

our partners

As one of the world's largest footwear companies, Caleres has an unparalleled global sourcing network. We view our suppliers as an extension of our business and strive to work only with companies that reflect our corporate values.



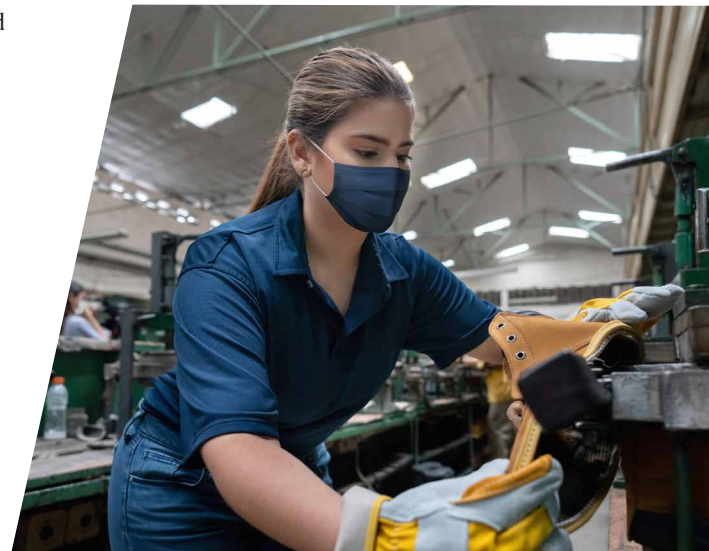
WORKING WITH OUR SUPPLIERS

All our brands draw from the same pool of socially and environmentally responsible Caleres contract manufacturers.

This affords the benefits of scale and quality control and has enabled us to better leverage our scope and influence to drive improvements throughout the footwear value chain in partnership with industry associations, NGOs and other key stakeholders.

Caleres has been an industry leader in social compliance with our factory partners through our long-standing policies and audit programs. All of our contract manufacturers are required to comply with the [Caleres Production Code of Conduct](#), which sets forth the high expectations we have on topics such as human rights, nondiscrimination and harassment, working conditions, health and safety, environmental stewardship and more. We regularly audit our suppliers on a range of ESG subjects and are implementing a leading third-party rating and audit program for evaluating their performance against our heightened working, environmental and social standards (see [Page 42](#)).

Moving to this next generation social and environmental compliance platform will allow us to pursue our targets, including achieving a 50% reduction in waste by our strategic factories, and gain greater transparency with our Tier 1 and 2 suppliers. Enhancing our programs in this way allows us to set enterprise-wide targets that demonstrate our unrelenting commitment to social and environmental excellence.



Caleres Cares 2025 Supply Chain Ambitions

Caleres is making progress toward our supply chain ambitions and will report on progress toward these goals in our next ESG report.

100%

- ✦ *of our strategic factories to comply with our heightened labor standards, including fair wage programs and social working standards.*
- ✦ *of our strategic leather suppliers to be LWG Gold, Silver or Bronze certified.*
- ✦ *of our strategic factories to contribute to waste reduction initiatives and 50% waste reduction achieved.*

See [Setting Supply Chain Expectations on Page 42](#), for more information.

circularity in action

Industry Leader

Caleres has long engaged in industry efforts to advance environmental and social responsibility in footwear supply chains. Some of our most impactful work has come by collaborating in working groups developed by the Footwear Distributors and Retailers of America (FDRA). We've participated in and helped lead FDRA initiatives on responsible factories, waste reduction and, as of April 2021, carbon footprint.

The FDRA Shoe Waste Program (SWP) is one of the most exciting outcomes of this work. Designed to return value to both brands and factories, while shrinking the industry's overall environmental footprint, this ambitious program focuses on optimizing material use in manufacturing.

Caleres contributed significantly to the architecture and governance principles of the SWP and is one in a network of footwear companies participating in the program. We encourage our factories to join us and, as of this writing, eight of our Tier 1 suppliers are involved in the program. We have set a target to have 100% of our strategic suppliers engaged in SWP or other waste reduction frameworks by 2025.

