



***SKECHERS***

# OUR FOOTPRINT MATTERS



**SKECHERS**

SKECHERS IMPACT REPORT 2022



## CONTENTS

• MESSAGE FROM THE CEO	3
• OUR PURPOSE MATTERS	5
• OUR GOVERNANCE MATTERS	6
• OUR PLANET MATTERS	9
• OUR PARTNERS MATTER	19
• OUR PEOPLE MATTER	23
• ABOUT THIS REPORT	30
• SASB TABLES	31

## MESSAGE FROM THE CEO



Robert Greenberg

Thirty years ago in a small Southern California town, we developed our first lifestyle footwear collection for men under the Skechers name. As those styles quickly became popular, we introduced our women's and kids' lines and the Skechers family brand was born. As it was then, our focus is on designing and delivering stylish, comfortable, innovative, and high-quality footwear at a reasonable price.

Today, Skechers is the third largest athletic footwear manufacturer in the world with total sales exceeding \$7.4 billion (year-end 2022). However, we remain firmly rooted in the same small town and dedicated to serving the families of the world. In so doing, we take seriously our position as a steward of the many communities and stakeholders we impact in our daily business activities. This increasingly involves considering the multiple ways we can evolve our business practices and processes to improve our product, the lives of our people, and the health of our planet - including our first Impact Report that shares our vision with our global community.

Our product development has always focused on delivering against our core design principles, but as a global leader in the footwear space with millions of pairs sold each year, we felt it imperative to look at our packaging and product offering to consider ways to reduce the impact on the environment while staying true to our design values. Today, nearly 93% of our shoebox materials are fully recyclable, 99% of shoebox material originates from FSC-certified, sustainable forest origins, and all of our foot forms and tissue packaging are substantially recyclable.

Focusing on ways we could make an impact through giving back, we established BOBS from Skechers, a philanthropic footwear model in 2015, to help children in need and help save the lives of shelter animals. As part of this line, we have donated \$9.3 million since the brand's inception to help save the lives of shelter animals, and 16 million pairs of new shoes to kids in need around the world. Our innovation now spans both compelling comfort technology features - like Hands Free Slip-ins, Skechers Memory Foam, Skechers Arch Fit, and Hyper Burst, among others.

With a goal of creating a line that is both good for your feet and good for the world, we launched Our Planet Matters™ in 2021, a collection of sustainable men's, women's, and children's products designed to incorporate recycled materials. Our goal in 2023 is for all Our Planet Matters™ products to be designed with a minimum of 20 percent recycled upper materials as we strive to make the offering even more environmentally friendly. In conjunction with this launch, we committed to donating \$800,000 to The Nature Conservancy, an organization whose mission is to conserve our lands and waters.

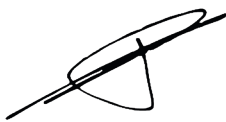
As a family brand, our people management strategies today follow the same philosophy as they did thirty years ago: to treat every employee like family and with the same care, compassion, and respect as we do our consumers and partners. With a global workforce of approximately 15,000 team members, we also believe our diverse backgrounds and experiences make us stronger and inspire more creative ideas and smarter solutions. Given our focus on family, we offer what we believe are compelling benefit packages that meet or exceed local guidelines and include parental leave, retirement savings and disability accommodations, as well as health and fitness programs.

We also have developed community-based charitable and volunteer programs, both at our corporate headquarters and in many other locations around the globe. Since its inception in 2009, the Skechers Foundation has sponsored the Skechers Pier to Pier Friendship Walk in Manhattan Beach, California. With the efforts of the Foundation and volunteers from our company, we have raised more than \$21 million for neurodivergent children, public schools and college scholarships. In addition, to date, we have donated more than 16 million pairs of shoes to children in need in the United States and around the world, some through community events; held shelter animal adoptions at our stores in the United States and Canada; and painted schools in low-income communities, inviting our team members along to be part of these give-back events.

Our environmental stewardship like our business is focused on minimizing our environmental footprint in the communities where we operate. In 2022, we completed the first phase of the expansion of our corporate headquarters in Southern California. Each of the four buildings of this project was designed to LEED Gold standards, and we have begun to add renewable energy features to our main existing offices. We also completed an addition to our LEED Gold Certified North American Distribution Center, which is both automated and integrated into our existing space. Additionally in 2022, we opened several new distribution centers in South America, broke ground on a new energy-efficient center in Mumbai, and added automation to our DC in Japan.

As an organization, Skechers is thinking about our product, our people, and our planet. Not because we must, but because we believe it is a critical element of acting responsibly to serve all of our stakeholders - including the families who love Skechers. We gladly embrace this focus as we implement sustainable strategies across our operations.

I believe that our people matter, our communities matter, and our planet matters. It's why how we do business matters. It's why I love coming to work every day because as much as we are doing today, we can do more tomorrow.



Robert Greenberg  
Skechers CEO & Chairman of the Board





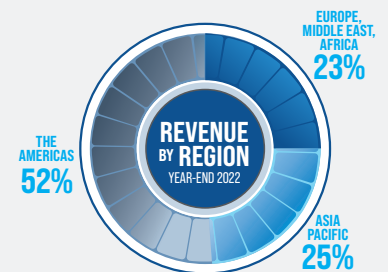
## OUR PURPOSE MATTERS

The footwear and apparel industry is a contributor to global carbon output, which we believe has far-reaching impacts on our planet’s resources. As our awareness of risks and challenges to the environment posed by our work becomes known, we are moving toward a more socially responsible and accountable foundation for business.

As a \$7.4 billion brand (year-end 2022) that has a presence in approximately 180 countries and outfits millions of consumers across every age, we know that our potential impact and reach is great. We believe being socially and environmentally responsible is essential to the Company, our consumers, and our planet. Increasingly, Environmental Social Governance (ESG) efforts are considered as we approach the design and packaging of our collections; build our stores, logistic centers and offices; recruit and retain employees; interact with our communities; and much more.

Being a global leader in athletic footwear, we believe it is our obligation to do what we can to make a difference, support and uplift communities, and lessen our carbon footprint. We recognize that we have much to do, but we are focused on driving change internally to create a more sustainable future.

