

Allbirds 2021 Flight Status

Our version of a
sustainability report.

allbirds

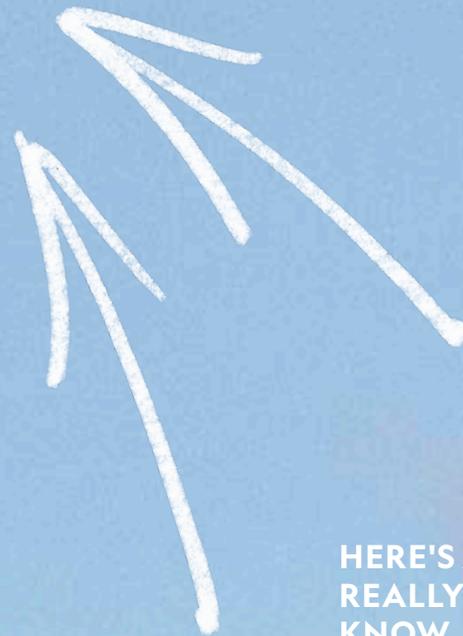
Allbirds

This document outlines our Flight Plan progress in 2021. Yes, we know it's 2022, but distilling our annual impact takes some time.

Within said Flight Plan, we have committed to cutting our per product carbon footprint in half by the end of 2025.

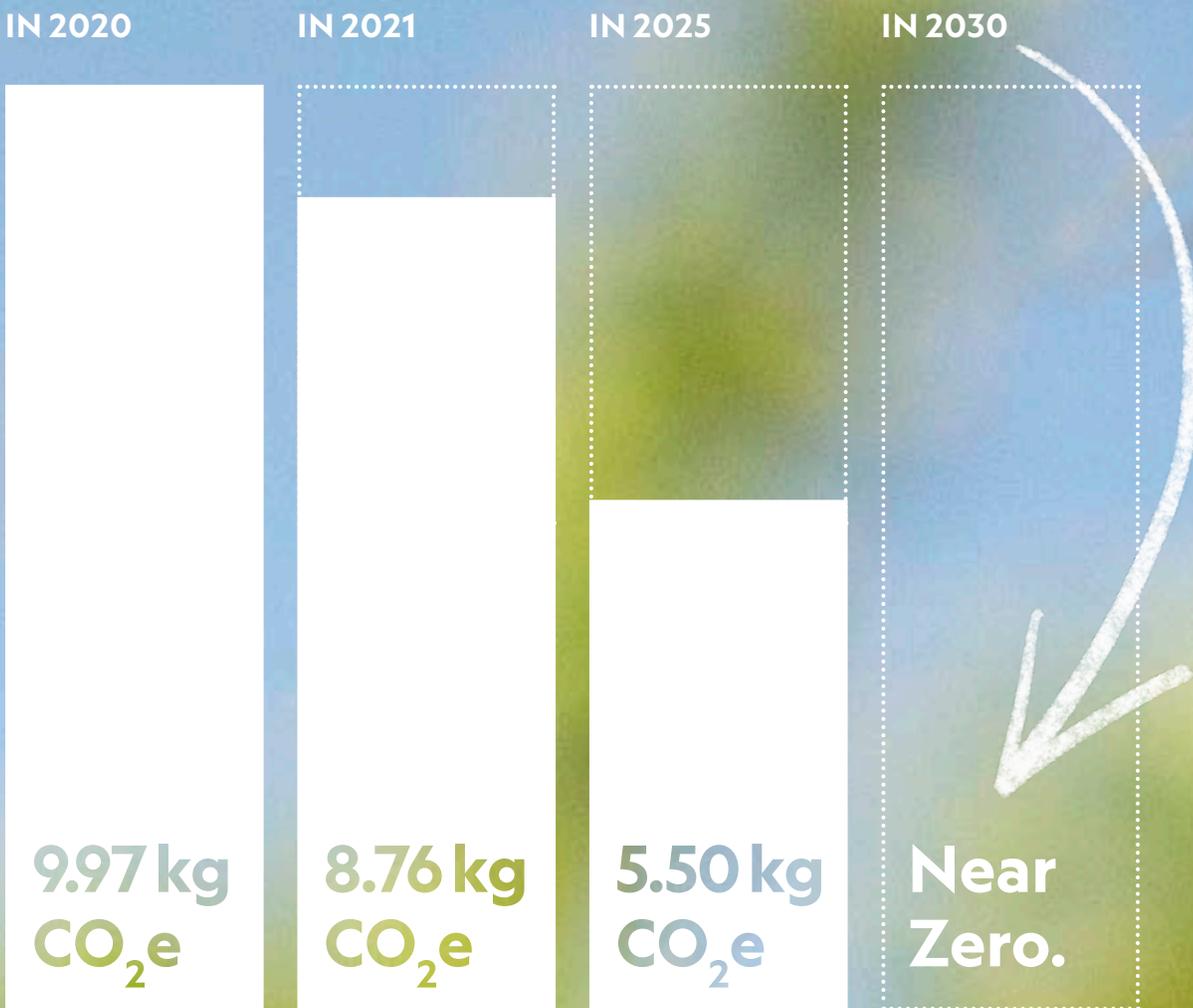
We've also committed to reducing our per product carbon footprint to near zero by 2030.

