



SUSTAINABILITY REPORT

2025 edition

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LETTER FROM THE CEO

ESRS coverage: narrative front-matter; supports ESRS 2 SBM-1 framing.

Dear reader,

The year of 2025 marks an important milestone in Recover’s journey. Over the past few years, much of our effort has been focused on building and expanding our presence, establishing new hubs, and creating a global production network capable of serving the textile industry where it operates. With the addition of our facility in El Salvador, Recover™ now has an operational presence across five key textile regions, strengthening our ability to support customers and partners around the world.

This milestone is significant not only because of our geographic reach, but because it represents real industrial capacity. Our network is built on operating production facilities serving brands and manufacturers today. Across our hubs, we have established the infrastructure, capabilities, and production capacity needed to deliver recycled cotton solutions at scale and support the growing transition toward circularity in the textile industry.

As a result, the nature of our work is evolving. Our focus is now on how effectively we operate across our global platform. Across our hubs, the priority is consistency, applying the same standards, the same approach to quality, and the same certifications so that the network functions as one system.

This matters because scaling recycled materials is not only a question of capacity. It requires reliability and repeatability. It means working closer to where textile waste is generated and where production takes place, so that recycled cotton can be integrated into existing supply chains without adding complexity.

At the same time, the context around us is becoming more defined. Regulatory developments in Europe, particularly under the

Ecodesign for Sustainable Products Regulation (ESPR), are setting clearer expectations for how products will be designed, documented, and verified. This shift reinforces the importance of traceability and substantiated claims, not as additional features, but as fundamental requirements.

Our approach continues to develop in line with this. Traceability is built into how we operate, combining certification systems, physical tracers, and digital tools to support verification at product level. Alongside this, we continue to strengthen the data that underpins our environmental contribution. In 2025, the recycled cotton fiber we placed in the market contributed to the avoidance of 47,566 tCo₂e in our customers’ Scope 3 emissions and saved more than 25 billion liters of water compared to conventional cotton.

We are also seeing this model increasingly adopted at scale. During the year, Recover™ entered into a multi-year agreement with H&M, while continuing to grow as a key supplier for partners such as Primark and expanding integration across additional global brands.

As more companies move from initial pilots to structured implementation, the complexity of execution becomes clearer, but so does the opportunity to deliver impact more consistently.

It is also important to recognize that none of this progress happens in isolation. It depends on the work of our teams, our suppliers, and our partners across the value chain.

Recover’s roots in textile spinning go back more than 75 years. That experience continues to shape how we approach this next phase, particularly in maintaining quality while scaling industrial processes. It is a reminder that progress in this space is built over time.

The year ahead will be about ensuring that our global platform performs consistently, transparently, and at scale, creating greater value for our customers, partners, and the wider textile ecosystem.

This report reflects our progress and the work that continues.

Anders Sjöblom, CEO of Recover™



01 RECOVER™ AT A GLANCE - HIGHLIGHTS OF THE YEAR

ESRS coverage: ESRS 2 SBM-1 (high-level snapshot of strategy and business model); transversal anchor for E1, E3, E5, S1, G1.

01

A GLOBAL RECYCLING NETWORK OPERATING AT A CONSISTENT QUALITY RIGHT WHERE WASTE IS GENERATED

The addition of El Salvador through the joint venture with Intradeco in 2025, strengthens Recover's presence in Central America and brings the total network to five operational hubs. Across the owned hubs, Recover™ applies the same operating model, quality standards, and certifications, so the network functions as one integrated system rather than as separate local sites.

For our brand partners, this means recycling takes place close to the point where waste is generated, eliminating the need for cross-border transport.



02

SUPPLY CHAIN ORCHESTRATION TO ENABLE EASY ADOPTION OF RECYCLED CONTENT

Recover™ offers multiple integration models that allow brands to adopt recycled fiber without redesigning their supply chains: fiber adoption services, ready-to-use yarns, ready-to-order fabrics, and finished garments for white-label or capsule collections. This creates a flexible entry route for brands and manufacturers, from fiber to final product, depending on where they sit in the value chain.

Examples include industrial-scale denim collaborations such as Prosperity Textile, which show how Recover™ can deliver circular solutions without compromising performance or scalability.

03

CONTRIBUTION TO CUSTOMERS' SCOPE 3 GHG EMISSIONS REDUCTION

In 2025, the recycled cotton fiber we placed in the market helped our customers avoid 47,566 tCo₂e in Scope 3 emissions and save more than 25 billion liters of water compared to producing the same volume of conventional cotton.

Each kilogram of Recover™ fiber replaces one kilogram of conventional cotton. Savings are calculated using Recover's LCA methodology and reported separately from gross emissions, in line with GHG Protocol guidance.



04

MULTI-DIMENSIONAL TRACEABILITY INTEGRATED INTO OUR SERVICE

At Recover™, traceability is embedded in our offering rather than treated as a premium add-on for delivering recycled-content claims that can be verified and substantiated. While alternative approaches may be easier to implement, they can weaken credibility and increase reputational and regulatory risk as ESPR and Digital Product Passport requirements evolve.

Recover's traceability system is built on three complementary layers: Global Recycled Standard (GRS) chain-of-custody, the physical Recover™ Tracer embedded in the fiber, and a digital layer that supports claim verification at product level.

Recover™ is also advancing traceability through collaborations such as the 2025 pilot with TextileGenesis™, which tested digital traceability for recycled cotton from fiber production through to finished garments.

05

CLIMATE TARGETS VALIDATED AND ALIGNED WITH A 1.5°C PATHWAY

In 2025, Recover's Scope 1 and Scope 2 decarbonization targets were validated by Cascale under its Science-Aligned Targets (SAT) framework, making Recover™ the first mechanical recycler to receive this validation. The validated trajectory is aligned with the 1.5°C objective of the Paris Agreement.

For partners and customers, the validation provides third-party confirmation, recognized within the Science Based Targets initiative (SBTi) framework, that Recover's emissions-reduction trajectory meets science-based standards. In practical terms, this can help brands and manufacturers demonstrate Scope 3 progress, reduce supplier-audit complexity, and strengthen the credibility of climate claims with verified data.





06

CREATING POSITIVE IMPACT THROUGH OUR RESPONSIBLE SOURCING PROJECT IN BANGLADESH

In Bangladesh, our supplier network is progressing through tailored improvement plans, with practical steps already in place on worker identification, fire safety, and hours registration oversight.

Weekly audits and ongoing training from our Sustainability and Quality teams help suppliers maintain consistent standards across the network. By avoiding exclusivity agreements, we support local capability-building and a more resilient waste-management ecosystem.

07

A RECOGNIZED VOICE IN EUROPEAN TEXTILE POLICY

In 2025, we joined the Textile-to-Textile (T2T) Alliance, strengthening the representation of mechanical recyclers in EU textile policy discussions.

Our Executive Advisor serves on the Textile Exchange Governance Board. We also participated in consultations related to the textiles delegated act under the Ecodesign for Sustainable Products Regulation (ESPR), where future recycled-content requirements are expected to reshape the market in which our brand partners operate.

We are helping shape the rules, not simply adapting to them.



08

GLOBAL BRANDS ADOPTING RECOVER™ AT SCALE

Recover™ is scaling recycled cotton through partnerships with leading global brands across the value chain.

In 2025, H&M signed a multi-year agreement to integrate Recover™ fiber into its products, while Primark has expanded its use of Recover™ fiber across jersey, denim, and casual trousers categories.

Dawn Denim is developing the first garments made with recycled cotton from the Vietnam facility, and Prosperity Textile is supporting production-ready denim fabrics under the Recover™ Fabrics platform.

09

ONE MILLION WORKING HOURS WITHOUT A RECORDABLE ACCIDENT IN BANGLADESH

In 2025, our Bangladesh hub achieved one million working hours without a recordable accident.

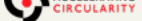
This milestone reflects years of investment in supervisor training, near-miss reporting systems, and site safety improvements. At Group level, 100% of employees are covered by our Occupational Safety and Health (OSH) management system.

The year also closed with zero fatalities and zero cases of work-related ill health.



2025 Impact

ALLIANCES





COLLABS

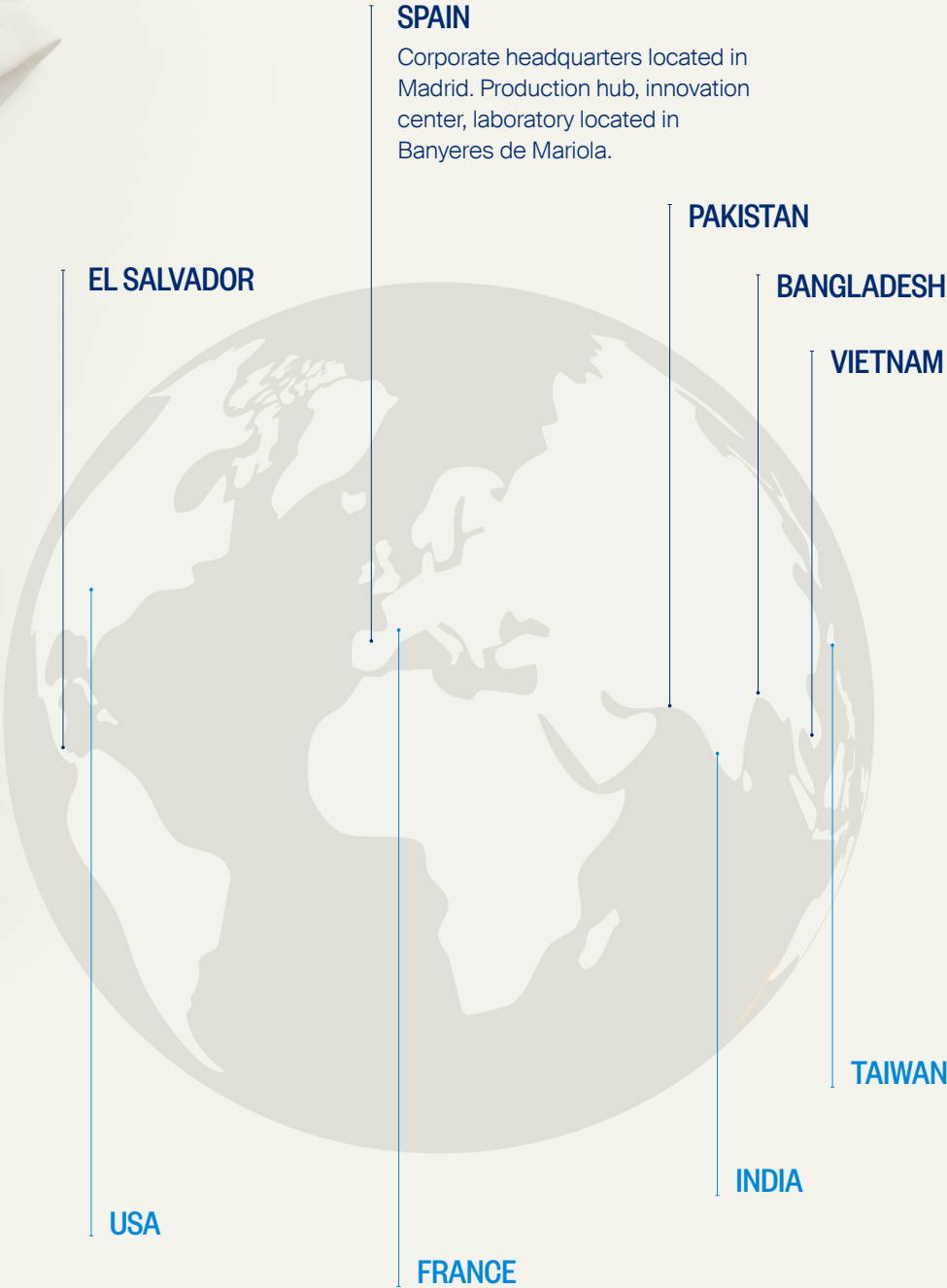




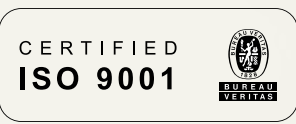
...and more.

OUR GLOBAL NETWORK

Collaborating locally, creating impact globally



CERTIFICATIONS



ENVIRONMENTAL SAVINGS:

Measuring what matters.

Recover™ recycled cotton fiber shows substantial environmental improvements over conventional cotton:



* Results calculated using our Recover™ LCA Spain & LCA Bangladesh verified by EcoReview (2022, 2025)



02 ABOUT RECOVER™

ESRS coverage: ESRS 2 SBM-1 (strategy, business model, value chain).



2.1

IDENTITY, MISSION AND PURPOSE

Recover™ is a leading materials science company and global producer of low-impact, high-quality recycled cotton fiber and cotton blends at scale. Its products are developed in close partnership with the supply chain for global retailers and brands, providing a solution that drives large-scale change in fashion through business value and inspiration.

Backed by more than 75 years of textile recycling expertise and investment from STORY3 Capital and Goldman Sachs, Recover™ is on a mission to scale textile waste recycling through its proprietary technology, create lasting positive environmental impact, and collaborate with brands, retailers, and other change-makers to meet the industry’s sustainability targets.

2.2

THE FOUR VALUES



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.”

2.3

THE FIVE HUBS

Production network expanded

Recover™ is one of the world’s largest mechanically recycled cotton producers with five production hubs across three continents: Europe (Spain), South Asia (Bangladesh, Pakistan), Southeast Asia (Vietnam), and Central America (El Salvador). These include four owned facilities and one licensed hub in Pakistan.

In 2025, Recover™ significantly strengthened its global production network, with the establishment of a joint venture with Intradeco in El Salvador representing a relevant milestone. This partnership marked a key step in expanding Recover’s industrial footprint in the Americas and, with this addition, the company now operates across five production hubs globally.

“Intradeco is excited to partner with Recover™ to enhance our production capabilities and deliver high-quality, recycled products at scale to our customers. This partnership represents a significant step forward in our commitment to sustainability.”

Jaime E. Miguel, CEO of Intradeco

Our global production network supports global and complex supply chains and enables consistent quality, traceability, and responsiveness across markets. Our total annual production capacity is 84,300 MT.



SPAIN

Corporate headquarters located in Madrid. Production hub, innovation center, laboratory and Quality Management System (QMS) based in Banyeres de Mariola, with operations established in 1947. The laboratory is certified to ISO 17025.

BANGLADESH

Production hub established in 2022 and fully operational since 2023. The laboratory is certified to ISO 17025.

VIETNAM

Production hub fully operational since early 2025. Achieved Global Recycled Standard (GRS) certification in the same year.

EL SALVADOR

Production hub acquired in October 2025 and the facility obtained GRS certification the same year. Operations commenced in Q1 2026.

PAKISTAN

Licensed production partnership in place since mid-2022, supplying recycled cotton to regional denim manufacturers.

All production hubs and relevant operations are certified to the Global Recycled Standard (GRS), to ISO9001, and assessed to Higg FEM/ FSLM.



03

OUR ROLE IN THE INDUSTRY AND OUR CUSTOMERS

ESRS coverage: ESRS 2 SBM-1 (strategy & value chain framing); ESRS 2 SBM-2 (stakeholder engagement - clients / policy actors); ESRS G1-5 (political engagement).

3.1

RECOVER'S ROLE TODAY: GLOBAL SCALE, TRACEABILITY, SUPPLY-CHAIN ORCHESTRATION



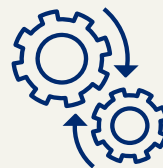
GLOBAL SCALE

Recover™ is one of the world's largest mechanically recycled cotton producers with five production hubs across three continents; Europe (Spain), South Asia (Bangladesh, Pakistan), Southeast Asia (Vietnam), and Central America (El Salvador). All strategically placed in key textile-producing and garment-manufacturing regions. This footprint allows Recover™ to serve international customers at industrial scale.



MULTIDIMENSIONAL TRACEABILITY

Recover™ combines GRS chain-of-custody, the Recover™ Tracer (physical layer embedded in the fiber), and digital integration to support end-to-end verification of recycled content. Details in section 5.3.



SUPPLY-CHAIN ORCHESTRATION

Recover™ offers multiple integration models that enable brands to incorporate recycled fiber without rebuilding their supply chains: fiber adoption services, ready-to-use yarns, ready-to-order fabrics, and finished garments for white-label or capsule collections. This creates a flexible entry route for brands and manufacturers, from fiber to final product, depending on where they sit in the value chain.

3.2

WHY IT MATTERS / THE EXTERNAL CONTEXT

The global textile industry is undergoing a profound transition, driven by an increasingly stringent regulatory landscape and shifting expectations across value chains and geographies. These external dynamics are not driven by individual company actions, but by systemic pressures that are redefining how textiles are produced, used and managed at end of life.

The year of 2025 has seen continued growing regulatory pressure on apparel brands to improve the sustainability of their material sourcing, particularly driven by developments in European Union policy. In particular, the **EU Ecodesign for Sustainable Products Regulation (ESPR)** establishes a framework for future Ecodesign requirements for textiles, which may address areas such as durability, recyclability, recycled content and product information requirements.

As an EU market-access regulation, the ESPR for textiles will likely require products placed on the EU market to comply with **minimum recycled**

content thresholds once adopted. Failure to comply could result in market access restrictions and may expose companies to enforcement measures, such as financial penalties under national implementation frameworks, and reputational risks. **For brands, this increases the commercial importance of reliable traceability systems, verified sustainability data, and access to credible recycled materials.**

In parallel, due diligence requirements are also emerging as a critical topic, reinforcing the need for greater accountability across textile value chains. **Transparency and traceability are becoming key enablers for brands to identify, assess and mitigate risks within their supply chains**, including environmental impacts, human rights concerns and regulatory compliance.

