

**TWISTED X<sup>®</sup>**

**2021 SUSTAINABILITY REPORT**

# LETTER FROM OUR PRESIDENT AND CEO



Looking back on the year of 2020, I think we can all agree that it was a time of uncertainty and hardship like nothing ever experienced before. Lives were turned upside down amidst a global pandemic as businesses shut their doors, entire countries went into lockdown, and loved ones spent months apart.

The world as we know it seemed to take a pause, and we took that opportunity to step back and look at the big picture, to remember what is important to us, and to reflect on the values that make Twisted X the brand that it is.

Twisted X was born when the desire for comfortable, quality, and innovative footwear provided the opportunity to change the western industry. We believe in service – to our partners, our people, our product, and our planet.

Our sustainability journey started in 2012 when I read the book *Plastic Ocean* by Charles Moore. This book discusses the discovery of the world's largest collection of floating trash, the Great Pacific Garbage Patch — a 1.6 million square kilometer plastic island located halfway between Hawaii and California. It is twice the size of Texas and contains everything from milk jugs, to abandoned fishing gear, to microplastics that have made their way into our food chain.

After becoming aware of the plastic problem our world is facing, I came to realize that we had to do something about it. In 2016, we created a new fabric for our footwear called ecoTwx®, which is made from plastic bottles that are salvaged from the waste stream. Each pair of shoes from our ecoTwx® collection is made from approximately 13 plastic bottles. Now in 2021, this material is used in a wide variety of our footwear styles and has allowed us to salvage more than 6 million plastic bottles from oceans and landfills. And while this material allows us to clean up plastic from the Earth, I wanted to take our efforts one step further and do more to aid in the long-term health of the planet. That was when we decided to plant one tree for each pair of footwear sold from our ecoTwx® collection, through our partnership with One Tree Planted®.

Since the launch of ecoTwx®, we have been inspired to bring to market numerous other sustainable materials and methods that better every component of our footwear. Today, our goal is to include at least one of our eco-friendly offerings throughout 80% of our products.

At Twisted X, we have a commitment to bring at least one new innovation to market every six months. From comfort technologies and new materials to eco-forward approaches and betterment of the footwear production process – this commitment drives us to push boundaries and create industry-leading advancements that are shaping the way footwear is made.

Beyond sustainability, we believe that we need to care for those that selflessly care for others. We believe that it is our duty to support our communities and those who live, work, and serve in them. We believe in fostering a world that gives back, which is why we support a variety of philanthropies including Tough Enough to Wear Pink, the Tough Enough To Wear Pink Counseling Center, Veterans of Foreign Wars, One Tribe Foundation, and The Gary Sinise Foundation Snowball Express.

With every step, we challenge ourselves to take action, create more, and be better. I am proud of what the Twisted X team is creating. That we are pushing boundaries across the board and making waves in the footwear industry.

We hope that what we are doing can inspire other to join in the efforts of doing right by our planet and all of those that call it home.

## Prasad Reddy President and CEO, Twisted X Global Brands



**FEBRUARY 2020:**  
Awarded Footwear Plus Award for 'Sustainability'



**FEBRUARY 2020:**  
Awarded Environmental and Social Development Association 'Global Green' Award



**SEPTEMBER 2020:**  
Awarded the Gold Stevie 'Best New Product of the Year' for Sustainable Footwear



**MARCH 2021:**  
Recognized as one of Fast Company's 'Most Innovative Companies for Corporate Social Responsibility.'



**FEBRUARY 2022:**  
Awarded Footwear Plus Award for 'Sustainability'



# 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 provide a detailed overview of Twisted X's sustainability initiatives and carbon footprint. This report includes information on our sustainable materials and practices, information on our carbon footprint, and the goals that we have set to achieve.

## **Transparency is our Responsibility**

Transparency is a standard we have set for ourselves and something we are committed to holding 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 information in this report to help you do so. 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.





Our mission is to better the planet. To make it cleaner and more beautiful – today and for future generations. As an individual or as a company, every positive action makes an impact. Our goal is to inspire others to join in. With millions alongside us, we will make a huge difference.”

**–Prasad Reddy, CEO**





# MATERIALS



**At Twisted X, we strive to prioritize materials that are natural, recycled, upcycled, or eco-friendly. We consistently seek new eco-materials that fit our brand's criteria of comfort, performance, and sustainability. During the year of 2021, we introduced 3 new sustainable materials including leatherTWX, BioBlend, and Blend85.**

## Uppers

**ecoTWX®:** Made of upcycled PET (Polyethylene Terephthalate) plastic bottles that are salvaged from landfills and oceans. Each pair of shoes in our ecoTWX® collection is made from an average of 13 upcycled plastic bottles.

