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Our Purpose

Allbirds was conceived as a new kind of business where being a force for good carries the same importance as the bottom line. When we began making shoes, and then clothing, our focus was on building exceptional products from naturally derived materials instead of petroleum-based synthetics. More importantly, we wanted to make a statement about making those things. Or making anything, for that matter.

The global footwear industry produces more than 20 billion pairs of shoes every year¹, the vast majority of which are made with materials that damage the earth. At Allbirds, we're proud to show shoes and apparel can be made in a better way, with less harm and more urgency to address the most pressing issue of our time — the rapidly warming planet. As a public benefit corporation and a certified B Corp, the planet has been a key stakeholder from day one. If, through purpose and innovation, we can inspire other businesses of any kind to examine their practices through a similar lens of planetary impact and citizenship, we'll have done a whole lot more than make incredibly comfortable shoes.

How We Began

As a professional soccer player, Tim Brown had worn a lot of shoes and had a few questions. For starters, why must every shoe be garishly colored and covered in logos? And why, instead of being made of materials that rely on fossil fuels, couldn't a shoe be built with materials that were equally wearable, comfortable and better for the environment? A New Zealander, he knew about the impressive qualities of wool and began there, tinkering and researching. Tim soon teamed up with engineer and renewables expert Joey Zwilling to create a new type of shoe, made with the best natural materials they could find (such as New Zealand merino wool).

For most of shoe-wearing history, humans have used materials found in nature to protect their feet. It's only in recent times that shoe manufacturers have turned to extractive, petroleum-based materials like plastic. The footwear industry contributes upwards of

700 million metric tonnes of carbon dioxide¹ into the atmosphere every year, and is a major polluter in the world. That's because most shoes are made from plastic, and plastic comes from oil. Tim and Joey wondered, "What if we went back to making shoes from natural, sustainable resources?"

The first Allbirds shoe, the Wool Runner, was thoughtfully designed without oversized logos and unnecessary branding, made with primarily natural materials, and comfortable enough to wear all day, every day. Tim and Joey were excited to wear this new shoe, and it seemed a lot of other people were, too. In 2016, Allbirds began – a clear departure from the traditional footwear business model and an exploration into making better things, in a better way.



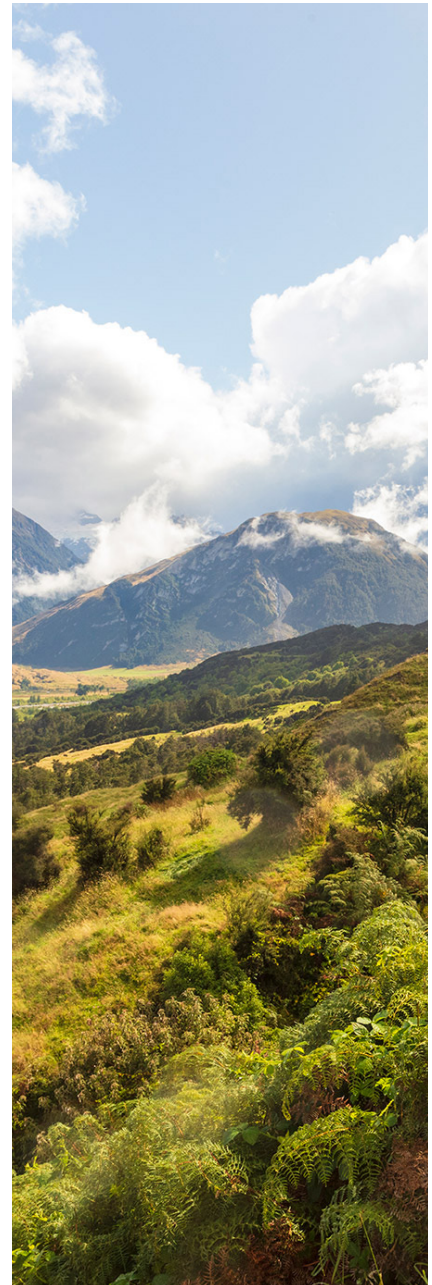
Public Benefit Corporation and Certified B Corp

From the beginning, we knew that how we conduct business at Allbirds matters not just to us, but to the world. Because we wanted to integrate environmental conservation directly into our business, in 2016, we chose to become a Public Benefit Corporation, a for-profit corporation under Delaware law that is intended to produce a public benefit and to operate in a responsible manner. This means that our board of directors and management are empowered and encouraged to consider environmental conservation, which is our specific public benefit purpose, and Allbirds' impact on all stakeholders when making decisions, in addition to tending to the bottom line.

We then went a step further and obtained B Corp certification, a designation which means we have satisfied the social and environmental performance, accountability and transparency standards established by B Labs, Inc., an independent non-profit organization. The assessment evaluates how a company's operations and business model impact its workers, customers, suppliers, community, and the environment. Every three years, a certified B Corp must apply for recertification from B Labs, a process that by design becomes more demanding every time. To maintain our status as a B Corp, we will need to update our current certification no later than January 2023.

We welcome this rigor. Not only does it help keep our key goals on track, it also allows us a deep look at where we're doing well and where we need to improve. We're excited to share that Allbirds' most recent B Corp score of 89.4 represents an aggregate % increase over 2016, with a notable 67% increase in the Environment category² — all while scaling our business. We continue to work diligently to improve our score across all categories.

We're proud to be a part of this business community and use our voice alongside other B Corp leaders to advocate for actions that benefit all stakeholders — our customers, employees, suppliers, communities and stockholders. In 2019, we wrote a collective letter to Business Roundtable CEOs that shared how B Corps are walking the walk of stakeholder capitalism and extended an invitation for all to join³. The resounding message of our letter was, "Let's get to work."



LET'S GET TO WORK

Dear Business Roundtable CEOs,

We are part of a community of Certified B Corporations who are walking the walk of stakeholder capitalism. We are successful businesses that meet the highest standards of verified positive impact for our workers, customers, suppliers, communities and the environment.

We operate with a better model of corporate governance – benefit corporation governance – which gives us, and could give you, a way to combat short-termism and the freedom to make decisions to balance profit and purpose.

As you know, with continued resistance from investors on this new definition of business, we've got work to do to help them see that stakeholder governance builds trust and builds value.

More importantly, it also ensures that the purpose of capitalism is to work for everyone and for the long term.

Let's work together to make real change happen.

- | | | | | |
|--|--|---|---|---|
| ALLBIRDS
Joey Zwilling & Tim Brown | AMALGAMATED BANK
Keith Mestrich | BEAUTYCOUNTER
Gregg Renfrew | BEN & JERRY'S
Matthew McCarthy | BENEFICIAL STATE BANK
Kat Taylor |
| BOLOCO
John Pepper | CABOT CREAMERY COOPERATIVE
Ed Townley | COTOPAXI
Davis Smith | DANONE NORTH AMERICA
Mariano Lozano | DATA.WORLD
Brett A. Hurt |
| EILEEN FISHER
Eileen Fisher | GAIA HERBS
Angela McElwee | GUAYAKI YERBA MATE
Chris Mann | HAPPY FAMILY ORGANICS
Anne Laraway | INTREPID TRAVEL
James Thornton |
| KING ARTHUR FLOUR
Karen Colberg, Ralph Carlton, Suzanne McDowell | KLEAN KANTEEN
Jim Osgood | LEESA SLEEP
David Wolfe | LEMONADE
Daniel Schreiber & Shal Winger | |
| NATURA & CO
Roberto Marques | NEW BELGIUM BREWING
Steve Fechelmer | ONE BETTER VENTURES
John Replogle | PARTICIPANT MEDIA
David Linde | PATAGONIA
Rose Marcarlo |
| SEVENTH GENERATION
Joey Bergstein | SIR KENSINGTON'S
Scott Norton | STASH TEA
Nami Yamamoto | STONYFIELD ORGANIC
Esteve Torrens | STUMPTOWN COFFEE ROASTERS
Sean Sullivan |
| SUNDIAL BRANDS
Richelleu Dennis | UPLIGHT
Adrian Tuck, Justin Segall, Yoav Lurie | W.S. BADGER COMPANY
Rebecca Hamilton & Emily Schwerin-Whyte | | |

Certified



Meeting the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose.

Corporation

As Allbirds grows, so does our voice and our responsibility to be a thoughtful community member, while helping customers understand the global environmental challenges we all face. When COVID-19 disrupted life and business around the world, it became increasingly clear how connected we all are and the importance of prioritizing stakeholders across our business and broader communities. In the midst of immense challenges in 2020, there was also the opportunity for us to take bold action on climate change and use our platform to elevate the voices of community leaders.

We've reached an important moment; as excited as we are to grow our business and launch new products, we're just as inspired to continue expanding our sourcing of sustainable natural materials for our products. This expansion will help continue the creation of new markets, which in turn should bring down cost and accelerate adoption by other companies and manufacturers. In this way, Allbirds can join forces with other businesses to be a better environmental steward.

“When we founded Allbirds, we imagined a business that demonstrated the possibility of marrying great financial success with environmental stewardship – that we would build a great business because it is sustainable. Five years in, the opportunity to build a globally relevant brand that combats climate change is bigger and more important than ever. We have found that consumers continuously reward us for building the brand with authenticity and intention. We agreed that we’d invest our time creating something our grandkids would love and be proud of. We don’t have grandkids yet – we’re just getting going.”



Tim Brown & Joey Zwillinger,
Co-Founders

Allbirds' Sustainability Strategy

We celebrated our fifth birthday in March 2021, so naturally we're thinking about what we can accomplish in the next five years — and beyond. Allbirds' north star is to “reverse climate change through better business.” With such a big long-term ambition, we know we need to have a solid plan to keep us on track. We are proud to share our sustainability strategy, with ten targets to achieve by the end of 2025.

