Clark Amsterdam Holdings, B.V., Netherlands
Kimberly-Clark Argentina S.A., Argentina
Kimberly-Clark Asia Holdings Pte. Ltd, Singapore
Kimberly-Clark Asia Pacific Headquarters Pte Ltd, Singapore
Kimberly-Clark Asia Pacific Pte. Ltd, Singapore
Kimberly-Clark Atlantic Holding Limited, United Kingdom
Kimberly-Clark Australia Holdings Pty Limited, Australia

Kimberly-Clark Australia Pty. Limited, Australia
Kimberly-Clark B.V., Netherlands
Kimberly-Clark B.V.B.A., Belgium
Kimberly-Clark Bahrain Holding Company S.P.C., Bahrain
Kimberly-Clark Brasil Holdings Limitada, Brazil
Kimberly-Clark Brasil Industria e Comercio de Produtos de Higiene Ltda, Brazil
Kimberly-Clark Brazil Holdings, LLC, Delaware
Kimberly-Clark Canada International Holdings Inc., Canada
Kimberly-Clark Cayman Islands Company, Cayman Islands
* Kimberly-Clark Central American Holdings, S.A., Panama
Kimberly-Clark Chile S.A., Chile
Kimberly-Clark Commercial, Inc., Wisconsin
Kimberly-Clark Commercial, LLC Delaware
* Kimberly-Clark Costa Rica Limitada, Costa Rica
* Kimberly-Clark de Centro America, Limitada de Capital Variable, El Salvador
* Kimberly-Clark de Honduras, S.de R.L. de C.V., Honduras
Kimberly-Clark Dominican Republic S.A., Dominican Republic
Kimberly-Clark Dominicana, S.A., Dominican Republic
Kimberly-Clark Dutch Holdings B.V., Netherlands
Kimberly-Clark Ecuador S.A., Ecuador
Kimberly-Clark Ede Holdings B.V., Netherlands
Kimberly-Clark EMEA GBS Services Spolka Z Ograniczona Odpowiedzialnoscia, Poland
Kimberly-Clark EMEA Holdings Ltd., United Kingdom
Kimberly-Clark Enterprise Inc., Wisconsin
Kimberly-Clark Europe Limited, United Kingdom
Kimberly-Clark European Investment B.V., Netherlands
Kimberly-Clark European Services Limited, United Kingdom
Kimberly-Clark Finance Limited, United Kingdom
Kimberly-Clark Financial Services, Inc., Tennessee
Kimberly-Clark Germany Holding GmbH, Germany
Kimberly-Clark Global Sales, LLC, Wisconsin
Kimberly-Clark GmbH, Austria
Kimberly-Clark GmbH, Germany
* Kimberly-Clark Guatemala, Limitada, Guatemala
Kimberly-Clark Holding Limited, United Kingdom
Kimberly-Clark Holding srl, Italy
Kimberly-Clark Holland Holdings B.V., Netherlands
Kimberly-Clark Hygiene Products Private Limited, India
Kimberly-Clark Inc., Canada
Kimberly-Clark India Private Limited, India
Kimberly-Clark Integrated Services Corporation, Wisconsin
Kimberly-Clark Intercontinental Holding Ltd., United Kingdom
Kimberly-Clark International Holding Limited, United Kingdom
Kimberly-Clark International Services Corporation, Wisconsin
Kimberly-Clark International, S. de R.L. Panama
Kimberly-Clark Investment, Inc., Nevada
Kimberly-Clark Israel Ltd, Israel
Kimberly-Clark Israel Marketing Ltd., Israel
Kimberly-Clark Japan Godo Kaisha, Japan

