



TWOTHIRDS

2021 ECO REPORT

The following pages contain information and data accurate to the year 2021.
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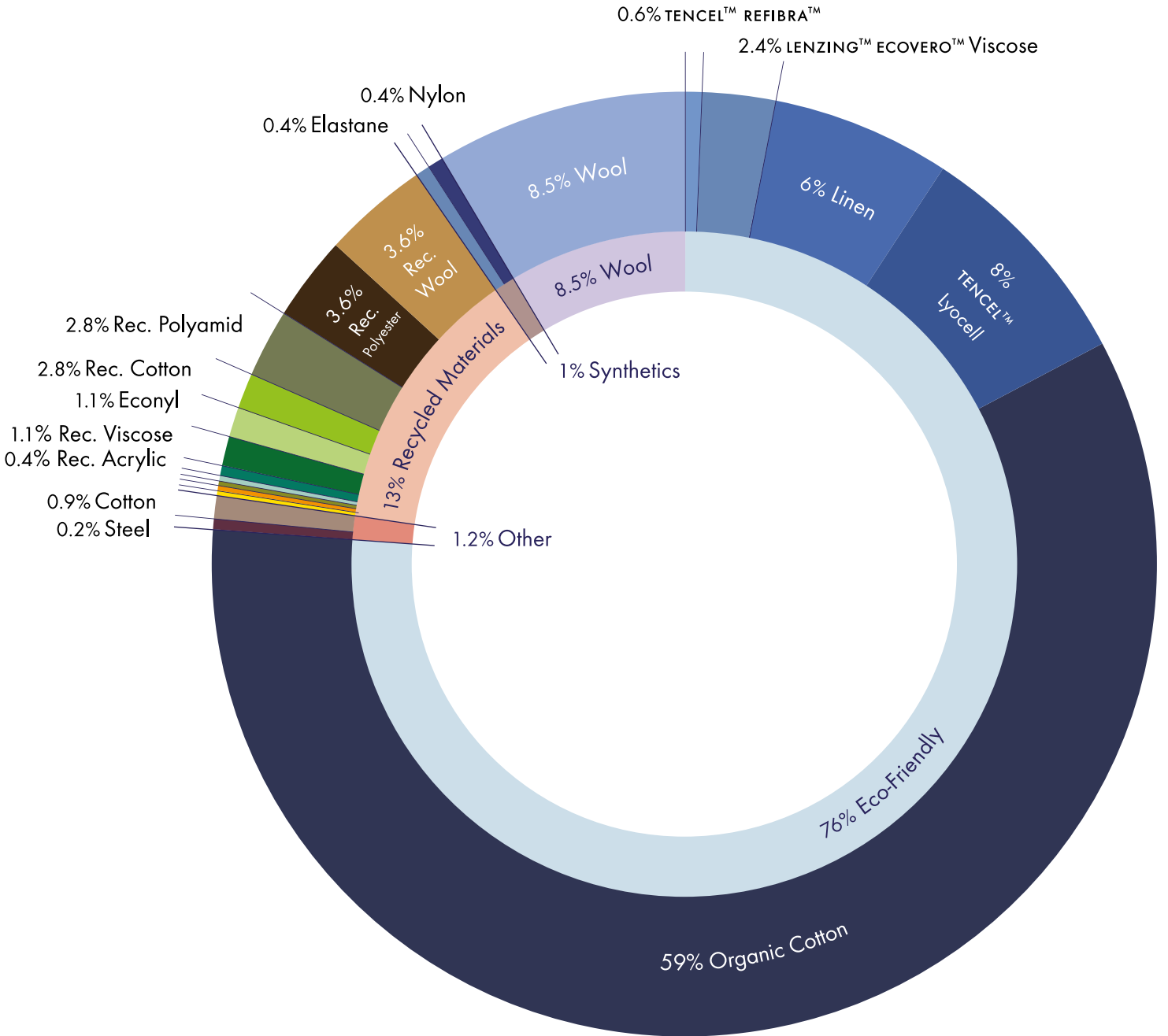
FOREWORD

Welcome to the second **TWOHIRDS** Eco Report, which measures the high-tide line of our sustainability efforts for 2021.

