

# SUSTAINABILITY REPORT 2023

Closing the loop on fashion.



# TABLE OF CONTENTS

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## INTRODUCTION

Closing the loop on fashion	02
Highlights 2023	03
Message from the CEO	05
Environmental savings	06
Our people	07
Our employee values	10
Recover™ production network	11
Our product line	13
The Recover™ process	16
Raw Materials	17
Recover™ integration in the supply chain	18
Fiber applications	19

## OUR SUSTAINABILITY APPROACH

Sustainability Approach	20
Our sustainability vision	21
Circular products	22
Responsible production and supply chain	34
Agents of change	42

## ABOUT THIS REPORT

Reporting standards and scope.	
Governance structure	62
Anti-corruption	63
Stakeholder engagement	64
Materiality assessment	65
Frameworks and assurance	66

# CLOSING THE LOOP ON FASHION

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**Recover™ is a materials science company that is reimagining the apparel industry by producing innovative low-impact, high-quality recycled cotton fiber and cotton fiber blends. We provide a scaled solution to a global environmental issue for which our customers are demanding a solution.**

## VISION & MISSION

We enable large-scale sustainable change in fashion through business value and inspiration.

## WHAT DEFINES US?

We are a purpose driven company and our purpose shapes our culture and character and serves as the basis for how we act and make decisions.

# HIGHLIGHTS 2023



## TEAM GROWTH

One of the most noticeable changes at Recover™ in 2023 was the growth of our team, with a 38% increase in our workforce as annual average compared to 2022. We onboarded many new team members, all incredibly eager to join in our mission for circularity. Our People & Talent department bet on diversity, with a team of 14 nationalities and highly skilled personal from all generations.

## PARTNERSHIPS

We made important commercial advances during 2023, completing product launches with new brand partners. We launched the REICONICS innovative denim project with Evlox and Jeanologia, made American classics sustainable with Lands' End, co-created editorial content for the final consumer with C&A, and more.

We also signed long-term agreements with new supply chain partners such as Valdese and Evlox.



## RECOGNITION

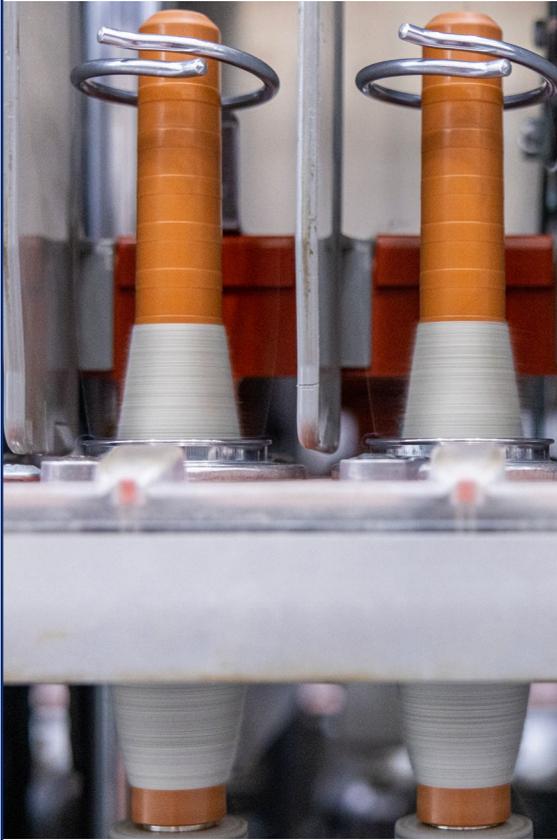
Recover™ continued to gain recognition around the globe and build its brand awareness, attaining 238 placements across 97 different media outlets. The company was also a frontrunner in the industry with two awards, as we received a Lovie Award for our website and Just Style Excellence awards in Business Expansion, Environmental, and Investments.

We attended numerous industry events, speaking at 15 conferences and shows around the world, and exhibited our fiber at various trade shows such as Textile Exchange Conference and ITMA.

# HIGHLIGHTS 2023

## RESPONSIBLE SOURCING

In 2023, our multidisciplinary team performed Environmental, Social, Governance (ESG) Assessments on all our textile waste suppliers in Bangladesh, where we source most of our waste, to identify potential improvements. The corresponding improvement plans were developed and shared with our suppliers, who have agreed to implement these improvements during 2024.



## R&D INNOVATIONS

Recover™ continued to push the boundaries of innovation in recycled cotton in 2023, announcing a new partnership and groundbreaking project with Rieter and Polopique. The project was created in response to a major challenge facing the textile industry: producing fine ring and compact yarns with a higher proportion of mechanically recycled fibers. By optimizing Recover's mastery of the latest recycling technology, Rieter's expertise in textile machinery, and Polopique's textile manufacturing proficiency, a high-quality sustainable solution was created that is both combed and ring spun. We also continued to develop both our physical and digital tracer system to bring the solution to the market. This tracer solution will allow Recover's customers to verify the presence of Recover™ recycled cotton to support making credible and substantiated sustainability claims about recycled content.

## LOW IMPACT

Recover™, within its commitment to produce recycled cotton fiber with the lowest environmental impact, has continued measuring not only Scope 1 and 2 but also Scope 3 greenhouse gas (GHG) emissions. In November 2023, we signed a Commitment Letter indicating our dedication to setting decarbonization Science-Based Targets within 24 months. Additionally, in 2023, 64% of Recover's own operation's waste was recycled at its end-of-life, with less than 3% sent to landfill.



# MESSAGE FROM THE CEO



Dear reader,

As I step into the role of CEO at Recover™, I am inspired by the passion for circularity and the ability to make a real, meaningful, and large-scale positive change for sustainability in the global textile industry. It is who we are, and this commitment is seen at all levels across the company. I believe it is up to companies like Recover™ to push for continued circularity and pave the way for constant innovation and improvement. I would also like to take the opportunity to thank Alfredo Ferre and the Ferre family for leading and bringing Recover™ to where it is today. His immense business and product knowledge has been essential, and I'm honored to continue counting on his expertise and getting to work with him in his new role as Chief Product, Innovation, and Sustainability Officer.

2023 was a challenging year globally, with escalating geopolitical tensions, devastating natural disasters, and increasing costs of raw materials and energy, paired with a slowing in demand. However, in this report, you will see how we've continued to work hard to make an impact, not only by keeping end-of-life cotton products and waste out of landfills or incineration but also by partnering with some of the industry's biggest names to edge the fashion and textile industry closer to circularity.

At the same time, we've taken steps to hold ourselves to the highest standards. We reaffirmed our support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment, and Anti-Corruption – applying this commitment to our operations while encouraging it in our value chains (our suppliers, consumers, communities, and other business relationships). We also continue to strive to meet our long-term Recover™ Sustainability Strategy, based on the 17 Sustainable Development Goals set by the United Nations, whilst delivering the highest level of transparency on our business impacts.

Looking toward 2024, we aim to ensure operational and commercial excellence while continuing to innovate and lead disruptive change for the apparel and textile industries. The urgency for change is backed by strong political support, and as new regulations come into effect, Recover™ can help brands and retailers to successfully navigate the shifting landscape. I believe Recover™ is well-positioned in the market to be a leader both in the industry and in the global business world, and we are ready to grow fast, but responsibly. Our Bangladeshi factory is now fully operational and has experienced remarkable improvements in quality output, quickly establishing itself as a key player in the country's textile industry.

Finally, I would like to thank the teams and partners whose leadership, dedication, and creativity are represented by the work reflected in this report. Though there remains much to do, together we can truly make an impact and I am personally committed to keeping Recover's positive momentum going, to get us closer to achieving our mission.

**ANDERS SJÖBLOM**

# ENVIRONMENTAL SAVINGS

In 2023, from the RCotton produced between our hubs in Spain, Bangladesh, and Pakistan, and the RColorBlend produced between our hubs in Spain and Bangladesh, we achieved the following environmental savings when compared with using conventional alternatives:



## WATER

20 245 115 000 liters, equivalent to 8 098 Olympic-sized swimming pools



## GLOBAL CARBON EMISSION

19 734 370 kg CO<sub>2</sub> eq, equivalent to the annual emissions of 4 385 people



## LAND USE

37 113 930 m<sup>2</sup>, equivalent to 62.9% of Manhattan



## ENERGY

162 153 880 kWh, equivalent to the annual electricity use of 42 450 people



## EUTROPHICATION

237 448 kg PO<sub>43</sub> eq

\*These savings were calculated using data from our Recover™ LCA Spain verified by EcoReview (2022).

\*The savings corresponding to the fiber produced in the hubs in Bangladesh and Pakistan were calculated using the LCA from our Spanish hub, however in 2024, both Bangladesh and Pakistan will undergo their own LCA.

# OUR PEOPLE



## 312 TOTAL WORKFORCE [ 31<sup>st</sup> December 2023 ]

Recover™ has grown significantly over the last two years and grew 38% in the past year alone as an annual average 2023 compared to 2022. In 2022, we opened our hub in Bangladesh, and since then our global productivity capacity has been increasing.



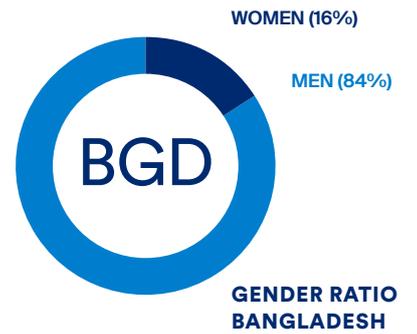
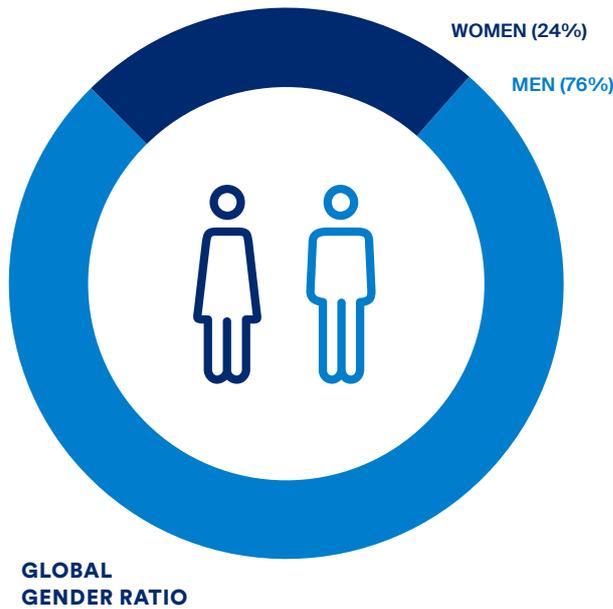
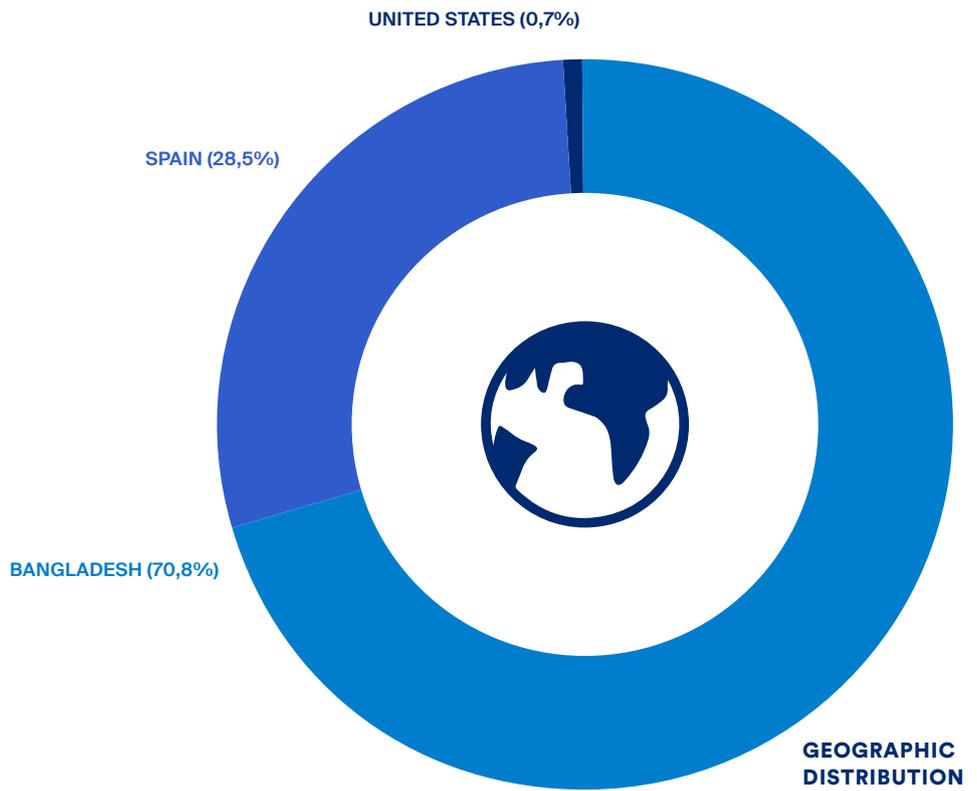
### A DIVERSE COMPANY

We respect and value diversity and our ambition is to build a company with a diverse workforce. We recognize individuals' needs and provide a fair and safe environment where employees feel the freedom to be themselves while feeling included.

We now operate in two countries and have 14 nationalities in the Recover™ team. Overall, our gender ratio is 23.7% women and 76.3% men.

As part of Recover's commitment to inclusivity, Recover™ in Spain supports the ONCE Foundation, a non-profit dedicated to hiring individuals with disabilities.

# OUR PEOPLE



# OUR PEOPLE

## BANGLADESH [ 221 ]

PRODUCTION [ 144 ]		OFFICE [ 77 ]	
SPECIALISTS [ 144 ]		MID - MGMT [14]	SPECIALISTS [ 63 ]
 21 123		 2 12	 12 51

## SPAIN [ 89 ]

PRODUCTION [ 23 ]		OFFICE [ 66 ]		
MID - MGMT [ 5 ]	SPECIALISTS [ 18 ]	TOP - MGMT [6]	MID - MGMT [21]	SPECIALISTS [ 39 ]
 5	 1 17	 1 5	 11 10	 25 14

## UNITED STATES [ 2 ]

OFFICE [ 2 ]	
MID - MGMT [ 1 ]	TOP - MGMT [1]
 1	 1

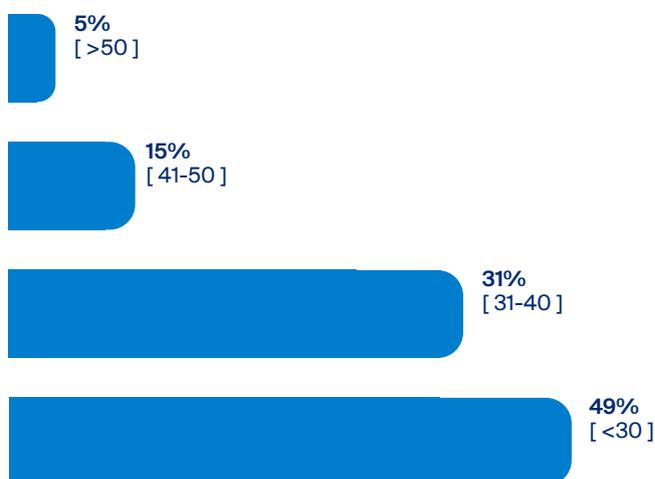
\* All data corresponds to the 31st of December 2023.