In 2021, we reduced that carbon footprint by 1.21 kg CO₂e, a 12% reduction compared to 2020. Most of that reduction came from more responsible use of energy (98%), with some help from renewable materials (2%). One year in, we're nearly a quarter of the way to our 2025 Flight Plan goal.



**HERE'S ALL YOU
REALLY NEED TO
KNOW.**

For the visual learners:



These measurements represent our average product carbon footprint, excluding emissions from corporate operations (retail stores, offices, employee travel, etc.)

Our average product carbon footprint will be <1kg CO₂e before we neutralize it to zero.

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**Allbirds
owes you
nothing.**

**And when we say nothing,
we mean nothing.
As in zero. Zilch. Nada.**

2021
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Allbirds

Allbirds owes you nothing.

See, when we committed to the Allbirds Flight Plan last year, that was a big part of our promise: cutting our carbon footprint in half by the end of 2025, then reducing our carbon footprint to near zero by 2030. So in many ways, nothing is everything—we owe it to you to get there.

And not for nothing, but we're on track to hold up our end of the bargain. One year in, we're nearly one quarter of the way to our goal. In 2021, we reduced our average product carbon footprint by 12% compared to 2020. Which might not seem like much, but here's the thing: this is a game of inches and we're big on near term, tangible progress.

It's easy for brands to make big, shiny sustainability commitments that sound great in theory, but the reality is there's no follow through. Either that, or it comes in the form of a dense 100-page PDF that nobody ever reads. In trying to be everything for everyone, these reports end up meaning nothing to anyone. And not the good kind of nothing, either.

So with that, we're not just striving for simplicity with goals that get straight to the point. We're bringing that same "cut the bullshit" mentality to the way we update you on our progress, too. And thankfully, there's a common theme between the goals and the progress that makes it, well...simple.

It's our carbon footprint label. A single metric by which we hold ourselves accountable on this whole journey to nothing. So really, when you boil it down, what's the only thing you need to know? Okay, see this number? The one we display on every product? Well, it needs to be zero. And it isn't yet. But it can be. It's all part of the plan.



We're cutting our per unit carbon footprint in half by the end of 2025.

BUSINESS AS USUAL EMISSIONS



What average per unit carbon emissions would be in 2025 without any action to limit them

WITH FLIGHT PLAN COMMITMENTS



What our overall per unit carbon emissions will be in 2025 with Flight Plan commitments

- Regenerative Agriculture
- Renewable Materials
- Responsible Energy

5.50 kg CO₂e

What average product related carbon emissions will be in 2025 (Product related emissions exclude things like stores, offices, and employee travel.)

footprint.