To support our bold ambition on climate change, Allbirds' sustainability strategy centers on three strategic priorities: Regenerative Agriculture, Renewable Materials, and Responsible Energy, and is underpinned by ten specific, quantitative targets. With these targets, we plan to cut our carbon emissions in half by the end of 2025 per unit of product produced, while continuing to be a carbon neutral business as we have been since 2019. We believe in the importance of demonstrating near term progress, and laying out a clear path to achieve our goals.

The science is clear — we need to dramatically reduce carbon emissions globally by 2030 to avoid global warming of 1.5 °C above pre-industrial levels.⁴ Many governments, companies, and the scientific community are looking towards 2030 as a tipping point, and we set a goal for that year, too. By 2030, we aim to reduce our per-unit emissions by 95%, driving our carbon emissions to less than 1 kg CO_{2e} per product. This ambitious goal is necessary to reduce our absolute carbon emissions in alignment with a 1.5 °C reduction pathway. (For more information about this goal please see “Our 2025 Goals” and “2030 Carbon Reduction Goal” below.)

Our Ambition

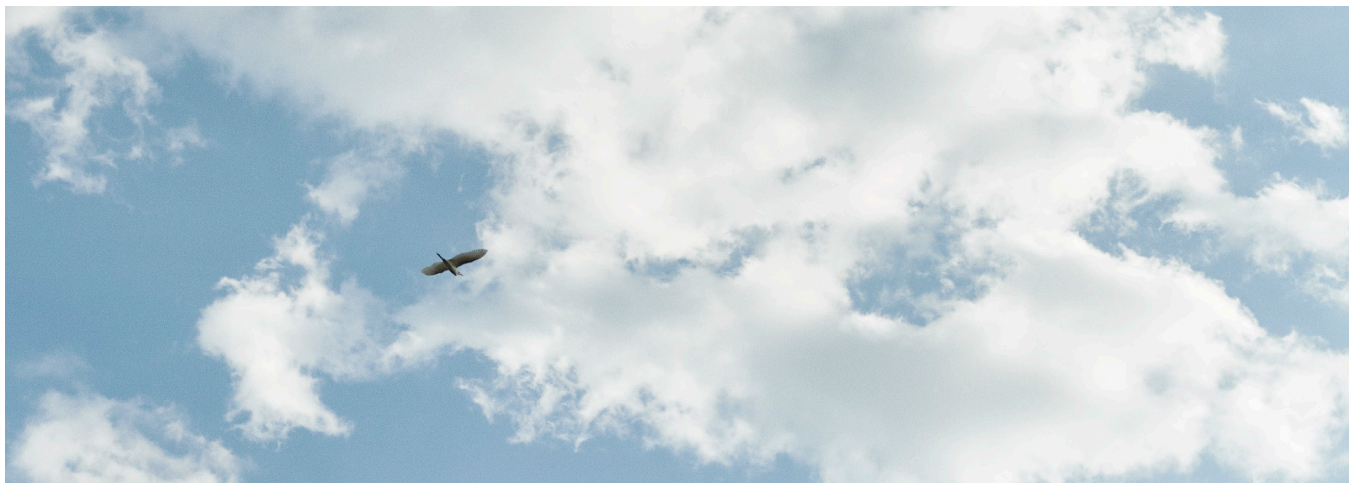
The first step in our strategy process was defining an ambition statement that would stand the test of time; a north star guiding us towards the future we want to see. Allbirds' ambition is to **reverse climate change through better business**. Each word was intentionally chosen as we envisioned how to create better things in a better way.

Our ultimate goal is to drive emissions below zero, reversing the trend of global warming. We know we have our work cut out for us, and getting to zero is the first step.

Climate change is an apocalyptic problem. It's not the only issue we work on, but it's the one we're poised to impact. We strive to put people and equity at the center of climate action.

“Reverse climate change through better business”

To reach our goals, we need to reimagine the footwear & apparel industry. We challenge conventional business practices in favor of a more inclusive, stakeholder-based model. We harness competition for good, and share what we learn along the way.



Our Priorities

Practically, this means we must drive our carbon footprint to zero first, before going negative. To achieve our ambition, we identified the largest levers for reducing our carbon emissions: Regenerative Agriculture, Renewable Materials, and Responsible Energy. We also determined five foundational topics of Fair Labor, Water, Chemistry, Animal Welfare, and Traceability & Transparency that will support our work on climate because we recognize the importance of building a strong foundation now that can support us and our stakeholders as we continue to grow. These priorities have been defined through a materiality process informed by input from various stakeholder groups including employees, investors, customers, and suppliers.



Climate Change

"Reverse climate change through better business"

Strategic Priorities

Regenerative Agriculture

Regenerative material sources

- Responsible land use and materials sourcing
- Improving soil health
- Protecting biodiversity
- Engaging and supporting local communities

Renewable Materials

No new petroleum

- Innovating natural and recycled materials
- Designing for end of life
- Minimizing waste
- Increasing durability
- Developing circular business models

Responsible Energy

Less and cleaner use of resources

- Reducing energy use across the supply chain
- Transitioning to renewable energy and fuel
- Encouraging responsible care of products
- Advocating for equal access to clean energy

Foundation

Fair Labor

Including Wages, Diversity & Gender Equality, Occupational Health & Safety, Ethical Conduct

Water

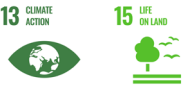


Chemistry

Animal Welfare

Traceability & Transparency

Our 2025 Goals

Our sustainability strategy is underpinned by ten high-priority targets that we aim to achieve by the end of 2025. For more information on our work in these areas, see the “Reduce” section of “Our Approach.”

Regenerative Agriculture Shift farming practices to draw down carbon	Renewable Materials Replace petroleum-based materials with natural ones	Responsible Energy Use less and cleaner fuel and electricity
		
100% of wool from regenerative sources.	75% sustainably sourced natural or recycled materials.	“Owned & operated” – 100% renewable energy for “owned & operated” facilities
Reduce or sequester 100% of annual CO ₂ e emissions from wool.	Reduce carbon footprint of key raw materials by 25%.	Manufacturing – 100% renewable energy for T1*.
	Reduce raw materials use by 25% across footwear & apparel products.	Transportation – achieve steady state of >95% ocean shipping.
	Double the lifetime of footwear & apparel products.	Customer use – 100% of customers machine wash on cold and 50% of customers hang-dry Allbirds apparel.

*T1 = Tier 1 finished good factories

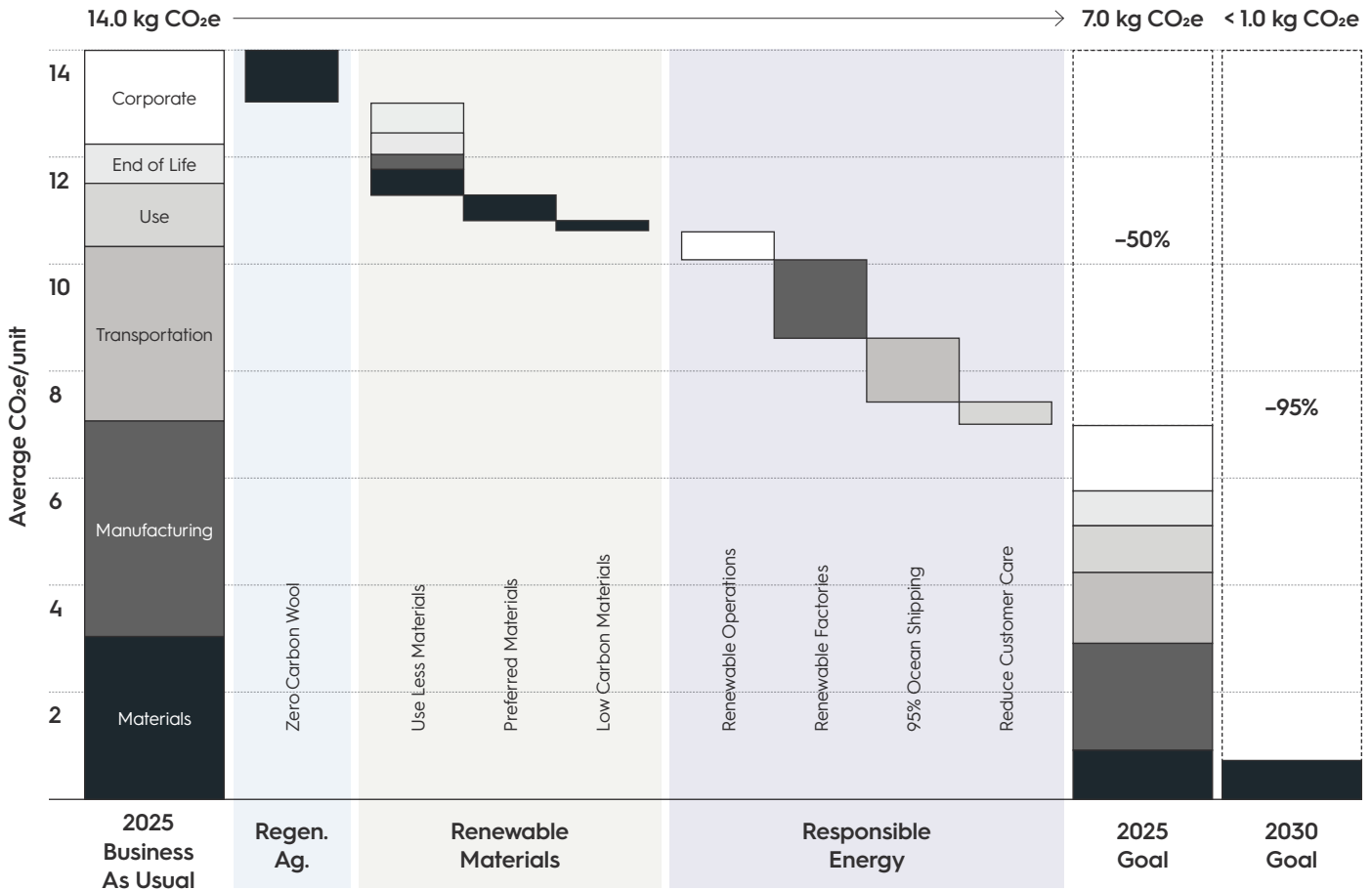
We embedded the United Nations’ Sustainable Development Goals (SDGs) throughout the development of our sustainability strategy. The strategic priorities and foundational topics detailed below include the SDGs to show how our initiatives address global challenges and support a better, more sustainable future for all.