Our aim is to explain what we've done and what it means, while embracing the challenge of textile transparency. Because the more we can untangle the complicated web of fashion, the more we can tweak it, change it, redefine it. So let's get started.

INTO THE MIX

MATERIALS



- 0.2% Rec. Linen
- 0.1% Other Fibers
- 0.1% Seaqual
- 0.1% Cashmere

INTO THE MIX

MATERIALS

Together with recycled materials (13%), the fabrics we class as eco-friendly* made up 90% of everything we used in 2021. Our most common material remained organic cotton, which is up 5% since 2020, followed by wool (-2.5%) and TENCEL™ Lyocell (-6%).

Meanwhile, the small amount of conventional cotton that we do use is taken from our own leftovers.



Organic Cotton



Mulesing-free Wool



TENCEL™ Lyocell

* meaning organic, environmentally friendly or recycled.

INTO THE MIX



Organic Cotton

INTO THE MIX

Against Overproduction

At the same time, we were able to sell 97.4% of all the clothes we produced. While this is still incredible compared to the industry average, it's a 2.5% decrease from our 2020 rate (99.9%). Our goal will be to get back to this amazing benchmark.



◀ A selection of premium fabrics from our partner factory in Porto, Portugal.

INTO THE MIX

There's more to this story than meets the eye.
Here are some special highlights from 2021.

TENCEL™ x REFIBRA™ 

One of the lowest impact fibres around, TENCEL™ x REFIBRA™ is a circular economy solution from Austrian innovators Lenzing AG. They take cotton scraps from the textile industry and transform them into a new material. Currently 30% of the fibre is sourced this way, while the rest is virgin TENCEL™ Lyocell. The two are combined in a closed-loop production system that prevents pollution and recycles water. We were happy to incorporate more of this fiber last year.