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The proof is in the footprint.



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The proof

The proof is in the footprint.



Our ambition is to leave this planet better than we found it. Or, as we like to say, help reverse climate change through better business. Lofty, we know. But in any case, the first step on that journey is getting our carbon footprint to zero. Okay, fair, that's lofty, too...

But it's also completely possible. That's because we measure the carbon footprint of each of our individual products, and have been doing so since our very first product line.

Most brands can't do what we do because they have thousands of products, and they're always adding more. So they're in a place where they're retroactively trying to impose carbon footprints on an inventory, supply chain, and business practices that have existed for a long time. Rather than trying to teach an old dog new tricks, we built a sustainable business from scratch. And we put the proof of that on display for the world to see.

<i>allbirds</i>	CARBON FOOTPRINT: WOOL RUNNER		
	MATERIALS	5.89 KG CO2E	
	MANUFACTURING	0.92 KG CO2E	
	TRANSPORTATION	1.89 KG CO2E	
	USAGE	0.05 KG CO2E	
	END OF LIFE	0.73 KG CO2E	
	TOTAL	9.48 KG CO2E	

In 2020, the year we unveiled our carbon footprint labeling, our average product carbon footprint was 9.97 kg CO₂e. In 2021, we brought that number down to 8.76 kg CO₂e, which represents a 12% reduction. In 2025, it needs to get to 5.50 kg CO₂e. And in 2030, well, you remember what we owe you, right? Nothing.

We know this can all get pretty complicated pretty quickly. So again, we're here to simplify: all you need to know is this number basically needs to be zero. And to get it there, we're focusing on three key areas to reduce carbon emissions: regenerative agriculture, renewable materials, and responsible energy.

9.97 kg CO₂e

IN 2020

8.76 kg CO₂e

IN 2021

5.50 kg CO₂e

IN 2025

Near zero.

IN 2030

Agriculture

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Regenerative Agriculture

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Regenerative

Regenerative Agriculture

Shifting farming practices to draw down carbon.



We're on a mission to elevate natural materials and drive fossil fuels out of our industry. One important ally on that mission? Sheep. Like all animals, sheep emit methane, a potent greenhouse gas, as they live and breathe. But they also come with a lot of land. And if we use that land right, it offers an important tool in the fight against climate change.

2025 targets

- 100% of wool from regenerative sources
- Reduce or sequester 100% of annual CO₂e emissions from wool

2021 progress

In 2021, regenerative agriculture accounted for a reduction of 0.00 kg CO₂e, or 0%, of our overall per unit reduction of -1.21 kg CO₂e.



Key wins:

We debuted regenerative wool.

In 2021, we teamed up with our supply chain partner New Zealand Merino to conduct an in depth carbon footprint study of Temple Peak Station, one of our wool farms in New Zealand. We found that they've sequestered 60,500 tonnes of CO₂ over the last 40 years, resulting in a 40+% reduction in their footprint. Pretty massive partnership potential, we must say. For the 2021 holiday season, we launched a Regenerative Wool Capsule Collection using wool from Temple Peak. The carbon footprint of the regenerative beanies and scarves clocked in at 12-16% less than their non-regenerative counterparts.