Top Management: All employees at Director level, with Global responsibility across the organization.

Middle Management: All employees at Management level (managing and/or supervising a team), with Global or Local responsibility.

Specialist: Other employees, including individual contributors, technical profiles, or manual tasks.

## GENERATION DISTRIBUTION



# OUR EMPLOYEE VALUES

WE CARE,  
WE ARE BRAVE,  
WE ARE CURIOUS  
& WE GET IT DONE!



## WE CARE

- We are committed to fostering a culture of care and respect that extends to our planet, employees, and society.
- We cultivate a transparent, multicultural, and inclusive environment, anchored by a meaningful purpose.
- We pursue excellence in quality while upholding the highest ethical standards in everything we do.



## WE ARE BRAVE

- We are brave, passionate, determined, and straightforward.
- We feel empowered and highly motivated.
- We act with honesty, professionalism, and grit, we persevere and don't give up.



## WE ARE CURIOUS

- We are curious, open, creative, and eager learners.
- We act with an innovative mindset and a proactive approach to customer needs.
- We foster a positive culture that embraces learning from failure.



## WE GET IT DONE

- We operate with efficiency and accountability, driven by performance and results.
- We are agile and fast problem solvers, with a growth mindset.
- We collaborate and leverage each other's strengths.



# RECOVER™ PRODUCTION NETWORK



## SPAIN

Recover's center of innovation is located at the production facility in Banyeres de Mariola, Spain. Recover™ has been pioneering sustainable materials at this location since 1947, and since then the facility has grown to incorporate various factories and a dedicated laboratory. The laboratory team oversees the implementation of the quality management system and the quality policy at Recover™, guaranteeing a reliable product through systematic quality control and improvement.

Our corporate headquarters is located in Madrid, Spain.



## PAKISTAN

Recover™ opened its first licensed facility (with partner ADM) in Pakistan in mid-2022 primarily focused on supplying recycled cotton to denim factories in the region.



CIRCULAR  
FASHION  
FOR ALL

# RECOVER™ PRODUCTION NETWORK



## BANGLADESH

In 2022, recognizing the need to advance sustainable textile production in Bangladesh, a country known for its robust textile manufacturing sector, we officially opened our Bangladeshi production hub. The hub was constructed in partnership with the conglomerate Bangladesh Export Import Company Limited (BEXIMCO) whose commitment to sustainability coupled with its impressive presence in Bangladesh made it the perfect partner.

Since opening, the factory has experienced remarkable growth and has quickly established itself as a key player in the Bangladeshi textile industry. The factory's state-of-the-art facilities and laboratory and its innovative recycling processes have set a new standard for circular production. Our skilled workforce in the production hub has been able to establish our cutting-edge technologies to transform textile waste into high-quality fiber.



## FURTHER EXPANSION

Recover's global presence is rapidly expanding with additional locations planned for key textile hubs around the world.



# OUR PRODUCT LINES ↙

**R Cotton**

**R ColorBlend**

EVERY BATCH OF FIBER  
PRODUCED IS TESTED  
TO ENSURE PHYSICAL  
AND CHEMICAL QUALITY.

# OUR PRODUCT LINES

RCOTTON FIBER 100% RECYCLED FIBER USING MINIMAL SOLVENTS AND WATER AND IT IS SUITABLE FOR OVERDYEING.

The composition of the final product must include a minimum of 15% RCotton fiber. Within our RCotton range, we have RPure, RMix and RDenim.

**RPure**  100% Recycled cotton

Recover™ fiber made from unblended recycled cotton fiber, suitable for overdyeing.

**RMix**  ≥90% Recycled cotton |  ≤10% other fibers (polyester, viscose...)

Unblended 100% Recover™ recycled cotton fiber from cotton mix textiles. RMix contains traces of other fibers (OF) due to their presence inside the textile waste that we recycle.

**RDenim**  Pre- and post-consumer ≥ 80% recycled cotton |  ≤20% other fibers (polyester, viscose...)

Unblended 100% Recover™ recycled cotton fiber from pre- and post-consumer denim. RDenim contains traces of other fibers (OF) due to their presence inside the denim garments that we recycle.

# OUR PRODUCT LINES

OUR RColorBlend PRODUCT RANGE IS CREATED USING OUR HIGHLY VALUABLE PROPRIETARY SYSTEM THAT INCORPORATES ALL OF OUR EXPERTISE IN FIBER RECYCLING.

Recover™ recycled cotton fibers are blended with other carriers' fibers that have been low-impact dyed to create new fiber blends, with the desired color and ready to spin.

Within our RColorBlend range we have RBlue and REarth.

## RBlue



52%  
Recycled  
cotton



48%  
Recycled  
polyester

A vibrant blend of Recover™ recycled cotton and recycled polyester (RPET). Standard blend 52% Recover™ recycled cotton + 48% RPET.

Custom blends available.

## REarth



50%  
Recycled  
cotton



50%  
Organic  
cotton

A natural blend of Recover™ recycled cotton and organic cotton, OCS certified (Organic Content Standard).

Custom blends available.

# THE RECOVER™ PROCESS

## HOW DO WE ACHIEVE CIRCULARITY AT SCALE?

### PROCUREMENT OF TEXTILE WASTE

Instead of being sent to landfills or incinerated (energy valorization), textile waste is repurposed by Recover™.

### TEXTILE WASTE IS CONVERTED TO RCOTTON

Using optimized mechanical recycling technology, Recover™ converts the textile waste into RCotton recycled cotton fiber. The process includes cutting the material into smaller pieces, treating it only with a preparatory anti-static spray and finally processing them inside the Recover™ recycling machine. The machine optimization formula proprietary and exclusive to Recover™.

RCotton is primarily used to replace conventional cotton and organic cotton in textiles.

### GLOBAL SUPPLY CHAIN INTEGRATION

The Recover™ Tech Support team works closely with spinning mills and weavers to give them best practices and guidance to optimize the quality of the yarn and fabrics produced with Recover™ RCotton.

# RAW MATERIALS



## PRE-CONSUMER WASTE

Describes material diverted from the waste stream during the manufacturing process. Also called post-industrial waste.



## POST-CONSUMER WASTE

Describes material generated by households or by commercial, industrial, and institutional facilities in their role as end-users of the product that can no longer be used for its intended purpose. This includes returns of materials from the distribution chain.

Source: <https://www.acceleratingcircularity.org/primer>

# INTEGRATION IN THE SUPPLY CHAIN

Recover™ is a nominated supplier capable of integrating into existing supply chains, garment manufacturers, spinners, and weavers.



**01 Textile waste from Retailer/ Brand**  
Textile waste is submitted to be recycled.

**02 The Recover™ process**  
The Recover™ hub uses its innovative technology to process the textile waste clips.

**03 Recover™ fiber**  
Low-impact, high-quality Recover™ fiber is produced, ready to integrate into the supply chain.

**04 Recycled yarns**  
Local spinning partners create new yarns from Recover™ recycled cotton fiber.

**05 Custom fabrics**  
Local weavers create custom fabric developments, ready to be used for garment production.

**06 Recycled low-impact product**  
Local garment manufacturers produce finished goods from the waste.

# FIBER APPLICATIONS



FLAT KNITS



DENIM



KNITS



WOVEN



UPHOLSTERY



HOME TEXTILES



NON-WOVEN

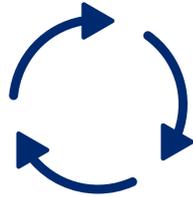


ACCESSORIES

RECOVER™ FIBER CAN BE USED FOR A BROAD ARRAY OF APPLICATIONS, MOST NOTABLY GARMENTS, ACCESSORIES AND HOME TEXTILES.

# SUSTAINABILITY APPROACH

As a frontrunner in sustainability and circularity in the textiles industry, Recover™ is always looking for the next steps to take to achieve its mission of circularity. This mission is the inspiration for the Recover™ Sustainability Strategy, approved in 2022 and reviewed on an annual basis, supported by three key pillars: **Circular products**, **Responsible production and supply chains** and **Agents of change**.



## FIRST PILLAR: CIRCULAR PRODUCTS

### 2030 objectives:

- Recover™ is aligned with Science Based targets and our products are made with minimal environmental impact.
- Recover™ is a zero-waste company.
- Recover™ products and practices are aligned with a circular textiles system.



## SECOND PILLAR: RESPONSIBLE PRODUCTION & SUPPLY CHAINS

### 2030 objectives:

- Recover™ operates according to the highest environmental and social standards and is third-party certified.
- Recover™ products and supply chains are traceable.
- Recover™ supply chains are sustainable and socially just.



## THIRD PILLAR: AGENTS OF CHANGE

### 2030 objectives:

- Recover™ is a leader in transparency.
- Recover™ inspires and drives sustainable transformation and leadership within the company community and wider industry.
- Recover™ drives iconic & impactful ESG initiatives.

# SUSTAINABILITY VISION



Circularity is part of our DNA at Recover™ and this goes far beyond having a recycled product. It is about integrating sustainable practices in all aspects of the business, those that impact both people and the environment, and ensuring the continued sustainable development of the company. We are proud to be among the companies that are truly committed to improving the environmental and social performance of our products and operations, as well as that of our supply chain. These commitments are how we hold ourselves accountable, provide us with clear areas to focus on, and support our drive to be transparent about our progress.

In this way, we continue to report our progress in these annual sustainability reports, as well as review and validate our 2022-2030 Strategic Sustainability pillars, ensuring that they are up-to-date and still relevant for our mission and vision. As part of our membership with Cascale, we also signed a Commitment Letter indicating that we are committed to setting science-based targets (SBTs) to reduce our greenhouse gas emissions within 24 months.

2023 was our first full year of operations at our hub in Bangladesh, and we continued to focus on embedding a culture of health, safety, and environmental stewardship with our workers there.

We voluntarily initiated and defined the entire process to conduct Compliance Assessments under ESG requirements for all our textile waste suppliers in Bangladesh, and it was also the first year that our Bangladeshi hub performed the Higg FEM and FSLM self-assessment to measure the environmental and social performance of the facility. In 2024, we aim to carry out a Life Cycle Assessment (LCA) on the Recover™ fiber produced in Bangladesh, as well as in Pakistan.

In Spain, we mainly focused on implementing further improvements and best practices, and we verified both our vFEM and vFLSM scores.. We also continued to push the boundaries of innovation with numerous R&D projects, such as increasing the percentage of Recover™ fiber in the final products and developing our tracer solution.

To be a sustainability frontrunner means we must be leaders in disruption, but transforming our industry from linear to circular can't be done alone. Recover™ continues to commit to actions that benefit the wider industry, community, and planet, and be part of relevant industry initiatives, organizations, and conversations that aim to drive circularity in textiles. As well as continuing to work with organizations such as Cascale, Accelerating Circularity and ReHubs in 2023 we joined EuRIC Textiles, which aims to set a framework for many new pieces of legislation that are currently under development, all intending to change how we produce and consume textiles.

The new legislations that will come into effect this year, as well as the increasingly changing consumer preferences, are expected to increase the demand for recycled content in the fashion industry. As a high-value, textile-to-textile recycler, Recover™ has a key role to play in supporting this transition to a more circular fashion system and in 2024 we aim to continue supporting brands and retailers in achieving their goals in terms of GHG reduction, energy and water use reduction, and supply chain transparency.

## **ALFREDO FERRE**

*Chief Product, Innovation and Sustainability Officer*

# CIRCULAR PRODUCTS ↙



*[ FIRST PILLAR ]*

WE AIM TO CREATE PRODUCTS THAT HAVE MINIMAL IMPACT AND ARE ALIGNED WITH CIRCULAR PRINCIPLES.

# ✓ CIRCULAR PRODUCTS

OBJECTIVE: RECOVER™ IS ALIGNED WITH SCIENCE BASED TARGETS AND OUR PRODUCTS ARE MADE WITH MINIMAL ENVIRONMENTAL IMPACT.



## LIFE CYCLE ASSESSMENT (LCA)

A Life Cycle Assessment (LCA) is a scientific method used to measure the environmental footprint of a product. To conduct an LCA, you need data such as energy usage for your manufacturing and waste processes, and data on your purchased and used raw materials. The result is a measurement across more than 15 impact categories.

The International Organization for Standardization provides guidelines and requirements for conducting a Life Cycle Assessment: ISO 14040 and 14044.

## Spain

In 2022, we conducted a new LCA of Recover’s fiber products in Spain. This is called a ‘cradle-to-gate’ LCA because it focuses on the material stage of the full lifecycle of the final product. The methodology and data collection have been executed in accordance with the “PEF Methodology” version 3.0 based on ISO 14040 and ISO 14044.

To calculate the LCA of Recover’s products across multiple production facilities, we worked with the Ecochain Helix footprint tool, supported by the Ecochain expert team.

We submitted our LCA results to the Higg Materials Sustainability Index (MSI), a publicly available online tool that measures and scores the environmental impacts of materials. Apparel, footwear, and textile industry designers and product developers can use the Higg MSI to assess and compare the cradle-to-gate impacts of different materials.

## Bangladesh and Pakistan

Currently the LCA has been performed in Spain as full implementation of KPI tracking is required and a minimum of 6 months of ‘stable’ data tracking is needed. For each new facility, an LCA must be performed as soon as accurate data is available (at least within 2 years of starting operations).

Both LCA’s for the Pakistan and Bangladesh Hubs are planned for 2024.

## How do we calculate our savings?

The goal of an LCA is not only to measure and improve, but to support customers and final consumers to make informed decisions when buying products. To communicate the environmental advantages of Recover’s products efficiently and appealingly, without sacrificing legitimacy and integrity, we take great care in calculating savings. To do this, we compare the impacts of our recycled products to the environmental impacts of virgin conventional cotton: This is a difficult task, as the available reference data on the environmental impact of traditionally produced cotton fibers has a large variability.

Due to this complexity, we commissioned a study to better understand which impact categories we should focus on, how to ensure we are comparing correctly (apples with apples), and which reference data to use.

The results of this study are the impact savings of 1 kg Recover™ [RPure](#) and [RBlue](#) fiber compared with conventional alternatives and can be found below.

### 1 KG OF RECOVER™ RPURE SAVES:



**Water**  
2 116 liters



**Eutrophication (PO43- eq)**  
0.0245 Kg



**Global Warming Potential (CO2 eq)**  
1.73 Kg



**Energy**  
15.29 kWh



**Land use**  
3.89 M<sup>2</sup>

### 1 KG OF RECOVER™ RBLUE SAVES:



**Water**  
1 195 liters



**Eutrophication (PO43- eq)**  
0.019 Kg



**Global Warming Potential (CO2 eq)**  
6.38 Kg



**Energy**  
35.57 kWh



**Land use**  
2.02 M<sup>2</sup>

Recover’s impact data is compared with EcolInvent 3.8 and Textile Exchange (TE) data.

For all impact categories, except freshwater and climate change, we used the EcolInvent rest-of-world (ROW) datasets for comparison. These references showed most alignment with other reported figures by Textile Exchange (material snapshots) and data reported by the Higg Material Sustainability Index. Specifically, for the freshwater-use impact category, the EcolInvent conventional cotton data showed large variations, so we chose to use the Textile Exchange global average data as reference values to calculate freshwater savings. This choice resulted in a more conservative estimate of water savings. For Global warming potential, an average of EcolInvent (ROW) and Textile Exchange global average data was used, which were very similar.