Robust tracking of material flows and verified data not only supports compliance with upcoming due diligence frameworks, but also strengthens trust and resilience in increasingly scrutinized global supply networks.

Beyond regulatory developments, manufacturing countries are also placing greater emphasis on circularity and textile waste management. Growing investment in local recycling infrastructure and efforts to retain and recover textile waste streams are contributing to a broader shift towards more accountable and circular textile value chains.

Against this backdrop, Recover's investments in recycling capacity in 2025 position the business to respond to evolving market and regulatory expectations.



3.3

INDUSTRY MEMBERSHIPS AND RECOGNITION

Recover™ recognizes that meaningful progress in the textile industry requires strong collaboration with external stakeholders. We actively engage with partners to support the

transition towards more circular products across the sector, including through policy development dialogues.

In 2025, beyond continuing our participation in all these associations, Recover™ joined the Textile-to-Textile Alliance (T2T Alliance), a newly established industry alliance aimed at bringing forward textile recyclers' unified voice in EU policymaking.



Through these memberships, Recover™ remains aligned with regulatory developments and broader sector discussions that are relevant to its business and its contribution to the transition towards circular textiles.

For more detailed information on Recover's policy engagement, governance roles, memberships, and industry contributions, see Section 7.1.

2025 RECOGNITIONS

In 2025, Recover™ received three external recognitions reflecting its impact across partnership-led circularity, business growth and environmental performance.

Textile Exchange Climate and Nature Impact Award [Textile-to-Textile Partnership]

Recover™ and Intradeco were named winners for their joint venture, Recover™ Central America, a circular production hub in El Salvador designed to scale recycled cotton production and support traceable, nearshore textile manufacturing across the Americas.

Just Style Excellence Award [Business Expansion]

Recover™ was recognized for its strategic global growth, including the opening of its Vietnam facility and the joint venture with Intradeco in El Salvador.

Just Style Excellence Award [Environmental]

Recover™ was recognized for its transparent, data-driven approach to environmental performance, supported by independently verified Life Cycle Assessments across its Spain and Bangladesh facilities.



Textile Exchange Climate and Nature Impact Award



Just Style Awards

3.4

CUSTOMER VOICE - BRAND PARTNERSHIPS



Recover™ signs a multi-year agreement with H&M to support the integration of its recycled cotton fiber, RCotton, for use in H&M's products.

“At H&M Group, we want to grow our business decoupled from resource use and extraction, with products and materials circulating at their highest value. To increase the availability and affordability of recycled and sustainably sourced materials, we invest in, test, and scale innovative solutions and infrastructure. Recover’s expertise and proven ability to deliver recycled cotton at commercial scale make them a valuable partner as we work toward our goal of using only recycled or sustainably sourced materials by 2030”.

Ulf Krigsman, Head of Material & Components at H&M

PRIMARK®

Primark is one of our oldest and most valuable customers. Recover™ partners with Primark to scale the use of recycled cotton across its global supply chain, strengthening brand visibility in stores worldwide and demonstrating the viability of circular materials at scale.

“We’re really proud of our partnership with Recover™, who makes cotton from recycled textile waste. And this year we scaled our use of Recover’s range across 33% of our jersey, denim and casual trousers categories”.

Natalie Cox, Sustainability Manager - Product Sustainability at Primark

MANGO

Recover™ is supporting Mango in advancing fiber traceability, aligning stakeholders to track the use of its recycled fibers through the TextileGenesis™ platform. See Section 5.3: Traceability and Transparency, for more on the Recover™ and TextileGenesis™ pilot verifying recycled materials across the supply chain.

DAWN

Recover™ collaborates with Dawn Denim on the first garments made with its Vietnam-produced recycled cotton, advancing sustainable denim innovation ahead of a Spring/Summer 2026 launch.

TOM TAILOR

Tom Tailor progressed from initial developments in 2023 to bulk production in 2024, integrating Recover™ fiber into denim jeans and knitwear, with products reaching stores in 2025.

HASD .

Recover™ recycled cotton fibers feature in Redress Design Award 2025-winning designer Hugo Dumas’ capsule collection, demonstrating circular design innovation.

PROSPERITY TEXTILE

Recover™ partners with Prosperity Textile to develop scalable, production-ready denim fabrics under the Recover™ Fabrics platform, strengthening circular supply chain capabilities in Vietnam.

..and many others.

Courtesy: Primark



04 SUSTAINABILITY APPROACH

ESRS coverage: ESRS 2 SBM-1 (strategy); SBM-2 (stakeholder engagement); SBM-3 (material IROs); IRO-1 (DMA process); IRO-2 (IROs description); GOV-1 to GOV-4 (governance).

4.1

THE THREE SUSTAINABILITY PILLARS

Circular Products - Responsible Production & Supply Chains - Agents of Change

The textile industry is facing an increasingly demanding regulatory landscape, alongside growing expectations from customers and other

stakeholders regarding ESG performance and transparency to advance towards more circular and responsible business models.

Recover™ aims to support this transition by acting as a strategic partner, helping brands and textile manufacturers achieve their sustainability goals and navigate these evolving challenges. To do so, Recover's sustainability strategy is structured around three pillars:

Reduce the impact of products and processes to **support customers' expectations** and to ensure we meet growing ESG regulatory requirements.



Improve ESG in both Recover™ operations and value chain through **social & environmental risk mitigation** while increasing our influence in the industry.

Inspire and drive sustainable transformation within the company, community, and industry for our **product market to grow**.

4.2

DOUBLE MATERIALITY ASSESSMENT

ESRS coverage: ESRS 2 SBM-3, IRO-1, IRO-2.

The 2025 Sustainability Report is Recover's first reporting cycle aligned with the European Sustainability Reporting Standards (ESRS). As a non-EU-incorporated company that is not under a CSRD reporting obligation, Recover™ applies the ESRS voluntarily and uses the Simplified ESRS approach: a proportionate, gradual implementation that focuses disclosure on the topics that matter most to the business and to our stakeholders.

The double materiality assessment (DMA) is the process through which Recover™ identifies these topics. It combines two perspectives: impact materiality - the actual and potential effects of Recover's activities on people and the environment, across its own operations and the value chain; and financial materiality - the sustainability matters that create risks or opportunities for Recover's business model, results and access to finance. A topic is reported when it is material under at least one of the two lenses.

The methodology follows EFRAG Implementation Guidance 1 (Materiality Assessment Implementation Guidance) and its four-step structure: A) understanding the context, B) identification of impacts, risks and opportunities, C) assessment and determination of material IROs, D) reporting. The assessment was conducted by Recover's Sustainability team with methodological support from Cikis Studio.

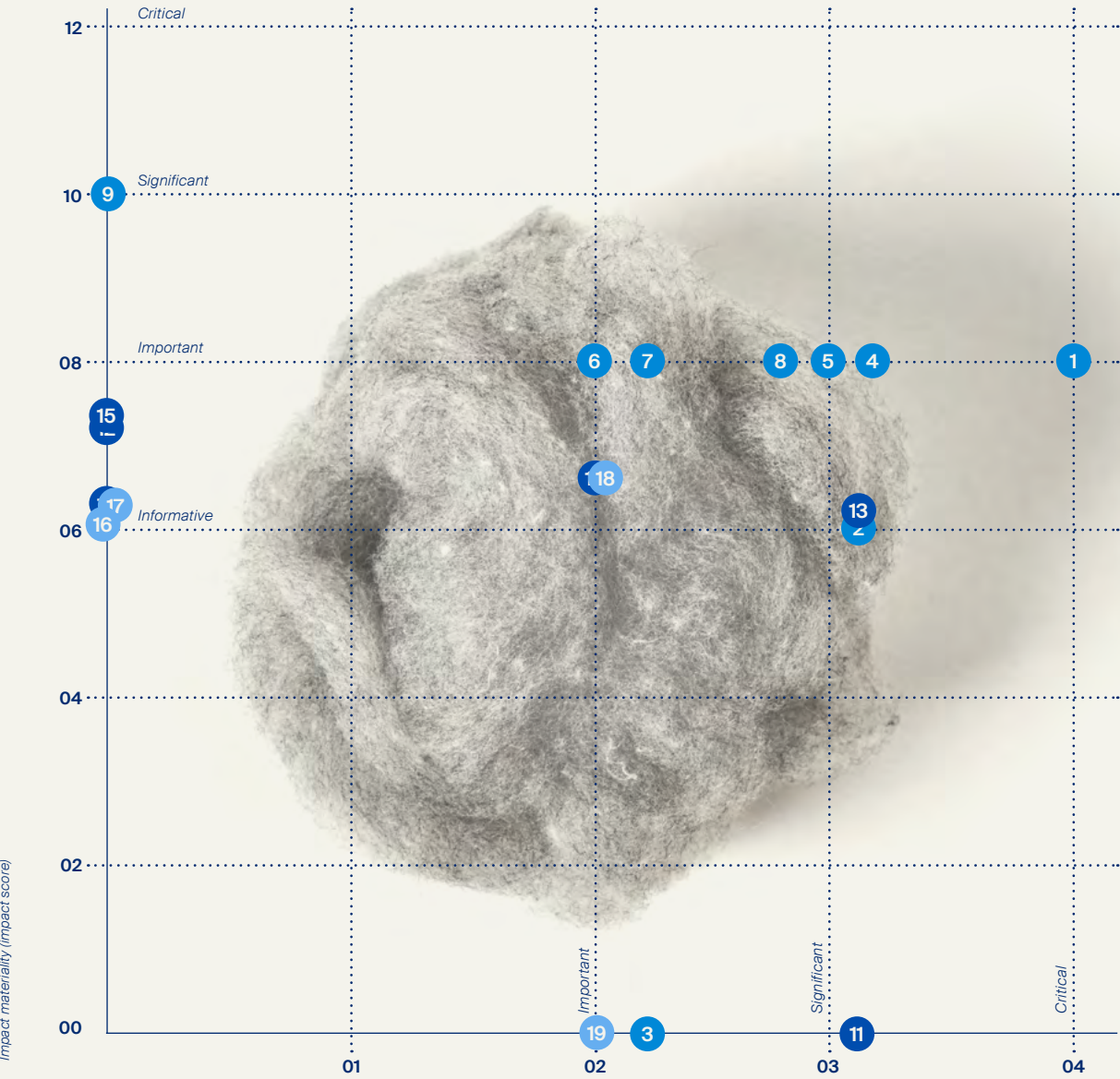
4.2.1. WHAT STAKEHOLDERS TOLD US

Stakeholders rated the highest relevance for the topics that sit at the core of Recover's value proposition and footprint. **Circular economy** (resource inflows and outflows, waste) emerged as the single most relevant area for both internal and external respondents, with a combined score of 4.46/5. Corruption and bribery (4.25), equal treatment of workers in the value chain (4.24) and own-workforce working conditions (4.15) followed closely, signaling that stakeholders see Recover™ as a company whose credibility depends as much on governance and value-chain conditions as on its product-level environmental performance. Climate change topics (mitigation, adaptation, energy) scored uniformly high (4.04), as did own-workforce equal treatment (4.08) and management of supplier relationships (4.08). At the lower end of the priority spectrum - biodiversity sub-topics other than ecosystem condition, marine resources, affected communities, consumer social inclusion - scores fell below 3.7 and signaled lower priority.

The double materiality matrix shown on the next page plots each material sub-topic by its impact materiality (vertical axis) and financial materiality (horizontal axis), based on the DMA assessment.

RECOVER™ DOUBLE MATERIALITY MATRIX 2025

Scores from the DMA template (EFRAG IG 1), consistent with section 4.2 - 19 material sub-topics (ESRS S4 excluded by management decision).



Financial materiality: risk and opportunities (RO score)

All 19 sub-topics shown are material under Recover's DMA (section 4.2.3). Dotted lines are ESRS 1 score-band references. Materiality rule: an impact is material from the Informative band upward (only Minimal impacts are immaterial); a risk or opportunity is material from the Important band upward. A sub-topic material on only one lens is plotted at 0 on the other axis. Points 10/18 and 14/17 share identical scores (offset slightly for legibility).

Material Sub-topics

Environment (E1 - E5)

- 1 Climate change mitigation (E1) X4 / Y8
- 2 Energy (E1) X3.2 / Y6
- 3 Substance of concern (E2) X2.4 / Y0
- 4 Microplastics (E2) X3.2 / Y8
- 5 Water (E3) X3 / Y8
- 6 Ecosystem condition (E4) X2 / Y8
- 7 Resource inflows (E5) X2.4 / Y8
- 8 Resource outflows (E5) X2.8 / Y8
- 9 Waste (E5) X0 / Y10

Recover double materiality matrix 2025. All sub-topics shown are material under the DMA (section 4.2.3), positioned by their impact materiality score (Y) and financial materiality score (X). Impacts are material from the Informative band upward; risks and opportunities from the Important band upward.

Social (S1 - S2)

- 10 Own workforce: working conditions (S1) X2 / Y7
- 11 Own workforce: equal treatment (S1) X3.2 / Y0
- 12 Own workforce: other work-related rights (S1) X2 / Y7
- 13 Value chain: working conditions (S2) X3.2 / Y6.4
- 14 Value chain: equal treatment (S2) X0 / Y6.4
- 15 Value chain: other work-related rights (S2) X0 / Y7.2

Governance (G1)

- 16 Corporate culture (G1) X0 / Y6
- 17 Political engagement (G1) X0 / Y6.4
- 18 Supplier relationships (G1) X2 / Y7
- 19 Corruption & bribery (G1) X2/Y0

4.2.2. MATERIAL TOPICS FOR RECOVER™ IN 2025

After mapping Recover's context and assessing the related impacts, risks and opportunities, the company identified the topics that are material for this reporting cycle. A sub-topic is considered material when at least one of its impacts, risks and opportunities (IROs) reaches the Important band or above, and these topics are covered in the rest of this report. For a fuller explanation of the methodology, see Annex 1: How we identified material topics.

ESRS standard	Material sub-topics for Recover in 2025
E1 - Climate change	Climate change mitigation; Energy
E2 - Pollution	Substances of concern; Microplastics
E3 - Water and marine resources	Water
E4 - Biodiversity and ecosystems	Impacts on the extent and condition of ecosystems
E5 - Resource use and circular economy	Resource inflows; Resource outflows; Waste
S1 - Own workforce	Working conditions; Equal treatment and opportunities for all; Other work-related rights
S2 - Workers in the value chain	Working conditions; Equal treatment and opportunities for all; Other work-related rights
G1 - Business conduct	Corporate culture; Political engagement and lobbying activities; Management of relationships with suppliers including payment practices; Corruption and bribery

4.3
STAKEHOLDER ENGAGEMENT

ESRS coverage: ESRS 2 SBM-2.

Recover™ engages five stakeholder groups through tailored mechanisms that reflect their different roles in the business.

	Main stakeholders	Engagement mechanism
	Brand clients	technical and commercial dialogue
	Employees	social dialogue
	Policy actors	policy engagement in the EU and producing countries
	Industry peers	participation in industry standards and platforms
	Supply chain	responsible sourcing processes

For more details on each mechanism, see the brand client engagement described in section 3.4, policy engagement in section 3.3, and supply-chain engagement in section 6.3.

Together, these interactions help Recover™ align product development, operations, policy positions, and supplier performance while staying close to market needs and regulatory developments.

4.4

SUSTAINABILITY OVERSIGHT AND ACCOUNTABILITY

ESRS coverage: ESRS 2 GOV-1 (composition of bodies); GOV-2 (sustainability incentives); GOV-3 (due diligence); GOV-4 (risk management & internal controls).

Bodies, oversight, due diligence

Sustainability at Recover™ is overseen at top-management level and integrated into the company's governance, risk, and internal control framework.

- > **Board of Directors:** Maintains overall responsibility for strategy, performance oversight, and risk governance.
- > **Chief Executive Officer:** Supports top-level accountability for sustainability and business performance.
- > **Chief Product Officer:** Leads the sustainability function and oversees the integration into management processes.
- > **Sustainability team:** is responsible for leading this agenda, comprising the Global Head of Sustainability and the Senior Sustainability Manager. The team coordinates implementation, and monitors progress across the organization.
- > **Management teams across hubs:** Implement risk controls, monitor performance, and ensure consistency across operations.

Climate change is treated as a macro-risk within the business continuity and risk-management framework, and sustainability matters are managed through shared operational controls and regular management review. Recover™ maintains processes to identify, assess and manage sustainability-related risks, including climate-related risks, and integrates mitigation measures into operational and business planning where relevant. Recover™ does not currently link sustainability performance to variable remuneration, so accountability is driven through governance structures, policies, and operational oversight rather than financial incentives.



05 CIRCULAR PRODUCTS

ESRS coverage: ESRS E1 (climate, energy); E2 (pollution); E3 (water - own operations); E4 (biodiversity); E5 (resource use & circular economy).

5.1

INTERNAL POLICIES AND MANAGEMENT APPROACH

ESRS coverage: ESRS E1-4 (policies); E2-1; E3-1; E5-1..

Policies, responsibilities, management systems

Recover’s approach to environmental and operational management is built on clear responsibilities and site-level controls that turn policy into day-to-day practice. Our Quality Management System, based on ISO 9001:2015, has been implemented across Recover’s manufacturing hubs and headquarters to support process optimization, and continual improvement. The table below sets out the main policies, their priorities, and the responsibilities attached to them.