The ten targets collectively contribute to a ~50% per-unit carbon reduction in 2025, relative to a baseline of what we expect our per-unit carbon emissions would be in 2025 without any further action to limit emissions. We chose this baseline to account for expected changes in product mix, like additional apparel items, which may increase our emissions from the product use phase.



Our Detailed Plan



Circularity initiatives like increasing durability and recommerce do not appear on this chart, but will impact carbon intensity metrics like CO₂e/wear.

Our 2030 Goal

Building on our 2025 targets, we aim to reduce our per-unit carbon emissions by 95% in 2030, relative to the same baseline as our 2025 Goal. If we achieve this, in 2030, our products will have a carbon footprint of less than 1 kg CO₂e on average.

These targets are stated on a per-unit basis to control for business growth. However, we also believe a credible climate goal must demonstrate emissions reductions on an absolute basis. Our per-unit target is equivalent to a 44% reduction in our absolute carbon footprint against a 2020 baseline across Scope 1, 2, and 3 emissions, despite ambitious growth assumptions. When we exclude emissions from product use to align with the Science Based Targets initiative (SBTi), **we are setting a goal to reduce absolute scope 1, 2, and 3 emissions 42% by 2030 from a 2020 baseline.**




Our target has been validated by a third-party as complying with all the requirements of the SBTi, including alignment with a 1.5 °C reduction pathway. 1.5 °C-aligned emissions reduction targets are a necessary foundation for bringing emissions down to net zero. We intend to submit this target to the SBTi for formal validation.

We believe the ambition of our sustainability strategy is industry-leading given the carbon reduction target and detailed plan for how we will achieve it. Forty companies within our sector have set Science Based Targets – only seven of which include Scope 3 value chain emissions aligned with a 1.5 °C⁵ pathway – with limited context for how emissions will be reduced. It's time for ambitious targets and ambitious action. Our 2030 goal is possible, and although we don't have all of the answers today, we know it's what's needed to ensure a decarbonized future.



Our Foundation

We've also outlined goals across five foundational topics: Fair Labor, Water, Chemistry, Animal Welfare, and Traceability & Transparency. Our five foundational topics support our ambitious strategy through specific goals and metrics:

Foundational Topics	Initiatives	Goals
<p>Fair Labor Human Rights, Wages, Diversity & Gender Equality, Occupational Health & Safety, Ethical Conduct</p> 	<ul style="list-style-type: none"> • Publish Code of Conduct and additional Responsible Sourcing Guidelines and make easily accessible on website • Update audit framework and roll out to T1 and strategic T2* suppliers • Publish key metrics on factory audit findings, including risks identified and remediation efforts • Support mutual recognition programs and collaborate with other brands to reduce audit fatigue • Conduct a wage analysis for all T1 suppliers • Ensure workers in our supply chain have channels to voice concerns, suggestions, or advocate for their rights through Worker Voice programs • Support workers and communities in our supply chain, especially in the geographical locations that are most impacted by climate change • Internally audit our purchasing practices to ensure we are a fair business partner • Develop trainings and resources on social responsibility and sustainability for internal teams 	<ul style="list-style-type: none"> • 100% of T1 and strategic T2 suppliers accountable to Allbirds CoC and Responsible Sourcing program • “Green” or “Yellow” rating for 100% of T1 and strategic T2 suppliers • 100% of T1 suppliers and strategic T2 suppliers have completed Higg FSLM • 100% of T1 factory workers have access to Worker Voice programs • 100% of Product and Sourcing teams are trained on Responsible Sourcing
<p>Water</p> 	<ul style="list-style-type: none"> • Measure water consumption at T1 and strategic T2 • Audit how our current supply chain impacts water scarce regions • Work with suppliers to identify conservation opportunities and set goals to reduce water consumption 	<ul style="list-style-type: none"> • 100% of T1 and strategic T2 suppliers have completed Higg FEM
<p>Chemistry</p> 	<ul style="list-style-type: none"> • Create RSL and MRSL across footwear and apparel and roll out to all T1 and T2 suppliers • Define chemicals management program, including testing protocol • Roll out testing program to T1 and T2 • Evaluate certifications and industry initiatives (Bluesign, ZDHC, etc.) • Define wastewater quality program and monitor wastewater discharge at T1 and T2 	<ul style="list-style-type: none"> • 100% of T1 suppliers in compliance with MRSL and RSL, 100% T2 in compliance with MRSL • 100% of apparel products certified to a clean chemistry standard (STANDARD 100 by OEKO-TEX® or higher) • 100% of T1 and T2 suppliers in compliance with wastewater discharge permits

Foundational Topics	Initiatives	Goals
<p>Animal Welfare</p> 	<ul style="list-style-type: none"> Formalize Animal Welfare policy that requires: 1) the highest standards for animal welfare, 2) best practices for responsible land management Give preference to suppliers who use progressive animal welfare and land management practices (i.e. regenerative farming techniques) Participate in industry roundtables and initiatives that contribute to best-in-class animal welfare practices 	<ul style="list-style-type: none"> Continue to source 100% of animal-based fiber certified to best-in-class 3rd party standard (e.g., ZQ Merino) 100% of wool from regenerative sources
<p>Traceability & Transparency</p>  	<ul style="list-style-type: none"> Continue mapping full supply chain (T1-T4) Publish factory list and key suppliers on website Hold all suppliers to stringent transparency requirements and publish metrics around transparency on website Formalize third party certification program for all hero materials Continue labeling all Allbirds product with a carbon footprint 	<ul style="list-style-type: none"> Map 100% of T1 through T4 suppliers Disclose 100% of T1 and strategic T2-T4 suppliers on website 100% of hero materials are certified to a third party standard 100% of products labeled with carbon footprint

*T2 = Components, Embellishers, Wet Processing, Fabric Mills, Trims

Stakeholder Review

Incorporating stakeholder perspectives was critical to developing our sustainability strategy. We started by interviewing and surveying employees, customers, suppliers, board members, investors and global members of our community. Then, we workshopped our findings internally to determine the goals, associated impact, and feasibility. It was critical that we not only set ambitious targets, but that we provided a clear roadmap for how we could accomplish them, including a detailed understanding of the investments required to accomplish our targets. We wrapped up the process by returning to key partners and stakeholders for feedback.

Our stakeholder review process also included additional key constituents in our business – sustainable business experts, environmental non-profits, policy makers, industry organizations, and more. The feedback from diverse experts, including Drawdown Labs, Environmental Defense Fund, Bain & Company, McKinsey & Company, Global Fashion Agenda, B Lab, Regina Miracle, New Zealand Merino Company, and the Allbirds Allgood™ Collective, among others, helped inform our strategy. Processing the points of view from stakeholders impacted by our business was an essential step while developing our holistic sustainability strategy.

Our Approach

Reversing climate change is the most pressing challenge of our generation and likely generations to come. How we address it collectively will define the future not only for businesses but for all communities, governments, environments and species. Allbirds considers environmental conservation and impact mitigation in all key business decisions, and we constantly seek solutions to drive systemic change in the footwear and apparel industry.

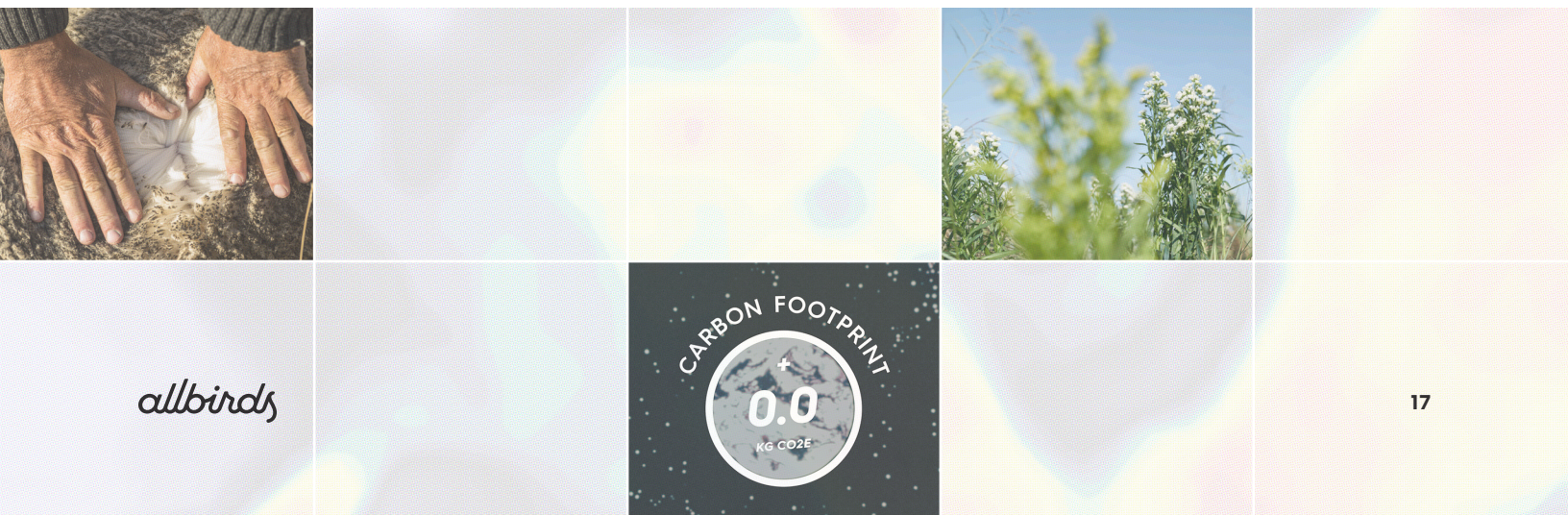
We want to work on the biggest problems where we can effect the greatest positive change. Climate change is a complex, multi-layered crisis. Which is why we're focused on what we can control — driving our emissions to zero. We do this by using an analytical, data-driven approach and investing in systems and tools that enable us to have the largest possible impact.