## CONSUMPTIONS

Whilst in our Spanish hub, in May 2023, [INCOM ENERGY](#) performed an energy audit to identify potential energy consumption improvements. This audit covered diverse areas, such as illumination, energy management, electricity records, etc. Other improvements include changing our diesel forklifts to electric.

According to the [Aqueduct Water Risk Atlas](#), Recover™ hubs are in areas identified with water scarcity risk\*, but our process uses minimal water. Our water use is limited to dissolving an antistatic product and a softener to allow for optimal shredding of the textile waste. As water consumption is so low and we cannot achieve a lower consumption, we have not set any water reduction target.



### ENERGY

	BANGLADESHI HUB	SPANISH HUB	MADRID OFFICE
Electricity	3 638 180 kWh (70.53%)	1 398 370 kWh (27.12%)	9 295 kWh (0.18%)
Fuel	28 305 kWh (0.55%)	82 735 kWh (1.60%)	--
Natural gas	1 133 kWh (0.02%)	--	--

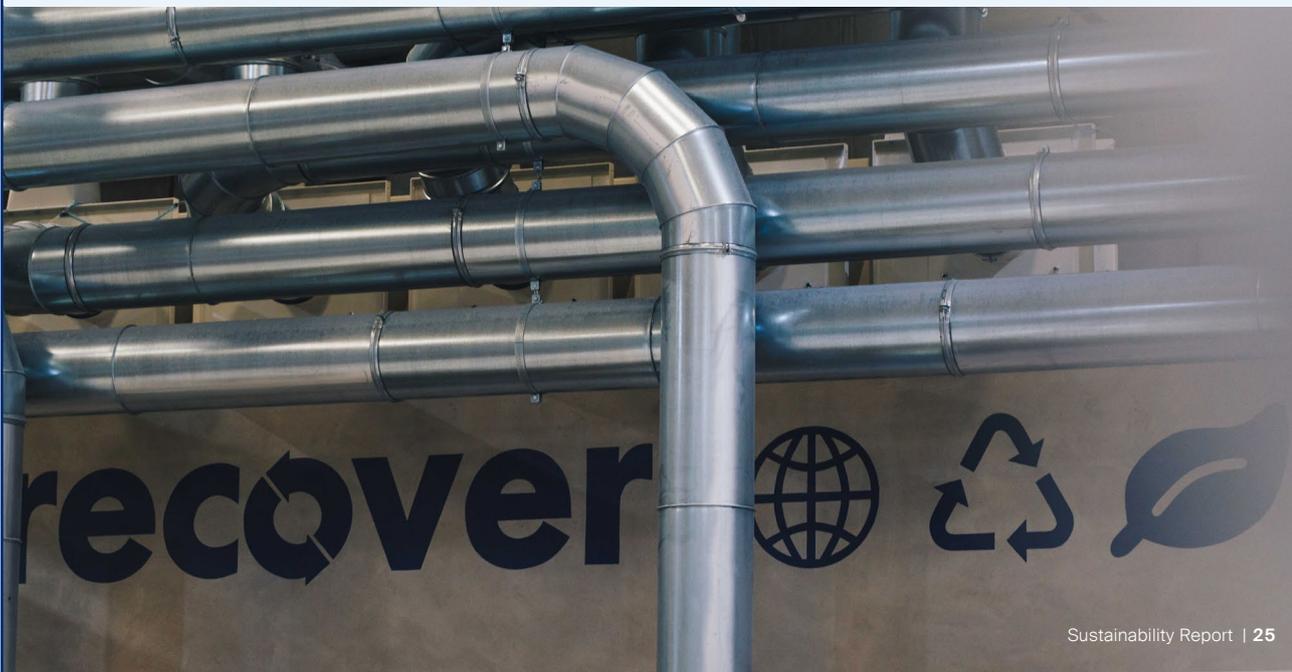
Fuel and natural gas consumptions are tracked in liters & converted into kWh.  
 The electricity consumption in our Bangladeshi hub is generated from natural gas.  
 In 2023, 27.3% of Recover™ global energy consumption had a renewable origin, corresponding to the electricity consumed in our Spanish hub and Madrid office.



### WATER

	BANGLADESHI HUB	SPANISH HUB
Water	611.91 m <sup>3</sup> (66.9%)	302.73 m <sup>3</sup> (33.1%)

\*The requirements to be considered as a "heavy water use" according to Higg FEM are to use more than 35m<sup>3</sup>/day. Recover™ used in 2023, on average, less than 5% of the mentioned 35m<sup>3</sup>/day per hub location.



## GLOBAL GREENHOUSE GAS (GHG) EMISSIONS

The apparel sector is responsible for 2-8% of global greenhouse gas emissions and worldwide consumption of clothing and footwear is projected to rise by 63% - from 62 million tons in 2019 to 102 million tons in 2030. As most of fashion's emissions are in the supply chain, the majority of the work needed to deliver the sector's net-zero goals must happen in production.<sup>1</sup>

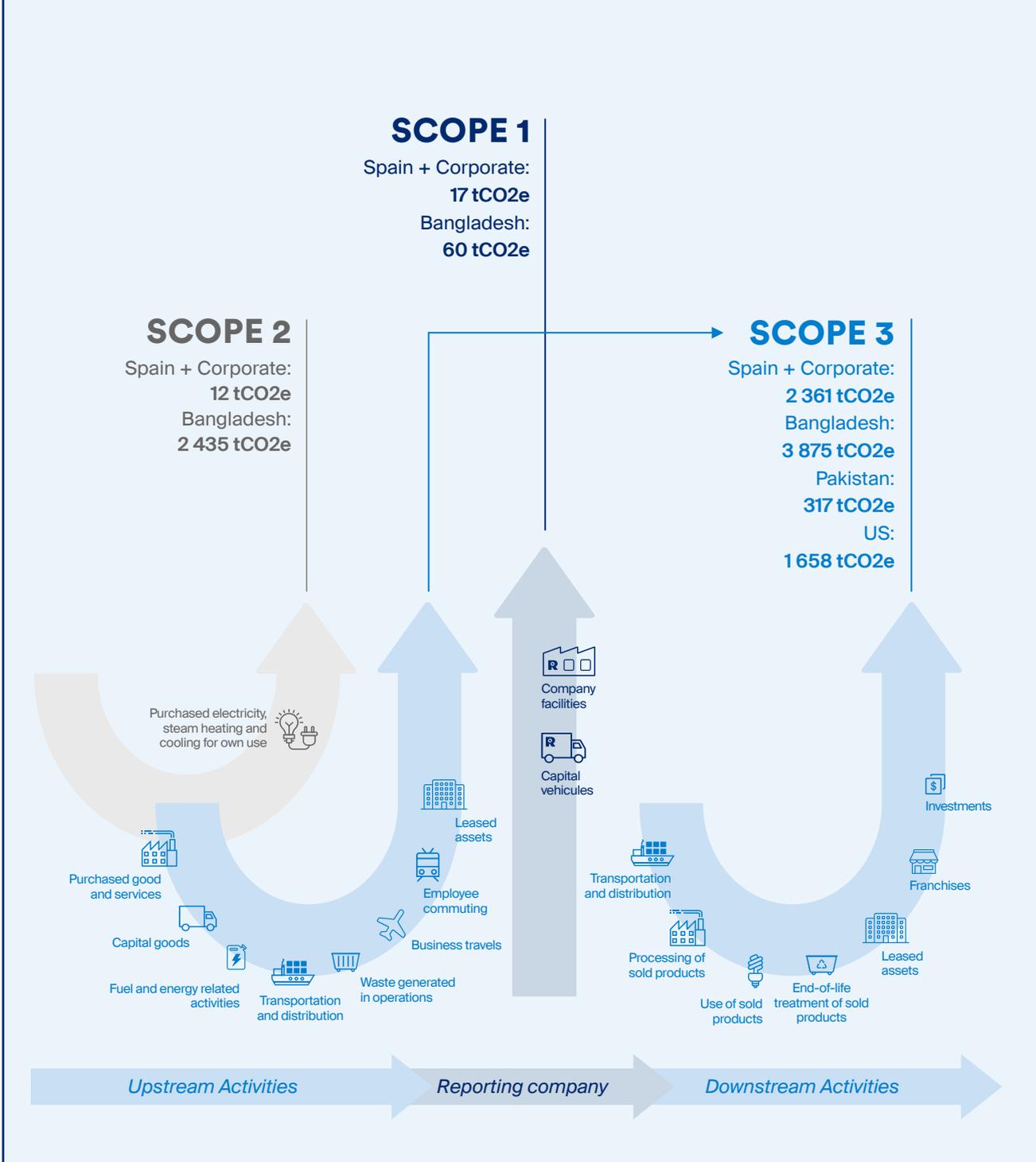
The Recover™ process enables the industry to divert industrial textile waste and end-of-use garments from landfills and incineration by creating recycled cotton fibers that can replace the need for virgin cotton. **Using Recover™ recycled cotton results in GHG emissions savings in the raw materials value chain tier, which is a part of Scope 3 emissions for brands and retailers.**



Recover™ was already measuring and disclosing its Scope 1 and 2 and, as of 2023, is also measuring its Scope 3 GHG emissions. Calculating the carbon emissions of a business can be quite a challenge. Especially when you start calculating emissions associated with Scope 3, the indirect emissions created by activities of suppliers, employees, and investments. For that reason, we have joined forces with Watershed. Watershed is an enterprise climate platform that delivers granular, audit-grade carbon measurement; one-click disclosure and reporting; and real emission reductions. Their experts are analyzing Recover's emissions to build a detailed decarbonization and set ambitious goals in line with the rigorous standards of the Science-Based Targets initiative (SBTi) in 2025.

<sup>1</sup> From Catwalk to Carbon Neutral: Mobilizing Funding for a Net Zero Fashion Industry

# CIRCULAR PRODUCTS



## DECARBONIZATION PLAN

Starting in 2023, Cascale (formerly the Sustainable Apparel Coalition) requires its manufacturer members to commit to setting **Science-Aligned Targets (SATs)** as a membership prerequisite. This initiative aims to drive industry transformation with utmost urgency through collective action. As a global coalition representing over 50% of apparel, footwear, and textile companies, we play a crucial role in combating the climate crisis. **SATs** offer a clear roadmap for significantly reducing greenhouse gas (GHG) emissions.

In compliance with Cascale's membership requirements, Recover™ signed the Commitment Letter in November 2023. This letter pledges us to set decarbonization targets aligned with SAT criteria for Scope 1 and 2 emissions, and include Scope 3 in our decarbonization strategy. This commitment, endorsed at the CEO level, mandates Recover™ to develop **SATs** within 24 months and secure validation from an accredited third-party organization.

Recover™, like Cascale, believes that setting and striving towards science-aligned targets collectively is essential for the industry to effectively reduce GHG emissions. **Science-Aligned Targets** are objective, scientifically-backed goals that reflect our most advanced understanding of the impact of GHG emissions on the climate. Due to ongoing construction at our Bangladeshi hub, Recover's GHG emissions baseline will be established in 2024, with reduction targets set for 2025.

Recover™ is dedicated to joining the increasing number of leading companies committed to setting emission reduction targets in accordance with the latest climate science to significantly cut GHG emissions.

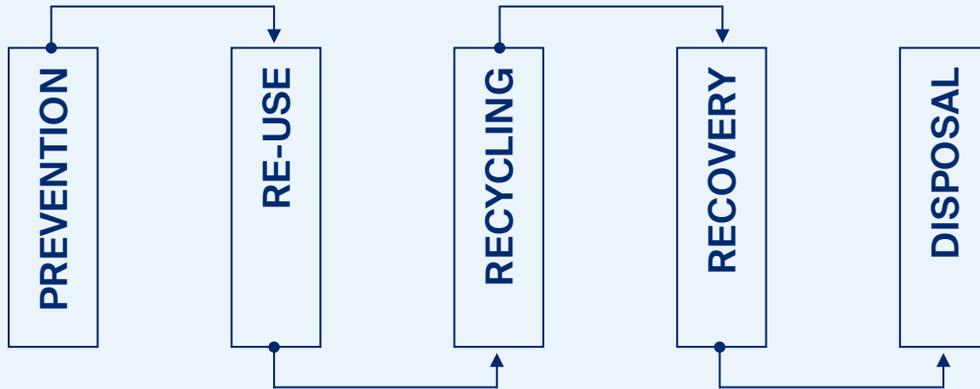


## OBJECTIVE: RECOVER™ IS A ZERO-WASTE COMPANY

Recover™ aims to become a zero-waste company, minimizing the generation of waste and maximizing the recovery of waste produced through our own operations. Following this commitment, we are segregating and tracking all the different waste flows in our production hubs and are identifying and implementing opportunities to reduce and recycle our waste. Furthermore, achieving a zero-waste objective is one of our strategies for reducing our GHG emissions.

### WASTE POLICY MANAGEMENT

In 2023, the [Waste Management Policy](#) was successfully approved by the CEO and published on our website. To become a zero-waste company it is important to constantly consider our waste management practices and implement good waste management practices across the entire organization by establishing the hierarchy of wastes:



### WASTE SEGREGATION

We implement a comprehensive waste segregation system at all our facilities, and we are committed to regularly reviewing and improving our waste management practices and identifying opportunities for optimization and innovation, respecting the hierarchy of wastes:



Waste generated in our own production process  
HOW WE SEGREGATE?

	Is recycled	Used for energy valorization	Ends up in landfill
2022	33%	57%	10%
2023	64%	32%	4%

## RPARTICLE

RParticle is by far the highest volume by-product of our fiber production. These are small fibers, generally smaller than 4 mm, which are absorbed by the extraction system across the entire production process.

During 2023, Recover™ was focused on consolidating recycling options for the RParticle, as we are conscious about its potential added value for different industries. We have enhanced different research projects for the RParticle, reviewing its commercial potential and also its potential in terms of innovation. As we are recyclers of other companies' textile waste, our objective is also to recycle our own waste as much as possible, reducing its environmental impact and extending the lifecycle of the textiles by using them in other sectors such as construction, paper industry, research or others.