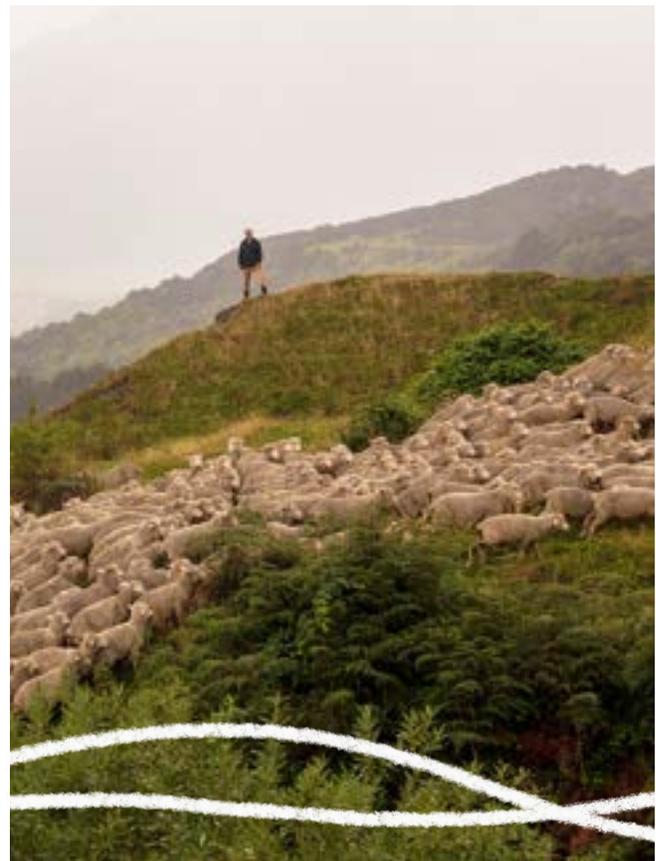
We launched the ZQRx platform.

What started as a field trip in March of 2020 turned into something much bigger. We helped convene a leading group of brands, scientists, suppliers, and growers to talk about the opportunity of regenerative wool in New Zealand. Since then, we've partnered with New Zealand Merino and other leading wool brands like Smartwool and Icebreaker to launch the ZQRx framework. Together, we've brought on 499 farms, representing 15% (2 million hectares) of NZ farmland, and helped them pave the way for a regenerative future.

Key challenges:

The needle hasn't moved. Yet.

Good things take time. And the reason that regenerative agriculture's 2021 contribution to our emissions reduction is 0.00 kg CO₂e isn't because we haven't made any progress. On the contrary, it's because it's going to take a bit more time to lay the groundwork for measurement. On top of that, things like planting trees and developing healthy soil take years to implement, not quarters. So we need to have some patience with this one.



Materials

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Renewable Materials



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Renewable

Renewable Materials

Replacing petroleum-based materials with natural ones.



The sad state of affairs in our industry revolves around the fact that roughly 60% of the materials used in fashion are synthetic. Sadder yet, most synthetic materials come from fossil fuels, which are accelerating the problem we're working to solve. By committing to renewable materials, we're here to put a stop to all that.

2025 targets

- 75% sustainably sourced natural or recycled materials
- Reduce carbon footprint of key raw materials by 25%
- Reduce raw materials use by 25% across footwear & apparel products
- Double the lifetime of footwear & apparel products

2021 progress

In 2021, renewable materials accounted for a reduction of 0.02 kg CO₂e, or 2%, of our overall per unit reduction of -1.21 kg CO₂e.



Key wins:

We launched the Tree Dasher 2.

In the spirit of continuous improvement and incremental progress, we revamped our first running shoe, the Tree Dasher. Updates included a 21% lighter midsole and the removal of wool eyelet lining, a combination that resulted in a 5% reduction to the second generation's carbon footprint.

We invested in Plant Leather.

Plant Leather, made with MIRUM® in partnership with NFW, is a material-first in footwear: a truly sustainable alternative leather. Unlike other leather-like materials, it's 100% plastic-free, 100% vegan, and only uses natural materials like rubber, plant oils, and agricultural byproducts—like rice hulls and citrus peels. It produces approximately 88% less carbon than traditional bovine leathers and approximately 75% less carbon than synthetic “pleather” alternatives.

We launched FUTURECRAFT.FOOTPRINT.

The carbon footprint of a typical pair of running shoes is about 14.1 kg CO₂e. But in partnership with Adidas, we unveiled a pair that clocked in at 2.94 kg CO₂e. Through this collaboration, we experimented with new and different ways to use natural and recycled materials. More specifically, we applied the “tangram” principle to minimize waste, and used stitching as reinforcement instead of introducing additional components.

