

K E R I N G



Kering Water Strategy

Pioneering Water-Positive in Luxury

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Executive Summary

Our Challenges & Opportunities

- Our direct operations and our suppliers' operations depend on water but also have impacts on water quality, water availability, and water accessibility
- Our main environmental risks are linked to water: increased gravity and frequency of floods, drought, landslides, storms, fires, etc. which can lead to asset destruction, raw material scarcity and/or price increases, and supply chain disruptions
- Our opportunity is to spearhead a just transition by helping stakeholders across our value chain become water-positive and gain in resilience

Our Ambition : Pioneering Water-Positive in Luxury

For Kering, being water-positive means going beyond reduction to actively restore water cycles and ecosystems through systemic change to achieve water-positive impacts.

- We will focus on our value chain and the surrounding ecosystems to advance ecological health and peoples' livelihoods and well-being
- We will focus on tiers that are material in terms of water: Direct operations, Strategic Suppliers' industrial operations, Raw Material production and the ecosystems they impact
- We will collaborate with stakeholders and using state-of-the-art methods to go beyond "avoid and reduce" to restore, regenerate, and transform systems to create water-positive impacts

Our Overall Target

Net Water Positive Impact by 2050, with measured Net Positive Water Impacts in key hotspots by 2035

To succeed, a series of targets have been defined to support this goal in Direct operations, with Strategic Suppliers, Raw Materials production and the ecosystems they impact.

Our Strategy : Three Key Programmes

Ensuring efficient water management in direct operations, collaborating with suppliers and partners for responsible water stewardship and risk mitigation to gain in resilience and quantifiable contributions to Net Positive Water Impacts.

1. Water-Positive Stewardship Program AVOID & REDUCE

Elevating water stewardship in direct operations and collaborating with strategic suppliers to promote water efficiency and improve quality and quantity of water.

2. Water-Positive Raw Materials REGENERATE

Centering our raw material sourcing on materials which alleviate pressures on nature and water (recycled, innovations, etc.) and from regenerative agriculture leading to reducing pollution and replenishing watersheds in a quantifiable way.

3. Water Resilience Labs TRANSFORM

Developing healthy freshwater ecosystems with local stakeholders in water-stressed hotspots and quantifying the regeneration and replenishment within each of our 10 priority water basins thanks to a Climate-Nature-Water nexus approach.

Introduction

Water is fundamental to the global economy, to healthy ecosystems, to human survival. Water is life. Yet, the world faces unprecedented water scarcity, with nearly half the population experiencing severe shortages at least part of the year and over 2 billion people lacking access to clean, safe drinking water. No region is spared from the intensifying cycles of droughts and floods, with 90% of climate events linked to water (United Nations). Water scarcity threatens peoples' lives, causes biodiversity loss, disrupts local communities, and increases material financial risks, with mounting pressure on resources driving potential conflicts and economic instability.

Water is also the world's primary economic resource, with industries like agriculture, energy, and textiles consuming 80% of available supplies. Demand is projected to exceed freshwater availability by 40% by 2030, jeopardizing global supply chains (United Nations). Meanwhile, 80% of industrial and agricultural wastewater is discharged untreated, compounding the crisis. Without urgent transformation, worsening climate change, destructive land use, and unsustainable consumption will push the Earth's hydrological cycle past breaking point which could lead to severe consequences for businesses and humanity alike.

The need for responsible corporate water stewardship to operate within planetary boundaries has never been more urgent.

Like all fashion and luxury companies, our business resilience is deeply tied to water resilience. Water lies at the core of every stage of Kering's value chain, from the production of our raw materials to their transformation into our luxury products, to their distribution, as well as consumer use and, in some instances, end-of-life. Water also lies at the heart of the well-being of the many people in our value chain and the surrounding communities.

We believe that responsible water stewardship is not just about reducing water dependence in our own operations, rather, it focuses on water resilience across our entire value chain and beyond. While Kering has been committed to water reduction targets and efforts as a priority for decades, we are taking further steps in our sustainability journey. Our ambition is to have a Net Water Positive Impact by 2050, with measured Net Positive Water Impacts in our key hotspots by 2035.

A Climate-Nature-Water nexus approach to leverage the interlinkages within ecosystems is essential to reach these water-positive targets. We will work collectively with our many stakeholders to go far beyond reductions and contribute to regenerating and sustaining the hydrological cycle in the surrounding ecosystems of the water basins where we operate, with a mind to tackle compound risks. Ultimately, our aim is to actively restore water-stressed ecosystems and deliver water-positive outcomes to enhance social, environmental and economic resilience and seriously improve the quality, quantity and accessibility of water for all.

Kering's new Water-Positive Strategy aims to catalyze transformation on-the-ground and create a multiplier effect. As a paradigm shift, the strategy's approach will chart a new way forward for responsible corporate water stewardship within our sector and pioneer Water-Positive in luxury.

Our Ambition : Pioneering Water-Positive in Luxury

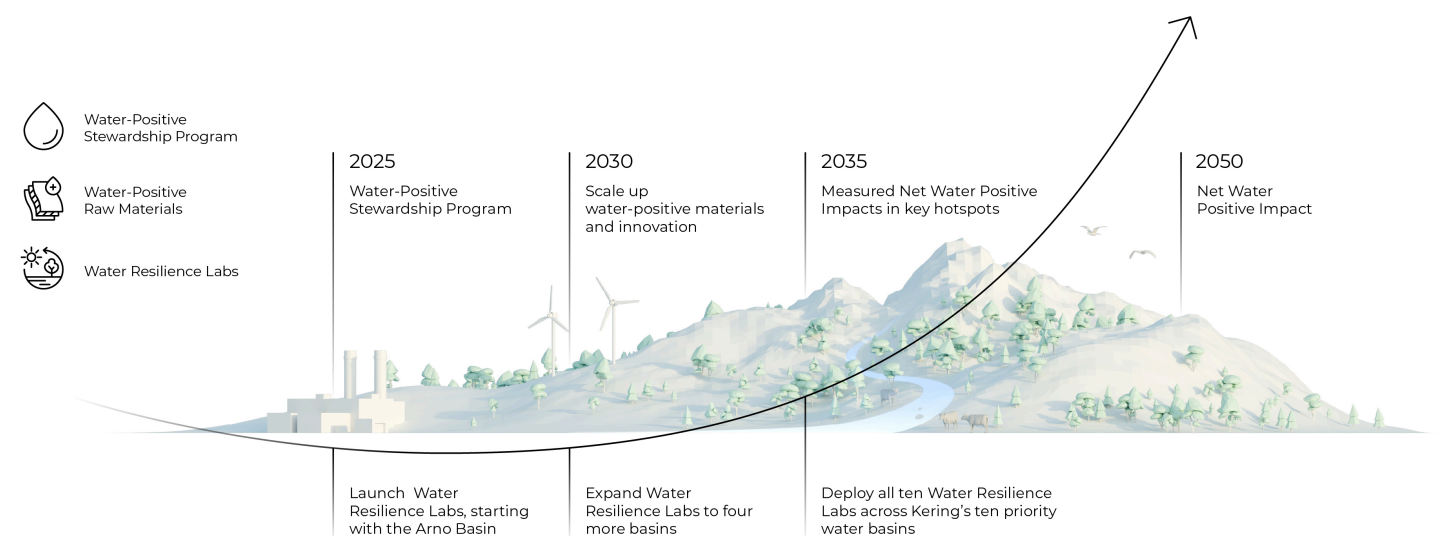
Already committed to a Nature Positive journey, as outlined in our [Biodiversity Strategy](#), Kering is now determined and proud to pioneer a water-positive approach in the luxury industry.

Definition

For Kering, being water-positive means going beyond reduction to actively restore water cycles and ecosystems through systemic change and a Climate-Nature-Water nexus and people-centric approach.

Inspired by the Net Positive Water Impact (NPWI) goal, our Water-Positive Strategy addresses water availability, quality, and accessibility. By reducing water use and water pollution and increasing water accessibility and stakeholder engagement, our aim is to ensure contributions to basin health which exceed negative impacts, by building resilience within planetary boundaries.

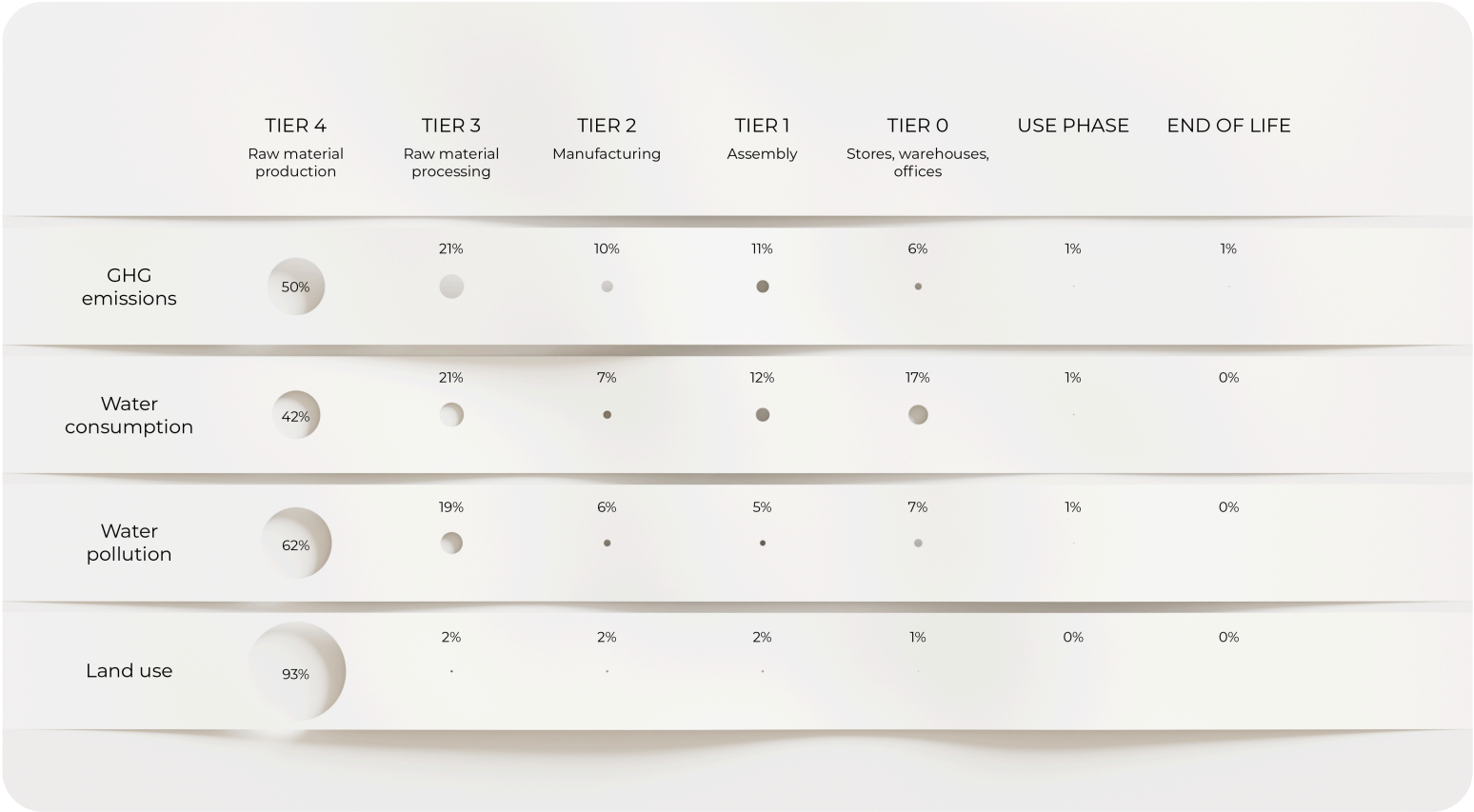
Beyond reductions towards water-positive



