



FDRA
FOOTWEAR DISTRIBUTORS
& RETAILERS OF AMERICA

2021 SHOE SUSTAINABILITY BENCHMARK & PROGRESS REPORT



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



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 manufactures, 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.

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 August–September 2021, 2020 and 2019 to obtain insights and establish a sustainability benchmark of the footwear industry.

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Stay up to date on footwear industry insights and trends—no matter where you are working these days!

shoeinshow.com
the footwear industry's podcast

Looking for more information on the footwear industry?

Visit **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!

Questions about this survey should be directed to apolk@fdra.org. Any portion of this survey used for any purpose without written consent of FDRA is strictly prohibited.

Executive Summary

For the 3rd year in a row, FDRA has asked shoe professionals across the industry to share their opinions and insights on sustainability. The results of this critical survey allows companies to benchmark their operational efforts to 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.

The results of this year's survey showed some continued trend lines seen in prior surveys but also provided interesting revelations from behind the curtain. Here are some key insights footwear companies should keep in mind:

- Workers increasingly hear questions and messaging from the c-suite on sustainability. Over the last three years, the intensity of these discussions remains a 7 on a scale of 10.
- The challenge for the footwear industry is not only creating a sustainability strategy and programs to execute, but ensuring any adopted strategies align with marketing. Nearly half of workers do not think the marketing hype from shoe companies matches the actual execution, but 63% do think their company is doing better than others in living up to their marketing.
- For a sustainability strategy to truly succeed, it needs to be part of a company's culture, highlighted in corporate mission statements, and measured through impactful KPIs. This will ensure that workers know sustainability is a real priority for the overall success of the company. Since our 2020 survey, there has been substantial movement in this area with 43% of companies now having Environmental Social and Governance (ESG) areas as part of their values and/or mission statement, an eight percent increase over 2020 and a 17 percent increase since 2019.
- Shoe companies are increasingly working to measure impacts. 38% of workers say their company is tracking impacts, with another 48% saying they will do so within the next 12 months.
- Shoe companies are also focusing heavily on tracking factory material waste and the use of recycled materials in product. There has been a slight increase in companies tracking factory energy and water use, as well as their emissions and carbon footprint. In spite of this small increase, the survey points out that less than half of the industry is tracking these metrics. 17% of workers say their company is not tracking anything; anecdotally, FDRA believes the numbers are upwards of 30% based on the size of private label wholesalers in our marketplace.
- Nearly half of shoe companies are asking material suppliers for certifications, pointing to a rising need for traceability. A huge percent, or 69%, of companies plan on using some type of bio material or recycled material in upcoming lines.
- The biggest constraint to sustainability remains cost. Budgets are always tight but new spikes in supply chain costs are likely making it even harder for companies to invest in sustainability, which is why the 2021 survey saw an increase to 80% of workers who find cost to be the biggest issue.
- Another large concern is that an increasing number of workers think they lack real knowledge to execute against sustainability targets and strategy—rising from 59% in 2020 to 62% in 2021. We assumed this would have declined based on increased access to information, but it is clear the information has either not been targeted enough or is too technical for many workers taking on these roles.

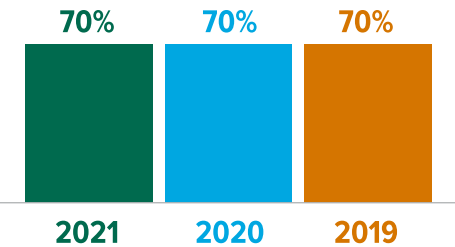
FDRA has a robust Shoe Sustainability Working Group where we bring together hundreds of professionals across hundreds of brands and retailers to discuss key issues and find ways to develop reports, programs, and training to solve capacity issues and reduce constraints to greater sustainability. We encourage 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 continue to join our critical calls and find new ideas and to enhance their ESG programs. Contact the working group director Andy Polk at apolk@fdra.org with questions on how to get involved.

Thanks to our 2021 shoe sustainability program sponsors for their support in this and other key projects.



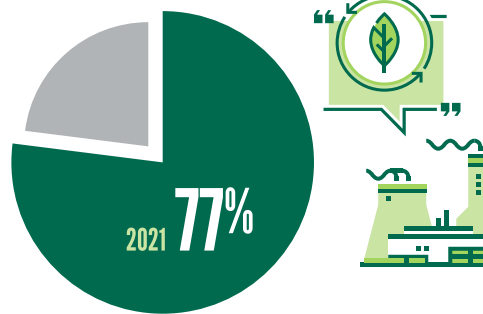
Survey questions and responses from shoe professionals

How much are we talking about sustainability?



