



FDRA
FOOTWEAR DISTRIBUTORS
& RETAILERS OF AMERICA

2022 SHOE SUSTAINABILITY BENCHMARK & PROGRESS REPORT



The only report of its kind. An inside look examining the footwear industry's progress toward sustainability, helping companies benchmark their efforts

powered by

 **Ortholite**[®]
comfort foam insoles

The footwear industry's business and trade association.

At over 95% of the entire industry, the Footwear Distributors and Retailers of America (FDRA) is the largest and most respected footwear trade association in the U.S. It represents and serves the entire footwear industry from small family owned footwear businesses to global footwear companies, as well as domestic manufacturers, importers, and retailers. In all, it supports more than 250 companies and over 500 brands designing, producing, and selling great footwear to consumers all over the globe.



As the footwear industry continues to innovate in dynamic ways and as new jobs are being created in the areas of technology, materials, advanced manufacturing and production, FDRA's Innovation and Sustainability Working Group acts as the conduit for footwear industry

collaboration and information sharing on best practices and all things footwear innovation and sustainability. FDRA members can join these working group calls and events.



Operating sustainably has been central to OrthoLite's DNA since its founding 25 years ago, beginning with footwear insoles containing recycled rubber. As the world's leading supplier of open-cell foam technologies for more than 450 leading footwear brands worldwide, across all categories—outdoor, athletic, running, comfort, golf, lifestyle, and fashion—OrthoLite solutions are utilized in more than 500+ million pairs of shoes every year.

Survey Methodology

This report is based on a survey of footwear professionals across the industry who work on shoe materials, development and sourcing. FDRA conducted this survey September – October 2022 to obtain insights and establish a sustainability benchmark of the footwear industry.

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Looking for more information on the footwear industry?

Visit [FDRA.org](https://www.fdra.org) to find a range of stats, data and analysis and subscribe to Shoe-in Show to hear industry leaders discuss business insights and trends!

Executive Summary

For the 4th year in a row, FDRA has asked shoe professionals across the industry to share their opinions and insights on sustainability.

Why it Matters:

The results of this critical survey allow companies to benchmark operational efforts that enhance sustainability throughout their supply chains. The survey also provides FDRA key insights into common challenges facing shoe companies, which empowers the footwear industry to prioritize work on collective solutions—increasing impact and lowering costs.

FDRA has a robust Shoe Sustainability Working Group where we bring together hundreds of professionals across hundreds of brands and retailers to discuss key issues and develop reports, programs, and training that solve capacity issues and reduce constraints to greater sustainability.

We encourage all shoe companies to join FDRA to get involved and make a real difference, and we encourage all shoe professionals who work at FDRA member companies to join our critical calls to find new ideas to enhance their ESG programs.

Contact working group director Andy Polk at apolk@fdra.org with questions on how to get involved.

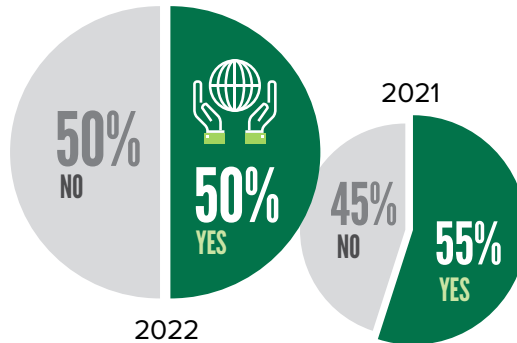
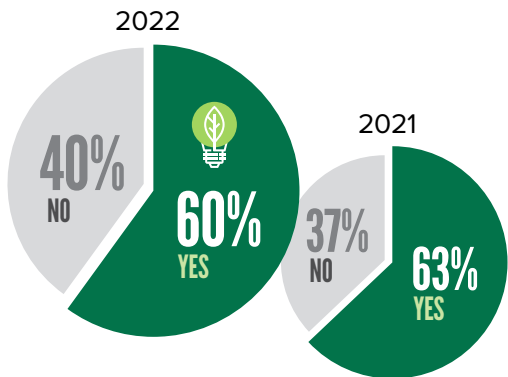
Thanks to our 2022 shoe sustainability program sponsors for their support in this and other key projects.