Prioritizing Our Actions

Kering is committed to pioneering water-positive leadership in the luxury sector by driving meaningful change across our entire value chain and beyond. Only around 17% of water impacts are linked to our direct operations, similar to all fashion and luxury companies, and focusing on this solely does not amount to responsible water stewardship. Furthermore, by focusing on the entire value chain, Kering ensures a more comprehensive understanding of associated environmental impacts, enabling targeted strategies to minimize impacts and drive sustainability. Our focus is on addressing the critical challenges of water quantity, quality, and accessibility to enhance water resilience for all. For over ten years, Kering has used our Environmental Profit & Loss (EP&L) tool to assess the Group's environmental footprint across our value chains. It enables us to measure impacts on natural capital from raw material production to consumer use and product end of life, and understand which tiers of the value chain have the most significant impact.

Figure 1: A section of Kering's 2024 Group EP&L that focuses on the Climate-Nature-Water nexus; environmental impacts relating to the product life-cycle



The EP&L helps us focus on Kering's Tiers 0-3 industrial processes and Tier 4 raw material production, the most significant impacts and challenges associated with water. The luxury and fashion industry has a significant water footprint associated with its various activities at each of these tiers. Sector-wide challenges and impacts have been identified in the table below.

Figure 2: Examples of water challenges in the sector's value chains, organized according to Kering's EP&L

Value chain Tiers	Water Quantity	Water Quality	Ecosystem Impacts
Tier 4 : Raw Material Production	<ul style="list-style-type: none"> • Precious Metal & stone extraction • Irrigation for cotton and other crops • Animal rearing • Wood pulp production for man-made cellulosic fiber (MMCF) 	<ul style="list-style-type: none"> • Agricultural runoff (usage of synthetic fertilizer and pesticides, livestock waste) • Pollutant wastewater & hazardous effluents from: synthetic fiber production, such as viscose 	<ul style="list-style-type: none"> • Freshwater depletion (ponds, lakes, rivers, streams, etc.) • Soil exhaustion • Land degradation • Water pollution (groundwater, ponds, etc.) • People-related risks such as lack of access to water for health and/or their income generating activities
Tier 3 : Raw Material Processing	<ul style="list-style-type: none"> • Tanning and dyeing processes • Cooling machinery • Animal fiber scouring • Other textiles pre-treatments for fabric preparation to wet-processing • Need for WASH in facilities 	<ul style="list-style-type: none"> • Tanning processes • Pollution from textiles processing and manufacturing • Zero Discharge of Hazardous Chemicals (ZDHC) • Chrome • Thermal pollution 	<ul style="list-style-type: none"> • Water chemical pollution (all aquatic ecosystems) • Discharge of chemicals in water bodies • Biodiversity loss • Microfiber/ micro-plastic pollution • Health risks from contaminated water • People-related risks such as health risks and access to water
Tier 2: Components Manufacturing	<ul style="list-style-type: none"> • Water use in galvanizing, printing, pre-washing processes • Need for WASH in manufacturing facilities • Textile dyeing, printing, finishing (wet processing) 	<ul style="list-style-type: none"> • Chemicals for textile pre-treatments • Chemicals for textile dyeing, printing, finishing (wet-processing) • Thermal pollution • Usage of PFAS 	<ul style="list-style-type: none"> • Water chemical pollution • Health risks from contaminated water • Microfiber/micro-plastic pollution • People-related risks such as health risks and access to water
Tier 1: Assembly	<ul style="list-style-type: none"> • Eyewear assembly requires some water use • Cleaning of final textile products • Need for WASH in facilities 	<ul style="list-style-type: none"> • Chemical residues from adhesive or coatings 	<ul style="list-style-type: none"> • Water pollution • People-related risks such as health risks and access to water
Tier 0: Operations (Warehouses, Offices, and Stores)	<ul style="list-style-type: none"> • Water use for office facilities, cooling, sanitation 	<ul style="list-style-type: none"> • Release of wastewater from cargo ships • Indirect water pollution from supply chain activities 	<ul style="list-style-type: none"> • Pollution from transportation waste

Figure 2 shows the materiality of water-related challenges within our value chain and, consequently, this channels our focus. To break this down further: for water withdrawals, the focus of this strategy is on wet processing (tanning leather, washing wool, dyeing textiles, eyewear assembly), extraction of precious metals and stones, and agricultural production; and for water quality, our focus is on heavy metals, hazardous chemicals, and microplastic reduction in the industrial processes and reduction of these inputs in agricultural production.

Kering's Double Materiality Assessment and "IROs" (Impacts, Risks, and Opportunities), as outlined in our 2024 Universal Registration Document (URD), highlight water-related risks such as water scarcity, raw material availability, and flooding.

The Group mapped climate- and nature-related risks and opportunities—both physical and transitional—across its entire value chain, identifying key dependencies, impacts, and risks in water management. Water challenges are inherently local and shared: a risk to Kering is also a risk to its suppliers and other stakeholders in the area. Therefore, a holistic approach is essential to understanding and mitigating these risks collectively, ensuring business continuity and resilience throughout the value chain.

For these reasons, Kering's goals within our Water-Positive Strategy will focus on our direct operations, strategic suppliers' operations, raw material sourcing and ecosystems.

Adopting a Holistic Ecosystem Approach

While Kering has a global strategy, gaining in resilience is essentially local. In considering Kering's value chain, all zones are not facing the same level of water-related stress. In 2023 and 2024, Kering participated in the Science-based Targets for Nature pilot project within which the SBTN methodology helped Kering prioritize 10 key water basins associated with our business activities which are most critical. These 10 key hotspots have been determined using a series of tools such as the World Resource Institute Aqueduct (figure 3 below), the WWF Risk Filter and the Science Based Target for Nature assessment.

The methodology to prioritize Kering's 10 key hotspots consists in having a quality and quantity approach with respect to the basin and surrounding land but also assessing key pressures on ecosystems and using state of nature indicators such as terrestrial ecosystem conversion, water pollution, soil and biodiversity health, and ecosystem condition to identify areas requiring priority bold action. Going forward, Kering will carry out further assessment on the ground to help define basins-specific action plans and better focus our actions and objectives.

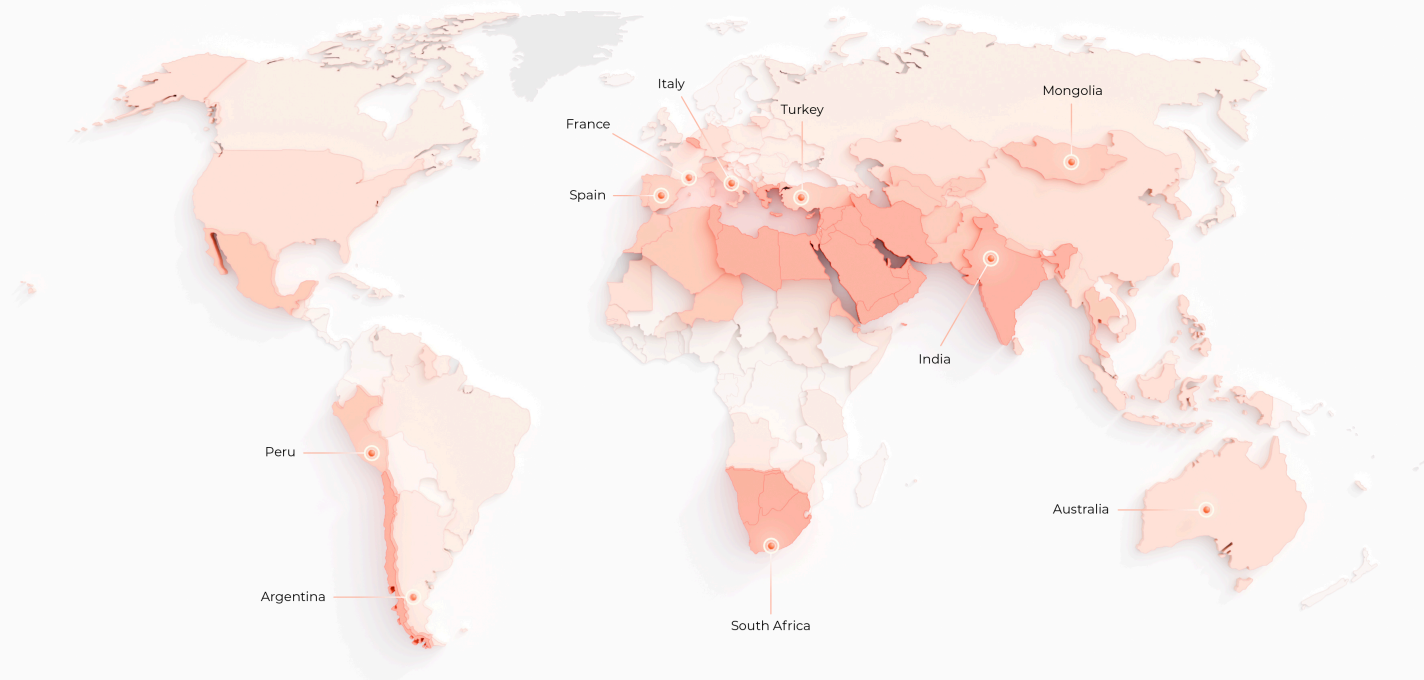
10 Kering Key Hotspots

Figure 3: 10 Kering key hotspots superimposed in WRI's mapping of water stress by country.

