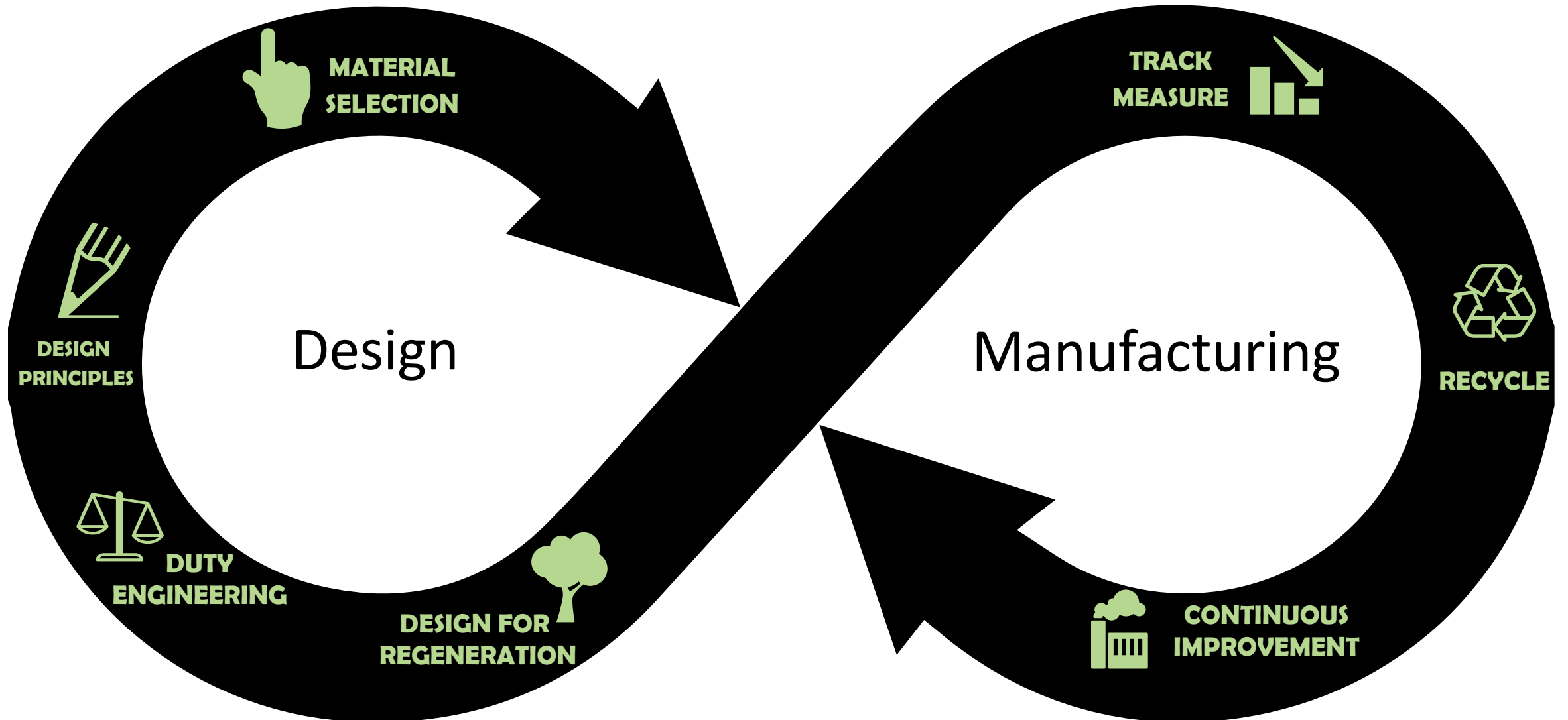


Shoe Waste Proposal – Charting an Industry Path

A Collaboration between brands and manufacturers to implement a pragmatic approach that improves environmental sustainability that realizes mutual benefits



Shoe Waste Proposal– Industry landscape

Changing Regulations:

Governments are increasingly active in the regulation of waste. The footwear supply chain must prepare itself for the impact of increased regulations in places like China. China's goal aims to recycle 54.6% of solid waste and reuse 73% of industrial waste by the year 2020.

Environmental Impact:

The vast majority of carbon impact from shoe production is incurred during the materials processing and manufacturing stages, which make up around 29% and 68% of the total impact, respectively.

