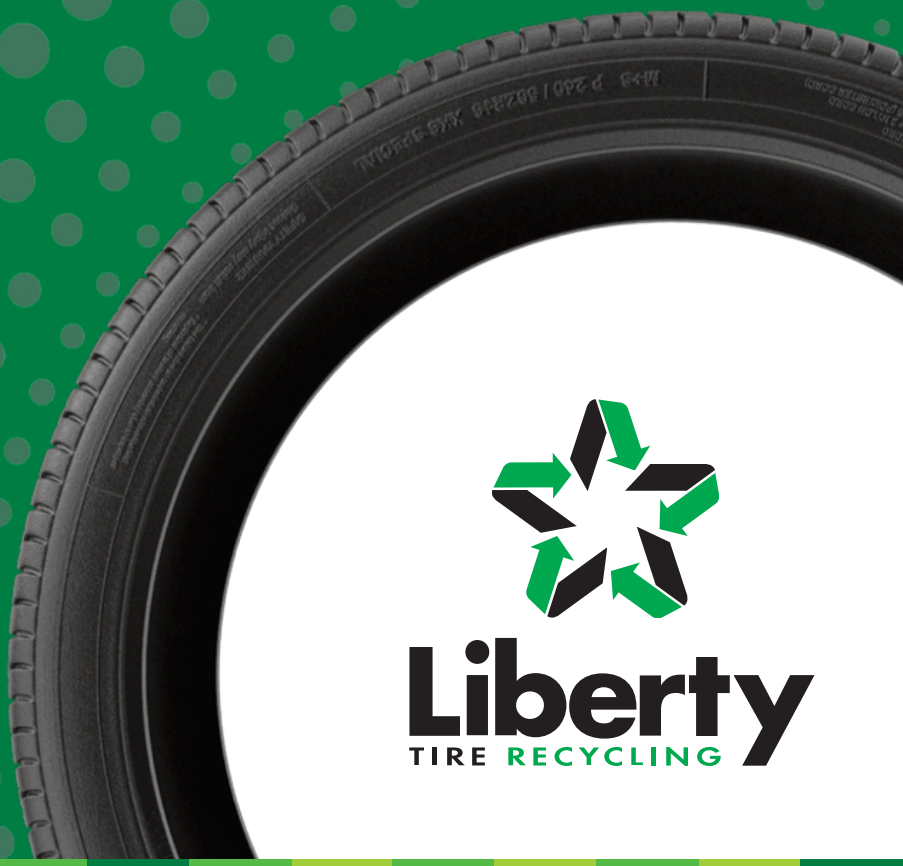
2025

CLIMATE RISK & RESILIENCE REPORT

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)-ALIGNED



Liberty
TIRE RECYCLING

CLIMATE RISK & RESILIENCE REPORT (TCFD-ALIGNED)

Reporting Period: January 1–December 31, 2025

Boundary: All Liberty Tire Recycling facilities and operations

While the Board provides oversight, drafting, approval, and publication of the sustainability and Climate Risk & Resilience Report (TCFD-Aligned) are management functions, led by the Senior Vice President (SVP) of Sales and Sustainability in collaboration with the Chief Legal and Risk Officer and Chief Executive Officer.

Unless otherwise stated, metrics are prepared for the period January 1–December 31, 2025 and reflect operations within the reporting boundary described in this report. Certain metrics (including Scope 3 emissions and end-market utilization) incorporate estimates, assumptions, and third-party data; results may change as data quality improves, emission factors are updated, or methodologies evolve. These metrics are not intended to be the sole basis for investment, credit, or other financial decisions. This report is provided for general informational purposes regarding Liberty's climate-related risk management and sustainability initiatives and is not intended as an offer, solicitation, or recommendation with respect to any securities or other financial instrument. Readers should not place undue reliance on forward-looking statements, which speak only as of the date made.

EXECUTIVE SUMMARY

Liberty Tire Recycling ("Liberty") is North America's leading tire recycler. In 2025 Liberty collected over 219 million end-of-life tires, achieving an 81% end-market utilization rate—indicating that the large majority of materials entered beneficial end uses rather than disposal.

Liberty operates 57 locations in North America, including 53 facilities and 4 offices, with operations across the United States and Canada. In 2025, Liberty's fleet consisted of 550 vehicles.