Source: [WRI Aqueduct](#), S. Kuzma, L. Saccoccia and M. Chertock, 2023

Baseline Water Stress

Extremely high (>80%)	High (40-80%)	Medium-high (20-40%)	Low-medium (10-20%)	Low (<10%)
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Kering's 10 key hotspots will be particularly critical for us to aim for resilience. To ensure progress, we will quantify impacts to align to Net Positive Water Impact (NPWI), an outcome-based goal that contributes to resilience by enhancing water security for businesses, communities and ecosystems. To build the approach, we are creating a dedicated program called Water Resilience Labs, one in each of these 10 key hotspots by 2035. These Labs will foster collaboration with peers, suppliers and all relevant stakeholders with the aim to deliver water-positive outcomes in the basins we operate through a nexus approach, ensuring the restoration of ecosystemic services and stabilization of water-related benefits upon which we all depend. The Water Resilience Labs are described in full in the dedicated section later in this document.

This comprehensive approach makes Kering's Water-Positive Strategy not just about reducing water dependence in our operations and across our value chain but rather addressing root causes by implementing long-lasting solutions. Acknowledging that water must be a common good, collectively managed, it is about building up the availability of clean water for all and enhancing social, environmental and economic resilience in our key material water basins.

Our Commitment

With our new Water-Positive Strategy, Kering is committing to create lasting, meaningful water-positive change for people and the environment, within the planetary boundaries across our activities and our landscapes.

As such, we want to have a Net Water Positive Impact by 2050, with measured Net Positive Water Impacts in our key hotspots by 2035.

Our Water-Positive Strategy will help us reach these goals and guide the Group to be exemplary in our direct operations, catalytic with our suppliers, regenerative in our sourcing of raw materials, circular in our downstream value chains, and restorative for the ecosystems in the surrounding communities. While we acknowledge that our Group's activities – and impacts - account for only a small percentage of the basins' total activities, given the number of other companies partnering with suppliers operating in these regions, we are adopting a holistic approach. Going beyond our own footprint is part of our philosophy at Kering and, most importantly, one that can trigger real, measurable outcomes. Our Water-Positive Strategy is grounded in science and bounded by ecological limits, as exemplified by our freshwater and land targets, the first-ever to be validated by the Science-Based Targets for Nature (SBTN) initiative and published.

Given the inextricable linkages between water, biodiversity and climate, this strategy supports and aims to contribute to the Group's existing SBTi-approved targets for greenhouse gas emissions reduction, our SBTN commitments for land and freshwater and our biodiversity strategy. We are committing to spark positive synergies, leveraging improvements within the hydrological cycle to improve biodiversity and climate resilience, with greenhouse gas reductions. By accelerating our efforts and implementing a Climate-Nature-Water nexus approach, Kering hopes to create lasting benefits for communities and ecosystems across multiple continents by making contributions to improve quality, quantity and accessibility of water for all.

In line with our commitment to transparency and knowledge-sharing, Kering will report progress made on rolling out our new Water-Positive Strategy and lessons learnt in annual public disclosures.

Governance

Kering's Water Positive-Strategy is resolutely transversal, endorsed by Kering's leadership, at C-suite and Board level, and integrated into our governance framework. Water-related objectives are embedded within the goals of the Sustainability Committee of Kering's Board, ensuring that water stewardship is a core component of our sustainability strategy.

Nature-Positive and Water-Positive are also important to our business strategy as resilience throughout the value chain is a key risk mitigator, differentiator and can help create value.

Kering's Water-Positive Strategy is a Group-wide initiative, ensuring comprehensive implementation across all operations, including raising awareness among employees about the importance of water. Our Houses will carry it through their activities and products as they will be able to make the best choices in raw materials with a positive impact on water from strategic suppliers who will be transforming with us through better water stewardship. By fostering collective action and leveraging the strengths of each House, Kering is committed to driving transformative change within the Group; by building water positive and resilience standards which will ultimately support a much-needed reframing of corporate best practices for the luxury sector and beyond.

To coordinate and monitor progress, Kering is establishing a Transversal Operational Water Strategy Committee, composed of internal experts and C-Suite directors. This Committee will play a crucial role in driving our water initiatives across the Group, integrating water-related topics in strategic decision-making.

To amplify this commitment, Kering has joined the CEO Water Mandate and the Water Resilience Coalition (WRC), a CEO-led initiative under the UN Global Compact dedicated to addressing the global water crisis. By collaborating with WRC, we aim to create powerful synergies between WRC priority basins and our own, to help catalyze positive water impacts at scale with our peers, our suppliers, and other partners to help accelerate a "water-positive" paradigm in the luxury and fashion industry.

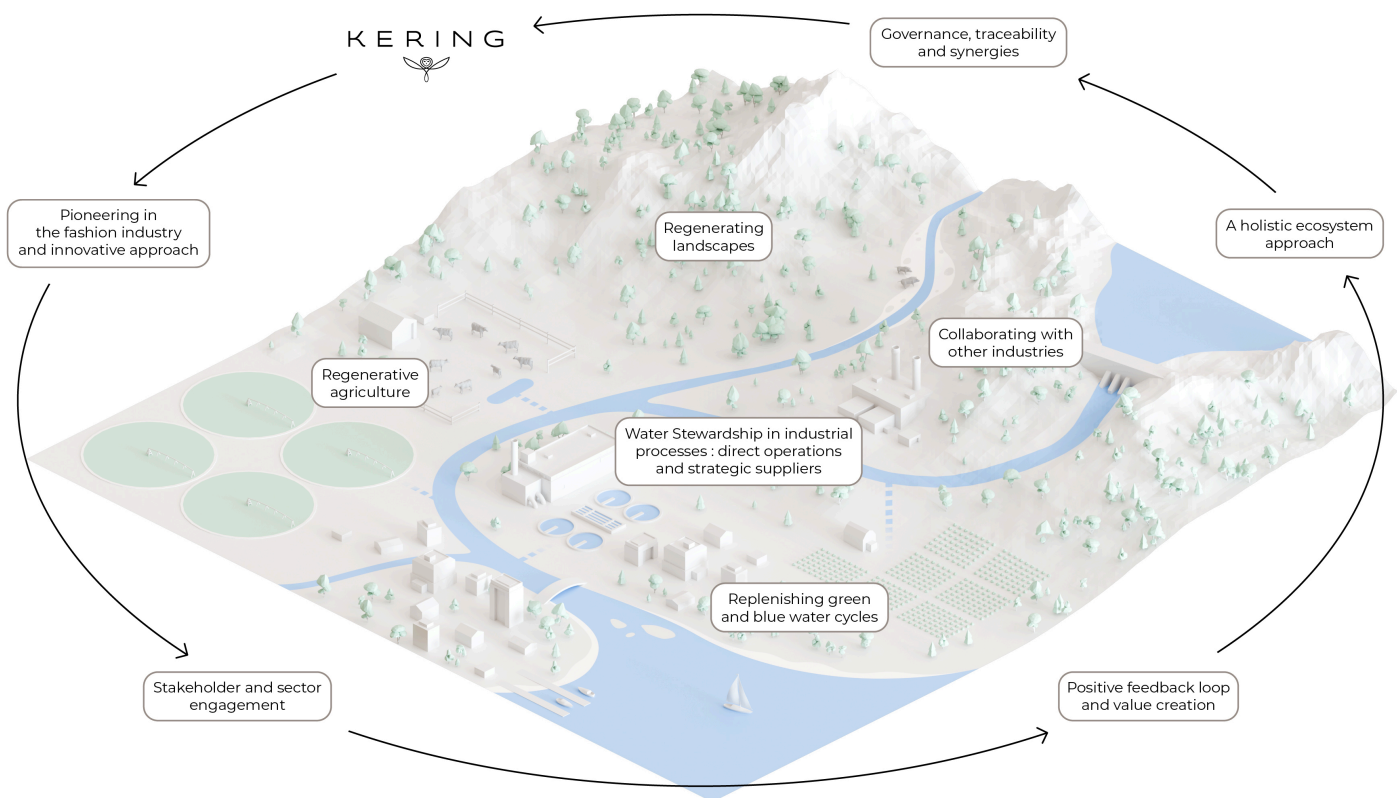
Levers and Measurable Actions

To achieve Kering's water-positive goals, accurate and transparent measurement of water use and water pollution across our Group's value chain is crucial. To support and inform strategic decision-making and effective governance, Kering is committed to continuously improving our measurement and monitoring of water-related impacts through three key levers:

- **Enhancing our water footprinting approach with our Environmental Profit & Loss (EP&L) tool.** Currently our EP&L analysis includes water consumption and water pollution. The updated version of our EP&L adds new water-specific impact factors and indicators: eutrophication (freshwater and marine), freshwater ecotoxicity and withdrawal. Kering is committed to continuously improving our primary data and impact factors to sharpen our understanding of our raw materials' impacts, in our business units, and proactively improve the measurement of our positive contributions.
- **Enhancing traceability across all tiers of our supply chain and for all business units,** ensuring water usage and pollution are better tracked from raw material sourcing through to finished products. This improved traceability will enable us to pinpoint hotspots, manage risks more effectively, and implement water positive stewardship initiatives where they are needed most.
- **Spearheading collective action by participating in water-related initiatives and alliances, namely:**
 - Launching Funds (e.g. the Regenerative Fund for Nature) and coalitions (e.g. the Watch and Jewellery Initiative 2030, the Fashion Pact) to drive systemic change collectively.
 - Joining alliances dedicated to water-positive stewardship such as the CEO Water Mandate and the Alliance for Water Stewardship (AWS) to align with the best international standards and identify likeminded partners for pursuing better water stewardship in specific basins.
 - Participating in sectorial collectives like One Planet Business for Biodiversity (OP2B) and Textile Exchange to promote implementation of regenerative practices and outcomes.
 - Piloting science-based methodologies with peers to foster alignment on performance indicators via initiatives like the Science-Based Targets for Nature initiative (SBTN).

Leveraging these three levers in tandem will support the rollout of our Water-Positive Strategy by enhancing data, best practices, and collective and actionable priorities.