Kimberly-Clark Kazakhstan Limited Liability Partnership, Kazakhstan
Kimberly-Clark Kereskedelmi Kft, Hungary
Kimberly-Clark Latin America Investments, Inc., Wisconsin
Kimberly-Clark Latin America, Inc., Wisconsin
Kimberly-Clark LDA, Portugal
Kimberly-Clark Limited, United Kingdom
Kimberly-Clark Luxembourg Finance S.à r.l., Luxembourg
Kimberly-Clark Luxembourg Financial Holdings S.a.r.l., Luxembourg
Kimberly-Clark Luxembourg Holdings S.à r.l., Luxembourg
Kimberly-Clark Luxembourg International S.a.r.L., Luxembourg
Kimberly-Clark Luxembourg S.à r.l., Luxembourg
Kimberly-Clark Maghreb SARL, Morocco Kimberly-Clark Magyarország Kft., Hungary
Kimberly-Clark Manufacturing (Thailand) Limited, Thailand
Kimberly-Clark Mediterranean Finance Company Ltd., Malta
Kimberly-Clark Netherlands Holdings B.V., Netherlands
* Kimberly-Clark Nicaragua & Compania Limitada, Nicaragua
* Kimberly-Clark Nicaragua Services & Compania Limitada, Nicaragua
Kimberly-Clark Noordzee Coöperatief U.A., Netherlands
Kimberly-Clark North Asia (HK) Limited, Hong Kong
Kimberly-Clark of South Africa (Pty) Ltd., South Africa
Kimberly-Clark Pacific Finance Company, Cayman Islands
Kimberly-Clark Pacific Holdings Pty Limited, Australia
Kimberly-Clark Palmetto, Inc., Wisconsin
Kimberly-Clark Paper (Shanghai) Co. Ltd, China
Kimberly-Clark Paraguay, S.A., Paraguay
Kimberly-Clark Patriot Holdings, Inc., Cayman Islands
Kimberly-Clark Personal Hygienic Products Co. Ltd., Beijing, China
Kimberly-Clark Pension Trusts Ltd., United Kingdom
Kimberly-Clark Peru S.R.L., Peru
Kimberly-Clark Philippines Inc., Philippines
Kimberly-Clark Polska Sp. Z.o.o., Poland
Kimberly-Clark Products (M) Sdn. Bhd., Malaysia
Kimberly-Clark Produtos Para Saude Limitada, Brazil
Kimberly-Clark Regional Services (M) Sdn. Bhd., Malaysia
Kimberly-Clark S.L.U., Spain
Kimberly-Clark s.r.l., Italy
Kimberly-Clark s.r.o., Czech Republic
Kimberly-Clark SAS, France
Kimberly-Clark Services, Inc., Wisconsin
Kimberly-Clark Singapore Intercontinental Pte. Ltd., Singapore
Kimberly-Clark Singapore Pte. Ltd., Singapore
Kimberly-Clark Southeast Asia Holdings Pte. Ltd., Singapore
Kimberly-Clark Southern Africa (Holdings) (Pty) Ltd., South Africa
Kimberly-Clark Switzerland GmbH, Switzerland
Kimberly-Clark Taiwan, Cayman Islands
Kimberly-Clark Thailand Limited, Thailand
Kimberly-Clark Trading (M) Sdn. Bhd., Malaysia
* Kimberly-Clark Trading and Services Limitada, Costa Rica
Kimberly-Clark Treasury Australia Pty Limited, Australia

Kimberly-Clark Tuketim Mallari Sanayi ve Ticaret A.S., Turkey
Kimberly-Clark Tulip Holdings, B.V., Netherlands
Kimberly-Clark U.K. Operations Limited, United Kingdom
Kimberly-Clark Uruguay S.A., Uruguay
Kimberly-Clark USA, LLC, Wisconsin
Kimberly-Clark Utrecht Holdings B.V., Netherlands
Kimberly-Clark Ventures, LLC, Delaware
Kimberly-Clark Vietnam Holdings Pte. Ltd., Singapore
Kimberly-Clark Vietnam Ltd., Vietnam
Kimberly-Clark Worldwide Australia Holdings Pty. Limited, Australia
Kimberly-Clark Worldwide Taiwan Investment Limited, Taiwan
Kimberly-Clark Worldwide, Inc., Wisconsin
Kimberly-Clark Zimbabwe (Private) Limited, South Africa
KS & J Industria e Comercio Limitada, Brazil
Lava Products Limited, Hong Kong
Limited Liability Company Kimberly-Clark, Russia
Limited Liability Company with Foreign Investment 'Kimberly-Clark Ukraine', Ukraine
Mimo S.A., Argentina
Minnetonka Overseas Investments Limited, Cayman Islands
P.T. Kimberly-Clark Indonesia, Indonesia
P.T. Maju Andalan, Indonesia
P.T. Softex Indonesia, Indonesia
Ridgeway Insurance Company Limited, Texas
SK Corporation, Taiwan
Softex Holdings Limited, Hong Kong
Softex International Limited, Hong Kong
Taiwan Scott Paper Corporation, Taiwan
Technology Systems S.A., Argentina
*Thinx Inc., Delaware
Three Rivers Timber Company, Washington
* VOID Technologies Limited, United Kingdom
* Yuhan-Kimberly Limited, South Korea