**\$7.4**  
BILLION BRAND  
YEAR-END 2022 SALES



PRESENT IN  
**180**  
COUNTRIES

**266.8M**  
PAIRS SHIPPED  
IN 2022



## OUR GOVERNANCE MATTERS

The Skechers Board of Directors is responsible for the oversight and governance of our company and regularly reviews all aspects of the business, including related risks and strategies to address them. The bylaws governing how the Board operates can be found in the Corporate Governance Guidelines. As of April 2023, there are eight members on the Board of Directors with what we consider to be a diverse set of skills and backgrounds, five of whom are deemed to be independent.

### SKILLS, QUALIFICATIONS AND EXPERIENCE OF DIRECTORS

Director	Leadership	Industry	Finance/Risk Management	Corporate Governance	Digital/Technology	Marketing	Diversity	Independent Director
Robert Greenberg	●	●				●		
Michael Greenberg	●	●			●	●		
David Weinberg	●	●	●		●			
Katherine Blair	●		●	●			●	●
Morton Erlich	●		●	●				●
Zulema Garcia	●		●	●			●	●
Yolanda Macias	●		●		●	●	●	●
Richard Siskind	●	●				●		●

Our Board is comprised of three committees that assist in the oversight of our company's progress, executing strategies and achieving objectives in specific areas of the business. These committees include the Audit Committee, Compensation Committee, and Nominating and Governance Committee.

### BOARD COMMITTEES

Name	Audit Committee	Compensation Committee	Nominating & Governance Committee
Katherine Blair		●	● <sup>†</sup>
Morton Erlich	● <sup>†</sup>	●	
Zulema Garcia	●		●
Yolanda Macias			●
Richard Siskind	●	● <sup>†</sup>	
<b>Total Meetings in 2022</b>	<b>7</b>	<b>5</b>	<b>2</b>

<sup>†</sup> Committee Chairperson



The Audit Committee is primarily responsible for ensuring the quality and integrity of the Company's financial disclosures, including appointing an independent external auditor to review the Company's financial statements. The Audit Committee is also responsible for ensuring that our company is in compliance with all legal and regulatory reporting as well as reviewing and approving any related party transactions and potential conflicts of interest.

The Compensation Committee's responsibilities primarily include overseeing the compensation philosophy and plans of our company - particularly those impacting our company's named executive officers, and producing an annual evaluation of our company's executive compensation practices and potential risks related thereto for inclusion in our company's annual proxy statement. The committee is also responsible for the selection and retention of an independent, external compensation consultant - FW Cook as of April 2023 - who provides advice and analyses in support of the committees' responsibilities.

The Nominating and Governance Committee is responsible for identifying individuals qualified to become Board members, recommending the annual slate of directors, and upholding the various governance policies of the Company, including but not limited to the Corporate Governance Guidelines, Corporate Code of Conduct, and Supplier Code of Conduct. The committee is also responsible for evaluating our overall Board composition, taking into consideration the mix of skills and backgrounds, including diversity, that the Board deems appropriate for the oversight of our company's business.

The Nominating and Governance Committee considers diversity when identifying and evaluating director nominees, and believes that the backgrounds and qualifications of our directors, considered as a group, should provide a diverse mix of experience, knowledge and skills that will best allow our Board to fulfill its responsibilities, including oversight of our business. Comprised of 38% female and 25% ethnically diverse individuals as of April 2023, our Board seeks members from varied professional and personal backgrounds with a broad range of experience and expertise and a reputation for integrity. This assessment will include consideration of diversity including criteria such as gender, ethnicity, age, skills, and experience in the context of the needs of our Board. A majority of our Board consists of directors who are independent under the rules of the New York Stock Exchange. For more information on our Board's approach to diversity and candidate selection, please see our [Nominating and Governance Committee Charter](#).

The Skechers Board of Directors believes that environmental, social, and governance (“ESG”) related matters, including the identification and evaluation of relevant risks and opportunities and any relevant sustainability initiatives and programs, are an important topic for Skechers’ shareholders, employees, customers, and vendors. Our Board is actively involved with and updated on the status of our company’s various ESG initiatives. Primary responsibility for the oversight of ESG-related matters resides with our Nominating and Governance Committee. However, our Board recognizes that each committee plays an important role in considering and addressing ESG-related matters within the relevant responsibilities of each committee.

The Nominating and Governance Committee of our Board regularly reviews corporate sustainability risks including the Supplier Code of Conduct, managed by our Social Compliance Team. The Nominating and Governance Committee of our Board also periodically reviews regulatory and corporate compliance risks and recommends any proposed changes in accordance with the Corporate Governance Guidelines. Our Corporate Governance Guidelines were adopted by our Board of Directors to assist the Board in the exercise of its responsibilities. Our Corporate Governance Guidelines reflect our Board’s commitment to monitor the effectiveness of policy- and decision-making, both at the Board and management levels, with a view towards enhancing long-term stockholder value.

We have also established an internal, cross-functional ESG Committee to oversee and advise our Board on ESG-related matters; the committee meets quarterly or more frequently if needed. Our ESG Committee is led by the Chief Financial Officer of our company, and comprises team members from key functions including Product Development, Human Resources, Finance, Legal, Marketing, and Communications. The ESG Committee’s primary responsibility is to direct and to oversee the implementation of our ESG strategic roadmap. In addition, the committee regularly updates and advises our Board through the Nominating and Governance Committee, with respect to our company’s progress against the ESG strategic roadmap as well as on any significant ESG issues. Links to our publicly available policies can be found here and online at the Skechers Corporate Site under Investor Relations:

- [Corporate Code of Conduct](#)
- [Code of Business Conduct and Ethics](#)
- [Whistleblower Policy](#)
- [Foreign Corrupt Practices Act \(FCPA\) Policy](#)
- [Supplier Code of Conduct](#)
- [UK Modern Slavery Statement](#)





## OUR PLANET MATTERS

At Skechers, our objective is to design, develop and market stylish, high-quality, comfortable and reasonably priced products for our customers while simultaneously working to limit our activities' negative impact on the environment in support of that objective. We are doing this by focusing on multiple areas including the use of better chemistry, sustainable materials, and the reduction of manufacturing waste.

We believe it is our responsibility as a family-focused footwear and apparel brand to create and implement sustainable strategies across our operations to minimize our impact on the environment and support our customers, employees, and partners.

