

allbirds

ESG Factsheet

December 9, 2021

About this Factsheet

At Allbirds, we make better things in a better way. We aim to reverse climate change through better business by empowering people to make more conscious decisions for themselves as well as the planet. Through nature, we develop products that people feel good in, and feel good about.

This environmental, social, and governance (ESG) factsheet was designed to accompany our [2020 Sustainability Report](#), which provides more detail on our sustainability strategy including our goals, commitments, and activities in each focus area. You can also learn more about our sustainability policies and programs [on our website](#). This factsheet provides data and information on specific disclosures we know are important to investors, analysts, industry groups, and non-governmental organizations (NGOs).

This ESG factsheet is focused on our 2020 fiscal year (FY20) that ended on December 31, 2020, and, in many cases, represents our baseline for ESG data and performance¹. In some areas we have included new policies or practices launched in our 2021 fiscal year (FY21); these are noted accordingly.

The information provided in this factsheet reflects priority ESG topics as determined for our business through a sustainability materiality assessment conducted in FY20 with engagement from executive leaders, employees in our flock, and multiple external stakeholders including our investors, board members, suppliers, and customers.

For the first time, we are reporting against the [Taskforce on Climate-related Financial Disclosures](#) (TCFD) framework, [Sustainability Accounting Standards Board](#) (SASB) disclosures², and relevant disclosures from the [Global Reporting Initiative](#) (GRI) Standards. However, we are not yet satisfying all disclosures in all relevant SASB Standards, or fully reporting in accordance with the GRI Standards. We will continue to build out our reporting in alignment with these standards over time.

If you have feedback regarding the information provided in this factsheet or our ESG commitments and activities, we would like to hear from you. Please send your comments and suggestions to sustainability@allbirds.com.

¹All financial information is presented in U.S. dollars.

²SASB Apparel, Accessories and Footwear Standard and select disclosures from the SASB eCommerce Standard

FORWARD-LOOKING STATEMENTS

We have based the forward-looking statements contained in this ESG factsheet primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, and results of operations. Forward-looking statements include all statements that are not purely historical and are often identified by the use of words such as, but not limited to, “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “predict,” “intend,” “may,” “might,” “plan,” “project,” “potential,” “seek,” “should,” “target,” “will,” “would” and similar expressions or variations intended to identify forward-looking statements. You should not rely on forward-looking statements as predictions of future events. The outcome of the events described in these forward-looking statements is subject to risks and uncertainties. Moreover, we operate in a very competitive and rapidly changing environment and new risks and uncertainties emerge from time to time. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements. We disclaim any obligation to update or revise any forward-looking statement based on new information, future events or otherwise, except as required by applicable law.

A discussion of factors that may affect future results is contained in our most recent Quarterly Report on Form 10-Q available at www.sec.gov, including descriptions of the risk factors that may impact us and the forward-looking statements made in this factsheet.

Allbirds at a Glance

Allbirds is a global lifestyle brand that innovates with naturally derived materials to make footwear and apparel products in a better way, while treading lighter on our planet.

We began with three fundamental beliefs about the emerging generation of consumers: first, consumers recognize that climate change is an existential threat to humanity; second, consumers connect their purchase decisions with their impact on the planet, demanding more from businesses; and third, consumers do not want to compromise between looking good, feeling good, and doing good.

Our primary products include lifestyle and performance footwear and clothing, including t-shirts, sweaters, jackets, socks, and undergarments. We sell to customers in the U.S., Canada, EU, UK, New Zealand, Australia, China, Japan, and Korea.

We became a Delaware public benefit corporation (PBC) and earned our B Corporation (B Corp) certification in 2016, codifying our commitment to integrate the social and environmental impacts of our actions into business decisions. We firmly believe that the more sustainable we are, the better our products and business will be. We are proud of the alignment of financial and environmental benefits from our work, and that we can serve as a driving force in a new age of sustainable enterprise.

**22 Stores in
7 Countries**

As of December 31, 2020

\$219.3 million

In net revenue in FY20

**450 employees
in our flock**

As of December 31, 2020

**Consistently
above 83**

Our Net Promoter Score
since 2019

30% less

The Allbirds average footwear
carbon footprint, compared to
our estimate of a standard pair
of sneakers³

~53%

Of net sales in FY20 came from
repeat customers⁴



Certified B Corp

Since 2016



**Certified Carbon
Neutral business**

Since 2019

89%

In FY20, our digital channel
represented 89% of our sales,
while stores accounted for the
other 11% of our sales

Earned top spot in
Forbes' America's Best Startup
Employers in 2020

4.5

Glassdoor Score⁵

92%

of our customers say they
trust us to deliver reliable
information, tools, and advice
around sustainability⁶

³ https://cdn.allbirds.com/image/upload/v1628280054/marketing-pages/Allbirds_Product_Carbon_Footprint_Methodology.pdf

⁴ Repeat customers is defined as customers who have made a prior purchase with us in any period.

⁵ Glassdoor score as of May 21, 2021.

⁶ According to a survey we conducted of 1,300 U.S. customers in FY20.

Task Force on Climate-Related Financial Disclosures

Allbirds supports the mission of the Task Force on Climate-Related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information. We believe our initial TCFD climate-related financial disclosure aligns with the TCFD recommendations, and we intend to continue to refine our strategy and reporting in this framework going forward. In this ESG factsheet, we look at existing governance structures and strategy that fit within the TCFD framework, we note what was done in the previous year (FY20), present year (FY21)⁷, and indicate aspirations for the future to make this disclosure more robust.