Policy and Purpose	Key priorities	Responsibility and oversight	Related standards
 Environmental Policy Covers environmental protection, resource efficiency, and pollution prevention by minimizing emissions and waste, and by optimizing the use of energy, water, and raw materials.	Pollution prevention & environmental impact reduction; improved resource efficiency; sustainable procurement & supply chain engagement.	Sustainability Department; Procurement Department.	Environmental Policy; ISO 9001 QMS; site management systems.
 Health, Safety and Environmental (HSE) Policy Supports safe working conditions, environmental protection, and site-level emergency preparedness.	Safe working conditions; emergency preparedness; environmental protection.	HSE and site management teams.	Health & Safety Policy; GRS; Higg FEM.
 Personal Protective Equipment (PPE) Policy Defines PPE requirements to protect workers across all operations.	Worker protection; risk-based prevention; training and continuous improvement.	HSE and site managers.	OSH framework; local legal requirements.
 Chemical Policy Governs chemical controls, supplier compliance, and site-level chemical management.	Eliminate hazardous substances; comply with RSL/MRSL; improve traceability and inventory control.	Quality Management Department.	AFIRM RSL; ZDHC MRSL.
 Water Management Policy Sets principles for local water-risk assessment, monitoring, discharge management, and review.	Water stewardship; pollution prevention; monitoring and continuous improvement.	HSE / site managers.	Water risk framework; GRS; Higg FEM.

5.2

PRODUCTION NETWORK, PROCESS, AND PRODUCT

Recover’s production model operates as a single system across its hubs. Standardized process control, shared quality methods, common certifications, and coordinated supply-chain partnerships turn textile waste into recycled fiber at an industrial scale, with consistent product specifications across geographies.

5.2.1. PRODUCTION NETWORK

ESRS coverage: ESRS 2 SBM-1; E5-2 (actions on circular economy at scale).

A global production network, one operating standard

Recover™ is one of the world’s largest mechanically recycled cotton producers with five production hubs across three continents; Europe (Spain), South Asia (Bangladesh, Pakistan), Southeast Asia (Vietnam), and Central America (El Salvador). This network structure brings production closer to major textile-manufacturing ecosystems and supports customer adoption across regional supply chains. But the network’s strategic value is not the geographic spread alone, but the fact that the same operating logic applies across hubs.

Recover™ applies shared quality standards and harmonized management processes to support consistency, traceability, and comparable performance. The Quality Management System (ISO 9001) and Global Recycled Standard

(GRS) provide the standardized controls for quality, recycled content, chain of custody, and the associated social and environmental requirements.

FOOTPRINT

Four owned hubs in Spain, Bangladesh, Vietnam, and El Salvador, plus a licensed facility in Pakistan. Recover™ reports total annual production capacity of 84,300 metric tons.

OPERATING MODEL

Shared quality standards, common certifications, and harmonized management processes across the owned network.

BUSINESS RELEVANCE

Proximity to textile manufacturing ecosystems supports regional supply chains and customer adoption, while also reducing transport-related environmental impacts.



5.2.2. SUPPLY-CHAIN ORCHESTRATION AND OUR PRODUCT PORTFOLIO

ESRS coverage: ESRS 2 SBM-1; E5-2.

Producing recycled fiber at scale is only part of what Recover™ does. The other part is making it easy for brands to use it. Recover™ offers a range of entry points, from upstream shredding services and low-impact recycled fiber through to ready-to-use fabrics and garments, designed to fit different supply-chain realities without requiring brands to rebuild their existing operations.



SHREDDING SERVICE

Mechanical shredding of pre, post-consumer and post-industrial textile waste supplied by partners.



FIBER

Recover™ provides high-quality, low-impact recycled cotton fibers and blends, suitable for all types of fashion, accessories, and home textile products.



YARN

Ready-to-deliver high-quality yarns made with certified Recover™ recycled cotton fiber, through a network of 140+ global spinning partners.



FABRICS

Off-the-shelf range of Recover™ fabrics, ready for quick collections. From value to premium options, all with certified Recover™ recycled content.



GARMENTS

Ready-to-sell garments for white label offering or capsule collection.

With its focus on quality-consistent, low-impact recycled cotton and a deep understanding of what different applications require, Recover™ offers a portfolio of certified recycled fibers to fit a wide range of product needs, from pure recycled cotton to performance and circular blends.

OUR FIBER

RCotton

100% pure and unblended recycled cotton fiber, suitable for over dyeing. Available in white and ecru or custom colors.

RCotton can be used in a wide variety of apparel products, accesories and home textiles such as: knits (20-50% RCotton), flat knits (20-50% RCotton), Woven (20-40% RCotton) or Denim (25-40% RCotton)

RMix

Unblended Recover™ recycled cotton fiber. RMix contains up to 40% polyester and other fibers, as these are present in the recycled textile waste.

RMix is suitable for a wide range of applications in apparel, including both circular and flat knits.

RDenim

Unblended Recover™ recycled cotton fiber from post-industrial and pre and post-consumer denim waste.

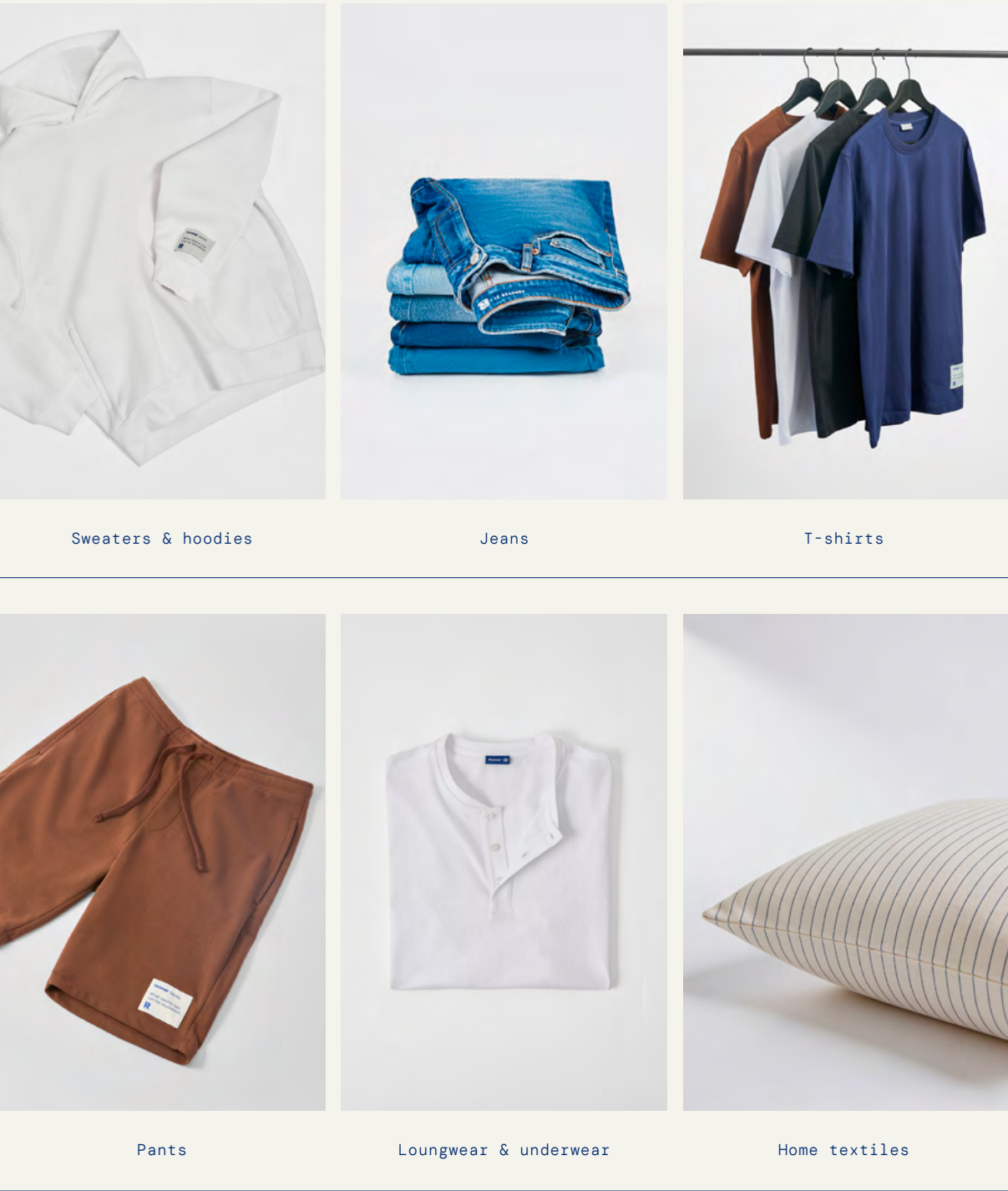
RDenim maintains the indigo color and can be used accross all denim applications for a truly circular denim industry.

recover™ One

Made through our Proprietary FiberSync Technology. Recover™ One is a 100% recycled blend of color-matched Recover™ recycled cotton fiber and recycled polyester. Ready to spin, no over dyeing required.



Recover™ recycled cotton fiber is highly versatile and designed for real-world applications across a broad range of product categories, including woven fabrics, circular knits, fleece, home textiles, underwear, denim, and accessories. This versatility is enabled not only by the fiber's quality consistency, but also by Recover's supply-chain orchestration: a coordinated network of spinning, weaving, knitting, fabric, and garment partners that allows recycled cotton to be integrated into existing textile supply chains in a plug-and-play way, helping brands incorporate recycled content without having to redesign their operations.

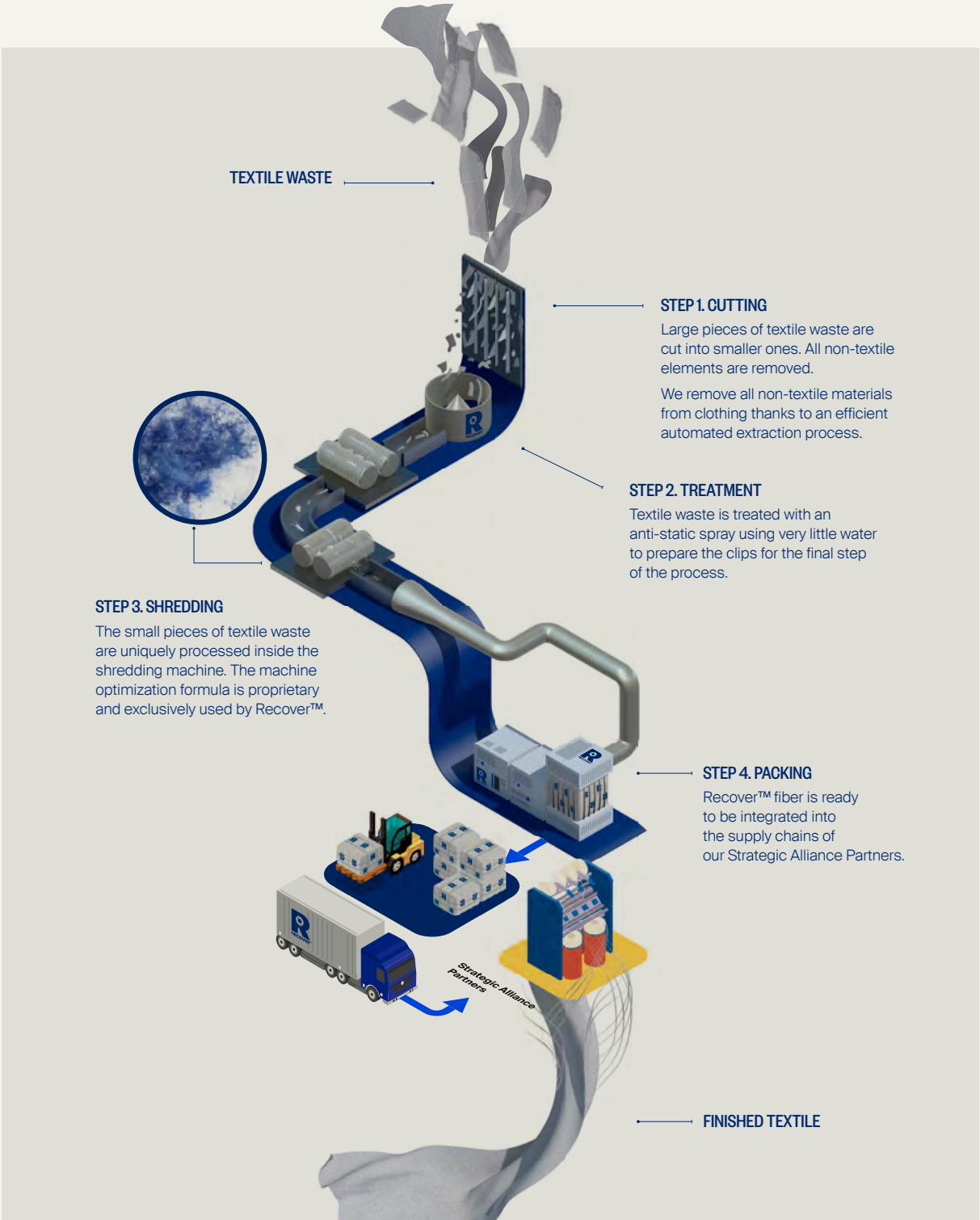


5.2.3. MECHANICAL RECYCLING - THE CORE PROCESS

ESRS coverage: ESRS E5-2 (actions); E5-4 (resource inflows).

Recover's process is a mechanical textile-to-textile recycling system that converts textile waste into new recycled fiber, ready to be

re-introduced into the textile value chain. At Recover™ hubs, textile waste is cut into smaller pieces, and the material is processed through mechanical recycling lines, to produce recycled cotton fiber and cotton-blend fibers. The same processes and quality standards are applied consistently across all hubs,



ensuring alignment in product performance and specifications. This consistency enables integration of Recover™ fiber into existing textile supply chains through local spinning, weaving, and garment manufacturing partners.

Compared with chemical recycling routes, Recover's mechanical process preserves the natural composition of the material, maintaining the cotton fiber throughout the process. It is also structurally less water- and energy-intensive, with only minimal water required to dissolve an antistatic product and softener to support optimal shredding.

Rather than competing solutions, mechanical and chemical recycling are increasingly recognized as complementary technologies that address different parts of the textile waste stream. Mechanical recycling enables immediate, scalable impact with proven technology, while chemical recycling has the potential to unlock additional value from more complex or difficult-to-recycle materials.

Together, both approaches are expected to play a role in enabling a circular textile system, where different technologies are applied based on feedstock characteristics, quality requirements and infrastructure availability.

Textile waste input

Recover™ sources textile waste as its primary raw material, helping divert materials from landfill and incineration. A key distinction is made between Pre-consumer and Post Consumer waste.

Recover's operations currently rely predominantly on post-industrial textile waste, ensuring consistent input quality across production hubs and supporting stable and scalable fiber production processes. The company has also carried out targeted projects using post-consumer textile waste in collaboration with brand partners. Recover™ aims to further develop this input stream in order to expand its range of raw material sources. Strategically, significant progress in this area is expected to take place in Spain, where ongoing developments are anticipated to strengthen access to and processing of post-consumer textile waste.



Mechanical Recycling

Mechanical recycling is based on physical processes such as shredding and fiber opening, through which textile waste is converted into new fibers without altering the material at a molecular level. This approach preserves the original fiber structure and is currently a well-established and scalable solution, particularly suited to relatively homogeneous and pre-sorted textile waste streams. From an environmental perspective, it typically operates with limited chemical inputs and relatively low water and energy use compared to more intensive processing routes.

Chemical Recycling

Chemical recycling involves breaking down textile materials at a molecular level through processes such as dissolution or depolymerization. As a result, chemical recycling can be more suitable for complex or blended textile waste streams that are difficult to process mechanically. However, these processes often involve higher energy demand and more complex chemical inputs, and many technologies are still in the process of scaling to full industrial deployment.

Pre-consumer waste

Materials discarded before reaching the consumer, typically generated as a by-product of manufacturing. Post-industrial waste is included within the broader pre-consumer waste category and refers to materials generated during industrial production, such as fabric off-cuts, scraps from cutting patterns, rejected or defective textiles and others.

Post-consumer waste

Materials 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. Post-consumer waste has greater variability in composition and quality.

5.2.4. QUALITY, MONITORED ACROSS HUBS

ESRS coverage: ESRS E5-2 (actions: quality monitoring underpinning consistent recycled output); ESRS 2 GOV-4 (internal controls).

Recover's approach to quality is grounded in measurement, not claims. Fiber performance and consistency are validated through laboratory testing, using aligned methodologies across hubs and, where applicable, tests under ISO/ IEC 17025 accreditation scope. This is supported by shared protocols, harmonized reporting, and regular performance reviews across Recover's global laboratory network.

Recover's value proposition is based on delivering recycled cotton fiber that is consistent, stable, and reliably aligned with internal technical specifications at industrial scale.

Three-dimensions quality scoring

Fiber output is assessed through an integrated quality scoring system covering three connected dimensions: physical performance, chemical compliance, and color consistency.

- > Physical performance includes parameters such as fiber-length distribution, neps, and residual yarns.
- > Chemical compliance covers composition, color fastness, and pH.
- > Color consistency includes whiteness and color difference.

Because these dimensions interact, quality cannot be managed by optimizing one metric in isolation.



From fiber control to brand experience

This integrated approach matters because fiber quality is not experienced by customers as laboratory data, but through downstream product performance. By linking fiber characteristics to spinning efficiency, yarn consistency, and fabric behavior, Recover’s quality system helps

translate technical control into outcomes that brands can recognize in the finished article, including hand feel, durability, visual aspect, and overall product reliability. In this way, the quality framework supports Recover’s positioning around consistency and scalability, rather than isolated technical claims.

FIBER CONTROL

Fiber length distribution, short fiber content, neps, unopened yarns, composition, and color consistency.

These are the measurements that anchor Recover’s quality system.

PROCESS IMPACT

Spinning efficiency, yarn evenness, imperfections, strength, and fabric consistency.