As a global leader in the footwear space that sells millions of pairs of shoes each year, we have always felt it was important to consider the environmental impact of our packaging, product, and key logistics centers and corporate buildings with an eye towards sustainability.



## DISTRIBUTION CENTERS

With one of America’s largest LEED Gold Certified facilities and our environmentally minded Europe Distribution Center, we’re committed to reducing our impact on the world through green building design, operational efficiencies, and waste and water use reduction.



### North America Distribution Center

Rancho Belago, California  
2.6 million square feet

- LEED Gold certification.
- Reflective foil insulation and natural lighting to moderate temperatures. Night flush vent system.
- LED with light detectors and motion detectors, PLC machines and temperature controllers.
- Commitment to saving trees with corrugated recyclables and lowering landfill use.
- Native landscaping and building-wide water preservation efforts.



### Europe Distribution Center

Liege, Belgium  
2.2 million square feet

- BREEAM Very Good Rating.
- Lean and Green certification through 30% CO2 reduction.
- Reflective foil insulation and natural lighting to moderate temperatures.
- LED with light detectors and motion detectors, PLC machines and temperature controllers.
- Commitment to saving trees with corrugated recyclables and lowering landfill use.



#### LEED Gold

LEED certification with natural lighting, high-performance glass, R30 insulation and Forest Stewardship-certified wood.



#### Landscaping

Saving water with drought-tolerant bio-filtration planters, low-water use plumbing fixtures and irrigation systems.



#### Energy

Renewable features include LED daylight harvesting and timed, motion-detected lighting.



#### Reduced Waste

Commitment to every level of waste reduction, from recycling services to eco-friendly kitchen materials.





## CORPORATE HEADQUARTERS

Today, every major development effort at our company takes sustainability into consideration, including our recent corporate campus development in the United States, a 300,000-square-foot center which is designed to be LEED Gold Certified. The campus will feature LED daylight harvesting and natural lighting; high-performance glass and R30 insulation; forest-stewardship-certified wood; and drought-tolerant landscaping.

## ALLIANCES

In 2018, seeking to further support the responsible use of raw materials in our products, we joined the Apparel and Footwear International RSL Management (“AFIRM”) and are an active member seeking to reduce the use and impact of harmful substances in our products.

Another industry collaboration that we participate in is Footwear Distributors and Retailers of America (FDRA). In 2022, in collaboration with FDRA, we piloted a waste management program with six footwear factories with the intent to reduce waste to landfill. After six months of the program, we saw encouraging results with decreased waste to landfill and increased energy recovery from incineration. In 2023, we plan to expand this program to additional factories.

These efforts represent our growing focus on more environmentally sustainable manufacturing, packaging, distribution, product development, corporate processes and activities.



## OUR PLANET MATTERS™ COLLECTION

In 2021, we launched the Our Planet Matters™ (OPM) collection of sustainable men’s, women’s and children’s products, which is designed with recycled materials to help reduce our environmental impact.

Produced with organically grown cotton and recycled polyester, cotton, rubber, EVA and TPU, as well as durable designs and washable technologies that help extend the life of our product, these styles are created with circularity in mind. Consumers can also find information about the recycled content of each style on packaging as well as on our website.

Minimum requirements to qualify for the Our Planet Matters™ collection differ by product category and can be seen on each product’s packaging. In 2023, we plan to use a weight-based recycled content calculation on all new styles developed for the Our Planet Matters™ line to further encourage the use of greater quantities of recycled materials.

Our goal is for all footwear included in the Our Planet Matters™ product line to use at least 20% recycled content of the upper by weight. Among the Our Planet Matters™ collection, the Cleo line is produced with at least 40% recycled content of the upper by weight, and the BOBS from Skechers line is produced with at least 30% recycled content of the upper by weight.

For products included in the Our Planet Matters™ apparel lines, our goal is for these products to be made from at least 70% recycled polyester or at least 50% organically grown cotton.



To accelerate our positive environmental impact beyond the Our Planet Matters™ collection, we have partnered with The Nature Conservancy through a multi-year commitment.

Between September 1, 2021 and December 31, 2024, we are donating a minimum of \$800,000 to help the The Nature Conservancy achieve its mission to conserve the lands and waters on which all life depends.

Those funds support The Nature Conservancy’s mission in 72 countries and its affiliate, Nature United in Canada. Efforts include reforestation in line with The Nature Conservancy’s goal to reduce tree harvesting through environmentally friendly shipping and packaging; developing more sustainable oceans and working with the world’s best coral scientists to protect, restore, and monitor one of Earth’s richest ecosystems; and supporting habitats to ensure the well-being of threatened animal species around the world.



RESTORING FORESTS



PROTECTING OCEANS



CONSERVING SPECIES

## PACKAGING

Sustainable packaging is a priority at Skechers. We seek out new ways to increase our use of environmentally minded materials, and regularly conduct assessments to ensure that these items are FSC-certified, recycled or ethically harvested.

93%



of our shoebox materials are fully recyclable.

99%



of shoebox materials originate from FSC-certified, sustainable forest origins.

100%



of our packaging materials is printed with soy- or water-based ink.

100%



of our foot forms and tissue packaging is recyclable.

\* As of 2022. Recycling guidelines, practices and capabilities vary in communities around the world; packaging may not be recyclable in all areas.

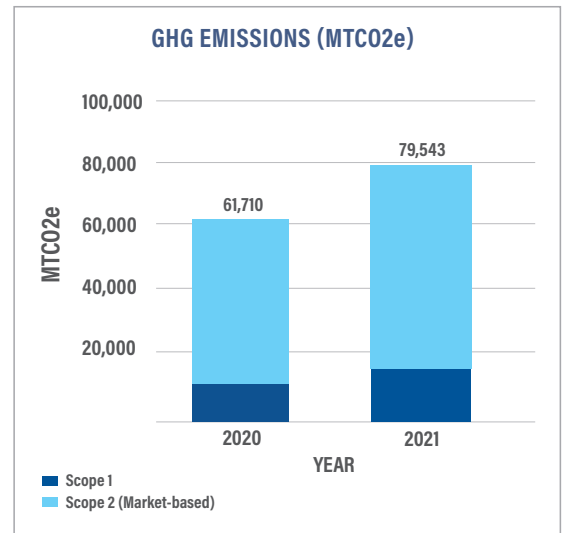
## CLIMATE AND GREENHOUSE GAS EMISSIONS

In 2022, Skechers engaged with a third party to measure our Scope 1 and 2 greenhouse gas (“GHG”) emissions for 2020 and 2021. These emissions are made up of our electricity and natural gas usage from our offices, distribution centers, data centers, showrooms and retail stores. We use an operational boundary that includes all company-owned and -operated facilities, including those owned through our various joint ventures, consistent with the basis of presentation of financial information in our consolidated financial statements.