Key challenges:

Innovating with natural materials is hard.

Boosting the natural content of our products while maintaining performance and durability is a tricky thing. To state facts, natural materials don't always last as long as synthetics. So when we need durability, we prioritize recycled synthetics over virgin to bolster our preferred material content. At the same time, we're innovating around new technologies that will increase the performance of natural materials.

Durability, again.

The longer our shoes last without needing to be replaced, the more sustainable they are. But the lifetime of a shoe can be drastically different depending on how shoes are used. We're using lab testing coupled with real-life user data to create a better understanding of how long each pair of our shoes last out in the world.



Energy

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Responsible Energy

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Responsible

Responsible Energy

Using less and cleaner fuel and electricity.

The majority of our carbon footprint is driven by the energy we use in some way, shape, or form. From the energy used to process materials and manufacture shoes, to the fuel used to ship products on boats, planes, trains, and trucks, and all the way to the energy you use at home to care for our products. Needless to say, we're feeling energized to reduce all that.

2025 targets

- "Owned & operated" – 100% renewable energy for "owned & operated" facilities
- Manufacturing – 100% renewable energy for Tier 1 factories
- Transportation – achieve a steady state of >95% ocean shipping
- Customer use – 100% of customers machine wash on cold and 50% of customers hang-dry Allbirds apparel

2021 progress

In 2021, responsible energy accounted for a reduction of 1.19 kg CO₂e, or 98%, of our overall per unit reduction of -1.21 kg CO₂e.



Key wins:

We increased ocean shipping.

Against all odds of a challenging global logistics environment, we achieved 84% ocean shipping in 2021, up from 80% in 2020. Our partners are meeting the moment. Our manufacturing partners across the globe are working to install on-site solar at their facilities. In the meantime, we're purchasing renewable energy credits for manufacturing in Vietnam and the Americas.



Key challenges:

We're not the ones paying utility bills (our suppliers are).

Because of our relatively small size, we don't use a lot of energy to begin with and the energy that we do use is spread out around the world. We also don't own any of the factories that make our products, which means our total energy use is mostly driven by our suppliers. The main tool we have right now is to buy Renewable Energy Credits (RECs), which are kind of like carbon offsets. Not the ultimate solution, but a tool in the meantime.

We don't really know what people do with our products.

Another challenge is understanding and influencing the energy use associated with how customers care for our products. This mostly includes how they're washing and drying them. While we can't be entirely certain what our customers do with our products once they leave our stores or warehouses, we think it's our responsibility to encourage best practices to reduce environmental impact.

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Everything's
connected.

2021
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Everything's

Everything's connected.

Climate change is the problem of our generation because it's linked to all other problems.

We'd rather do a few things really well than do all the things just so-so. So being clear on our priorities and purpose is critical to driving impact. While reversing climate change is core to our purpose, we know we have to be responsible across the board to make meaningful change. One way we fulfill this ambition is continuing to uphold our B Corp status. Additionally, we've outlined five foundational areas of focus: Fair Labor, Water, Chemistry, Animal Welfare, and Traceability & Transparency. Following through on each helps support our ambitious strategy on climate.



Key wins:

We're prioritizing social standards.

We updated our Responsible Sourcing audit framework to enable better visibility and data collection into our Tier 1 manufacturers. We also completed training with 100% of our Tier 1 manufacturers on our updated Responsible Sourcing audit framework.

And we're prioritizing environmental standards, too.

68% of our partners completed the 2020 Facilities Environmental Module (FEM), on track to meet 99% completion for our Tier 1 manufacturers in 2021.

Key challenges:

Full supply chain traceability is still complicated.

Even as a brand with a relatively contained supply chain, who prioritizes sourcing materials at the farm level, tracing everything in a way that allows for full documentation remains challenging.

Small brand. Large factories.

With this arrangement, we're still trying to figure out how to have a greater impact. We're looking for more opportunities in the future to partner with other brands in our factories to drive collective change.



