

Allbirds 2022 Flight Status

Our version of a
sustainability report.

allbirds

Allbirds

More of a cliff notes person? We got you.

This document outlines our Flight Plan (a fancy name for our sustainability strategy) progress in 2022.

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

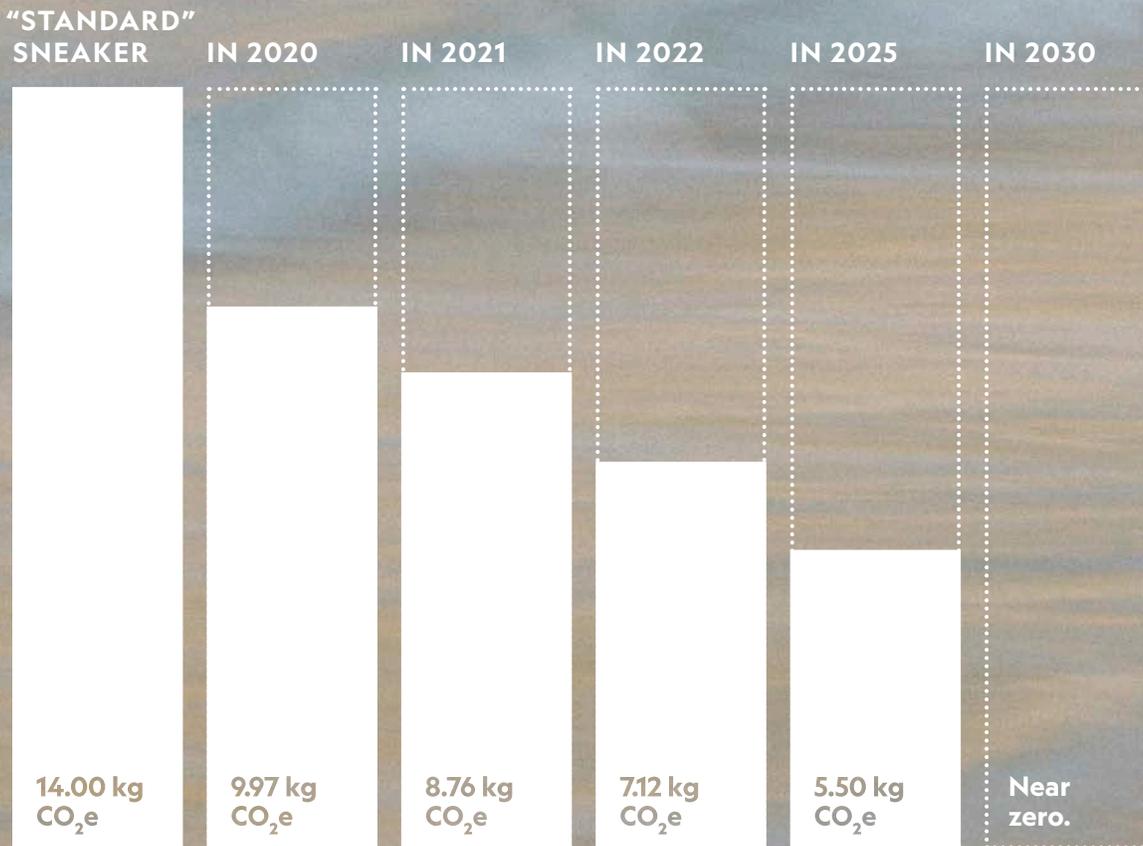
We've also committed to reducing our per product carbon footprint to near zero by 2030.

In 2022, we reduced that carbon footprint by 1.64 kg CO₂e, a 19% reduction compared to 2021, which we expect will be the largest single year reduction in all five years of the Flight Plan.

Some of that reduction came from increasing our preferred mix of renewable materials (3%), a sliver came from an update to our footwear packaging (1%), we got a little help from broader renewable energy adoption (2%), and achieved a massive increase in ocean shipping (8%). Also, lower production of Wool footwear styles (5%) played a role.

After just two years, we're exceeding our own predictions, and are more than halfway towards our 2025 Flight Plan goals. (This, we think, is pretty huge.)

Because who doesn't love a chart:



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 <1 kg CO₂e before we neutralize it to zero.

boring.

2022
FLIGHT STATUS

**Doing
nothing is
boring.**



2022
FLIGHT STATUS

Doing

Doing nothing is boring.