* Indicates a company that is not wholly owned directly or indirectly by the Corporation.

We have additional subsidiaries that, if considered in the aggregate as a single subsidiary, do not constitute a significant subsidiary.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-262635 on Form S-3 and Registration Statement Nos. 33-49050, 33-58402, 33-64689, 333-02607, 333-06996, 333-17367, 333-43647, 333-94139, 333-51922, 333-61010, 333-62358, 333-89314, 333-104099, 333-115347, 333-155380, 333-161986, 333-163891, 333-173725, 333-214818, 333-233917, 333-255625, 333-264323, and 333-267480 on Form S-8 of our reports dated February 8, 2024, relating to the consolidated financial statements and financial statement schedule of Kimberly-Clark Corporation and subsidiaries (the "Corporation") and the effectiveness of the Corporation's internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Corporation for the year ended December 31, 2023.

/s/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP

Dallas, Texas

February 8, 2024

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned does hereby constitute and appoint Nelson Urdaneta, Andrew Drexler, Alison Rhoten and Grant McGee, and each of them, with full power to act alone, the undersigned's true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for the undersigned and in the undersigned's name, place and stead, in any and all capacities, to sign Kimberly-Clark Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 2023 and any and all amendments thereto, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any one of them, or their or his or her substitute or their substitutes, lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of February 2024.

/s/ Sylvia M. Burwell

Sylvia M. Burwell

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of February 2024.

/s/ John W. Culver

John W. Culver

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of February 2024.

/s/ Mae C. Jemison

Mae C. Jemison

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of February 2024.

/s/ Deeptha Khanna
Deeptha Khanna

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of February 2024.

/s/ S. Todd Maclin

S. Todd Maclin

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of February 2024.

/s/ Deirdre A. Mahlan

Deirdre A. Mahlan

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of February 2024.

/s/ Sherilyn S. McCoy

Sherilyn S. McCoy

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of February 2024.

/s/ Christa S. Quarles

Christa S. Quarles

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of February 2024.

/s/ Jamie A. Ramirez

Jamie A. Ramirez

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of February 2024.

/s/ Dunia A. Shive

Dunia A. Shive

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of February 2024.

/s/ Mark T. Smucker
Mark T. Smucker

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of February 2024.

/s/ Michael D. White

Michael D. White

CERTIFICATIONS

I, Michael D. Hsu, certify that:

1. I have reviewed this annual report on Form 10-K of Kimberly-Clark Corporation (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Michael D. Hsu
Michael D. Hsu
Chief Executive Officer

February 8, 2024

CERTIFICATIONS

I, Nelson Urdaneta, certify that:

1. I have reviewed this annual report on Form 10-K of Kimberly-Clark Corporation (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Nelson Urdaneta
Nelson Urdaneta
Chief Financial Officer

February 8, 2024

Certification of Chief Executive Officer
Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

I, Michael D. Hsu, Chief Executive Officer of Kimberly-Clark Corporation, certify that, to my knowledge:

- (1) the Form 10-K, filed with the Securities and Exchange Commission on February 8, 2024 (“accompanied report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the accompanied report fairly presents, in all material respects, the financial condition and results of operations of Kimberly-Clark Corporation.