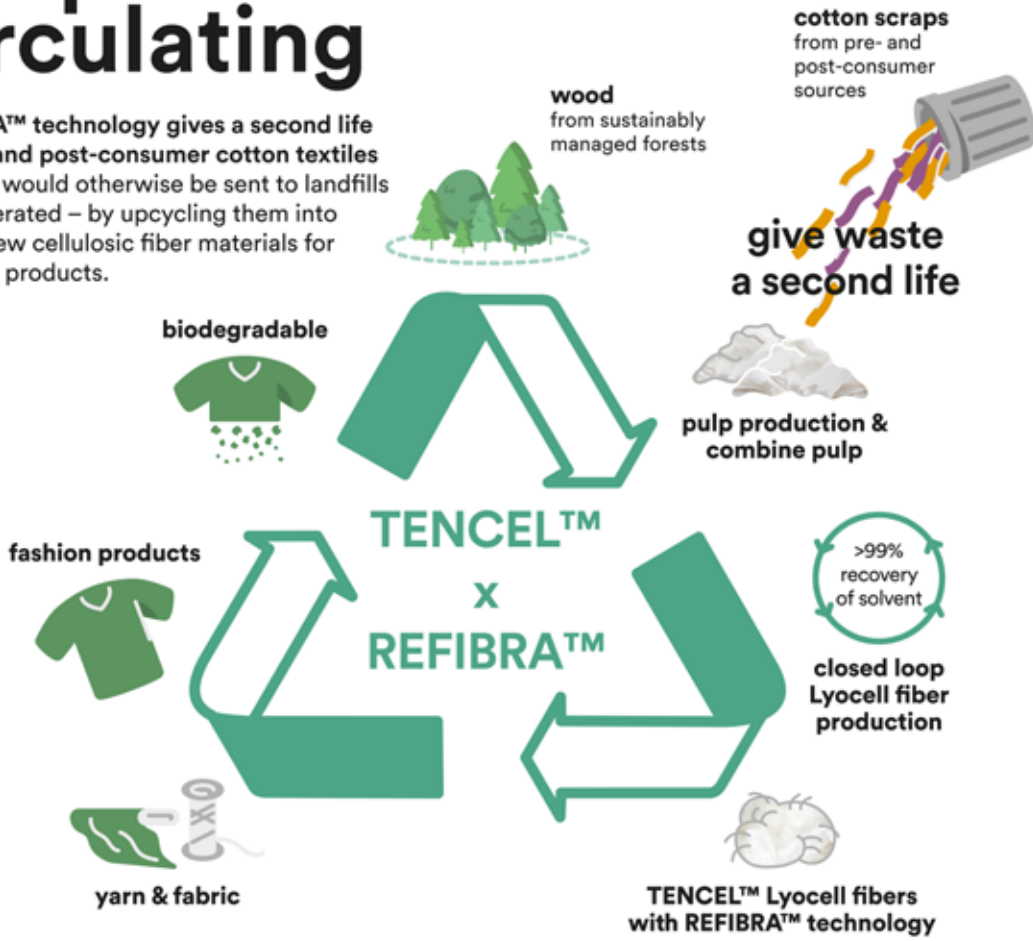
INTO THE MIX

TENCEL™ X REFIBRA™



keep it circulating

REFIBRA™ technology gives a second life to pre- and post-consumer cotton textiles – which would otherwise be sent to landfills or incinerated – by upcycling them into brand new cellulosic fiber materials for clothing products.



INTO THE MIX

TWOHIRDS Limited Collections

A community favourite. We sourced premium excess fabrics that already existed to bring you limited and memorable pieces. The fabrics are what is called "deadstock": material ordered by other brands that then goes unused. Limited collections offer us a way to be more responsible with resources within the fashion industry. Watch out for more "LC" garments in the future.

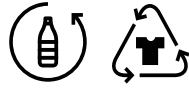


INTO THE MIX



INTO THE MIX

Recycled Materials



2021 was really the year of recycling at TWOHIRDS, with these materials going from 8% to 13% of our total fabric share - an increase of 62.5%. Simply put, more circularity means less environmental impact, from CO₂ emissions right down to the fertilisers often used in cotton production. But there is one drawback. Some of the materials need virgin fibre or recycled synthetics to reach our standard of quality. When we have to resort to a blend - especially with synthetics - it limits the recyclability of the final garment. We're simultaneously aware of this issue and looking for ways to change it with our suppliers.

▼ TWOHIRDS Recycled Swimwear



TRACING OUR STEPS

SUPPLIERS

One of our strongest values is to keep production local. We also try to learn as much as possible about the various steps or tiers involved in our supply chain, from sourcing to stitching. Throughout 2021 we made some inroads.



There are around 100 factories directly involved in our supply chain, with the vast majority being located in the northern region of Portugal.

We confirmed:

100% of our garment suppliers

95% of our fabric suppliers

90% of our dyeing suppliers



TRACING OUR STEPS



We also added to our raw material directory.

Organic cotton: Pakistan, India, Turkey, Uganda, Tanzania, China, US, Greece

Linen: China, France, Italy, Belgium

Wool: Argentina, Australia, South Africa, New Zealand, England, Uruguay

TENCEL™ Lyocell and LENZING™ ECOVERO™ Viscose: Sustainably managed wood sources mainly from Austria, Germany, Czech Republic, Slovakia, Hungary, Slovenia, South Africa, USA, as well as the Scandinavian and Baltic states

Recycled Fibres: Mostly Portugal, France, Uganda, Spain

TRACING OUR STEPS

After a period of pandemic restrictions, we were even reunited with some of our factories! In-person meetings reminded us just how important those direct relationships are. For the second year running our local supply chain structure showed its resilience. We were able to produce without being strongly affected by worldwide logistics problems and our suppliers could work safely without major COVID-19 outbreaks. We're really thankful for another year of close partnerships and excellent results!

Towards full transparency

While we demand a lot from our suppliers in terms of transparency, some are not so accustomed to providing or locating specific information. By collaborating with them, we're steadily moving in the right direction.