Let's cut to the chase: our mission as a business is to reduce our carbon footprint to nothing. One may even say that day in and day out, we strive to do nothing.

We've shared these goals before, but they bear repeating. The Allbirds Flight Plan, which we introduced in 2021, outlines our path to cut our average product carbon footprint in half by the end of 2025, then reduce it to near zero by 2030.

And the good news? We're ahead of schedule. In fact, we expect that 2022's 19% reduction will be the largest single year reduction in all five years of the Flight Plan. Good news!

Alright, well, you probably know what's coming...the not-so-good news. And it's that the work that goes into consistent, tangible carbon reduction could be considered by some to be, dare we say, pretty boring! It doesn't involve headline-grabbing promises, viral social media stunts, or breaking news announcements.

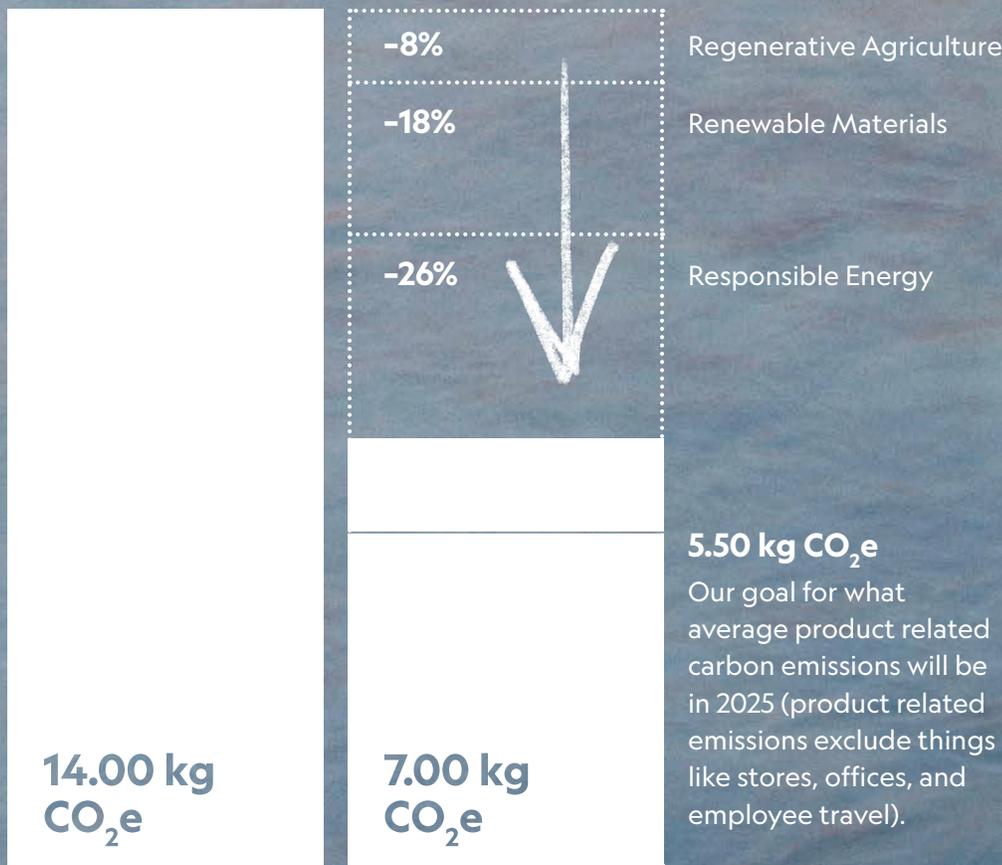
Which is, paradoxically, more good news! You see, it's a good thing that these updates aren't laced with glitz and glamour and high entertainment value. Because that means we're just doing the things we said we were going to do, and doing them in a way that focuses on somewhat unremarkable near-term, science-based progress. In fact, in 2022, we completed 27 different initiatives to achieve that aforementioned 19% reduction. All that's to say, the little stuff adds up to something big.

So, here we are. Another year. Another Flight Status report. Another overwhelmingly positive set of sustainability updates from Allbirds. Turns out, around here, business as usual is actually pretty damn unusual.

Friendly reminder: we're cutting our per unit carbon footprint in half by the end of 2025.

BUSINESS AS USUAL EMISSIONS

WITH FLIGHT PLAN COMMITMENTS



5.50 kg CO₂e

Our goal for what average product related carbon emissions will be in 2025 (product related emissions exclude things like stores, offices, and employee travel).