Executive leadership is increasingly talking about sustainability

Factories and suppliers are talking more about sustainability now than two years ago

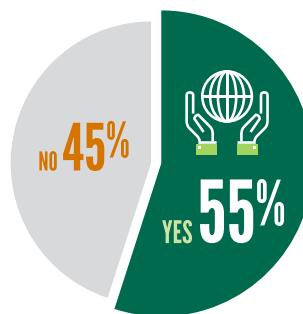


QUICK ANALYSIS

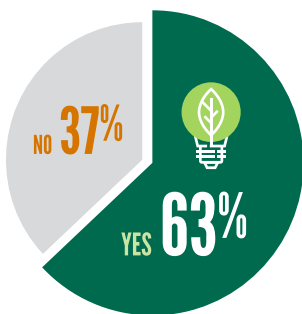
Shoe professionals say C-suite leaders continue to talk about sustainability at a high-intensity level that is not dropping off. We interpret this as a shift in company cultures rather than being just another hot topic. We also asked about factories and suppliers this year—where the rubber meets the road—and find the discussion levels quite high, which forecasts continued positive progress on sustainable manufacturing advances.

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

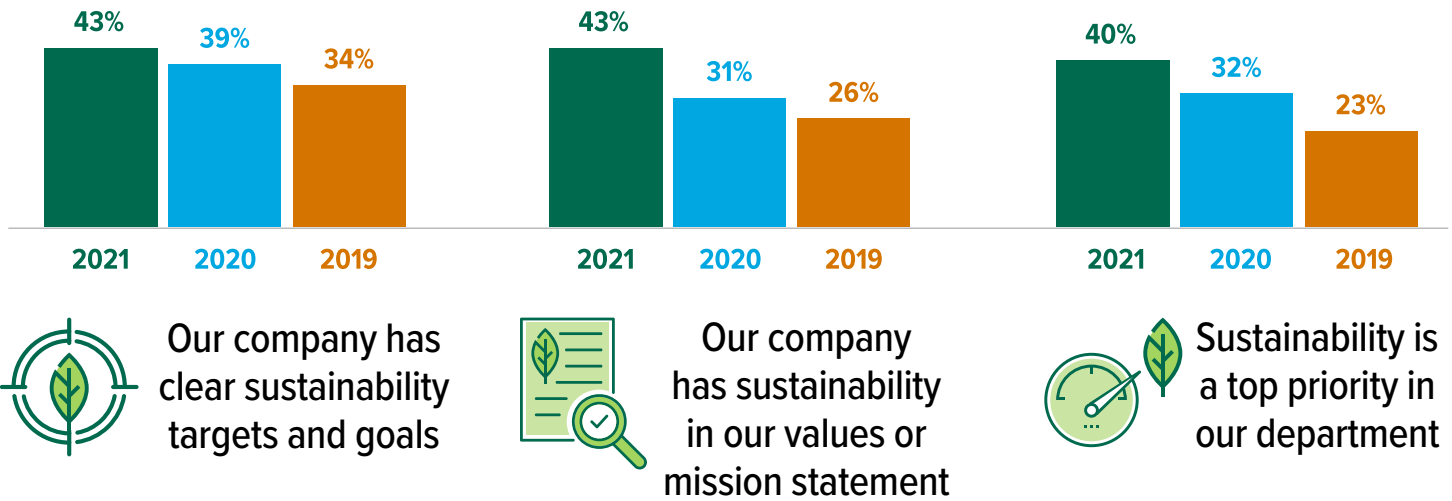
The responses here speak to the honest feedback we continue to get in surveys. It is troubling to see that only 55% of footwear workers think the industry is actually doing what is being marketed. Respondents judge their own company's efforts as higher than others, but there is work to do to better align efforts to green marketing.