These are the downstream effects that show whether fiber performance is translating properly through production.

BRAND EXPERIENCE

Hand feel, durability, visual aspect, shade consistency, and product reliability.

These are the outcomes brands and end customers actually perceive in the finished fabric or garment.



Supplier quality - upstream integration

Recover™ maintains dedicated quality inspectors working directly at supplier sites, embedded within sorting operations. This proximity enables early detection and control of material quality, contributing to consistently low rejection rates at intake.

In 2025, Recover™ expanded its focus further upstream by introducing standardized KPIs and inspection protocols at the sorting and cleaning stages, prior to material entering its facilities.

These measures strengthen input quality control and enhance process reliability across the supply chain.

Supplier quality performance is systematically monitored, with KPI results integrated into the annual procurement rating system to support continuous improvement and informed sourcing decisions.

CERTIFICATIONS



In 2025, two of Recover’s internal laboratories achieved ISO/IEC 17025 accreditation, the internationally recognized standard for laboratory impartiality and technical competence. This milestone reinforces the reliability of Recover’s testing infrastructure and serves as a key pillar of our quality strategy.

The accreditation provides independent, third-party assurance that laboratory results are consistent, comparable, and reproducible across hubs, supporting data integrity and informed decision-making throughout the value chain

Accreditation of additional laboratories in Vietnam and El Salvador is planned for 2027.



ISO 9001:2015 certification has been in place since 2024, covering Recover’s quality management system across all hubs. The QMS establishes a structured framework of processes, responsibilities, and controls that enable consistent and repeatable performance across the production network.

It supports alignment between regional hubs by ensuring a common operating approach, reinforcing process governance, and enabling continuous improvement across operations.



Recover’s Global Recycled Standard (GRS) certification is in place across all its owned hubs in Spain since 2021 and Bangladesh since 2023. In 2025, we also successfully included Vietnam and El Salvador production facilities.

The certification provides third-party assurance of recycled content, chain of custody, and the related social, environmental, and chemical requirements, supporting traceability across Recover’s certified operations.



Recover™ uses the Higg Facility Environmental Module (Higg FEM) to monitor environmental performance across its facilities. Annual assessments provide a consistent basis for benchmarking performance and tracking progress over time.

In 2025, Recover™ reported year-on-year improvements in Bangladesh, Spain, and Vietnam compared to 2024 data:

- 5% increase at the Bangladesh hub, driven by stronger water and wastewater management.
- 2% increase at the Spain hub, mainly due to reduced air emissions.
- 1% increase at the Vietnam hub, linked to environmental management systems, air emissions, and chemicals.

El Salvador will join the reporting cycle from 2027 using 2026 data as the baseline.



Recover™ uses the Higg Facility Social & Labor Module (Higg FSLM) to monitor and improve social and labor performance across its facilities. All facilities complete annual FSLM assessments supporting comparability, auditability, and continuous improvement.

In 2025, Recover™ reported progress across its production hubs, increasing the score by;

- 6.9% at the Bangladesh hub, driven by improvements in employee engagement and management systems.
- 3.5% at the Spain hub, supported by advances in health and safety and management systems.

The Vietnam hub completed the Higg FSLM assessment for the first time this year, and the result was broadly comparable to Recover’s other hubs, showing that the company’s social policies can be applied consistently in new operating contexts. El Salvador is expected to join the cycle from 2027, using 2026 data as the baseline.

The FSLM is built on the Social & Labor Convergence Program (SLCP) Converged Assessment Framework, meaning that completing the FSLM also completes the SLCP assessment process.

5.2.5. INNOVATION PIPELINE (R&D)

ESRS coverage: ESRS E1-5 (actions) for the innovation part of decarbonization; cross to E5-2.

Recover's innovation pipeline is built around research, testing, and collaboration to turn ideas into practical, market-ready solutions.

Continuous innovation with our supply chain partners

Recover's Research and Development (R&D) is expanding the range of textile waste streams that can be transformed into recycled fiber, including more complex blended materials. This increases the volume of textile waste that can be recycled and supports the company's transition from scaling proven products to standardizing new industrial feedstock pathways.

Furthermore, the Recover's Tech Support team works on the ground and alongside supply chain partners to help them optimize yarns and fabrics and expand the use of recycled cotton across more sectors.

Collaborations

The pipeline is further strengthened through collaborations with external partners, which help test new applications, validate performance, and accelerate the move from concept to market-ready solution.

For example, [Recover™ and Neela by Sapphire Fibers](#) developed a circular denim collection made with recycled fibers and no dye. The collaboration also emphasized 100% traceability through Recover's physical tracer, showing how R&D can move from material development to market-ready product innovation.

[Recover™ and CEPOVETT](#) also launched an R&D partnership to explore new recycled cotton applications and support more circular textile solutions. As part of this collaboration, they created a polo shirt made from Recover's recycled cotton fiber and recycled yarn, with no added dye and four natural shades.

5.3 TRACEABILITY AND TRANSPARENCY

ESRS coverage: ESRS 2 SBM-1 (value chain); G1-2 (supplier relationships management); E5-2 (actions on circular economy).

Recover's traceability system combines documentary controls, physical verification, and digital tools to support evidence of recycled content across the value chain. Together, these layers help customers substantiate recycled-content claims, strengthen supply-chain transparency, and prepare for a more demanding regulatory environment.

By connecting physical and digital verification, Recover™ ensures that recycled content is not only claimed, but proven, enabling partners to access reliable, auditable data at scale.

Recover™ follows the [ISEAL](#) Segregation Chain of Custody model, allowing certified recycled fibers from different suppliers to be processed together while ensuring that the final output remains 100% certified recycled content.

5.3.1 CHAIN OF CUSTODY TRACEABILITY: GLOBAL RECYCLED STANDARD (GRS)

The documentary foundation of Recover's traceability system is the Global Recycled Standard (GRS) chain of custody. Through GRS certification and transaction certificates, recycled material is tracked from waste origin through each stage of production, providing customers with assurance that the material purchased is genuinely recycled and properly recorded.

Recover's contribution to the Textile Exchange RMDF framework

During the reporting year, Recover™ participated in the Tracing Textile Waste project, led by Fashion for Good and Textile Exchange, helping shape a revised Reclaimed Material Declaration Form (RMDF). This form standardizes how textile waste is identified and documented, enabling

shipments to be traced back to the waste supplier as well as the recycler, and it is now part of the GRS documentation set as the required declaration form for reclaimed materials. The project was developed in collaboration with key value chain actors, including brands such as Target, alongside recyclers, collectors, certification bodies and digital platforms.

5.3.2. PHYSICAL VERIFICATION: RECOVER™ TRACER

Recover™ Tracer adds a physical layer of verification by making the material identifiable at fiber level. Embedded directly into the fiber, it complements documentary traceability by helping validate recycled-content claims beyond paperwork alone and by reducing the risk of substitution or false recycled-input claims.

Recover™ systems are designed to support upcoming regulatory requirements, including Digital Product Passports, with batch-level data transparency across our own facilities.

5.3.3 DIGITAL TRACEABILITY

Recover™ holds the necessary data to enable integration into any digital platform, as well as

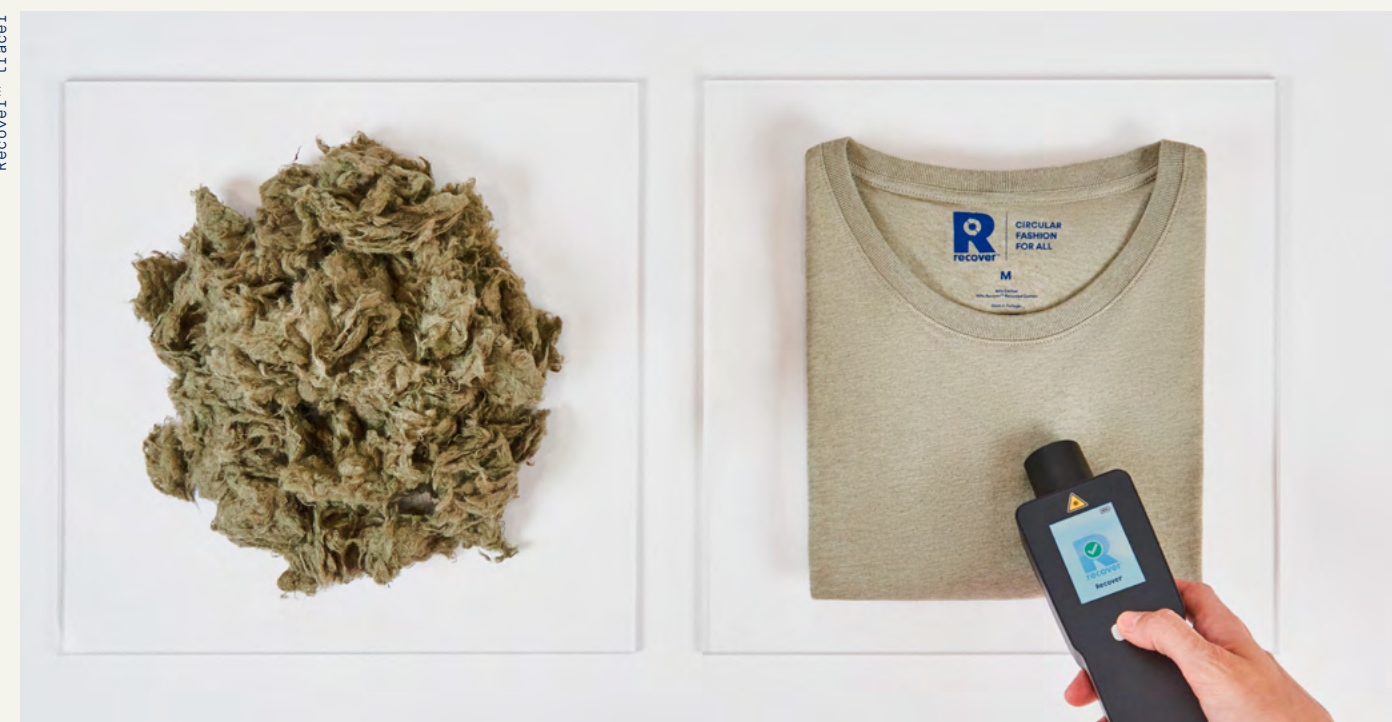
to meet future requirements such as the Digital Product Passport. Through integration with a digital platform, this layer allows our stakeholders to access and use traceability data for transparency and reporting. It extends Recover's internal verification into a digital format that supports supply-chain visibility and claim substantiation.

In parallel, Recover™ also publishes supplier facility data on Open Supply Hub, contributing to facility-level transparency through a publicly accessible database of production sites.

Recover™ and TextileGenesis launch pilot to verify supply chain integrity of recycled materials [In 2025, Recover™ launched a pilot with TextileGenesis™](#) to test digital traceability for recycled cotton and cotton blends. The pilot used Fibercoin™ digital tokens to verify supply-chain integrity and complement Recover's existing physical tracer and GRS-based traceability.

Following the pilot, we decided to expand toward fiber-to-retail traceability, reinforcing transparency and authenticated recycled-content claim via this digital platform and others.

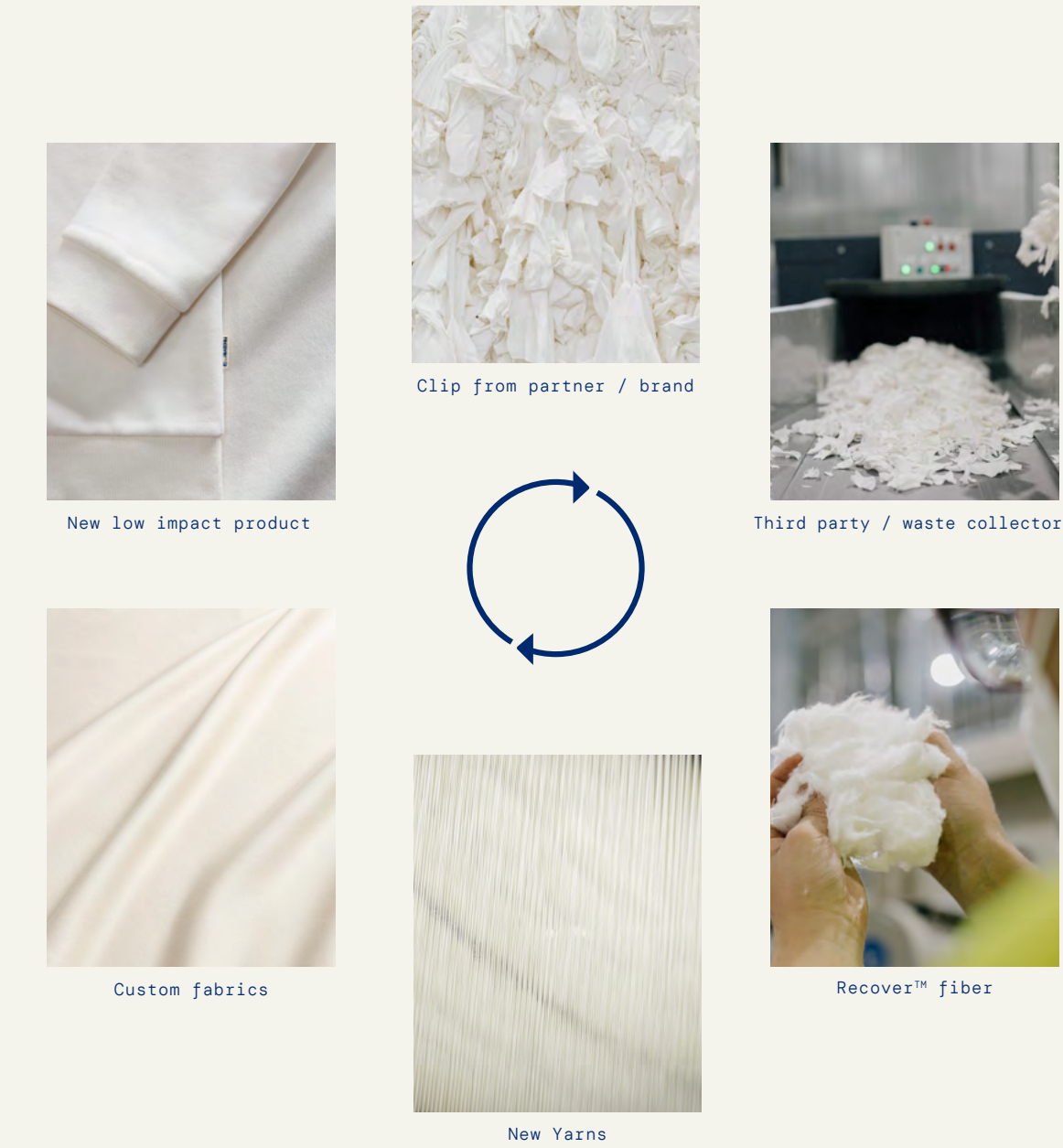
Recover™ tracer



5.3.4 CLOSE THE LOOP MODEL

Recover’s Close the Loop model shows how these traceability layers are applied in practice within a circular supply chain. In this model, post-industrial or post-consumer textile waste is allocated to Recover™ through suppliers or collection partners, transformed through a controlled recycling process, and returned to the customer in the form of recycled fiber derived from that same waste stream.

The model combines material assessment, quality control, and traceability measures to support a transparent and credible closed-loop system. In this way, traceability is not treated only as a compliance tool, but as an operational enabler of circularity across the value chain.



5.4 PRODUCT ENVIRONMENTAL SAVINGS AND SCOPE 3 REDUCTION

Every kilogram of Recover™ fiber a brand sources is a kilogram of conventional cotton it did not produce, and it directly contributes to their Scope 3 emissions’ reduction and achieving climate-related goals.

In 2025, the recycled fiber Recover™ placed on the market avoided **47,566 tCo₂e of greenhouse gas emissions and more than 25 billion liters of water compared to conventional cotton production**. These savings belong to the brands that choose to source our recycled fiber.

For brands working to decarbonize their Scope 3, that number is actionable, verified, and ready to report. It comes from an independently verified Life Cycle Assessment methodology applied across production hubs, and it is disclosed separately from Recover’s own-operations environmental footprint, which is disclosed in section 5.5.1 (Climate). This distinction matters as the avoided emissions are not deducted from gross Scope 1, 2, or 3 figures. They are an additional disclosure, reported in line with GHG Protocol guidance.

5.4.1. LCA METHODOLOGY

Recover™ uses Life Cycle Assessment (LCA) to measure the environmental footprint of its fiber products and all our analyses have been independently verified by a third-party auditor.

Recover’s Fiber LCA is a cradle-to-gate assessment: it covers the material stage of the product lifecycle, from raw material procurement through Fiber production, up to the point the Fiber leaves the factory gate. This is the standard scope for Fiber-level comparisons in the apparel industry.

The methodology and data collection follow PEF Methodology v3.0, aligned with ISO 14040 and

ISO 14044. Both the Spain and Bangladesh LCAs have been independently verified confirming that the methodology, data inputs, and calculation approach are consistent with the stated standards. LCAs for Vietnam and El Salvador are planned for 2026, once twelve months of full operations data are available.

Results are also submitted to the Higg Materials Sustainability Index (Higg MSI), a publicly available tool used by apparel, footwear, and textile industry designers and product developers to compare the cradle-to-gate impacts of different materials.

⊕

About Life Cycle Assesment

Is a scientific method for quantifying the environmental footprint of a product across its life cycle. It covers upstream and downstream processes associated with production, use phase, and end-of-life, and accounts for relevant resource inputs and emissions to air, water, and soil. The International Organization for Standardization provides requirements for conducting an LCA under ISO 14040 and ISO 14044.

