KAUTEX
A Textron Company

Kautex Textron global position on water management

Sustainability position paper

1. PURPOSE

This position paper formalizes Kautex Textron's approach to responsible water management across its global operations and value chain. It outlines the company's commitments, performance targets, and governance mechanisms aligned with international sustainability frameworks such as the Corporate Sustainability Reporting Directive (CSRD), Carbon Disclosure Project (CDP), ISO 14001 and global initiatives including the United Nations Sustainable Development Goals (notably SDG 6). Effective water stewardship is central to Kautex's long-term operational resilience, environmental responsibility, and contribution to sustainable industrial development.

2. BACKGROUND AND CONTEXT

Water scarcity and pollution represent urgent global challenges. Climate change is intensifying weather extremes, including droughts, floods, and disruptions to precipitation patterns, placing additional stress on freshwater availability and ecosystems. According to the United Nations, climate change is fundamentally a water crisis, impacting global health, biodiversity, food security, and economic stability (United Nations Climate Action, 2022).

Water Europe emphasizes that water is the most undervalued resource in the world, and achieving a Water-Smart Society—one that ensures water security, sustainability, and resilience—is essential to addressing future challenges (Water Europe, 2021). Moreover, SDG 6 calls for the availability and sustainable management of water and sanitation for all, highlighting that nearly 2 billion people lack access to safely managed drinking water, and about 3.6 billion lack safe sanitation services (United Nations, 2022).

Kautex recognizes these systemic risks and their implications for manufacturing operations, particularly in regions already experiencing high water stress. As a manufacturer operating globally, Kautex is committed to proactively embedding water responsibility into our company-wide environmental strategy.

The growing emphasis from regulators, investors, and sustainability rating agencies demands measurable and transparent water performance. Kautex’s water strategy addresses these expectations through a structured Key Performance Indicator (KPI) framework, site-specific risk assessments and ongoing investments in efficiency and innovation.

3. DEFINITIONS

Water Withdrawal

The total amount of water brought into a facility from any source to support operations, utilities, sanitation, or any other site activities, excluding groundwater remediation. This includes water from:

- Third-Party Suppliers: Water supplied by municipalities, utilities, or other organizations to the site.
- Surface Water: Water taken directly from natural sources such as rivers, lakes, or ponds (if the facility has a permitted intake line).
- Brackish/Seawater: Water with high salt content.
- Groundwater: Water pumped from onsite or offsite wells, regardless of depth or recharge rate. Groundwater used solely for remediation purposes shall be excluded.
- On-site Generated Water: Water that is created as part of material processing and subsequently reused within the site.

Water Discharge

The total volume of water released from a facility to any external destination after use in operations. Discharge destinations may include surface water bodies, municipal wastewater systems, groundwater infiltration, or offsite treatment facilities. Water discharge volumes represent the portion of water withdrawal that leaves the facility boundary after operational use.

Water Consumption

Water consumption describes the portion of water withdrawn that is not returned to the same watershed due to evaporation, incorporation into products or materials, losses, or transfers to a different basin. Water consumption represents a net reduction in locally available water resources.

Water Replenishment

Water replenishment refers to water measurable volume that restores or improves water availability and quality within a watershed in relation to an organization's water withdrawal volume, supporting the progressive reduction of its net water impact. Effective replenishment activities must be additional, quantifiable, and located within the relevant watershed.

4. STRATEGIC POSITION ON WATER

4.1. WATER USE REDUCTION AND EFFICIENCY

Kautex is aligned with Textron's 2030 sustainability goals and aims to improve water use efficiency through conservation measures, optimized processes and digital monitoring systems as follows:

- With a target of 10% reduction in water withdrawal intensity (m^3/€ revenue) by 2030 for manufacturing plants from the 2025 baselines.
- Targeting 100% of facilities to implement site-wide water withdrawal monitoring system by 2030.

4.2. WATER DISCHARGE

Kautex intends to support the protection of freshwater and local ecosystems. This requires comprehensive discharge management as follows:

- Disclose discharge destinations (e.g., surface water, municipal treatment systems, groundwater, off-site treatment) for 100% of facilities by 2030.
- Targeting to implement site-wide water discharge monitoring systems across all facilities (except high-stress regions) by 2035 enabling continuous or high-frequency tracking of key parameters and improving early detection of deviations.

4.3. WATER QUALITY

Protecting water quality is an essential component of responsible water stewardship and is critical to safeguarding local ecosystems and community well-being. In line with this commitment, Kautex aims to strengthen wastewater management through the following actions:

- Maintain full regulatory compliance with local discharge quality standards at all Kautex facilities.
- Aim to monitor key pollutants and ensure discharge levels remain below regulatory limits by 2030, with continuous improvement measures where feasible. Focus parameters include:
    - Oils & Fats
    - BOD/COD (Biochemical Oxygen Demand / Chemical Oxygen Demand)
    - TSS (Total suspended solids)
    - Additional site-specific parameters as required by local permits or risk assessments.