Survey questions and responses from shoe professionals

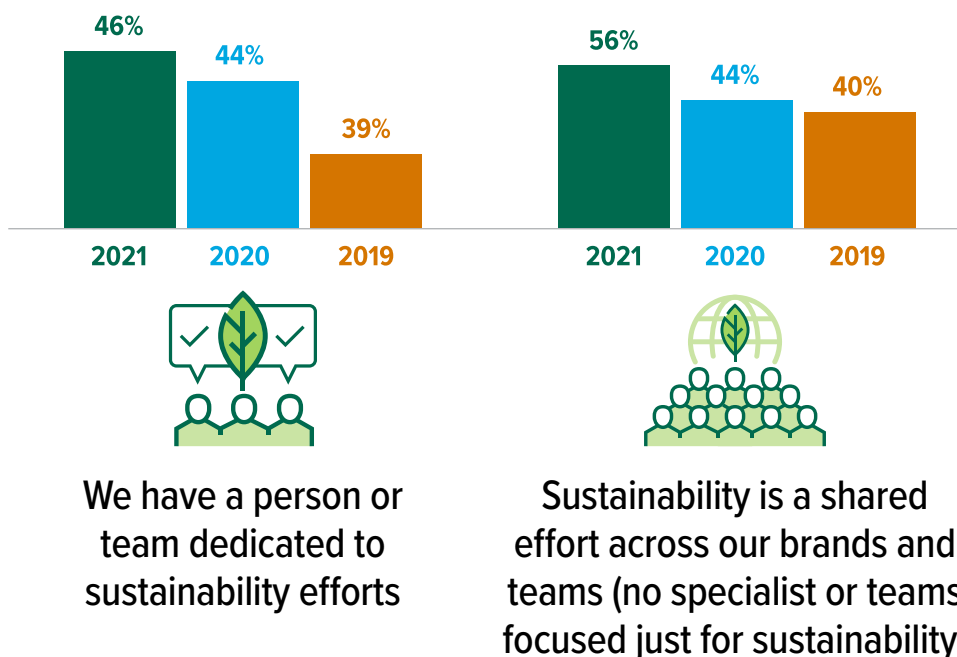
How much is sustainability part of company culture?

QUICK ANALYSIS

Positive results continue as more and more companies develop strategies, KPIs, and have sustainability as part of their purpose. The fact that footwear workers report this to be true shows the footwear industry making strides beyond corporate promises. FDRA believes that for sustainable transformations to really work and show ROI, it has to be part of company culture.



Who's responsible/internal infrastructure?

