



TWISTED X[®]

SUSTAINABILITY REPORT

FOR THE YEAR 2020

PURPOSE



Sustainability (noun): meeting the needs of today's generations without compromising the needs of future generations.

At Twisted X, sustainability is more than a buzzword or fad, it is part of our DNA. As a company, we vow to continue our mission of protecting our planet. With eco-forward materials and cleaner production methods, we are committed to raising the bar and pushing our boundaries every day to achieve a better tomorrow, together.

The purpose of this document is to report on the sustainability initiatives, as well as the carbon footprint, of Twisted X. As this is the first sustainability report from Twisted X, this information will be used as the baseline for the future. To be as transparent as possible, this report will include information about our sustainable materials and practices, data showing our carbon footprint, and the goals that we

have set to achieve. We realize that sharing all of this information is ambitious, but the wellbeing of our planet is at stake, and we hope to inspire others to do the same.

Transparency is our Responsibility

As mentioned above, transparency is a standard we have set for ourselves and something we will hold ourselves accountable for. With the rapidly expanding popularity of sustainability and environmental practices in businesses today, there is a lack of regulation in the claims that companies can make on their products and services. We believe that consumers have the right to make informed decisions on the companies that they chose to support, so we are providing this detailed report. This is just a start, but as we further develop, share, and expand upon this information, we hope to continue to earn your trust in our company and our environmental initiatives.



“We have a responsibility as humans to help the environment and community we live in.”

–Prasad Reddy, CEO



MATERIALS



At Twisted X, we strive to prioritize materials that are natural, recycled, upcycled, or eco-friendly. We frequently test new eco-materials that fit our brand's criteria of comfort, performance, and sustainability.

Uppers

ecoTwx®- Made of upcycled PET (Polyethylene Terephthalate) plastic bottles that are recovered from landfills and bodies of water. Each pair of shoes in our ecoTwx® collection uses an average of 13 recycled plastic bottles. This year alone, we have recycled more than 1.4 million plastic bottles.

corkTwx®- Made of cork that is noninvasively harvested from the bark of cork trees. The harvesting of the cork tree's outer layer does not harm the tree and allows it to absorb more CO2.

ecoTweed®- Made from a combination of recycled plastic bottles and bamboo charcoal blend. The bamboo charcoal is made from a select bamboo species that grows up to 1.2 meters a day- making it a renewable resource.

Merino Wool- Natural wool fibers are sheared from Merino sheep, improving the sheep's health and wellbeing, and allowing them to naturally regulate their body temperature.

Bamboo Laces- a sustainable replacement for nylon and cotton shoelaces. Bamboo regenerates quickly and requires less water and pesticides than cotton production.

Algae- Harmful algae is removed from bodies of water and combined with EVA to create our midsoles. The process of harvesting algae creates a cleaner aquatic ecosystem by reducing toxic levels of nutrients.

Molasses EVA- Molasses EVA (Ethylene-Vinyl Acetate) is created using a by-product, molasses, from the process of making refined sugar. Using this agricultural waste not only helps to reduce waste from sugarcane production, but also allows us to reduce our dependence on petroleum EVA.

Outsoles

Rice Husks- By combining rubber with rice husks, an agricultural by-product of the rice industry, we can divert waste from landfills and reduce the amount of virgin rubber used in our outsoles.

PRACTICES



Our Office

At our Twisted X Headquarters, we are committed to practicing what we preach. That's why we have been a single-use plastic-free office since 2019, from our reusable coffee mugs in the breakroom to our bottle filling stations, the planet is at the forefront of our office practices. We have multiple recycling stations positioned throughout the office, along with motion sensor lights to reduce energy use. In addition, all carbon emissions from our headquarters are offset.

Production/Zero-X™

During our manufacturing process, we are continuously looking for ways to leverage waste, minimize pollutants, and reduce energy use. One of our proudest accomplishments in sustainability, thus far, is the creation of our no-glue shoe collection named Zero-X™. This is the first collection of footwear created without the use of chemical adhesives, eliminating harmful toxins and energy intensive heating and cooling production processes. The elimination of glue allows us to greatly reduce the energy required to produce the shoes and eliminates approximately 75% of harmful pollutants from our shoemaking process. Our proprietary interlocking, double-stitching system has greatly reduced this shoe's footprint and as this collection expands, we hope to see a reduction in our manufacturing carbon emissions.

In addition, we use vegetable tanned leather, an eco-friendlier way of processing leather, and repurpose leather scraps to make children's and infant shoes. We are currently in the process of creating new products that leverage existing factory waste in order to reduce landfill pollution, and plan to bring them to market in 2021. While we know we aren't perfect, we are doing our best to make improvements every step of the way.