### METHODOLOGY

Our emissions were calculated using methodologies consistent with the GHG Protocol Corporate Accounting and Reporting Standard. Our disclosure includes both market-based and location-based methodologies as defined by the World Resources Institute/World Business Council for Sustainable Development (WRI/WBCSD).

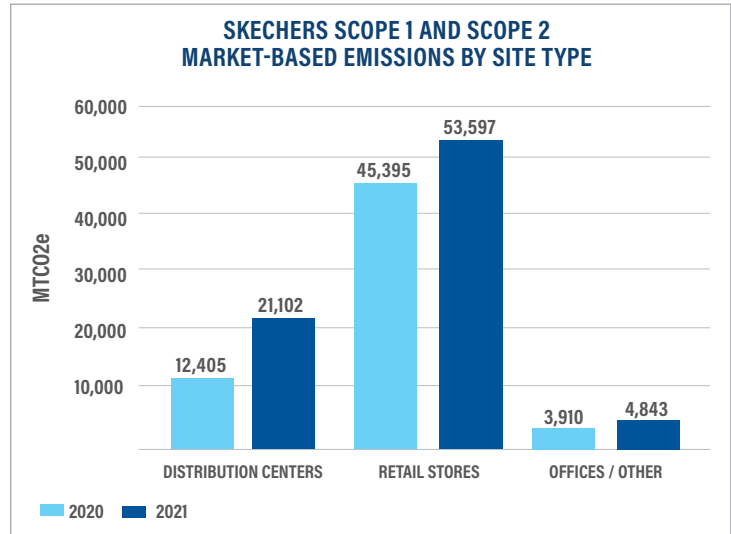
Emissions factors were sourced from the EPA’s GHG Emission Factors Hub, Emissions & Generation Resource Integrated Database (eGRID), and the IEA Emission Factor Database (released 2022). For the market-based calculation, the residual method used leveraging data and Green-e® Residual Mix Emissions Rates were used for the market-based calculations for the US locations. Data from US Energy Information Administration (EIA) Commercial Buildings Energy Consumption Survey (CBECS) and Carbon Risk Real Estate Monitor (CRREM) global decarbonization pathways were used to estimate usage for sites without available data.



### DATA LIMITATIONS

Though thorough data collection was attempted for all of our sites, there were instances where electricity and natural gas data was not provided. For sites with partial energy data coverage, daily averages of the available data were used to fill in those gaps. For sites with no actual data available, estimates were based on either similar sites' average use intensities, CBECS regional median use intensities, or energy use intensities from country-specific

CRREM pathways. In all instances, site type, square footage, and location were considered in estimating energy usage. In 2020 and 2021, our emissions calculations were heavily dependent on estimations due to limited data availability.



### ANALYSIS

Our Scope 1 and Scope 2 greenhouse gas (GHG) emissions<sup>1</sup> increased by about 28.9% from 2020 to 2021. This increase in GHG emissions was largely driven by an increase in time-weighted square footage from 2020 to 2021 of about 25.1%<sup>2</sup>, nearly 80% of which was attributed to our distribution centers. Our emissions footprint reflected our business model, which involves a large retail presence. A majority of our Scope 1 and 2 emissions (73% in 2020 and 67% in 2021) has come from our retail operations, which has been split across outlets, concept stores, and big box stores. Our distribution centers made up over 27% of

<sup>1</sup> Market-based emissions calculations are used for the analysis section.

<sup>2</sup> The total square footage for either year is weighted by the percentage of days a given site was leased/operated during that year to accurately reflect the square footage contributions to the GHG emissions (e.g., if a 100 sq. ft. location is open 50% of the year, it will contribute 50 sq. ft. to that total). This more accurately represents the square footage increase year over year since over the course of a given year, the total square footage was changing due to openings and closures.

### LOCATION-BASED GHG EMISSIONS

GHG Emissions Source	2020 GHG Emissions (MTCO2e)	2021 GHG Emissions (MTCO2e)
Scope 1 Emissions - Natural Gas	10,884	15,925
Scope 2 Emissions - Purchased and Consumed Energy (Location Based)	50,147	62,896
<b>Total Scope 1 &amp; Scope 2 (Location Based)</b>	<b>61,031</b>	<b>78,821</b>
YOY % Increase	-	29.15%

### MARKET-BASED GHG EMISSIONS

GHG Emissions Source	2020 GHG Emissions (MTCO2e)	2021 GHG Emissions (MTCO2e)
Scope 1 Emissions - Natural Gas	10,884	15,925
Scope 2 Emissions - Purchased and Consumed Energy (Market Based)	50,826	63,618
<b>Total Scope 1 &amp; Scope 2 (Market Based)</b>	<b>61,710</b>	<b>79,543</b>
YOY % Increase	-	28.90%



our Scope 1 and Scope 2 GHG emissions in 2021, increasing from 21% in 2020. Our offices have made up the lowest percentage of our GHG emissions, with around 6% of our total Scope 1 and 2 GHG emissions in 2021.

### **EMISSIONS REDUCTION EFFORTS**

Our emissions reduction efforts have started with our distribution centers. Our major distribution centers in the US and Belgium feature LED with light detectors and motion detectors, and PLC machines and temperature controllers. Together, these efforts have led to a decreased energy draw from the grid and therefore have reduced emissions from grid-based energy.

### **NEXT STEPS**

We plan to externally report our 2022 Scope 1 and 2 GHG emissions once they have been calculated. We also plan to improve our data collection practices in support of conducting future GHG inventories, reduce our reliance on estimates, and evaluate potential technology platforms that can assist with the collection and monitoring of data on various environmental factors, including energy use and waste.