Survey questions and responses from shoe professionals

Are we living up to the marketing hype?

How would you judge the **overall footwear industry's sustainability efforts** over the past 12 months?
Is it living up to the talk?

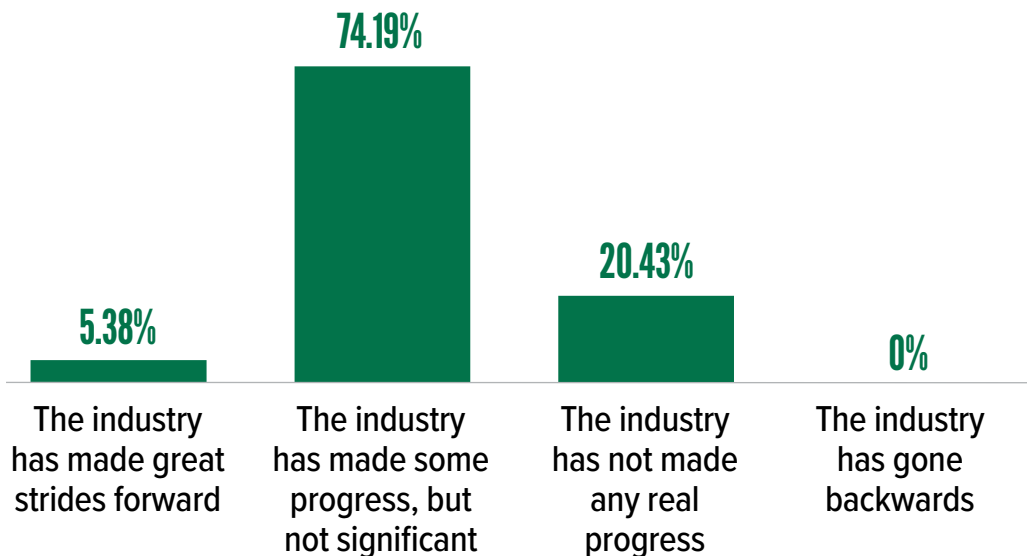


How would you judge **your company's sustainability efforts** over the past 12 months?
Is it living up to the talk?

QUICK ANALYSIS

Shoe professionals are split on whether the overall industry is living up to the increased marketing of sustainable shoes, and believe their company does a bit better than most—but the trend is headed in the wrong direction. This speaks to the difficulty most shoe professionals have accomplishing company sustainability goals.

10,000 foot view: Are we making real progress?



QUICK ANALYSIS

We are making positive steps forward according to shoe professionals but nothing game-changing. This reflects what we see as system constraints around construction and the need for new environmentally preferred materials impact the ability to further scale.



ortholite.com



SUSTAINABILITY THAT PERFORMS

OrthoLite® HybridPlus-Recycled™ provides the unprecedented ability to elevate the eco-content of your insoles to 50%. Uniquely blending 7% recycled rubber powder and 43% recycled PU foam achieves 50% recycled content. OrthoLite adds sustainable comfort your consumers expect with a eco-friendly feature they demand.



Sustainable Comfort and Performance Since 1997

Survey questions and responses from shoe professionals

How much is sustainability part of company culture?



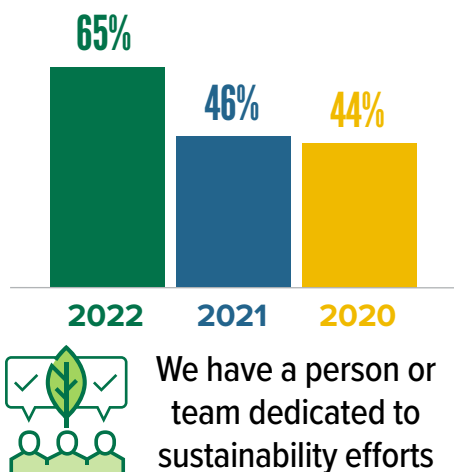
QUICK ANALYSIS

It's very encouraging to see more companies with clear sustainability targets and increasing ESG priorities in their values. Culture is vital to sustainability success. However, only 54% of workers still feel like they have a clear plan of action to execute.

ONE BIG THING

The next big push will be by tying ESG targets to KPI's and financial incentives. This survey found only 22% of companies are doing this now.