TRACING OUR STEPS



TRACING OUR STEPS



Becoming CLIMATE NEUTRAL

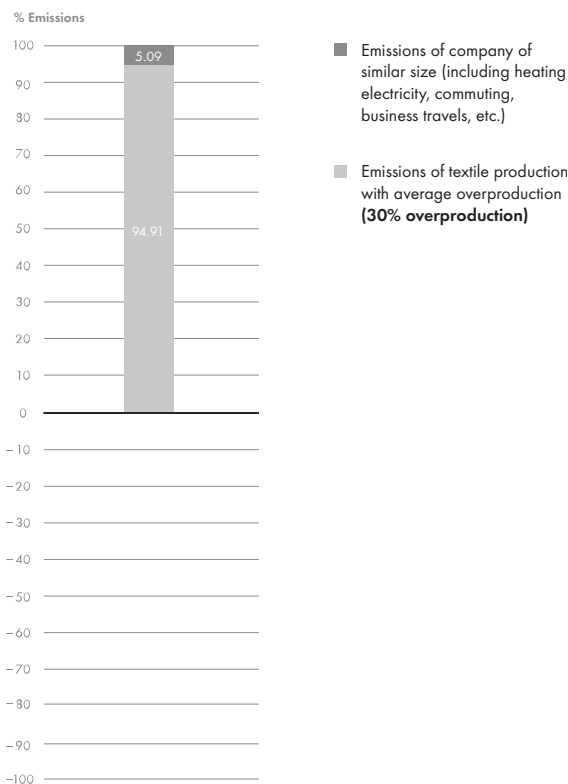
In October we officially became Climate Neutral: the pinnacle of our sustainable actions to date. But what does it mean, and how did we do it?

CLIMATE NEUTRALITY

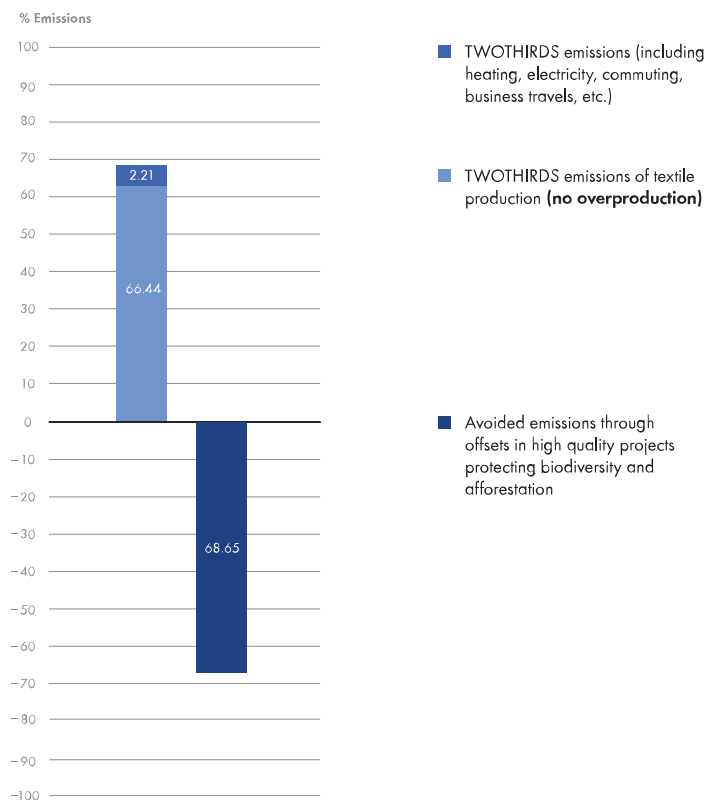
AN EQUILIBRIUM

The goal is to bring an entity’s greenhouse gas emissions to **net zero**. So that what they release into the atmosphere is equal to (or less than) what is naturally absorbed by the planet. Some have used the term “CO Neutral”, while we find that Climate Neutrality fits us better. That’s because we accounted for all the greenhouse gases we produce - not just carbon dioxide. For the UN definition, see [here](#).

Conventional fashion CO₂ emissions



TWOTHIRDS CO₂ emissions + offset



CLIMATE NEUTRALITY

Becoming a climate neutral company usually follows this logic:

1

Measure greenhouse gas emissions.



2

Reduce greenhouse gas emissions.



3

Contribute to projects that help to absorb or avoid greenhouse gas emissions.

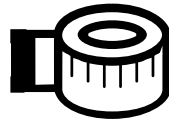


4

Report what you have done and make it transparent (which is what you see here)



CLIMATE NEUTRALITY



1. MEASURE

First, we divided our footprints into two different categories, which were measured by a pair of external companies, Climate Partner and Plan A.

-
- 1 Corporate Carbon Footprint (CCF)** is everything connected to our office in Barcelona: electricity, heating, staff commuting, business travel, office supply, and computing.
-
- 2 Product Carbon Footprint (PCF)** measures garment emissions, including raw material cultivation and extraction, transport, production, cutting and sewing, shipping, disposal.