Figure 4: Kering's holistic Water Strategy, Pioneering Water-Positive in Luxury

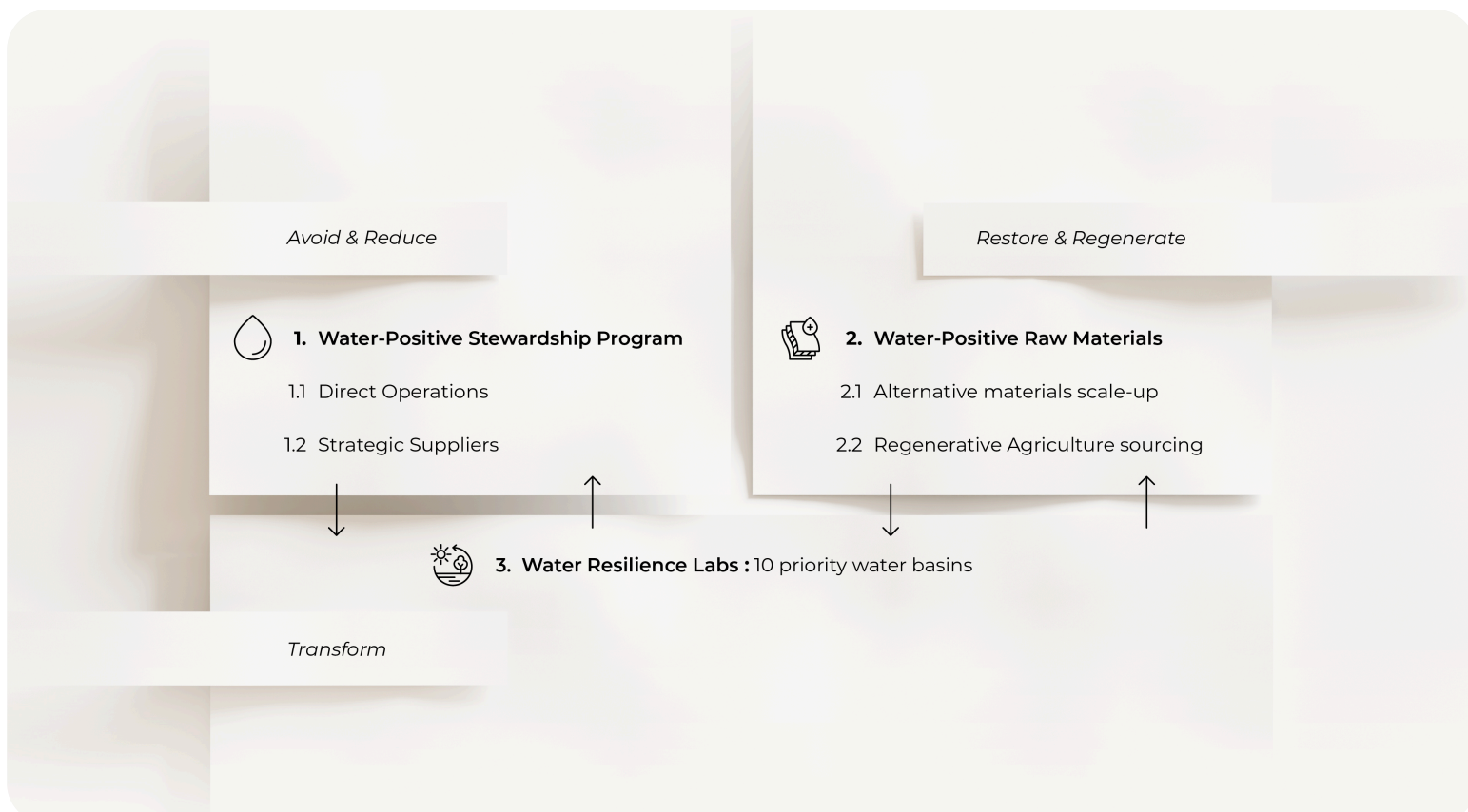


Our Roadmap And Targets To Water-Positive

We have built a comprehensive roadmap based on the mitigation hierarchy (avoid, reduce, restore, regenerate and transform), with considerations for people and for the environment, all of which are underlined by a series of targets to follow on our journey to water-positive. Focusing on priority water-related activities throughout our value chains and the ecosystems upon which they depend, we will enable positive impact by:

- Avoiding excessive water use and water pollution and reducing negative impacts in both our industrial operations and those of our strategic suppliers, with our Water-Positive Stewardship Program.
- Restoring, regenerating, and replenishing green and blue water resources and reducing nutrient loads via our raw material sourcing with our commitment towards sourcing Water-Positive Raw Materials via regenerative practices and nature-based solutions.
- Transforming practices and landscapes with our Water Resilience Labs Program, aiming for positive impacts that are key to gaining triple resilience (environmental, social, economic resilience) across our top 10 priority water basins via a Climate-Nature-Water nexus approach.

Figure 5: Three water-positive programs in the value chain mapped within the mitigation hierarchy





1. Water-Positive Stewardship Program

The Water-Positive Stewardship Program is designed to ensure resilient water management within both our direct operations (1.1) and our strategic suppliers' industrial operations (1.2).

The program focuses on improving water use, reducing pollution, and enhancing resilience, all for marked progress across the next ten years and ultimately contribute to a Net Positive Water Impact by 2050.

1.1 Water-Positive Stewardship in Direct Operations

Ensuring efficient water management in our direct operations is a foundational step of Kering's Water-Positive Strategy. Further advancing water stewardship within our sites, particularly in our offices, warehouse and stores as well as Kering-owned tanneries and industrial production sites, is critical to reducing our water footprint, enhancing operational resilience and accelerating our decarbonization journey as stated in the Kering Framework for Buildings. Further, the LEED certification encourages sites to take a comprehensive approach to water use, from reducing consumption to improving water quality and managing rainwater. For industrial sites, specific indications are given depending on the process.

Our biggest water challenges in our direct operations lay within our industrial processes, and more specifically, in our tanneries. We aim to elevate water stewardship in our sector more broadly by promoting new models for water efficiency and water recycling. We are also investing in innovative processes, to reduce water withdrawals and also water pollution by eliminating the use of harmful substances, more specifically heavy metals, harmful chemicals, and chrome. Kering has been committed to phasing out chrome in tanning processes for several years. Overall, we are integrating best practices such as those in the Alliance for Water Stewardship (AWS) and are helping to accelerate others like the Corporate Water Leaders (CWL) textiles and leather framework.

Because water is a local issue, we are using state-of-the-art tools such as the World Resources Institute's Aqueduct, WWF Risk Filter and the SBTN State of Nature tool for Water to identify the most material basins in which to concentrate our efforts. The SBTN methodology clearly highlighted the Arno Water Basin as the most material basin for Kering. Consequently, it is in that location that we are committing to science-based targets for freshwater, for which we were among the first three companies in the world to have obtained SBTN validation for our freshwater target in 2024.

These efforts not only reduce impacts, risks and costs associated with water scarcity and pollution but also build up to a new level of excellence in water stewardship: improving quality and quantity of water, with the aim of contributing to achieving Net Positive Water Impacts. As our challenges are the same as those of our suppliers, we are building a new Water-Positive Stewardship Program. This program will push us to be exemplary in our direct operations while supporting continuous improvement among our suppliers and business partners. The program is detailed in the next section.

Kering is also strongly committed to the provision of water, sanitation and hygiene(WASH) services at all our sites. For all our sites work to ensure accessibility to clean water for all our employees.

Targets for Direct Operations

By 2025	By 2030	By 2035
<ul style="list-style-type: none">Launch of the Water-Resilience Stewardship Program in direct operationsFinalize the Corporate Water Leaders (CWL) Textiles and Leather FrameworkWASH in direct operations (permanent)	<ul style="list-style-type: none">-21% water withdrawal in group-owned operations in the Arno basin (Target validated by SBTN)	<ul style="list-style-type: none">-35% water withdrawal in all group-owned TanneriesAWS alignment for group-owned tanneries and other water-intensive industrial sites100% LEED¹ certification (gold or platinum) for Group offices and stores

¹ LEED certification encourages sites to take a comprehensive approach to water use, from reducing consumption to improving water quality and managing rainwater (US Green Building Council, 2024).

ZOOM ON

Water scarcity and quality initiative: water recycling in tanneries

The fashion industry's conventional tanning processes are linked to water intensity and water pollution risks. This is a key focus in our Water-Positive Strategy in relation to our direct operations and, to tackle these challenges, our Kering-owned tanneries are investing in innovative processes to reduce impacts on water use and on water quality. For instance, the Group has been focused on metal-free and chrome-free tanning processes for a number of years, with a goal to be metal-free for all leather products by 2025. This innovative tanning technique removes all metals traditionally used in the tanning process to decrease the use of water, energy and chemicals in manufacturing, thereby substantially improving the environmental performance of tanning.

As an example of our tanneries' efforts, Kering's Tannerie de Périers in Normandy has :

- Optimized its processes to limit daily water consumption to 50 m³, compared to the 250m³/day consumption usually observed for this activity according to international standards.
-
- Invested in cutting-edge organic, metal-free tanning process to reduce treatment baths (-25% water consumption compared to traditional chrome-tanning processes) and to eliminate the use of salt, hence, drastically reducing the salinity of the tannery effluents.
-
- Equipped itself with a wastewater treatment plant prior to water discharge into the municipal treatment plant since 2017. Additionally, the physico-chemical and biological treatments were optimized in 2023 with the addition of a latest-generation dissolved air flotation unit to minimize the use of treatment chemicals in the wastewater depollution process.
-
- Set a target to recycle back into production 75% of the treated water by 2026 (currently at 30% and aiming at a minimum of 50% by end of 2025 thanks to advanced membrane filtration units, activated carbon filtration and a final reverse osmosis treatment processes).

ZOOM ON

Adopting Science-Based Targets for Nature (SBTN)

In October 2024, Kering became the first-ever company to adopt science-based targets for both land and freshwater. Announced at CBD-COP16 in Cali, this commitment followed a year-long pilot with the Science Based Targets Network (SBTN) to develop and set targets that align with global climate and biodiversity goals, aiming to reduce its environmental impact on both ecosystems and water resources.

Focusing on the Arno basin in Tuscany—home to many Kering-owned and supplier tanneries— this first freshwater target covers a significant share of the Group’s water use. Using our EP&L tool, Kering assessed upstream pressures and biodiversity data to align with SBTN criteria. Based on SBTN’s Global Model, the Group aims to reduce water use in this priority basin by 21% by 2030, extending beyond our own operations to include suppliers, thus reinforcing Kering’s regenerative and restorative approach.

1.2 Water-Positive Stewardship with Strategic Suppliers

Kering's suppliers are critical partners in our pursuit of water resilience. Many of them have already advanced on significant water efficiency and pollution reduction. In the face of increasing water-related risks, close collaboration and tailored solutions that respect the diverse realities of our supply chain are crucial to achieve water-positive impacts, ensure business continuity, and strengthen overall resilience.

This is precisely the objective of our Water-Positive Stewardship Program, which we are initiating in our direct operations and further developing with our strategic suppliers, especially in our 10 priority water basins. The program will help elevate water stewardship and collaboration with industrial suppliers to promote water efficiency and improve quality and quantity of water in the supply chain. This approach, tailored to fit with local realities, is structured in four pillars:

1. Global approach starting with a Nature & Climate risk mapping

to help suppliers anticipate climate and water-related risks, including water availability, water quality, and flood risk mitigation, as well as gathering robust data to improve overall performance and resilience.

