

our company

How We Do Business

Across the Caleres portfolio of brands, we feel passionately that how we do business is as important as how much business we do.

Our 140-plus year pledge to quality craftsmanship includes creating sustainable and lasting value for all our stakeholders. What it really comes down to is caring – about people, ethics and integrity, our shared planet and about healthy financial performance. Caring is so integral to our business that we champion it as one of our core company values.

This chapter of Caleres' inaugural ESG report focuses on how we manage and govern our company, reduce our companywide environmental footprint and operate our facilities.

The main lobby of the Caleres headquarters welcomes visitors with a striking mural depicting the history of shoemaking and the people who are at the center of the shoe industry.

CALERES
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Read more about Our People, starting on Page 21
Read more about Our Communities, starting on Page 33
Read more about Our Partners, starting on Page 39



CORPORATE GOVERNANCE

Leading the Way

At Caleres, we've built our business on finding the perfect fit for people of all ages, genders, ethnicities and all other qualities that give each of us a unique perspective. Women comprise our single largest customer segment and, taken together, footwear for women and children constitute more than 70% of our business. We're focused on ensuring the people who lead our company reflect the diverse base of customers we serve.

Women comprise 60% of our Board of Directors, making us one of very few U.S. companies with a majority female board.

Additionally, 20% of our board members are racially or ethnically diverse.



Diane Sullivan
Board Chair and CEO



Lisa A. Flavin
Chief Compliance Officer & Vice President of Audit at Emerson



Brenda Freeman
Chief Executive of Arteza



Lori Greeley
Chief Executive Officer at Serena and Lily



Mahendra Gupta, PH.D.
Former Dean & Geraldine J. and Robert L. Virgil Professor of Accounting & Management at Olin Business School



Carla Hendra
Chief Executive of Ogilvy Consulting Worldwide



Ward M. Klein
Former Executive Chairman of Edgewell Personal Care Company, formerly the Personal Care division of Energizer Holdings, Inc.



Steven W. Korn
Former President & Chief Executive Officer of Radio Free Europe/Radio Liberty Inc. & Former Vice Chairman & Chief Operating Officer of CNN



W. Patrick McGinnis
Former Chairman of Nestlé Purina PetCare Co.



Wenda Harris Millard
Vice Chairman at MediaLink

“Successful companies take the time to ensure their boards reflect their customer base as much as possible. It’s not only the right thing to do, it’s the smart thing to do.”

– Diane Sullivan, Caleres Board Chair and CEO

108 years

Caleres has been listed on the NYSE since 1913.

Board of Directors

- ✦ **60%**
Women
- ✦ **20%**
Racially/ethnically diverse
- ✦ **9 of 10**
Directors are independent
- ✦ **62.8**
Average age of directors
- ✦ **11.0 years**
Average tenure of directors

All board members attended **100%** of meetings in 2020

Full Board and Governance and Nominating Committee oversee **ESG topics**



ESG
GOVERNANCE

on the
right foot

Caleres has long embraced the principles of ESG excellence. We view our ESG efforts as an important component of our enterprise risk management program and a way to position Caleres favorably in the marketplace.

In 2019, we further formalized our commitment by creating a cross-functional, senior level ESG Steering Committee, comprising our CEO and other top executives. This committee oversees development of our enterprise-level approach to ESG and is responsible for developing programs, goals and metrics to support our initiatives. This committee keeps our board of directors apprised of ESG trends and developments that have the potential to impact our company and our stakeholders.



ESG MATERIALITY AND STRATEGY

*Among the most important outcomes of our formalized approach to ESG was the development of our ESG materiality assessment and the subsequent design of our enterprise-wide strategic ESG framework, **Caleres Cares ... Feet First**, along with accompanying 2025 targets.*



At Caleres, we care passionately about helping people feel great ... feet first. That comfort arises from both our product portfolio and our five-star promise for delivering ESG excellence: Caleres Cares ... Feet First



Fit means more than how great our shoes feel on your feet. Every bit as important is how well our brands align with your values.



Caleres creates sustainable value by governing and operating with integrity and transparency and by pursuing ambitious ESG targets.



Curious, creative people working in an inclusive and empowering environment continue to propel our company forward.



We give back to people and communities in need and work to advance the profession and professionals of footwear.



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



Light from a star travels a great distance before it illuminates something meaningful.

In this report, each part of our ESG work is represented by a piece of the star in the Caleres logo, putting our commitments in the spotlight and symbolizing our journey.