Our projected average per unit carbon emissions in 2025 without any action to limit them.

Our goal for what average per unit carbon emissions will be in 2025 with Flight Plan commitments.

Footprint label.

2022
FLIGHT STATUS

**Fashion's next
biggest label
is a carbon
footprint label.**

2022
FLIGHT STATUS

Fashion's next

Fashion's next biggest label is a carbon footprint label.

At Allbirds, we're getting clear on fashion's carbon footprint. What's that mean, exactly? Well, let us explain.

A product's cost to you is clear as day—it's right there on the tag, after all. But its cost to the planet? Not so clear, unfortunately. That's why, starting in 2020, we've labeled every one of our products with its carbon footprint. At the same time, we also open sourced our life cycle assessment methodology, meaning any other brand could join us.

Why is it so important that our friends in fashion hop on board? Well, imagine this: you're grocery shopping, but only one item on the shelf is labeled with its nutritional facts. Not very helpful, right? How are you supposed to know which yogurt is the healthier choice if there's nothing to compare it against?

So you see, our mission to empower people to make better decisions for the planet really only works if the rest of the fashion industry joins us. Because as of now, the best we can do is weigh our products against industry averages—and even that number requires some guess work to determine.

All that said, we strive to focus on what we can control. And a big part of that involves educating consumers about the very label we're encouraging more brands to embrace. We imagine questions like, "What does that number mean?" "What's a 'good' carbon footprint?" "Why does it matter?" It's a complex topic, no doubt, so we try to simplify our plans, as well as our progress, much as we can:

1. The number on this label needs to be near zero.
2. We have a plan to help make that happen by 2030.
3. The best part? We're ahead of schedule.



Agriculture

2022
FLIGHT STATUS

Regenerative Agriculture

2022
FLIGHT STATUS

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

2022 PROGRESS

In 2022, regenerative agriculture accounted for a reduction of 0.00 kg CO₂e of our overall per unit reduction of -1.64 kg CO₂e.*



*The values cited across Regenerative Agriculture, Renewable Materials, and Responsible Energy do not add up to the total of -1.64 kg CO₂e because that number also includes reductions from a lower production of Wool footwear styles.

Regenerative Agriculture

KEY WINS

We partnered with The New Zealand Merino Company and Made For Good. Made For Good is a software company with a vision to fill an area that's missing in the regenerative agriculture space right now: providing companies farm-level traceability and emissions data. They're working with New Zealand Merino (our wool supplier) to baseline net emissions across all of our wool farms, which will give us greater insight into where and how we can reduce in the future.

We're using regenerative wool in more products.

During the 2022 holiday season, we launched our Regen Wool Collection—two new shoes, plus a revival of a regen beanie and scarf, made with ZQRX Regenerative Wool. And in 2023, we're leveraging that material again in new styles like our SuperLight collection.

KEY CHALLENGES

Data availability. Revisiting our point about Made For Good from above, the current reality is that very few farms have robust data about their emissions and sequestration. Which means for us to know the carbon footprint of our entire supply base, we need to build the data for each individual farm. And that's what Made For Good is helping to do, but that work won't happen overnight.

Change (still) takes time. Much like last year, regenerative agriculture's small contribution to our emissions isn't reflective of no progress. It's more a continuation of the theme that measuring this sort of thing is still very new and requires groundwork, combined with the fact that healthy soil takes years to develop. That said, we're proud to support the ZQRx grower community, which represents over 500 farms and about 15% of New Zealand's farmland. Soon enough, with all that land becoming regenerative, our patience will pay dividends.

Materials

2022
FLIGHT STATUS

Renewable Materials

2022
FLIGHT STATUS

Renewable

Renewable Materials

Replacing virgin petroleum-based materials with natural or recycled 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

2022 PROGRESS

In 2022, renewable materials accounted for a reduction of -0.25 kg CO₂e of our overall per unit reduction of -1.64 kg CO₂e.*



*The values cited across Regenerative Agriculture, Renewable Materials, and Responsible Energy do not add up to the total of -1.64 kg CO₂e because that number also includes reductions from a lower production of Wool footwear styles.

Renewable Materials

KEY WINS

We updated the sockliner in our Tree lifestyle shoes. With the introduction of more recycled materials in the sockliner, we saw an increase in the preferred materials mix across our business, getting us 3% closer to our Flight Plan goal of 75% sustainably sourced natural and recycled materials (from a 2020 baseline).