Furthermore, provided we are able to do so in a timely and cost-efficient manner, we plan to begin undertaking efforts to measure our Scope 3 GHG emissions in the future. We know that significant drivers of these emissions will include our manufacturers, raw material providers and logistics partners, as well as our franchise stores. As part of these efforts, we will seek to initiate data collection from our Tier 1 suppliers including energy use, water use, and waste data.

## **OUR CHEMICAL MANAGEMENT APPROACH**

Our material suppliers use chemicals in dyeing and other processes, and our approved factories use these materials in footwear, apparel, and accessories. As part of our focus on protecting consumers, workers, the environment, and our brand, we have protocols in place that restrict the use of certain chemicals in accordance with our [Skechers Restricted Substances List \(“SRSL”\)](#). We also regularly educate ourselves on the latest regulatory restrictions to understand what chemicals to prioritize and target for reduction or elimination from our products.

Our SRSL details chemical compounds that cannot be present in any finished products sold by Skechers. In 2022, all Tier 1 suppliers were required to sign an acknowledgement letter stating that they will abide by our SRSL. In 2023, all licensees are required to sign an acknowledgement letter stating that they will abide by our SRSL in addition to

their agreement to comply with all laws and regulations applicable to their products and materials. Our SRSL includes substances that are banned by law, as well as chemicals we have restricted voluntarily. Skechers has developed its own SRSL to reflect the strictest global legislation and the most restrictive allowable global limits for all locations worldwide. We employ a hazard-based approach to manage our chemical use, and our SRSL goes beyond legal requirements and follows accepted industry standards.

We have an SRSL Implementation Plan that lists the date when each SRSL update becomes effective. Our Skechers Testing Team works in conjunction with third-party labs each year to update our SRSL to reflect our most recent and updated regulations. All factories and agents must sign our SRSL acknowledgement letter when our SRSL is updated to a new edition (updates typically occur once a year).

## TESTING AND COMPLIANCE

We focus on the quality and safety of our products. The Skechers Restricted Substances List ensures that our products comply with applicable global standards with respect to restricted substances. We continuously improve this policy so that our products meet our consumers' expectations.

SRSL testing is completed by our approved third-party laboratories. Suppliers are required to provide proof of compliance with the SRSL through our third-party laboratories annually. When suppliers provide materials to factories producing our products, they must have a valid SRSL test report (issued within one year) on hand for those materials. Suppliers must also provide a valid SRSL test report in order to become an approved supplier. For all active suppliers, test reports on all materials used on our products are provided to us annually at a minimum.

Documentation is provided directly to material suppliers to outline the requirements of the SRSL. To ensure compliance with the SRSL, all approved Skechers Tier 1 suppliers must sign an acknowledgement letter stating they agree to comply with the SRSL and ensure compliance for all materials (from Tier 2 suppliers and beyond) used in our products.

Communication is central to our approach to safety, and training is an integral part of our quality assurance and management system. The requirement for compliance with the SRSL applies to all materials that are ordered by factories for use in our products, including all materials used in Skechers and Skechers-licensed products.

Once proven by a supplier, factories are fully responsible for ensuring that all products shipped to us are in full compliance with the SRSL. Factories are expected to ensure that all changes in requirements are communicated to their material suppliers promptly. Only

materials and components that are tested and comply with the SRSL can be used for production. Once materials have passed the tests, these materials can then be used for multiple seasons or SKUs providing there are no changes in the material or the supplier. We also randomly select samples during production and from finished products for testing. This random testing is done in-house by the Company for lead and phthalates, and by third-party labs for the full SRSL.

In the event that we request additional information throughout the year, a declaration of product compliance and an updated test report must be provided upon request.

### **SUPPLIER SUPPORT**

We host SRSL seminars annually to educate our supply chain on SRSL updates and reasons behind the updates, including risks and hazards associated with each restricted chemical.<sup>3</sup> We also support our suppliers by helping them to identify risks related to chemicals in their processes and find solutions.

We partner with outside laboratories to implement a testing program for factories and suppliers to prove adherence with the SRSL in a cost-effective way.

If failed reports come through, our Skechers Testing Team has a protocol to follow up with suppliers to indicate which part of the product failed and how to resolve the issue.

### **NEW MATERIALS**

New material suppliers are required to prove compliance with the SRSL in order to be an approved supplier. New materials are required to pass SRSL testing and be approved by our Skechers Compliance and Materials team before use in our products. We have a Standard Operating Procedure for verifying compliance with the SRSL as part of our new material selection and approval process.

### **NON-COMPLIANCE**

If we identify non-compliance with the SRSL, we require factories or materials vendors to first rework the product in question and send the improved product to Skechers-approved third-party labs for retesting. In cases where the product cannot be reworked or improved, the order is destroyed according to our Restricted Substances Compliance Policy.

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<sup>3</sup> In-person seminars were paused during 2020 and 2021 due to the COVID-19 pandemic. Online seminars resumed in November 2022.

In addition, the vendor is required to provide root cause analysis along with a Corrective Action Plan. If needed, our compliance team works with third-party labs which offer consulting and can help identify root causes for our suppliers. These third-party labs also conduct continuous auditing and provide training on the expected manufacturing process to meet our standards. This training, developed with us, helps suppliers develop standard operating procedures that will support them in efforts to avoid non-compliance in the future.

#### **FOCUS ON SUSTAINABLE CHEMISTRY**

In addition to the SRSL, we encourage our material suppliers and approved factories to use and develop more environmentally sustainable options, as well as apply third-party certifications and value these certifications in their supply chains. We aim to reduce the use of Volatile Organic Compounds (VOCs) in our products as part of our commitment to sustainable chemistry and are transitioning from solvent-based cement to water-based cement to reduce VOCs.

#### **INDUSTRY COLLABORATION**

Industry collaboration is an important part of our chemical management strategy. As many of our material vendors and manufacturing facilities are also part of the supply chains of other brands, we have worked with a variety of industry associations and are an active member of Footwear Distributors and Retailers of America (FDRA) and Apparel and Footwear International RSL Management (AFIRM).

We are actively involved in AFIRM's member meeting discussions regarding chemical management, shared insights and best practices.