2. Sharing and aligning on best water stewardship practices

for improving both water efficiency and water pollution identified with peers through initiatives such as the Corporate Water Leaders (CWL) framework, the Zero Discharge of Hazardous Chemicals (ZDHC)'s Supplier to Zero program, and other best practice guidelines to avoid and reduce water withdrawals and water pollution risks, including PFAS.

3. Supporting water target setting, implementation and monitoring, in collaboration with Apparel Impact Institute's Carbon Leadership Program and the Clean by Design program, to prioritize and accelerate water-related actions with our strategic suppliers, foster their resilience facing climate change effects, and contribute to suppliers' decarbonization trajectories.

4. Driving water-positive innovation

in collaboration with our ecosystem of partners by piloting innovative processes (water-less and water-efficient processes, water treatment, microfiber discharge, etc.) and supporting their implementation in our leather and textile supply chains, leveraging tools for monitoring and measuring improvements, all in order to catalyze their scale-up within the industry. For example, Kering is working with our Materials Innovation Lab (MIL) to invest in and expand the offering of innovative and sustainable materials that require less water in their production, focusing on innovative technologies and alternatives that minimize environmental impact upstream and downstream while maintaining the high quality and performance standards required for luxury products. Similar approaches are also underway for tanning.

Kering also expects all suppliers in our direct operations and strategic supply chain to provide WASH (Water, Sanitation and Hygiene) services. Every supplier contract integrates Kering's Sustainability Principles, which includes the provision of WASH services.

Overall, our Water-Positive Stewardship Program aims to support our suppliers to reduce water use and water pollution, mitigating physical risks (floods, droughts, etc.), reducing costs, and innovating best practices. In conjunction with our work at the landscape level in our Water Resilience Labs, these collective efforts will go a long way towards fostering quality, quantity and accessibility of water for all.

Key targets for Strategic Suppliers

By 2025	By 2030	By 2035
<ul style="list-style-type: none">Launch of the Water-Positive Stewardship Program with strategic suppliers100% strategic suppliers compliant with Manufacturing Restricted Substances List (MRSL)² with specific attention to removing PFAS³ZDHC⁴ Level 2 achieved by strategic wet-process suppliersDeveloping and publishing Best Practice Guidance for greater efficiency in leather, metal hardware, and textiles	<ul style="list-style-type: none">- 21% water withdrawal by strategic suppliers in Arno Basin by 2030 (target validated by SBTN)⁵Water-Positive Stewardship Program to display initial measurable results showing improved efficiency, reduced pollution, and improved risk managementDevelop a programme to drive water-positive industrial innovations with initial scale-up steps for promising innovations, especially for mitigating, avoiding the release of microfiber in waterways	<ul style="list-style-type: none">Show progress on specific targets established for strategic suppliers in each of the 10 hotspotsExpand the Water-Positive Stewardship Program to relevant strategic suppliers, with quantified contributions to Net Positive Water ImpactScale-up of identified water-positive industrial innovations with key supply partnersSupport collaborative wastewater treatment projects in industrial districts in our supply chain where most relevant

² Manufacturing Restricted Substances List (MRSL): The MRSL focuses on managing chemicals used during the manufacturing processes, rather than just the final product. It lists substances that are prohibited from being intentionally used in any stage of production within Kering's supply chains. The MRSL is part of Kering's broader Chemical Management Policy, which aims to protect both human health and the environment by eliminating hazardous chemicals from the entire manufacturing process. The latest version of Kering's MRSL list (V 3.0) corresponds to the ZDHC MRSL V 3.0. plus the additional ban of PFC use.

³ Per- and polyfluoroalkyl substances (PFAS) are a large group of synthetic chemicals that have been widely used in industry and consumer products since the 1950s. They are known for their persistence in the environment and in the human body, meaning they don't break down and can accumulate over time.

⁴ The Zero Discharge of Hazardous Chemicals (ZDHC) program is a global initiative aimed at eliminating the use of hazardous chemicals in the textile, leather, and footwear industries. As a signatory since 2016, Kering is committed to aligning its supply chain with ZDHC's rigorous standards. The program focuses on ensuring that harmful substances are phased out from manufacturing processes, reducing toxic discharges into water and safeguarding the health of workers. Kering actively supports its suppliers through training, assessments, and the implementation of the MRSL, driving progress towards safer and more sustainable production practices.

⁵ Applies to directly operated sites and strategic supplier sites in the basin.

ZOOM ON

Water pollution initiative: Innovation for Water Stewardship in Textile Processing

Conventionally, textile processing—particularly dyeing, finishing, and printing—poses significant challenges in terms of water usage and pollution for the fashion industry. To address these challenges across Kering's supply chain, we are committed to driving innovation and implementing best practices, helping our strategic suppliers are getting equipped with the tools and technologies necessary to achieve excellence in water stewardship. As such, our Materials Innovation Lab (MIL) has been investing in innovative start-ups and solutions for processes, and monitoring their progress for generating positive change. For instance, our MIL is piloting an industrial filter to avoid microfiber leakage, addressing issues related to water quality and monitoring new denim processing technologies for which water quality and quantity are assessed.

Innovative Approaches through the Kering Standards

Sustainability clauses embedded in supplier contracts, set clear expectations for our suppliers, encouraging them to adopt water-efficient equipment, automate water flows, and optimize liquor ratios in dyeing and finishing processes. Additionally, suppliers are encouraged to explore and implement cutting-edge technologies such as waterless dyes, cold pad batch dyeing, and reverse osmosis systems to close the water loop in wet processing factories.

ZOOM ON

Clean by Design

The Natural Resources Defense Council introduced the Clean by Design program to reduce impacts around energy and water use in textile mills, which Kering is a part of. Kering has been partnering with our suppliers and industry peers to minimize the environmental footprint of luxury and fashion manufacturing, and enhance overall efficiency.

Clean by Design expanded in Italy in 2021 through a collaboration with the Apparel Impact Institute. Overall, between 2013 and 2023, the program was deployed with 59 suppliers via dedicated engagement sessions and performance audits on the themes of water and energy. These included textile suppliers in Italy and Japan, and suppliers further up the supply chain in mainland China. In 2024, the program was extended to cover 11 tanneries, in cooperation with 3 industry peers, across the 3 major leather districts in Italy. The program includes commitment sessions dedicated to the main measures for reducing water consumption, including recovery and reuse of clean cooling water and wastewater, heat recovery from hot wastewater and flue gas streams, steam and hot water networks and management, etc.

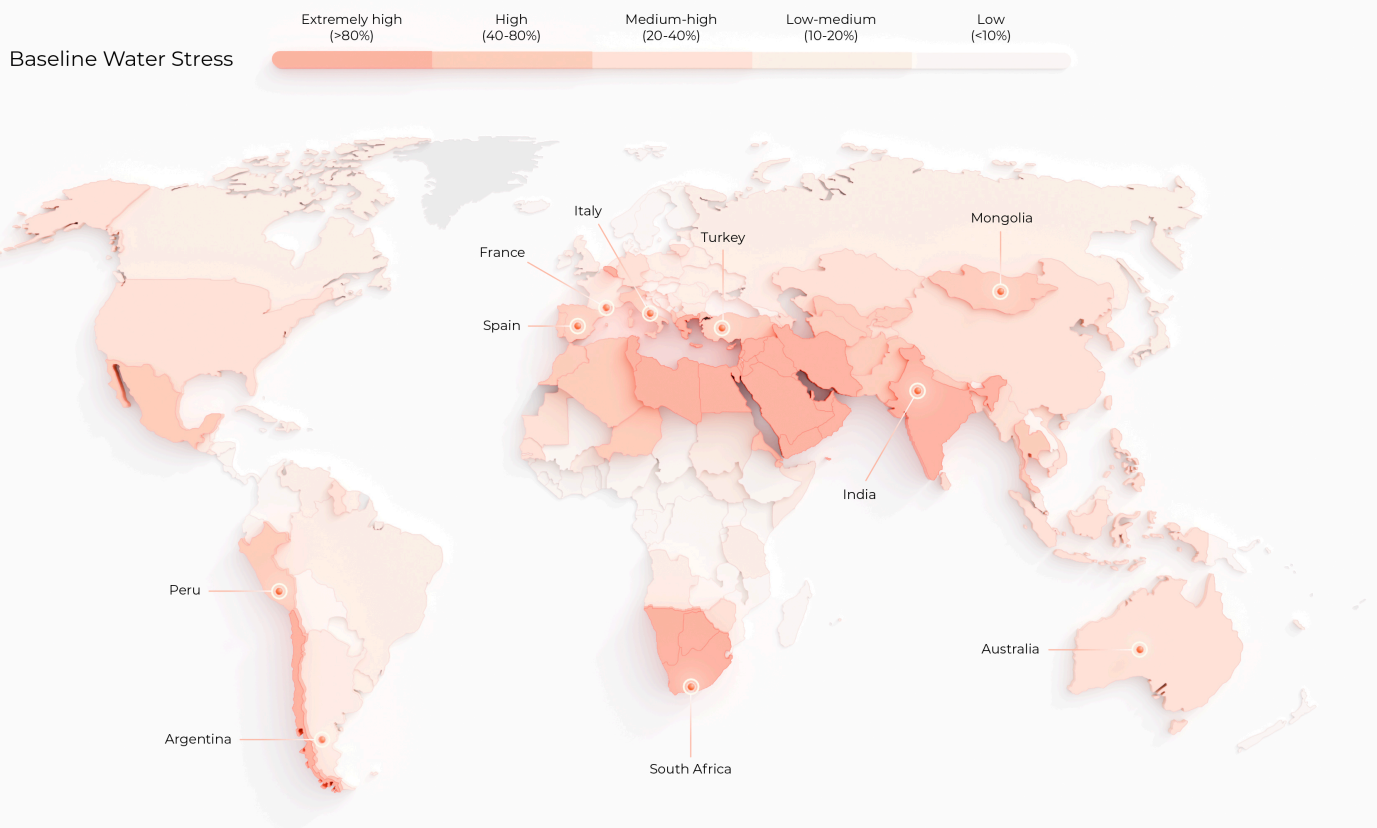
Clean by Design will remain an important lever within Kering's Water-Positive Stewardship program.