Partners

At Twisted X, we never stop looking for ways to better our own business, as well as those that we partner with. For that reason, we have joined the UPS® carbon neutral program, work with our third-party distribution partners to reduce their carbon emissions and offset our company's emissions with our friends at One Tree Planted®.

PRACTICES



UPS – Beginning in July 2020, Twisted X joined the UPS® carbon neutral program, in which all shipping done through UPS is certified as carbon neutral through purchased carbon offsets on a monthly basis. Around 90% of Twisted X’s shipping is done through UPS, including our imports from overseas and the distribution of our products. UPS helps us minimize our carbon footprint by prioritizing routes that are efficient and emit the least amount of CO2 as possible. Our minimized footprint is then offset through contribution to carbon reclamation projects, which are certified through multiple third-party standards and must meet a high criterion in order to be considered. Our shipping emissions are currently offset through two projects:

- **Chol Charoen Wastewater Treatment, Thailand**- Thailand is responsible for producing about 75% of the world’s exports of dried cassava, a root crop. The processing of dried cassava creates vast amounts of wastewater, which produces large amounts of methane.

The Chol Charoen Group has developed a technology to capture this methane gas and create heat and electricity for the factory, and surplus electricity is fed into the national grid.

- **Wolf Creek Landfill**- Located in Dry Branch, Georgia, the Wolf Creek Landfill has a 2,800-kilowatt landfill gas-to-energy facility that provides significant environmental benefits to the surrounding areas by voluntarily capturing the landfill gas produced at the facility and utilizing it as a fuel to produce green energy for the local power grid.