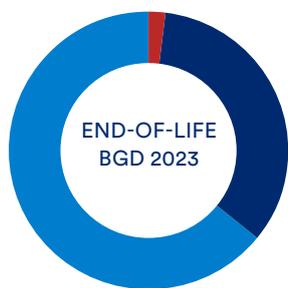
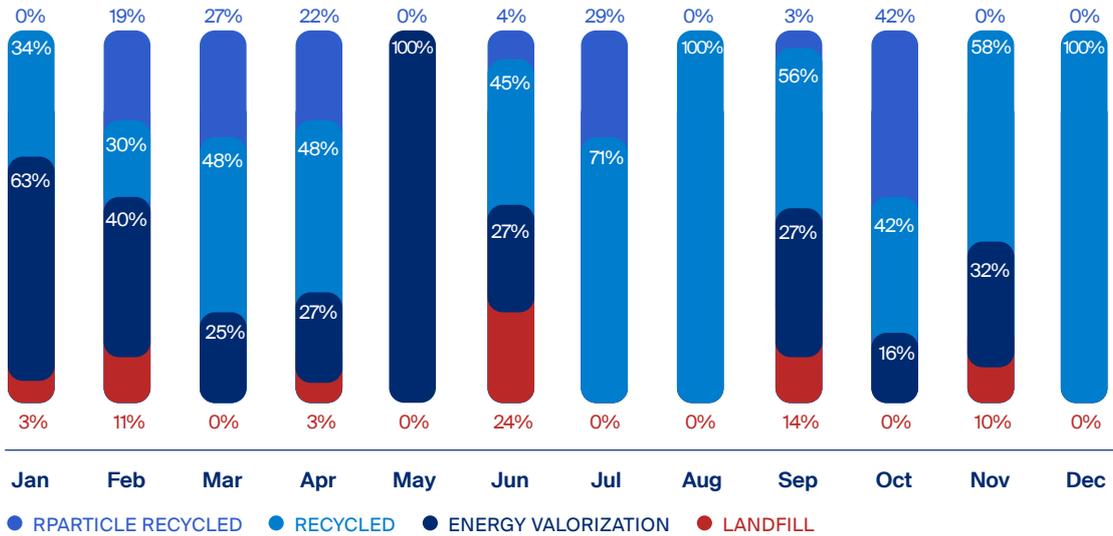
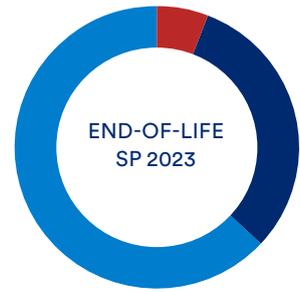
Recover™ has partnered with universities and research institutes to test and develop the potential high value options for the RParticle produced in our Spanish hub. These include lysine extraction for the cosmetic and food industries and hydrocar obtention through hydrothermal carbonization, which can be used in air generator engines or used as an additive which provides flexibility properties and lower densities in bioplastics.

Meanwhile, in our Bangladeshi hub, we have identified a solution to recycle the white RParticle material into pillow stuffing.



## SPAIN

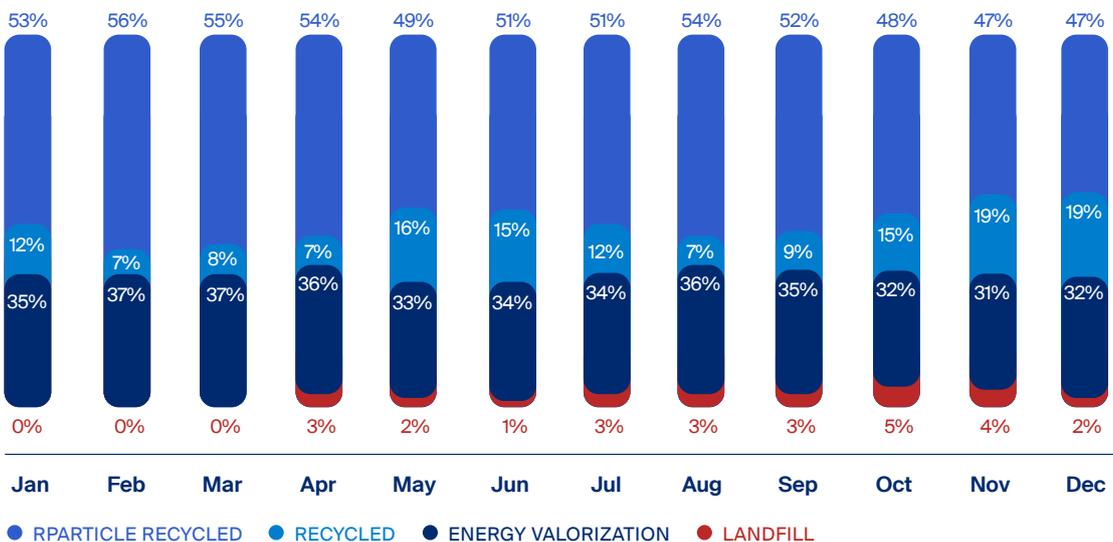
In 2023, Recover™ generated 157 tons of waste in our Spanish hub. Following our commitment to become a zero-waste company, we are segregating and tracking all the different waste flows and are identifying opportunities to reduce and recycle, and different ways of waste valorization and recycling. In line with our zero-waste goal, we performed waste segregation training to all factory workers, included in our Sustainability Basics training in July 2023.



## BANGLADESH

In 2023, Recover™ generated 574 tons of waste in our hub in Bangladesh. Our zero-waste commitment applies to all hubs and operations of Recover™, starting in our Spanish hub and being replicated in our Bangladeshi hub.

We performed waste segregation training to all factory workers, included in our Sustainability Basics training. Our goal is to educate and train our employees on waste management and recycling initiatives, and to encourage their active participation.



In 2023, we have been able to recycle the 100% of the following waste streams: plastic, textile, cardboard and metal, which mainly come from packaging. With regards to RParticle, some fraction of the RParticle is recycled and another is used for energy valorization. Finally, a small percentage from the total is disposed into controlled landfills mainly composed by domestic waste.

## OBJECTIVE: RECOVER™ PRODUCTS AND PRACTICES ARE ALIGNED WITH A CIRCULAR TEXTILES SYSTEM.

### RECOVER™ CREATES CIRCULAR FASHION

One of the features that makes Recover™ fiber unique is that our tech support team works closely with spinners and weavers to optimize the quality of the yarn and fabric further down the supply chain and drives the scaling of circular fashion.



**Yarns Approved**  
**138** (Approved 2023)  
**233** (Pipeline 2024)



**Fabrics Approved**  
**43** (Approved 2023)  
**394** (Pipeline 2024)

### RECOVER™ HAS CIRCULARITY AT ITS CORE

98.58% of the purchased materials in weight during 2023 are textile waste or recycled materials (corresponding to our purchases for our hubs in Spain and Bangladesh).

Recycled polyester used for RColorBlend is GRS certified and dyed in GRS and OEKOTEX certified dyeing houses. The recycled polyester is dyed in GRS and OEKOTEX certified dyeing houses.

#### SPAIN

CATEGORY	KG	% SUPPLIERS SIGNED CODE OF CONDUCT
Textile waste	2 930 837.4	100%
Recycled polyester carrier fibers	78 117.5	100%
Packaging (Plastic wrap PE, ropes, tape)	--	100%
Chemicals (antistatic & softener)	31 911.0	100%

#### BANGLADESH

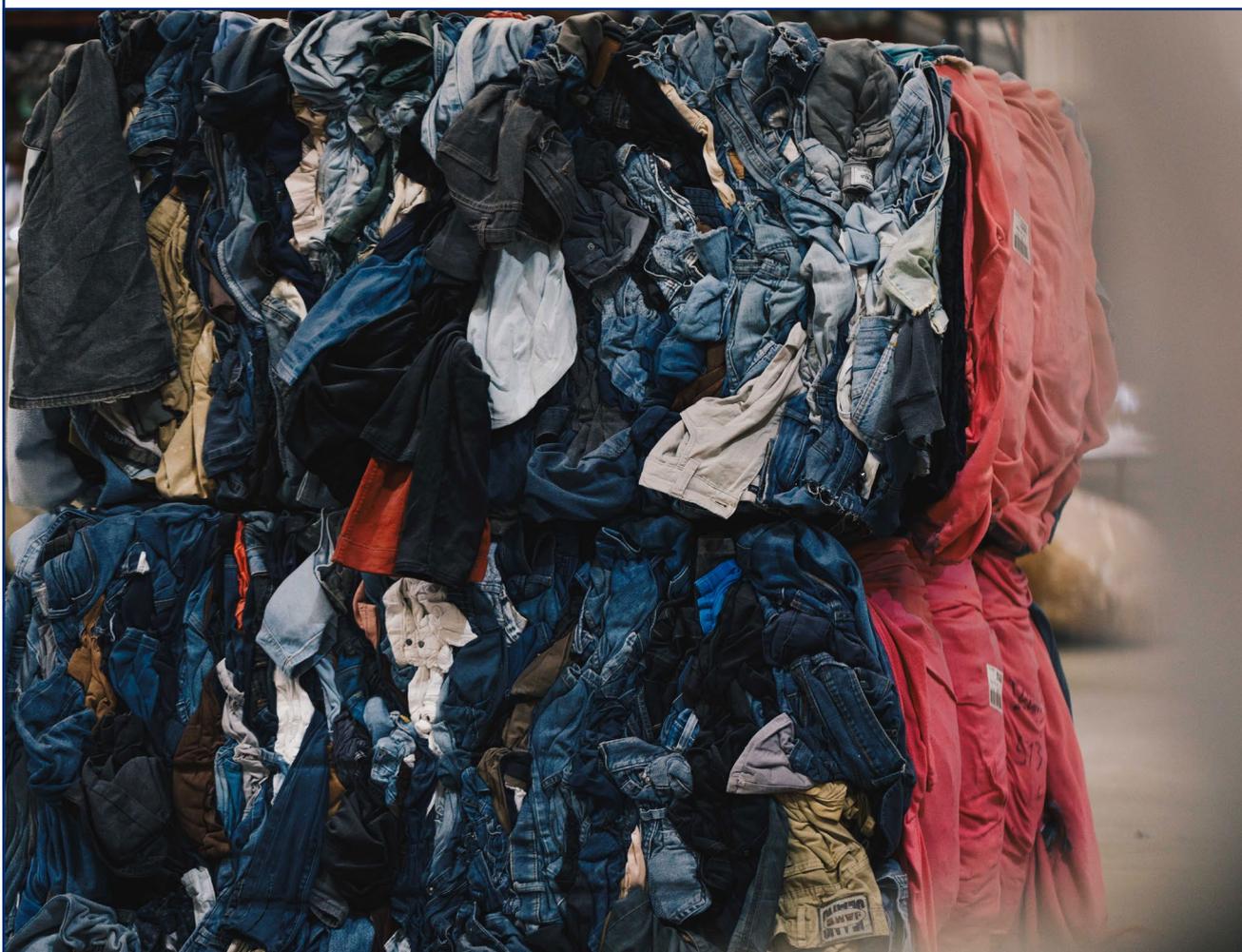
CATEGORY	KG	% SUPPLIERS SIGNED CODE OF CONDUCT
Textile waste	6 634 354.7	100%
Packaging (Plastic wrap PE, ropes, tape)	42 003.3	100%
Packaging that incorporates our own RParticle (up to 25%)	25 507.4	100%
Chemicals (antistatic & softener)	108 065.0	100%

\* As per Textile Exchange requirements, with the Guarantee of Waste Origin document the supplier gives permission to the Certification Body to visit their facility to verify their processes.

## SCALING POST-CONSUMER WASTE RECYCLING

As a high-value, textile-to-textile recycler, Recover™ has a key role to play in the transition to a circular fashion system. Recycling of post-consumer textiles is considered by many industry leaders as the “holy grail”. At Recover™, we face a challenge in securing large volumes of suitable post-consumer feedstock for our process. The existing textile collector/sorter business models are tailored to sorting for re-use and downcycling markets. However, high-value recyclers have very different needs with regards to sorting (composition, color, exclusion of garments with wax coatings, lurex yarns and so on) and pre-processing (removing rubber prints, care labels, buttons/zippers, etc.) of post-consumer textiles.

Recover™ is committed to being an agent of change in this area, not only by scaling its own recycling of post-consumer textiles but also by being part of key industry projects like [Accelerating Circularity](#) Project and the [ReHubs](#) initiative that bring together crucial stakeholders.



## CIRCULAR DESIGN

Not only do we aim to create products that are aligned with circular principles, but we also promote circular design practices with our supply chain and brand partners. In 2023, we came together with YOOX NET-A-PORTER, and The Prince's Foundation to support [The Modern Artisan](#). Our Head of Sustainability hosted a seminar for the program's participating designers, focused on making tomorrow's creators aware of the impact of their designs, from the design sketch to its post-consumer lifespan.

As an active member of the [Textiles 2030](#) initiative, Recover™ also participated in the Design for Circularity working group, working alongside other businesses and industry leaders to align on good practice design principles. We also gave talks on Circular Design practice at the Slow Fashion Conference in Madrid and at the *Foro de economía creativa* in Valencia.

# RESPONSIBLE PRODUCTION & SUPPLY CHAIN



*[ SECOND PILLAR ]*

RECOVER™ WORLDWIDE  
OPERATIONS ARE DRIVEN BY THE  
HIGHEST ENVIRONMENTAL AND  
SOCIAL STANDARDS.

OBJECTIVE: RECOVER™ OPERATES ACCORDING TO THE HIGHEST ENVIRONMENTAL AND SOCIAL STANDARDS AND IS THIRD-PARTY CERTIFIED.

## THIRD-PARTY CERTIFICATIONS & VERIFICATIONS



[ *Global Recycled Standard (GRS)* ]

GRS is an international, voluntary standard that sets requirements for third-party certification of recycled input and chain of custody. The shared goal of the standards is to increase the use of recycled materials. The GRS includes additional criteria for social and environmental processing requirements and chemical restrictions.

Recover™ is globally certified under the GRS: All Recover™ owned and licensed facilities go through annual GRS audits by third-party certification bodies, in which the chain of custody system is verified, as well as high standards for environmental, social, and chemical management. In this way, Recover™ can offer its customers a high-quality recycled and traceable fiber assuring that it has been processed in environmentally and socially responsible facilities.



[ *Organic Content Standard (OCS)* ]

The OCS from Textile Exchange is an international, voluntary standard that certifies organic input and chain of custody. The goal of the OCS is to increase organic agriculture production.

Recover™ Spain is certified under OCS to assure the chain of custody of the organic fiber that is used to blend with recycled cotton for the REarth product that is produced in the Spanish hub.



[ *Higg Index* ]

Developed by Cascale, formerly known as the Sustainable Apparel Coalition, in collaboration with its 300 member companies (apparel, footwear, and textile brands, retailers, manufacturers, sourcing agents, service providers, trade associations, NGOs and academic institutions), the Higg Index is a suite of tools for the standardized measurement of value chain sustainability.

Cascale has the mission to catalyze collective action toward an equitable and restorative consumer goods industry, by aligning the global community around shared goals, developing and executing joint solutions, and leading the acceleration of impact at scale with the strategic partners.

Cascale's three pillars are Nature Positive Future, Decent Work for All & Combat Climate Change.

## BRAND AUDITS

Every year our Recover™ hubs undergo different audits promoted by our brand partners as part of their Code of Conduct. During these audits many areas of the company are evaluated, such as working conditions, HSE practices and environmental protection, and they are an important for building trust with our partners and providing full transparency of our practices.

## HIGG FACILITY ENVIRONMENTAL MODULE (FEM)

Higg FEM measures the environmental performance of an individual facility, helping manufacturers find opportunities for improvement and empowering them to manufacture more responsibly. The FEM assesses environmental impacts such as the environmental management system, energy consumption, water use, wastewater management, air emissions, waste generation and chemicals.

completed, Higg FEM provides a score and an analysis of the areas for improvement, categorised by sections. This allows the opportunity to work throughout the year to increase the performance score next year. The assessment must be carried out over a complete year; thus, in 2023, the data for the year 2022 has been evaluated.

### Spain

FEM assessment using 2022 data. **The results were verified through a third-party onsite audit, obtaining a score of 70%.**

It is possible to compare our score through a Benchmarking tool offered by Higg. When selecting same facility type companies and European countries, the obtained score was 59.94%. This means that Recover's Environmental Performance is around 10% higher than similar companies also performing Higg FEM.