Description of Disclosure	Response
Governance: Disclose the organization’s governance around climate-related risks and opportunities.	
a. Describe the board’s oversight of climate-related risks and opportunities.	<p>Allbirds’ Board of Directors considers sustainability risks and opportunities as part of its overall strategic decision-making process.</p> <p>As of FY21, our Sustainability, Nomination, and Corporate Governance Committee (which was formed in connection with our initial public offering (IPO) in FY21) has oversight of ESG topics; both the Committee and the full Board of Directors receive quarterly reports from management on significant sustainability actions, goals, and progress.</p> <p>Additionally, in FY21, we developed an external Sustainability Advisory Committee to provide a review of our sustainability strategy, progress, and insights into potential business risks and opportunities. The Sustainability Advisory Committee is composed of external ESG leaders who bring diverse experience and industry expertise.</p>
b. Describe management’s role in assessing and managing climate-related risks and opportunities.	<p>Climate-related initiatives are operationalized through our Sustainability team, which is led by our Head of Sustainability. These initiatives have oversight from our VP of Innovation and Sustainability who reports directly to our co-CEO.</p> <p>Our Sustainability team collaborates on an ongoing basis with cross-functional teams to monitor climate-related issues, and promote sustainability initiatives across our value chain, including product development, supply chain sourcing, and broader business operations.</p>

⁷ As of December 1, 2021.

Description of Disclosure	Response
	<p>On a quarterly basis, data is collected from key business areas to develop a consolidated sustainability scorecard that is shared with our Board of Directors.</p> <p>At the end of each fiscal year, the Sustainability team also engages with each business area to collect specific data to prepare the greenhouse gas inventory. This process includes cross-functional and leadership reviews, as well as third-party verification of the data.</p>
<p>Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.</p>	
<p>a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p>According to the Task Force on Climate-related Financial Disclosures’ 2020 Status Report⁸, when companies choose to disclose on TCFD, only 7% globally fully disclose on the strategy pillar. Allbirds decided to pursue an intensive analysis of climate-related risks in our strategy and our approach to risk management.</p> <p>In FY21, management began the process of identifying, assessing, and quantifying Allbirds’ climate-related transition and physical risks, as well as corresponding opportunities, through a hot spot analysis. This assessment was supported by <u>Anthesis</u>, a global sustainability consulting leader, to help us better understand our risk exposure, create a roadmap for scenario analysis and resiliency planning, develop strategies for leveraging opportunities, and meet our reporting and disclosure commitments.</p> <p>The first step in our climate-risk and opportunity analysis was to conduct climate risk and opportunity workshops with key business areas, including Sustainability & Innovation, Supply Chain, Product Development, Legal, Finance, Workplace, Marketing, Technology, and Retail. These workshops were intended to 1) identify a preliminary list of potential climate-related business risks and opportunities; 2) understand the potential scale of such risk or opportunity should it occur; and 3) identify substantive social, regional, or financial risk and opportunity thresholds that would designate a risk or opportunity as material to our business.</p>

⁸ https://assets.bbhub.io/company/sites/60/2020/09/2020-TCFD_Status-Report.pdf

Description of Disclosure

Response

Once we had a preliminary list of risks and opportunities, we identified the anticipated effect (the impact that a risk or opportunity will have on that key business area) and vulnerability (any management plans we have to mitigate against those risks or capitalize on those opportunities) to understand the potential scale. The exercise analyzed both effect and vulnerability of transition and physical risks across the short- (5 years), medium- (10 years), and long-term (30 years). At the conclusion of these workshops, we evaluated the effect and vulnerability of each physical and transition risk associated with climate change, which informs the list of risks and opportunities provided below.

The following risks have been identified through the workshops with the key business areas but have not been assessed for their materiality to our business. This will be completed through future scenario analyses.

Risks

1. Transition: the risks associated with the transition to a low-carbon economy over the next decade.

Pricing on GHG emissions

- *It is expected that under the <2°C scenario that the global price of GHG emissions will increase to \$100/tCO₂e. While Allbirds already has an internal price on carbon, it is lower than this expected threshold.*

Energy & fuel price increase

- *The transition to a lower carbon economy is expected to also bring increased energy & fuel costs that may impact Allbirds.*

2. Physical: the chronic and acute risks associated with the physical impacts in the next 30 years of a changing climate.

With a focus on natural materials and a global supply chain, Allbirds may be impacted by the following physical climate risks:

Increased frequency and severity of extreme weather events

- *Extreme precipitation: Sudden overflow of inland water or rapid accumulation of surface water.*

Description of Disclosure	Response
	<ul style="list-style-type: none"> <i>Droughts: Decrease in available water due to prolonged period of regional below-average precipitation.</i>
	<p>Increased mean temperatures</p> <ul style="list-style-type: none"> <i>Extreme heat: Human heat stress related to rising outdoor temperatures.</i> <i>Cooling degree days: Changes in energy usage related to building cooling requirements.</i>
	<p>Wildfires</p> <ul style="list-style-type: none"> <i>Droughts: This is evaluated according to the Keetch-Byram Drought Index (KBDI), which is an index designed specifically for fire risk assessment.</i> <i>Extreme max KBDI days: Annual Extreme days are an integral part of wildfire analysis as it predicts the number of Extreme KBDI days for a specific location.</i>
	<p>Rising sea levels</p> <ul style="list-style-type: none"> <i>The increase in global sea levels for each square meter of ocean surface.</i>
	<p>Changes in precipitation patterns</p> <ul style="list-style-type: none"> <i>A combination of extreme precipitation, drought, and wildfire analysis.</i>

Opportunities

Energy Sources

- Fossil fuel prices are projected to increase. Our goal is to use 100% renewable electricity to manufacture all Allbirds products at owned and operated facilities and finished goods manufacturers by the end of 2025. By procuring renewable energy, Allbirds will avoid additional costs to our business, helping preserve our competitive pricing structure.*

Products & Services

- We believe Allbirds' corporate mission and increasingly sustainable products provide a competitive position within the landscape of shifting consumer preferences for environmentally and socially responsible products.*