MATERIALITY ASSESSMENT

In 2019, Caleres engaged an expert third-party consultancy with deep experience in the footwear industry and its supply chain to assess the ESG topics that mattered most to our internal and external stakeholders. Known as a materiality assessment, this exercise included a review of key ESG reporting and performance frameworks, peer research and one-on-one interviews with 20 key stakeholders. Through this process, we narrowed a field of about 20 potential topics to the eight that are most material to Caleres and our stakeholders, as shown below and as defined in the Reporting Index section starting on [Page 44](#).

- Brand Portfolio
- Packaging
- Materials Recovery/Waste Reduction
- Facility Energy and Emissions
- Sustainable Product Offerings
- Supply-Chain Labor Standards
- Associates
- Community

2025 ESG Targets

In early 2020, based on the results of our materiality assessment and growing stakeholder expectations of business, we developed a portfolio of ESG targets that we seek to achieve by 2025. These are provided in the chart to the right along with how each aligns with our material topics.

Material Topics	Brand Portfolio	Packaging	Materials Recovery/Waste Reduction	Facility Energy and Emissions	Sustainable Product Offerings	Supply-Chain Labor Standards	Associates	Community
2025 ESG Targets								
100% of Caleres' products will use environmentally preferred materials	★				★			
50% of products will be designed/developed using 3D technology, reducing physical samples by 35%	★		★		★			
25% of footwear sold in Famous Footwear will use environmentally preferred materials	★				★			
We will reclaim/recycle/refurbish 90,000 pairs of shoes each year	★		★		★			
100% of the shoeboxes for our owned brands will use environmentally preferred materials and 90% will be transported in ship-in-one-containers	★	★			★			
100% of our strategic sourcing supplier base will contribute to waste reduction		★	★					
50% reduction of waste achieved in our strategic sourcing supplier base	★	★	★					
25% reduction in energy use achieved in Caleres-owned retail stores and distribution centers				★				
100% of strategic factories will be socially compliant by 2025						★		
100% of strategic factories will employ leading global social working standards						★		
100% of Caleres Associates will actively support environmental/ social initiatives							★	★
Annual review of Caleres Cares Charitable Trust in support of ESG							★	★

Definitions of terms such as “environmentally preferred materials,” “socially compliant” and others are provided in applicable sections of this report.



sustainable statements

Throughout their histories, Caleres' brands have sourced the highest-quality materials to ensure the most comfortable and attractive shoes for our customers. Now, in addition to quality, style and fit, we are focused on making shoes in ways that reduce their impact on the environment – from the materials they're made of to the packaging in which they're shipped, to the processes we use to design, develop and deliver them.



Material Moves

By 2025, we will use environmentally preferred materials to produce every product in our portfolio.

Leveraging the shared supply chain of our brands, we have the ability to make this shift at scale to deliver a meaningful and measurable impact.

We are transitioning to fabrics that are either natural, meaning they're greater than 20% certified organic or contain more than 50% recycled content, based on the rigorous Global Recycle Standard (GRS). GRS is an international, voluntary, full product standard that sets requirements for third-party certification of recycled content, chain of custody, social and environmental practices, and chemical restrictions.

We're also moving to leather that is not only composed of more than 20% GRS-certified recycled material, but also meet the Leather Working Group's (LWG) Gold, Silver or Bronze standards. LWG aims to develop and maintain a protocol that assesses the environmental compliance and performance capabilities of leather manufacturers and promotes sustainable environmental practices. We're shifting to low-dimethylformamide (DMF), and >5% bio-based content for 50% of our synthetic materials. We're committing to using trim materials that are greater than 50% GRS-certified recycled and at least 5% bio-based. And we're aiming for 25% of our shoe bottoms to be made from material that is greater than 10% natural-based and more than 5% recycled.



“Our five-year goals and the milestones along the way are about making sure we make choices on a daily basis to execute on those goals...How do you get there? It’s by making sure – season by season – you’re selecting these items and you’re also working with your overseas partners to make sure they’re speaking to suppliers to say ‘these are our goals and we want you to join us and come together and collaborate.’”

*– Andee Burton, Senior Manager,
Sustainability and Technical Product Development*



Managing Chemical Use

Modern shoe manufacturing involves a variety of materials and processes. Chemicals play a significant role in bringing consumers the fit and look that make them feel great. At Caleres, we employ rigorous testing procedures to ensure the chemical content in our shoes is in compliance with regulatory requirements around the world. We look to a global independent research, testing and accreditation authority on footwear and leather for guidance, known as [SATRA](#).