Who's responsible/internal infrastructure?



NEW FIND

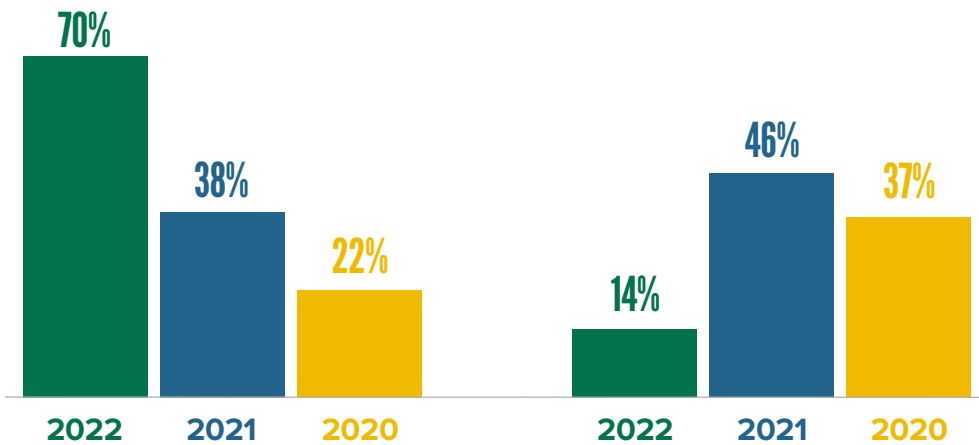
23% of shoe companies have hired an outside consultant or firm to help with their sustainability work.

QUICK ANALYSIS

Companies increasingly see sustainability as requiring more specialized skills and a dedicated lead, or what we like to call a "small special sustainability forces team".

Survey questions and responses from shoe professionals

Measuring overall impacts



We currently track and/or report sustainability measurements



We will track and report sustainability measurements in the next 12 months

QUICK ANALYSIS

The growing data requests from retailers, new policies and rules, plus the need to internally measure impacts and progress are pushing companies to track more than ever.

SHOES AREN'T TSHIRTS.

Ill-informed “fashion” sustainability standards and legal policies ignore this elementary fact, hindering real progress.