We transitioned from virgin nylon to recycled nylon in our Wool styles. We believe a big part of running a more sustainable business is owning both the good and the bad. And yes, our prior use of virgin nylon doesn't fall in the "good" camp, but it's a necessary material to ensure durability. We think replacing it with a recycled option—without affecting that—is a win.

We updated our footwear packaging. We're always looking at our packaging and trying to carve out opportunities to reduce weight, thus reducing the carbon footprint of shipping. One such opportunity was replacing our molded cardboard shoe inserts with lighter weight tissue paper, which also doubles as gift wrap in a pinch.

KEY CHALLENGES

Limited availability of novel, more sustainable materials. Innovating with natural materials, and prioritizing their use over traditional petroleum-based synthetics, continues to present obstacles. One being that their availability can be hit-or-miss, and another being that even when they are available, factories aren't as familiar with them, so development can become a longer process. Regardless, we continue to believe in their potential and seek solutions in spite of these challenges.

Energy

2022
FLIGHT STATUS

Responsible Energy



2022
FLIGHT STATUS

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

2022 PROGRESS

In 2022, responsible energy accounted for a reduction of -0.93 kg CO₂e of our overall per unit reduction of -1.64 kg CO₂e.*



*The values cited across Regenerative Agriculture, Renewable Materials, and Responsible Energy do not add up to the total of -1.64 kg CO₂e because that number also includes reductions from a lower production of Wool footwear styles.

Responsible Energy

KEY WINS

We increased ocean shipping (again). In 2021, we achieved 84% ocean shipping, up from 80% in 2020. In 2022, we blew that out of the water (sorry), jumping to 96% on the year.

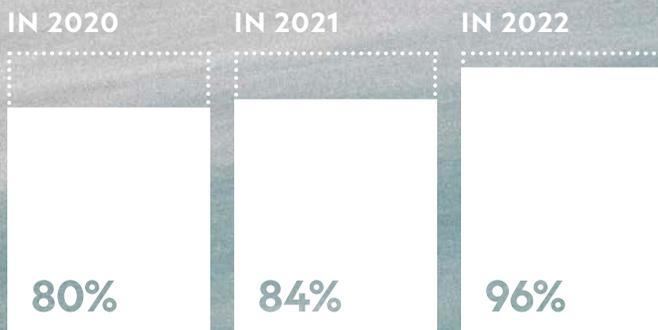
We're advocating for policies that support more renewable energy in Vietnam. Vietnam is home to our primary factories, and we're proud to sign joint statements, [like this one](#), supporting the nation's high-ambition power development planning.

We brought our renewable energy approach to some facilities in China. In addition to manufacturing in Vietnam, where we began our shift to more renewable energy in 2021, the molding of some of our rubbers and foams happens in China. So this year's expansion efforts focused on purchasing renewable energy credits there, bringing responsible energy a little deeper into our supply chain.

KEY CHALLENGES

We're facing continued difficulties with Renewable Energy Credits (RECs). Because we still don't own any of our factories, and because the energy that we do use is still spread out around the world, we still find RECs to be the main tool to leverage. That said, in some countries, governments can regulate who can buy these credits—so in South Korea, home to some of our operations, we're unable to purchase them.

OCEAN SHIPPING PERCENTAGE
(INBOUND TRANSPORTATION BY WEIGHT)



For younger companies like ourselves that are still figuring out consumer demand, air shipping tends to be quite a bit more common.

Offsets

2022
FLIGHT STATUS

Carbon Offsets

A white, textured brushstroke underline consisting of several overlapping, horizontal strokes that tapers off to the right, positioned beneath the 'Carbon Offsets' text.

2022
FLIGHT STATUS

Carbon

Carbon Offsets

We pay for our pollution.

As we work to drive our carbon footprint to nothing, we believe that we—and all businesses, really—should take accountability for our environmental impact. And as a carbon neutral business certified by Climate Neutral, we balance our emissions by funding high impact carbon projects until we reach our goal of net zero emissions.

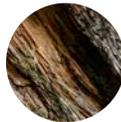
Carbon offsets allow businesses (and people, too) to invest in initiatives that mitigate, or “neutralize,” their carbon emissions. Offsets are a hotly debated topic, with one side claiming that they simply allow companies to pay for their pollution. We don’t disagree, but we also think the reason we’re in this whole mess to begin with is because businesses have been allowed to pollute without paying.