Description of Disclosure	Response
	<p>Resource efficiency</p> <ul style="list-style-type: none"> <i>Allbirds could reduce vendor operating costs by partnering with manufacturing facilities on environmental initiatives. This could improve energy efficiency and indoor air quality, as well as improve employee attraction and retention through a commitment to sustainability and better working conditions.</i> <p>Resilience</p> <ul style="list-style-type: none"> <i>Setting an internal price on carbon has presented opportunities for Allbirds to quantify the impact of emissions and develop adaptive capacity to seize opportunities and respond to climate change.</i>
<p>b. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.</p>	<p>To support our bold ambition on climate change, our sustainability strategy, or the Allbirds Flight Plan, centers on three strategic priorities: Regenerative Agriculture, Renewable Materials, and Responsible Energy, which are underpinned by ten specific, quantitative targets. With these targets, we set a goal to cut our carbon emissions per unit of product produced in half by the end of 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 will continue to be a carbon neutral business, as we have been since 2019 through the use of offsets. We believe in the importance of demonstrating near term progress and laying out a clear path to achieve our goals. We expect that achieving these ten targets as a whole ultimately improves gross margin and business resiliency.</p>
<p>c. Describe the potential impacts of different scenarios, including a 2°C scenario, on the organization’s businesses, strategy and financial planning.</p>	<p>In 2021, we conducted a hotspot mapping exercise to prioritize our key climate-related risks and opportunities. Building off this exercise, we plan to conduct scenario analyses of the key transition and physical risks and opportunities. The analysis will quantify the financial implications associated with these climate-related risks and opportunities, enable us to gather the quantitative information necessary to assess our adaptive capacity, and further invest in opportunities to enhance resilience across our value chain.</p>

Description of Disclosure

Response

Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks.

a. Describe the organization’s processes for identifying and assessing climate-related risks.

Allbirds evaluates climate risks based on their likelihood, significance, and scope of impact across the business. The 2021 climate risk and opportunity identification workshops also established the key business area’s substantive risk thresholds. Revenue, cost, and EBITDA are metrics used by the key business areas to evaluate climate-related risks. Aggregating these data points will allow Allbirds to establish company-wide substantive risk thresholds. These established substantive risk thresholds will serve as a basis for us to identify future climate-related risks posed to our operations. Allbirds will use these established thresholds to evaluate all climate risks annually at a minimum, and more often as needed.

b. Describe the organization’s processes for managing climate-related risks.

Our Head of Sustainability and other subject-matter experts actively engage with Allbirds’ key business areas to manage climate risks and opportunities on an ongoing basis.

We categorize risks according to four distinct management methods, based on enterprise risk management methodology established in FY20: avoid, reduce, share, and accept:

- **‘Avoid’** is used for risks in which we have zero-tolerance, such as forced labor in our supply chain.
- **‘Reduce’** is used to take action to mitigate the likelihood or significance of a potential event. This can be through improvements to processes that result in effective ways to prevent and respond to risks.
- **‘Share’** delegates a portion of the risk to a third-party and can involve tactics such as taking out an insurance policy.
- **‘Accept’** accepts risks as-is, generally because the risks have a low probability of occurring, would have little impact, or pose a threat in the distant future.

For example, we manage risks using the ‘reduce’ method through our strategic vendor partnerships, based on our partners’ willingness to implement and uphold best practices, decreasing the inherent vulnerability associated with vendor-based manufacturing. Once we identify a best practice for mitigating climate risk through vendor management, we proactively update our existing vendor agreements to align with improved internal standards.

Description of Disclosure	Response
c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization’s overall risk management.	<p>As part of our standard Enterprise Risk Management (ERM) process, our risk management team evaluates enterprise risks based on their likelihood, significance, and scope of impact across the business. The four climate risk management methods outlined above reflect the same methodology used to manage all enterprise-wide risks. Beginning in FY21, all business risks (including climate risks) are evaluated annually at a minimum, and more often as needed. Additionally, the substantive risk findings from our climate risk identification and assessment process established in FY21 will also be integrated into the organization’s company-wide risk management process moving forward.</p> <p>As we continue to build out more formal processes to identify, assess, and monitor our company’s risks, climate-related risks identified through our scenario analysis will also be integrated into Allbirds’ company-wide risk management process and will be overseen by the Sustainability team with cross-functional engagement.</p>

Metrics & Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<p>In 2020, we began the annual practice of measuring our carbon footprint across Scope 1, 2, and 3 categories, as defined by the Greenhouse Gas Protocol. Working from this foundation, we’ve adopted an internal price on carbon to incentivize emissions reductions, using funds generated to purchase renewable energy credits and high-quality carbon offsets against our Scope 1, 2, and 3 emissions. As a result, we are Climate Neutral certified. All carbon offset projects are third-party verified to the highest standards, such as Gold Standard, Verified Carbon Standard, or Climate Action Reserve. Learn more about our work to offset our emissions in our 2020 Sustainability Report (pages 29–31).</p>
b. Disclose Scope 1, Scope 2 and if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	<p>Since FY20, we’ve focused on calculating and disclosing the carbon footprint of each of our products, working with a life cycle assessment (LCA) tool to estimate the cradle-to-grave carbon footprint of products, identify hotspots, and drive emission reductions. This LCA tool was developed by our Sustainability team in partnership with external LCA experts and has been third-party verified against the requirements of ISO 14067:2018. It enables our teams to make informed decisions in design and development, tracking both product-level and company-wide carbon impact. As a result, in April</p>