5.4.2. ENVIRONMENTAL SAVINGS OF RECOVER™ FIBER

ESRS coverage: ESRS E1-9 (avoided emissions reported separately); E3 (water savings via LCA); E5-5 (resource outflows / circularity benefits).

To provide brands with a reliable, verified basis for calculating and communicating their own savings, Recover™ commissioned a dedicated reference study (updated in 2025) to identify the most robust comparison baseline for both conventional and organic cotton.

The study examined multiple available datasets and compared performance, selecting the most conservative and defensible reference point. This means the savings Recover™ reports are not drawn from a generic industry average, but from a verified, independently reviewed comparison that brands can use with confidence in their own reporting.

Per kilogram of Recover™ recycled cotton fiber versus conventional cotton: 99.9% less water consumption, 93% less CO₂ equivalent, 99.9% less eutrophication, 96% less energy use, 100% less land use.

5.4.3. ENVIRONMENTAL SAVINGS OF FABRICS AND GARMENTS

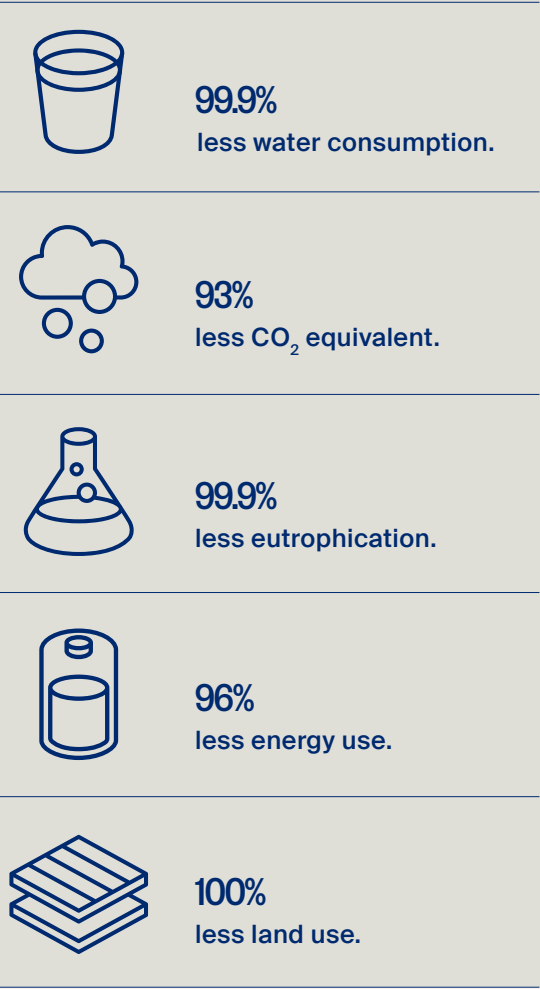
Recover’s environmental impact extends beyond fiber, and so does the support we offer to partners that want to quantify it.

BCome

In 2025, Recover™ launched a partnership with BCome, a sustainability platform for textile and apparel businesses, to extend LCA-based environmental savings calculations to fabrics and finished garments that incorporate Recover™ recycled fiber. Through this partnership, brand partners and supply-chain stakeholders can now calculate and communicate the avoided environmental impacts of using Recover™ across specific fabric constructions and garment typologies, going beyond fiber-level claims to quantify real-world product savings.

ENVIRONMENTAL SAVINGS

1 Kg. of Recover™ recycled cotton vs. conventional cotton.



* Results calculated using our Recover™ LCA Spain & LCA Bangladesh verified by EcoReview (2022, 2025)

5.5 ENVIRONMENTAL FOOTPRINT OF OUR OWN OPERATIONS

5.5.1. CLIMATE MANAGEMENT

ESRS coverage: ESRS E1 (full standard).

Recover™ manages climate change through a combination of emissions measurement, reduction initiatives, operational controls, and resilience measures. This includes setting climate-related targets, monitoring greenhouse gas emissions and energy consumption, and integrating climate-related considerations into business planning and operational management.

The company also monitors potential physical risks, such as extreme weather events and disruptions to operational continuity, and has implemented emergency preparedness measures across its facilities to support resilience.

5.5.1.1. SCIENCE ALIGNED TARGET VALIDATION

ESRS coverage: ESRS E1-1 (transition plan); E1-6 (targets).

In 2025, Recover™ became the first mechanical recycler to have its Science-Aligned Targets (SAT) validated through Cascale’s Manufacturer Climate Action Program (MCAP).

The validation confirms that our Scope 1 and 2 decarbonization pathway is consistent with limiting global warming to 1.5°C, with a commitment to reduce absolute Scope 1 and 2 GHG emissions by 58.8% between 2024 and 2034.

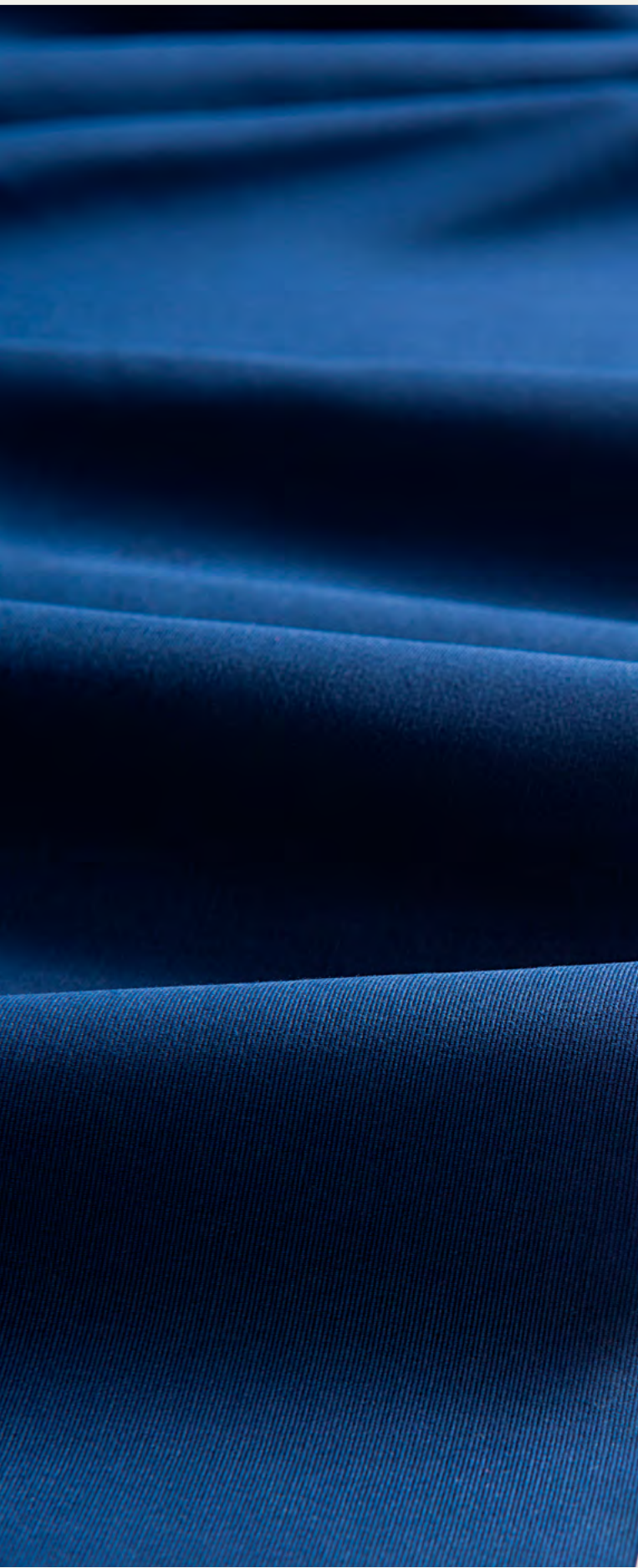
This was not a new direction. Recover™ first committed to setting science-aligned targets in November 2023, and the 2024 Sustainability Highlights identified 2025 as the validation year. This report closes that loop.

A formal transition plan detailing the decarbonization levers and the related capital allocation behind this target is currently in development and will be disclosed in a future reporting cycle.

What does this mean for our partners and customers?

For brands and manufacturers working toward their own climate commitments, supplier alignment is one of the most complex parts of Scope 3 decarbonization. Recover’s SAT validation simplifies that challenge: it provides third-party confirmation, aligned within the SBTi framework, that our emissions reduction trajectory meets science-based standards.

- Sourcing from Recover™ enables partners to:
- Demonstrate measurable Scope 3 progress backed by an independently validated supplier target
 - Reduce the audit complexity associated with supply chain climate due diligence
 - Strengthen the credibility of climate claims with verified, third-party data





5.5.1.2. MEASUREMENT OF GHG EMISSIONS

ESRS coverage: ESRS E1-8 (gross Scope 1, 2, 3); E1-9

Recover™ measures its greenhouse gas emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, using Watershed as its calculation platform. This measurement is conducted on a fully voluntary basis, as part of our commitment to track and reduce our climate impact in line with our Science-Aligned Targets.

Going beyond what our Science-Aligned Targets require, we have also voluntarily measured our most relevant Scope 3 categories to build a more complete picture of our climate impact: Purchased Materials (Category 1), Capital Goods (Category 2), and Business Travel (Category 6).

- Scope 1: 705 tCO2 eq
- Scope 2: 3203 tCO2 eq
- Scope 3 (Categories 1, 2 and 6): 11,513 tCO2e

Key challenge: scaling operations

Recover™ is growing fast. In 2024, our inventory covered Spain and Bangladesh. In 2025, Vietnam entered the consolidated perimeter for the first time. This expansion is the primary reason for the increases reported below. Managing emissions measurement across a multi-country, multi-facility network is one of the real challenges of scaling a global recycling operation, and we are investing in the tools and processes to do it rigorously.

Energy consumption

ESRS coverage: ESRS E1-7.

Energy consumption for Recover’s own operations is measured as the input of purchased electric power as the company does not produce energy onsite. Recover’s total energy consumption in 2025 was 6,334.2 MWh.

The breakdown between certified renewable and non-renewable energy sources was not consolidated for 2025. Recover™ is reviewing its

data collection to enable publication of a verified energy mix in the next reporting cycle.

Still, we create more climate benefits

Avoided emissions from Recover’s recycled fiber are reported separately in section 5.4.1, in accordance with ESRS E1-9. It is worth noting that the avoided emissions generated by Recover’s recycled fiber are 52% greater than the total emissions we produce across all measured scopes in 2025.

5.5.2. WASTE MANAGEMENT

ESRS coverage: ESRS E5-3 (targets); E5-5 (resource outflows and waste).

Recover™ processes textile waste at scale, but like any manufacturing operation, it also generates waste of its own. Reducing that waste, and managing it responsibly when it arises, is part of our broader effort to minimize the environmental impact of our operations.

Our approach follows the waste hierarchy (prevention, reuse, recycling, recovery, and disposal) with systematic segregation and tracking across all four hubs. In 2025, 99% of the waste we generated was non-hazardous. This is supported by our Waste Management Policy, Health, Safety and Environmental Policy, and Management System Objectives, and guided by an ambition of becoming a zero-waste company.

We have set targets to reduce waste per kilogram of fiber produced by 1% and to keep waste sent to landfill below 5%, supported by a 2026 action plan focused on reviewing current waste streams and implementing measures for segregation, treatment, and minimization.

RPARTICLE X CREAVALO

RParticle is the short-fiber by-product of our mechanical recycling process. Rather than accepting it as an inevitable cost, we actively work to find higher-value applications for it. In 2025, we collaborated with CREAVALO to transform RParticle into circular interior design panels for our Vietnam facility. [\(Read more\)](#)



The Manufacturer Climate Action Program (MCAP) helps manufacturers develop and validate Science-Aligned Targets (SATs) to reduce Scope 1 and 2 greenhouse gas emissions across the consumer goods industry. MCAP is modeled on the Science Based Targets initiative (SBTi) corporate near-term criteria, and SATs are defined as an intermediate step towards net-zero targets. Validation is carried out by accredited third parties and approved by Cascale.



All figures are reported in metric tonnes of CO₂ equivalent (tCO₂e), using IPCC AR6 100-year Global Warming Potential values. Emission factors are sourced from the US EPA Emissions Factor Hub, DEFRA UK GHG Reporting Conversion Factors, and regional grid data (Ecoinvent for non-US/UK geographies). All figures prepared by Watershed.

5.5.3. WATER MANAGEMENT

ESRS coverage: ESRS E3 (full standard). Product-related water savings are in section 5.4.1.

Mechanical recycling has an inherent advantage over conventional fiber production and other recycling types; it does not depend on industrial process water. At Recover™, we have built on that structural advantage by optimizing our water use further across all operations.

Across our four hubs in 2025, Recover™ used only 1,408 m³ of water in total, roughly half a swimming pool. Water use in the recycling process is minimal and limited to dissolving an antistatic agent, which helps reduce friction and prevent fires as our recycled cotton fibers are transported through metal tubes within the factory, and a softener that supports optimal shredding. No industrial process water is used in fiber production. The remainder of our consumption is domestic and sanitary use in office and facility operations.

Given the low volumes involved and the nonindustrial nature of this water use, Recover™ has not set a standalone quantitative water-reduction target, and instead focuses on maintaining responsible use, compliance with permits, and continuous improvement in line with its Water Management Policy and Management System Objectives.

Water in the textile value chain

In the value chain, water consumption is concentrated upstream in conventional cotton cultivation - the material avoided by Recover's recycled cotton substitution. The per-kilogram water savings versus conventional cotton are reported in section 5.4.1 (>25 billion liters saved in 2025, equivalent to 99.9% water savings per kg). Downstream, water use in spinning, dyeing and finishing operations falls outside Recover's direct control but Recover™ engages with brand customers and spinning partners on responsible water management through the supply-chain orchestration framework (section 5.2.2) and the Responsible Sourcing program (section 6.3).

5.5.4. POLLUTION PREVENTION

ESRS coverage: ESRS E2 (full standard): E2-1 policies, E2-2 actions, E2-3 targets, E2-4 air/water/soil + microplastics, E2-5 substances of concern + SVHC.

Recover's mechanical recycling process does not involve the manufacture or intentional use of primary microplastics, and no Hazard Substances or Substances of Very High Concern (SVHC) are used within operations.

Pollution prevention is managed through a structured Chemical Management System, aligned with the company's Chemical Policy and supported by compliance with the AFIRM Restricted Substances List (RSL) and Zero Discharge of Hazardous Chemicals for Manufacturing Restricted Substances List (ZDHC MRSL). This approach is reinforced through supplier requirements, verification processes, and internal control mechanisms.

Chemical compliance of output fiber is validated through third-party testing against the latest applicable AFIRM RSL requirements, with Level 1 Risk defined as the minimum threshold.

Emissions to air, water, and soil are monitored at site level using the Higg Facility Environmental Module (FEM), covering key environmental indicators including wastewater quality and air emissions.

Pollution in the textile value chain

At the level of value chain impact, Recover's mechanical recycling avoids the chemical load typical of conventional cotton cultivation (pesticides, herbicides, fertilizers) and the substantial chemical inputs of chemical recycling routes (solvents, depolymerization chemistry). The 2025 LCA reports a 99.9% saving on eutrophication per kilogram of Recover™ fiber versus conventional cotton (section 5.4.1).

5.5.5. BIODIVERSITY AND ECOSYSTEMS

ESRS coverage: ESRS E4 (full standard): E4-1 transition plan, E4-2 policies, E4-3 actions, E4-4 targets, E4-5 metrics.

In 2025, Recover™ completed a site-level biodiversity risk assessment using the WWF Biodiversity Risk Filter (RFS V3.0). The assessment covered all hubs and found no operations in protected or high-biodiversity-value areas. It also identified high physical risk exposure across sites, mainly linked to local environmental conditions such as disease prevalence, wild-flora classification, and water availability.

Recover's mechanical recycling process uses minimal water and is not itself the primary source of these risks. In this context, Recover™ has not set standalone quantitative biodiversity targets and instead addresses biodiversity-related considerations through broader operational policies and controls, including Water Management, Waste Management, Chemical Management, and Responsible Sourcing policies.

Biodiversity in the textile value chain

Beyond Recover's own operations, the most material biodiversity-related effect of Recover's activity is the avoided pressure on conventional cotton growing regions through fiber substitution. The 2025 LCA reports a 100% saving on land use per kilogram of Recover™ fiber versus conventional cotton (section 5.4.1), and Recover's mechanical recycling process avoids the pesticide and agrochemical load typical of conventional cotton cultivation. These are positive impacts on biodiversity in upstream sourcing geographies, even though they fall outside Recover's direct operational control.



06

RESPONSIBLE PRODUCTION & SUPPLY CHAINS

ESRS coverage: ESRS S1 (own workforce); S2 (workers in the value chain).

6.1

INTERNAL POLICIES AND MANAGEMENT APPROACH

ESRS coverage: ESRS S1-1 (workforce policies); S2-1 (value-chain policies); ESRS 2 GOV-3 (due diligence).