We’re proud to offset our emissions as we keep working to reduce our absolute emissions to near zero. In 2022, we worked with the following projects to do so:



ENVIRA AMAZONIA PROJECT

We continue to partner 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.



ARGENTINA REGENERATIVE WOOL PROJECT

Our ongoing support for the Argentina Regenerative Wool Project is helping to 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.



INDIA WIND ENERGY PROJECTS

The India Wind Energy Projects generate renewable electricity to displace an equivalent amount of power from the grid, which is mainly fed by power plants that burn fossil fuels. As well as reducing greenhouse gas emissions, wind energy projects can create both short- and long-term jobs and help to support local economies by providing new sources of income.

puzzle.

2022
FLIGHT STATUS

**Carbon is just
one piece of the
puzzle.**

2022
FLIGHT STATUS

Carbon is just

Carbon is just one piece of the puzzle.

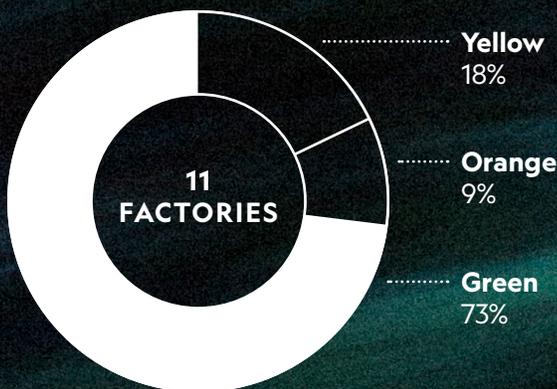
If it's not already clear, this report has been, up to this point, laser focused on our carbon reduction goals. And while reducing our carbon footprint is our north star, we recognize true sustainability means much more than just that. Outside of climate-related goals, we have additional Flight Plan commitments across five foundational areas of focus: Fair Labor, Water, Chemistry, Animal Welfare, and Traceability & Transparency.

KEY WINS

We're getting richer audit data from our factories. 2022 was the first year we captured comprehensive Tier 1 (finished goods) factory performance data through our third-party audit program. And even though an audit is just a snapshot in time, we think it's a necessary part of our social responsibility

program. Because these key metrics help us identify risks, track progress, and benchmark performance against the industry, all while prioritizing root cause analysis and continuous improvement. Moving forward, we'll publish yearly changes to these metrics.

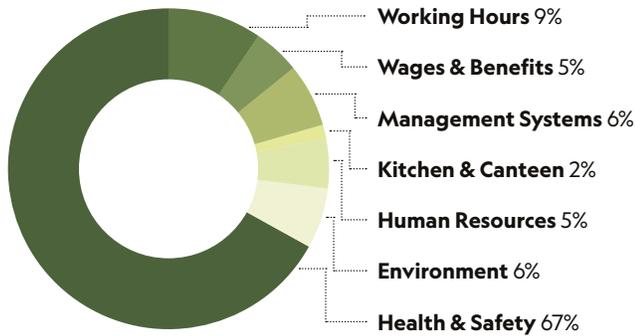
FACTORY RISK RATING



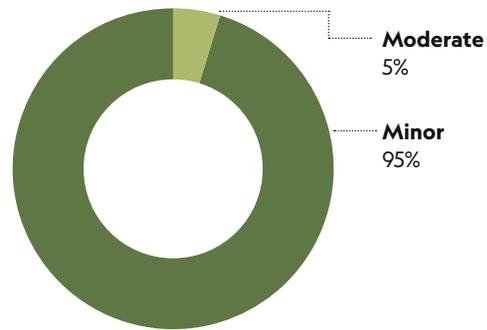
Green: Excellent Performance
Yellow: Good Performance with Room for Improvement
Orange: Near-term Improvement Required for Production
Red: Not Authorized for Production

In 2022, we had one factory rated "Orange" and zero rated "Red." We're working with the factory rated "Orange" to remedy non-compliances that do not meet our standards.