### Bangladesh

The Bangladeshi hub initiated its production in April 2022. Consequently, the data required for the 2022 assessment was not yet complete or sufficiently stable to perform the environmental performance assessment. Therefore, there was no third-party verification for this hub.



## HIGG FACILITY SOCIAL & LABOR MODULE (FSLM)

The Higg FSLM allows facilities to assess conditions for its workers, helping ensure they are creating safe and fair working conditions. The FSLM assesses performance in several social areas related to human resources (recruitment, hiring, working hours, wages and benefits, treatment of workers and termination). It also reviews the factory's health and safety performance and the management systems in place.

### Spain

In 2023, our Spanish hub performed the Higg FSLM assessment. **The results were verified through a third-party onsite audit, obtaining a score of 67.8%.**

It is important to note that maximum score possible for Recover™ is 80%, as we are evaluating Level 1 and 2 of the FSLM assessment.

It is possible to compare our score through a Benchmarking tool offered by Higg. When selecting same facility type companies and European countries, the obtained score was 66.36%. This means that Recover's Environmental Performance is slightly higher than similar companies also performing Higg FSLM.

Also, we can compare it to our previous score for the Higg FSLM, which was 66.7%, slightly lower than the 2023 assessment.

### Bangladesh

In order to be aligned with Higg FEM , the Bangladeshi hub was not third-party verification for this year. Assessment verification and score publication will be available next year, in our 2024 Sustainability Report.



## OBJECTIVE: RECOVER™ PRODUCTS AND SUPPLY CHAINS ARE TRACEABLE.

Our aim is to have full traceability of all our material inputs, production processes and products.

Due to the nature of the textile waste sector, tracking the origin of the post-industrial textile waste to the manufacturing facilities where it was generated is challenging. Once the waste is generated, it goes through multiple steps of aggregation and sorting, which often implies mixing the waste from different origins. Recover's first step in ensuring the traceability of the post-industrial textile waste origins is to work very closely with our direct suppliers and ensure that in the warehouses where all the textile waste is segregated, the correct work conditions are in place.

Recover™ joined the Circular Fashion Partnership with Global Fashion Agenda, Reverse Resources, BGMEA and P4G, in early 2021. In this project, we seek to enhance traceability of our post-industrial waste to the factory of origin via the Reverse Resources platform. In order to assure the chain of custody of Recover™ recycled fibers along the supply chain, Recover™ is certified under the Global Recycled Standard (GRS), as well as under the Organic Content Standard (OCS) in the Spanish hub for organic cotton fibers.

### THE RECOVER™ TRACER

In 2023, Recover™ continued developing the physical and digital tracer system of our fiber to become market ready at a global level. Using a physical tracer will allow Recover's customers to verify the presence of Recover™ recycled cotton and support them in making credible and substantiated sustainability claims about recycled content.

This traceability assurance will also enable us and our customers to be prepared for the introduction of the Digital Product Passport (DPP) requirements. The European Commission\* defines the DPP as a tool to provide information about a product's environmental sustainability. It is essentially a digital record of a product's sustainability and circularity information throughout its lifecycle, from design to end-of-life. The Recover™ tracer, which we aim to adapt to the DPP system, and the availability of our data, will aid the supply chain in specifying the vital information needed for the DPP and prevent a product from going to waste.



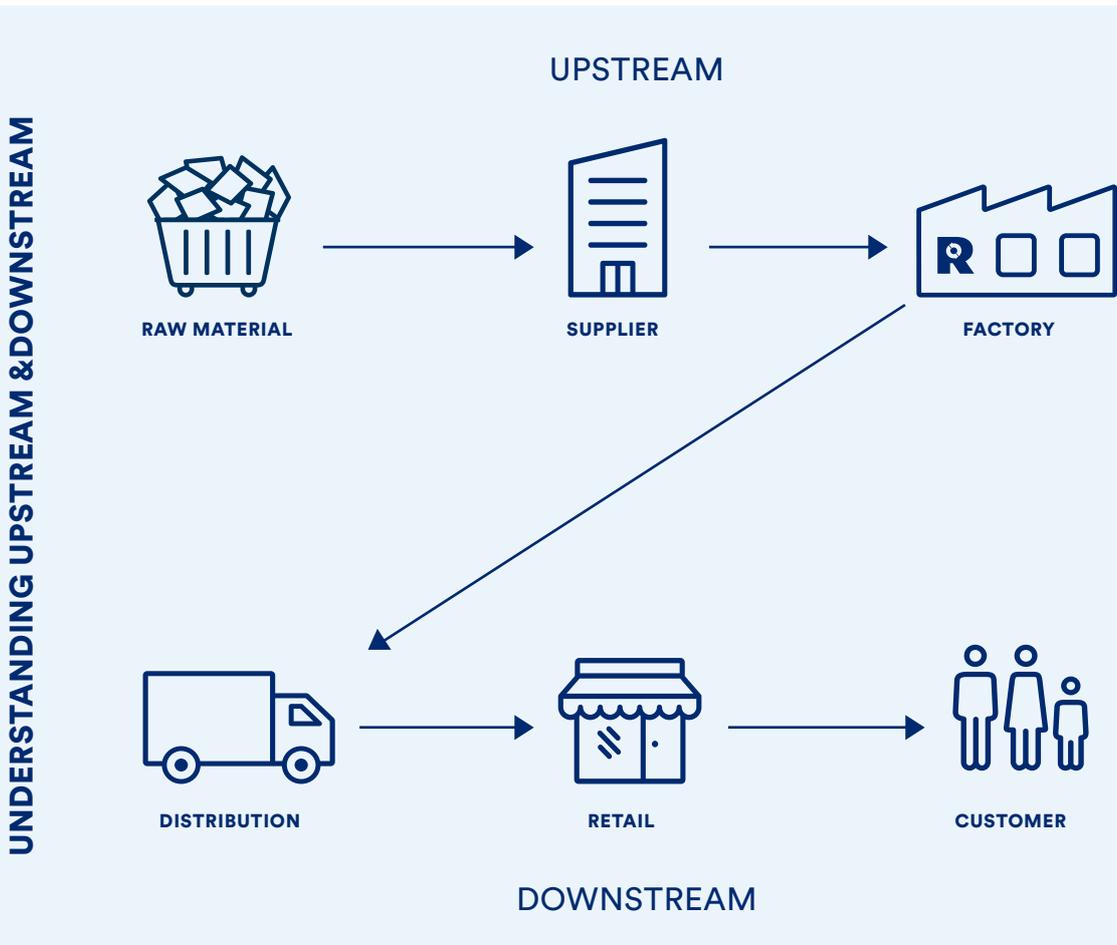
\*[Ecodesign for Sustainable Products Regulation](#).

## OBJECTIVE: RECOVER™ SUPPLY CHAINS ARE SUSTAINABLE & SOCIALLY JUST

### UPSTREAM SUPPLIERS

We aim to build strong and resilient supplier relationships to ensure compliance of our business partners, and to promote an approach of continuous improvement to achieve best practice environmental and social performance. We seek high sustainability and social standards of our products and processes, as well as of our whole business and value chain, and we expect that each individual party involved in our supply chain respects our values and abides by the rules of our Code of Conduct.

In 2023, our Procurement department approved and implemented the Recover™ Responsible Sourcing Policy, which covers from the sourcing of new suppliers to the possible termination of the relationship with a supplier. That said, our aim is to build long-term business relationships with our suppliers and other business partners through close cooperation and understanding of the different situations that might arise.



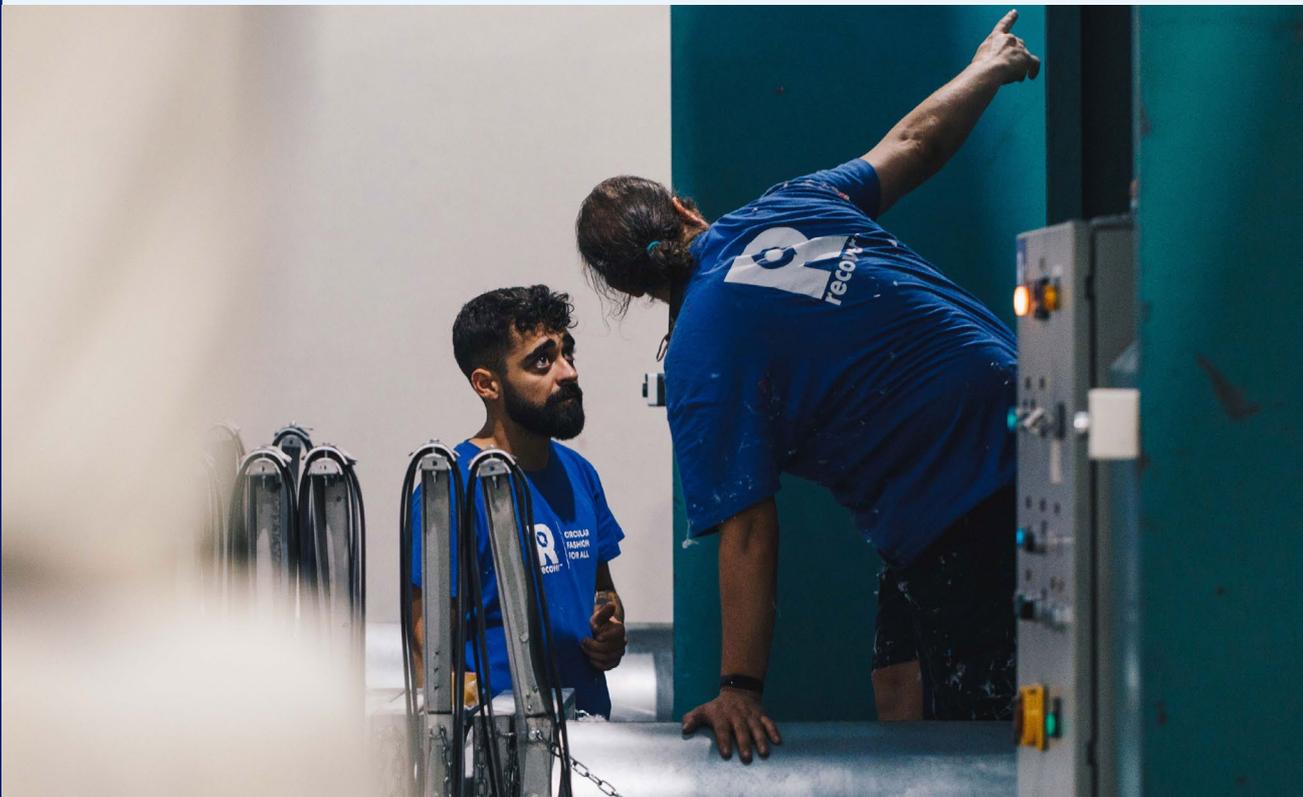
This Policy accounts for the long process where both Recover™ and the supplier shall work together building trusted business relations and pursuing corporate compliance according to national and international standards. The objective of this Policy is to ensure that the supply chain in which Recover™ operates is in compliance with social (including Human Rights, Labor Rights & Decent Work) and environmental responsibilities, does not engage in any kind of corruption, and is responsible towards all stakeholders.

# RESPONSIBLE PRODUCTION & SUPPLY CHAIN

Recover™ sets requirements and expectations for our suppliers to ensure that they share our commitment to responsible sourcing. Our Recover's Code of Conduct for Business Partners is incorporated by reference into all our supplier contracts, and we encourage our suppliers to set expectations in the same way for their own suppliers.

**100% of our active suppliers are committed to Recover's Code of Conduct for Business Partners, which addresses the following topics:**

- Prohibition of child and forced labor
- Freedom of association and collective bargaining
- Non-discrimination
- Health and Safety of the workforce
- Decent pay or Living Wage
- Working hours in line with national laws and benchmark industry standards
- Regulated employment in accordance with the laws in force in each territory
- Environmental protection in compliance with local and international legislation
- Ethics: any form of corruption, extortion or embezzlement is strictly prohibited



Every raw material supplier shall sign our Code of Conduct before starting to work with Recover™.

The Recover™ Procurement team selects suppliers according to the Sustainability Strategy guidelines as defined by the company, as well as to product specifications that favor the shortest supply chains. At Recover™, we aspire to reduce our carbon footprint and produce products with minimal environmental impact. Our goal is to achieve the lowest possible footprint while adhering to the highest sustainability standards.

We assess suppliers based on their risk level, and direct them to the most appropriate due diligence and management process for their risk level. Our due diligence processes address supplier risks associated with legal compliance, human rights compliance (such as equality, non-discrimination and diversity, respect for workers' rights of freedom of association, modern slavery, child labor and health and safety) and environmental impacts. Based on this risk assessment, we place our textile waste suppliers as those with the highest risk, due to the nature of the textile waste sector and also as it is Recover's main raw material.

100% of our textile waste suppliers in Bangladesh are assessed under ESG requirements. During Q4 2023, we accomplished Compliance Assessments for all our textile waste suppliers in Bangladesh, assessing the following topics:

- Quality topics: Policies and certifications in place
- Mechanisms in place to guarantee the absence of child labor and forced labor
- Health & Safety: Proper construction of the workshops or factories, emergency exits, PPEs, HSE Committees, evacuation procedures
- Freedom of Association respect
- Mechanisms in place to guarantee no discrimination, harassment, abuse
- Possible disciplinary measures
- Working hours and wages
- Anti-Corruption mechanisms
- Environmental responsibility



No zero tolerance issues were detected during this first round of assessments. Improvement plans were carefully developed by Recover's team and shared with our suppliers and accepted. HSE training and further assessments will be carried out to verify improvements.

A multidisciplinary Recover™ team, comprised of members from Procurement, HSE and Sustainability, performed the assessments to ensure adequate information was collected. This team has always stated the collaborative behavior of our suppliers and their willingness to improve.

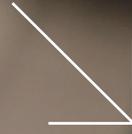
In 2023, the Responsible Sourcing Committee was established at a corporate level and met four times in the reporting year.

## DOWNSTREAM SUPPLIERS

The direct downstream suppliers that Recover™ works with are the spinners that develop high-quality yarns with Recover™ fiber. As Recover™ produces GRS certified recycled cotton fiber, the spinners that use our fiber must also be GRS certified. This aligns with Recover's vision and mission to ensure responsible social and environmental practices and to provide transparency and assurance for consumer claims regarding recycled content in their products.

Recover™ can state that all the spinners to whom we sold the 98.85% of the fiber we produced in 2023 are GRS certified. This considers only spinners to whom we sold at least 10 tons of fiber.

# AGENTS OF CHANGE



CIRCUL  
FASHIO  
FOR ALL



*[THIRD PILLAR]*

WE ACTIVELY SPEARHEAD  
SUSTAINABLE TRANSFORMATION  
WITHIN THE TEXTILE AND  
FASHION INDUSTRIES.

# OBJECTIVE: RECOVER™ IS A LEADER IN TRANSPARENCY

Recover™ strives to meet the 17 Sustainable Development Goals as defined by the United Nations and participates in several forward-thinking industry initiatives that help drive systemic change towards a circular fashion industry. We believe that transparency is the principal driver of change in the industry. Recover™ measures and reports on the requirements for governance, social and environmental performance of its fiber products, facilities, and supply chain.