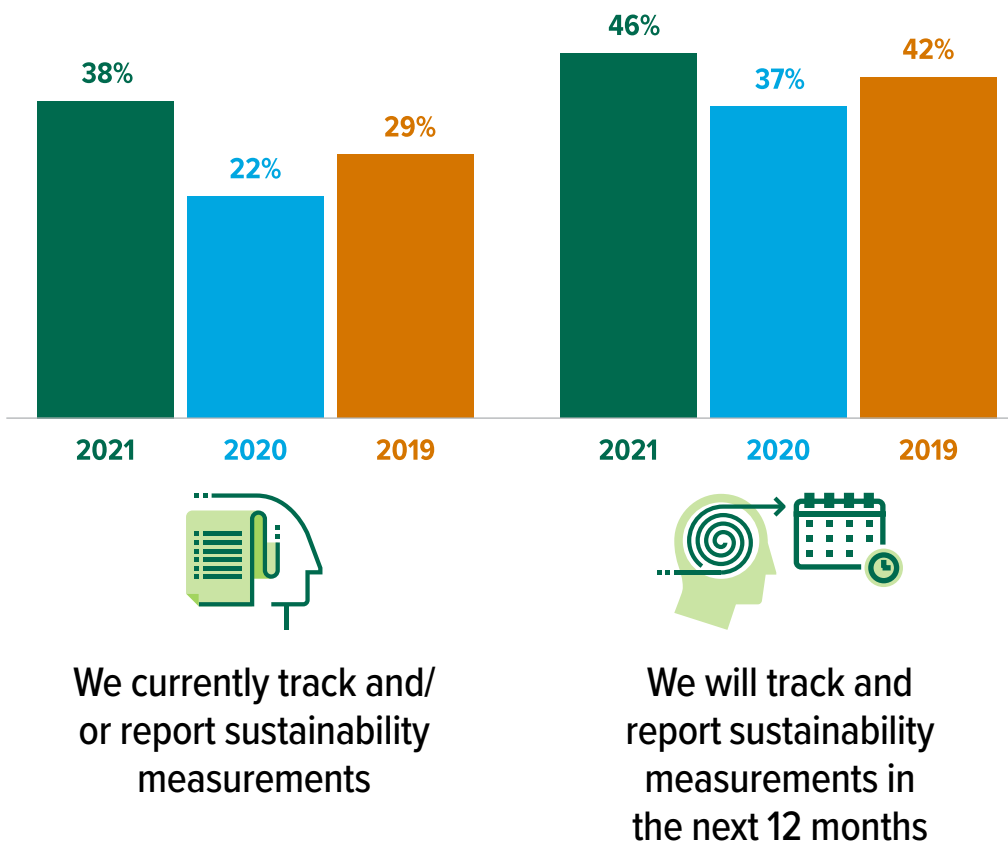


QUICK ANALYSIS

These two specific questions help flesh out how companies are structuring workflow and responsibilities. Some companies are increasingly adding teams or designating more people to work on sustainability, while others may be making it a priority more broadly. The companies who have the help of a dedicated sustainability person, team, or consultant are likely better positioned for long-term success due to a deeper understanding to guide and train internally.

Survey questions and responses from shoe professionals

Measuring overall impacts



QUICK ANALYSIS

ESG reporting is on the rise. 2020 took a dip likely due to COVID disruptions, as evident in recently released annual reports. Based on these results, 2022 should see even more companies begin to report progress both internally and to the public. The work of measuring is difficult for footwear as a product due to dozens of materials and industrial manufacturing processes. It is NOT like apparel where you have only a few materials sewn together, and therefore should not have similar expectations or be judged in the same way. Foot3wear ESG reporting is difficult, and FDRA is working to assist companies in measuring at the factory level through our Shoe Waste Program that not only helps train factories to recycle waste and keep it out of landfills, but helps measure impacts like carbon for example. As we continue to pull companies to work closer together, the ability to better measure and report should keep increasing.



95% of all shoe companies are active members of FDRA because we bring them together to solve common sustainability challenges! Join us!

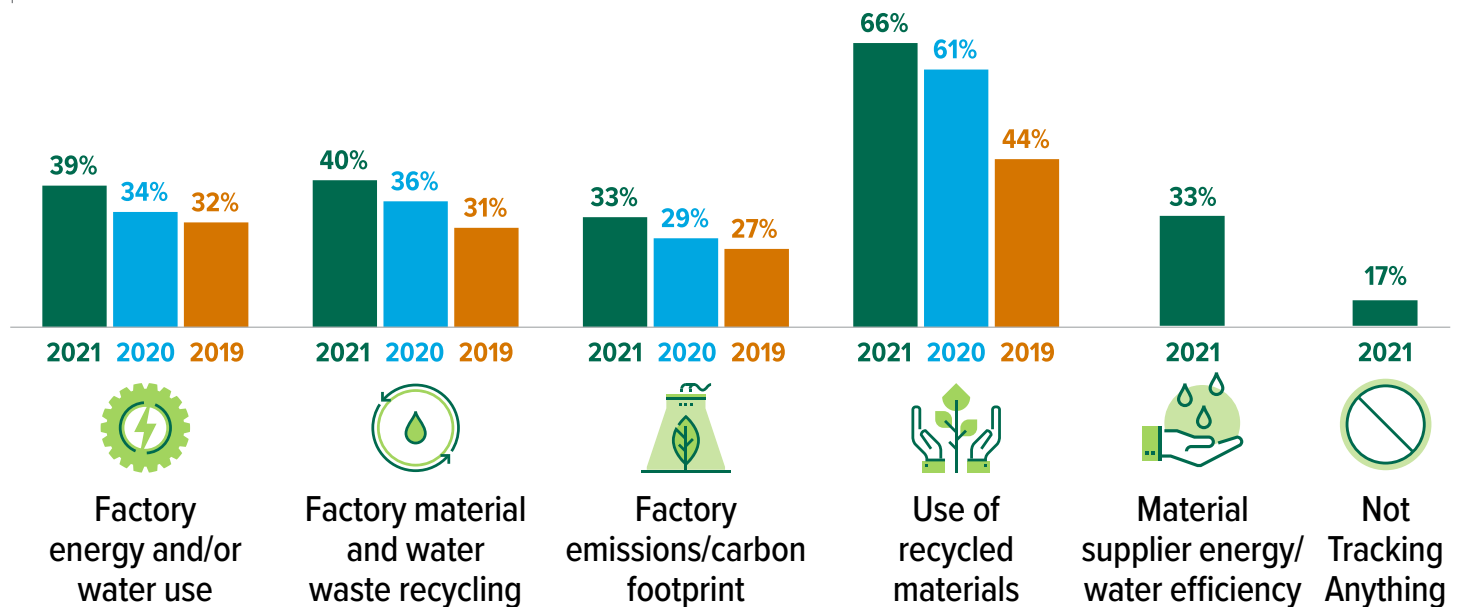
Join the footwear industry's non-profit business and trade association. FDRA brings companies together each month through the Sustainability Working Group to share new ideas, best practices and build programs together to increase impact. Contact Andy Polk at apolk@fdra.org to learn how FDRA can support your business at a low member rate.