Today, we have a three-part approach to address our climate impact: we measure, reduce, and finally offset all emissions associated with our business.

Measure

Climate change is a complex issue that can be stated simply: our climate is changing because of heat-trapping greenhouse gases in our atmosphere. Starting with the original Wool Runner, Allbirds has measured how much carbon dioxide equivalent emissions we produce in making our products and running our business – because you can't reduce what you don't measure. The information we gather not only informs product design and development, but also enables us to identify hotspots and prioritize our efforts to reduce emissions in areas where we can have the most impact.

In 2020, we began labelling all of our products with their carbon footprint. We did this for two reasons: to hold ourselves accountable to reducing our impact over time and to help our customers develop a sense for the climate impact of the things they buy. Businesses can't expect people to make better decisions for the planet when they have no information about the product they're buying beyond a catchy marketing tagline. Providing a product's planetary cost front and center empowers people to make intentional choices. Our hope is that others in the industry will follow suit and provide the same information for their products, so that someday customers can compare carbon footprints just like they compare nutrition labels. This would create a productive "race to the top" for companies to reduce and eliminate carbon emissions. Multinational companies across industries are committing to label products with carbon footprints and we're eager for more organizations to do the same.



Our Footprint

We measure five lifecycle phases to calculate the carbon footprints of our products: materials, manufacturing, transportation, product use, and end of life.

- **Materials:** By continuing our commitment to using natural materials whenever possible, we believe we can bring this number down considerably.
- **Manufacturing:** By working with partners who share our values and manufacture efficiently, we can lower our energy consumption and transition to renewable energy.
- **Transportation:** This includes emissions associated with the transportation and distribution of our products all the way from factories to customers, including returns. Transportation was not initially included in our product carbon footprint labels (see explanation below).
- **Product Use:** Because our products are meant to be worn and washed, we factor in the impact of customers keeping them clean.
- **End of Life:** This is where we count the emissions associated with final disposal of our products, most of which unfortunately currently end up in a landfill.

Initially we tracked transportation separately in our company-wide emissions because a product’s journey can vary significantly based on customer location. Later in 2021, we intend to include transportation in the product’s carbon footprint, using company-wide average data to calculate the emissions from moving products from factory to warehouse, warehouse to customer or store, and returns. We also intend to include a measure of our total greenhouse gas emissions for Scope 1, 2, and 3 (which is a widely-used system for categorizing greenhouse gas emissions) in upcoming reporting as we work to reduce our absolute emissions.

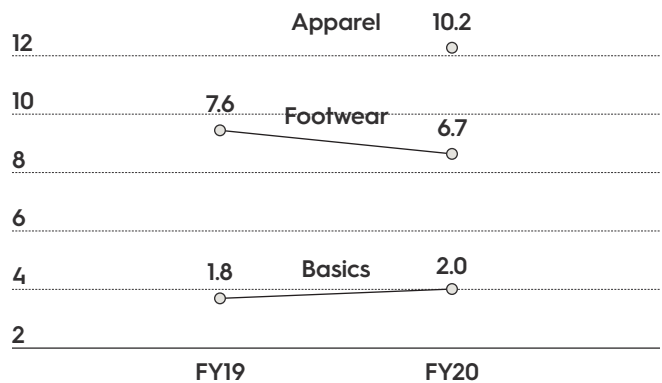
The Allbirds average footwear carbon footprint was 7.6 kg CO₂e per pair in 2019, which is nearly 40% lower than the 12.5 kg CO₂e carbon footprint of a standard sneaker⁶ (excluding transportation).

Percent of Products Scored With Carbon Footprint

	Number of Products	% Scored with Carbon Footprint
FY19	12	100%
FY20	38	100%

The carbon footprints of all Allbirds products are calculated in order to understand the impact of decisions and enable the prioritization of low carbon materials and processes. Prior to the launch of our carbon footprint labelling in 2020, the numbers were calculated and available internally.

Average Carbon Footprint (kg CO₂e/product)



Throughout 2020, we made adjustments to footwear – like switching to recycled polyester and moving manufacturing to a cleaner power grid in Vietnam – which resulted in a lower footwear average of 6.7 kg CO₂e for 2020. Our average Basics carbon footprint increased slightly in 2020 as we expanded our offering to include underwear products.



Reduce

This is where we spend most of our time. Once we've measured our carbon footprint and determined which areas of our business contribute to it most, we focus our efforts on shrinking that impact. Allbirds will continue to focus on driving carbon reductions in three key areas:

Regenerative Agriculture



Renewable Materials



Responsible Energy



Regenerative Agriculture

Materials innovation matters, and so does making sure the natural materials we use are as low-carbon as possible. But more than simply doing less harm, future practices need to contribute to positive change. That’s why we are increasingly focused on regenerative agriculture as an important climate solution. This is not a far-off innovation, but rather encompasses practices that Indigenous communities have implemented for centuries to manage and care for the land.

With proper agricultural management, materials like wool have the potential to be low-carbon or carbon-negative, where soil and vegetation can sequester more carbon emissions than the sheep produce. Regenerative agriculture not only represents a huge opportunity to positively change practices across an entire sector, it also provides added benefits to local communities, biodiversity, ecology, and the long-term viability of the land. Allbirds is committed to supporting research and development to realize this potential.



“Regenerative agriculture is key to the mosaic of climate solutions we have in-hand today. Regenerative practices reduce carbon in the air, improve environmental conditions and soil resilience, and create substantial carbon sinks – which together help bring us back into balance with the Earth’s living systems.”

Jamie Alexander, Drawdown Labs



The Huge Potential of Regenerative Agriculture

Regenerative agriculture is a holistic land management approach. Practices such as the use of cover crops, compost, crop rotation and reduced tillage can actually sequester more carbon than is currently emitted, tipping the needle toward reversing climate change.⁷

It's estimated that at least 50% of the carbon in the earth's soils has been released into the atmosphere⁸. The gross emissions from agriculture, forestry and other land use account for approximately 25% of total global emissions⁹. While estimates of soil carbon sequestration potential vary, the Intergovernmental Panel on Climate Change (IPCC) has agreed that we have about a decade to radically shift agricultural systems worldwide to help reverse climate change.

Bringing carbon back into the soil through regenerative agriculture is one of the greatest opportunities to address human and climate health, along with the financial well-being of farmers across the globe. Put simply, it's farming in harmony with nature and returning to knowledge and practices that Indigenous people have been using for a long time.

Regenerative Wool Summit

In March 2020, Allbirds teamed up with New Zealand Merino Company to organize a Regenerative Wool Summit in Christchurch, New Zealand. We brought together our supply network of farmers, other brands and leading scientists from around the world to discuss the potential for regenerative agriculture in New Zealand.

Our goal was to kick off a conversation to get people thinking and talking about the opportunities for regenerative agriculture. Because regenerative agriculture is a relatively new area of scientific study, it's crucial that everyone learn together in order to amplify this important work. Since the summit, we have partnered with New Zealand Merino Company to support regenerative farming through ZQRX, a new platform that we hope will enable over 160 farmers across New Zealand to adopt regenerative practices.

Only through collaboration can we accelerate fact-finding and increase peoples' understanding of regenerative

agriculture. By developing a shared vision for the beneficial role it can play, we can contribute significantly to the global push to reverse climate change.



Regenerative Agriculture: The Challenges

While the science and research around regenerative agriculture is steadily growing, the quantification of carbon storage in soil is still a nascent practice and will require time to measure on a larger scale. Additionally, there are barriers to the wide adoption of regenerative agriculture that make these efforts even more difficult. They include slow governmental-level policy reform, a lack of trusted technical advice, a need for financial incentives, and individual and collective behavior change. Allbirds is committed to contributing to science and using our influence to advocate to develop and incentivize best practices.

Renewable Materials

When we started Allbirds, wool was our natural material of choice. But a big part of why we wanted to be in business at all was the opportunity to explore and develop other natural materials for footwear and apparel. When a great sustainable material already exists, we happily use it. But when we need to develop sustainable materials that haven't existed before, we create a whole new market, not just for us, but for other companies as well. From eucalyptus fiber to sugarcane, our drive for innovation has helped make us leaders in the sustainable material revolution.