As a sustainable and ethical company, Recover™ is committed to being transparent and clear in our public messaging. We therefore carefully review our sustainability claims and reassess them on a bi-annual basis. All our claims adhere to regulations and relevant globally accepted industry guidelines.



## Our efforts towards having complete transparency include:



In 2023, we updated the [Recover™ impact calculator](#) on our website with our latest LCA data so that the consumer can calculate the environmental savings made from using our fiber.



We published our Sustainability Reports 2021, 2022 and current 2023 with reference to the [GRI Standard](#) (Global Reporting Initiative), to provide transparency on how we contribute or aim to contribute to sustainable development. Furthermore, we are preparing our reporting requirements to adhere to the Corporate Sustainability Reporting Directive (CSRD). Every six months, Recover™ also reports under 123 ESG requirements to Goldman Sachs Asset Management.



Annually, we submit the [Communication on Progress](#) (CoP), a requirement for all UN Global Compact business participants. It comprises 13 governance topics, 8 human rights topics, 12 labor rights topics, 18 environmental topics, and 8 anti-corruption topics to be disclosed to the UN Global Compact.



# OBJECTIVE: RECOVER™ INSPIRES AND DRIVES SUSTAINABLE TRANSFORMATION AND LEADERSHIP WITHIN THE COMPANY COMMUNITY AND WIDER INDUSTRY.

Recover™ addresses the need for transparency and increased consumer education and engagement by aspiring to be the voice and leader to the consumer on recycled cotton, sustainability, and circularity. Within our communications, both on our social media channels, and brand/retailer collaborations, we engage with consumers to educate them on the consumptive nature of fashion and the benefits of a circular economy.

We provide a strong Marketing platform to support our partners, and our integrated communications ecosystem includes all the modern levels of brand communications. We also work with brands to help them define their messaging so that they can educate their customers on sustainable matters and position themselves as a recognized positive contributor to the industry.

**Recover™ ended 2023 with:**

238 | Articles mentioning Recover™ in 2023

097 | Dedicated coverage by media outlets

010 | Press releases launched

015 | Events attended worldwide: Munich Fabric Start, Sustainable Apparel Forum Bangladesh, Planet Textiles 2023, and Textiles 2030 Conference

002 | Awards won: Just Style Excellence Award: Business Expansion, Environmental, and Investments. Lowie Award – Website: Responsible Innovation



## #COLLABS

REICONICS is a recycled denim capsule collection born from a collaborative project between industry experts Recover™, Evlox, and Jeanologia. By combining expertise from each specialist business, the project aims to improve circularity in the denim industry, from fiber to finish. The capsule collection featured 14 styles of denim, all made from up to 32% Recover™ low-impact recycled cotton fiber.



REICONICS



## #COLLABS

Lands' End, the classic American lifestyle brand committed to quality, joined Recover™ to add a range of timeless sustainable styles. Each piece from this collection includes 20% Recover™ recycled cotton fiber to help close the loop on fashion.



## #COLLABS

Global lifestyle brand Perry Ellis turned to Recover™ to bring more sustainable denim to consumers by opting for Recover's low-impact recycled cotton fiber. Founded on innovation, Perry Ellis is breaking down the walls of fashion by not only making clothes designed with real life in mind, but also by making circular fashion more accessible.

# PERRY ELLIS



**#COLLABS**

European fashion brand C&A launched a new spring/summer 2023 CLOCKHOUSE casualwear collection made with Recover™, a high-quality recycled cotton fiber produced from textile waste and made with a minimal environmental impact.

**C&A**



We partner with other committed actors in the industry, developing sustainable and circular solutions to drive the fashion industry towards a closed-loop system.

In 2023, Recover™ contributed to the following industry projects and associations: Cascale, Textile Exchange, Textiles 2030, Circular Fashion Partnership, Accelerating Circularity, UN Global Compact, ReHubs, Policy Hub, American Apparel and Footwear Association, Global Fashion Agenda, World Circular Textiles Day, Observatorio del Textil y de la Moda, European Recycling Industries' Confederation (EuRIC) and Federación Española de la Recuperación y el Reciclaje (FER).

## GLOBAL



[ Cascale ]

Recover™ has achieved the FOUNDATIONAL+ level, thanks to achieving the 2022 membership requirements. Our Spanish hub has been performing the Higg FEM and FSLM since 2021, and its score for FSLM was published in our Sustainability Report 2022. Our Bangladeshi hub has performed the first self-assessment in Cascale's membership requirements and promotes improvements in all sites in terms of environmental management and working conditions for employees.



[ Textile Exchange ]

Textile Exchange is a global non-profit, driving positive action on climate change across the fashion, textile, and apparel industry. Textile Exchange guides and supports a growing community of brands, retailers, manufacturers, farmers, and others committed to climate action toward more purposeful production, right from the start of the supply chain. Recover™ is a long-standing member and supporter of Textile Exchange. In 2021, Textile Exchange honoured our ongoing work as an agent of change and Climate leader in the industry by awarding Recover™ with the Ryan Young Climate+ Awards for sustainable textile industry leaders.



[ Textiles 2030 ]

Textiles 2030 is WRAP's award-winning UK-based initiative working to move the UK fashion and textile industries towards circularity by forming agreements with sustainably minded brands and businesses. Initiative signatories, like Recover™, commit to shared sustainability goals to be met by 2030 – and beyond. In fact, Recover™ is an active member of three of the initiative's Working Groups: Design for Circularity, Closing the Loop, and Policy. Working alongside other businesses and industry leaders, we hope to effect real positive



[ Circular Fashion Partnership ]

The Circular Fashion Partnership is a cross-sectorial project to support the development of the textile recycling industry in Bangladesh by capturing and directing post-production fashion waste back into the production of new fashion products. As supporters of the project, Recover™ collaborates with brands, manufacturers, NGOs, policy makers and other stakeholders to support the scale up of circular supply chains in Bangladesh.



[ Accelerating Circularity ]

Accelerating Circularity is an action oriented non-profit focused on scaling textile-to-textile recycling through a collaborative, stakeholder-led approach. The mission is to catalyse new supply chains and business models to turn spent textiles into mainstream raw materials. Accelerating circularity is active in both the United States and Europe. Recover™ is part of the Steering Committee of Accelerating Circularity (EU) and is the recycling partner in two recycling pilots, one in the US and one in Europe. Both pilots aim to create to new commercial fabrics that include a combination of post-industrial and post-consumer recycled content.



**United Nations**  
Global Compact

[ UN Global Compact ]

A voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals. As a participant we commit to operate responsibly, in alignment with universal sustainability principles, take actions to support society, and report to the UN Global Compact annually on our ongoing efforts. Recover™ reports to UN Global Compact on an annual basis to ensure our activities are aligned with the Ten Principles and broader UN goals.



[ ReHubs ]

The goal of ReHubs is to set up an integrated system based on recycling hubs in Europe to upcycle textile waste & industrially scale up the collecting, sorting, processing and recycling of pre-consumer and post-consumer materials. As part of Business Council, Recover™ was one of the founding companies of the ReHubs initiative. In this role, Recover™ provided information for the Techno Economic Study and was a driving force for the launch of the first ReHubs projects.



[ Policy Hub ]

The Policy Hub - Circularity for Apparel and Footwear unites the apparel and footwear industry to develop ambitious policies that accelerate sustainable practices. They gather the technical expertise and knowledge from members of their partner organisations: Sustainable Apparel Coalition (SAC), Global Fashion Agenda (GFA), Federation of European Sporting Goods (FESI), and Textile Exchange. As an active member, Recover™ contributes to policy papers and public consultations of key EU policies to engage policymakers. Main workstreams we are contributing are related to Waste (Extended Producer Responsibility, Waste Framework Directive, Waste Shipment Regulation, End of Waste criteria), Eco-design, Transparency (Substantiating green Claims, Empowering Consumers), and Due Diligence.



[ American Apparel & Footwear Association (AAFA) ]

American Apparel & Footwear Association represent more than 1,000 world famous name brands, retailers, and manufacturers. AAFA is the trusted public policy and political voice of the U.S. apparel and footwear industry and helps its members navigate the complex regulatory environment offering opportunities for networking and collaboration. As a member, Recover™ obtains information and insights on US regulation and policy. We can address challenges through active participation in the different committees like Labelling Team, the Environmental Committee, or the Customs Team & Trade Policy Committee.



[ Global Fashion Agenda ]

Global Fashion Agenda (GFA) is a non-profit organization that promotes collaboration within the fashion and textiles industry to accelerate sustainable and social advancements and the adoption of best practices. One of the most important impact initiatives led by Global Fashion Agenda is the Circular Fashion Partnership, of which Recover™ is a collaborator.



**world circular  
textiles day**

*[ World Circular Textiles Day ]*

World Circular Textiles Day, which takes place every year on 8<sup>th</sup> October, has been launched to celebrate the efforts of a growing community of companies, organisations and individuals actively working towards a circular textile future. It is a living, breathing time capsule to record the progress and chart the momentum of circularity in textiles. Recover™ is signatory of World Circular Textiles Day and contributes insights and learnings in the form of case studies to support the mapping of the state of circularity in textiles.

## SPAIN



**OBSERVATORIO  
TEXTIL Y MODA**

*[ Observatorio Textil y Moda ]*

The aim of the “Observatorio del Textil y de la Moda” is to activate the transformation of the textile sector, adding more value to the Spanish textile and fashion industry. Recover™ is partner of the “Observatorio del Textil y de la Moda” since its creation in 2022. We are Group leaders of the working group focused on managing the fund calls for Circularity projects, while actively participating in the other working groups focused on decarbonization, innovation and sustainability.



**EuRIC**

*[ European Recycling Industries' Confederation ]*

EuRIC primarily focuses on promoting, representing, and protecting the collective interests of the European textile reuse and recycling industry. The members come from various European countries and are active in the collection, sorting, preparation for re-use, recycling, transportation, and marketing of used textiles, shoes, and accessories. Through this collaboration, Recover™ can play a crucial role in shaping key EU policies and regulations that impact the recycling sector.



**FER**

*[ Federación Española de la Recuperación y el Reciclaje (FER) ]*

The Spanish Federation of Recovery and Recycling (FER) brings together the interests of the waste recycling sector and defends them in the different economic, social and environmental fields at national and international level. Being a member of the FER Association enables Recover™ to connect with essential stakeholders in the Spanish textile recycling value chain, including collectors, sorters, and other recyclers.

## BANGLADESH



**BTMA**

*[ Bangladesh Textiles Mills Association (BTMA) ]*

BTMA is an organization representing the textile industry in Bangladesh. It serves as a platform or textile mill owners and stakeholders to address common issues, advocate for policies beneficial to the industry, and promote the growth and development of the textile sector in Bangladesh. The textile industry is a significant contributor to Bangladesh's economy, accounting for a substantial portion of the country's export earnings and providing employment to millions of people. BTMA plays a crucial role in representing the interests of textile mill owners and facilitating dialogue between the industry and government authorities to address challenges and promote sustainable growth.

## OBJECTIVE: RECOVER™ DRIVES ICONIC AND IMPACTFUL ESG INITIATIVES.

### Social Accountability - Global

→ Recover™ Employee Code of Conduct (CoC)

At Recover™, we have embedded respect for human rights in our relevant practices and policies, including our Employee Code of Conduct. All our factories follow these standards which are based on the Core Conventions of the International Labor Organization (ILO) as well as the United Nations Universal Declaration of Human Rights. The CoC was created in 2022 and it is reviewed every year and approved by the person responsible for the People & Talent department.

Some highlights include but are not limited to:

- Strict compliance with all applicable local, regional, national, and international legislation.
- Respect cultural and individual diversity and promote inclusiveness, and zero tolerance for any kind of discrimination, harassment, and violence.
- Equal opportunity promotion.
- Recognition to associate or organize or to collectively bargain.
- Zero tolerance for any kind of corruption.
- All employees must have reached the legal working age in each country where we operate.
- Wages shall respect the agreements of each sector in each country.
- Forced labor is strictly prohibited.
- Employees' safety is always a priority.
- Respect for Human Rights in high-risk context with special attention.

Every Recover™ employee has been trained under the Code as part of the onboarding process when joining the company, and the Code is binding for the whole staff. This Code sets out the standards of behavior that all employees should adhere to, so that their conduct is consistent with due respect for applicable laws and regulations, with integrity and transparency, acting with the prudence and professionalism appropriate to our environmental and social commitment.

The CoC can be found both in English and Bengali in our internal Business Process Management and our employees have access to it anytime in case they would like to review it. It is reviewed and approved on an annual basis.

→ Work from Home Policy

Recover™ has a global Policy and local Policies (Spain: launched in May 2023; Bangladesh: launched framework is based on 3 main pillars: flexible working schedules, work-life balance, and hybrid work from home model).

→ Training programs

Recover's learning & development strategy seeks to support professional development and build specific skills and capabilities across the company, with a high focus on our scientific and sustainability expertise to be best in class in our sector.

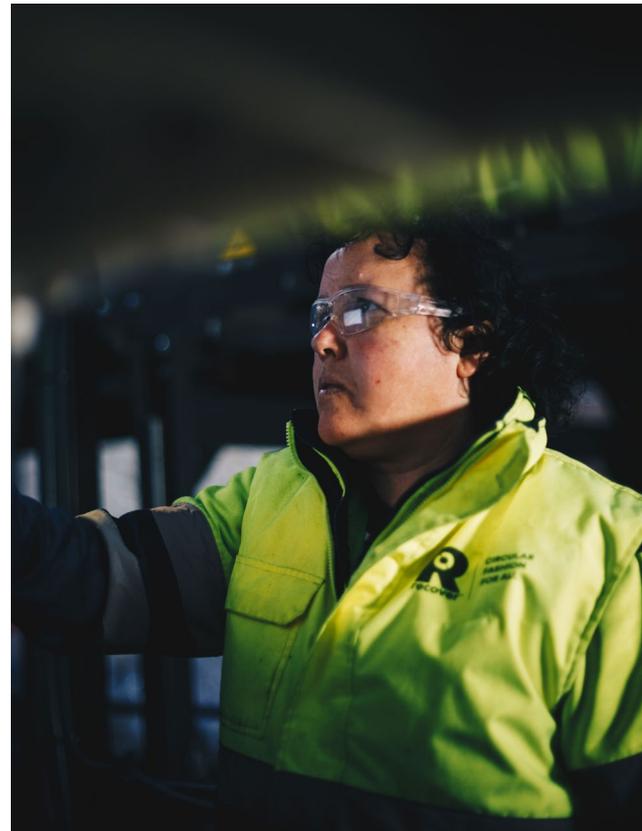
In 2023, our training programs at global level were distributed as follows:

- 52% technical or hard skills: specialized knowledge and expertise required to perform specific tasks. e.g. Chemical Handling Safety
- 48% cross or soft skills: aptitudes and abilities of an individual that can be used in a variety of professional situations (particularly in several different jobs, companies or workplaces). e.g. code of conduct, culture and values.

→ Corporate Whistleblowing Channel

The Corporate Whistleblowing Channel covers all Recover™ employees, as well as other stakeholders. The channel ensures that any individual can raise queries and/or doubts about the construction or enforcement of the Recover™ Employee Code of Conduct (CoC) and gives notice of any breaches of the Code, as well as any other internal policy and conduct regulations.