Description of Disclosure	Response
	<p>2020, we published the carbon footprint for every product in our permanent collection.</p> <p>In FY21, we disclosed the absolute emissions across our direct and indirect operations for FY20, following the Greenhouse Gas Protocol, with additional 3rd party verification by SCS Global Services. Scope 1 and 2 emissions are driven by retail stores and corporate offices, and the majority of our Scope 3 emissions are from the materials, manufacturing, and transportation associated with our products.</p> <p>FY20 Estimates of Allbirds' Market-based Emissions (tonnes CO2e)</p> <ul style="list-style-type: none"> • Scope 1: 223 • Scope 2: 588 • Scope 3: 37,629 <p>FY20 Detailed Scope 3 Emissions Estimates (percentage of total emissions)</p> <ul style="list-style-type: none"> • Purchased goods and services: 56% • Upstream transportation and distribution: 23% • Downstream transportation and distribution: 5%
<p>c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>By the end of 2025, we aim to reduce our per-unit emissions by 50% relative to a baseline of what we expect our per-unit carbon emissions would be in 2025 without any further action to limit emissions, driving our average carbon emissions to around 7 kg CO2e per product. We aim to achieve this by sourcing zero carbon wool, replacing petroleum-based materials with natural ones, and using less and cleaner fuel and electricity. Specifically, 75% of our materials will be sustainably sourced natural or recycled materials, and we are committed to reducing raw materials use and the impact of key raw materials by 25% across footwear and apparel products. We have implemented Preferred Materials Guidelines (page 22) to help us maintain our commitment to both quality and sustainability.</p> <p>In addition, by the end of 2025, our goal is to source 100% renewable electricity for all owned and operated facilities, including offices, retail stores, and distribution centers, as well as finished goods manufacturers. We are committed to achieve a steady state of more than 95% ocean shipping, reducing the amount of higher emission modes of transport, like air shipping. We also aim to encourage our customers to machine wash our products on cold and hang-dry Allbirds apparel.</p>

Description of Disclosure**Response**

By 2030, we aim to reduce our per-unit emissions by 95%, driving our carbon emissions to less than 1 kg CO₂e per product. This ambitious goal is necessary to reduce our absolute carbon emissions in alignment with a science-based 1.5°C reduction pathway.

We have set a climate goal to reduce absolute scope 1, 2, and 3 emissions 42% by 2030 from a 2020 baseline. Our science-based target is aligned with all the requirements of The Science Based Targets initiative (SBTi), including alignment with a 1.5°C reduction pathway, and was approved by SBTi in FY21.

For more information, please see “Our 2025 Goals” (page 11) and “Our 2030 Goal” (page 13) in our [2020 Sustainability Report](#).

Priority ESG Metrics and Disclosures

The following table provides a comprehensive set of environmental, social, and governance (ESG) metrics and disclosures we believe to be relevant for our company to manage and share progress against on an annual basis. We show which disclosures align with the Sustainability Accounting Standards Board (SASB) Apparel, Accessories and Footwear Standard, the SASB eCommerce Standard, and the Global Reporting Initiative (GRI) Standards. We are not yet fully reporting in accordance with the GRI Standards and although we include all the disclosures for the SASB Apparel, Accessories and Footwear Standard in this factsheet, which is our primary standard, we do not currently satisfy all of the requirements for those disclosures. In addition, we have included select disclosures from the SASB eCommerce standard in the factsheet that we believe are relevant for our business. We will continue to build out our disclosures in alignment with these standards over time.

ENVIRONMENTAL

Description of Disclosure	Response	Alignment with Standards	
		SASB	GRI
Raw Materials Sourcing			
<i>Management Approach</i>			
Strategic approach to managing environmental and social risks that arise from sourcing priority raw materials, and approach to managing risks associated with the use of raw materials in products, including physical limits on availability, access, price, and reputational risks	<p>Allbirds relies on stringent material certifications to be sure we are buying high quality, natural materials. We work to 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. In FY20, our main raw material certifications were 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 continue to seek out the most stringent certifications available.</p> <p>Our 2025 Flight Plan goals include continuing to replace petroleum-based materials with natural ones such that 75% of our materials are sustainably sourced natural or recycled, reducing the carbon footprint of key raw materials by 25%, and reducing raw material use by 25% across footwear</p>	CG-AA-440a.1.	308-1414-1

& apparel products. For more information, please see our [2020 Sustainability Report](#) (pages 22-25), our [Renewable Materials Webpage](#), and the “Environmental, Social, and Governance” section of our final prospectus dated November 2, 2021 as filed with the Securities and Exchange Commission.

We calculate the carbon footprint of each of our products including emissions from materials, manufacturing, transportation, product use, and end of life. Detailed information about our LCA tool, can be found online in our [product carbon footprint methodology](#).

Priority raw materials that comprise products and the method of identifying priority raw materials

In FY20, the top raw materials in our products, by weight, were wool, TENCEL™ Lyocell (tree-based fiber), ethylene-vinyl acetate (EVA), and sugarcane-based Green EVA.

Whenever Allbirds makes a decision about materials, we use criteria outlined in our [Preferred Materials Guidelines](#) (page 22) to help us maintain our commitment to both quality and sustainability.

Third Party Environmental and Social Standards

Quantitative Metrics

Percentage of raw materials that are third-party certified to an environmental or social sustainability standard	In FY20, 55% of raw materials by weight were third-party certified to an environmental or social sustainability standard (including ZQ certified wool and FSC certified fiber). ^{9,10}	CG-AA- 308-2 440a.2
Percentage of raw materials third-party certified to an environmental or social sustainability standard, by standard	In FY20 the following raw materials were third-party certified, by weight: <ul style="list-style-type: none"> • 100% of Wool is ZQ certified • 100% of Tree source material is FSC Certified¹⁰ • 100% of natural rubber source material is FSC Certified • 96% of packaging source material is FSC Certified 	CG-AA- 440a.2

⁹ Represents percentage of all raw materials by weight in product and packaging that were third-party certified to FSC and ZQ; excludes GRS certification, which will be incorporated in future reporting.

¹⁰ 72% of all Tree material in final products had full FSC chain of custody certification.