2021
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Allbirds
owes you
nothing.

And we still failed you.



2021
FLIGHT STATUS

Allbirds

Allbirds owes you nothing.

(And we still failed you.)

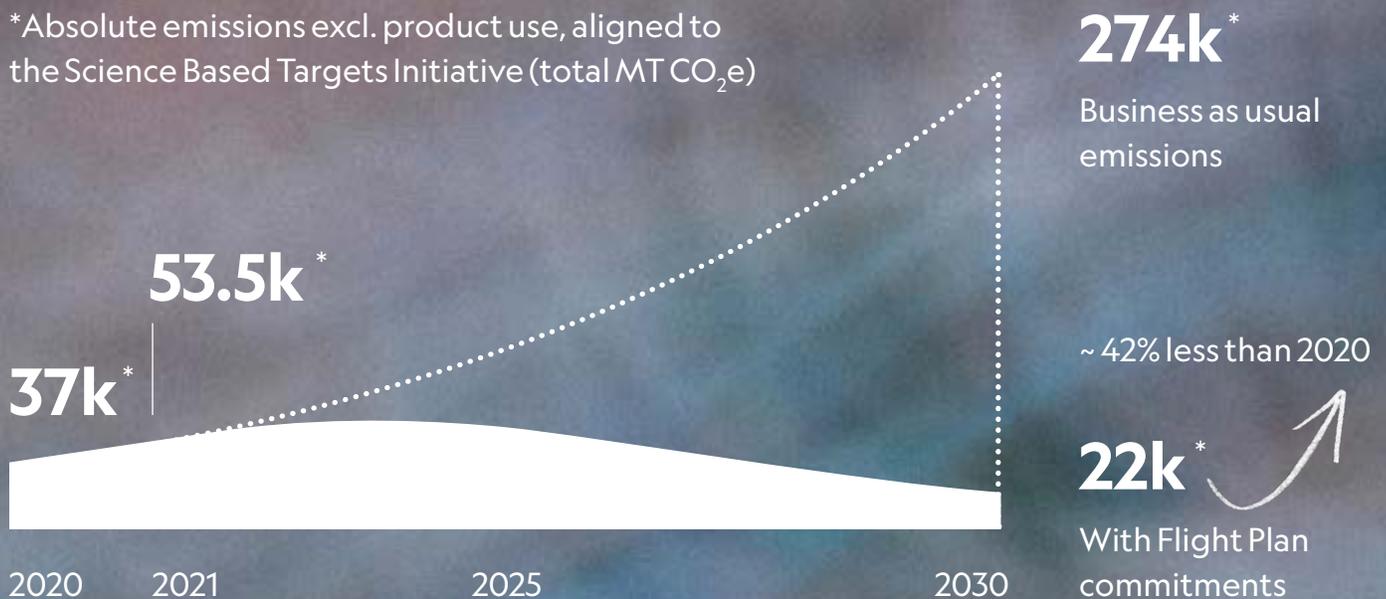
We think highlighting our misses is just as important as celebrating our successes.

And here's the good news: The work we're doing to dramatically reduce our per product carbon footprint is paying off. You've read this far—hopefully we've proven that to you by now. But as our per product emissions decrease, what's happening to our total emissions?

Typically, a business's emissions grow as the business grows. The dotted line in the

graph below? That's the future if we just let that happen. But our Flight Plan commitments require us to bend that line down...to the solid white block. In other words, we need our emissions in 2030 to be less than they were in 2020. About 42% less, in fact, to stay on track with our Science Based Target. In the meantime, the reality is that our overall emissions will grow (slower than the business, but growth nonetheless) before reaching their peak and then beginning to decrease. Because we're in the early innings of our growth, we'll have to work even harder than most to decarbonize.

*Absolute emissions excl. product use, aligned to the Science Based Targets Initiative (total MT CO₂e)



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OCTOBER 7, 2022