Recover’s responsible production approach is grounded in a framework of policies, committees, and management systems that define how the company manages people, health and safety, sourcing, and ethical conduct across its hubs and supply chain. The framework includes;

Policy and Purpose	Key priorities	Responsibility and oversight	Related standards
 Employee Code of Conduct Sets the standards of behavior for all Recover™ employees, contractors, interns, and consultants, anchored in the company’s four values and applicable laws and regulations.	Ethical conduct and integrity; respect for human rights; anti-bribery and conflict of interest; whistleblowing and speak-up culture.	People & Talent; Legal function.	ILO Core Conventions; UN Global Compact; UDHR; UNGP.
 Human Rights Policy Establishes Recover’s commitment to respecting the dignity and fundamental human rights of all people across its operations and value chain.	Respect for fundamental human rights; non-discrimination; protection of vulnerable groups; alignment with international human rights standards.	People & Talent; Legal function; Sustainability Team.	UDHR; UNGP; ILO Core Conventions; OECD Due Diligence Guidance.
 Bribery Policy Prohibits bribery in any form, at any time, and in any location, covering dealings with government officials and commercial parties.	Zero tolerance of bribery; controls on gifts, hospitality, and facilitation payments; mandatory disclosure and reporting.	People & Talent; Legal function.	Local and international anti-bribery laws; UN Global Compact Principle 10; OECD.
 Conflict of Interest Policy Requires all employees and relevant personnel to avoid and disclose actual or apparent conflicts between personal and business interests.	Prevention and disclosure of conflicts of interest; independent decision-making; transparency with management and Legal.	People & Talent; Legal function.	Corporate governance best practices; OECD; UN Global Compact.

6.2

OWN WORKFORCE

This section covers who our employees are, how the company engages them, and how the employee experience is shaped across its hubs. It moves the Sustainability report from policies and systems to the people who keep the business running every day, showing how workforce performance drives Recover’s ability to grow in a stable, safe, and responsible way.

6.2.1 THE TEAM

ESRS coverage: ESRS S1-5 (characteristics of employees); S1-6 (non-employees); S1-7 (collective bargaining); S1-2 (engagement); ESRS S1-9 (adequate wages)

Recover’s workforce is central to how the company grows. At the end of 2025, Recover™ employed 304 people, representing close to 20 nationalities across four owned hubs in Bangladesh, Spain, Vietnam, and El Salvador. This reflects a people strategy built on full social and labor compliance, stable employment, and long-term commitment to the regions where it operates.

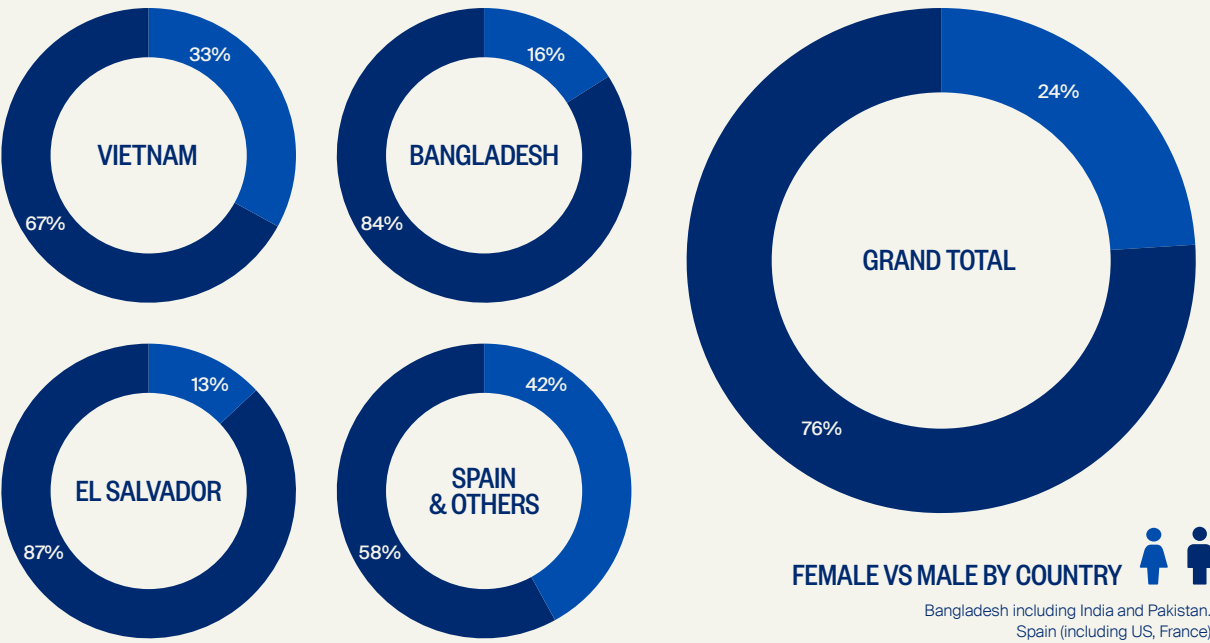
Recover™ positions itself as a place to work and grow. The company places emphasis on attracting, developing, and retaining talent through fair, labor market-competitive employment conditions, locally adapted benefits, and a value-driven culture reinforced through the Employee Code of Conduct. Across all locations, Recover™ complies with applicable labor laws and provides employment conditions that meet or exceed statutory requirements. Our practices are designed to reflect local labor market realities, industry standards, and employee

expectations, supporting competitive and relevant employment conditions while supporting our ambition to be an employer of choice. Working conditions, working hours, health and safety and related labor standards are reviewed through the Higg Facility Social & Labor Module (FSLM) across operational hubs.

The workforce profile also reflects Recover’s broader social performance. In 2025, 79 employees were women and 225 men, while top management comprised eight members, including one woman. Recover™ also maintained a stable workforce in 2025, with voluntary attrition at 13%, indicating strong employee retention over the year.

Employee engagement is supported through HR processes, an open leadership culture, a performance-driven environment, and structured local dialogue mechanisms across hubs.

In Spain, worker representation is integrated in the dialogue framework, while in Bangladesh, the Participation Committee provides a formal mechanism for employee engagement. Together, these mechanisms enable Recover™ to capture employee feedback, support retention, and ensure alignment with the company’s culture and operating model.



6.2.2. EMPLOYEE EXPERIENCE

Employee experience at Recover™ extends beyond formal HR processes. The company aims to create an environment where employees can build their careers, develop their skills, and grow alongside the business as it expands across hubs and markets. This is particularly relevant in a business where technical know-how, operational consistency, and shared culture directly influence product quality and responsible growth.

Recover™ provides regular training for all employees, complemented by role-specific and advanced programs designed to support specialist profiles, including commercial teams and leaders. Leadership development is also part of this approach, with targeted learning aimed at strengthening management capability and supporting organizational growth across the organization (see following section 6.2.4).

Employee experience is further shaped by flexibility and benefits. Flexibility is identified as a key strength, and the company has progressively expanded its benefits across hubs adapting them to local contexts. Working practices also reflect local realities, including work-from-home arrangements where relevant, as well as practical support measures such as transport, meals, and accommodation.

Retention remains an important indicator of workforce wellbeing, and Recover’s approach combines shared values, continuous learning, and on-the-job development opportunities, supported by a dynamic and continuously evolving work environment in a pioneering sector. Together with flexibility and leadership development, this enables sustained employee engagement over time.

6.2.3. HEALTH AND SAFETY

ESRS coverage: ESRS S1-13 (health and safety metrics); S1-3 (actions on H&S).

In 2025, Recover's Bangladesh hub reached 1,000,000 cumulative working hours without a recordable accident since opening, reflecting the operation of our health and safety system in practice.

Globally, across all our own hubs, our system is anchored by our Occupational Health and Safety Management System, supported by;

- Health, Safety & Environment (HSE) policy (for more detail see table in section 5.1)
- Personal Protective Equipment (PPE) policy (for more detail see table in section 5.1)
- Health and safety committee

The system is designed to identify workplace risks, reduce the likelihood of incidents, enable legal compliance, and drive continuous improvement across the business. In 2025, 100% of employees were covered by this system, which is supported by a shared global risk register and a harmonized approach to managing machine- and process-related risks across all hubs. All employees have been trained in the Occupational Health and Safety Management System.

The framework is implemented locally through site-level responsibility, reinforced by Human Resources and dedicated health and safety personnel at each hub. It also includes fire and emergency drills, Personal Protective Equipment distribution records, safety signage, and channels for reporting unsafe conditions so that risks can be reviewed and addressed in practice.

Worker participation strengthens the system further. At facility level, health and safety committees review issues, communicate worker concerns to management, conduct inspections, track corrective actions, and identify opportunities for improvement. Recover™ also uses the Higg

Facility Social & Labor Module (Higg FSLM) as part of its broader review of workplace conditions, including health and safety topics.

Across the Group, no fatalities or work-related ill-health cases were reported. Only nine work related injuries took place in 2025 across all our four owned hubs with over 300 employees,

including one lost-time injury in Bangladesh. All cases were minor or required only first aid. Although not classified as recordable incidents, they are systematically reviewed, with corrective actions implemented to support continuous improvement in health and safety performance.

Bangladesh Hub



6.2.4. LEARNING AND DEVELOPMENT

ESRS coverage: S1-12 (training and skills); ESRS S1-12 (internal training);

Learning and Development at Recover™ is structured around three strategic pillars: boosting critical expertise, developing strong leaders, and fostering a learning culture. This approach is reinforced by the three “E”-learning model - is reinforced by the three “E”-learning model - Experience, Exposure, and Education- supporting

continuous skill-building and career progression across the organization. In 2025, 100% of employees took part in training, with an average of 20.5 hours of training per employee.

Boosting critical expertise focuses on transferring core capabilities to employees. A key initiative is Recover™ Essentials, an internal learning program designed to build knowledge across the business, including sustainability, textile processes, products, and key functions.

THE 3 CRITICAL PILLARS OF OUR L&D STRATEGY

Recover™ Essentials, the foundation

Recover™ learning and development strategy focuses on fostering professional growth by developing and empowering our professionals to support the company to enable large-scale sustainable change in fashion.			
1 BOOSTING OUR CRITICAL EXPERTISE 2 DEVELOPING STRONG LEADERS 3 FOSTER A LEARNING CULTURE			
→ Ensure the internal transfer of knowledge by leveraging our teams' unique in-house expertise → Maintain our leadership in the sector by protecting our core expertise → Empower our managers as key enablers to drive a high-performance culture Support our managers to coach and develop their teams aligned with our leadership expectations → Implement cross-skills programs to meet business needs and drive success Cultivating a Learning Culture to empower employees to take the lead in their own development			
HOW?	THE THREE E'S OF LEARNING	70% 20% 10%	
→ EXPERIENCE [70%]	→ EXPOSURE [20%]	→ EDUCATION [10%]	
Learn & Develop Through Doing	Learn & Develop Through Others	Learn & Develop Through courses	

Developing strong leaders is a core priority. Recover™ is implementing a global leadership development strategy aligned with its culture, values, and the six Leadership Expectations. This includes leadership skills training, Leaders Forum sessions, where strategic topics are addressed, and leaders exchange insights, as well as coaching and peer learning. In addition, 360° Feedback Surveys have been introduced aligned

to our feedback culture. Leadership development is positioned as a continuous journey that strengthens management capabilities and enables leaders to effectively develop their teams.

Fostering a learning culture empowers employees to take ownership of their development through project-based learning, participation in external conferences, and access to digital learning platforms. Development is further supported

through internal mobility, cross-hub collaboration, and knowledge sharing. Spain plays a central role in ensuring global consistency and acting as a center of expertise.

Development is also embedded in Recover’s performance model. Performance management follows a fully aligned and integrated approach, starting with clear company objectives translated into goals at team and individual level. This provides clarity on expectations while enabling continuous learning and development. Performance is defined both by what is achieved, ambitious business objectives, and by how it is achieved, guided by Recover’s values: We care, We are brave, We are curious, We get it done. This approach fosters a high-performance culture based on alignment, leadership, and individual ownership, positioning performance as a key driver of growth and development.

6.2.5. DEI PLAN IN SPAIN 2025

Source: ESRS Simplified template S1 (S1-11); 2024 Sustainability Highlights p. 6; 2023 SR p. 7.

In July 2025, Recover™ signed its first Equality Plan for Spain, covering the period 2025–2029. Developed with the support of external consultants Mercer and negotiated with worker representatives, the plan is based on a prior diagnostic assessment reviewing workforce composition, recruitment, training, compensation, working conditions, and gender balance across Recover’s operations in Spain.

The assessment confirmed that the gender pay gap does not exceed the threshold established under Spanish equality legislation and that, where differences exist, they are primarily explained by job category distribution rather than gender-based discrimination.

The plan is structured around nine action areas: organizational culture and communication; working conditions; recruitment and selection; training, promotion and development; compensation and pay audit; work-life balance and shared responsibility; prevention of sexual harassment; occupational health; and gender balance. Each area includes specific measures with defined timelines and indicators, which

are reviewed semiannually by a joint Monitoring Committee composed of company and worker representatives.

Priority actions include equality training, strengthened anti-harassment measures, enhanced occupational health monitoring, and initiatives to improve gender balance in key operational roles. In this context, Recover™ is advancing the negotiation of the anti-harassment protocol alongside the establishment of an investigation committee. At the same time, the company is ensuring the communication and implementation of the Equality Plan and related protocols across the organization, reinforcing awareness, prevention, and consistent application.

6.2.6. DISCRIMINATION AND HUMAN RIGHTS INCIDENTS

ESRS coverage: ESRS S1-16.

Recover™ monitors people-related incidents through its global Corporate Whistleblowing Channel, which is accessible to employees and external stakeholders in multiple languages and allows confidential or anonymous reporting. The channel is supported by Employee Code of Conduct training for all employees.

Employees may use the channel to raise concerns about the interpretation of or application of internal policies, or to report potential breaches of the Employee Code of Conduct.

Recover™ has established an Ethics & Culture Committee, composed of the CHRO, CFO, Senior Advisor, Legal Counsel, and a non-voting Coordinator, to oversee case management and promote ethical practices.

The Committee reviews reported cases, ensures appropriate investigations, determines corrective or disciplinary actions, and provides guidance to ensure consistent and legally compliant handling. It also promotes awareness of the Employee Code of Conduct and supports continuous improvement based on employee feedback.

All reported cases during the year were managed in line with this framework. No fines, penalties, compensation payments, or severe incidents related to discrimination or human rights impacts were recorded in 2025.

6.3

RESPONSIBLE SOURCING

ESRS coverage: ESRS S2 (full standard): S2-1 policies, S2-2 engagement, S2-3 actions, S2-4 targets.

Recover’s Responsible Sourcing initiative mitigates social and environmental risks across the supply chain, creating value for customers by helping them avoid compliance issues, safeguard their reputation, and rely with confidence on their product claims. At the same time, it supports suppliers by promoting better practices, setting clear and consistent expectations on labor, health and safety, environmental standards, and contributing to improved wellbeing for workers and their communities.

It also helps meet customer requirements on due diligence, strengthens readiness for evolving Environmental, Social and Governance (ESG) regulations, and builds stronger supplier relationships through clear and consistent expectations on social, environmental, and business conduct standards, combined with a focus on continuous improvement. We reinforce these relationships by positioning compliance as a process of support and capability-building, rather than a purely transactional requirement. For an example of how this approach is applied in practice, see section 6.3.3, Case study: creating positive impact in Bangladesh.

6.3.1. GOVERNANCE AND DUE DILIGENCE

Responsible sourcing at Recover™ is overseen by a cross-functional Responsible Sourcing Committee, with participation from Sustainability, Health and Safety, Legal, and Procurement. This governance structure helps ensure that supplier oversight is approached as a shared process linking compliance, quality, social performance, and operational decisions. Recover’s policies and standards are aligned with the UN Guiding Principles on Business and Human Rights and the fundamental conventions of the International Labor Organization.

- Code of Conduct for Business partners
- Responsible Sourcing Policy
- Responsible Sourcing procedures

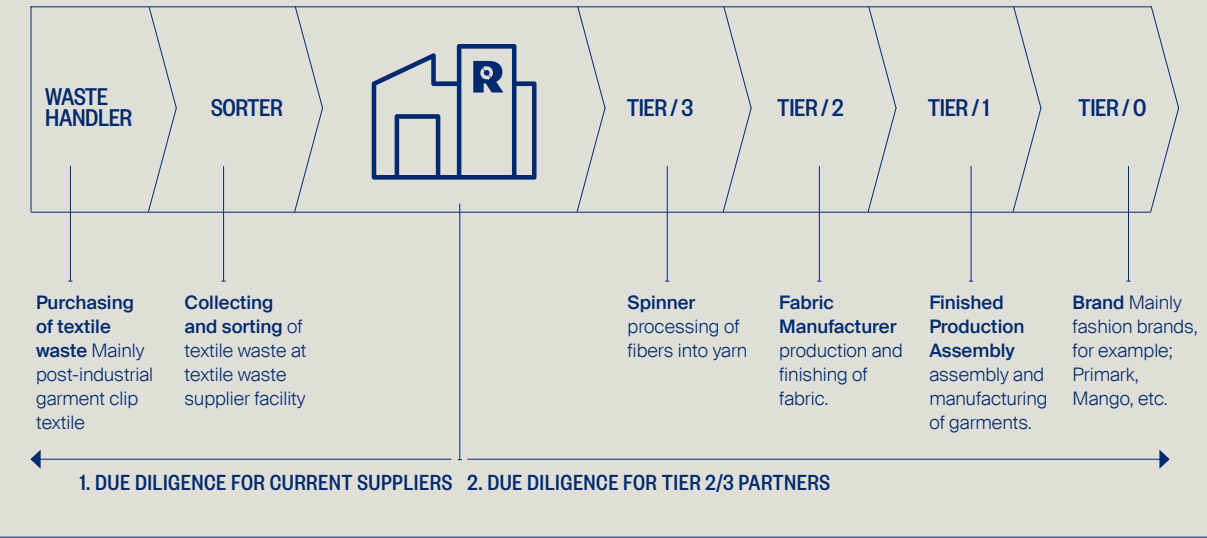
Recover™ applies two related but distinct due diligence processes across its value chain: one for textile waste suppliers involved in the collection and sorting, and another for Tier-2 and Tier-3 business partners such as spinners, fabric manufacturers and garment makers. These processes reflect different roles in the value chain and therefore different risk profiles, documentation requirements, and follow-up actions.