## OUR PARTNERS MATTER

At Skechers, our suppliers are integral partners in delivering stylish, high-quality apparel and footwear to our consumers worldwide. We expect our partners to share and to uphold our values by fostering respect for workers in our supply chain, safeguarding their health and safety, and promoting responsible environmental practices.

The global supply chain is subject to multiple risks and uncertainties. One such risk for Skechers is our manufacturing partners' ability to comply with our [Supplier Code of Conduct](#) and applicable local laws. This includes vigilance against social risks, including child and forced labor, migrant workers' rights, occupational health and safety, rights to collective bargaining, and minimum wage non-compliance. It also includes vigilance against environmental risks, including the use of hazardous chemicals, water stewardship, GHG emissions, and waste management.

The Skechers Supplier Code of Conduct applies to all facilities that produce goods for Skechers. This code strives for alignment with local regulations, industry standards, and universal human rights principles, and establishes the basic requirements all suppliers must meet to work with us. The code numerates our policies and expectations on topics including discrimination, harassment and abuse, forced labor, underage labor, freedom of association, compensation and benefits, hours of work, health and safety, subcontracting and recruitment homework, and the environment.

The application of our Supplier Code of Conduct is managed by our Social Compliance Team. Our team is comprised of internal auditors who are responsible for auditing our suppliers and their factories for compliance utilizing the guidelines set forth in our Supplier Code of Conduct. The Social Compliance Team and our Social Compliance Program are governed by our ESG Committee and will regularly report the results of their audits, including to our ESG Committee. In addition, we evaluate the effectiveness of our Social Compliance efforts through reviews by our Corporate Internal Audit practice.

In 2022, we conducted an internal review of our Social Compliance Program to identify opportunities for improvement. As part of this review, we are putting quarterly reviews of the Social Compliance Program and audit results into place with the ESG Committee to focus on continued improvement and oversight.

### **SOCIAL COMPLIANCE STANDARD**

The Skechers Social Compliance Standard outlines the guidelines that the Social Compliance Team follows when auditing our suppliers against our Supplier Code of Conduct. This standard provides the grading criteria for evaluating audit results and associated grading for the audit. This standard also outlines a list of zero-tolerance and critical issues for Skechers, as well as the protocol for what to do if these issues are

identified at a given supplier. In addition to individual instances of non-compliance, the standard outlines the potential consequences for a factory that fails to meet the minimum requirements to do business with us.

Prior to starting work with any supplier, we make the prospective supplier aware of our Social Compliance Program and its expectations. All new Tier 1 suppliers are either audited by our Social Compliance Team or asked to provide a third-party audit by a third-party auditor recognized by Skechers. All suppliers are required to sign an acknowledgement of our Supplier Code of Conduct. Tier 1 suppliers are required to sign our Supplier Code of Conduct annually, and all Tier 2 suppliers sign when they are onboarded.

Our Social Compliance Team routinely conducts both semi-announced and unannounced audits. Unannounced audits can be conducted at any time, without any notice to suppliers in advance. Semi-announced means a notice without a specific audit day but within a provided window period. The denial of access into the facilities results in a “Fail” audit if no reasonable or understandable explanations are provided.

We use our Social Compliance Standard to evaluate factories with a particular focus on zero-tolerance and critical issues. The below table shows how audits are graded.

AUDIT GRADE	EXPLANATION
<b>A</b>	Performance is very good with no critical or zero-tolerance issues identified and few or no non-compliance issues identified. Sustainable social compliance management with mature internal monitoring and process improvement has been established. Social compliance management is mature and proactive.
<b>B</b>	Performance is acceptable with no critical or zero-tolerance issues identified, and limited non-compliance issues identified. Social compliance management has been implemented and is functioning.
<b>C</b>	Performance needs improvement though no critical or zero-tolerance issues identified. Non-compliance issues identified requiring a corrective action plan and follow-up audit required within 6 months. Social compliance management has been established, but requires maturation.
<b>D</b>	Performance needs significant improvement due to critical issue identified or numerous non-critical issues identified. No zero-tolerance issues identified. Corrective action plan required with follow-up audit required within 3 months. Social compliance management has been established, but requires maturation. Orders will be impacted.
<b>F</b>	Performance is unacceptable with multiple critical issues or one or more zero-tolerance issues identified. Immediate cessation of orders effective.

- **Zero-tolerance issues:** The presence of a zero-tolerance infraction at a factory will immediately result in a “Fail” grade due to the failure to meet our minimum Social Compliance Standard requirements. As a result of receiving a “Fail” grade, our production at this factory will be seriously impacted, including, in most instances, the immediate cessation of new orders and often an immediate production stoppage. New orders with a factory receiving a “Fail” grade are prohibited until the receipt of an updated audit result with a passing grade.

Zero-tolerance issues are:

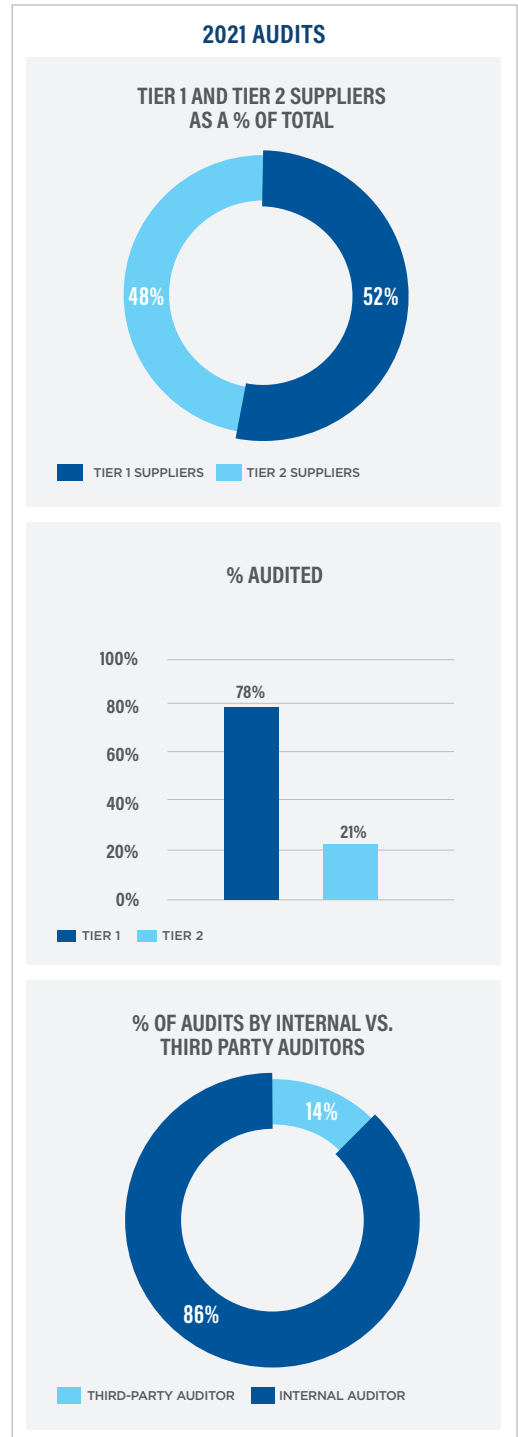
- Forced Labor
  - Underage Labor (Child Labor)
  - Harassment and Physical Discipline
  - Illegal Business Operation
  - Corruption and Bribery
  - Illegal Migrant Worker
  - Unacceptable Limited Access to Facilities and Employees
  - Unapproved Subcontracting and Homework
- **Critical issues:** The presence of a critical issue at a factory will result in the issuance of a corrective action plan with a strict remediation timeline. Failure to mitigate a critical issue will result in a “Fail” grade. Provided a “Fail” grade is not issued, the presence of a critical issue at a factory may impact the continuation of and/or receipt of new orders. Factors considered related to new orders include the factory management’s cooperativeness and willingness to improve, and the capability and capacity of the factory’s internal systems. Critical issues are:
    - Protections for Minors
    - Lack of Protections for Pregnant Workers
    - Insufficient Fire, Building Construction and Production Safety
    - Insufficient Health Protection
    - Insufficient Environment Protection
    - Lack of Transparency (including inconsistent records or suspected false documents)
    - Insufficient Working and Living Environment
    - Discrimination
    - Poor Satisfaction from Workers

- Warnings:** The presence of issues that result in warnings at a factory will be incorporated into a corrective action plan issued subsequent to the audit. Factories receiving warnings will be required to be re-audited within 2 to 6 months with the timeline based on the severity of the warning, and are required to execute a commitment letter for improvement. The presence of an issue resulting in a warning will not immediately impact the continuation and receipt of new orders. If unresolved, the factory will be considered to have critical issues.

**AUDIT AND COMPLIANCE DATA**

In 2021, we conducted 359 audits, covering 77.7% of our Tier 1 suppliers, and 21% of our Tier 2 suppliers. For Tier 1 suppliers not audited by us directly, we require the factory to provide an audit report conducted against a third-party standard. Third-party audit reports are also collected from any factory that has an available audit report, including those that we audit directly, for our records. In 2021, 17 factories were issued warning letters that indicate the Company has committed to improvement in response to “Serious Warnings” in audits and three factories were not approved to do business with us because of “Fail” grades. 14.1% of audits were conducted by a third-party auditor. Third-party auditors use various standards and frameworks including Worldwide Responsible Accredited Production (WRAP), Social & Labor Convergence Program, SMETA, Better Work, BSCI, and SA8000. Our auditors also review the grievance records and interview workers about complaints.

Beyond audits, we provide an annual anti-harassment training to suppliers.







## OUR PEOPLE MATTER



At our core, we're a family brand, and our commitment to family extends to our diverse team of global employees. We believe our unique backgrounds and experiences have made us stronger, inspired new ideas, and driven our innovative spirit – and from our corporate offices to our retail stores and our distribution centers, we aim to build a workplace that supports each employee's well-being and encourages everyone to grow in their careers and give back to their community. We are focused on creating a positive, supportive work environment where our team can work and feel their best every day.

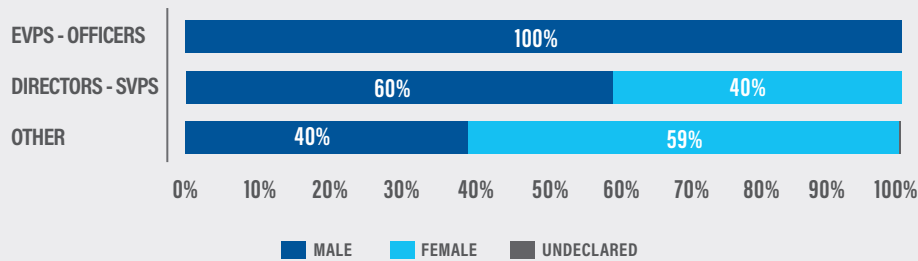
We aim to:

- Attract the best talent with different social and ethnic backgrounds and experiences. With a more diverse employee base, we seek out varied viewpoints and creative approaches more aligned to our consumer base, which we believe fuels innovation and relevancy, and makes us stronger.
- Invest in our people so they can grow in their skills and build a career at Skechers.
- Retain engaged employees who strengthen our ability to succeed.

We continue to grow and expand our worldwide presence. At year-end 2022, our global headcount of full- and part-time company employees was approximately 15,000, of which approximately 55 percent were based in the United States.

We are a founder-led organization, and our officers largely comprise individuals who have been with the Company since its founding 30 years ago. Their experience and leadership have been key to our success, and each remains actively engaged in our business today.

**SKECHERS CORPORATE EMPLOYEE GENDER REPRESENTATION IN U.S.**  
YEAR-END 2022



We seek to provide market-competitive compensation and benefits that not only attract the best talent, but also retain our current employees. We offer a broad range of benefits including: medical, prescription, dental and vision plans, flexible spending accounts, company-provided disability insurance, 401K plan, paid sick and vacation time, employee assistance program (including access to mental health, legal and financial services at no cost to employees), child care subsidies and parental leave (eligibility and benefit levels vary by program and location). In our effort to attract the best talent, we aim to have diverse panels and slates and participate in career programs at a wide range of universities, including HBCUs throughout the country. Skechers supports the Two-Ten Foundation and its scholarship programs as well as the Women In Footwear Industry (WIFI), which provides a forum for women to connect and grow their professional networks.

Benefits in the directly managed countries where we have company employees are based on local laws and guidelines, but we endeavor to follow similar goals: market-competitive compensation and benefits that retain employees.