CLIMATE NEUTRALITY

Together, they account for absolutely everything involved in the lifecycle of our garments.

In numbers this means the following for 2021:



Our **Company activities**

produce 99.6 tonnes
of CO₂eq



Our **Product activities**

produce 2,998 tonnes
of CO₂eq

The total: 3,097.6 tonnes of CO₂eq

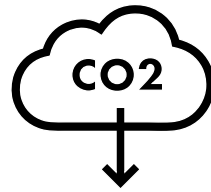
CO₂eq = Stands for CO₂ equivalent and expresses all the relevant greenhouse gases involved.

CLIMATE NEUTRALITY

From this we learnt that only 3% of all our emissions are emitted by TWOHIRDS as a company. The remaining 97% are associated with what we make.



CLIMATE NEUTRALITY



2. REDUCE

Next we analysed our emissions to decide where and how we could reduce them. This involves both the PCF and the CCF.

Corporate Carbon Footprint

Electric Transport

Electric transport. From early 2021, our company car has been electric, which contributed to reducing the CO₂eq emissions of our vehicle fleet. Furthermore, we collaborate with a local taxi company that offers services with electric vehicles.

Solar Power

We installed solar panels in spring 2021 which produced 7,840 kWh of zero emission electricity over the course of the year. This was both used by us (a total of 3,598 kWh) and fed into the grid when we didn't need it. We also took 2,991 kWh from the grid to cover times when the sun wasn't shining. Solar panels saved us 561 kg CO₂eq and avoided a further 670 kg CO₂eq when fed into the grid.



CLIMATE NEUTRALITY

Product Carbon Footprint

Pre-order System

The pre-order system is our most effective tool for reduction. Research suggests that up to 30% of clothing that is produced never sells. But through pre-order and the patience of our customers we're able to limit waste and avoid around 27.6% of carbon emissions instantly.

More sustainable materials

This includes switching from conventional cotton to organic cotton, linen, hemp, recycled materials, or TENCEL™ Lyocell. Other examples are that we only use recycled synthetic fibres (there are very few exceptions), have no leather products, and are replacing conventional viscose with LENZING™ ECOVERO™.

Producing locally

We are increasingly shifting more production to Portugal. By doing so, we avoid the need for our products to travel the world various times, which saves transport emissions. The share of renewable energy in Portugal is quite high too, leading to emission reductions in the making of TWOHIRDS' garments.

CLIMATE NEUTRALITY



“Through pre-order we’re able to limit waste and avoid around 27.6% of carbon emissions instantly.”

CLIMATE NEUTRALITY



3. CONTRIBUTE

Finally, we compensated for the remaining emissions through an internationally renowned project based in a tropical wildlife reserve close to the sea. The **Rimba Raya nature reserve** in Indonesia is designed to protect biodiversity, stop deforestation for palm oil production and revive degraded areas. 200,000 mangrove seedlings have also been planted. These beautiful trees have an enormous capacity to absorb CO₂ from the atmosphere.



CLIMATE NEUTRALITY

By purchasing carbon credits through this project in 2021, we offset 3,097.8 tonnes of carbon dioxide recorded by Climate Partner to cover BOTH our product and company footprint. That means TWOHIRDS and our products are certifiably carbon neutral!



Goals for a better future

We know that sustainability is far from a steady concept. Much like the ocean, it's rather a state of flow and demands ongoing commitment. While we want to celebrate what we have achieved so far, in 2022 we will go further. Here's what we plan to accomplish.

MATERIALS

- Increase the share of recycled materials to **20%**
- Reduce the use of virgin organic cotton, ideally to **50%**
- Have more limited collections **(at least 4)**
- Sell **99%** of the products we produce

SUPPLIERS

- Generate an even **better data and information exchange while increasing data quality and security**
- Push at least **two major suppliers to run on renewable energy** and their own solar panels
- **Increase knowledge** about the origin of the raw materials, especially for those materials which potentially are grown in socially and environmentally insecure areas

“To protect the ocean TWOTHIRDS needs to keep pushing the boundaries of how sustainable our clothing and our brand can be.”



▲ Lutz Schwenke, Founder of TWOTHIRDS

Thank you for checking in.



TWOTHIRDS