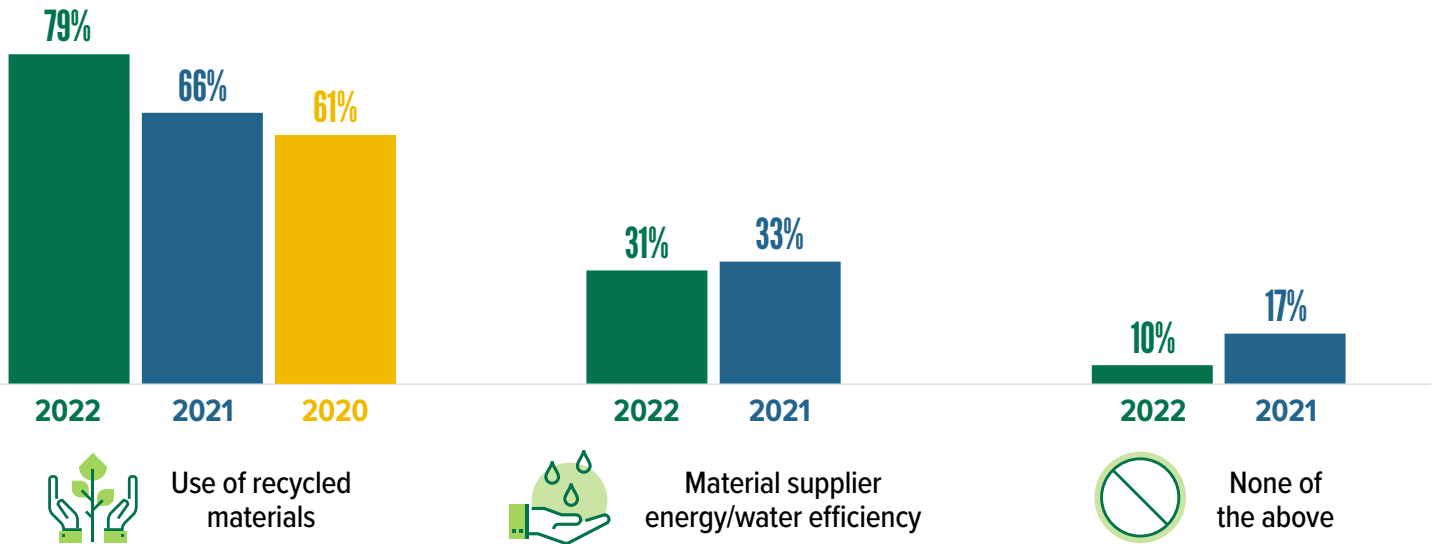
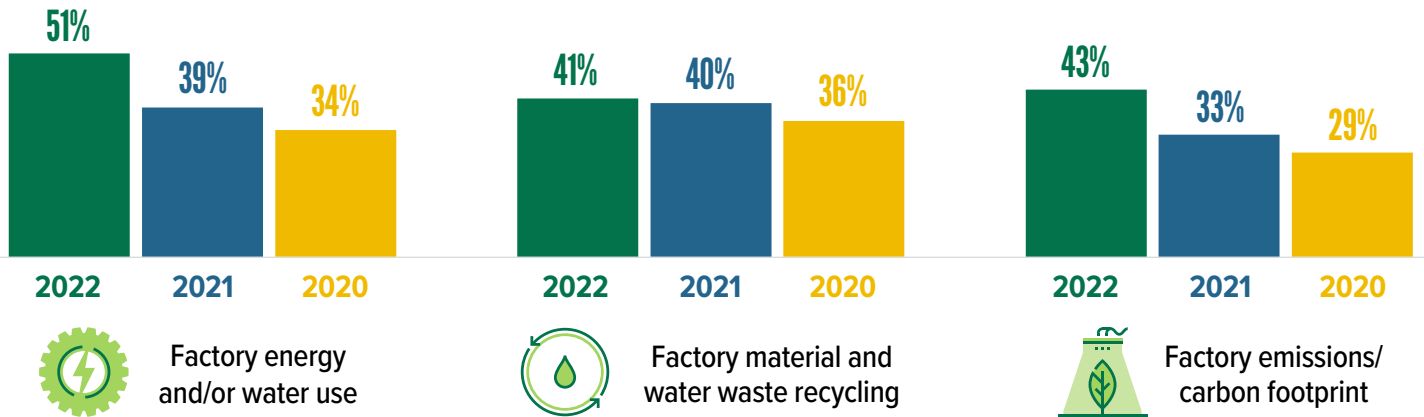
80% of fashion's environmental impact is due to materials and manufacturing. Shoes and clothes have completely different components, manufacturing processes, and footprints to measure and address. Why then are we setting similar standards and expectations for both while expecting broad-based success?

The Shoe Sustainability Education Center explains why shoes require their own right-sized sustainable standards and legal policies to succeed in reducing footprints.

Learn more at shoesustainability.com/right-sized-standards

Survey questions and responses from shoe professionals

What's really being tracked?