The textile waste supplier is the first point of control in the value chain. Recover™ conducts regular and monitored audits of suppliers to verify compliance with key environmental and social requirements and to ensure alignment with its standards. These audits are carried out through a combination of structured on-site assessments, periodic review of supplier documentation, and follow-up of corrective actions. On-site visits include the use of standardized questionnaires focused on zero-tolerance topics, with findings documented and shared with suppliers together with improvement recommendations. Progress against these actions is tracked over time through ongoing engagement with suppliers.

The Quality team carries out weekly visits to sorting operations to train staff on sorting and segregation standards. Recover™ does not use exclusivity contracts in this part of the value chain, reflecting a model intended to upskill local operators while staying connected to the wider waste-management ecosystem.

For Tier-2 and Tier-3 business partners involved in Recover’s yarn, fabric, and garment product lines are expected to meet mandatory requirements. These include acceptance of the Code of Conduct for Business Partners, Global Recycled Standard (GRS) and Higg FEM and Higg FSLM requirements. Where additional review is needed, Recover™ uses on-site visits.

OUR VALUE CHAIN



This framework is being strengthened and refined over time because Recover™ continues to identify new risks, respond to evolving regulation, and improve working conditions, traceability, and supplier performance through ongoing review and action.

This year, Recover’s responsible sourcing framework was independently reviewed by the World Resources Institute (WRI)*, who highlighted the strength of its structure, documentation, and alignment with current operations. WRI also provided recommendations to further strengthen the framework, which will guide ongoing improvements.

6.3.2. SUPPLIER ENGAGEMENT

The Code of Conduct for Business Partners defines baseline expectations on ethical conduct, compliance, and grievance handling, and Recover™ links acceptance of the Code to supplier contracts to establish a common standard across the supplier base. However, Recover’s responsible sourcing model is designed to create impact in supplier development through continuous improvement. The company works with suppliers through audits, training, improvement plans, and follow-up discussions.

Recover’s responsible sourcing purchasing practices includes ongoing engagement to understand and address potential impacts on communities and rightsholders in our value chain. We aim to engage in a culturally appropriate and accessible way, and we use grievance mechanisms and follow-up actions to help address concerns raised.

Whistleblowing channel for all our suppliers
Recover™ maintains a whistleblowing channel that is open to all workers and stakeholders to raise grievances or concerns. Where issues are identified, Recover™ seeks to investigate them and take follow-up action through its responsible sourcing and remediation processes.

Gaps and continuous improvement areas
Recover’s responsible sourcing framework is still being strengthened as the business expands rapidly across hubs, so implementation maturity is not yet uniform across all locations. A key improvement area is aligning tools and follow-up processes more consistently across hubs, while continuing to deepen supplier engagement. Cultural and local-context differences also matter, so the model needs to keep adapting training, communication, and support to each hub rather than applying one fixed approach everywhere.

* To learn more about how WRI works with companies, visit wri.org/ccg. The opinions and views presented are of Recover™ alone and do not necessarily represent opinions and views of WRI.

6.3.3. CASE STUDY: CREATING POSITIVE IMPACT IN BANGLADESH

Bangladesh is the clearest example of how Recover’s responsible sourcing model works in practice, building on the 2024 framework. The supplier perspective shows how onboarding, audits, improvement plans, and training translate into day-to-day changes on the ground, and how Recover’s approach depends on regular dialogue with the people running the operations.

In 2025, Recover™ continued its responsible sourcing program in Bangladesh through practical measures including:

- 15 suppliers have been audited, leading to measurable improvements in social and environmental practices and contributing to broader positive changes across the industry.
- More than 50 jobs have been upscaled, with workers at supplier facilities now equipped with ID cards, strengthening identity recognition, protection, and access to workplace rights.
- 15 fire safety training courses have been delivered to suppliers, increasing awareness and reducing risks at warehouse and facility level.
- Full payroll transparency has been achieved, ensuring that workers receive documented wages.
- Grievance mechanism training is currently being rolled out to strengthen workers’ ability to raise concerns effectively.
- A Personal Protective Equipment (PPE) health and safety improvement plan is in progress, aiming to enhance workplace safety conditions.



Recycle-Raw Limited. Bangladesh



Md. Ibrahim Sajib
Proprietor- Recycle Raw Ltd.

“Our partnership with Recover™ has had a meaningful impact on Recycle-Raw Limited. Their commitment to quality, transparency, and sustainability has encouraged us to continuously improve our operations and meet higher industry standards. Through their guidance and practical support, we have strengthened our processes, enhanced our team’s capabilities, and reinforced our commitment to responsible recycling. We value Recover™ as a trusted partner that shares our vision of building a more sustainable textile industry”



Md. Rakibul Islam Khan
Proprietor- Delowar International

“Working with Recover™ has been incredibly helpful for us. Beyond just sourcing materials, their support has helped us build a safe, secured, and standard work environment that continuously improves our operations and our sorters feel valued.”



Md. Monir Shikder
Proprietor- Shikder Traders

“Working with Recover™ has had a real impact on Shikder Traders. They have supported us in creating a more professional workplace and improving the safety of our sorting operations. Through their training programs, our employees have developed valuable skills that have helped both our people and our business move forward.”

07 AGENTS OF CHANGE

recover™ | CIRCULAR FASHION FOR ALL

ESRS coverage: ESRS G1-5 (political engagement / policy contribution); S4 (information-related impacts for consumers / end-users - partial framing); S1-12 (training, internal education); ESRS 2 SBM-2 (stakeholder engagement).

7.1

POLICY ENGAGEMENT AND INDUSTRY CONTRIBUTION

ESRS coverage: ESRS G1-5.

Recover™ further strengthened its policy engagement and contribution to industry dialogue in 2025 to support practical, effective rules and standards for scaling textile recycling. Since 2024, Recover™ has held a position on the Governance Board of Textile Exchange, reinforcing its role in shaping industry standards and sustainability frameworks.

In 2025, Recover™ continued its membership in key industry associations, including the Policy Hub, EuRIC Textiles (now Recycling Europe Textiles), Cascade, ReHubs, the Spanish Federation of Recovery and Recycling (FER) and the American Apparel & Footwear Association. Through these memberships, Recover™ contributes to industry-wide discussions and advocates for the recognition and integration of textile recyclers within the broader value chain. In 2025, Recover™ also joined the Textile-to-Textile Alliance, further consolidating our engagement in EU policy discussions.

Through participation in industry associations, Recover™ contributed to key policy initiatives, related to the upcoming EU Circular Economy Act, expected to be presented in 2026. This legislation will aim to modernize EU waste-management legislation and strengthen the market for recycled materials. Our 2025 contributions have focused on removing barriers to both intra-EU and extra-EU recycled textile shipments, by proposing the introduction of new customs codes specifically dedicated to recycled materials, as well as promoting the introduction of financial incentives to make recycled materials more cost-competitive compared to virgin alternatives.

Recover™ was also actively involved in policy discussions linked to the EU Ecodesign for Sustainable Products Regulation (ESPR), particularly the forthcoming delegated act

on apparel, which will introduce dedicated Ecodesign requirements for apparel products. Our focus is on supporting the introduction of minimum recycled content requirements, which are essential to creating a viable and scalable market for textile-to-textile recycled materials. Recover™ also highlighted the need for dedicated recycled content targets for cotton to support the scaling of recycled cotton.

In addition to formal policy engagement, Recover™ contributed to broader industry collaboration and knowledge-sharing initiatives. These included participation in platforms and initiatives such as the Observatorio Textil y Moda, Accelerating Circularity, the Global Fashion Agenda's Circular Fashion Partnership, the UK Textiles Pact, and the United Nations Global Compact. In 2025, Recover™ also contributed to industry publications, including;

→ Recognized as a best-practice case by the European Commission ([Read](#))

→ Featured in the Federation of Indian Chambers of Commerce and Industry (FICCI) Monthly Bulletin for "Circular solutions for plastics and water management", June 2025 ([Read](#))

→ Included in the 2025 Best practices catalogue, Observatorio de Textil y Moda ([Read](#))

→ Highlighted by Association of Textile Businesses of the Region of Valencia (ATEVAL) among the ten textile companies with best environmental practices ([Read](#))



7.1.1 COUNTRY-LEVEL ENGAGEMENT

Beyond the EU, Recover™ has engaged in dialogue with government bodies in key textile-producing countries in 2025, advocating for enabling regulatory frameworks. This includes engagement on waste mobility regulations, such as in Vietnam, to facilitate international circular value chains.

Recover™ also maintains an ongoing dialogue with government authorities in Bangladesh to support the sustainability transition of its textile industry, one of the most important in the world, and one with a critical dependency on the EU market as its primary export destination. Through this engagement, Recover™ contributes to the country's ambition of building a competitive, sustainable and investment-attractive textile sector, aligned with the goals of the BGMEA Sustainability Vision 2030, a blueprint for a future where the "Made in Bangladesh" tag signifies not only quality garments but also a commitment to a sustainable, equitable and responsible global industry. Recover's contribution focuses on transparency and knowledge-sharing on recycled fiber technology, traceability, and chain-of-custody approaches aligned with EU regulatory expectations.

Recover™ also seeks to collaborate with interested stakeholders beyond its immediate scope, including brands, suppliers, policymakers and industry bodies, to support Bangladesh's textile sector in navigating the structural shifts underway, particularly as EU requirements on recycled content and product transparency become binding. As Recover™ stated in its direct engagement with the Ministry of Environment, Forest and Climate Change of the Government of the People's Republic of Bangladesh: "We believe that this regulatory transition presents an opportunity to strengthen dialogue and cooperation between governments, industry and value chain partners, supporting environmental objectives while fostering sustainable industrial development."



7.2

GUARANTEEING CREDIBILITY IN RECYCLED-CONTENT CLAIMS

ESRS coverage: ESRS G1-1 (corporate culture, values, ethics); G1-2 (actions); ESRS E1-9 (no carbon credits - explicit negative disclosure); cross to E5 (avoided emissions reported separately).

As sustainability-claims regulation evolves across key markets, the threshold for what is considered acceptable communication is becoming stricter: claims must be accurate, evidence-based and not misleading. Non-compliance does not only create reputational risk, but it can also lead to significant financial and legal consequences.

In practice, this increases the importance of clear governance over both what Recover™ communicates and how partners communicate about Recover™ in the market.

7.2.1. OUR CREDIBILITY PRINCIPLES

No offsets purchased, no neutrality claims made.	Avoided emissions disclosed separately, never netted.	Partner claims follow clear communication rules.
 In 2025 Recover™ did not buy any carbon credits or offsets. We do not claim “carbon neutral”, “net zero” or “GHG neutrality” for our products or operations.	 Product-related avoided emissions are reported next to gross emissions, not subtracted from them. In line with GHG Protocol guidance and best practice to prevent netting.	 The Sustainability Claims for Partners guide sets out what can be communicated, how it should be stated, and which claims must be avoided; alternative wording must be submitted for review before use.
0 carbon credits purchased in 2025	47,566 tCo ₂ e avoided in 2025, reported separately from Scope 1+2+3	Guide updated periodically to reflect data or regulatory changes.

7.2.2. PARTNER ENABLEMENT: “HOW TO COMMUNICATE”

A recurring question from brand partners is simple: “What can we say, how should we say it, and what should we avoid?” To support consistent and compliant communication, Recover™ has built a structured approach that combines (i) clear principles on how we communicate, (ii) formal approval controls, and (iii) practical partner guidance for both marketing and product labeling.

Recover™ has developed a dedicated “Sustainability Claims for Partners” guide as a practical tool to help customers and partners communicate about Recover™ accurately and responsibly. The guide sets out what can be communicated, how it should be stated, and which claims must be avoided, and is updated periodically to reflect data or regulatory changes.

The guide explicitly supports communication across two critical areas that partners manage in parallel:

- 01

Marketing claims (B2B and consumer-facing messaging): guidance on general claims and environmental savings claims, including examples of acceptable vs. avoid claims, and the requirement to reference verified LCA language when communicating environmental savings.
- 02

Labeling claims (mandatory fiber composition and related rules): guidance for correct fiber composition statements and the use of the Recover™ fiber name in line with applicable labeling frameworks.

Where partners wish to use alternative wording or consumer-facing claims, the guidance establishes that these must be submitted for review prior to use, helping partners reduce compliance risk in execution.

7.3

BRANDING SUPPORT & ACTIVATION

ESRS coverage: ESRS 2 SBM-2 (engagement with brand partners and universities).

We guide our partners to translate the credible claims into consistent brand communication and activation assets. Recover™ therefore complements claims governance with brand-support capabilities that help partners communicate clearly and consistently across channels.

Recover™ supports partners by shaping their messaging and communications about recycled content and circularity, including through collaboration on how Recover™ is represented in partner communications and campaigns.

The transition to textile-to-textile recycling requires not only technological solutions but also shared technical understanding across the value chain.

Recover™ therefore invests in external knowledge-sharing initiatives to ensure that partners, designers and future industry professionals have access to the practical and technical knowledge required to scale the use of recycled fibers.

Technical sessions for brand partners

Recover™ regularly conducts technical working sessions with brand partners, focused on providing operational understanding of recycled fiber integration.

The content is designed to support design, sourcing and product development teams, enabling informed material choices based on technical feasibility rather than marketing positioning.



Recover™ brand activation example

Engagement with universities

Recover™ also contributes to the development of future industry capabilities through guest lectures and workshops at universities. This engagement aims to equip the next generation of designers and professionals with the knowledge required to incorporate recycled materials into product design and development.

Recover™ has delivered sessions in institutions such as IESE Business School and the University of the Basque Country (EHU-UPV), among others, addressing topics including textile recycling processes, circular design considerations and the role of recycled fibers in sustainable product development.

Industry engagement

In addition to structured sessions, Recover™ participates in industry-facing events that provide hands-on understanding of the recycling process. This includes participation as a speaker in key industry platforms such as the Textiles Recycling Expo, Cascale Annual Meeting, EuRIC events and UN Global Compact webinars, as well as attendance at major industry gatherings including Textile Exchange Conference and the Global Fashion Summit.

Through these engagements, Recover™ shares practical insights on recycling processes, material integration and circular business models, while contributing to broader industry discussions and alignment on standards, best practices and regulatory developments.



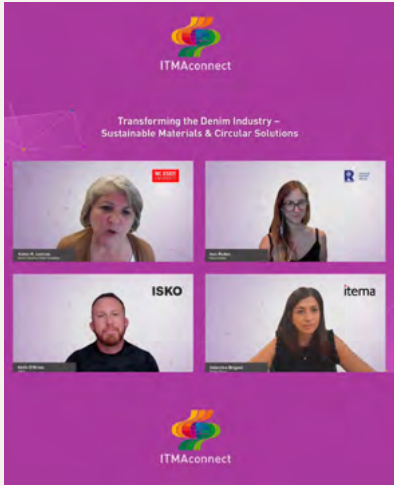
Cascale Annual Meeting



Textiles Recycling Expo Brussels



IESE Business School



ITMA Connect



EURIC Textiles



08

BUSINESS CONDUCT AND ETHICS

ESRS coverage: ESRS G1 (full standard): G1-1 policies, G1-2 actions, G1-3 targets, G1-4 anti-corruption convictions and fines, G1-5 political engagement, G1-6 payment practices.

Recover’s business conduct framework is built on a set of formal policies that apply across all hubs, covering employees, contractors, interns, consultants, and business partners. The framework includes a Global Code of Conduct, a Bribery Policy, a Conflict-of-Interest Policy, a Whistleblowing Policy, and a Code of Conduct for Business Partners. Together, these policies set the expectations for ethical conduct across Recover’s operations and value chain and are complemented by the company’s four values – We Care, We Are Brave, We Are Curious, and We Get It Done – which are described in section 2.2.

Recover™ prohibits bribery in any form, at any time, and in any location. The Bribery Policy applies to dealings with both government officials and commercial parties, and covers gifts, hospitality, entertainment, charitable donations, and facilitation payments. Particular care is required when interacting with government officials or politically exposed people, and any payments or benefits connected to these interactions are subject to strict conditions and prior written approval. Employees who receive improper requests are required to reject them immediately and report them through the available channels.

The Conflict-of-Interest Policy requires all employees and relevant personnel to avoid both actual and apparent conflicts between personal and business interests, and to disclose any potential conflicts promptly to their manager, Legal function, or Human Resources. Written disclosure is mandatory for a defined target audience as determined by the Legal function. Employees are expected to withdraw from decision-making processes where a conflict exists or could appear to exist.

Whistleblowing is a material topic under Recover’s double materiality assessment. The Whistleblowing Policy is available to all employees and any person wishing to raise a concern about suspected misconduct. Concerns

can be raised through multiple channels: directly with a manager or Human Resources representative, through the Legal function, via the corporate Speak Up email at speakup@recoverfiber.com, or through the independent external whistleblowing channel available on Recover’s website, which is operated by a third party, available 24 hours a day and 365 days a year, and accessible in multiple languages. All reports are handled confidentially, and anonymous reporting is permitted where allowed by local law. Recover™ does not tolerate any form of retaliation against employees who speak up in good faith.

The Code of Conduct for Business Partners extends Recover’s ethics requirements to its supply chain, covering anti-corruption, conflicts of interest, grievance mechanisms, and compliance reporting. Business partners are required to acknowledge and sign the code, and Recover™ reserves the right to conduct announced and unannounced audits to verify compliance.