SATRA publishes a list of the hundreds of restricted chemicals used in making consumer products. We have identified seven used in the manufacture of Caleres' shoes:

- Lead
- Cadmium
- Chrome (VI)
- Azo dyes
- Nickel
- Phthalates
- Formaldehyde

Our chemical testing labs, which undergo annual certification by SATRA, perform two main types of tests. At the production stage, we require all of our shoe factories to test the upper and lining materials and components to ensure compliance with regulatory requirements. Subsequently, we randomly test 20 styles of finished shoes from their first production or cutting die test each month. We test every lot of materials and components we receive, and test reports remain valid for one year. If there is a failure at the finished good stage, our supplier or owned factory is required to send new product until it passes testing. All of our products are subject to these stringent requirements.

Packaging for the Future

Another way we're lessening Caleres' impact is by re-imagining how we package our products. We continue to make progress in our long-standing effort to reduce or eliminate excess packaging and shipping materials. In fact, most of our brands have already moved to more sustainable packaging options.

By 2025, all of our shoeboxes and packaging will use environmentally preferred material.

Furthermore, our goal is that 90% of the shoeboxes we use by 2025 will double as shipping cartons. We call these dual-purpose boxes "ship-in-one containers," or SIOCs. Moving to SIOCs will obviously reduce the size and weight of containers, resulting in greater logistical efficiencies and further reducing our environmental impact.

Empowering Customer Choice

Today's eco-conscious consumers care how their shoes are made and what happens to them when it's time for a new pair. When consumers shop our brands, we want them to be assured they're buying products that are sustainably sourced. To do so, we are working to label many of our products with tags that indicate they are made from materials that meet sustainable standards. For example, our Dr. Scholl's slippers feature labels that indicate that the product is made from recycled plastics.

Beyond making sustainable changes to the products we manufacture, we're moving to ensure that, by 2025, 25% of all shoes sold in our Famous Footwear stores will use environmentally preferred materials, whether our brands or those of other companies. We will also identify sustainably sourced options online and through signage in stores, beginning in late 2021.

Increasingly, our customers are becoming better informed about what to do with shoes they no longer use. And for several years, we've been exploring opportunities to increase the circularity of our products. Concurrent with our own efforts – and efforts across the industry – to make products with more naturally degradable materials, we are providing options for customers to give their old shoes new life.

By 2025, Caleres aims to reclaim, recycle or refurbish 90,000 pairs of shoes each year.

Our Allen Edmonds brand already recrafts tens of thousands of pairs each year (see [Page 9](#)).

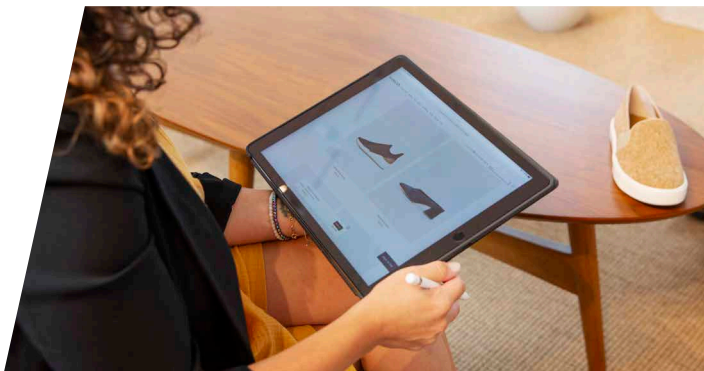


Digital Design: Treading Lightly

As we move our design and sample production process more and more to the digital world, we're reducing our dependence on physical resources to bring our shoes to life.

In fact, by 2025, we're committed to designing and developing 50% of our products using 3D digital technology. Doing so will reduce physical samples by 35%.

In designing a prototype, we can now refine aspects of the shoes on-screen rather than making adjustments to a physical model, thus saving the material we would consume with multiple design iterations. And, rather than shipping the samples physically, we can now share 3D renderings that can be viewed on-screen or printed using 3D printers, reducing the carbon footprint of transportation. Additionally, we can break down and recycle the prototypes made by 3D printers.



Shrinking Facility Footprints

Caleres owns and leases a variety of offices and distribution centers across the U.S. and in Canada, China, Dominican Republic, Italy and Vietnam. To varying degrees, each location represents an opportunity to lessen our environmental impact. In our retail stores and distribution centers, we have set a goal to reduce energy usage by 25% by 2025. Additionally, we will enter the Global Plastics Commitment by 2025 to further reinforce our pledge to reducing plastic waste.