QUICK ANALYSIS

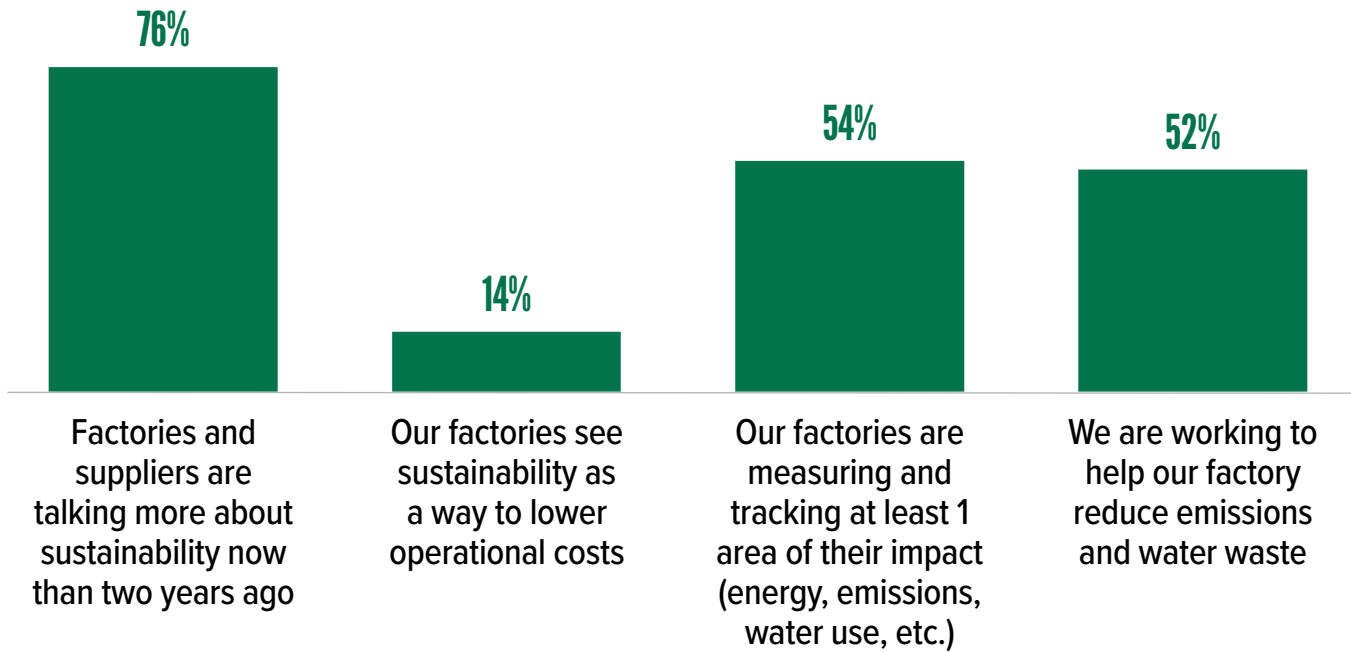
Encouraging increases. The jump in factory recycling is due to more and more brands using FDRA's Factory Zero Waste Program to recycle waste in their factories. The jump in use of recycled materials shows an industry moving in the right direction, however issues may emerge as recycling disrupts other industry circular loops like plastic bottles—an issue currently being raised by the E.U.



Many shoe companies are using this plug and play program to help their factories reduce waste and actually generate an ROI. Learn more at shoesustainability.com/shoewaste Contact info@fdra.org to sign up

Survey questions and responses from shoe professionals

Factory Insights



QUICK ANALYSIS

Companies are measuring more and more production impacts and trying to work more closely with their factories. However, if we are going to move factories to transform we need to develop new construction and production models with them. In the short term, we need enhanced messaging that sustainability efforts can reduce costs. Right now, solving sustainability is presented as a challenge instead of an opportunity.



FOOTWEAR
Environmentally Preferred Material (EPM) Guide

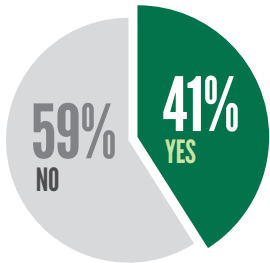
shoesustainability.com/epm

SIMPLE & CLEAR STEPS
to help companies choose and source more sustainable materials.

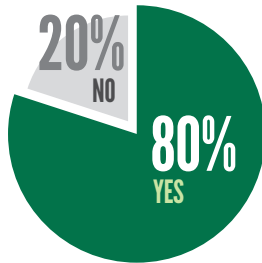
TARGETS to align the industry and make it more sustainable as a whole.

Survey questions and responses from shoe professionals

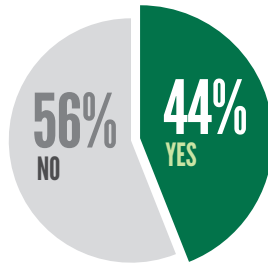
Material Insights



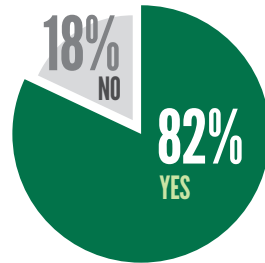
We are using more bio-based materials now than last year



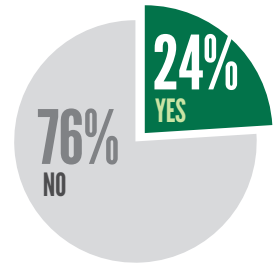
We are using more recycled materials now than last year