In 2025, Recover™ made no financial or in-kind political contributions, directly or indirectly, in any hub. The total monetary value of political contributions, aggregated by country, was zero. Recover’s payment practices are monitored locally by hub, and average supplier payment periods remain under 30 days across all production locations. In 2025, Recover™ recorded no convictions and no fines for breaches of anti-corruption or anti-bribery laws.





09

2026 PRIORITIES

ESRS coverage: ESRS 2 SBM-1 (forward-looking strategy); E1-6, E5-3 (continuity of targets).



WHERE RECOVER™ GOES FROM HERE

- In 2026, Recover™ will focus on making better use of the production network already in place, while strengthening the capabilities needed to scale responsibly.
- Scale up using current capacity, with a focus on leveraging what has already been built.
- Complete the El Salvador ramp-up and bring the new lines into full production.

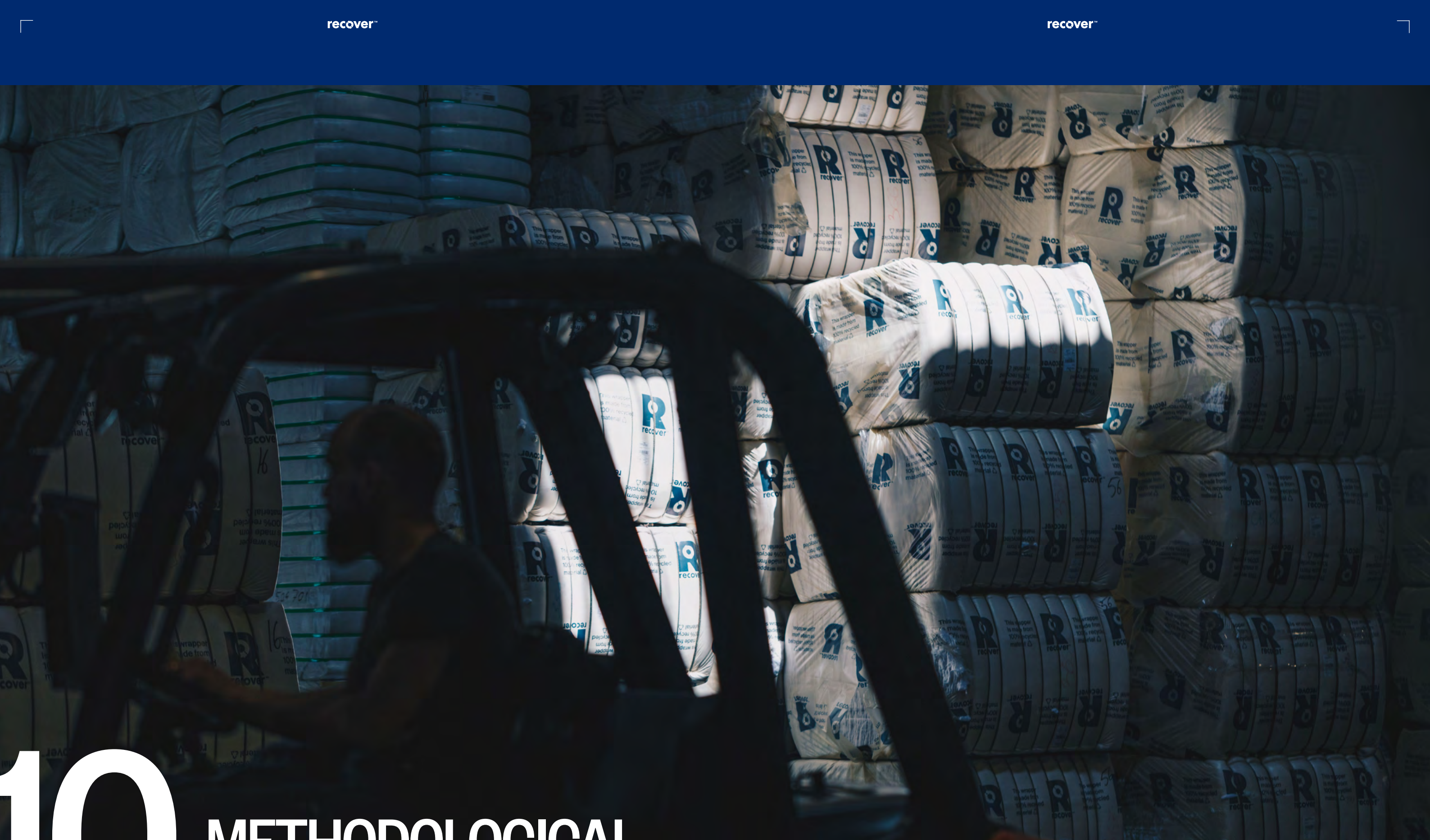
- Deepen supply-chain integration through more yarn-level partnerships and more ready-to-go articles.
- Maintain quality at scale through continued investment in the multi-layer quality monitoring system.
- Improve energy data collection and evaluate certified renewable electricity sourcing.
- Complete LCA for El Salvador and Vietnam in 2026.

OBJECTIVES AS PER 2030

Status updates

 [First Pillar] CIRCULAR PRODUCTS → 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.	In 2025, Recover™ validated its Science-Aligned Targets through Cascale's MCAP, confirming a 1.5C-aligned Scope 1 and 2 decarbonizations pathway. Recover™ advanced product-level environmental reporting through LCAs and expanded customer-facing environmental savings calculations. Recover™ continued to operate its production model as an integrated recycling system, supported by standardized operations, traceability, and product circularity.
 [Second Pillar] RESPONSIBLE PRODUCTION AND SUPPLY CHAIN → 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.	In 2025, Recover™ expanded to five operational hubs and maintained Global Recycled Standard (GRS) certification across the network. Recover™ also continued progress on ISO 9001, ISO 17025, Higg FEM, and Higg FSLM, while strengthening supplier oversight and improvement plans. Recover™ advanced traceability and product verification through GRS, Recover™ Tracer, and digital traceability initiatives. Recover™ also participated in a TextileGenesis™ pilot and contributed to RMDF-related industry work. Recover™ continued to strengthen responsible sourcing through supplier training, audits, and improvement plans, particularly in Bangladesh.
 [Third Pillar] AGENTS OF CHANGE → 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.	In 2025, Recover™ continued to position transparency as a core part of its value proposition through traceability, claim substantiation, and product verification. Recover™ also strengthened its role in policy and industry discussions on textile recycling and recycled-content credibility. Recover™ joined the Textile-to-Textile Alliance and continued its role on the Textile Exchange Governance Board. Recover™ also continued its participation in ESPR-related public consultations and advanced its voluntary Simplified ESRS approach. Recover™ expanded its brand partnerships and customer collaborations, including public-facing work with major customers and product-development partners.

Source: Cikis interviews with CEO + Sales (Anders Sjöblom, 24 Apr 2026) and Sustainability (Ramjith Madhusudanan, 1 Apr 2026); Cikis interview with Operations (ISO 17025 2026 roadmap); 2023 SR p. 20 (2030 objectives).



10

METHODOLOGICAL NOTE

ESRS coverage: ESRS 2 BP-1 (basis for preparation); BP-2 (phasing-in options); IRO-1 / IRO-2 (where not absorbed by section 4.2).

10.1

REPORTING FRAMEWORK

ESRS coverage: ESRS 2 BP-1, BP-2.

Recover™ prepares this Sustainability Report 2025 with reference to the European Sustainability Reporting Standards (ESRS) on a voluntary basis.

This is Recover’s first reporting exercise prepared against the ESRS. In line with the Simplified ESRS approach for voluntary and first-time reporters, the report follows a gradual implementation path. It is built on the ESRS simplified templates that Recover™ has compiled internally across ESRS 2 (General Disclosures), ESRS E1, E2, E3, E4, E5 (Environmental), ESRS S1, S2 (Social) and ESRS G1 (Governance). Disclosures that are not yet available for the 2025 cycle are reported as gaps in the ESRS Index (section 10.3).

10.2

PERIMETER AND REPORTING PERIOD

ESRS coverage: ESRS 2 BP-1.

This Sustainability Report covers the financial year 1 January 2025 – 31 December 2025.

The reporting perimeter is consolidated and covers Recover™ Hold Co. and all its operating subsidiaries that fall under Recover’s operational control as of 31 December 2025. The level of consolidation is the same as the level used in Recover’s 2025 consolidated financial statements. The perimeter includes the four production hubs operated by Recover™ and described in this Report.

10.3

ESRS INDEX

The ESRS Index maps every ESRS standard applied in this report to the section that addresses it. It follows the simplified topic-level approach for voluntary first-time reporters: a standard-by-standard mapping rather than a full datapoint-by-datapoint table. Where a disclosure inside a material standard is not yet available for the 2025 cycle, the index records it as a gap with the plan for closing it. Where a standard is not material per the DMA, the index says so and explains why.

ESRS Standard	Material sub-topic	Disclosure Requirements covered	Report section(s)	GAP / Notes
ESRS 2 – General	Strategy, business model, value chain	SBM-1	Section 2.1, section 2.3, section 3.1, section 5.2.1-5.2.3	-
ESRS 2 – General	Stakeholder engagement	SBM-2	Section 3.4, section 4.3, section 7.4	-
ESRS 2 – General	Material IROs and DMA process	SBM-3, IRO-1, IRO-2	Section 4.2	-
ESRS 2 – General	Governance composition and roles	GOV-1	Section 4.4	-
ESRS 2 – General	Sustainability-linked incentives	GOV-2	Section 4.4	-
ESRS 2 – General	Due diligence	GOV-3	Section 4.4, section 6.3	Recover’s due-diligence approach is described in Section 4.4 and supported by disclosures on double materiality, supplier oversight, policies and controls across this sustainability statement.
ESRS 2 – General	Risk management & internal controls	GOV-4	Section 4.4, section 5.2.4	Risk management and internal controls over sustainability reporting (GOV-4) not disclosed and will be revisited in the next reporting cycles.
ESRS 2 – General	Basis for preparation; phasing-in options	BP-1, BP-2	Section 10.1, section 10.2	-
E1 – Climate change	Climate change mitigation	E1-1, E1-3, E1-4, E1-6, E1-8, E1-9	Section 5.5.1.1, section 5.5.1.2, section 5.5.1.4, section 5.4.1	E1-1 (transition plan), E1-2 (climate risks), E1-3 (resilience), E1-6 (long-term targets): decarbonization roadmap and long-term net-zero target under development.
E1 – Climate change	Energy	E1-5, E1-7	Section 5.5.1.3, section 5.2.5	Energy consumption disclosed in 5.5.1.2. Renewable/non-renewable breakdown (E1-5) not consolidated for 2025; data collection under review. GHG removals (E1-7) not disclosed.
E1 – Climate change	Internal carbon pricing	E1-10	-	Internal carbon pricing not applied
E2 – Pollution	Substances of concern	E2-1, E2-2, E2-3, E2-4, E2-5	Section 5.5.4, section 5.1	-
E2 – Pollution	Microplastics	E2-4	Section 5.5.4	-
E2 – Pollution	Strategy, business Pollution of air / soil / living organisms (other)	-	-	Non-material – IROs did not reach “Important” band in DMA
E3 – Water and marine resources	Water consumption (own operations)	E3-1, E3-2, E3-3, E3-4	Section 5.5.3	Recover™ has minimal water withdrawal and discharge activities, as water use is majorly limited to domestic purposes.

ESRS Standard	Material sub-topic	Disclosure Requirements covered	Report section(s)	GAP / Notes
E3 – Water and marine resources	Water management in the value chain (upstream cotton)	E3-1, E3-2; cross-reference to E1-9 avoided water	Section 5.5.3 (value-chain paragraph), section 5.4.1, section 6.3	-
E3 – Water and marine resources	Marine resources	-	-	Non-material – IROs did not reach Important band in DMA
E4 – Biodiversity and ecosystems	Impacts on extent and condition of ecosystems (incl. avoided pressure upstream)	E4-1, E4-2, E4-3, E4-4, E4-5	Section 5.5.5, section 5.4.1, section 6.3	-
E4 – Biodiversity and ecosystems	Biodiversity sub-topics other than ecosystem condition	-	-	Non-material – IROs did not reach Important band in DMA
E5 – Resource use and circular economy	Resource inflows (textile waste)	E5-2, E5-4	Section 5.2.3, section 5.2.5	-
E5 – Resource use and circular economy	Resource outflows (recycled fiber)	E5-2, E5-5	Section 5.2.3, section 5.2.4, section 5.4.1, section 5.5.2	-
E5 – Resource use and circular economy	Waste	E5-2, E5-3, E5-5	Section 5.5.2	Waste breakdown required by E5-5 (by type and treatment, hazardous vs non-hazardous, share recycled) has been partially disclosed.
S1 – Own workforce	Working conditions	S1-5, S1-6, S1-7, S1-9, S1-13	Section 6.2.1, section 6.2.2, section 6.2.3	Data points for S1-5, S1-6, S1-7, S1-9 and S1-13 only partially disclosed. Adequate wage (S1-9) assessed against the legal minimum; benchmark against a living/adequate-wage reference not yet provided.
S1 – Own workforce	Social protection coverage	S1-10	Section 6.2.5	No data available
S1 – Own workforce	Family-related leave	S1-14	Section 6.2.5	No data available
S1 – Own workforce	Gender pay gap and remuneration ratio	S1-15	Section 6.2.5	No data available
S1 – Own workforce	Equal treatment and opportunities	S1-6, S1-8, S1-9, S1-11, S1-12, S1-16	Section 6.2.3, section 6.2.4 (DEI Plan Spain), section 6.2.6	-
S1 – Own workforce	Other work-related rights (incidents, severe HR)	S1-16, S1-17	Section 6.2.6	-
S2 – Workers in the value chain	Working conditions in supply chain (Responsible Sourcing program, sorter network)	S2-1, S2-2, S2-3	Section 6.3.1, section 6.3.2	-
S2 – Workers in the value chain	Equal treatment in supply chain	S2-1, S2-2	Section 6.3.1	-

ESRS Standard	Material sub-topic	Disclosure Requirements covered	Report section(s)	GAP / Notes
S2 – Workers in the value chain	Other work-related rights in supply chain	S2-3	Section 6.3	-
S3 – Affected communities	-	-	-	Non-material – IROs did not reach Important band in DMA
S4 – Consumers and end-users	Information-related impacts; personal safety	-	-	De-prioritized via management override – Recover sells fiber B2B, no direct relationship with end-users.
G1 – Business conduct	Corporate culture (whistleblowing, Code of Conduct)	G1-1, G1-3	Section 8	-
G1 – Business conduct	Political engagement and lobbying activities	G1-5	Section 3.3, section 7.1, section 8	-
G1 – Business conduct	Management of supplier relationships including payment practices	G1-2, G1-6	Section 5.3, section 6.3	-
G1 – Business conduct	Corruption and bribery	G1-1, G1-3, G1-4	Section 8	-
G1 – Business conduct	Protection of whistleblowers (sub-topic)	-	-	Non-material – IROs did not reach Important band in DMA
Forward-looking	2026 priorities and North Star goals	ESRS 2 SBM-1 (forward), E1-6, E5-3	Section 9	-



ANNEX.1: HOW WE IDENTIFIED MATERIAL TOPICS

[STEP A] UNDERSTANDING THE CONTEXT

We mapped the activities, business relationships and stakeholders that frame Recover's sustainability footprint:

—► Value chain mapping. We described the upstream activities (textile-waste sourcing, sorting by external partners, inbound logistics), the core operations (input control, pre-processing, mechanical recycling, blending, quality assurance, certification and chain of custody, traceability, waste management), and the downstream activities (fiber sales, technical advice to customers, integration into yarns and products by spinners and mills, brand communication). For each stage of the value chain, we also identified the affected stakeholders, the relevant activities, and the resources involved or impacted (e.g. natural resources, human resources, etc.). This exercise helped us map the identified IROs to the relevant value chain stage (upstream, core, downstream).

—► Industry and peer analysis. We tested the relevance of every ESRS topic and sub-topic against industry trends and against the disclosures of four reference peers in the recycling and man-made fiber space.

—► Stakeholder engagement. We distributed a structured questionnaire to internal and external stakeholders, asking them to score (1–5 scale) the relevance of each ESRS sub-topic for Recover's sustainability strategy. The questionnaire was completed by 59 internal respondents (employees and management) and 25 external respondents (brand clients, industry partners, sorters, spinners).

[STEP B] IDENTIFICATION OF IMPACTS, RISKS AND OPPORTUNITIES

For every sub-topic that emerged from Step A as relevant, we identified the actual and potential impacts on people and the environment,

and the risks and opportunities for Recover's business. Inputs came from consultation with members of Recover's leadership and functional teams between April and May 2026 financial department and quality management department, and the EFRAG AR16 list of sustainability matters as a reference checklist.

[STEP C] ASSESSMENT AND DETERMINATION OF MATERIAL IROS

We scored each impact, risk and opportunity against the EFRAG IG 1 criteria. Impacts were assessed on Scope (how widespread), Scale (how grave), Irremediability (for negative impacts only - how reversible) and Likelihood. Risks and opportunities were assessed on Magnitude (potential financial effect) and Likelihood. Each IRO was placed in one of five ESRS materiality bands - Critical, Significant, Important, Informative, Minimal - using the EFRAG IG 1 thresholds.

A sub-topic is reported as material in this Sustainability Report when at least one of its impacts, risks or opportunities reaches the Important band or higher. This threshold reflects a deliberate proportionality choice for a first-time, voluntary reporter of Recover's profile: focus disclosure on the topics that materially affect, or are materially affected by, the business.

[STEP D] REPORTING AND MANAGEMENT VALIDATION

The list of material sub-topics that emerged from Step C was reviewed by Recover's top management, which confirmed the shortlist and applied one further proportionality decision.