2. Water-Positive Raw Material Sourcing

All natural fibers and leathers are nature-based and water-dependent. Without water, there can be no natural raw materials. According to Kering's EP&L analysis, two thirds of Kering's total water consumption takes place during the raw material production phase. In parallel, a number of our sourcing regions are facing increasing water-related risks, which is a challenge shared by many luxury and fashion brands. This is shown by the World Resources Institute's map below, affecting local communities and economic actors, as well as exacerbating local environmental challenges. Water scarcity and ecosystem degradation are critical in these regions, impacting both biodiversity and local livelihoods. The dots on the map indicates some of our main sourcing countries.

Figure 3: 10 Kering key hotspots superimposed in WRI's mapping of water stress by country.
Source: [WRI Aqueduct](#), S. Kuzma, L. Saccoccia and M. Chertock, 2023



To help mitigate these risks and build a water-resilient value chain, Kering's Water-Positive Strategy aims to:

- **Reduce the overall water footprint of our raw material sourcing by enhancing and scaling recycled materials, innovative materials, and circularity models.** Kering and our Houses are continuously exploring and integrating innovative and regenerative materials which require less water and generate fewer water pollutants during production. These materials represent a crucial component of our overall sustainability strategy to reduce environmental pressures across our supply chain.
- **Prioritize “water-positive sourcing” by scaling regenerative practices and materials.** A key focus of our Water-Positive Strategy is rooted in regenerative agriculture: a holistic, nature-based approach that addresses water challenges while delivering multiple environmental and social benefits. By improving soil health, regenerative practices contribute to restoring local green water cycles, the principal element for regulating rainfall, which is the only source for freshwater.

Soil health also helps stock more water in the ground and reduces overall water withdrawals. Regenerative nature-based solutions also help reduce farmers' dependencies on synthetic and chemical inputs, thus reducing nutrient loads in water and chemical run-offs that impact watersheds, while still improving agricultural productivity. Regenerative practices also provide additional social-, biodiversity- and climate-related benefits, such as supporting the livelihoods of farmers and local communities, increasing soil carbon sequestration, fostering biodiversity, and restoring degraded ecosystems. Kering's approach integrates decarbonization with water stewardship, recognizing that healthy soil — essential for sequestering carbon — relies on sufficient water availability. This holistic strategy supports regenerative agricultural practices in raw material production, ensuring soil vitality while reducing the Group's environmental footprint.

As a result, with this “water-positive raw materials” approach, not only will Kering help alleviate pressures on nature and water cycles within our sourcing ecosystem, Kering will start enhancing positive feedback loops in which we can help restore and regenerate the ecosystems and replenish surrounding water basins. The impacts measured using the VWBA methodology will help quantify our progress. This, in turn, creates social co-benefits of increased water availability benefiting local environments and affected communities.

Developing water-positive raw materials with the Regenerative Fund for Nature

Kering has already been championing this approach under our Biodiversity Strategy. The Regenerative Fund for Nature, established in 2021 by Kering and Conservation International, has been supporting innovative and regenerative agricultural practices to help transform the supply chains that provide raw materials for the fashion industry. By investing in regenerative agriculture, the Fund has been regenerating lands, enhancing biodiversity and improving farmers' livelihoods. In 2021, the Fund awarded initial grants to seven projects supporting cotton, wool, leather, and cashmere producers in their efforts to transition to regenerative agriculture across 1 million hectares of land. These initiatives exemplify Kering's commitment to fostering positive environmental and social impacts. Our experience with the Regenerative Fund for Nature helps us be clear on how to deepen and amplify our efforts to include a Climate-Nature-Water nexus approach under our Water-Positive Strategy, which will provide measurable benefits for green and blue water cycles.

Key targets for Raw Material Sourcing

By 2025	By 2030	By 2035
<ul style="list-style-type: none">Invest €5 million to contribute to the regeneration of 1 million hectares of agricultural land in Kering's value chain through our Regenerative Fund for Nature, in partnership with Conservation International, and other regenerative projects around the world.In addition to the 5 pillars currently monitored, integrate a Water pillar into the monitoring and reporting framework of the Regenerative Fund for Nature, so that all projects under the Fund assess their impact on water, including positive contributions.Initiate collective work on water and biodiversity measurements in gold and precious stone extraction working with the Watch & Jewellery Initiative 2030 (WJI).	<ul style="list-style-type: none">Ensure no conversion of Natural Ecosystems, including deforestation as validated by the Science-Based Target for Nature by 2030 (deforestation-free certifications and non-conversion) (See Target Tracker for more details on our target)Quantify net water positive impacts using the best adapted tools including the Freshwater Health Index and the Volumetric Water Benefit Accounting (VWBA) to measure water-related outcomes scientifically. See Appendix for VWBA.Ensure 100% of gold comes from mercury-free mines.Reduce the absolute agricultural land footprint (measured in hectares) from upstream impacts by 3% compared to a 2022 baseline (target validated by SBTN)Pursue and progress SBTN-validated projects that deliver substantial ecological and social benefits, including soil regeneration and water cycle improvements (see SBTN Target tracker) using the most appropriate tools to quantify the new positive impacts.	<ul style="list-style-type: none">Multiply by 4 the regenerative agriculture sourcingIncorporate 40% of recycled materials in textiles products.Pursue our efforts on alternative and innovative leathers.

ZOOM ON

Ecosystem preservation and water productivity: Direct-to-Grower Cotton Sourcing Through OCA

The Organic Cotton Accelerator (OCA) is driving a transformative initiative in Gujarat, India, through our Regenerative Fund for Nature, supporting 2,000 smallholder cotton farmers – mainly women – transitioning to organic and regenerative farming practices.

In collaboration with local NGO Action for Social Advancement (ASA), the project promotes non-GM organic seeds, locally-made inputs (such as compost), and regenerative practices to bolster resilience against climate change, improve soil health and soil water retention, and significantly reduce water and soil pollution.

ASA's expertise in water security and soil security strengthens the project with detailed watershed planning, rainwater harvesting, training on water conservation techniques, and efficient irrigation methods.

This direct-to-grower approach not only strengthens the traceability, integrity and sustainability of the cotton supply chain but also enhances the livelihoods of local farming communities by diversifying their income and securing market commitments and premium pricing for their crops.

Kering brands have already begun sourcing cotton from these farmers, with plans to scale up in the coming years.

ZOOM ON

Responsible Gold Mining

Alongside sourcing certified recycled gold, Kering and our Houses continue to support artisanal and small-scale gold mining (ASM) communities in transitioning to mercury-free and cyanide-free extraction processes. Additionally, we are focused on restoring former extraction sites to promote environmental recovery and protect local water resources. Ensuring healthy ecosystems and responsible mining practices initiates the transition towards water-resilient sourcing, with benefits for workers and the environment.

Since 2018, through the Kering Precious Metal Fund, the Group has been supporting projects to restore the Amazon rainforest around alluvial gold mines in French Guiana. These projects have enabled the restoration of over 100 hectares; the reappropriation of these areas by wildlife is also monitored by local scientific teams. The project brings together reforestation experts Solicaz, agroecology product developer Amasisa, and mining company Sial. Gold sourced from these mines is certified by the PMP.

While this initiative supports environmental restoration at selected sites, it does not address the broader pollution impacts of industrial mining, which are not considered part of the 'water-positive raw materials' scope.



3. Water Resilience Labs

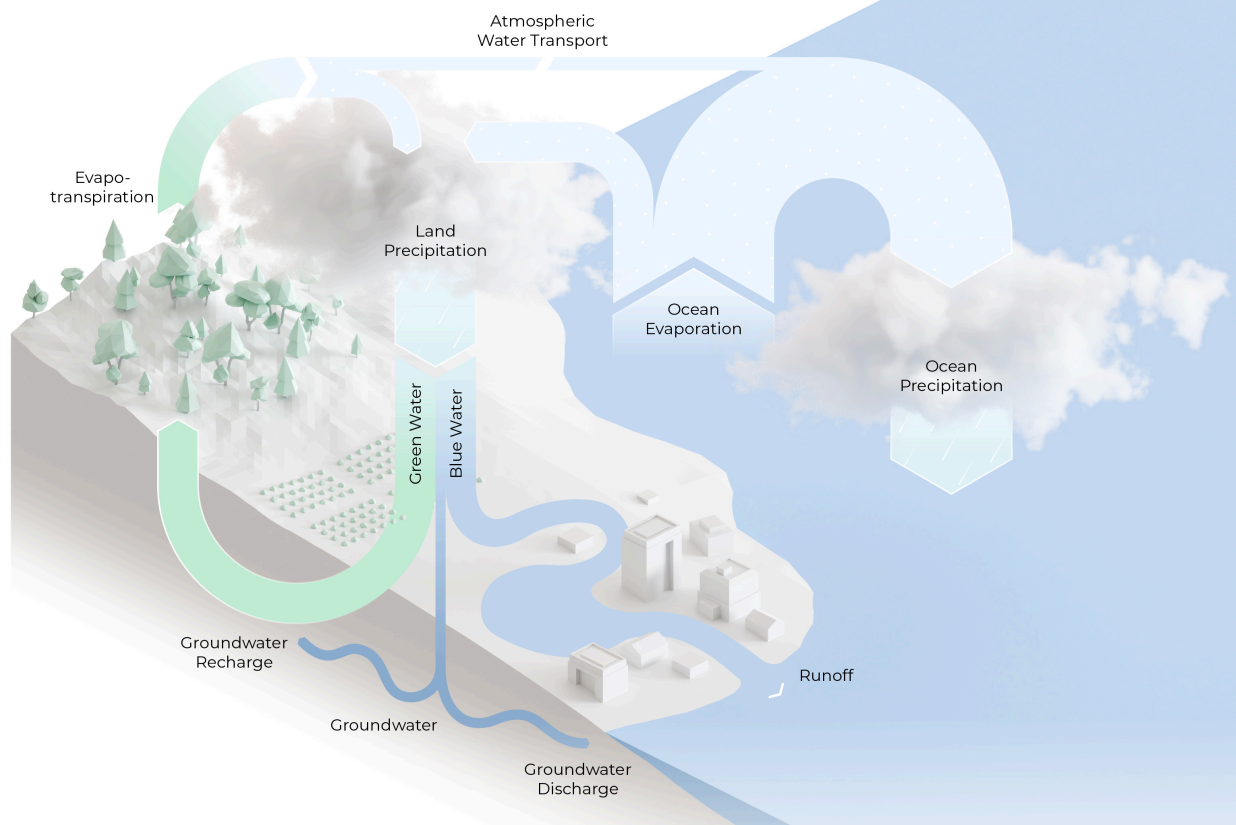
Pioneering Ecosystem Transformation in Priority Water Basins and Beyond our Value Chainater-Positive Raw Material Sourcing

While addressing challenges within our direct operations and our supply chain is vital, broader action is imperative to build long-term resilience for natural ecosystems, economies and communities.