/s/ Michael D. Hsu

Michael D. Hsu
Chief Executive Officer

February 8, 2024

Certification of Chief Financial Officer
Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code

I, Nelson Urdaneta, Chief Financial Officer of Kimberly-Clark Corporation, certify that, to my knowledge:

- (1) the Form 10-K, filed with the Securities and Exchange Commission on February 8, 2024 (“accompanied report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the accompanied report fairly presents, in all material respects, the financial condition and results of operations of Kimberly-Clark Corporation.

/s/ Nelson Urdaneta

Nelson Urdaneta
Chief Financial Officer

February 8, 2024

KIMBERLY-CLARK CORPORATION
Executive Officer Incentive Compensation Recovery Policy

I. Purpose

The Management Development and Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Kimberly-Clark Corporation, a Delaware corporation (the “Company”), has adopted this policy (this “Policy”) which requires the recovery of certain executive compensation in the event that the Company is required to prepare an Accounting Restatement (as defined below). This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), Rule 10D-1 thereunder, and Section 303A.14 of the New York Stock Exchange (the “NYSE”) Listed Company Manual (“Section 303A.14”) and will be interpreted and applied accordingly.

II. Administration

This Policy will be administered by the Committee. The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. Any determinations made by the Committee will be final and binding on all affected individuals.

III. Covered Persons

This Policy applies to the Company’s current and former executive officers, as determined pursuant to Rule 16a-1(f) promulgated under the Exchange Act and including executive officers identified under Item 401(b) of Regulation S-K (“Executive Officers,” and together with any former Executive Officer, the “Covered Persons”).

IV. Recoupment upon an Accounting Restatement

If the Company is required to prepare an accounting restatement due to material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that corrects an error that is not material to previously issued financial statements, but would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (an “Accounting Restatement”), the Committee will reasonably promptly recover the amount of Covered Incentive Compensation that was Received by each Covered Person during the Recovery Period in excess of the amount that would have been Received had such Covered Incentive Compensation been determined based on the restated Financial Reporting Measure, computed without regard to taxes paid (such amount, the “Erroneously Awarded Compensation”), subject to Section VI below. If the amount of Covered Incentive Compensation Received by a Covered Person was based on Company stock price or total stockholder return and is not subject to mathematical recalculation directly from the Accounting Restatement, the amount to be recovered as Erroneously Awarded Compensation will be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total stockholder return upon which the Covered Incentive Compensation was Received. The Company Secretary shall, on behalf of the Committee, obtain and maintain all documentation of the determination of any such reasonable estimate and provide such documentation to the NYSE when required.

For purposes of the foregoing:

- “Covered Incentive Compensation” means Incentive Compensation Received on or after October 2, 2023 by a person: (i) after beginning service as an Executive Officer, (ii) who served as an Executive Officer at any time during the performance period for that Incentive Compensation, and (iii) while the Company has a class of securities listed on a national securities exchange or a national securities association.
- “Financial Reporting Measure” means (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements and any measure that is derived

wholly or in part from any such measure, and (ii) the Company's stock price and the total stockholder return of the Company. A measure, however, need not be presented within the financial statements or included in a filing with the U.S. Securities and Exchange Commission ("SEC") to constitute a Financial Reporting Measure.

- "Incentive Compensation" means any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure.
- "Received" - Incentive Compensation is deemed "Received" in the Company's fiscal period during which the Financial Reporting Measure specified in such Incentive Compensation is attained.
- "Recovery Period" means the three (3) completed fiscal years immediately preceding the date the Company is required under Section 303A.14 to prepare an Accounting Restatement (or such longer period as required under Section 303A.14 in the event the Company changes its fiscal year).

Recoupment of Erroneously Awarded Compensation pursuant to this Policy is made on a "no fault" basis, without regard to whether any misconduct occurred or whether any Covered Person has responsibility for the noncompliance that resulted in the Accounting Restatement.