**leatherTWX®:** This fabric utilizes upcycled leather to create same look and feel of traditional leather with a reduced environmental footprint. leatherTWX is comprised of 80% recycled leather from production that would otherwise end up in landfills.

**corkTWX®:** Made of bark that is noninvasively harvested from cork trees. The harvesting of the cork tree's outer layer does not harm the tree and allows it to absorb more CO<sub>2</sub>.

**ecoTWEED®:** Made from a combination of upcycled plastic bottles and bamboo charcoal blend. The bamboo charcoal is made from responsibly grown bamboo that is harvested in a manner that allows the plant to regrow for future use.

**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 is a sustainable crop that regenerates quickly and requires less water and pesticides than cotton production..



# MATERIALS



## Midsoles

**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 from molasses, an agricultural by-product of the sugar industry. By combining traditional EVA with Molasses EVA, we divert waste from landfills and reduce the amount of traditional EVA used in our midsoles.

**BioBlend®:** Our BioBlend® midsole is a biobased material that utilizes castor bean oil to reduce the amount of traditional EVA used.

## Footbeds

**Blend85®:** Created from 85% EVA foam waste from factory production. Foam that is typically left in piles outside of factories, releasing harmful pollutants into the air and contaminating both water and the land, is instead recycled into new footbeds. This material greatly reduces factory waste and pollution, in addition to reducing our use of virgin EVA.

## Outsoles

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





# PRACTICES



## Our Offices

At our two Twisted X Headquarters in Decatur, Texas, we are committed to practicing what we preach. That's why our offices have been single-use plastic-free 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 both offices, along with motion sensor lights to reduce energy use. We also offset the carbon emissions from our headquarters.

## Production

During our manufacturing process, we are continuously looking for ways to leverage waste, minimize pollutants, and reduce energy use. We use waste reduction techniques such as strategically cutting our leather in order to utilize leftover material for kids' footwear and upcycling factory waste that we would otherwise be unable to use.

We utilize vegetable tanned leather in many styles to reduce the use of harmful chemicals typically used in leather processing and our shoeboxes are made with 85% recycled material and are recyclable. In addition, we minimize printing marketing material whenever possible and when we do print, we do so in small batches to reduce over-production, utilize soy-based ink, and use recycled paper.

## Zero-X™

One of our proudest accomplishments in sustainability, thus far, is the creation of our no-glue shoe collection, Zero-X™. This is our 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 interlocking, double-stitching system has greatly reduced this shoe's footprint and as this collection expands, we hope to see a reduction in our carbon emissions from manufacturing.



## Innovations

In the beginning of 2021, we released two new materials that utilize what is traditionally considered factory waste

# PRACTICES



– Blend85 and leatherTWX. Blend85 is made from upcycled EVA foam scraps that typically reach their end of life in either landfills or piles outside of factories. These foam scraps release pollutants into the atmosphere, water, and land. Upcycling these scraps to create a new footbed prevents these pollutants from entering the waste stream and will keep tons of pounds of waste out of landfills each year.

Similarly, leatherTWX is a recent material development that we worked with our supplier to create. This recycled leather fabric is crafted from upcycled leather to create the same look and feel of traditional leather with a reduced environmental footprint. Comprised of 80% pre-consumer recycled leather, this material greatly reduces our use of new leathers, which can be very hard on the environment.

## Circular Economy

The circular economy has been a reoccurring conversation at Twisted X. A circular economy is based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems. From product design to marketing and everywhere in between, we ask ourselves: How can we reduce our footprint? How can we utilize waste from our own and other industries? How can we source materials that can be reused? What can we do with footwear once it reaches the end of its lifecycle? These questions are what keep us thinking, researching, designing, and

creating. While we may not have all of the answers yet, it is something we are always working towards.

## Partners

At Twisted X, we never stop looking for ways to better our own business, the planet, and 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 plant trees through donations to One Tree Planted®.



**UPS:** 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 CO<sub>2</sub> 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:

# PRACTICES



- **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 wastewater treatment facility, 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.