Liberty's climate strategy focuses on expanding circular end markets while improving operational efficiency and resilience. Three enterprise goals guide this approach: improve fleet fuel efficiency by 20% by 2030, reduce energy intensity by 25% by 2032, and achieve zero waste by 2030 (100% of collected tires entering an end-use market).

Liberty's operational greenhouse gas (GHG) footprint in 2025 comprised 51,205 metric tons of carbon dioxide equivalent (tCO_2e) in Scope 1, 44,296 tCO_2e in Scope 2 (location-based), and 1,992,490 tCO_2e in Scope 3. Electricity consumption totaled 133.9 million kilowatt hours (kWh). Company-wide air emissions included 411 metric tons of NOx and 82 metric tons of SOx.

Total water consumption was 47.0 million gallons, with 40.3 million gallons from public sources and 6.7 million gallons from wells. Liberty's total waste disposal was 424,164.5 metric tons, including tire waste, general waste, and minimal amounts of used oil, hazardous, and universal waste.

Liberty's approach to climate risk management focuses on three core pillars:.

- Reducing our environmental impact
- Building a low-carbon, circular business model
- Ensuring preparedness—both physically and financially

Climate risk management is embedded across Liberty's operations through multiple integrated practices, including:

- Annual catastrophe (CAT) modeling to inform insurance purchasing decisions
- Carbon emission reduction goals, focused on energy efficiency and fleet optimization
- Alignment with Liberty's developing enterprise risk management (ERM) framework
- Emergency preparedness planning
- Monitoring waste consumption and implementing zero-waste initiatives
- Assessing local risks, such as water stress levels and proximity to RAMSAR locations
- Building a sustainable business model by prioritizing recycled materials over raw materials
- Advancing rubber up the value chain, moving it out of disposal and into high-value reuse markets
- Striving for rigorous environmental stewardship and regulatory compliance

TCFD CONTENT INDEX

Governance (a–b):	Board oversight; management's role → Section 1.
Strategy (a–c):	Risks & opportunities; business/financial impacts; resilience under scenarios including 1.5–2°C → Section 2.
Risk Management (a–c):	Identification/assessment; management; integration with ERM → Section 3.
Metrics & Targets (a–c):	Metrics used; Scope 1, 2, relevant Scope 3; targets & performance → Section 4.

1) GOVERNANCE

Climate-related risks and opportunities are overseen by Liberty's Board of Directors. Liberty's Enterprise Risk Management Program is led by the Chief Legal and Risk Officer. The Board receives periodic updates on sustainability and climate topics, including progress against goals and material risk exposures - frequency and depth may vary based on business needs and emerging risks. Day-to-day climate management is managed by the SVP of Sales and Sustainability in collaboration with the Chief Executive Officer. Climate risk management topics are regularly reviewed by the Executive Team and summarized for the Board on a quarterly basis. Additionally, Liberty maintains dedicated leadership roles supporting climate and risk management, including the Director of Insurance and Enterprise Risk Management and the Director of Environmental Services.

2) STRATEGY

2.1) BUSINESS MODEL AND VALUE CHAIN

Liberty advances the circular economy by turning end-of-life tires into products and feedstock that displace virgin materials. Output includes used tires and recovered rims, crumb rubber, rubberized asphalt, rubber mulch, molded products, recovered steel, tire-derived aggregate (TDA) for civil engineering, and tire-derived fuel (TDF) used as an alternative fuel in certain industrial applications. The strategy emphasizes moving material into higher-value, lower-emission applications while improving production efficiency, safety, and logistics.

Liberty's strategy is led by three key goals:

Zero Waste by 2030 – Targeting 100%[1] of tires collected entering Beneficial Reuse,[2] measured by end market utilization rate, baseline 2022

Improving fuel efficiency by 20% by 2030
measured by miles per gallon (MPG), baseline 2024

Reducing Energy Intensity by 25% by 2032
measured by kWh / production tons, baseline 2022[3]

1 Achievement is based on reasonable assumptions but can be affected by unpredictable operational, market, or regulatory constraints.