Survey questions and responses from shoe professionals

What's really being tracked?

QUICK ANALYSIS

In the details, we see the most movement on tracking use of recycled materials—probably due to the fact that suppliers can provide brands with these details. Numbers will likely edge up as more companies get involved with FDRA's Shoe Waste Program that is helping factories measure impacts, including carbon footprint. The 17% who are not tracking anything lines up with expectations that around one-fourth of footwear companies, mainly cost-first wholesalers, have not yet begun their sustainable journey. FDRA aims to provide the tools and resources to help them begin, affordably and easily, to raise the entire industry up.



JOIN FDRA'S PLUG-IN-PLAY FOOTWEAR FACTORY ZERO WASTE PROGRAM

The amazing year 1 results are why major shoe companies are adopting this program.



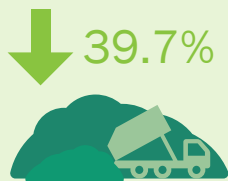
FDRA

Footwear Factory Zero Waste Program

Towards zero manufacturing waste to landfill or incineration in footwear suppliers

Total 39.7% reduction

in waste into landfill and incineration



6x 0% landfill and incineration.

38.9% reduction

in waste into landfill and incineration per pair of shoes produced.



78.9% reducing % waste into landfill and incineration per pair of shoes produced.

3.5% increase

in waste recycled. Most recycle wastes are wastepaper, waste counter, waste TPR outsole, waste cutting plate, waste plastic film/bags, etc.



57.9% increasing % of waste recycled

15+ more types

of waste are being captured and recycled.

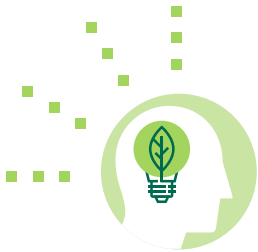


94% started collecting or recycling additional types of waste during the program.

Learn more at shoesustainability.com/shoewaste. Contact info@fdra.org to sign up.

Survey questions and responses from shoe professionals

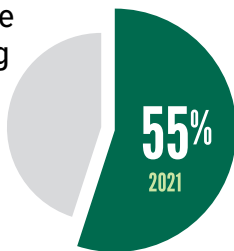
Material and production insights *(new question in 2021)*



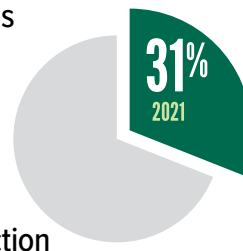
QUICK ANALYSIS

There is a clear movement by companies to ramp up their use of environmentally preferred materials. FDRA's new EPM guide should assist with even higher increases. Cost continues to be a major factor in sustainability advances, both in terms of production as well as tools and resources. Seeing a large amount of companies moving to certifications is a very positive sign that they are working to verify claims and that should help better inform KPIs as well as marketing.

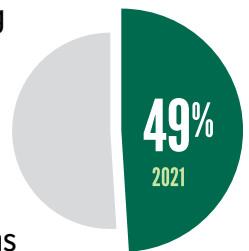
Our factories are actively working to reduce more waste and recycle materials where possible



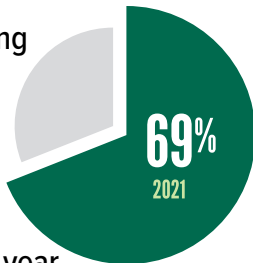
Sustainability is now just as important as cost to selection of materials or factory production



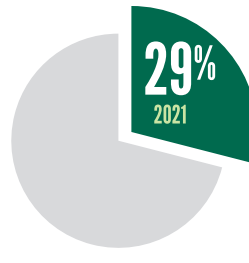
We are asking our material suppliers for certifications or Life Cycle Assessments to verify claims



