

Our Partners



By holding our suppliers to high standards and taking part in industry and NGO initiatives, we help drive continuous improvement.



Our Partners

Caleres sets a high bar for the factories that manufacture our products, and we take a proactive approach to managing our supply chain and associated risks.

Tier 1 *Finished Product Assembly (Full visibility)*

Tier 2 *Fabric, Polyurethane, Leather Factories (Full visibility)*

Tier 3/4 *Raw Material Factories (Partial visibility)*

96 Core Tier 1 Suppliers

NUMBER OF TIER 1 FACTORIES	62 China	2 Brazil
	16 Vietnam	2 Cambodia
	10 India	1 Taiwan
	3 Bangladesh	



SUPPLY CHAIN MANAGEMENT

Caleres takes a proactive approach to managing its supply chain and associated inherent risks. We work with leading independent auditor [ELEVATE Responsible Sourcing Assessment \(ERSA\)](#) to evaluate and grade all suppliers on practices ranging from transparency and compliance with anti-corruption legislation to hiring practices, wages, and benefits.

As part of the supplier onboarding process, it is compulsory for all factories to undergo a factory compliance audit during which we communicate our expectations. The audit assesses potential suppliers on the following topics:

- Business Ethics
- Environmental Protection
- Health and Safety
- Fire Safety
- Forced Labor
- Child Labor
- Hiring Practices
- Wages
- Working Hours
- Housekeeping
- Proper Documentation

From Jan. 30, 2022, to Jan. 28, 2023, 101 audits were conducted.

All Tier 1 factories must agree to comply with Caleres' [Production Code of Conduct](#) as part of their contractual agreement. Factories are expected to take all necessary measures to ensure that their contractors and subcontractors, including employment agencies, are made aware of and comply with the Production Code of Conduct requirements for labor practices and compliance with laws. When we identify the need, we work with our auditing partner to develop corrective action plans for factories on a case-by-case basis.

Caleres has direct business relationships with most Tier 1 factories, enabling the company visibility across its manufacturers of shoes and materials. To build supply chain visibility, since 2018, Caleres sends questionnaires to all its Tier 1 and Tier 2 suppliers, as well as third-party subcontractors, inquiring about suppliers further upstream.

EVALUATING RISK WITH CALERES' SUPPLY CHAIN

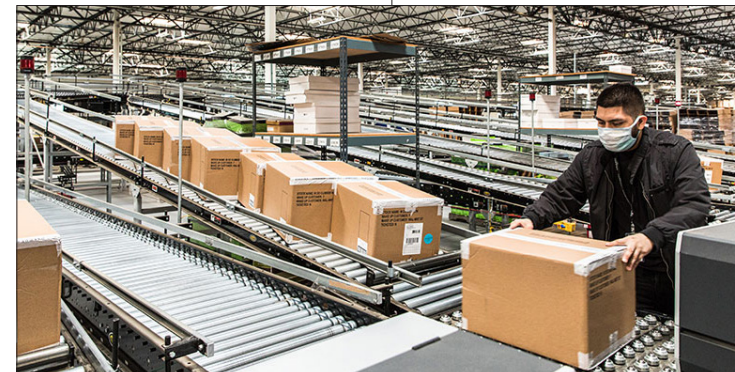
Caleres' supply chain strategy is informed by a risk assessment process that includes risk data from ELEVATE's EiQ platform and Caleres' factory assessment framework. ELEVATE EiQ is a data analytics solution that provides insights into country supply chain risks, sector risks, and specific issues in global supply chains covering key environmental, social, and governance issues. Caleres assesses all core Tier 1 factories twice a year on five key areas including supply risk, speed and agility, quality, sustainability, and operations.

To gain additional visibility into supply chain risks, Caleres asked Tier 1 factories and Tier 2 material suppliers to complete a self-assessment questionnaire in 2022. The questionnaire helped Caleres develop a deeper understanding of the sources for critical raw materials, as well as supplier capabilities and their participation in ESG initiatives.

ABOUT CALERES' SUPPLY CHAIN

Caleres' primary supply chain consists of 116 factories. There are 96 core Tier 1 factories that make up most of Caleres' sourcing volume and order spend (92%). Of these there are 30 strategic factories that comprise 51% of the sourcing and spend. To become a strategic factory, we evaluate a number of characteristics. In addition to traditional quantitative evaluations, like financial rating and production volume, we conduct a qualitative assessment. A sample of the conditions evaluated includes:

- Commitment to ESG goals
- Contribution to Caleres business and success
- Innovation capabilities
- Shared Caleres values and level of collaboration



Our Partners

100%
of our strategic factory
base will contribute to
waste reduction.

100%
*of our strategic
factories to
comply with our
heightened labor
standards,*

*including fair wage programs
and social working standards.*



Achieving Industry Waste Reduction

50%
*reduction of waste into
landfill and incineration
to be achieved in our strategic factory base.*

**PRIORITIZING
RESPONSIBLE LEATHER**

Our auditing work with ERSA is paired with leather auditing efforts from the Leather Working Group (LWG) Leather Manufacturer Audit Protocol, which drives best practices and positive social and environmental change through responsible leather production. Recently, LWG established an [Animal Welfare Group](#) with the principal objective of educating the leather supply chain on the salient aspects of animal welfare. In 2022, 85% of the leather we purchased was sourced from tanneries certified LWG Gold or Silver.

**MATERIAL CHOICES FOR WATER
CONSERVATION**

Our choice of materials has a significant impact on the amount of water that goes into making our products. LWG, for example, considers water consumption, treatment, and disposal of wastewater when certifying tanneries. It is estimated that tanneries see a 35% reduction in water use in their first year of LWG membership.

**FDRA FOOTWEAR FACTORY ZERO
WASTE PROGRAM**

This industrywide training and capacity-building program aims to eliminate manufacturing waste in shoe factories by enabling workers to identify, sort, and recycle waste to keep it out of landfills. The program also collects greenhouse gas emissions and waste generation data at the factory level to help factories track and trace their overall footprint. In 2022, 14 Caleres factories joined the program, bringing the total to 21 factories, or 57% of our strategic factories. At the end of 2022, the 21 participating factories achieved a total reduction of 2,210 metric tons of CO₂e through waste reuse and recycling activities.

**MEKONG SUSTAINABLE
MANUFACTURING ALLIANCE**

This three-year program is working to strengthen sustainable and competitive manufacturing in Cambodia, Thailand, and Vietnam. Caleres has nominated 18 of its factories, two in Cambodia and 16 in Vietnam, to participate in the Alliance's capacity-building activities over the course of the three-year program. In 2022, an initial group of three factories employing a total of 8,658 workers in Vietnam participated. Five Caleres suppliers have participated in trainings organized by the Alliance about managing prevalent social and labor issues in the region. The initiative is funded by USAID and implemented by the Institute for Sustainable Communities (ISC) in partnership with ELEVATE and the Asian Institute for Technology (AIT).

31%+

*of our Tier 1 suppliers participate
in further ESG efforts through
programs in addition to
undergoing ERSA audits, including
FDRA Waste Reduction, BSR
HERProject, Global Recycled
Standard certification, and
the Mekong Sustainable
Manufacturing Alliance.*

**ENGAGING FACTORIES ON SCOPE 3
EMISSIONS**

To gain insights into indirect (Scope 3) greenhouse gas emissions across our supply chain, we launched a pilot project to collect and verify greenhouse gas emissions data and water use from several Tier 1 factories as part of annual audits.

Following this pilot, we are expanding supplier engagement to include more of our factories in these calculations to arrive at an estimate of the Purchased Goods and Services portion of our Scope 3 emissions.