## DARYL FLOOD

relocation & logistics

**Daryl Flood Logistics:** Our relationship with our contracted distribution partner, Daryl Flood Logistics (DFL), goes beyond that of strictly business. Members from both Twisted X and DFL have joined forces to create a shared sustainability program, which we call "Footprint Zero". This program consists of executives from both companies, warehouse workers, managers,

and many in between, meeting monthly to discuss sustainability initiatives and ways to improve our practices. Footprint Zero allows Twisted X to hear from those that work with receiving, packing, and shipping our products on a daily basis to understand where we can improve with our environmental practices. The goal of this group is to reduce waste, make our distribution eco-friendlier, and reduce the carbon footprint of both companies. With this diverse group of individuals from various backgrounds and professions, we are able to discuss ideas from many different viewpoints to lessen our impact on the environment.



## 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 donate \$1 to One Tree Planted and funds are then allocated to support different tree planting and forest protection projects throughout the United States.





# CARBON IMPACT ANALYSIS

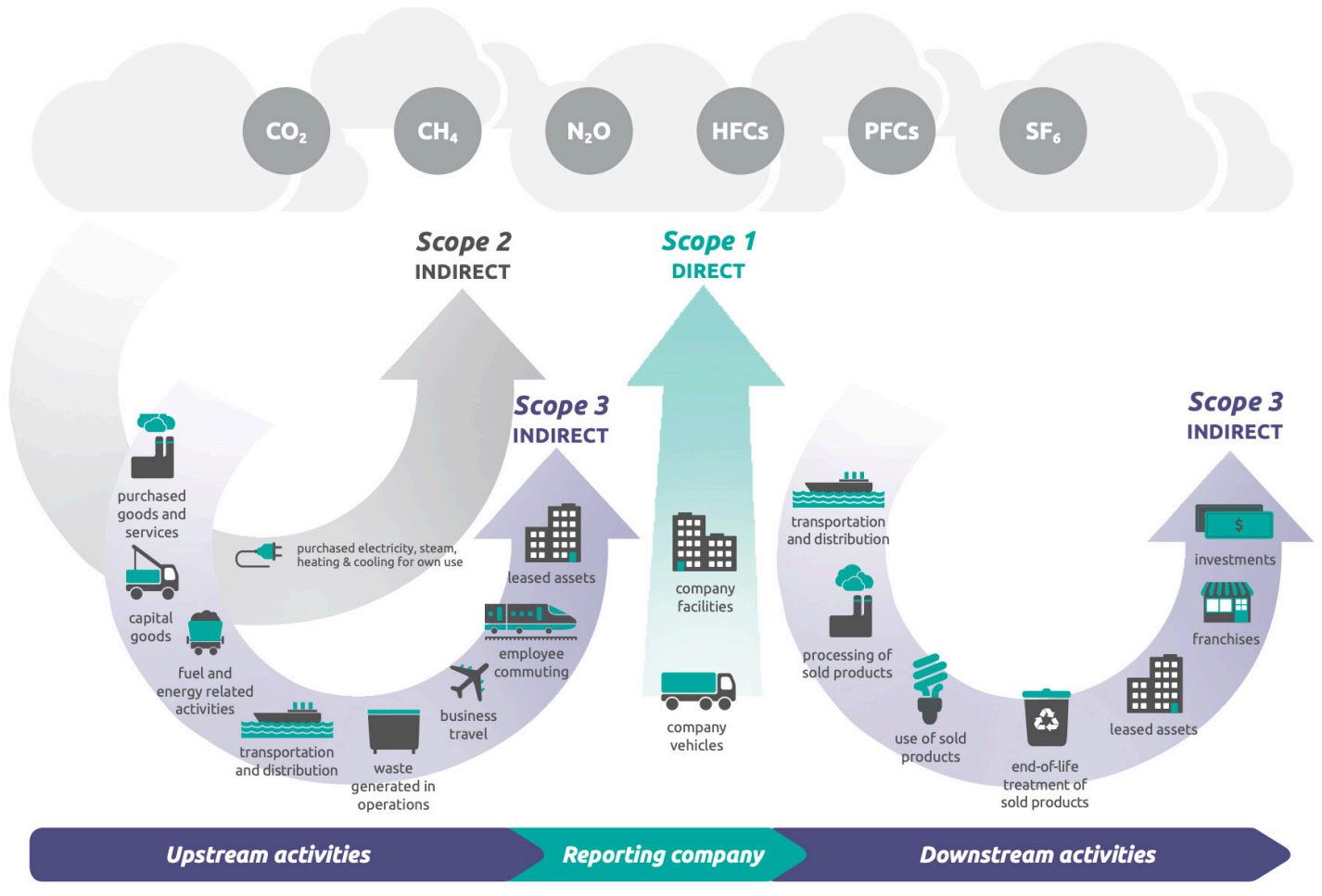


Calculating our business' Scope 1 and Scope 2 carbon footprint allows us to identify where the majority of our emissions are coming from. We are currently addressing our company's business operational carbon footprint in our first phase of the carbon impact analysis. In the next phase, we will begin our supply chain and product footprint, as well as our other Scope 3 carbon emissions. Having more than 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 the goal is to reduce our carbon emissions to lower levels, we are currently offsetting our Scope 1 and Scope 2 emissions through carbon offset projects.

Upon 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, and comparing them to certified carbon offsets, 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.

As a note, we do not have ownership or control over the facilities that we use to produce and distribute our footwear, and we are not the sole company that contracts 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 separate 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. As mentioned previously, this does not include our entire supply chain or all Scope 3 emissions.

# CARBON IMPACT ANALYSIS



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

Grid/Emission Location	Emission Factor
Texas	.485452698 kg CO <sub>2</sub> /kWh
Asia	.7729213985 kg CO <sub>2</sub> /kWh
Mexico	.4799007275 kg CO <sub>2</sub> /kWh
Natural Gas US	.0548 metric tons CO <sub>2</sub> /mcf

# CARBON IMPACT ANALYSIS



<b>Twisted X Headquarters (Texas)</b>	<b>Emissions (tons CO<sub>2</sub>)</b>
Office 1	35.7139
Office 2	38.2782
Natural Gas (Combined)	1.7043

<b>Asia Production</b>	<b>Emissions (tons CO<sub>2</sub>)</b>