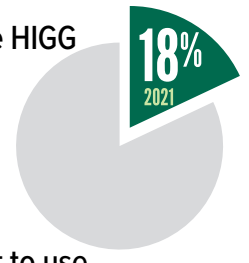
We are planning to use more bio materials or recycled content in our upcoming lines than last year



We use HIGG or other tools to measure our impacts



We would use HIGG or other tools to measure impacts but they are expensive or too difficult to use



FOOTWEAR
Environmentally Preferred Material (EPM) Guide



shoesustainability.com/epm

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

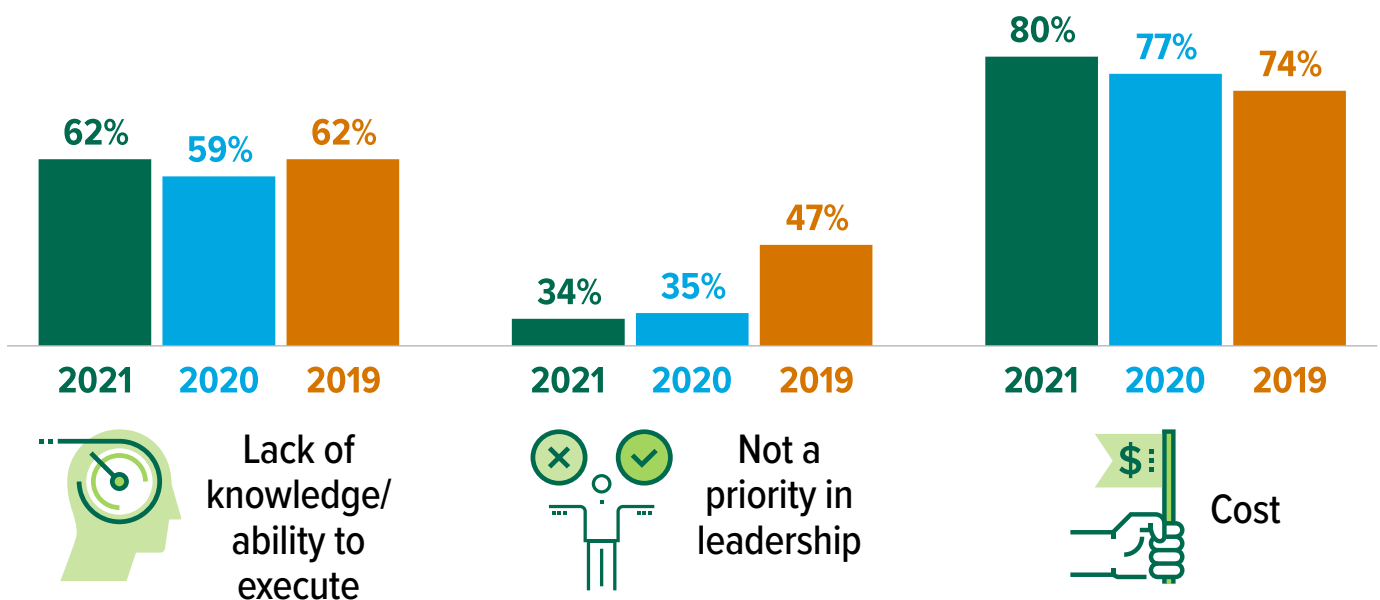
TARGETS to align the industry and make it more sustainable as a whole.

Survey questions and responses from shoe professionals

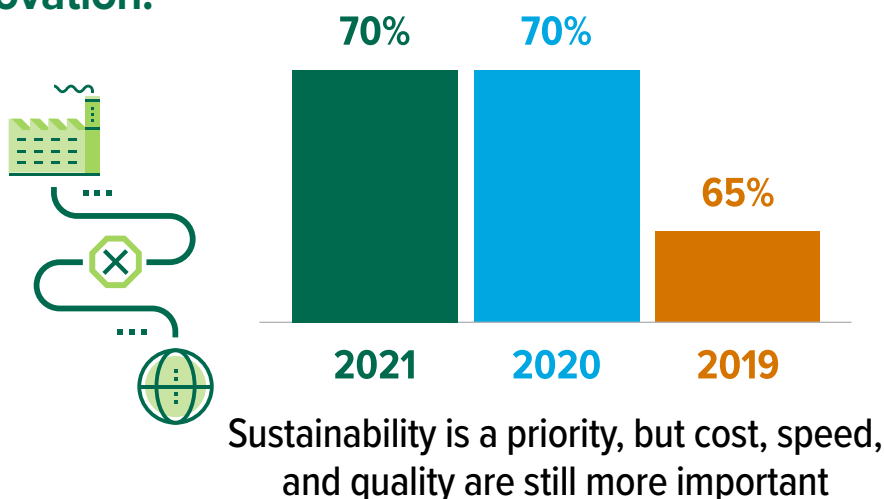
What barriers do you feel constrain the footwear industry's larger commitment to sustainability?