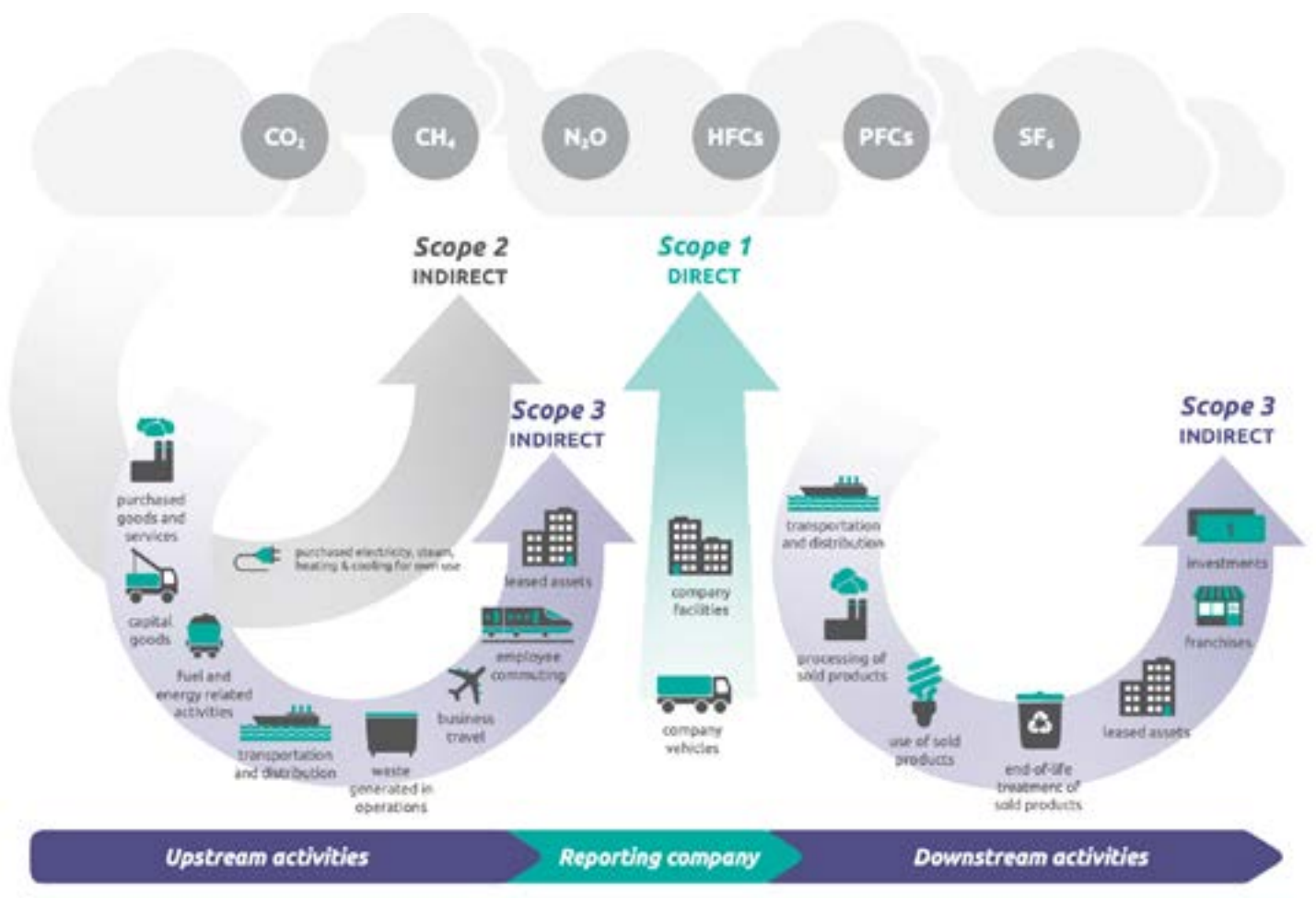
ONETREEPLANTED

One Tree Planted®- Beginning in 2018, Twisted X partnered with One Tree Planted, a non-profit organization that aims to help individuals and businesses give back to the environment, create a healthier climate, protect biodiversity, and help reforestation efforts around the world by planting trees. For each pair of shoes purchased from the Twisted X ecoTwx® or Zero-X™ collections, we plant one tree. This year alone, Twisted X has committed to planting more than 104,162 trees.

CARBON IMPACT ANALYSIS



Calculating our business' Scope 1 and Scope 2 carbon footprint allows us to identify where a majority of our emissions are coming from. We are currently addressing our company carbon footprint in our first phase of the carbon impact analysis. In the next phase, we will begin our product-level carbon footprint, as well as our other Scope 3 carbon emissions. Having over 500 styles of footwear, creating a lifecycle assessment and carbon footprint for our products will be a large feat, but it is part of our commitment to the planet. While we plan to reduce our carbon emissions to lower levels, we are currently offsetting all Scope 1 and Scope 2 business and production emissions through our partnership with One Tree Planted.



Source: [WRI/WBCSD Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard \(PDF\)](#) (152 pp, 5.9MB), page 5.

CARBON IMPACT ANALYSIS



After assessing our business operations at our headquarters in Texas, our third-party factories in Mexico and Asia, and our third-party distribution warehouse in Texas, we have concluded that our business operations are carbon neutral. This is a big milestone for Twisted X, as we have had the goal to become carbon neutral for many years. The following data shows the calculations that brought us to carbon neutrality in 2020. The information represents the best estimates of data that we have access to.

As a note, we do not have ownership or control over the factories that we use to manufacture our footwear or our third-party distribution center, and we are not the sole companies that are contracting these facilities. We have decided to include our portion of operations at these facilities in our initial carbon impact analysis because this is a large majority of our footprint. While these factories are typically calculated as Scope 3 emissions, and many companies do not include them in their own carbon footprint at all, we think it is important to account for all of our actions throughout our business operations.

Offsetting our company's emissions is accomplished through our partnership with One Tree Planted. For each pair of shoes purchased from our ecoTWX or Zero-X collections, we donate enough money to plant one tree. Due to covid precautions, a pause was put on tree planting in 2020 to ensure the health and safety of our employees as well as those at One Tree Planted. During these uncertain times, we continued to track the number of trees to be planted from the purchase of our shoes and commit the funds. As covid restrictions are lifted, we will ensure all trees are safely planted.

260,000
TREES PLANTED

SINCE THE START OF OUR PARTNERSHIP
WITH ONE TREE PLANTED.®

3,900,000
PLASTIC BOTTLES

HAVE BEEN RECYCLED SINCE THE LAUNCH OF
ecoTWX, OUR SUSTAINABLE FABRIC.

FROM PLANTING TREES, WE HAVE OFFSET
6,240 TONS
OF CARBON DIOXIDE.

OUR EFFORTS



- **Carbon neutral:** all offices in Texas, our third-party distribution warehouse, as well as production in Asia and Mexico.
 - Business and manufacturing operations are carbon neutral.
 - Carbon is offset through our partnership with One Tree Planted.
- Carbon neutral contract with UPS
 - All shipping through UPS is carbon neutral.
 - Approximately 90% of our total shipping is done through UPS.
- We prioritize sea over air for shipping, as it is less carbon intensive
- We joined the Arctic Shipping Pledge, a commitment to avoid shipping routes made available as a result of climate change.
- Our shoe boxes are made with 85% recycled material.
- We have offset more than 6,330 tons of carbon to 2020-year end.
 - This is equivalent to taking 1,376 cars off the road for a year.
- We have committed to planting more than 260,000 trees by the end of 2020 with our partners at One Tree Planted.
- With the use of our ecoTwx® material, we have recycled more than 3.9 million plastic bottles since we began using the material in 2017.