V. Method of Recoupment

The Committee will determine, in its sole discretion, the method for recouping Erroneously Awarded Compensation hereunder, which may include, without limitation, any of the following:

- Requiring reimbursement of cash Incentive Compensation previously paid;
- Seeking recovery of any gain realized on or since the vesting, exercise, settlement, sale, transfer, or other disposition of any equity-based awards;
- Offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Person (including, without limitation, any severance otherwise payable by the Company to the Covered Person);
- Making a deduction from the Covered Person's salary;
- Requiring the Covered Person to transfer back to the Company any shares he or she received pursuant to an equity award;
- Cancelling, or reducing the number of shares subject to, or the value of, outstanding vested or unvested equity awards; and/or
- Taking any other remedial and recovery action permitted by law, as determined by the Committee.

The Committee will consider Section 409A of the U.S. Internal Revenue Code of 1986, as amended, prior to offsetting recouped amounts against future payments of deferred compensation. In addition, the Committee may, in its sole discretion, determine whether and to what extent additional action is appropriate to address the circumstances surrounding the noncompliance so as to minimize the likelihood of any recurrence.

VI. Impracticability

The Committee will recover any Erroneously Awarded Compensation in accordance with this Policy unless the Committee determines that such recovery would be impracticable because (i) the direct expense paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered, (ii) recovery would violate an applicable home country law adopted prior to November 28, 2022, or (iii) recovery would likely cause an otherwise tax-qualified, broad-based retirement plan of the Company to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder. Before concluding that it would be impracticable to recover any Erroneously Awarded Compensation based on the expense of enforcement, the Company shall make a reasonable attempt to recover such Erroneously Awarded Compensation, and the Company Secretary, on behalf of the Committee, shall document such reasonable attempt(s) to recover and provide that documentation to the NYSE when required. Before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of law, the Committee shall engage legal counsel experienced and qualified to

practice law in the applicable jurisdiction (if such counsel is acceptable to the NYSE) to render an opinion that recovery would result in a violation of law and shall provide such opinion to the NYSE. The Company shall provide funding for the fees and expenses of such legal counsel as approved by the Committee.

VII. No Indemnification or Insurance

Neither the Company nor any of its subsidiaries or affiliates shall indemnify any Covered Person against the loss of any Erroneously Awarded Compensation. Further, the Company shall not pay or reimburse any Covered Person for any insurance policy entered into by a Covered Person that provides for full or partial coverage of any recoupment obligation under this Policy.

VIII. Amendment; Termination

The Committee may amend this Policy from time to time in its discretion in any manner consistent with applicable law and regulation. The Committee may terminate this Policy at any time when the Company does not have a class of securities listed on a national securities exchange or a national securities association.

IX. Other Recoupment Rights

The Committee intends that this Policy will be applied to the fullest extent of the law. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company pursuant to the terms of the Kimberly-Clark Corporation Compensation Recoupment Policy, any similar policy or recoupment provision in any employment agreement, equity award agreement, bonus plan, or similar agreement or plan and any other legal remedies available to the Company. Further, the provisions of this Policy are in addition to (and not in lieu of) any rights to repayment the Company may have under Section 304 of the Sarbanes-Oxley Act of 2002 and other applicable laws.

X. Successors

This Policy shall be binding and enforceable against all Covered Persons and their beneficiaries, heirs, executors, administrators, or other legal representatives.

XI. Disclosure

The circumstances of any recoupment pursuant to this Policy will be publicly disclosed where required by Rule 10D-1, Item 402 of Regulation S-K and Section 303A.14. In accordance with Rule 10D-1, the Policy shall be filed with the SEC as an exhibit to the Company's Form 10-K, as provided in Item 601(b) of Regulation S-K.

XII. Change of Listing

In the event that the Company lists its securities on any national securities exchange or national securities association other than the NYSE, all references to "NYSE" in this Policy shall mean each national securities exchange or national securities association upon which the Company has a class of securities then listed and "Section 303A.14" shall mean the rule(s) relating to recovery of erroneously awarded compensation under the listing rules of such other applicable exchange or association.