Factories 1 & 2	1,143.8046
Factory 3	1,319.9797
Factory 4	138.2540

<b>Mexico Production</b>	<b>Emissions (tons CO<sub>2</sub>)</b>
Factory 1	15.7690
Factory 2*	15.7690*

\* Due to lack of data, Factory 2 is assumed similar carbon emissions to Factory 1 based on size and production.

<b>US Distribution</b>	<b>Emissions (tons CO<sub>2</sub>)</b>
Warehouse 1- Texas	224.6524



# CARBON IMPACT ANALYSIS



Emission Totals	Emissions (tons CO <sub>2</sub> )
Headquarters	75.6964
Asia	2,602.0383
Mexico	31.5380
Distribution Warehouse	224.6524
<b>Twisted X Total</b>	<b>2.933.9252</b>

## AS OF 2020, OUR BUSINESS OPERATIONS ARE **CARBON NEUTRAL**

THIS INCLUDES OUR HEADQUARTERS, OUR FACTORIES AROUND THE GLOBE,  
AS WELL AS OUR CONTRACT SHIPPING AND DISTRIBUTION PARTNERS.

**500,000**  
**TREES PLANTED**

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

**7,500,000**  
**PLASTIC BOTTLES**

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

WE HAVE OFFSET MORE THAN  
**5,000 TONS**  
**OF CARBON DIOXIDE.**



# OUR EFFORTS



- UPS carbon neutral program
  - All shipping through UPS is carbon neutral (see page 10)
  - Approximately 90% of our total shipping is done through UPS
- We prioritize ground and sea shipping over air, 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 committed to planting more than 300,000 trees since 2018 with our partners at One Tree Planted
- With the use of our ecoTWX® material, we have upcycled more than 5.2 million plastic bottles since we began using the material in 2017
- We are 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 new materials that leverage factory waste

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.

## 2025 GOALS

- Become Climate Positive – meaning we will offset more CO2 than we emit
- Remove 13 million plastic bottles from landfills and oceans
- Plant 1 million trees

## 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.







Our Promise: At Twisted X<sup>®</sup>, we promise 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.





# DEFINITIONS



**Carbon Dioxide Equivalent (CO<sub>2</sub>e):** A unit of measurement used to standardize the climate effects of various greenhouse gases.

**Carbon Credit:** A transferable instrument certified by governments or independent certification bodies to represent an emissions reduction of one metric ton of CO<sub>2</sub> or an equivalent amount of other greenhouse gases.

**Carbon Emissions:** The release of carbon dioxide into the atmosphere.

- **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).

**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.

# DEFINITIONS



**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 (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), and ozone.

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

**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.

**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.





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