

TWISTED X[®]

2023 SUSTAINABILITY REPORT

LETTER FROM OUR PRESIDENT AND CEO



It's hard to believe another year has come and gone. Although some things change with time, our goal at Twisted X Global Brands remains the same - to keep on doing what is right for the planet, the environment, our products, our partners, and the company.

In 2023, we remained steadfast in our focus on sustainability, setting newer and higher goals after surpassing previous milestones. Through our relentless pursuit of innovation and collaboration, we continued to be a carbon friendly business operation and explored new ways to minimize our environmental impact while maximizing our positive contributions to society.

An example of this is the Circular Project™, a new collection of footwear featuring midsoles and footbeds created from factory foam scraps typically headed for landfills. This unique product was designed to be worn, loved, and then returned to us after use to be upcycled, resulting in multipurpose products with a lifespan that extends beyond a single wear. We know our customers share our passion for sustainability, and this collection created a way for them to join us in the circular economy.

At Twisted X Global Brands, we are not driven by the need to be seen and validated for our sustainable initiatives. We do not consider ourselves unique and would never want to be because everyone should participate in efforts to better our planet. However, something that is unique about us is that we want to share all our learnings, materials, processes and eco-friendly methodology with everyone. Our hope is that every footwear, fashion and consumer goods company can use this to learn from each other and benefit together. When it comes to sustainability, we have embraced this shared vision of an eco-friendlier future.

As I reflect on this past year, I want to extend my deepest gratitude to our

dedicated team, whose unwavering commitment and tireless efforts have been instrumental in driving our sustainability initiatives forward. Although there is still much work to be done, we have demonstrated that through collective action and a shared vision, we can make great strides toward a brighter, greener future for all.

Looking ahead, I am inspired by the endless possibilities that lie before us. Together, we have the chance to reshape industries, redefine norms, and inspire meaningful global change. But to realize this vision, we need more than just ambition and determination; we need collaboration, unity, and a shared sense of purpose. We invite others to join us in this mission to build a brighter, more sustainable tomorrow and will assist them however we can.

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.



A person wearing a white cap and a dark tank top is operating a blue tractor in a field of young green plants. The tractor is moving through the rows, and the plants are densely packed. In the background, there are some trees and a building under a blue sky with scattered white clouds. The overall scene is a rural agricultural setting.

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 water 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 water 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

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, or burned 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.

The Circular Project

A new collection of footwear featuring midsoles & footbeds created from upcycled materials. Each pair utilizes up to 85% excess factory foam scraps that traditionally would end up in landfills. The best part is that after wearing them and exhausting their useful life, they can be returned and will be upcycled into new products!

PARTNERS



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 have planted 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.



NXT Point Logistics: Our relationship with our contracted distribution partner, (NXT Point), goes beyond that of strictly business. Members from both Twisted X and NXT 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.