QUICK ANALYSIS

FDRA's biggest concern is that the majority of footwear workers do not feel educated enough on sustainability to craft or properly execute a clear strategy. This speaks to how much the "you should" noise echoes against experts sharing "how to" knowledge. FDRA is helping solve this issue through focused discussions and training for companies. As we bring brands together to address challenges and develop a better industry roadmap and benchmarks, we hope to see this number on the decline in 2022. It is no shock that costs would be the largest constraint to sustainability progress as it is also a barrier to a number of other issues. Cost concerns in 2020 were due to low sales, and cost concerns in 2021 are over supply chain and production cost leaps.



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



QUICK ANALYSIS

There is work to be done to align mindsets in the footwear industry to the fact that sustainability efforts done correctly are not cost constraints, but rather increase speed, quality, and actually lower cost. We need to progress toward all seeing sustainability as innovation that delivers real ROI.

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 area do you think is the biggest knowledge gap our industry faces on sustainability?**



- “ 1. Cost structure of sustainable materials, 2. Opportunities for cost optimization for sustainable materials, 3. Cost-driven mentality: shifting cost pressure to upstream partners.
- “ Ability to think differently.
- “ Accurate certification/standards to guide the industry on what materials are truly sustainable, truly reducing negative environmental impact...
- “ Applicability to each material/component and a concrete roadmap. Single certification instead of multiple and globally accepted.
- “ Certification process information and support across RCS, GRS, ASTM standards.
- “ Commercializing and scaling up costly sustainable initiatives. Need to work as a collective industry to drive down barriers to entry, i.e., cost and knowledge sharing.
- “ Communication of complex nuanced sustainability issues to consumers and education of employees company wide to achieve big sustainability goals.
- “ Gap in exactly HOW unsustainable current practices are. There’s a call to action to be ‘green,’ however, the impacts of current practices are not understood or quantifiable to most in the company...
- “ How to make it affordable.
- “ Industry standard definitions that consumers find value in.
- “ Knowing what standards to apply and what sustainability factors motivate consumers.
- “ Knowledge and implementation of new materials or ways of working and understanding if this is worth the extra cost to the consumer.
- “ Lack knowledge on how to calculate carbon emissions reductions on bio-based materials. Lack of tools to determine the impact of recycled materials vs. conventional materials. Knowledge on developing Science-Based Targets and a plan to achieve these targets.
- “ Lack of a Global Standard for sustainable footwear.



Sustainability in their own words *continued*

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- “ Post life, product recyclability, product ability to disassemble, circularity.
- “ Processes for actually recycling all the ‘recyclable’ materials.
- “ Reliable resources that are easy to understand and articulate to others (consumers, factory partners, brands).
- “ Standards that will regulate and establish level understandings amongst suppliers/manufacturers/retailers. I think FDRA is making great strides starting to create the benchmarks. Thank you for all your efforts.
- “ Sustainability measurement. Like the HIGG Index biases favorably scoring materials sourced from petrochemicals while generally scoring agricultural materials poorly.
- “ Sustainable material knowledge... bringing mid-tier factories into the discussion.
- “ The cost vs. benefit view. We all need to do what is right, but there is a short-term cost that may or may not be picked up by the consumer. Long-term ramifications are far greater, but the short-term hurdle exists.
- “ The definition of sustainability and what it means to the brand, the supply chain, and the end consumer. I think there are many that are out of touch with trends and how to address them.
- “ The gap of Company goals and brand decisions toward sustainability.
- “ The impact we cause to the environment.
- “ The product teams need more support from management, not price but product.
- “ Trust between brands to tackle this larger issue. With knock-offs running rampant in the industry, some brands innovating cannot afford to share due to trust issues.
- “ Understanding areas of greatest impact. How to work together to leverage improvements. Rethinking the shoe making process.
- “ Understanding the full lifecycle assessment of a material and finished product.
- “ What claims can a Company make, and what the requirements are, throughout the supply chain.