2 Beneficial Reuse is defined as use in all end-market outlets other than disposal

3 While energy intensity is tracked across all facilities, our operational efficiency goal is measured using baseline sites—defined as facilities Liberty operated in 2022 or earlier. Newly acquired sites may begin from a less efficient baseline and are excluded from the goal to avoid distorting performance. Reported energy data are based on utility billing records where available and supplemented with reasonable estimates for landlord-managed accounts.

2.2 CLIMATE-RELATED RISKS AND OPPORTUNITIES

SHORT TERM (1–3 YEARS)

RISKS:

- Fuel price volatility impacting fleet operating costs and margins
- Electricity pricing volatility increasing facility operating costs
- More frequent climate catastrophes (storms, floods) disrupting facilities and logistics
- Changing and varying regulatory and customer expectations, requiring additional resources to meet compliance and reporting demands
- Conflicting demands from stakeholders on sustainability requirements and operational expectations

OPPORTUNITIES:

- Operational efficiency gains through fleet fuel economy improvements and energy intensity projects
- Expanded outlets for recycled rubber in high-value markets (rubberized asphalt, molded goods, sports/play surfaces)
- Tire-derived fuel may be used to partially displace coal in certain cement kilns and generally exhibits a higher heating value, though fuel substitution outcomes vary based on kiln design, operating conditions, and facility-specific constraints. [4]
- Customer preference shift to more low carbon options

MEDIUM TERM (3–7 YEARS)

RISKS:

- Evolving waste and environmental policies
- Increased supplier and customer decarbonization requirements
- Energy availability constraints—risk of insufficient grid capacity or reliability in certain regions

OPPORTUNITIES:

- Circular leadership: achieving zero-waste end-markets and embedding recycled materials into infrastructure and manufacturing at scale
- Customer demand for verified low-carbon inputs, strengthening Liberty's competitive positioning
- Fleet and facility upgrades delivering sustained cost and emissions reductions

LONG TERM (7+ YEARS)

RISKS:

- Carbon- and waste-related pricing mechanisms increasing operating costs
- Greater exposure to physical climate risks from more frequent and severe weather events

OPPORTUNITIES:

- Energy resilience through diversification of end-markets and alternative fuel positioning
- Economy-wide emissions reductions, to which Liberty aims to contribute, may over time reduce climate-related physical risks, potentially supporting improved insurance risk profiles and long-term cost stability.

4 American Cement Association, Scrap Tire Use in Cement Kilns: Industry Information Provided to U.S. EPA, August 7, 2025, available at: https://docs.publicnow.com

2.3) IMPACTS ON STRATEGY, BUSINESS, AND FINANCIAL PLANNING

Liberty's business strategy is designed to remain resilient across a range of climate-related regulatory, market, and customer scenarios. As a recycler operating within the circular economy, Liberty's core business model is aligned with increasing regulatory and customer emphasis on waste diversion, resource efficiency, and lower-carbon material flows. The most material strategic and financial impacts are driven by evolving customer requirements and environmental policy expectations, which Liberty actively monitors and incorporates into planning and decision-making.

Liberty's sustainability strategy also mitigates exposure to energy- and fuel-price volatility by prioritizing reductions in consumption across fleet and facility operations. The company's zero-waste objective addresses long-term risks associated with disposal capacity and regulatory constraints while supporting access to growing markets for circular, lower-carbon solutions.

Climate considerations are integrated into capital allocation and business planning processes. This includes investments in fleet telematics and equipment, production efficiency initiatives, site-level resilience measures, and market development activities aimed at increasing end-use utilization. Climate risk is also incorporated into insurance planning, with coverage decisions informed by annual catastrophe modeling and risk assessments.

Financial planning explicitly considers climate-related cost and risk factors, including diesel and electricity price scenarios, maintenance and efficiency-related capital expenditures, potential operational disruptions or rerouting associated with acute weather events, and the structure and cost of property and business-interruption insurance. Together, these practices support Liberty's ability to manage climate-related risks while maintaining operational resilience and long-term financial performance.

2.4) RESILIENCE OF STRATEGY (SCENARIO ANALYSIS INCLUDING 1.5–2°C PATHWAY)

Liberty's strategy is designed to remain effective under both transition and physical climate scenarios, including a 1.5–2°C pathway. In a lower-carbon transition scenario, regulatory requirements and customer expectations are expected to continue shifting toward waste diversion, circular materials, and lower-emission solutions. Liberty's core business model—focused on collecting and reusing end-of-life tires—already aligns with these trends, allowing the company to operate and grow without needing to fundamentally change its strategy.