As the climate warms, continents evaporate water faster, provoking increasing droughts at ground level and stronger rainfall patterns. In 2022, companies reporting to CDP estimated \$392bn at risk, most of which is uninsurable.

In parallel, the same landscapes are losing their resilience facing these risks due to degraded soils, reduced ecological infrastructure, and depleted green water. In a negative feedback loop, the ensemble is increasing the frequency and the gravity of these climatic events. This not only has enormous economic and business risks, but holds significant risks for global biodiversity and human welfare.

Figure 7: The hydrological cycle, Global Commission on Economics of Water, 2024



Blue water: Liquid water in rivers, lakes and wetlands, available for human use, irrigation and ecosystems.

Green water: Soil-stored water used by plants, derived from rainfall and returned to the atmosphere through transpiration and evaporation.

Kering's Water-Positive Strategy is driven by bold action and collaboration to address critical water challenges in high-priority, water-stressed basins. Our approach recognizes the deep interconnection between water, ecosystems, and communities. Healthy soils, thriving ecosystems, and resilient freshwater ecosystems are society's best defenses against the extremes of drought and flood, and are essential for long-term resilience. Kering wants to help spearhead a solution that incorporates this interlinked approach, leveraging the Climate-Nature-Water nexus.

For Kering, it is essential to work on regenerating ecosystems and replenishing water basins in collaboration with local stakeholders, adopting a nexus approach to achieve triple resilience—environmental, social, and economic. As explained by IPBES in its latest [report](#), the underlying causes of biodiversity loss, water scarcity, food insecurity, health challenges, and climate change are each often addressed in isolation, leading to misalignment, unintended trade-offs, and unforeseen consequences. By recognizing the interconnections among these elements across spatial and temporal scales, holistic nexus approaches enable positive synergies which help improve the ensemble of ecosystems functions, foster collaborative opportunities, and improve resilience for all within the same landscape.

This nexus approach is at the very core of Kering's Water-Positive Strategy and where responsible corporate water stewardship must urgently transition to.

Driven by this Climate-Nature-Water nexus approach, Kering is launching a series of Water Resilience Labs in 2025, starting with the Arno Basin. Each Water Resilience Lab will cover specific water-stressed basins and ecosystems under pressure, taking a holistic approach with specific attention to green water within the hydrological cycle and to ecosystem vitality and health. To succeed, each Lab will leverage collective action by fostering collaboration with relevant stakeholders, including suppliers, local communities, indigenous peoples, industry and cross-sector players (like Beauty and Manufacturing), and public actors. The objective is to help guarantee shared and sustainable management of blue water and green water via the regeneration and restoration of surrounding ecosystems.

The Water Resilience Labs will be designed to secure positive outcomes with a triple bottom line: gains in resilience in terms of regenerating ecosystems' ecological functioning, safeguarding or improving social equity, and enhancing economic efficiency.

Through our Water Resilience Labs program, we commit to pioneering transformative projects in our 10 priority water basins over the next decade. These initiatives will focus on regenerating water-stressed ecosystems, improving water quality and availability, and enhancing resilience to climate extremes. Where relevant, based on water-stressed areas within our regions of sourcing, a land-to-sea approach will be adopted, to ensure healthy ecosystems from land to marine environments as well.

The Water Resilience Labs are designed as living systems, encouraging innovation, reconnecting isolated efforts to spark new synergies, and leveraging collective intelligence. The Labs will establish and catalyze:

1. Common goals, as water is a common good, with a set of common priorities.
2. Common metrics, through a shared platform to create a community of interests and quantifiable progress fit for producing net positive water impacts, other nexus positive impacts, all in a reportable form (CSRD, TNFD, SBTN, CDP, etc.).
3. Collective intelligence, to ensure the outcomes of the actions are fit for purpose, best suited to adapt to climate change, and contribute to improved socio-economic resilience of local stakeholders.

Water challenges are global, but their solutions must be local and collaborative. Through our Water-Positive Stewardship Program, we aim to reduce water use and pollution, and reduce negative impacts across both our industrial operations and those of our strategic suppliers.

This includes restoring, regenerating, and replenishing green and blue water resources and reducing nutrient loads through regenerative practices and nature-based solutions. By working alongside key local stakeholders, we also aim to build resilience against water-related challenges in the areas we operate. Our first Water Resilience Lab, situated in the Arno Basin in Tuscany, will focus on these goals. This region, home to many of our tanneries and supplier tanneries, blends industrial, rural, and diverse community interests. Suppliers for other luxury and fashions brands, as well as for processing and manufacturing sectors, are also located here. The Lab will serve as a cornerstone of our commitment to triple resilience—environmental, social, and economic—across priority water basins, promoting collective action and creating lasting positive impact.

Key targets for Water Resilience Labs

By 2025

- 🚰 Launch the Water Resilience Labs programme, starting with the Arno Basin.
- 🌱 Finance projects with leading actors on ocean protection and restoration to better understand the interdependencies within the global system and the preferred ways of helping restore marine areas starting in 2025.

By 2030

- 🚰 Reduce freshwater withdrawals for direct operations and upstream operations in the Arno basin by 21% by 2030. See Sections 1 & 2. (SBTN validated target).
- 🌱 Achieve quantified net positive water impacts in the Arno basin.
- 🌱 Expand the Water Resilience Labs into at least 4 additional basins that have been defined.

By 2035

- 🚰 Deploy 10 Water Resilience Labs across our 10 priority water basins in the world, with detailed objectives for each Labs.

ZOOM ON

Regenerative Landscape Initiative in the Arno Basin

The Arno River, originating from Monte Falterona in the Casentino area of the Apennines, is the primary river flowing through Tuscany and the second most significant river in Central Italy after the Tiber. The river passes through densely populated regions, including Florence, and flows into the Ligurian Sea. The Arno is extensively used for various human activities, which contribute to contamination risks and significant water withdrawals.

The Santa Croce sull'Arno tannery district, known as the "leather area," is situated within the Arno basin, upstream of Pisa and downstream of Florence. Italy accounts for over half of the EU's tanned leather production, with the Arno basin tannery district contributing 35% of Italy's tanned leather and 98% of the country's sole leather production. However, conventional tanning processes are linked to substantial environmental impacts, including high water consumption, wastewater generation, and water pollution risks.

Moreover, the Arno basin and the broader Tuscany region face increasing challenges related to water resilience due to extreme weather events in recent years, posing threats to the ecosystem services provided by the water basin and to human health. According to Hofste et al (2019), the dataset behind Aqueduct, this basin has the highest possible water availability risk score (5 of 5), and it also shows high levels of water pollution, and in particular periphyton growth potential (McDowell et al. 2020).

In this context, Kering will launch an integrated water and land stewardship initiative in the Arno basin to pilot the VWBA methodology, while simultaneously enhancing socio-economic conditions.

Kering will collaborate with relevant stakeholders—including businesses from various industries and public entities—to ensure that this Climate-Nature-Water nexus approach delivers positive socio-economic benefits to local communities and businesses beyond the reduction of environmental impacts and, ultimately, the restoration and regeneration of ecosystem services. Ensuring safe access to clean water, business continuity, and the provision of ecosystem services is essential for maintaining the flow of benefits to all stakeholders.

ZOOM ON

Conservation International's Marine Conservation Projects supported by Kering

As part of our commitment to support water-positive collective action beyond our value chains, we are actively supporting Conservation International's marine conservation initiatives in Latin America, focusing on two pivotal projects:

- **Protecting and Sustaining Latin America's Vital Marine and Coastal Ecosystems:** This project aims to safeguard biodiversity-rich and carbon-storing ecosystems like coral reefs, mangroves, and coastal forests in Costa Rica, Peru, and Argentina. It focuses on strengthening the protected area's management, building local capacity, and promoting sustainable blue economy enterprises. By fostering community-led conservation and sustainable tourism, the project will protect 100,000 ha of marine and coastal ecosystems and support around 5,000 community members in coastal planning and management.
-
- **Enhancing Coastal Stewardship & Management in Brazil:** This initiative focuses on creating National Surfing Reserves in Brazil's key coastal ecosystems, such as Ubatuba, Saquarema, and Florianopolis. The project addresses threats from unsustainable development, pollution, and climate change by engaging local communities through their surfing culture. It aims to restore habitats, reduce pollution, and improve ecosystem resilience, ultimately protecting 160,000 ha of coastal areas.

Conclusion – Towards a Water-Positive Future

Kering is determined in our ambition to create water-positive impacts to foster triple resilience, building and strengthening environmental, social, and economic resilience. To achieve this, we aim to actively contribute to regenerating the global hydrological cycle, with on-the-ground, outcome-oriented action plans. By acknowledging water as a common good and embracing an integrated and holistic understanding of our impacts, we will design and implement targeted interventions with a Climate-Nature-Water nexus approach to drive long-term positive change and resilience at every level.

At the heart of this commitment is a dedication to continuous improvement. Guided by the latest scientific insights and advancements, our Water-Positive Strategy remains dynamic, evolving as we learn from implementation and adapting to emerging knowledge. This agility ensures that our actions remain effective and relevant, driven by collaboration with all relevant stakeholders shaping this transformation.

Our people-centric path to a Water-Positive future represents more than an ambition – it is a call to action to reimagine business practices and redefine responsible corporate water stewardship, champion collective action, support integrated solutions, and prioritize the health of our global ecosystems and communities. Together, we can accelerate these actions and create lasting water-positive outcomes on a global scale.

Appendix

Key Performance Indicators (KPIs)

The key water-related indicators below are essential for monitoring Kering's progress on our targets for 2025, 2030, and 2035, as well as for reporting requirements.

The Corporate Sustainability Reporting Directive (CSRD) focuses on corporate water use, efficiency, pollution, and governance. The Taskforce on Nature-related Financial Disclosures (TNFD) addresses water dependencies, risks, and ecosystem impacts, while the CDP water-related questions require reporting on water withdrawals, risks, pollution, and water management practices.

In 2024, Kering became one of the first three companies globally to adopt science-based targets for freshwater, along with the data required to monitor progress against these targets. In relation to the freshwater science-based target, the Science Based Targets Network (SBTN) focuses on measurable targets for reducing freshwater use, pollution, and ecosystem impacts.

Kering's Water-Positive Strategy with its three key programs is poised to meet these requirements as well as generating many additional positive impacts. It is how we are pioneering water-positive in luxury.