Energy Use			
<i>Quantitative Metrics</i>			
The total amount of energy consumed as an aggregate figure, in gigajoules (GJ)	The total energy consumed in FY20 was 9,173 GJ. ¹¹	CG-EC-130a.1	302-1
The percentage of energy consumed that was supplied from grid electricity	Of 9,173 GJ of energy consumed in FY20, 60% was supplied from grid electricity. ¹² We do not have onsite generation.		
The percentage of energy consumed that is renewable energy	Of 9,173 GJ of energy consumed in FY20, 48% was from renewable sources. ¹³		

Environmental Impacts of Suppliers			
<i>Quantitative Metrics</i>			
Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition’s Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	78% of our Tier 1 suppliers, by factory count, completed the Higg FEM in FY20. We do not yet track the completion of the Higg FEM beyond our Tier 1 suppliers, but our goal is to achieve 100% Higg FEM completion from Tier 1 and strategic Tier 2 suppliers by the end of 2025.	CG-AA-430a.2.	308-2

¹¹ Represents total energy consumed in retail stores and offices (which contributes to Scope 1 and 2 emissions); excludes energy consumed in warehouses (which contributes to Scope 3 emissions).
¹² Represents total electricity consumed in retail stores and offices (which contributes to Scope 2 emissions); excludes electricity consumed in warehouses (which contributes to Scope 3 emissions). Represents total electricity other than onsite generation, as we do not currently generate electricity onsite.
¹³ Represents total renewable electricity consumed in retail stores and offices; includes, but is not limited to, utility renewable programs and purchased RECs.

Product Packaging & Distribution

Management Approach

<p>Strategies to reduce the environmental impact of fulfillment and delivery of products, including impacts associated with packaging materials and those associated with product transportation including logistics selection, packaging choices, fuel and vehicle choices, route efficiency, etc.</p>	<p>We strive 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 end of 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. During FY20, 100% of our packaging was made from recycled and renewable materials and 100% of our packaging was recyclable, renewable, or compostable, by weight.</p>	<p>CG-EC-410a.2.</p>	<p>306-2 305-5</p>
	<p>Moreover, we prioritize ocean transportation whenever possible. In FY20, we achieved 80% ocean shipping for inbound shipments by weight. Our goal is to achieve a steady state of over 95% ocean shipping by the end of 2025.</p>		
	<p>Learn more about our packaging and transportation in our 2020 Sustainability Report (pages 26-27).</p>		

Quantitative Metrics

<p>The tank-to-wheels greenhouse gas (GHG) footprint, in metric tons of CO₂e, associated with outbound shipment of products</p>	<p>In FY20, our total transportation emissions from factories to warehouses, warehouses to customers or stores, and returns was 9,512 tonnes of CO₂e, which represented 25% of total emissions in FY20.</p>	<p>CG-EC-410a.1.</p>	<p>305-3</p>
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Wastewater Discharge			
Approach to Wastewater Management & Discharge	<p>To date we have focused on increasing the number of our Tier 1 and Tier 2 suppliers that complete the Higg FEM assessment, which includes a module on wastewater discharge. We are currently defining the parameters of our wastewater quality program in alignment with Sustainable Apparel Coalition (SAC) and Zero Discharge of Hazardous Chemicals (ZDHC) guidelines and have set a goal to reach 100% compliance with wastewater discharge requirements from our Tier 1 suppliers and Tier 2 fabric mills and dyehouses by the end of 2025.</p> <p>We prioritize selection of more sustainable alternatives for water proofing and textile dyeing that minimize the impact of wastewater discharge whenever possible.</p> <p>Learn more about our initiatives to reduce hazardous wastewater discharges in our 2020 Sustainability Report (pages 14 and 24).</p>	CG-AA-430a.1.	303-2
Water Use			
Description of water withdrawal, water risks, and water withdrawn or consumed in locations of high water stress	<p>Our 2025 goals commit us to measure water consumption at Tier 1 and strategic Tier 2 suppliers, audit how our current supply chain impacts water scarce regions, and work with suppliers to identify conservation opportunities and set goals to reduce water consumption.</p>	CG-EC-130a.2.	303-1
Data Center Design/Selection			
Environmental considerations integrated into siting, design, construction, refurbishment, and operational specifications for data centers	<p>We currently outsource all of our data center needs and have no physical services (including no racks). We primarily rely on SaaS providers, which allow for resiliency if one data center we use has an interruption of service for any reason.</p>	CG-EC-130a.3.	

SOCIAL

Description of Disclosure	Response	Alignment with Standards	
		SASB	GRI
Raw Materials Sourcing and Third Party Environmental and Social Standards			
<i>The social impacts are addressed in the raw materials sourcing and third party environmental and social standard disclosures discussed above in the environment section of the table.</i>			
Processes to maintain compliance with restricted substances regulations			
Processes used to verify that products are in compliance with restricted substances regulations	<p>In our Flight Plan, we set forth our goal to have a clean chemistry standard (e.g., OEKO-TEX® 100) for 100% of our apparel products, by the end of 2025. We also require all weather proofing treatments to have OEKO-TEX® Passport or bluesign® certification.</p> <p>Vendors are required to avoid materials listed in our Restricted Substance List (RSL), which is based on globally recognized standards (e.g., REACH, AFIRM). All material developments are required to follow our Allbirds Testing Manuals, which include chemical testing and are validated by our Materials team. We have set a target to verify that 100% of Tier 1 suppliers comply with our RSL and MSRL.</p>	CG-AA-250a.1.	
Processes to assess and manage risks and/or hazards associated with chemicals in products			
Process to manage risks and/or hazards associated with chemicals in products	<p>In addition to the above, we require that all of our apparel and footwear products undergo GB 18401-2010 testing, covering chemicals, performance, and correct product labeling. We are developing a more robust testing program to coincide with our chemicals management program, which we will roll out to both T1 and T2 suppliers by the end of 2025.</p> <p>Learn more about our work to minimize use of chemicals in our products in our 2020 Sustainability Report (page 14).</p>	CG-AA-250a.2	403-1