Under this scenario, Liberty's focus on increasing utilization and expanding end-use markets supports continued alignment with evolving market and policy expectations. These actions strengthen Liberty's positioning as customers and regulators place greater emphasis on circularity and material efficiency.

Physical climate risks are also expected to increase under a 1.5–2°C pathway, particularly related to severe weather and potential disruptions to operations and transportation.

Liberty manages these risks through site-level resilience planning, insurance coverage informed by catastrophe modeling, and the integration of climate considerations into enterprise risk management and capital planning. While scenario analysis is used to inform our planning, it is inherently uncertain and not a prediction.

Overall, Liberty's strategy emphasizes flexibility rather than reliance on a single outcome. By monitoring regulatory, market, and physical risk signals and adjusting investments and resources as needed, Liberty is positioned to remain resilient and continue operating effectively across a range of plausible climate futures.

3) RISK MANAGEMENT

3.1) PROCESSES FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS

Liberty identifies climate-related risks through several processes:

- **Insurance and CAT Modeling:** Annual CAT modeling and loss analytics during insurance renewals assess exposure to severe weather and other physical risks. *Scope and assumptions may vary.*
- **Operational Monitoring:** Facility-level water risk assessments and a utility management platform provide alerts for unusual electricity and water consumption.
- **Supply Chain Assessment:** A supplier sustainability survey targets higher-risk categories—such as direct materials, manufacturing and logistics, waste disposal providers, labor-intensive subcontractors, and suppliers outside the U.S. and Canada—to identify environmental and social risks.
- **Market and Regulatory Monitoring:** Liberty tracks evolving customer requirements and regulatory changes to anticipate market shifts and compliance risks, adjusting resources and strategy as needed.

3.2) PROCESSES FOR MANAGING CLIMATE-RELATED RISKS

Liberty manages climate-related risks through integrated operational, financial, and strategic processes embedded within existing management systems and developing enterprise risk management practices. These processes address both physical and transition risks and are designed to support resilience across Liberty's facilities, fleet, and value chain.

Physical climate risks, including severe weather, flooding, and extreme temperatures, are managed through a combination of annual catastrophe (CAT) modeling, insurance planning, and site-level preparedness. CAT modeling is conducted annually to assess exposure to acute weather events and inform property and business-interruption insurance coverage. Facility managers maintain emergency preparedness and response plans to mitigate safety, operational, and financial impacts from climate-related disruptions.

Operational climate risks, such as energy and water availability and cost volatility, are managed through continuous monitoring and efficiency initiatives. Liberty uses utility management tools to track electricity and water consumption, identify anomalies, and prioritize corrective actions. Energy efficiency and fleet optimization initiatives reduce exposure to fuel and electricity price fluctuations while supporting long-term emissions-reduction goals.

Transition risks, including evolving environmental regulations, customer sustainability requirements, and market expectations, are managed through ongoing regulatory monitoring and customer engagement. Liberty tracks changes in climate-related policies and procurement standards and adjusts compliance efforts, reporting, and resource allocation as needed to maintain market access and competitiveness.

Supply-chain climate risks are addressed through a targeted supplier sustainability assessment focused on higher-risk categories. This process helps identify environmental, social, and operational risks within Liberty's supplier base and supports more resilient sourcing decisions.

Climate-related risk considerations are integrated into capital planning and strategic decision-making, including investments in fleet upgrades, production efficiency, site resilience, and market development. Through these processes, Liberty mitigates climate-related risks while strengthening long-term operational and financial performance.

3.3) INTEGRATION INTO OVERALL RISK MANAGEMENT

Climate-related risks are integrated into Liberty Tire Recycling's sustainability strategy and enterprise risk management (ERM) framework and managed through cross-functional collaboration. Oversight is led by the Senior Vice President of Sustainability and the Chief Legal and Risk Officer, in collaboration with the Chief Executive Officer.

Identified climate-related risks are assessed using Liberty's established risk evaluation criteria, which consider likelihood, potential financial and operational impact, and the effectiveness of existing mitigation measures. Climate risks that are identified to have a direct material impact are escalated through management review processes and incorporated into executive-level discussions as part of Liberty's broader developing enterprise risk governance.