**FINDINGS
BREAKDOWN BY CATEGORY**



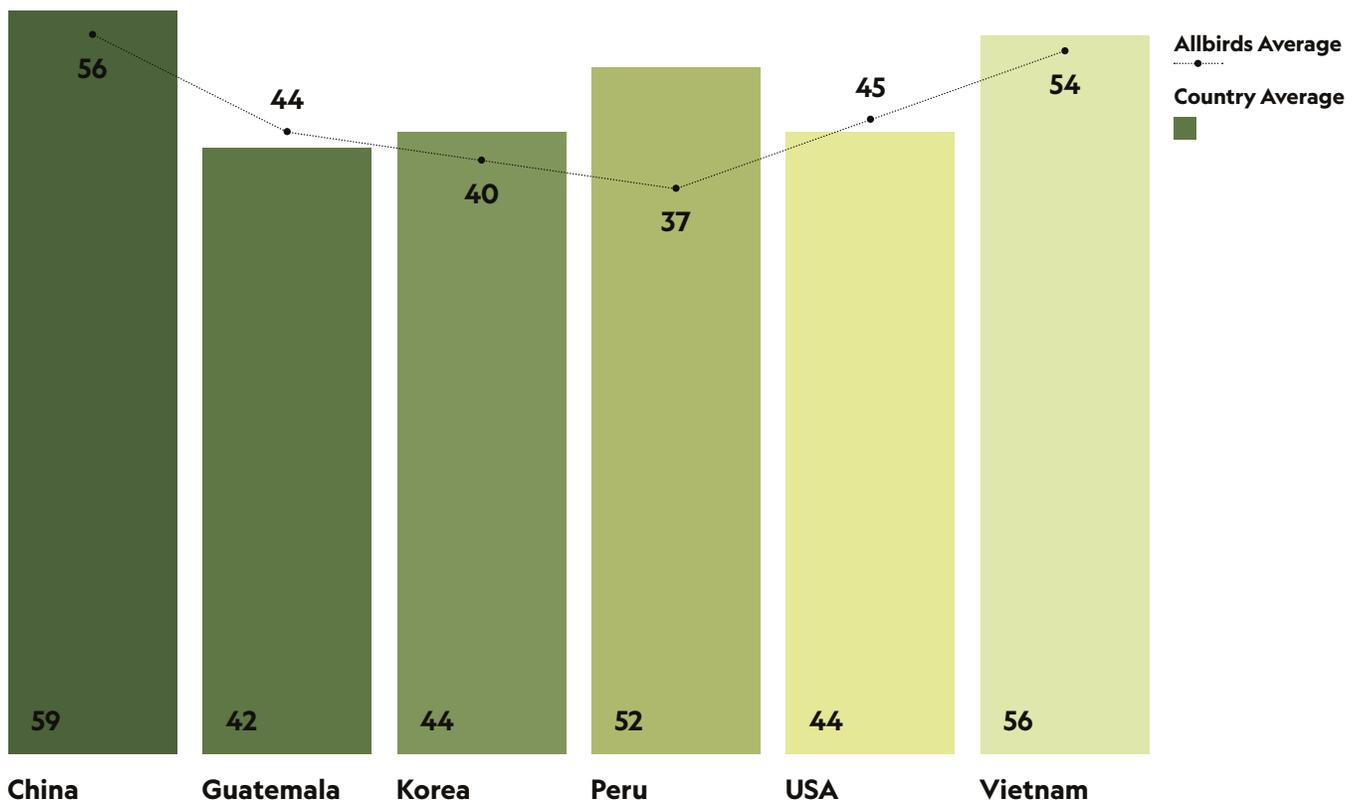
**HEALTH AND SAFETY
BREAKDOWN BY RISK RATING**



Examples of “health and safety” findings include things like proper PPE, signage, lighting, emergency exits, etc.

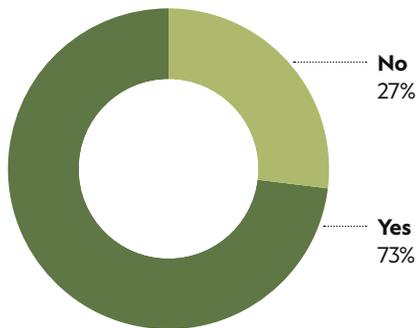
Of the health and safety findings, the vast majority were considered minor risk.

FACTORY WEEKLY WORKING HOURS BY COUNTRY



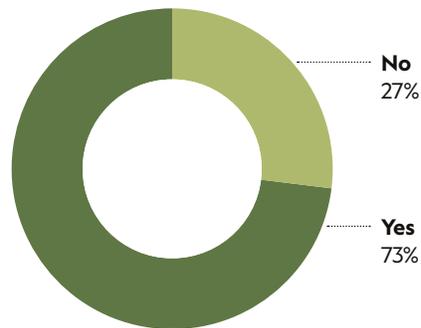
Not owning our factories gives us little control over hours, but we do track time worked, confirm all workers are paid on time, and ensure at-will employment.