Retail Locations

One of the ways we're reducing energy consumption and corresponding emissions is by installing energy management systems (EMS) and energy-efficient LED lamps in our retail locations. About half of all stores currently have LED lamps in place, and we are working toward a goal of 90% of stores by 2025. About 30% of stores are equipped with EMS, with a goal of 75% of the current retail footprint equipped by 2025.

Offices

We're also changing behaviors inside our facilities. For example, we have segregated bins for recycling in our New York City and St. Louis offices, along with clear instructions to help our Associates determine what they can recycle.

Distribution Centers

Of our five distribution centers in North America, two in California have achieved LEED Gold certification. Our Vionic Group headquarters in San Rafael, California, is certified LEED Platinum.

In 2020, four of our five distribution centers recycled no less than 93% of their waste. Also, in our distribution centers, we're actively recycling an average of 2,830 tons of corrugated cardboard and other recyclable materials each year.

Leadership in Energy and Environmental Design (LEED)

Three major Caleres facilities are LEED certified by the U.S. Green Building Council, including two of our distribution centers and our Vionic Group headquarters.



Environmental Data	2018	2019	2020
Energy Consumption and Greenhouse Gas Emissions <i>(Caleres distribution centers, stores, offices and company-owned factories)</i>			
Energy Consumption (1,000 gigajoules) (Electricity, natural gas, diesel, gasoline)	530.21	508.96	418.74
Energy Intensity (1,000 gigajoules per \$1M in revenue)	.198	.174	.187
Scope 1 Emissions (1,000 metric tons CO ₂ e)	1.427	1.325	1.022
Scope 2 Emissions (1,000 metric tons CO ₂ e)	80.46	77.55	63.44
Emissions Intensity (Scopes 1 and 2; 1,000 metric tons per \$1M in revenue)	.0289	.0270	.0304
Water <i>(Caleres distribution centers, stores, offices and company-owned factories)</i>			
Water Consumption (1 million gallons)	33.1	42.0	52.7
Materials <i>(Caleres Brand Portfolio only; supplier factories)</i>			
Materials Used (Million sq. ft. of fabric and synthetics)	131.76	96.79	63.26
Materials Used (Million sq. ft. of leather)	37.49	33.14	17.21
Waste/Recycling <i>(Caleres distribution centers)</i>			
Waste Recycled (1,000 tons [U.S.])	–	–	2.83
Waste-to-Landfill (1,000 tons [U.S.])	–	–	.137

Environmental Footnotes

All environmental data is by fiscal year
(Fiscal 2020 was Feb. 2, 2020 through Jan. 30, 2021).

Energy and Emissions

From a facility perspective, data includes only those facilities where Caleres manages utilities, representing about 80% of our companywide facility energy and emissions footprint (which excludes our supply chain). We do not currently have data available for the remaining 20% of our facilities energy and emissions footprint, as utilities are managed by individual landlords at those facilities. These comprise mainly retail stores. Data also includes our corporate fleet, including our corporate jet, as well as employee use of company and private vehicles for company activities to the extent that employees have submitted reimbursement for such usage.

Overall energy consumption decrease in FY20 is attributable to lower occupancy (temporary and permanent store closures during the COVID-19 pandemic) plus energy savings initiatives including LED lighting and EMS retrofit projects at our Famous Footwear stores. Despite the decrease in energy consumption, our greenhouse gas emissions intensity increased slightly as a reflection of a decrease in year-over-year revenue due to the pandemic. Emissions were estimated using the U.S. Environmental Protection Agency's greenhouse gas equivalencies calculator.

Materials

Materials data reflects materials purchased to produce the products within our Brand Portfolio that are manufactured by third parties, but excludes our Allen Edmonds, Blowfish and Vionic brands, where historical material consumption data is not available due to recent systems integrations and data retention constraints, but will be tracked going forward. Collectively these excluded brands comprise about 30% of our Brand Portfolio's sales.

Year-over-year reductions in materials use are attributable primarily to removing some brands from our Brand Portfolio over that time span and to sales and inventory decreases related primarily to the COVID-19 pandemic.

Water

The year-over-year increase in water consumption is primarily due to the transfer of water utility management from the landlord to the Caleres I and II Distribution Centers in 2019. 2020 represents the first full year of water consumption tracked entirely by Caleres at those facilities.

Waste/Recycling

Data is not available for 2018 and 2019. We will continue to track this metric moving forward.