Climate considerations are also embedded into Liberty's planning and decision-making processes, including long-term capital planning, insurance evaluations, and business continuity planning. Insights from climate risk assessments inform decisions related to site readiness, fleet and equipment investments, and operational preparedness. This approach ensures that climate-related risks are managed consistently alongside other enterprise risks and integrated into Liberty's overall risk management framework.

4) METRICS & TARGETS

4.1) METRICS USED TO ASSESS CLIMATE-RELATED RISKS AND OPPORTUNITIES

Liberty tracks greenhouse gas (GHG) emissions, resource consumption, and circularity metrics to assess climate-related risks and opportunities and to monitor performance against its strategy and enterprise goals.

GHG EMISSIONS – 2025 INVENTORY

Scope 1: 51,205 tCO_2e

Scope 2: location-based: 44,296 tCO_2e
market-based: 45,271 tCO_2e

Scope 3: 1,992,490 tCO_2e

- Category 1 – Purchased Goods & Services: 46,353 tCO_2e
- Category 2 – Capital Goods: 126 tCO_2e
- Category 3 – Fuel & Energy Related Activities: 20,687 tCO_2e
- Category 4 – Upstream Transportation & Distribution: 15,850 tCO_2e
- Category 5 – Waste Generated in Operations: 13,419 tCO_2e
- Category 6 – Business Travel: 3,086 tCO_2e
- Category 7 – Employee Commuting: 7,801 tCO_2e
- Category 9 – Downstream Transportation & Distribution: 232,327 tCO_2e
- Category 10 – Processing of Sold Products: 312,187 tCO_2e
- Category 11 – Use of Sold Products: 1,330,956 tCO_2e
- Category 12 – End-of-Life Treatment of Sold Products: 9,697 tCO_2e

AIR EMISSIONS (2025)

411 metric tons NOx;
82 metric tons SOx

ELECTRICITY (2025)

134 million kWh

WATER (2025)

47 million gallons

CIRCULARITY (2025)

219,535,642 tires collected;
81% end-market utilization rate

Refer to Section 4.3 for methodology applicable to this page

4.2) TARGETS AND PERFORMANCE

OVERALL EMISSIONS PERFORMANCE

6% Reduction in Scope 2 (location-based) from 2024 to 2025, reflecting improvements in energy management and operational efficiency.

GOAL: ZERO WASTE BY 2030

Liberty aims to achieve 100%[5] of tires collected entering Beneficial Reuse[6]

Metric: End-market utilization rate | **Baseline:** 2022 (74%)

2025 Progress: 81% utilization, maintained from 2024 to 2025 while collection volumes increased

GOAL: IMPROVE FLEET FUEL EFFICIENCY BY 20% BY 2030

Metric: Fleet miles per gallon (MPG) | **Baseline:** 2024

2025 Progress: MPG is flat to baseline, 9% year-over-year relative reduction in fleet idle time from 2024, supporting progress towards long-term goal

GOAL: REDUCE ENERGY INTENSITY BY 25% BY 2032

Metric: MMBtu per production ton (baseline facilities)[7] | **Baseline:** 2022

2025 Progress: 11% reduction vs. 2022 baseline; 8% reduction year-over-year (2024–2025)

4.3) METHODOLOGY, BOUNDARY, AND ASSURANCE

This report covers Liberty Tire Recycling's 2025 calendar year operations across all facilities unless otherwise stated. Operational data come from enterprise systems, facility reports, and the utility management platform, with reasonable assumptions applied where necessary. Information in this report has not been independently verified or assured and should not be construed as audited, reviewed, or prepared in accordance with any assurance standard.

5 Achievement is based on reasonable assumptions but can be affected by unpredictable operational, market, or regulatory constraints.

6 Beneficial reuse is defined as use in all end-market outlets other than disposal

7 While energy intensity is tracked across all facilities, our operational efficiency goal is measured using baseline sites—defined as facilities Liberty operated in 2022 or earlier. Newly acquired sites may begin from a less efficient baseline and are excluded from the goal to avoid distorting performance. Reported energy data are based on utility billing records where available and supplemented with reasonable estimates for landlord-managed accounts.