The channel is strictly confidential and secure for the informant. One of Recover's aims is to ensure that the CoC is available to all employees and providers, to ensure that they are aware of their rights and to encourage them to report any discriminative behavior or identify potential concerns that need to be addressed, by using the whistleblowing channel. The channel falls under the CoC training and all employees are aware of its objectives and how to use it.



→ Ethics Committee

The Ethics Committee's main objective is to guarantee that all employees and suppliers fulfill the CoC. This committee meets once every quarter to review any topic related to the CoC and its implications, to discuss any legal requirement that may be within its scope, and to review reported complaints against the CoC reported through the Corporate Whistleblowing Channel. Whenever required, the committee will hold additional meetings.

The Ethics Committee is comprised of the following departments: People & Talent, Sustainability and Finance & Legal.

## Social Accountability - Spain

### → Workers' Committee

In Spain, 100% of Recover™ employees are covered by the *Convenio colectivo general de trabajo de la industria textil y de la confección*.

At the end of 2023, in our Spanish hub, there were elections to create the Workers' Committee. The formalization of the committee has been completed following the legal deadlines. The committee is made up of five workers, including two who are part of the Equality Committee and two who are part of the Safety Committee.

### → Recover™ Equality Committee & Equality Plan

Total gender equality is of the utmost important at Recover™ and we always strive to ensure equal treatment and access to equal opportunities between women and men throughout the entire organization.

To achieve this, in 2022, Recover™ performed a diagnosis report, with data collection and a quantitative and qualitative analysis, to know the degree of equality between women and men in the company. In 2024, this report will be updated with data from 2023 and an adjusted gender pay gap assessment will be performed, that, together with the Equality Plan, will advocate for equality, foster transparent communication, raise awareness of gender equality issues and to solve any concerns that might arise on gender discrimination.

## Social Accountability - Bangladesh

### → Participation Committee

The Participation Committee serves as a communication channel between employees and the company, in which concerns and potential improvements are shared, decisions are taken, and requests by the workers can be raised and agreements are reached. Any change in policies is discussed, explained to the employees and reviewed how it will affect them. This committee follows the legality in Bangladesh, as the minutes of the meetings are sent to the Labor office to assure the legal compliance.

### → Anti-Harassment Committee

The establishment of the Anti-Harassment Committee falls under the Bangladesh Labor Act of 2006. Its objective is to prevent and address instances of harassment in the workplace. This committee works to create awareness about harassment issues, develop policies and procedures for reporting and addressing harassment, investigate complaints of harassment in a fair and impartial manner, and take appropriate disciplinary action against perpetrators.

Meetings take place every month to review cases and propose actions. It consists of representatives from both management and workers, and it has five members and it should be renewed every two years.



\*Recover™ respects every employee's right to freedom of association and collective bargaining and follows commonly recognized best practices with all our employees globally. The company also respects all the activities undertaken by organizations representing employees by the functions and competencies legally attributed to them, with whom relations shall be maintained based on mutual respect to encourage open, transparent, and constructive dialogue to consolidate the objectives of social harmony and occupational stability.

\*Recover™ also has a Safety Committee both in Spain and in Bangladesh which is explained in further detail in the Health and Safety section.

## Health & Safety: Occupational Health and Safety Management System (OHSMS)

Recover™ implemented a robust and comprehensive Occupational Health and Safety Management System (OHSMS) consisting of a framework that allows us to identify and control our health and safety risks, reduce the potential for incidents, help us achieve compliance with health and safety legislation, and continually improve our performance. This system encourages employees to report potential unsafe conditions and the HSE department then evaluates them and implements the corresponding measures. Our OHSMS covers fire and emergency drills, PPEs (Personal Protective Equipment), distribution records, and safety signage across the company.

To guarantee the fulfillment of the international and local legislation in terms of Health, Safety, and Environment, we work with the compliance third-party service provider, [Red-on-line](#), at a global level.

In 2023, we finalized and successfully published on our website our [Recover™ Health, Safety, and Environmental Policy](#), approved at the CEO level. This policy establishes the premise that our employees and our partners are our most valuable asset and therefore HSE is a priority at Recover™.

Towards the end of 2023, the entire organization prepared for the ISO 9001 audit which took place at the beginning of 2024. The audit serves to certify and properly establish a quality management system that will also cover HSE procedures and policies. Attaining the ISO 9001 will serve as a precedent for the HSE department to obtain the ISO 45001, which certifies the Occupational Health and Safety Management System (OHSMS), as well as the ISO 14001, to certify the Environmental Management System (EMS), both at international levels.

Furthermore, our Madrid headquarters is in an ISO 45001 and ISO 14001 certified building, by [Gmp](#).



**100% OF RECOVER™ EMPLOYEES,**  
temporary workers, external workers and visitors are covered by our OHSMS



Our OHSMS is internally audited periodically, as well as externally, through GRS, Brand/Retailer audits and government visits, which we undergo every year. It has also been assessed during the performance of the Higg FSLM (verified in our Spanish hub and first self-assessment in our Bangladeshi hub).

In both hubs we have established a **Safety Committee**, as per the law, responsible for promoting workplace safety and identifying potential hazards. The number of members in the committee is determined by the size of the hub.



#### SAFETY COMMITTEE BANGLADESH

- Meeting every 2 months
- HSE manager (1)
- Production workers (3)
- Office workers (2)



#### SAFETY COMMITTEE SPAIN

- Meeting every 3 months
- HSE manager (1)
- Production manager (1)
- Production workers (2)

Additionally, in RBD we have established a Food Committee that guarantees the hygiene of the food served in the facilities and our Participation Committee covers other HSE topics.

**100% of workers at Recover™ have been trained in Health & Safety and Emergencies**, always under the premises of guaranteeing the safety of all workers, collaborators, subcontractors and visitors. At Recover™ we have our own production centers, and specific induction trainings in Health & Safety and in emergencies have been developed for all workers.

In Bangladesh, additional trainings are given to assure the health and safety of workers, such training for seasonal fever, conjunctivitis and nutrition. Moreover, for each shift change, production workers conduct toolbox meetings, which are short training sessions on different Health & Safety topics to reinforce the induction training and to involve all workers in the worker protection strategy.

In our Spanish hub, the description of the scope of our OHSMS is provided by an external prevention service, which includes a risk assessment and preventive measures. Our HSE department guarantees that these preventive measures are in place. We have implemented a platform to collect and coordinate the necessary documentation from external workers in terms of HSE.

In Spain, healthcare is guaranteed by the Spanish National Health System and health checks are annual and voluntary (except for those workplaces whose specific risk is mandatory per law). Meanwhile, in our Bangladeshi hub, we have a health department to take care of the well-being of our employees, consisting of a doctor and full-time general shift nurse, who attend to all health-related issues, whether work-related or not. Furthermore, pregnant workers are monitored exhaustively to guarantee their wellbeing. Our health department offers general checks every month, as well as a pre-employment health check that guarantees that the new employee is of legal working age. In 2023, a welfare survey was performed to confirm that workers are provided with a good working environment, drinking water, clean washrooms and proper dining facilities.

In 2023, Our PPE Policy was finalized and published on our website, which sets the basis for the use of our PPE in designated areas with strict enforcement and customized PPE solutions for specific job roles.

In August 2023, in RBD, an Ambient Air Quality Test was performed, and the results for NO2, PM10, PM2.5, SO2 and NH3 were all acceptable. Meanwhile, in our Spanish hub, the Air Quality Test was performed in May 2023. As a good practice, the visual inspection positions that were most exposed to the dust were relocated to less-exposed positions, and this task was substituted by AI sorting technology. In 2024, we will improve our dust extractors system for better absorption.

All **injuries and “near misses”** are investigated and addressed with the appropriate corrective actions necessary to prevent future incidents. Regarding absenteeism, the following statistics have been recorded for the reporting period of January to December 2023:

<b>BANGLADESH</b>			<b>SPAIN</b>		
	Lost time injuries	4		Lost time injuries	0
	Injuries without lost time	5		Injuries without lost time	1
	Near misses	N.R*		Near misses	2
	Lost days	43		Lost days	122**
	LTIFR	4.42		LTIFR	0
	Environmental incidents	0		Environmental incidents	0

\* Not reported

\*\*Corresponding to one accident occurred in 2022

No fatality has been reported since Recover™ opened

Since August 2023 no injury has been reported, and we truly believe that our OHSMS has been properly implemented since then.

At Recover™ we focus on the prevention of accidents thanks to our HSE trainings, risk assessments and implemented measures. In the case of an accident, the HSE department has developed a process which includes an initial report from medical personnel, an investigation from the HSE manager, an agreement on the measures to take to mitigate potential risks, and also the guarantee that those measures are properly implemented.

For the suppliers in Bangladesh, the **Recover™ Responsible Sourcing Policy and Suppliers Assessments** are to be reviewed and included in the HSE improvement plans, to ensure social responsibility in our supply chain.

### Chemical Management System (CMS) and Chemicals Policy

At Recover™, we have implemented our own Chemical Management System (CMS) with the aim of removing hazardous chemicals from the value chain and focusing on safety, traceability, transparency and continuous improvement. This is also reflected in our [Chemicals Policy](#).

Chemical management requires a systematic approach throughout all production stages, including the input, chemical usage and handling in facility areas, and the output in our products.

The CMS is also aligned with industry standards that are used to monitor output chemicals that might be placed in the value chain and, eventually, reach consumers and or the environment.

#### Input

Input chemicals and our supply chain shall comply with a series of requirements that includes, among other, management of information, adherence and compliance with industry Manufacturing Restricted Substances List, evaluation of suppliers, etc.

#### In-use chemicals

Recover™ follows strict rules on use, handling, storage and disposal of chemicals. Our team is being constantly trained on these topics to ensure the safest working conditions for our employees.

Recover™ proactively monitors the use of chemicals and any wastage produced to reduce its usage to the unavoidable minimum, and to make sure that any waste generated is properly handled by approved and recognized waste treatment companies.

#### Output

Although the additives used in production do not pose any risk for humans or the environment, given the type of raw materials used, Recover™ has systematically implemented a process to analyze that there are no substances present in our final products that can pose a risk for consumers and/or the environment.

All our batches are being tested in external laboratories recognized with accreditation under ISO 17025:2017 against the AFIRM RSL. This information can be provided upon request to clients.

Recover™ has a zero tolerance with output chemicals which are not in compliance with the [AFIRM RSL](#) or any local restrictions.

### Quality Management System (QMS)

In 2023, the [Recover™ Quality Policy](#) was reapproved by the executive management team and was made available internally and externally through our website.

2023 marked a milestone for Recover™ in terms of continuous improvement. During the year, the Recover's Quality Management System, based on the International Standard ISO 9001:2015, was implemented in our manufacturing hubs and headquarters. The focus of our Quality Management System is customer satisfaction as well as the optimization of processes and continual improvement.

Furthermore, the ISO 9001 aids a proactive and preventive culture by identifying and analyzing the risks and opportunities that are relevant to the company, or those that may affect the conformity of products and services enhancing the ability to increase customer satisfaction.



All identified risks are evaluated on their potential impact to Recover™ and other interested parties, considering the likelihood and the severity.

Risks are evaluated and treated by implementing different measures depending on the risk level to eliminate or minimize its likelihood to occur and/or its consequences.

In February 2024, after being audited by internationally recognized bodies under the ISO 9001, the completion of the process of external certification was successfully completed demonstrating Recover's commitment to client satisfaction and continual improvement.

Mid and long-term plans to upgrade the Quality Management System, including its scope and objectives, are yet to be defined and will allow Recover™ to move forward in terms of Quality & Environmental Management

## Madrid office

The Recover™ headquarters is based in Madrid, Spain. These offices are in the GMP building, certified under the strictest environmental and social standards: LEED Platinum, ISO 9001, ISO 14001, ISO 45001.

## Travel agency

Our travel agency In Out is [committed](#) to improving the environmental, social, and cultural sustainability of the company. In 2022, they joined the Ciutadà Commitment for Sustainability and the Barcelona Biosphere Commitment for Tourist Sustainability. This seal recognizes companies that work on sustainability criteria based on the 17 SDGs set by the United Nations. At In Out, they promote sustainable tourism that is respectful of our environment.



# ABOUT US



## REPORTING STANDARDS AND SCOPE

This Sustainability report 2023 was published on the 24th of July 2024 and covers the financial year from the 1st of January 2023 to the 31st of December 2023.

Recover™ is committed to updating and publishing its Sustainability report on an annual basis.

This report provides a comprehensive view of Recover's approach to sustainability and our performance in 2023, with a focus on environmental and social issues. It has been prepared with reference to the Global Reporting Initiative (GRI) Standards. We also report our performance against the Sustainable Development Goals (SDG) by the United Nations.

As a signatory to the United Nations Global Compact (UNGC) we have aligned this report with the UNGC's 10 universally accepted principles in the areas of human rights, labor, environment, and anticorruption. The report highlights progress made in 2023 towards these principles.

It includes information related to all of Recover's manufacturing locations worldwide as well as our global head office based in Spain and the report has been reviewed and approved by Recover's governance body. In 2023, Recover™ appointed PricewaterhouseCoopers as external auditors for the financial statements of Recover HoldCo and its subsidiaries.

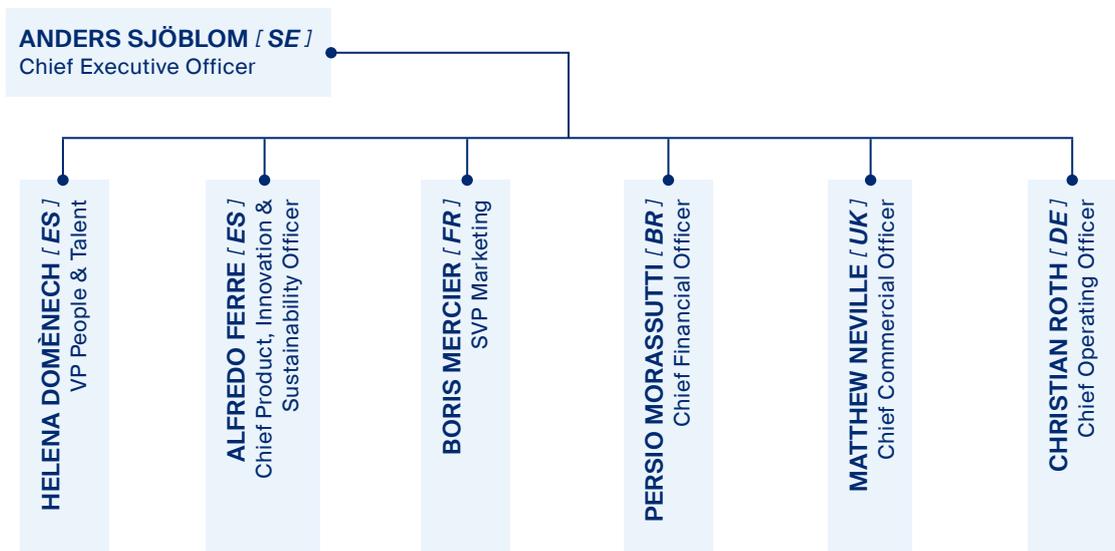
Please contact us with any questions about our sustainability report at [circularity@recoverfiber.com](mailto:circularity@recoverfiber.com)

## GOVERNANCE STRUCTURE

### Board Members

- Olof Persson (Non-Executive Chairman & Independent Director)
- Samir Shah (Member)
- Peter Comisar (Member)
- Alfredo Ferre (Member)
- Letitia Webster (Member)
- Clay Krebs (Member)
- Hans Ploos van Amstel (Member)

### Global Management Team



\* This organigram relates to the Recover™ management team as of July 2024.