It's important to understand where materials come from and how they're derived. While many footwear and apparel companies buy materials right off the shelf to build their products, we work to trace our key natural materials all the way back through the supply chain to the raw material level to be certain they meet the highest environmental standards.

Wool

Merino wool is the flagship material of Allbirds. It's a very impressive natural fiber – breathable, durable and renewable. When we decided to take advantage of merino sheep's natural wool coat, we vowed to do so responsibly.

We knew we had an opportunity to build a supply chain from the farm up. Allbirds insists on knowing not just where our wool comes from but how the sheep are cared for, who raises them, and what land practices they use. We foster lasting relationships and long-term contracts with farmers who provide ZQ Certified wool, because a personal connection with our suppliers is foundational to building trust and driving positive change. We visit farms regularly and support carbon sequestration research projects, such as farm-level life cycle assessments and soil carbon studies. Farmers are excited to

have direct contact with brands, and they're proud to model the sound and sustainable environmental practices that are leading the way to the future of wool.

Wool and other natural materials have the potential to act as carbon sinks through improved practices, where the soil can sequester more carbon than the sheep produce. Although sheep emit methane, which adds to the carbon impact of wool, we're exploring how wool can become carbon-negative through regenerative agriculture.



Preferred Materials Guidelines

Whenever Allbirds makes a decision about materials, we use criteria outlined in our Preferred Materials Guidelines to help us maintain our commitment to both quality and sustainability. We operate on three basic principles:

- 1. Commitment to nature.** We must eventually transition completely to renewable materials, and while natural materials carry their own impact, Allbirds wants to help transform them into carbon sinks through practices like regenerative agriculture and closed-loop manufacturing.
- 2. Minimal carbon footprint.** The materials we choose contribute to emissions, so from fiber to yarn construction to finishes, we scrutinize our options for the lightest footprint.
- 3. Less is more.** Lighter weight, simpler design and fewer manufacturing steps all cost the planet less.

Tree

After our success with warm, cozy wool, we set out to find a lighter, more breezy option. We turned to TENCEL™ Lyocell, another naturally derived fiber previously overlooked in the footwear space.

In 2018, Allbirds was proud to release North America’s first Forest Stewardship Council®-certified shoes made with TENCEL™ Lyocell. FSC certification ensures that products come from responsibly managed forests that provide environmental, social and economic benefits. In 2019, Allbirds received the FSC Leadership Award for this effort.

The Austrian manufacturer Lenzing began making TENCEL™ Lyocell from eucalyptus fiber in the ‘90s. Eucalyptus trees are incredibly efficient in converting carbon dioxide from the atmosphere and storing it in their trunks, bark and leaves, which helps them grow quickly. They rely on rainwater, not irrigation, and don’t require the use of fertilizers. The fiber is made in a non-toxic closed loop process where 99% of water is recycled¹⁰.

SweetFoam®

We used to say our shoes were two-thirds good: while we found natural materials for the footwear uppers and insoles, finding an alternative to ethylene-vinyl acetate (EVA), which is the petroleum-based material used in most shoe soles, proved to be a stubborn challenge. We hoped to uncover a process or a product we just hadn’t heard of before, but we came up short and realized we’d have to work out our own solution.

We found the answer in the sugarcane fields of Brazil. Sugarcane, we learned, is a natural material that efficiently removes carbon from the atmosphere as it grows. It’s a fully renewable resource that grows quickly and relies on rainwater, not irrigation. When it’s processed, its byproducts are used to fertilize the next year’s crop.

SweetFoam® – our sugarcane-based midsole material – provided a long-awaited natural alternative to the wasteful petroleum-based material used in shoe soles. It used to take 1.8 kilograms of CO₂e to produce a kilogram of the petroleum-based EVA in our shoe soles, but with a little creativity and help from our friends at Braskem, the green EVA used in our SweetFoam® material actually removes 1.2 kilograms of CO₂e per kilogram of material produced¹¹.



Once our concoction was perfected, we made it available to the footwear industry and other industries at large. We were honored that our SweetFoam® was named one of the best inventions of 2018 by TIME Magazine, and we’re thrilled that other brands have already introduced green EVA in their products – because only by sharing bold ideas and innovations will businesses begin to turn the tide in favor of sustainability.



Building on Our Material Foundations

Now that we've found or developed the basic natural materials to construct our shoes, Allbirds is focused on enhancing their performance by combining them with sustainable, effective technologies.

For example, wool by itself warms and wicks, but it isn't waterproof. We wanted to create a waterproof wool shoe – the Wool Runner Mizzle – but most available water repellent coatings are composed of chemicals that are known toxins. They simply weren't an option for us. So we used superfine ZQ Merino wool to make a slightly thicker fabric and then treated it with a fluorine-free ECO PASSPORT Certified water repellent coating that meets OEKO-TEX's strict criteria for ecologically responsible materials. Finally, we placed a breathable bio-based shield (called Puddle Guard®) within the wool upper for extra defense against moisture.

Trino® is another example. We combined responsibly harvested eucalyptus tree fibers with ZQ Merino wool. Working hand-in-hand with our fiber producers, yarn spinners, and textile makers, we made sure this breezy, soft knit was sustainably sourced so we could make comfortable apparel with a lower impact on the environment.

One Step Further: TrinoXO™

We evolved Trino® by adding chitosan, a naturally occurring fiber responsibly extracted from snow crab shells, to create TrinoXO™. It's the first everyday apparel fabric to have natural odor reducing properties from pure chitosan fiber, the second most abundant biopolymer on earth. By developing this natural solution, we were able to create products with odor-reducing properties, without the typical inclusion of extractive materials like zinc or silver. Since the fabric stays fresh longer, it means less washing and drying is required, which further reduces the carbon footprint of the product over its lifetime.



More Materials: Focusing on the Details



Recycled Bottles

One recycled plastic bottle equals one pair of Allbirds laces.



Castor Bean Oil

Castor bean oil helps us increase the natural content in our insoles.



Bio-TPU

Our eyelets are created thanks to unique microorganisms that consume plant sugars.

Material Certifications

Allbirds relies on stringent material certifications to be sure we're buying the best possible natural materials. If not sourced intentionally, raw material processes can put animal welfare, forests, and human rights at risk. We trace our primary natural materials all the way back to the source, and certifications are an important part of ensuring that responsible practices are in place throughout our supply chain.

Right now, Allbirds' main raw material certifications are ZQ for Wool and FSC for Tree-based products (TENCEL™ Lyocell, natural rubber, packaging). As we incorporate more natural materials into our products, we will seek out the most stringent certifications available.

Third-Party Certified to ZQ	% of Wool		
FY19	100%		
FY20	100%		
Third-Party Certified to FSC	% of TENCEL™	% of Natural Rubber	% of Packaging
FY19	90%	100%	90%
FY20	72%	100%	96%

100% of our wool is certified to the ZQ standard, through our trusted partners at New Zealand Merino Company. FSC requires source material and chain of custody certification, which means every supplier that touches the tree-based material must be verified to ensure proper processes of separating and processing the material. We purchase TENCEL™ Lyocell source material that is certified, but in some cases the full chain of custody certification is not achieved in time for product launch. In 2020, our percentage of FSC®-certified TENCEL™ Lyocell decreased from 90% to 72% due to the addition of new product lines. We are working to have every supplier verified in order to achieve full FSC chain of custody certification. A higher percentage of natural rubber and packaging are FSC®-certified because the suppliers are FSC chain of custody certified.

Material Certification

Overview



ZQ certifies that farms meet the highest standards of animal welfare, environmental care and social sustainability. ZQ closely monitors everything from what the sheep eat, how much land they're given to roam, how they're cared for during shearing and how they're transported. All ZQ farms are audited every three years by an independent third party and are required to have an environmental improvement plan in place.



The **Forest Stewardship Council (FSC)** covers everything from deforestation to protecting biodiversity and supporting indigenous people. FSC trees are harvested to mimic natural disturbances — old trees are removed to make way for new ones, which is essential for a healthy ecosystem. We purchase FSC®-certified source material for tree-based products, and work to have each partner in our supply chain certified in order to achieve full chain of custody certification for our products. This involves a detailed review and audits of the factories; in some cases when a factory's certification is still in process, our products launch with FSC source material but not the full FSC chain of custody.

Packaging

Our commitment to planet-friendly materials also extends to our packaging. Allbirds strives to minimize packaging and source packaging materials with the lowest environmental impact possible, while meeting functional requirements and delivering a best-in-class customer experience. We prioritize packaging that is made from traceable recycled materials that can be recycled at the end of its life. Practically, this means using FSC®-certified recycled cardboard, printing with soy-based inks, limiting adhesives to enable recycling, and avoiding single-use polybags or bioplastics.



	Total Weight of Packaging (Tonnes)	% Made From Recycled or Renewable Materials	% That is Recyclable, Renewable, or Compostable
FY19	989	100%	100%
FY20	1,065	100%	100%

We are committed to sourcing sustainable packaging, particularly as we expand into apparel products that typically rely on plastic poly bags. There are new, innovative packaging materials that we're excited to implement, made with natural, renewable alternatives to plastic. We're also exploring how to further reduce the amount of cardboard used in footwear packaging through adjusted design.

Renewable Materials: The Challenges

Natural materials are not always as durable as synthetics. When we need durability, we prioritize recycled synthetics, over virgin, to bolster our preferred material content. Concurrently, we're innovating around new technologies to increase the performance of natural materials. Shoes are complex products made up of many pieces, which makes recyclability difficult at end of life. We're committed to circularity principles like durability, and exploring recommerce models to keep our products in use for longer.