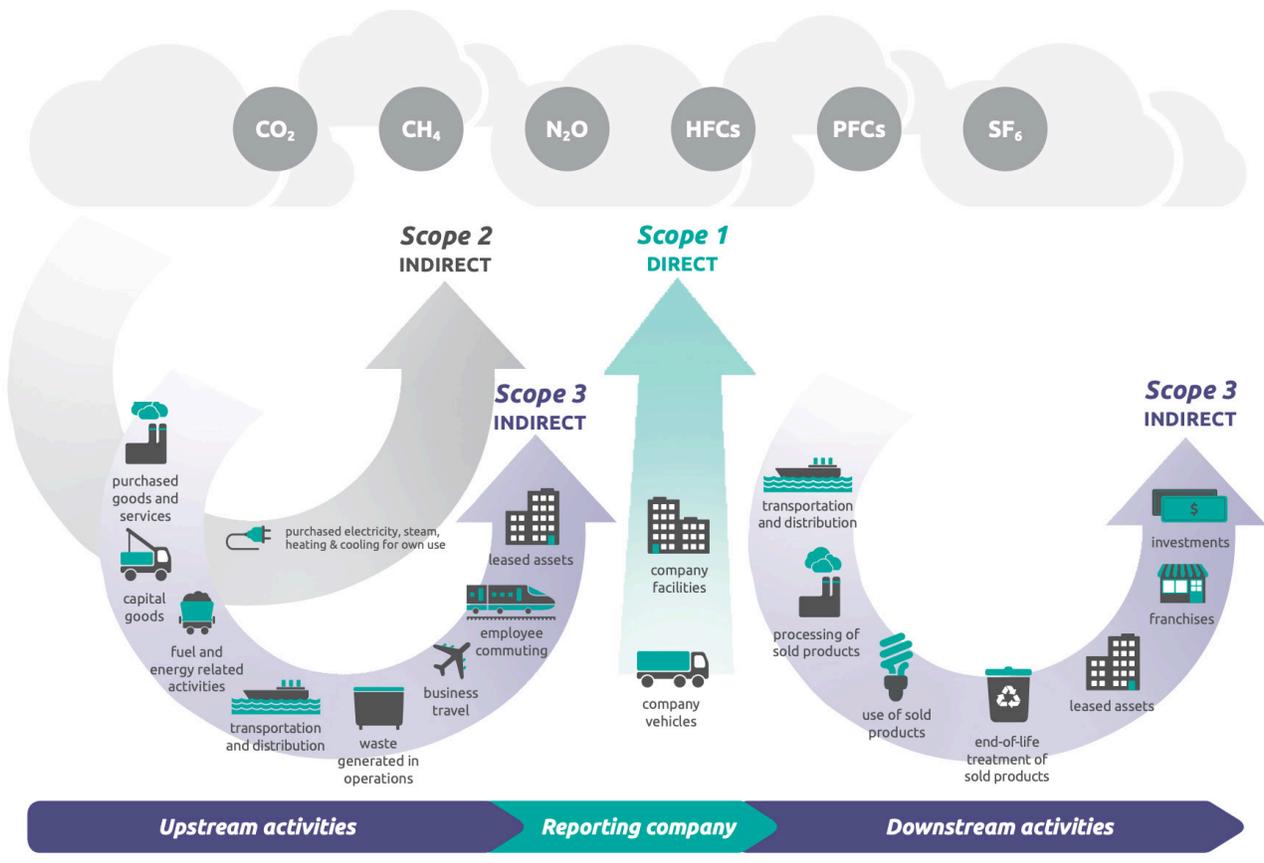
One Tree Planted®: Beginning in 2018, Twisted X partnered with One Tree Planted, a non-profit organization that aims to help individuals and businesses give back to the environment, create a healthier climate, protect biodiversity, and help reforestation efforts around the world by planting trees.

CARBON IMPACT ANALYSIS



Calculating our business' Scope 1 and Scope 2 carbon footprint allows us to identify the source of a large portion of our emissions. While the goal will always be to reduce our carbon emissions to lower levels, we are currently offsetting our Scope 1 and Scope 2 emissions through carbon offset projects. In 2023, we are proud to partner with One Tree Planted in the offset of 75 tonnes of carbon emissions with an aim to benefit the environment in the long term and play our part in the betterment of the global community for generations to come.

As a note regarding Scope 3 emissions; 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 account for our emissions at Twisted X headquarters to provide as much transparency as possible with the most available information. This data does not include our entire supply chain or Scope 3 emissions.



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

CARBON IMPACT ANALYSIS



Grid/Emission Location	Emission Factor
Texas Electricity	821.95 lb CO ₂ e/MWH
Texas Natural Gas	0.05449534 kg CO ₂ e/CCF

Twisted X Headquarters (Texas)	Emissions (tons CO ₂)
Electricity	74.0679
Natural Gas	0.07444

Emission Totals	Emissions (tons CO ₂)
Headquarters	74.14234

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.
 - 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



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.

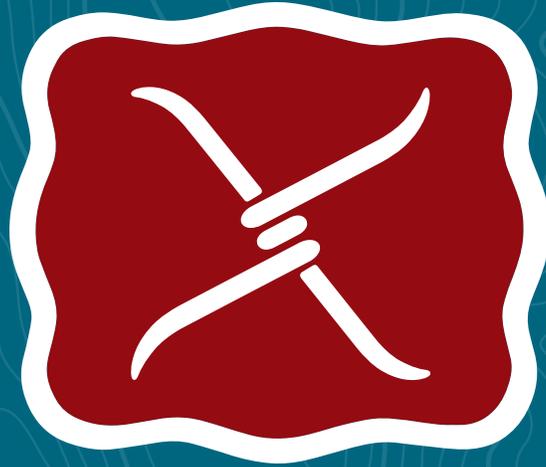
Post-Consumer Recycled Material: Material made from waste that has been used by a consumer, disposed of, and diverted from landfill.

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.



TWISTED X[®]

2023 SUSTAINABILITY REPORT