

TWISTED X[®]

2022 SUSTAINABILITY REPORT

LETTER FROM OUR PRESIDENT AND CEO



Reflecting on the past year, it seems the only constant we can rely on is change. Unprecedented challenges from the pandemic continued to not only test the footwear industry but impacted retail on a global scale. At times it felt like the finish line for success was constantly being pushed back as we powered through a race unlike any we'd seen before.

When faced with adversity, it is natural to shift into a reactive state of being, tackling only what is right in front of you while losing sight of the bigger picture. I'm proud to say Twisted X Global Brands remained steady in its pursuit of innovation in every aspect of business, a core value that makes us the company we are and hope to always be.

No one has ever asked or demanded us to be more sustainable. However, it is a passion and goal shared by all at Twisted X Global Brands. This team of forward-thinking individuals continues to go beyond the vital business responsibilities of product development and customer satisfaction and puts in the extra work to be stewards of the communities we serve and champions for sustainability to better the environment for future generations to come.

In 2022, we achieved a massive goal of having 100 percent of our new styles include at least one sustainability component. To do this we prioritized the use of materials that are natural, recycled, upcycled or eco-friendly without compromising on style, quality or durability. From top to bottom, our consumers can be assured that each part of their shoe was thoughtfully optimized for the planet's well-being and for their own.

After first achieving net-zero emissions in 2020, Twisted X Global Brands continues to make conscious efforts to be a carbon friendly business operation in our headquarter offices as well as our factories and distribution warehouses. We remain committed to reducing our carbon footprint, conserving resourc-

es, and minimizing waste across all of our operations.

While we are proud of our achievements, we recognize that there is much more work to be done. At Twisted X Global Brands, we believe that small steps will make a big difference and pledge to continue this relentless pursuit for a better planet. We hope to inspire others to join us in taking action as we strive to build a better future.

Together, we can make a difference.

Prasad Reddy

President and CEO, Twisted X Global Brands



PURPOSE



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

Built for Sustainability

In an era marked by unprecedented challenges, we feel the role of corporations should transcend beyond profit generation now more than ever. At Twisted X, our commitment to making a positive impact reaches beyond conventional boundaries of corporate responsibility. Here sustainability is treated as much more than a buzzword or fad. It comes second nature to us and is a central part of our company's DNA.

We are taking action each and every day to do better for our planet and those that call it home. From creating new footwear components out of recycled materials, to exploring new techniques for construction, Twisted X holistically evaluates every step of our process to continue to create environmentally responsible footwear and production processes without compromising quality and performance.

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 eco-forward materials and practices, information on our carbon footprint, and the goals we have set out to achieve.

Transparency is a standard we have set for ourselves and something we

are committed to holding ourselves accountable for. We realize sharing all this information is ambitious, but the well-being of our planet is at stake, and we feel a responsibility to be champions of innovation and advocates for our community.

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 choose 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.

While we're proud of the strides we've made, we also recognize that there is still much work to be done. Twisted X is committed to raising the bar and pushing our boundaries every day to achieve a better tomorrow, together. We firmly believe small changes can make a big impact and refuse to be content with the status quo. Our entire team remains invigorated by the challenges ahead.

Twisted X Global Brands is determined to be a force for good and we hope to inspire others to join us in taking action to be good stewards of the environment.



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.

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 CO₂.

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.



PRACTICES



Circular Economy

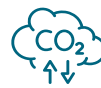
The circular economy has been a reoccurring conversation at Twisted X. A circular economy is based on the principles of designing out waste and pollution, keeping products and materials in use, and regenerating natural systems. From product design to marketing and everywhere in between, we ask ourselves: 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 CO₂ as possible.