Labor Conditions in the Supply Chain

Management Approach

Standards to which labor code of conduct compliance is measured	<p>We are committed to ensuring that working conditions in our supply chain are safe, that workers are treated with respect and dignity, and that manufacturing processes are environmentally responsible. We require our suppliers to implement our Supplier Code of Conduct, which includes, but is not limited to, Occupational Health and Safety, Freely Chosen Employment, No Child Labor, Harassment or Abuse, No Discrimination, Freedom of Association, Working Hours, Wages and Benefits, Environmental Practices, and Animal Welfare. Allbirds adheres 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.</p> <p>Learn more in our 2020 Sustainability Report (page 35).</p>	CG-AA-430b.1	414
Publicly available policy ensuring freedom of association and the right to collective bargaining	<p>Our Supplier Code of Conduct stipulates that “suppliers shall recognize and respect the right of workers to form and join trade unions and other worker organizations and participate in collective bargaining without fear of harassment, interference, or retaliation. Suppliers shall also develop effective, respectful, and transparent grievance mechanisms to resolve disputes, complaints and ensure effective communication between employees, employee representatives and management.”</p>		407
Measures to ensure freedom of association and facilitate collective bargaining (i.e., communication of rights, grievance procedures)	<p>Allbirds’ initiatives include ensuring workers in our supply chain have channels to voice concerns, suggestions, or advocate for their rights through Worker Voice programs. We are aiming for 100% of our Tier 1 factory workers to have access to Worker Voice programs by the end of 2025.</p>		407

Our grievance procedures for employees in our flock include formalized feedback and complaint mechanisms beyond direct reporting lines (including reporting directly to Employee Experience, Legal or anonymously through a whistleblower hotline) to address concerns and improve our company practices.

<p>Additional context around supply chain auditing, including Audit methodologies and criteria (e.g., management system investigation, worker interviews, management interviews, document review, visual observations), efforts to increase transparency, etc.</p>	<p>We only source from a select number of Tier 1 suppliers that willingly sign our <u>Supplier Code of Conduct</u>. We also expect full transparency of our partners' own supply chains and sub-suppliers.</p>	<p>CG-AA-430b.2.</p>	<p>GRI 414</p>
	<p>We require Tier 1 supplier factories to undertake an onsite social assessment by a professional, independent third-party social assessment firm. Assessments, which may or may not be announced, include confidential worker interviews, review of documentation and records, and visual inspection of safety conditions. Audit cadence is determined based on risk level from identified in previous audits.</p>		
	<p>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.</p>		
	<p>We are updating our audit framework, which will be rolled out to Tier 1 and strategic Tier 2 suppliers beginning in FY21. In order to reduce audit fatigue, we will support mutual recognition programs and collaborate with other brands. Key metrics on factory audit findings, including risks identified and remediation efforts will be published annually, beginning in our 2022 fiscal year.</p>		

Quantitative Metrics

<p>Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor</p>	<p>In FY20, 100% of Tier 1 supplier facilities, by facility count, had social audits completed by a third-party in the previous 12 months. 100% of these audits were conducted by a third-party auditor. We are not yet able to report on labor code of conduct audits for suppliers beyond Tier 1, but plan to expand our audit program to all strategic Tier 2 suppliers by the end of 2025.</p> <p>Learn more in our 2020 Sustainability Report (page 35).</p>	<p>CG-AA-430b.1</p>	<p>GRI 414-1</p>
<p>Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits</p>	<p>We are not yet able to report on this disclosure but are currently working to build our data tracking capabilities in this area to enable future reporting.</p>	<p>CG-AA-430b.2.</p>	<p>GRI 414-2</p>
<p>Corrective action rate for priority non-conformances with external labor code of conduct audit standards or internally developed supplier code(s) of conduct</p>		<p>CG-AA-430b.2.</p>	<p>GRI 414-2</p>

Supply Chain Labor, Environment, Health & Safety Risks

Management Approach

<p>The three labor conditions issues and the three environmental health and safety issues that pose the greatest potential risk in Allbirds' supply chain</p>	<p>Based on the materiality assessment we conducted in late FY20, the following topics were deemed to be ESG priorities to manage across the business, including in our supply chain.</p> <p><u>Labor Conditions Issues:</u></p> <ul style="list-style-type: none"> • Human rights • Diversity & social inclusion • Economic inclusion & wage systems 	<p>CG-AA-430b.3.</p>
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Environmental Health and Safety Issues:

- GHG emissions and energy management
- Materials sourcing (includes health and safety aspects as well as environmental factors)
- Materials waste

For more on our approach to managing these priority topics, see our [2020 Sustainability Report](#) (pages 13-31).

Health and Safety

Management Approach

Health and safety policy and management system, and coverage of programs, employee training, data compilation, emergency response, and audits	Allbirds has policies and procedures in place to address the health, safety and wellness of our employees, including applicable occupational health and safety principles. The company has a Retail Health & Safety Task Force comprised of cross functional leaders that meets weekly to discuss and share workplace health and safety matters and developments. Moreover, we conduct quarterly operational audits within retail stores to ensure that working areas are safe.	403-6
	Our Supplier Code of Conduct outlines Allbirds' occupational health and safety requirements for suppliers within our supply chain. Specifically, we require our suppliers to provide their employees with a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or because of the operation of the supplier. Suppliers are expected to regularly assess the workplace for hazards and implement appropriate safety systems, controls, and training.	
	Learn more about our employee health and wellness initiatives in our 2020 Sustainability Report (page 34) and supplier health and safety requirements and assessment (page 35).	