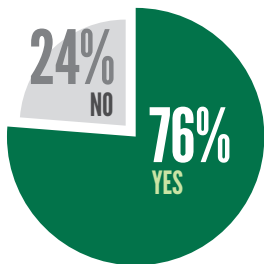
We plan to increase our use of bio-based materials in upcoming and specific SKUs



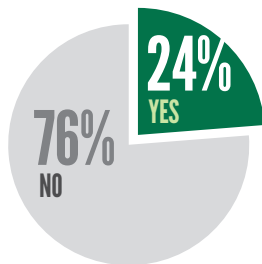
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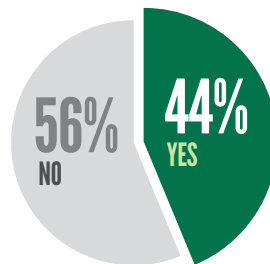
We have a full map of all our material suppliers (traceability)



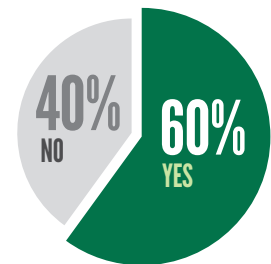
We are asking our suppliers for 3rd party certifications to verify claims



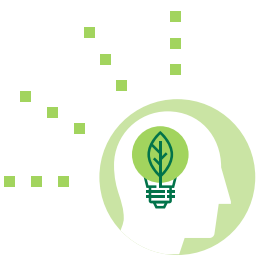
We are asking our suppliers for Life Cycle Assessments (LCAs) to compare materials



We are using a tool [HIGG or other] to compare environmentally preferred materials



Our retail customers are asking for certifications and more data on materials now than 12 months ago



QUICK ANALYSIS

Recycled materials remain an industry priority but use of plant-based materials is growing. We see the focus of bio-based materials in the industry growing rapidly, but many are still waiting for these new materials to scale. Traceability is a major concern as policy prescriptions increase, and yet only a quarter of companies have a full look at their suppliers and factories.

Survey questions and responses from shoe professionals

Skills and Knowledge

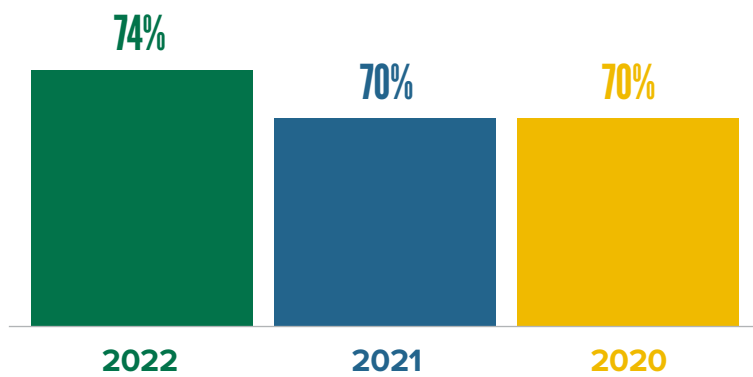
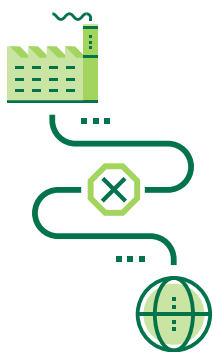
On a scale of 1–10, how would you rate your own sustainability know-ledge and skills over the last year—is your company providing tools and resources to skill you up?



QUICK ANALYSIS

This is quite the flip from 2021 where the overwhelming majority of respondents were struggling to find a way forward. It's clear companies are putting more effort into planning, training and resource allocation. We also think this is the reflection of years of work to skill up by workers across the industry, and it's coming at an important time when the work will only get harder.

A change in mindset is needed—sustainability needs to be seen as part of innovation.



Sustainability is a priority, but cost, speed, and quality are still more important

QUICK ANALYSIS

There is no doubt supply chain inflation is causing companies to focus more on costs. However, sustainability is innovation. While companies keep focus on the cost of materials and production, and operational shifts can occur—companies could lower costs and increase speed. Sustainability is not just new materials but using digital tools and streamlining production. Our mindsets must change if we are to reduce our footprints while increasing revenue at the same time.