[\(Journal for Cleaner Product vol 44\)](#)

Manufacturing In-efficiencies:

Waste is a key indicator of manufacturing efficiency which creates added costs. A UNIDO leather Panel study found that inefficient markers leads to:

- Upper and Lining cutting waste of: 10-25% fabrics, 15-35% for leather/PU
- Insole cutting waste: 20-35%

Consumer Behavior:





According to a 2017 NMI report When American consumers see a company supporting a cause they believe in, they are 64% more likely to buy its products



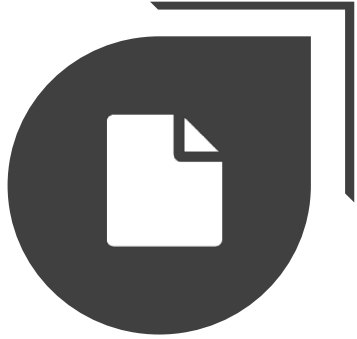
Shoe Waste Proposal – Business case & Proposal

Proposal:

Create a waste diversion program that proves a return on investment for both brands and manufacturers by:

-  Implementing a resource efficiency program focused on waste that caters both improved return on investment for both parties
-  Providing tools, resources and consulting aimed at elevating factory knowledge and expertise to drive continuous improvement post program implementation
-  Reduce the generation of manufacturing waste by optimizing material use and manufacturing practices
-  Connecting local waste management recyclers to manufacturers to influence recyclers to increase capacity

Shoe Waste Proposal



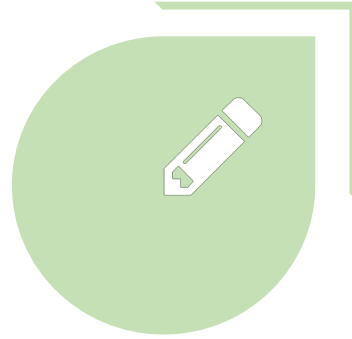
Training 1: Establish the foundation

Train Factories

- Data collection: Provide manufacturers/factories training and tools that will teach them how to measure and track their waste
- Segregation: Provide best practices on waste segregation practices so factories can understand the types of waste materials they have in order to understand the business opportunity

Output of training

- Apply learnings: Manufacturers implement their learnings with their factories within 8-12 weeks and calculate their starting baseline and implement waste segregation.
- Factories send their baseline data to the brands and FDRA



Training 2: Business Case and Implementation plan

Motivate and Train factories on:

- Share industry aggregate opportunity to motivate factories on collective environmental impact opportunity
- Train factories on how to create a business case and implementation plan (cost & ROI)
- Introduce factories to local waste management companies that recycling shoe manufacturing waste

Output of training

- Factories have a business case with a financial plan inclusive of ROI to share with their factory owner for approval. Factories have also created relationships with local waste handlers to activate waste recycling
- Within 12-16 wks factories should implement waste diversion and send implementation progress against baseline to FDRA and brands



Session 3: Measure & Elevate (share success stories)

Meeting agenda:

- Share aggregate achievement of all factories participating in the program
- Factories share best practices to help other factories learn how to overcome challenges or optimize efficiencies
- Invite shoe manufacturers from other regions to attend

Outcome

- Factories have view of total impact achieved for regional program and are motivated to continue to improve their waste reduction to achieve zero waste to landfill or incineration
- Factories from other regions are motivated to participate in the program when we scale to their region

Roles and Responsibilities

FDRA

BRANDS

MANUFACTURERS

Training 1: Build Foundation

- Helps to build customized training and data collection tools with help from FDRA member + other brands and 3rd party
- Aggregates total industry baseline from all participating brands/factories to show industry opportunity and potential impact
- Establishes consensus industry goals and metrics to drive change, including pertinent measurement tools

- Nominate manufacturers and their factories to participate and ensure active participation in program
- If brands want to publically share progress of waste diverted they will need to verify supplier baseline data to utilize a 3rd party

- Participate in program and provide feedback on training and tools to help continuously improve.

Training 2: Business Case & Implement

- Shares aggregate of industry baseline to motivate factories on impact
- Helps to build customized business case template with help from FDRA members + other brands and 3rd party
- Aggregates total industry business case/ROI from all participating brands/factories
- Invite local waste management recyclers to training event

- FDRA will help to create industry tools (business case/ROI calculator)
- Ensure manufacturers/factories implement their projects at their factories
- Ensure factories submit progress to baseline to FDRA
- If utilizing data publically verify factory data onsite or with a 3rd party

- Active participation in program
- Create business case and sell to factory owner/management
- Implement programs and share progress to baseline with brands and FDRA

Session 3: Measure & Elevate (Success stories)

- Shares aggregate of total industry achievement
- Share updates of program during FDRA podcast or webinar with manufacturers and brands to share their success stories

- Nominates select factories to share their best practices based
- Nominate factories from other regions to attend to hear about the program
- Ensures their factories participate

- Shares best practices and learnings with the industry
- Continues to drive improvement