Employee Recruitment, Retention, Inclusion and Performance

Inclusion

Management Approach

Policies and practices to foster an inclusive and diverse culture	<p>Our commitment to building and cultivating a culture that incorporates diversity, equity, inclusion, and belonging (DEIB) has never been stronger. We intentionally seek diversity in race, gender, background, cultures, socioeconomic status, age, and sexual orientation. We track and measure our diversity and representation quarterly.</p> <p>We conduct and have committed to conducting annual reviews of pay equity. Our FY20 pay equity review, which considered job level, performance, and experience across gender globally and ethnicity in the U.S., did not find statistically significant pay differences across gender or ethnicity.</p> <p>Learn more about our programs designed to increase DEIB in in our 2020 Sustainability Report (pages 33-34).</p>	CG-EC-330a.3.	405
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Quantitative Metrics

Gender representation for all employees and racial/ethnic group representation for its U.S. employees by employee category.	<p>Ethnic group representation by employee category (US only):</p> <p>Management</p> <ul style="list-style-type: none"> • 60% White • 2% Black or African American • 5% Hispanic or Latino • 27% Asian • 7% Two or more races <p>Technical Staff</p> <ul style="list-style-type: none"> • 62% White • 3% Black or African American • 6% Hispanic or Latino • 24% Asian • 6% Two or more races 	CG-EC-330a.3.	405-1 405-2
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All Other Flock Employees

- 40% White
- 6% Black or African American
- 13% Hispanic or Latino
- 31% Asian
- % Native Hawaiian or Other Pacific Islander
- 7% Two or more races

Gender representation by employee category:

Management

- Female: 55%
- Male: 45%

Technical Staff

- Female: 12%
- Male: 88%

All Other Flock Employees

- Female: 60%
- Male: 40%

All data as of December 31, 2020. Employee categorizations based on SASB and EEO-1 guidance.

Employee Engagement

Management Approach

<p>Source of the survey, methodology used to calculate the percentage, and a summary of questions or statements included in the survey or study (e.g., those related to goal setting, support to achieve goals, training and development, work processes, and commitment to the organization)</p>	<p>We have measured employee engagement annually since our 2017 fiscal year, using feedback themes captured by company-wide surveys to inform our People Team and Management strategies.</p> <p>In FY20, instead of an annual survey, we ran three global pulse surveys. We looked at employee sentiment on how we were handling the coronavirus pandemic and the return to office process, and we asked for employee feedback on diversity, equity, inclusion, and belonging.</p>	<p>CG-EC-330a.1.</p>
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The responses were favorable, confirming that employees appreciated how we were handling the ongoing situation.

In FY21, we ran our annual engagement survey using an employee engagement and performance management software. The survey covered key indicators of employee engagement such as performance drive, career growth, culture of feedback, work environment/culture health, performance management, leadership, and direct managers. All 30 survey questions were translated into local languages to accurately capture the sentiments of our global team. The overall response was favorable.

Quantitative Metrics

Employee engagement as a percentage	The FY20 employee engagement survey was replaced with three pulse surveys and overall employee engagement as a percentage was not calculated.	CG-EC-330a.1.
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Turnover

Quantitative Metrics

Turnover as a percentage, including voluntary and involuntary departures	Our overall turnover rate in FY20 was 46%. Approximately 2/3 of turnover in FY20 was voluntary, and 1/3 was involuntary.	CG-EC-330a.2.	401-1
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Work life balance

Management Approach

Options of workplace flexibility and working time reduction to support work life balance	Our Flexible Time Off (FTO) Policy provides U.S. corporate, full-time employees in our flock with the ability to take as much time off as they need to reach their performance targets and achieve their goals for work-life balance. Outside of the U.S., time off policies vary by country and depend on a variety of factors, including market practice and statutory benefits. Globally, we have standards around or above market time off.
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Pay and Benefits

Management Approach

<p>Discussion of salaries above minimum wage or a living wage that allows workers and their families to maintain a safe, decent standard of living (minimum resources for physical well-being plus healthcare, utilities, transportation, education and small savings) and extent the company provides relevant healthcare benefits (e.g., financial contributions or company-paid medical facilities/services)</p>	<p>In the U.S., our benefits include health and wellness, paid time off, competitive pay, career growth opportunities, paid volunteer time, product discounts, and a culture of recognition. Specific health and safety benefits for U.S. employees include employer-sponsored health insurance, dental insurance, vision care insurance, flexible spending accounts, and commuter benefits. We also offer wellness and technology reimbursements. Outside of the U.S., benefits vary by country and depend on a variety of factors, including market practice and statutory benefits.</p> <p>Globally, we offer compensation that is competitive and linked to the skills, knowledge, and experience required in each position. We have also banned the practice of inquiring about salary history in the interview process, in line with local laws.</p> <p>We are committed to establishing and implementing a living wage requirement for all direct employees globally within 24 months of our IPO in November 2021, using a credible third-party framework.</p>	401-2
<p>Extent the company provides relevant retirement benefits</p>	<p>All permanent employees (including full-time and part-time) in the U.S. are eligible to participate in our 401(k) plan. We provide for employee pre-tax deferral contributions and after-tax Roth contributions and also provide a match on 100% of the first three percent of employee contributions and 50% on the next two percent, to a max match of 4%. We also provide life insurance to all regular full-time employees in the U.S.</p>	401-2

Training & Development		
<i>Management Approach</i>		
Description of training programs to develop staff and enable personal and professional growth	We have the following training and career development initiatives in place: <ul style="list-style-type: none"> • Formal onboarding process for new flock members • Ongoing training on core job responsibilities • Internal promotion of eligible employees • Employees in the flock are able to make lateral moves or change career direction or pace when possible 	404
<i>Quantitative Metrics</i>		
Disclosure of average training time/expenses per employee by employee category	In FY20, the average training time was 17.5 hours for individual contributors, 31.5 hours for line managers, and 47.5 hours for directors and above.	404-1
Technical Employees who are Visa Holders		
<i>Quantitative Metrics</i>		
Percentage of technical employees that held valid H-1B visas as of the close of the reporting period.	We believe this is immaterial to our business as it reflects less than 5% of our total workforce.	CG-EC-330a.4.