FACTORIES PARTICIPATING IN THE ALLBIRDS ANONYMOUS WORKER SENTIMENT SURVEY



We conduct an anonymous worker survey during audits, and our goal is to reach 100%.

FACTORIES WITH WORKER WELL BEING PROGRAMS



Worker well being programs include things like childcare facilities, transportation, healthcare, education stipends, access to financial services, etc.

We're sharing more details on facilities and workers. In 2022, we published our Tier 1 (finished goods) factory list for the first time, highlighting that over the course of the year, we operated 11 of these factories in 6 countries. And we're excited to share more details about the workforces at these facilities—like the total number of workers being 22,800, 71% of whom are women. Additionally, 82% of our partner factories have additional social or environmental certifications that go above and beyond local laws and industry standards.

11

We operated in 11 factories across 6 countries

22,800

total workers in Tier 1 supply chain

71%

of our Tier 1 workforce is made up of women

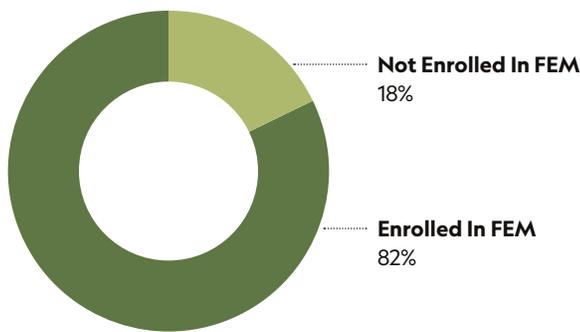
82%

of partner factories have social or environmental certifications that go beyond local law

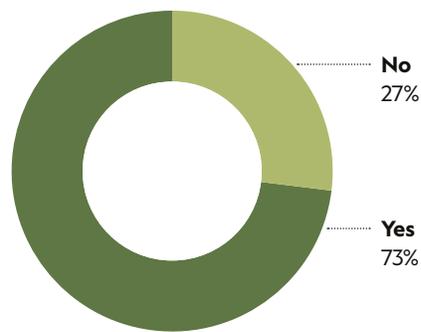
The Environmental Program at our factories got a lot more comprehensive. In 2022, 9 of our Tier 1 factories—representing 95% of our total finished goods—were using the Higg Facility Environmental Module (FEM) to track environmental progress. We use the FEM to collect data, identify risks and opportunities, and work to continuously improve the environmental impact of our factories across energy, water, wastewater, air emissions, waste, chemicals,

and environmental management systems. (Friendly reminder: we’re committed to onboarding verified Higg FEM across 100% of our Tier 1 suppliers and strategic Tier 2 suppliers by 2025.) We also launched a more comprehensive Restricted Substances List (RSL) and chemical compliance program to our suppliers, with 75% of our Tier 1 suppliers having earned an environmental or chemical certification by year’s end.

PERCENTAGE OF TIER 1 FACTORIES ENROLLED IN HIGG FEM



PERCENTAGE OF TIER 1 FACTORIES WITH AN ENVIRONMENTAL OR CHEMICAL CERTIFICATION



KEY CHALLENGES

We’re still figuring out how to expand our impact. The reality is, we’re still a relatively small brand (with oversized ambitions) operating in large factories. We’re continuing to seek out more opportunities to partner with other like-minded brands in our factories to drive collective change.

For a deeper dive into the details of our Foundation initiatives, head on over to allbirds.com/ourpractices



possible.

2022
FLIGHT STATUS

**Nothing is
possible.**

2022
FLIGHT STATUS

Nothing is

The new carbon reducing tools we're using to unlock M0.ONSHOT's net zero footprint are already making their way into other products to help reduce our impact in other areas of the business. And not only that, but our hope is that they'll make their way throughout the entire footwear industry—that's the goal behind open sourcing our entire toolkit of parts, at least.

As we close 2022 and continue onwards into 2023, there's much to celebrate, and also much to look forward to. Now, more than ever, we're driven by our purpose. And we'll stop at nothing to get to nothing.



allbirds



Flight Status

Allbirds 2022 Flight Status

UPDATED
APRIL 2023