Responsible Energy

Responsible energy is not just about utilizing renewable energy, but also using energy resources thoughtfully – from upstream manufacturing to the impact of customers washing and drying products. We care about reducing energy consumption throughout the product life cycle, as well as the carbon intensity of that energy. Whether it's collaborating with suppliers towards cleaner manufacturing, finding ways to minimize the carbon impact of transportation and the use phase of our products, or sourcing renewable energy for our retail and office spaces, the responsible use of energy is a substantial piece of our strategy to reduce Allbirds' environmental footprint.

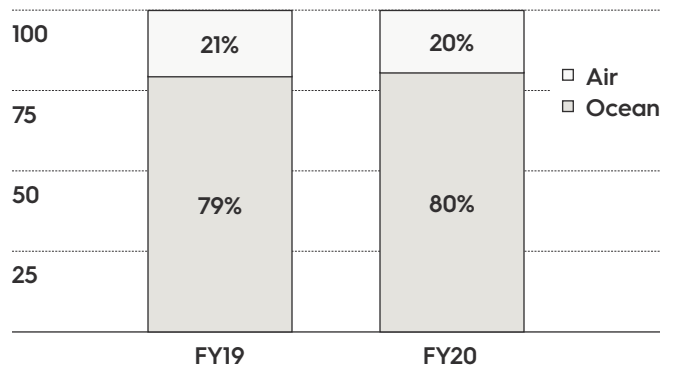
Manufacturing: Energy in our Supply Chain

We partner with manufacturers to build our products, and their climate impact matters, too. We choose partners carefully and insist on teaming only with those who value and prioritize best practices. We favor factories that are located in areas with a cleaner electricity grid mix and encourage energy sources from low- or zero-carbon sources. We also understand that growth toward more sustainable practices doesn't happen overnight or in a vacuum. By working with partners to help them improve their energy efficiency and adoption of renewables, we will all benefit together.

Transportation: Distribution of our Products

No evaluation of our greenhouse gas emissions could be accurate without understanding, measuring, and seeking to minimize the energy and fuel involved in moving our products from place to place. In 2020, our total transportation emissions from factories to warehouses, warehouses to customers or stores, and returns was 9,512 tonnes of CO₂e. The realities of a global economy often mean that our products are built far from their final destination, so we prioritize ocean transportation whenever possible, since long-haul air freight generates 47 times as much emissions per ton-mile as ocean freight¹².

Inbound Transportation Mode Mix, Percentage by Weight



Despite the global logistics challenges associated with COVID-19 in 2020, we were able to send 80% of inbound shipments by ocean freight. We prioritize ocean shipments whenever possible.

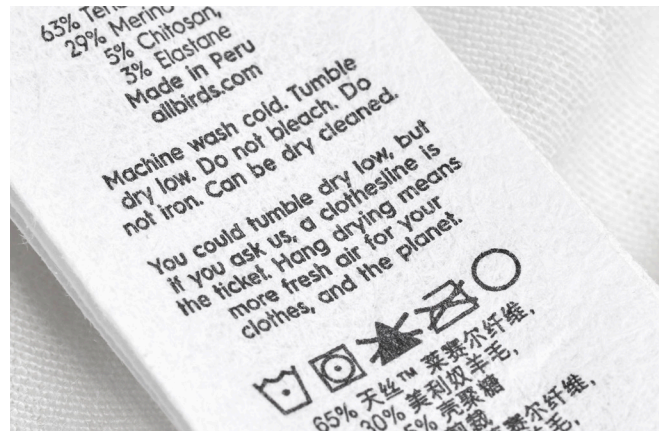
Operations: Offices and Retail Stores

As a relatively small company, our physical requirements remain modest right now, but we want to model the fact that smaller organizations like ours can help create demand for renewable energy through our collective purchasing power. In our San Francisco offices, we opt into CleanPowerSF, which offers 100% renewable, affordable and accessible energy to the community. In 2020, electricity in our US and Canada retail stores and warehouses was met with renewable energy credits from new, additional community-scale renewable energy projects.



**Product Use:
Customer Washing and Drying**

Currently, emissions resulting from the product use phase are fairly low due to limited washing of footwear throughout its life. However, as we create apparel products – which require more frequent washing and drying – the use phase emissions during product use by the customer are expected to increase. We are working to identify ways to influence how our customers care for their garments, starting with on-product labeling. In 2020, we rolled out care label instructions that encourage customers to hang dry apparel to reduce carbon emissions associated with drying machines.



Responsible Energy: The Challenges

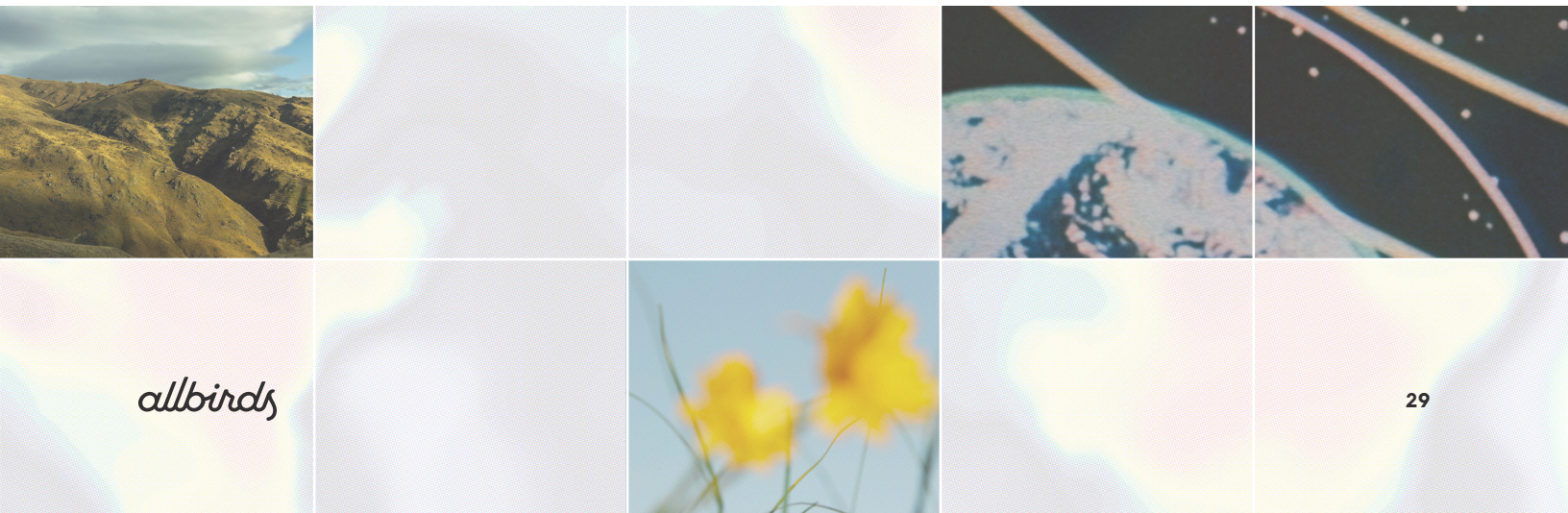
Because of our relatively small size, we don't use a lot of energy in our operations. We also don't own any of the factories that make our products; as a result, our total energy use is mostly driven by the energy behavior of our suppliers, so we look to engage our suppliers on the sources of energy they use, where feasible. Our energy use is also disaggregated around the world and therefore difficult to influence or control. Another challenge is understanding and influencing the energy use associated with how customers care for our products, including washing and drying. While we can't be sure of exactly what customers do with our products, we think it's our responsibility to encourage best practices to reduce environmental impact.



Offset

As we work to eliminate emissions, we believe that we — and all businesses — should be held accountable for our environmental impact. So until we reach our goal of zero, we’re taxing ourselves for the carbon we do emit, and investing in offsets and renewable energy to fund projects that neutralize our footprint.

Carbon offsets allow people and companies to invest in environmental projects worldwide in order to mitigate or “neutralize” their own carbon emissions. There are some who question carbon offsets for allowing companies to “pay to pollute,” but we think the reason we’re all in this mess to begin with is because companies have been allowed to pollute without paying. Allbirds is proud to offset 100% of our emissions. While we recognize it’s not the end solution, it is an important part of our journey as we continue to work to reduce our emissions through regenerative agriculture, renewable materials, and responsible energy.



Carbon Neutrality – Now

When Allbirds considered offsets as part of our carbon reduction strategy, we focused first on our transportation emissions – but it didn’t take long for us to realize we needed to think far bigger than that. We asked ourselves, “Why can’t Allbirds be carbon neutral today?” Beginning in 2019, we annually offset the carbon associated with every area of our business, including direct emissions from our operations and carbon throughout our supply chain (all the way back to sheep on farms!).

% of Emissions Offset	Scope 1	Scope 2	Scope 3
FY19	100%	100%	100%
FY20	100%	100%	100%

Allbirds has offset 100% of our Scope 1, 2, and 3 emissions as a carbon neutral business since 2019. In some cases, companies only offset Scope 1 and 2 emissions from company-operated sources, without addressing Scope 3 emissions in their value chain. We take accountability for all carbon emissions associated with our business and products, with a specific focus on Scope 3 emissions since the majority of emissions come from our supply chain. Our inventory covers categories 1-7 and 9 of Scope 3 emissions, representing all material Scope 3 emissions, and has been independently verified to WRI’s GHG Protocol.

Climate Neutral Founding Member




Climate Neutral works to decrease global carbon emissions by getting brands to measure, offset, and reduce the carbon they emit. They work to make carbon footprinting more accessible, set clear guidelines for carbon offsetting, and inspire brands to work on reducing emissions directly. Allbirds is a proud founding member of the Climate Neutral certification.