Recover Hold Co. is the holding company, based in United States. Its subsidiary companies are:

- Recover Textile Systems, SL is the subsidiary based in Spain.
- RBD Fibers Limited is the subsidiary based in Bangladesh.
- Recover US OpCo, LLC is the subsidiary based in the U.S.
- Recover IPCo, LLC is the subsidiary based in the U.S. (Recover™ trademark ownership)

## ANTI-CORRUPTION

We are committed to ensuring that all Recover™ companies meet their legal obligations, prevent, detect and eliminate corrupt practices, and cooperate to reduce opportunities for bribery and corruption. We always require all our employees to act honestly and with integrity and to follow the company's internal Code of Conduct.

Through our Corporate Whistleblowing Channel, the different stakeholders of Recover™ (employees, shareholders, administration, suppliers, customers, communities, etc.) can anonymously raise queries and/or doubts about the construction or enforcement of the Code of Conduct and give notice of any breaches of the Code as well as any other internal policy and conduct regulations. All Recover™ employees receive training about the Code of Conduct when joining the company, which includes details of the Corporate Whistleblowing Channel. We also expect that all business partners apply the highest ethical standards in their business relationships and commit to a zero tolerance of corruption.

### Code of Conduct

Corruption in any form is not accepted, including bribery, extortion, kickbacks and improper private or professional benefits for customers, agents, contractors, suppliers or employees of any such party or government officials. Neither Recover™, nor any of its employees, shall ever offer or accept illegal or unlawful monetary gifts or other forms of remuneration in order to secure business related or private benefits, or benefits for customers, agents or suppliers.



## STAKEHOLDER ENGAGEMENT

Our stakeholders are very important to the success of the company. Understanding and engaging with them is critical to building our relationships, managing risks, and achieving long-term success at Recover™.

Stakeholder engagement helps to identify and prioritize stakeholder concerns, understand their expectations, and involve them in decision-making processes. By engaging with stakeholders, organizations can build trust, reduce conflict, and create more sustainable outcomes.

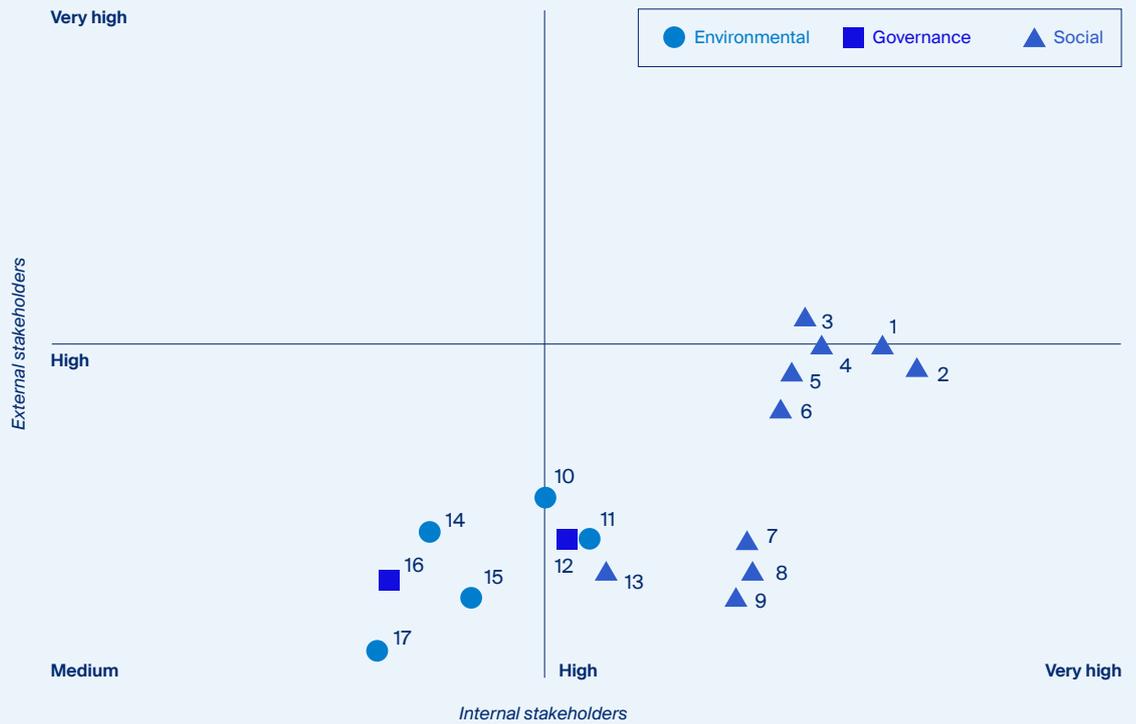
In order to identify our stakeholders and groups of interest, Recover™ has taken the following into account:

- The effect that our activity has whilst taking social, environmental, and governance aspects into account.
- The needs and expectations of each group, as well as the risks and impacts associated with each of them.
- The definition of adequate channels in each case ensuring a continuous flow of feedback.

### Stakeholders



# MATERIALITY ASSESSMENT



- 1. No Child Labor
- 2. Safe Conditions at Work
- 3. No Harassment & Abuse
- 4. No Forced Labor
- 5. Equal Pay
- 6. No Discrimination
- 7. Payment of Living Wages
- 8. Socially Compliant Suppliers
- 9. Effective and Trustworthy Grievances Handling
- 10. Hazardous Substance Management
- 11. Reduction and Recycling of Waste
- 12. Compliance with Regulations and Responsible Practices
- 13. Traceable Supply Chains
- 14. Reduce Water Scarcity
- 15. Environmentally Compliant Suppliers
- 16. Anti-Bribery and Anti-Corruption
- 17. GHG Emissions Management

In 2023, we reviewed the material topics resulting from the materiality assessment performed in 2022. As per the Corporate Sustainability Reporting Directive (CSRD), we will perform during the next 2 years a Double Materiality Assessment in order to consider how our actions impact both people and the planet, as well as how sustainability issues can affect our financial wellbeing.

Following the stakeholder mapping exercise, we identified key areas of concern for the industry ,and Recover™ in particular, by reviewing several internal and external documents: the OECD Guidelines (Organization for Economic Cooperation and Development), as well as the ESG requirements from Goldman Sachs Investment Management, our Code of Conduct and policies from our stakeholders. An initial survey was performed to all internal and external stakeholders with a total of 53 topics that represent potential environmental, social and governance risks. We obtained a total of 69 replies. The most relevant 17 topics were then surveyed to the organization’s extended management team and the results are presented in the graph.

Analysis of the results shows that the 9 highest rated topics are social ones. Through some additional questioning we determined that the reason behind this is connected to the opening of the new hub in Bangladesh and the fact that this country is perceived as a high-risk country for social issues and that in general, risks associated with human rights are prioritized over environmental risks. Finally, we concluded that our stakeholders rated social over environmental issues, as they perceive that the Recover™ business already directly impacts positively on the environment due to our recycled products.

Recover™ is addressing most of the topics included in the top 17 with policies and processes already in place. In addition, we are ensuring that these topics continue to be part of our long term ESG strategy, are represented in our 2024 ESG goals, and remain a core focus for our stakeholder engagement efforts moving forward.

## FRAMEWORKS AND ASSURANCE

Statement of use: Recover™ has reported the information cited in this GRI content index for the period of the 1st of January 2023 to the 31st of December 2023 with reference to the GRI Standards.

GRI1 used: GRI 1: Foundation 2021

GRI STANDARD	SECTION	GRI DISCLOSURE	PAGE	SDG	COMMENT
<b>GENERAL DISCLOSURES</b>					
GRI 2: General Disclosures 2021	1. The organization and its reporting practices	2-1 Organizational details	Governance structure Recover™ production network	--	--
--	--	2-2 Entities included in the organization's sustainability reporting	Governance structure	--	--
--	--	2-3 Reporting period, frequency and contact point	Reporting standards and scope	--	--
--	--	2-4 Restatements of information	--	--	No restatements have been made
--	--	2-5 External assurance	--	--	We have not obtained external assurance for this report.
--	2. Activities and workers	2-6 Activities, value chain and other business relationships	Closing the Loop on Fashion The Recover™ process	SDG 6	--
--	--	2-7 Employees	Our people	SDG 8	All data reported based on FTE (Full Time Equivalent) for the period 1-1-2023 to 31-12-2023
--	--	2-8 Workers who are not employees	--	SDG 8	4 freelances. Other possible profiles are not included as Recover™ has a service agreement but without direct control on them.
--	3. Governance	2-9 Governance structure and composition	Governance structure	--	--
--	--	2-10 Nomination and selection of the highest governance body	--	--	There are no formalized processes for the nomination and selection of the highest governance body.
--	--	2-11 Chair of the highest governance body	Governance structure	--	--
--	--	2-12 Role of the highest governance body in overseeing the management of impacts	Governance structure. Quality Management System (QMS)	--	--

# ABOUT US

--	--	2-13 Delegation of responsibility for managing impacts	Governance structure	--	--
--	--	2-14 Role of the highest governance body in sustainability reporting	--	--	The Sustainability Report is approved by the Chairman of the company and presented to both the Board of Directors and the C-level directors
--	--	2-15 Conflicts of interest	Anti-corruption	--	--
--	--	2-16 Communication of critical concerns	Governance structure	--	--
--	--	2-17 Collective knowledge of the highest governance body	Governance structure	--	--
--	--	2-18 Evaluation of the performance of the highest governance body	Governance structure	--	--
--	--	2-19 Remuneration policies	--	--	We apply the legal increases for wages that apply in each country. Moreover, there are specific salary revisions.
--	--	2-20 Process to determine remuneration	--	--	We apply the legal increases for wages that apply in each country. Moreover, there are specific salary revisions.
--	--	2-21 Annual total compensation ratio	--	--	The ratio of total annual compensation for the highest salary to the median at global level, excluding the highest salary. Taking into account all salaries and including trainees, the ratio is 16.32
--	4. Strategy, policies and practices	2-22 Statement on sustainable development strategy	Message from the CEO	--	--
--	--	2-23 Policy commitments	Recover™ environmental and social standards	SDG 8	--
--	--	2-24 Embedding policy commitments	Recover™ environmental and social standards	--	--
--	--	2-25 Processes to remediate negative impacts	Whistleblowing corporate channel	SDG 8	--
--	--	2-26 Mechanisms for seeking advice and raising concerns	Social Accountability	SDG 8	--
--	--	2-27 Compliance with laws and regulations	--	--	In 2023, there were no cases of number of significant instances of non-compliance reported.

--	--	2-28 Membership associations	Objective: Recover™ inspires and drives sustainable transformation and leadership within the company community and wider industry.	--	--
--	5. Stakeholder engagement	2-29 Approach to stakeholder engagement	Stakeholder engagement	--	--
--	--	2-30 Collective bargaining agreements	Social Accountability	--	--
GRI 3: Material Topics 2021	Disclosures on material topics	3-1 Process to determine material topics	Materiality assessment	--	--
GRI 3: Material Topics 2021	Disclosures on material topics	3-2 List of material topics	Materiality assessment	--	--
<b>MATERIAL TOPIC: NO CHILD LABOR</b>					
GRI 408: Child Labor 2016	--	408-1 Operations and suppliers at significant risk for incidents of child labor	> Recover™ Employee Code of Conduct & Human Rights Policy > Objective: Recover™ supply chains are sustainable and socially just > Materiality assessment	--	--
<b>MATERIAL TOPIC: SAFE CONDITIONS AT WORK</b>					
GRI 403: Occupational Health and Safety 2018	--	403-1 Occupational health and safety management system	Health & Safety: Occupational Health and Safety Management System (OHSMS) Objective: Recover™ supply chains are sustainable and socially just	SDG 3, 8	--
--	--	403-2 Hazard identification, risk assessment, and incident investigation			--
--	--	403-3 Occupational health services			--
--	--	403-4 Worker participation, consultation, and communication on occupational health and safety			--
--	--	403-4 Worker 403-5 Worker training on occupational health and safety			--
--	--	403-6 Promotion of worker health			--
--	--	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			--
--	--	403-8 Workers covered by an occupational health and safety management system			--

--	--	403-9 Work-related injuries			--
--	--	403-10 Work-related ill health			--
<b>MATERIAL TOPIC: NO HARASSMENT &amp; ABUSE, NO DISCRIMINATION</b>					
GRI 406: Non-discrimination 2016	--	406-1 Incidents of discrimination and corrective actions taken	Social Accountability	SDG 5, 8	No incidents of discrimination have been reported during the reporting period.
<b>MATERIAL TOPIC: NO FORCED LABOR</b>					
GRI 409: Forced or Compulsory Labor 2016	--	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Social Accountability Objective: Recover™ supply chains are sustainable and socially just Materiality assessment	SDG 8	--
<b>MATERIAL TOPIC: EQUAL PAY</b>					
GRI 405: Diversity and Equal Opportunity 2016	--	405-1 Diversity of governance bodies and employees	Social Our people Governance structure	SDG 5, 8	--
--	--	405-2 Ratio of basic salary and remuneration of women to men	Social Our people Governance structure	SDG 5, 8	Average of men vs women corresponding to the entire year 2023
<b>MATERIAL TOPIC: PAYMENT OF LIVING WAGES</b>					
GRI 3: Material Topics 2021	--	3-3 Management of material topics	Recover™ Employee Code of Conduct & Human Rights Policy Objective: Recover™ supply chains are sustainable and socially just	SDG 8	Average of men vs women corresponding to the entire year 2023
<b>MATERIAL TOPIC: SOCIALLY COMPLIANT SUPPLIERS</b>					
GRI 414: Supplier Social Assessment 2016	--	414-1 New suppliers that were screened using social criteria	Objective: Recover™ supply chains are sustainable and socially just	SDG 8	--
--	--	414-2 Negative social impacts in the supply chain and actions taken	Objective: Recover™ supply chains are sustainable and socially just	SDG 5, 8	--

UN GLOBAL COMPACT PRINCIPLES	PAGE	SDG	COMMENT
<b>UN GLOBAL COMPACT PRINCIPLES: HUMAN RIGHTS</b>			
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	--	--
Principle 2	make sure that they are not complicit in human rights abuses.	--	--
<b>UN GLOBAL COMPACT PRINCIPLES: LABOR</b>			
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	--	--
Principle 4	the elimination of all forms of forced and compulsory labour;	--	--
Principle 5	the effective abolition of child labour; and	--	--
Principle 6	the elimination of discrimination in respect of employment and occupation.	--	--
<b>UN GLOBAL COMPACT PRINCIPLES: ENVIRONMENT</b>			
Principle 7	Businesses should support a precautionary approach to environmental challenges;	--	--
Principle 8	undertake initiatives to promote greater environmental responsibility; and	--	--
Principle 9	encourage the development and diffusion of environmentally friendly technologies.	--	--
<b>UN GLOBAL COMPACT PRINCIPLES: ANTI-CORRUPTION</b>			
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	--	--

# TOGETHER WE CAN ACHIEVE CIRCULAR FASHION FOR ALL

[ *Sustainability report 2023* ]