4.4. WATER MANAGEMENT IN HIGH-STRESS REGIONS

A significant proportion of water withdrawal occurs in water-scarce or climate-vulnerable regions assessed by the WWF Water Risk Filter (WWF Water Risk Filter). Given the heightened environmental and operational risks in these areas, Kautex aims to strengthen water stewardship through the following targeted actions:

- Reduce absolute withdrawals from high-stress regions (India, Spain, and Mexico) by 20% by 2030 from the 2025 baselines;
- Maintain total withdrawals from high-stress regions to ≤2% of Kautex's global water usage;
- Implement water discharge monitoring system by 2030.

These targets are based on an internal preliminary assessment of Kautex sites in India, Spain, and Mexico, which identified realistic opportunities for reducing withdrawals through operational efficiencies, process optimization, increased water reuse, and the implementation of enhanced monitoring systems.

4.5. WATER GOVERNANCE AND RISK MANAGEMENT

Robust water governance is essential to ensuring consistent performance, regulatory compliance, and long-term resilience across all Kautex operations. Governance structures define clear accountability, ensure transparent reporting.

Kautex plans to:

- Conduct annual water risk assessments for 100% of major operational sites, addressing physical, regulatory, and reputational risks.
- Ensure 100% timely submission of regulatory water-related reporting across all facilities.
- Strengthen ESG oversight at the Kautex Senior Leadership Team (SLT) level, ensuring that by 2030 the SLT includes members with sustainability and water expertise.
- Evaluate facilities for water-related risks, impacts, and opportunities, integrating findings into strategic decision-making, operational planning, and capital expenditure processes.

4.6. SUPPLY CHAIN AND VALUE CHAIN ENGAGEMENT

Water impacts extend beyond Kautex's direct operations, especially within upstream suppliers that may operate in water-stressed regions or involve water-intensive processes. Strengthening supplier engagement is therefore essential to achieving a holistic and resilient water strategy, for this reason Kautex aims to the following:

- Engage key suppliers to report water use, risks, and reduction measures by 2030, prioritizing suppliers in high-stress or high-impact categories.

- Integrate water stewardship criteria into procurement processes, including requirements for water monitoring, compliance alignment, and risk mitigation plans by 2035.
- Encourage suppliers to set their own water-reduction targets, aligned with Kautex goals and international frameworks.
- Promote best practices related to water efficiency, wastewater treatment, circularity, and climate-resilience measures within the value chain.

By extending water stewardship across the supply chain, Kautex enhances overall resilience, reduces exposure to shared water risks, and supports sustainable industrial ecosystems.

5. KPI FRAMEWORK AND PERFORMANCE TRACKING

5.1. WATER WITHDRAWAL AND CONSUMPTION

KPI	Target	Timeline	Scope	Strategic Relevance
Site-wide water withdrawal monitoring systems implemented	100%	2030	All sites	Enables CSRD-compliant data traceability and operational optimization
Reduction in water withdrawal intensity (m^3/€ revenue)	−10% vs. 2025 baseline	2030	All sites	Improves efficiency in line with Textron's 2030 sustainability goals
Absolute water withdrawal reduction	−20% vs. 2025 baseline	2030	India, Spain, México	Strengthens climate resilience and supply continuity
Total withdrawals from high-risk areas	≤2% of global water use	2030	India, Spain, México	Supports WWF and CDP disclosure requirements

5.2. WATER QUALITY AND DISCHARGE

KPI	Target	Timeline	Scope	Strategic Relevance
Implementation of all site water discharge monitoring systems	100%	2035	All sites	Enables continuous monitoring, early detection and compliance assurance
Disclosure of discharge destination	100%	2030	All sites	Improves transparency and area-specific water strategies
Regulatory compliance with discharge quality standards	100%	Ongoing	All sites	Ensures protection of ecosystems and legal compliance
Monitoring of key pollutants (Oils & Fats, BOD/COD, TSS)	-	2030	All sites	Protects water bodies and maintains compliance

5.3. GOVERNANCE & RISK MANAGEMENT — KPIs FALTANTES

KPI	Target	Timeline	Scope	Strategic Relevance
Completion of water-related risk, impact and opportunity assessments	100% of sites evaluated	Annually	All sites	Integrates water risk into strategic decision-making

5.4. SUPPLY CHAIN ENGAGEMENT

KPI	Target	Timeline	Scope	Strategic Relevance
Key suppliers reporting water use, risks and reduction measures	5% of total suppliers	2030	High-risk or strategic suppliers	Drives value-chain transparency and risk reduction
Procurement integration of water stewardship criteria	-	2035	Procurement processes	Ensures responsible sourcing and water-aligned purchasing

6. REFERENCES

a) United Nations (2022). Goal 6: Ensure availability and sustainable management of water and sanitation for all. UN Sustainable Development Goals Report 2022. https://unstats.un.org/sdgs/report/2022/goal-06/
b) United Nations Climate Action. Water and Climate Change. https://www.un.org/en/climatechange/science/climate-issues/water
c) Water Europe. Water Vision: A Water-Smart Society for a Sustainable Europe. https://watereurope.eu/water-vision/