Montana Grazing Project, Allbirds 2019 Carbon Fund Project

Carbon Fund Projects

We will continue to mitigate the emissions we are working to eliminate by purchasing high-quality offsets through our close partner and fellow B Corp, Native, while simultaneously developing ways to reduce our absolute emissions to zero. All carbon offset projects that Allbirds supports are third-party verified to the highest standards, such as Gold Standard, Verified Carbon Standard, or Climate Action Reserve.

	2019	2020
Land 	We partnered with the Envira Amazonia Project to support the preservation of over 494,000 acres of highly endangered Brazilian rainforest through community investment. The Amazon is home to over two million animal species, and also plays a vital role in balancing the carbon cycle.	Our support for the Argentina Regenerative Wool will bring the upfront investment necessary for farmers to take the steps needed to accelerate and improve their soil's health. Phase 1 of the project is expected to reduce carbon emissions by 100,000 tonnes over its 30-year operating life.
Air 	We invested in the Citrus County Landfill Gas Destruction project, which captures roughly 13,674 tonnes of CO ₂ e per year.	To improve livelihoods while helping to protect the earth's climate, the Sichuan Clean Cookstoves project provides low-income rural households with biogas digesters and efficient cook stoves to replace coal or firewood.
Energy 	Our support of the Big Smile Wind Farm will help their wind turbines to avoid 339,000 tonnes of CO ₂ e every year and will deliver enough energy to power more than 46,000 homes.	The Capricorn Ridge Wind Project avoids an average of 160,000 tonnes of greenhouse gas emissions per year, employs a local staff to boost local counties, enabling the land to remain in agricultural use.
One Step Further	Through partnership with Native, we're funding farmers who adopt regenerative agriculture practices through the Montana Grazing Project . The first phase covers 33,000 acres, with the potential to store about 10,000 tonnes of CO ₂ e per year.	We are supporting new, community-scale renewable energy projects through Native's New Renewables Portfolio which ensures that renewable energy credits come from projects that would not have been built without our support.

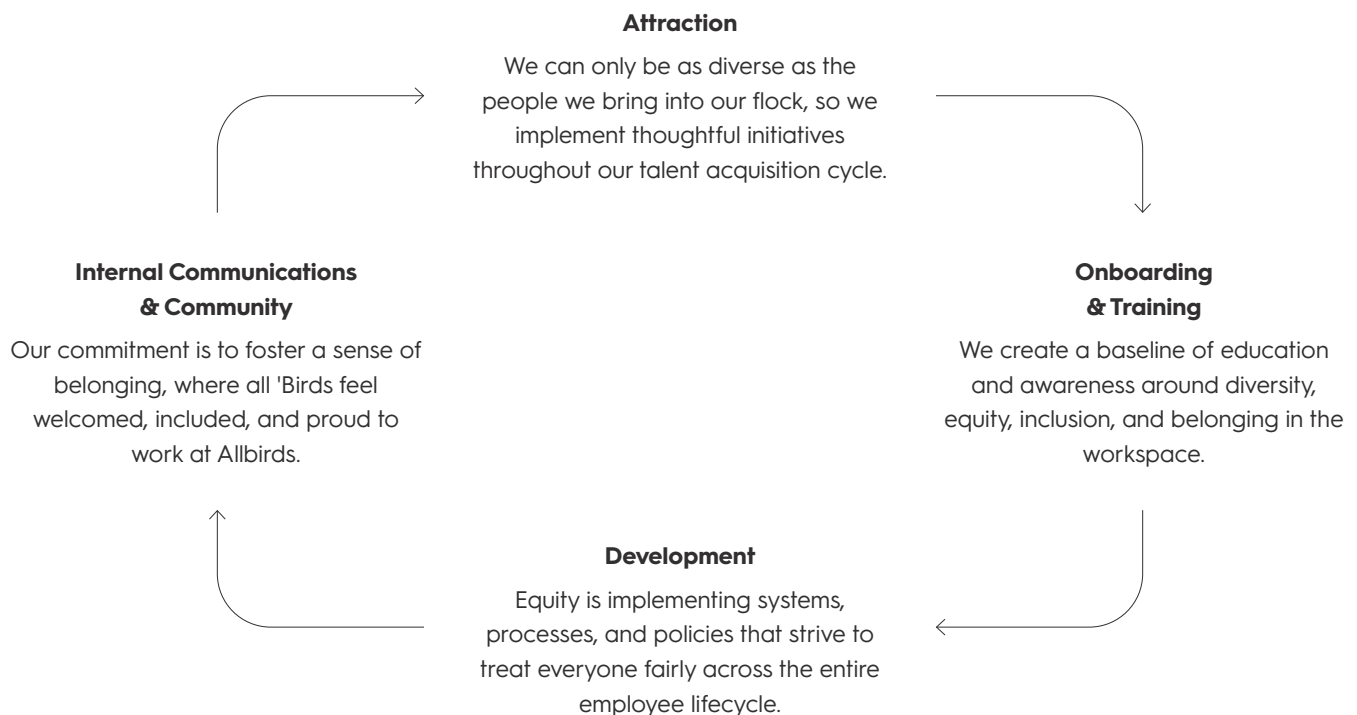
How We Do Business

As a Public Benefit Corporation and Certified B Corp, we have a responsibility to consider all stakeholders including our employees, our suppliers, and our broader community, in addition to the environment. Our purpose-driven culture starts with the vision of our co-founders and our “flock” of passionate employees, and extends throughout our supply chain. How we make things and who we partner with carries as much importance as the end product itself.

Our Flock

How we do business starts with our employees, also known as our “flock”. As a B Corp, employees are an important stakeholder in our business and in the communities that extend beyond our walls.

Our commitment to building and cultivating a culture that incorporates diversity, equity, inclusion, and belonging (DEIB) has never been stronger. We are seeing ever more clearly what that truly means, and how that commitment must be at the foundation of every action we take. In everything we do, we intentionally seek diversity in race, gender, background, cultures, socioeconomic status, age, and sexual orientation. Across the entire employee lifecycle, we have in place multiple programs specifically designed to increase DEIB.



We support five employee resource groups: Ladybirds (our women’s group), Queerbirds (our LGBTQ+ group), Birds of All Feathers (our multicultural group), Moms and Pops (our parents’ group), and Everybird (in our UK office focused on racial and gender equality). As we work to increase DEIB across the employee lifecycle, we set specific and measurable diversity commitments to achieve by the end of 2025.

Company	Current Status*			2025 Commitments		
	Under-represented Communities** (US Only)	People of Color*** (US Only)	Female (Global)	Under-represented Communities (US Only)	People of Color (US Only)	Female (Global)
All Company	24%	40%	50%	30%	50%	50%
Retail	37%	50%	47%	37%	50%	50%
Corporate	15%	34%	53%	20%	40%	53%
Leadership (Assoc Dir+)	6%	26%	31%	20%	40%	40%

Our ethnic representation varies by level within the company, with our retail team being the most diverse. We have more work to do to ensure greater racial and gender diversity at the leadership level. Our diversity numbers are measured consistent with what we are required to report under EEOC-1, and are specific to the United States. Over time, we will continue to refine this methodology with an effort to better understand our global diversity.

*Based on EEOC Reporting Data; All Allbirds numbers are based on 3/31/21 data.

**Underrepresented Communities include groups with historically low corporate representation: Black, Hispanic/Latinx, Native American/Indigenous, and Multiracial.

***The People of Color metric is defined as non-white (based on EEOC categorization) and reflects our commitment to growing and supporting all People of Color at Allbirds.

Creating meaningful employment is one of the most significant ways that businesses contribute to the livelihoods of individuals and communities. Today's employees are more socially conscious and want purposeful, rewarding careers that contribute social, economic and environmental value. Our total rewards strategy is designed to encourage employees to live our values while helping us to achieve company sustainability goals. For example, for our full-time employees, we provide 16 hours of additional paid time off each year for volunteer activities performed during working hours, as well as donation matching up to \$500 per year. Furthermore, components of our executive compensation for director level and above are explicitly tied to an annual carbon emissions reduction target. We are proud of our Glassdoor score of 4.5 as of May 2021 and humbled to be listed in the Forbes' top start-ups to work for in 2020 and 2021, taking the top spot in 2020.

Since the start of the global pandemic, we have been closely monitoring the volatile COVID-19 landscape, with the health and safety of our flock top of mind. We acted swiftly in response to the crisis by temporarily closing all of our facilities including our stores, and committed to pay protection for all retail employees. When our stores temporarily closed in March 2020, we guaranteed pay and benefits to all of our retail employees globally through July 2020. We also offer a variety of resources to support our flock's emotional and

physical wellbeing, including helpful internal tools and resources, free access to telehealth therapists, and a wellness program with a variety of virtual classes.



Manufacturing Partners

Allbirds works hard to keep our relationships with our suppliers robust, respectful, and resilient so that our relatively small supply chain can make a real difference in the drive toward innovation and lighter impact. This requires ongoing collaboration, trust, deep understanding, transparency, and a focus on the well-being of people who help us make our product.

Allbirds is based in San Francisco, but we’re intimately connected with partners around the world, from South Korea to Brazil, New Zealand to Peru. As our company grows, we want to do so in a way that honors our partners and their own commitment to doing better by the planet and its people. Especially in 2020, as the world reeled from the COVID-19 pandemic, we’ve cherished our close connections with farmers and suppliers. We’re in touch frequently, and we look forward to visiting again in person when it’s safe to do so.

By offering a carefully controlled product range, we’re able to maintain a small, tight-knit supply chain. In 2020, we partnered closely with nine Tier 1 factories around the world to create our footwear and apparel.