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

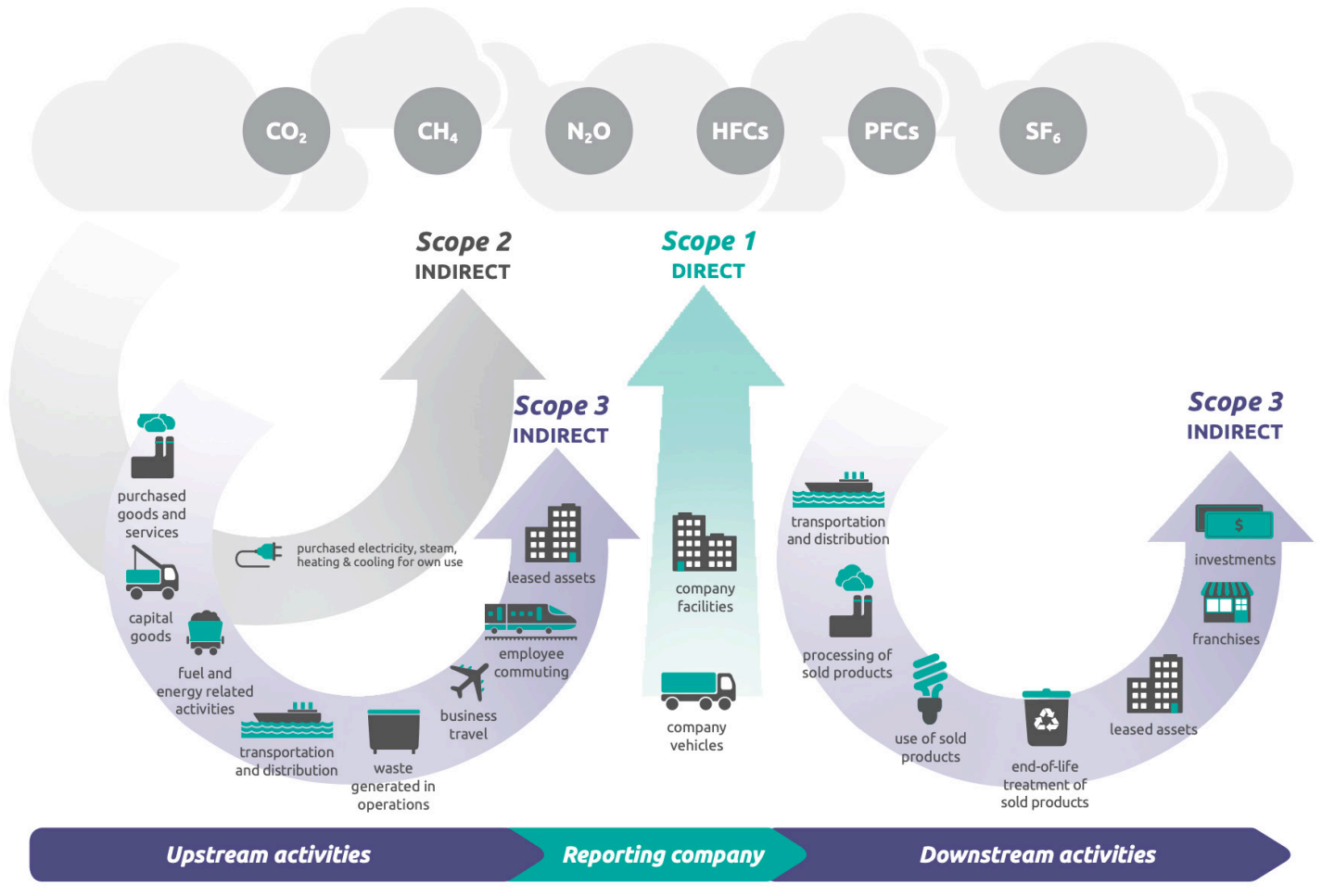


Calculating our business' Scope 1 and Scope 2 carbon footprint allows us to identify where the majority of our emissions are coming from. We are currently addressing our company's business operational carbon footprint in our first phase of the carbon impact analysis. In the next phase, we will begin 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 friendly**. This is a big milestone for Twisted X, as we have had the goal to become carbon friendly 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.

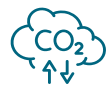
CARBON IMPACT ANALYSIS



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 Electricity	821.986 lbs CO ₂ e/Mwh
Texas Natural Gas	53.1148 kg CO ₂ e/mmBtu

CARBON IMPACT ANALYSIS



Twisted X Headquarters (Texas)	Emissions (tons CO ₂)
Office 1	47.49
Office 2	25.21
Natural Gas (Combined)	0.0977

Emission Totals	Emissions (tons CO ₂)
Headquarters	72.7977

**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.

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 and strive to find materials as well as production practices that do good for our planet and for those that live on it..



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[®], 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 (CO₂e): 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 CO₂ 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 (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.

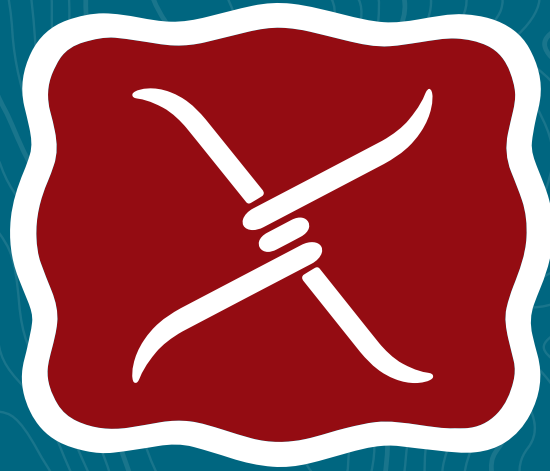
Pre-Consumer Recycled Material: Material made from by-products generated after manufacture of a product is completed but before the product reaches the end-use consumer.

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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