- Working to minimize pollutants and waste from manufacturing.
 - Zero-X shoes have eliminated the need for glue, reducing harmful pollutants in the shoe making process by 75%.
 - Use of scrap leather to make our children's and infant shoes to reduce waste.

OUR GOALS

1. Track and offset Scope 3 emissions- While we have already made a good dent in our carbon emissions, we will continue to evaluate our supply chain to calculate the carbon footprint of each of our products and the materials we use.

2. In 2021 and years to come, we are aiming to increase our sustainability efforts in order to recover and recycle more plastic bottles, plant more trees, and offset more carbon.

2021 GOALS

Recycle 2.5 million plastic bottles to equate to a total of 6.4 million.

Plant 190,000 to equate to a total 450,000.

Offset 4,560 tons of carbon to bring our total offset emissions to 10,890 tons.

2025 GOALS

Become Climate Positive- meaning we will offset more CO2 than we emit.

Recycle 13 million plastic bottles

Plant 1 million trees.

SUSTAINABILITY DEFINITIONS



Carbon Dioxide Equivalent (CO₂e) - a unit of measurement used to standardize the climate effects of various greenhouse gases.

Carbon Footprint - the amount of greenhouse gases and specifically carbon dioxide emitted by a population, system, or activity.

Carbon Intensity - the level of GHG emissions per unit of economic activity.

Carbon Negative - the reduction of an entity's carbon footprint to less than neutral, so that the entity has a net effect of removing carbon dioxide from the atmosphere rather than adding it. Can also be referred to as "Climate Positive".

Carbon Neutrality - Achieving net-zero carbon dioxide emissions. This can be done by balancing emissions of carbon dioxide with its removal (carbon offsetting) or by eliminating emissions.

Carbon Offsetting - the process of reducing or avoiding greenhouse gas emissions or removing carbon dioxide from the atmosphere to make up for emissions elsewhere.

Climate Change - long-term change in the average weather patterns that have come to define Earth's local, regional, and global climates.

Global Warming - long-term heating of Earth's climate system observed since the pre-industrial period due to human activities, primarily fossil fuel burning, which increases heat trapping GHG levels in the Earth's atmosphere.

Greenhouse Gas (GHG) - any gas in the atmosphere which absorbs and re-emits heat, and thereby keeps the planet's atmosphere warmer than it would otherwise be. The main GHG's are water vapor, carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and ozone.

Post-Consumer Recycled Material - material made from waste that has been used by a consumer, disposed of, and diverted from landfill.

SUSTAINABILITY DEFINITIONS



Pre-Consumer Recycled Material - material made from by-products generated after manufacture of a product is completed but before the product reaches the end-use consumer.

- **Scope 1 emissions** - emissions that occur from sources that are controlled or owned by an organization (e.g., emissions with fuel combustions in boilers, furnaces, vehicles).
- **Scope 2 emissions** - indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling.
- **Scope 3 emissions** - includes all other indirect emissions that occur in a company's value chain (e.g., purchased goods, business travel, waste disposal, transportation and distribution).

Sustainability - meeting our own needs without compromising the ability of future generations to meet their own needs.

Virgin Material - unused raw material that has never been subjected to any processing other than for its production.

Twisted X exists to inspire the best in humanity. Sustainability is woven into the fabric of our DNA—as our calling is to create and give back to our planet, every step of the way.



OUR VOW

We'd like to make a vow to you,
in an effort to voice our gratitude

Here are some sustainable declarations,
for the sake of our future generations:

In our offices, we've minimized our use of plastic,
(sustainability doesn't always have to be drastic)

We source natural materials for our products,
like molasses and rice husks

We use natural textiles, too,
like wool, cork and bamboo

We even got rid of glue,
in our new line of Zero-X shoes

We're reimagining the industry blueprint,
and trying to decrease our carbon footprint

We work with like-minded partners,
to help us make this departure

This is our sustainable declaration,
we want to open the conversation

Join us as we learn and grow,
working to ensure there's a tomorrow

For the rivers and streams,
the children with dreams

For the cattle and sheep,
the pasture upkeep

For the mountains, parks,
and special landmarks

and especially for the hands
that care for this land