Responsible Sourcing Program

Our success depends on the people who make our products, so we’ve developed a Responsible Sourcing Program to help protect and promote healthy, sustainable working conditions for all our supply network partners. Allbirds only sources from a select number of suppliers that agree to and sign our [Supplier Code of Conduct](#). We are committed to making sure all workers are treated with dignity, fairness, and true regard for their health and safety. We also expect full transparency of our partners’ own supply chains and sub-suppliers.

Allbirds expects Tier 1 supplier factories to undertake an onsite social assessment by a professional, independent, third-party social assessment firm. We adhere to recognized standards

built from local law and internally accepted norms, including guidance from the International Labor Organization, to help ensure safe, lawful, humane and ethical manufacturing practices. Assessments, which may or may not be announced, include confidential worker interviews, review of documentation and records and visual inspection of safety conditions.

Finally, we require our suppliers to follow-up and improve upon any identified deficiencies in a realistic but timely manner, emphasizing root-cause-analysis and effective management to ensure long-term performance and accountability.

	Number of Tier 1 Suppliers	% Tier 1 Suppliers with current social compliance audit	% of Audits conducted by a third-party auditor
FY19	3	33%	100%
FY20	9	100%	100%

In 2020, our number of Tier 1 factories tripled due to the launch of Allbirds underwear and apparel products. We developed more robust processes with our Supplier Code of Conduct and required all Tier 1 suppliers to have active social audits completed by a third-party in the previous 12 months.



Footwear

South Korea

Our shoes are hand-assembled in Busan, South Korea, which at one time had the nickname of Shoe City.

Vietnam

Our partners work at an innovative production factory in Hai Phong, that is part of the Better Work program.

China

Our WRAP-certified factory in Shenzhen produces some footwear, though production has decreased as we ramped up production in Vietnam.



Apparel

United States

Our manufacturing partner in North Carolina has been making world-class socks for more than a century.

Peru

Our team here offers environmental education and training programs for workers, covering sustainability strategies for both work and home.

China

Our knitting partner in China makes sure nothing goes to waste, recycling all excess yarn to be used again.

Indonesia

We participate in the International Labor Organization (ILO) Better Work Initiative, which aligns factory practices to local laws and the United Nations' ILO standards. The annual program includes advisory and consulting services and management training.

Vietnam

Our factory here is LEED-certified (Leadership in Energy and Environmental Design), and is built for energy efficiency with rainwater capture and reuse, and green space for native plants.

Temple Peak Farm

Mark and Amanda Hasselman run Temple Peak, one of our partner wool farms in New Zealand. The Hasselmans strive to find a balance with nature that protects biodiversity and allows native vegetation to flourish. Their sheep play a key role in creating this healthy ecosystem.

"You've got to farm in a way that you think works for the big picture," Amanda says. "It's about planning to pass it onto the next generation, and have a long-term perspective."



Better Together: Our Partnerships

The urgency of the climate crisis requires us to be ambitious in our sustainability goals, but we know we can't tackle all of these issues alone. On the contrary – we want to be a part of a diverse, global movement creating solutions at a global scale through collaboration and transparency.

As the fashion industry works to address complex issues and evolve its role as part of a broader sustainability solution, Allbirds works with industry groups, partners and like-minded organizations to make sure we're an active part of progressive dialogue and action.

Industry Group / Partner

Overview



The apparel, footwear, and textile industry's leading alliance for sustainable production. **Sustainable Apparel Coalition's** vision is of an industry that produces no unnecessary environmental harm and has a positive impact on the people and communities associated with its activities. Allbirds and more than 200 global members from across multiple sectors belong to the SAC. We collaborate to create meaningful, sustainable change within the apparel, footwear and textile industry.



Textile Exchange's robust, global membership representing leading brands, retailers, and suppliers, positively supports the climate through accelerating the use of preferred materials across the global textile industry. Its strategy, Climate+, will drive urgent action with a goal of 45% reduced CO₂ emissions from textile fiber and material production by 2030.



Allbirds is a founding member of the consortium of private sector partners working to scale climate solutions, within and outside their own operations. Leveraging world-class research and analysis and cross-industry capabilities of participating businesses, **Drawdown Labs** will experiment with collaborative ways to address climate change at unprecedented scale and offer the world a more expansive vision for corporate climate leadership.



Global Fashion Agenda convenes industry leaders across the fashion value chain to identify opportunities that have the potential to transform business. Allbirds is proud to be an Associate Partner to help shape initiatives, content, and feedback to support sustainability progress in the fashion industry.

In Good Company: Joining Forces with adidas

It's not enough to minimize Allbirds' carbon footprint. In the face of climate change, we must revolutionize how we operate, both as a company and as an industry. That's why we've collaborated with adidas, with the goal of co-creating a performance shoe with the lowest carbon footprint ever recorded, landing at 2.94 kg CO₂e per pair.

This collaboration innovated on manufacturing and supply chain processes, in addition to exploring renewable material resources. Both companies explored each other's suite of innovations to unlock the potential of a new industry standard in the fight for a sustainable future. Our hope is that this somewhat unlikely partnership will catalyze other companies to step outside of day-to-day competition and work together to combat the degradation of our planet. Allbirds and adidas believe that working together will greatly accelerate success in decreasing environmental impact and we hope the collaboration will demonstrate what's possible for sustainable footwear manufacturing.



“Climate change is a global problem that knows no borders, will wait for no one, and will challenge everyone. It’s going to be incumbent on countries, governments, companies, and individuals to solve the problem — it’s not going to be fixed by one person. We’re all in this race together.”

Tim Brown, Co-Founder

Giving Back, Speaking Out

As our business grows, Allbirds wants to make sure the good that we do in the world goes beyond the footwear and apparel industries. We feel a strong sense of responsibility to use our visibility as a company to elevate and amplify the voices of people doing great work on different issues we also care about. We're proud to support many organizations and projects that share our vision of community and social responsibility.

When shoes are returned to our warehouses or retail stores, those that can't go back onto the shelf are sent to **Soles4Souls**, a non-profit organization; to date we've donated more than 225,000 pairs of shoes.



We partnered with LA streetwear brand **Chinatown Market** and customizer **Nicole McLaughlin** to create upcycled artwork which was sold at auction to raise money to support the Sunrise Movement and the Okra Project.



After labelling our products with the carbon footprint for one year, we **open-sourced our life cycle assessment tool to the entire industry**. We shared our tool, a manual to get started, and the carbon footprint artwork at **FreeTheFootprint.com**



In celebration of Earth Day 2019, Allbirds joined with **the National Audubon Society** in an unconventional brand collaboration to create a limited-edition collection inspired by climate-endangered birds.

Through direct donations, as well as a buy-one-give-one program that enabled collective action from our customers, we provided more than 50,000 pairs of Wool Runners to **healthcare professionals**.



Allbirds introduced the **Allgood™ Collective** in 2020 – a community of diverse individuals (from athletes to environmental educators) who serve as brand ambassadors for Allbirds. By supporting the Allgood Collective Community, we intend to elevate the voices of local leaders to promote the wellbeing of the planet and its people.

Solving for the Future

If the global events of the last few decades have shown the world anything, it's that the old rules of business are in dire need of a rewrite. As rapidly accelerating climate change threatens us all with atmospheric, environmental, economic and social disruption, companies that benefit from the earth's natural processes and resources cannot carry on in the same way they always have. Climate impacts historically have, and will likely continue to have, a disproportionate impact on disadvantaged communities. Businesses must consider all global stakeholders in decision making and actions. Instead of following well-trodden yet destructive norms, businesses must lead the way toward new, sustainable practices that create exceptional goods or services in concert with our one and only planet.

At Allbirds, we recognize the role our company can play in reimagining how products are sourced and built, how business is conducted, and how success is defined. As we grow and discover new possibilities in all of these areas, we're committed to a more thoughtful, sustainable, and regenerative business model that strives to support a world in need of restoration. We hope you will join us.



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By The Numbers

Category	Metric	Measure	FY19	FY20
Greenhouse Gas Emissions	Product carbon footprint (excludes transportation)	% of products scored with carbon footprint	100%	100%
		Average carbon footprint – basics (kg CO ₂ e/unit)	1.8	2.8
		Average carbon footprint – footwear (kg CO ₂ e/unit)	7.6	6.7
		Average carbon footprint – apparel (kg CO ₂ e/unit)	–	10.2
	Carbon neutrality	% Scope 1 emissions offset	100%	100%
		% Scope 2 emissions offset	100%	100%
		% Scope 3 emissions offset	100%	100%
	Greenhouse gas emissions (market-based)	Scope 1 (metric tonnes CO ₂ e)	–	223
		Scope 2 (metric tonnes CO ₂ e)	–	588
		Scope 3 (metric tonnes CO ₂ e)	–	37,629
Inbound transportation mode mix	% Inbound weight shipped via ocean	79%	80%	
Materials	Compliance with third-party materials standard	ZQ, % Wool	100%	100%
		FSC, % Tencel	90%	72%
		FSC, % Natural Rubber	100%	100%
		FSC, % Packaging	90%	96%
	Packaging	Total weight of packaging (metric tonnes)	989	1,065
		% Made from recycled/renewable materials	100%	100%
		% That is recyclable, renewable, or compostable	100%	100%
Supply Chain	Number of suppliers	Number of Tier 1 suppliers	3	9
	Social compliance	% Tier 1 Suppliers with current social compliance audit	33%	100%
		% Audits conducted by a third-party auditor	100%	100%

*Fiscal year (FY) ends December 31.

TREAD LIGHTER.

LAST UPDATED SEPTEMBER 10, 2021