GOVERNANCE

Description of Disclosure	Response	Alignment with Standards	
		SASB	GRI
Good Governance Practices			
<i>Management Approach</i>			
Overview of our corporate governance policies and procedures, including how we assess and manage ESG risks and opportunities, engage with external stakeholders on ESG topics, and link remuneration with ESG performance.	<p>Public Benefit Corporation (PBC) Status</p> <p>Because we are a PBC under Delaware law, our Board of Directors must manage our business and affairs in a manner that balances the pecuniary interest of our stockholders, the best interest of those materially affected by our conduct, and the specific public benefit of environmental conservation that is identified in our certificate of incorporation. As a result, in operating our business we are required to consider environmental conservation and the well-being of our flock and other stakeholders affected by our conduct alongside the financial interests of our stockholders. We are also obligated to report to our stockholders every two years on our progress as a PBC. In FY21, we published our 2020 Sustainability Report, which fulfils the requirements of the Public Benefit Report on our website, making it available to all stakeholders.</p>	102-18	102-20
	<p>Certified B Corp Status</p> <p>In addition to our PBC status, we have also achieved B Corp certification since 2016. Every three years, we must recertify through a process and set of expectations that have become more rigorous over time. According to B Lab, the median score of all businesses that have completed the B Impact Assessment is 50.9; our latest recertification score was 89.4, up from our initial (2016) score of 81.9. Learn more about our specific impact area scores on our webpage in the B Corp Directory.</p>	102-21	102-26
		102-29	102-31
		102-32	102-35

Executive Compensation

Management and employees at or above the Director level are incentivized, in part, through our bonus program, where bonuses are linked to sustainability outcomes, including specific metrics related to carbon reduction targets.

Oversight and our Board of Directors

We regularly require that ESG issues are represented at the highest level of decision making (including through our Head of Sustainability). Management reports on ESG issues to our board of directors on a quarterly basis. The Sustainability, Nomination, and Corporate Governance Committee of our Board of Directors is responsible for overseeing ESG matters. We have a gender diverse board, with 38% of our directors identifying as women.

Sustainability Advisory Committee

In FY21, we developed an external Sustainability Advisory Committee to provide an additional review of our sustainability strategy, progress, and insights into potential business risks and opportunities.

Data Privacy			
<i>Management Approach</i>			
User Privacy	Our Privacy Policy is available on our website which governs our treatment of customer data. It outlines the types of personal information we collect, how we use and share the information, your right to opt-out of certain uses and disclosures of your personal information, and the measures we take to protect information security. Multiple points of contact are provided through which customers may initiate inquiries and raise concerns to us regarding our collection, sharing, and use of their personal data.	CG-EC-220a.2.	418

Our privacy policies and practices are designed to align with the laws in the jurisdictions where we operate, including the European Union (e.g., General Data Protection Regulation (GDPR)) and the United States (e.g., California Consumer Privacy Act (CCPA)), among others. We continue to monitor emerging regulations in this area and enhance our capabilities for data governance and management as appropriate. Our VP of Legal is responsible for monitoring conformance with our data privacy policy and for reviewing and updating the policy as needed.

Data Security

Management Approach

Data security risks & data breaches	<p>Data security is built into our company’s technology strategy since first launching our e-commerce site. We focus on a 360-degree approach designed to mitigate risks of data loss and protect ourselves against damages to our reputation. As a cloud-only company, we utilize a wide range of tools as part of our cybersecurity program. Some examples include:</p> <ul style="list-style-type: none"> • Least Privilege Principle: We limit access to company resources based on user roles and real time access needs. • End User training: We require security training for all new employees as well as run frequent phishing simulations and additional training for those at high risk. • Internal Audits: We regularly review all security programs, policies and audit for any controls that need to be re-evaluated. 	CG-EC-230a.1.	418-1
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Our Chief Technology Officer and IT team provide regular presentations to the Audit Committee. No material breaches occurred in our 2019 fiscal year or FY20.

Customer Education

Management Approach

Discussion of measures that have been implemented to increase customer awareness on sustainability impacts of products during their life cycle and to help customers reduce the environmental footprint of products

We understand the value customers place on authenticity and transparency, and since our inception, have run extensive campaigns to educate consumers about the sustainability impacts of footwear and apparel in general, and how we are working to address those impacts through our manufacturing processes and our products themselves. We share information on the social and environmental attributes of our products in our stores, in our social media channels, on our website, and in our Sustainability Report. Examples of Allbirds marketing campaigns with a sustainability focus include labeling all products with their carbon footprint and freethefootprint.com.

CG-EC-230a.2.

In FY20, 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 make informed purchasing decisions with climate impacts in mind. Providing a product's planetary cost front and center empowers people to make intentional choices.

According to a survey we conducted of 1,300 U.S. customers in FY20, 92% of our customers trust us to deliver reliable information, tools, and advice around sustainability.

Learn more about our customer awareness efforts in our 2020 Sustainability Report (page 17).

SASB Activity Metrics		
Number of shipments	Our global e-commerce shipments in FY20 were approximately 2.9M. ¹⁴	CG-EC-000.C
Entity-defined measure of user activity	In FY20, we fulfilled approximately 2.2M orders globally.	CG-EC-000.A
Data processing capacity, percentage outsourced	100% of our data processing is outsourced. ¹⁵	CG-EC-000.B
Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	1) We had 9 Tier 1 suppliers in FY20. ¹⁶ 2) We had approximately 250 suppliers beyond Tier 1 in FY20.	CG-EC-000.A

¹⁴ We defined number of shipments as number of global E-commerce shipments to customers; excludes returns and shipments to retail stores.

¹⁵ Due to our engagement with cloud computing, data analytics, and ecommerce platforms.

¹⁶ "Tier 1" refers to the primary production facility to which an Allbirds purchase order is issued.

TREAD LIGHTER.