Indicator	Description	Aligned Framework
Water Withdrawal & Consumption	Total volume of water withdrawn and consumed, including breakdown by source (surface water, groundwater, seawater, third-party).	CSRD, CDP, SBTN
Water Stress & Scarcity	Water withdrawal and consumption in water-stressed or scarce areas, including identification of water sources.	CSRD, CDP, TNFD, SBTN
Water Reuse & Efficiency	Total volume or percentage of water reduced, reused, or recycled, including efficiency improvements in operations and supply chains.	CSRD, CDP, SBTN
Wastewater Discharge & Treatment	Volume of wastewater discharged by destination, pollutant concentrations, and treatment levels.	CSRD, CDP, SBTN
Water Pollution & Quality	Pollutant emissions, stormwater management, and agricultural best management practices to reduce runoff.	CSRD, CDP, TNFD, SBTN
Water Replenishment & Restoration	Volume of water replenished through conservation, wetland restoration, and replenishment programs.	TNFD, CDP, SBTN
Water Supply Reliability	Measures to improve supply security, such as rainwater harvesting, leak repair, and alternative water sourcing.	CSRD, CDP, TNFD, SBTN
Water Governance & Stewardship	Engagement in water governance, policy disclosures, and water-related targets.	CSRD, CDP, TNFD, SBTN
Water Risk & Dependencies	Identification of water-related risks, dependencies, and mitigation strategies within operations and value chains.	CSRD, CDP, TNFD, SBTN
Water-related Impact Incidents	Number of incidents related to water pollution, scarcity, or other detrimental impacts on ecosystems and communities.	CSRD, CDP, TNFD, SBTN

Glossary

Key concept definitions:

Affected Communities

People or group(s) living or working in the same area that has been or may be affected by a reporting undertaking's operations or through its value chain. Affected communities can range from those living adjacent to the undertaking's operations (local communities) to those living at a distance. Affected communities include actually and potentially affected indigenous peoples. (ESRS S3)

Hotspots

Refers to a material geographic area critically important for freshwater ecosystems or water-related services, characterized by high biodiversity, ecosystem function, or dependency for human or ecological needs. These areas may be sites of raw material sourcing, processing, or manufacturing, where water scarcity, pollution, or ecosystem degradation could pose risks to operations, supply chain resilience, and long-term business viability.

Hydrological Cycle

The hydrological cycle is the continuous movement of water within the Earth's atmosphere, surface, and ground. It includes several processes such as evaporation, condensation, precipitation, infiltration, runoff, and groundwater flow. In this cycle, both blue water and green water play critical roles:

- **Blue water** refers to liquid water in rivers, lakes, wetlands, etc. It is the water that flows through the landscape and is available for human use, irrigation, and ecosystem functions.
- **Green water** refers to water stored in the soil and used by plants for growth and groundwater recharge. It includes water from rainfall that does not become runoff or groundwater recharge but is instead absorbed by soil and taken up by vegetation, eventually returning to the atmosphere through transpiration and evaporation.

Together, blue and green water interact to sustain ecosystems, agriculture, and the climate system and are deeply affected by climate change. Understanding the role of those flows and their interconnection with terrestrial and marine ecosystem is fundamental to take effective action to regenerate and sustain the hydrological cycle.

Kering's Environmental Profit & Loss (EP&L)

Kering's EP&L is a reporting tool to measure our environmental footprint across the entire value chain.

The percentages presented focus on the products' life cycle and commercialisation and exclude impacts linked to transportation and third party distribution as well as those related to transversal activities such as purchased services, capital expenditures (CapEx), business travels, and other minor categories.

The environmental footprint is assessed using the following Life Cycle Assessment (LCA) indicators:

- GHG Emissions: Greenhouse gas emissions
- Water Consumption: Water withdrawal
- Water Pollution: Freshwater ecotoxicity, freshwater eutrophication, and marine eutrophication

For the water pollution indicator, the percentage contribution of each life cycle stage is calculated separately for each LCA indicator, and then the average is taken across these indicators.

Nexus

The interlinkages among two or more elements, sectors or systems (IPBES, Nexus Report, 2024).

Nexus approach

Understanding the interlinkages and interdependencies between sectors, and systems in a holistic manner to develop integrated and adaptive decisions that aim to maximize synergies and minimize trade-offs. (IPBES, Nexus Report, 2024).

Planetary Boundaries

Planetary Boundaries are the safe limits for human pressure on the nine critical processes which together maintain a stable and resilient Earth, which includes freshwater change.

Resilience

The capacity of an ecosystem, society/community, or organization/business to both proactively adapt to changing conditions and to respond to perturbations, with limited cost and effort. This includes both preventative strengthening during stable periods and efficient recovery after disruptions, enabling the system to thrive sustainably.

Volumetrics water benefits (VWBs)

Are the volume of water resulting from water stewardship activities, relative to a unit of time, that modify the hydrology in a beneficial way and/or help reduce shared water challenges, improve water stewardship outcomes, and meet the targets of Sustainable Development Goal 6.

Water basin

Area of land in which rainwater and surface water converges to a single point through infiltration or water runoff, such as a river mouth or flows into another larger body of water (lake or ocean). The water basins are divided into smaller basins, or watersheds, which represent smaller portions of lands, creeks, streams and rivers that converge to the same body of water.

Water consumption

The net use of water, i.e., the volume of water withdrawn minus the volume of water discharged/returned. (SBTN Glossary)

Water-positive

Approach aimed not only at minimizing water use and pollution but also at actively contributing to replenishing and restoring water resources impacted by consumption, pollution or ecosystem degradation related to Kering's activities. Inspired by the Net Positive Water Impact (NPWI) Framework defined by the UN Global Compact and the Pacific Institute, this approach focuses on reducing water use and pollution, restoring ecosystems, engaging stakeholders, and ensuring accountability to drive lasting, meaningful water-positive change within planetary boundaries and ecological limits of the river basins.

Water-positive sourcing

Refers to an approach in sourcing raw materials and managing supply chains that not only minimizes water use and pollution but actively contributes to replenishing and restoring water resources. This concept ensures that sourcing practices improve the overall health of water systems, enhance water availability, and support ecosystem and community resilience.

Water stewardship

In line with SDG 6 (clean water and sanitation), water stewardship refers to the responsible management of freshwater resources, in a way that includes social equity, environmental sustainability and economic benefits. This concept addresses shared risks related to governance, water use and water quality and adopts a collective approach to involve all relevant stakeholders.

Water use

A general term that can represent either gross or net consumption (i.e., water withdrawn minus volume of water discharged/returned). (SBTN Glossary)

Water withdrawal

Volume of freshwater abstraction from surface or groundwater (CEO Water Mandate).

Key water-related initiatives involved

Alliance for Water Stewardship



The Alliance for Water Stewardship (AWS) Standard is a site-to-catchment scale Standard for companies with major water-using activities to understand their facilities' water use and impacts, and to work collaboratively and transparently with local stakeholders for sustainable water management within a wider catchment context. (AWS, 2019).

CEO Water Mandate



The CEO Water Mandate is a UN Global Compact initiative in partnership with the Pacific Institute, providing a platform for business leaders to address global water challenges. The Mandate guides companies in adopting sustainable water management practices, focusing on six core areas: Direct Operations, Supply Chain and Watershed Management, Collective Action, Public Policy, Community Engagement, and Transparency. Through the Mandate, companies commit to sustainable water stewardship, promoting water security and resilience across global operations and value chains.

Corporate Water Leaders – Textiles & Leather



The Corporate Water Leaders initiative for the Textiles & Leather sector brings together leading global brands dedicated to addressing water challenges within these industries. This working group focuses on developing innovative solutions to water management and sustainability issues that are specific to textiles and leather production. By collaborating with industry peers, members work to enhance operational resilience and promote environmentally sustainable practices throughout their value chains. Regular meetings and collaborative efforts within the group ensure that members can apply shared learnings, develop actionable resources, and contribute to industry-wide progress on water stewardship. This initiative is facilitated by Global Water Intelligence, with participation from Kering and other companies in the sector.

One Planet Business for Biodiversity (OP2B)



Is a unique international cross-sectorial, action-oriented business coalition on biodiversity with a specific focus on agriculture, initiated within French President Macron's One Planet Lab framework, launched at the United Nations Climate Action Summit in New York on 23 September 2019. The coalition is determined to drive transformational systemic change and catalyze action to protect and restore cultivated and natural biodiversity within the value chains, engage institutional and financial decision-makers, and develop and promote policy recommendations for the 2021 CBD COP15 framework.

Science-Based Target Network (SBTN)



The Science-Based Targets Network, a group of leading global NGOs, co-founded by CDP, the World Resources Institute, WWF, UN Global Compact, Conservation International, UNEP-WCMC and the World Economic Forum, has been working since 2019 to collectively define what companies should do to stay within Earth's limits and meet society's needs. The network is developing "Science-Based Targets for Nature" that are measurable, actionable, and time-bound objectives based on the best available science and aligned with planetary boundaries and societal sustainability goals (SBTN, 2024a). SBTN has released target-setting guidance for Freshwater and Land and is preparing to publish further guidance.

Textile Exchange



Is a global non-profit organisation that works to drive positive change in the textile industry by promoting sustainable materials and responsible supply chains. Founded in 2002 by La Rhea Pepper and a group of organic cotton farmers, the organisation focuses on accelerating the adoption of preferred fibres, such as organic cotton, recycled materials, and other low-impact alternatives. Textile Exchange collaborates with brands, retailers, and industry stakeholders to set standards, provide data-driven insights, and reduce the sector's environmental footprint.

The World Resource Institute Aqueduct



Aqueduct's tools use open-source, peer reviewed data to map water risks such as floods, droughts and stress. Beyond the tools, the Aqueduct team works one-on-one with companies, governments and research partners through the Aqueduct Alliance to help advance best practices in water resource management and enable sustainable growth in a water-constrained world.

The Volumetric Water Benefit Accounting (VWBA)



Is a standardized, science-based approach designed to assess and measure the progress of water stewardship activities. It is a methodology developed to quantify, track, and report the benefits of water stewardship activities in volumetric terms. It focuses on assessing how projects or interventions influence water availability, quality, or risk within a specific watershed. VWBA provides a standardised framework to measure and compare the outcomes of water management initiatives.

It aligns with the Alliance for Water Stewardship (AWS) Standard framework and involves three key steps: identifying shared water challenges and the local context, defining water stewardship projects and partnerships, and conducting data collection and calculation. VWBA places a strong emphasis on stakeholder engagement and collaborative action.

Water Resilience Coalition (WRC)



The Water Resilience Coalition is an industry-driven, CEO-led initiative under the CEO Water Mandate, a partnership between the UN Global Compact and the Pacific Institute. The WRC is committed to addressing the global water crisis by reducing water stress in over 100 water-stressed basins by 2030, aiming for Net Positive Water Impact (NPWI) in 150 basins by 2050. WRC members collaborate on strategies to enhance water availability, quality, and access, focusing on collective action, innovation, and impact measurement to preserve freshwater resources and build resilient water systems.

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