Sustainability in their own words

Beyond data and graphs, we wanted to share, in their own words, what was on the minds of shoe professionals. So we asked them: **What is the biggest problem our industry faces on sustainability AND/OR what is the biggest issue you face as you work on sustainability issues?**



- “ Achieving cost-neutral or cost-competitive options; trying to establish an industry standard for third-party evaluation (e.g. HIGG).
- “ Alignment and the ability to work together, as brands, selflessly. At work, it is the increased cost of sustainability and funding to develop new sustainably-driven products with key start ups and partners.
- “ Circularity/end of lifecycle.
- “ Collaboration on both fronts; internally and externally, brand collaboration to really move the needle.
- “ Complexity of materials and supply chain. It’s a lot to track and trace to get some sort of understanding of our impacts.
- “ Consumer consumption behaviors, circularity, and end of life.
- “ Consumers and brands being willing to pay for sustainability. Too often I hear that there is a need but when it comes to cost no one wants to pay.
- “ Cost and reliability of data from suppliers.
- “ Cost control from third-party suppliers who are unable to find sustainable solutions or source track where materials are from. Example: we demanded tracking for a particular item which turned out to contain 80% post-consumer material.
- “ End of life. No idea on how to fully close the loop on footwear.
- “ Factories and material suppliers are not able to make the needed investments to switch to renewable energy and move away from fossil fuels.
- “ Fashion changes so quickly, and making footwear that is mindful and respectful of the environment and is profitable at the same time has been a challenge.
- “ Getting the top brass at my company interested.
- “ Lack of scalable and verifiable materials.
- “ Lack of systems to track and manage certification, chain of custody, and supply chain.
- “ Legislation on a global scale.
- “ Footwear specific framework on ‘when can a shoe be classified as sustainable’ is still missing.
- “ No one fully understands how this works, which makes getting there extremely difficult.
- “ One of the biggest issues is understanding that sustainability is good business and good for business, and that only by working together as an industry can we have a big enough impact to make a dent.



Sustainability in their own words *continued*

Beyond data and graphs, we wanted to share, in their own words, what was on the minds of shoe professionals. So we asked them: **What is the biggest problem our industry faces on sustainability AND/OR what is the biggest issue you face as you work on sustainability issues?**



- “ Our biggest problem(s) is lack of an agreement, definition, and/or framework defining what ‘sustainability’ is and how to jointly address it.
- “ The brand I work for lacks an ESG plan/framework. I believe our executives are investigating how to create an ESG plan/framework, but it is in early stages. Similar to industry, defining the problem, agreeing on language to use, and how to address the problem is complex.
- “ If the brand I work for establishes ESG, I could see unintentional under budgeting being an issue. Hopefully our executives recognize supply chain mapping leads to greater operational control which mitigates risk and creates efficiencies. Or you at least begin to identify inefficiencies and risks. There is no downside to learning more.
- “ Over-stating claims (legalities), true circularity, supply chain transparency.
- “ Passing on the cost to the consumer and profitability—all brands have to work together to create a new marketplace and educate together as a cohort.
- “ Pricing, transparency, traceability, and scalable solutions to contribute as an industry to the circular economy.
- “ Regulatory pressure is increasing, and the entire product creation workflows (systems, suppliers, behaviors, habits) are struggling to catch up appropriately.
- “ Reliable data and a credible environment. Both not existing currently.
- “ Shoe making is not sustainable in general (many fit and size required, many components needed, packaging needed, many stage of sampling are done to develop one style).
- “ Staffing, many materials that go into shoe-making, many Tier I & Tier II suppliers.
- “ Sustainability feels a bit like the wild west right now. We need to seek improvement as an industry collectively, in a pre-competitive manner. Thus far, we’re struggling to see any real progress here.
- “ The consumer is more interested in price/value than in paying more for a more sustainably produced product.
- “ The cost. Consumers desire sustainable products but are not willing to pay more.
- “ Transparency around materials and compositions. It is really hard to prove and certify that what we ask for has actually been used in our shoes, e.g. natural rubber, bio-based materials.
- “ With so many emerging options to become more sustainable it’s hard to know which direction to pursue. Every 12 months or so we find out some options are not as good as we thought and new options are always emerging. There aren’t consistent standards or clear solutions.