There is a real need for this initiative. Managing the excess leather, fabric, foam and cardboard that results from cutting various shoe components can be a real challenge. Up to 35% of material can be left over, adding up to millions of tons per year. And sheer volume is only part of the equation. The variety of these inputs add layers of complexity, as each may require separate handling to be recycled. As a result, much of this excess material ends up in incinerators and landfills. That's neither cost-effective nor good for the environment. And, it is at odds with societal expectations and impending regulations in key markets around the world.

The SWP aims to change the perception of these byproducts from waste streams to resources. It provides the training, record-keeping infrastructure, capacity building and recognition to help factories successfully do just that. Elements of the program include:

- Implementing a resource efficiency program focused on waste that seeks to achieve a return on investment for factories and brands.
- Providing tools, resources and consulting aimed at elevating factory knowledge and expertise to drive continuous improvement.
- Reducing the generation of manufacturing waste by optimizing material use and manufacturing practices.
- Connecting local waste management recyclers to manufacturers.

Our factories receive a financial return and strengthen their working relationships with Caleres by participating. And we are able to better obtain quality, competitively priced recycled material to manufacture our products – material that may have come from the floors of the very factories using the next generation of recycled substrates. That's circularity in action.

Factories sell byproducts to recyclers who remanufacture the material for use in creating new footwear.



Helping Lead FDRA's Responsible Factory Program

Caleres played a pivotal role in the design and execution of this comprehensive program designed to enhance compliance with ethical working conditions at footwear factories all over the world. Our Chief Sourcing Officer served as the chair of the effort's Factory Enhancement & Sourcing Committee from 2017-2018, and now serves as a board member.

40% reduction

Factories taking part in the FDRA Shoe Waste Program reduced the amount of waste that may otherwise have gone to landfill or incineration by nearly 40%.

Engaging with Like-minded Suppliers

Doing business in India is relatively new to Caleres. We are fortunate to have established a partnership early on with one of the most responsible leather footwear manufacturers in the country, Farida Group.

With 12 plants in southern India, Farida employs about 20,000 workers.

The company places a premium not only on minimizing its environmental impact but on maximizing the well-being of its employees and communities. For example, in 2020, Farida provided more than 100,000 COVID-19 tests, free of charge, and then embarked on a free vaccine program, once available.

The company works to implement best-in-class sustainability practices, reduce its carbon footprint, increase its use of recycled and environmentally preferable materials and compounds, and broaden its recycling efforts.

Just as remarkable is the company's commitment to making a positive social impact, perhaps most notably by empowering women, who comprise 95% of Farida's workforce. The company has been recognized as a 100 Best Companies for Women in India, by Working Mother and Avtar, a diversity and inclusion consultancy. This is due, in part, to Farida's on-site nursery schools, health clinics and grocery stores.

Farida works just as hard in the community, offering "eye camps" to fit children with eyeglasses, with more than 40,000 pairs distributed, and by providing ambulance services, clean water, childhood health screenings and more.

Caleres is committed to working with partners like Farida and often provides the company with technical expertise that will help them grow their business with us and other customers. We look forward to a long-standing, mutually beneficial relationship with this supplier and others whose values align so well with our own.



Setting Supply Chain Expectations

Caleres contracts directly with 60 factories worldwide (Tier 1 suppliers) and each is required to adhere to our Production Code of Conduct and our social compliance programs.

About half of these partners collectively account for as much as 80% of our production. We consider these companies to be strategic and expect them to contribute to our efforts in waste reduction and live up to the highest standards in the areas of fair wages, working hours and conditions, and freedom of association. These represent the greatest social risks in our supply chain and align substantially with the geopolitical conditions in the countries where our factories are located, primarily China.

Working with a trusted consultancy, we have created a rating system that scores our suppliers across nine critical factors. These include standard business parameters such as financial stability, on-time delivery and product quality, as well as basic environmental and social measures. All of our Tier 1 suppliers undergo on-site audits on an annual basis. We are currently evaluating more comprehensive audit schemes.

To be considered compliant with our expectations, companies must achieve a rating of Gold, Silver or Bronze under the Caleres system. In 2020, about half of our strategic factories met these stringent standards. For those companies that fall short, we work with them on corrective action plans (CAPS) with the goal of helping them conform. Suppliers that are unable to fulfill the requirements of these CAPS may find their orders reduced or their contracts terminated.

On average, there's about a 10% turnover in our supply chain each year.