Whether our employees are entering the workforce for the first time in our stores, our distribution centers, or at our corporate headquarters, we have a variety of opportunities to support them as they build their careers and grow with us. We provide a training program for first-time managers and a leadership program for seasoned managers. Additionally, we offer a store manager development academy and plan a Road to Corporate program for store employees who are interested in making the transition to a corporate career.

At Skechers, we strive to foster an environment where our employees feel valued and engaged. We host regular regional, national, and international meetings to bring our teams together to learn, celebrate successes, and stay connected to our mission. Our employees are central to our success and our service anniversary program recognizes their commitment and thanks each of our employees for their service. We care about our employees and provide offerings for the whole self. With a focus on well-being, we offer an on-site health coach, fitness classes (corporate and DC), and chiropractors all at no charge, to support the physical wellness of our employees in the U.S. Additionally, in 2023, monthly training opportunities will bring in experts to share relevant information on emotional, social, and financial well-being.



## OUR COMMUNITIES MATTER

We are a global lifestyle brand focused on supporting numerous communities around our operation centers, from our corporate offices and design center in Southern California to satellite offices and partners around the world. The Company values philanthropy – and to foster a culture where our employees have positively impacted others by giving back and helping change the lives of millions of adults and children in need worldwide.

To make an impact now and for future generations, we have launched philanthropic collections, developed charitable programs locally and in international markets, established the Skechers Foundation, and contributed to organizations worldwide. We are also able to use our valuable retail footprint to raise additional funds for important causes and 501(c)(3) organizations.

Our philanthropic brands such as BOBS from Skechers™ expand our charitable activities and enable consumers to contribute to concerns that they care about through their purchases of our product. The BOBS® collection supports various causes, and has helped those impacted by disasters and economic challenges as well as shelter animals.



### BOBS FROM SKECHERS™

In 2005, we saw the devastating effects of Hurricanes Katrina and Rita and wanted to make a difference – donating \$250,000 to the American Red Cross and approximately 10,000 pairs of Skechers and multiple boxes of apparel and accessories to help victims and first responders.

Inspired by these efforts, we launched the BOBS from Skechers collection in 2011 – a philanthropic offering originally designed to help children in need. In partnership with Soles4Souls and global charity organizations, we have donated more than 16 million pairs of new shoes to children in need in more than 60 countries through our BOBS offering.





We have also donated BOBS shoes as well as apparel, accessories and supplies to support Head Start programs, education foundations, homeless shelters, disaster relief and 501(c)(3) nonprofit organizations.

#### RECENT DISASTER DONATIONS

**SOLES4  
SOULS**

- **Hurricane Laura via Soles4Souls (2020)**  
1,080 pairs of BOBS from Skechers donation shoes
- **Santa Cruz Fire via United Way of Santa Cruz (2020)**  
1,872 pairs of BOBS from Skechers donation shoes  
240 backpacks for girls and boys  
3,600 pairs of socks
- **Alameda Fire via United Way of Jackson County (2020)**  
1,872 pairs of BOBS from Skechers donation shoes  
240 backpacks for girls and boys  
3,600 pairs of socks
- **Beirut Port Explosion (2020)**  
52,632 pairs of BOBS donation shoes to Ahla Fawda Foundation
- **Ukraine (2022)**  
52,632 pairs of BOBS from Skechers donation shoes via Convoy of Hope



In 2015, we expanded the BOBS program to save and support shelter pets. For every specially marked footwear, apparel and accessory item sold, we donate 25 cents to our nonprofit partner Petco Love to help the nonprofit organization's extensive animal welfare network in the United States and Canada. As of December 31, 2022, we have donated \$9.3 million to help provide lifesaving adoptions and healthcare services for 1.7 million shelter animals in North America. We have also expanded our charity strategy to save shelter pets in Japan through Alma, and in 2022, began partnering with Woodgreen Pets Charity in the UK to protect additional animals.





## OUR HUMANITARIAN EFFORTS

We have responded to a wide range of local, national and global events, including natural disasters, by donating footwear, supplies, and monetary contributions to humanitarian organizations. Recent support includes a \$1 million donation to Haiti earthquake victims in 2021 and the establishment of a Skechers Haiti Relief Fund through Soles4Souls, CORE, Hope for Haiti and World Central Kitchen, and more than \$775,000 in aid in 2022 to Skechers CORE Humanitarian Relief and World Central Kitchen.

During the global pandemic, our company also provided medical supplies, monetary funds, shoes and apparel to help protect United States communities, support struggling local businesses and care for China's first responders.

Employees are encouraged to volunteer at local events – from BOBS shoe donations and shelter dog adoptions, to painting schools in the community, to attending established 501c3 events or programs.



Across the United States and in Canada at our more than 500 Skechers retail stores, we regularly host register round-ups to raise funds for a wide range of causes including American Nurses Foundation for healthcare workers, Adopt-A-Classroom for teachers and their students, Petco Love to save shelter animals, and the Skechers Foundation National Scholarship Program, among other initiatives.

### COVID-19 DONATIONS

- United States Communities (2020)**  
 Over 1 million N95, KN95 and surgical masks donated through United Way of Greater Los Angeles and directly to hospitals, nursing homes and first responders
- LA South Bay Businesses (2020)**  
 Donated \$500,000 and arranged a Skechers Restaurant COVID Relief Fund to help restaurants stay open during the pandemic
- China Healthcare Workers (2020)**  
 RMB 5 million (\$717,000 USD) given in clothing and footwear via China Charity Federation



## SKECHERS FOUNDATION

Established in 2010 to help children in need, the Skechers Foundation is an extension of our charitable activities – dedicated to strengthening communities to ensure the health, success, and well-being of youth around the world. The Foundation invests in a global network of charitable organizations dedicated to embracing individuals with diverse abilities, improving education, empowering disadvantaged families and providing humanitarian, disaster and economic relief. By supporting millions through products and services, the Skechers Foundation aspires to make a valiant effort in creating stronger, self-sufficient individuals for future generations. Some highlights of work the Foundation supports are highlighted below.

### SKECHERS PIER TO PIER FRIENDSHIP WALK

Since its inception, the Skechers Foundation has sponsored the Skechers Pier to Pier Friendship Walk – one of the country’s largest dedicated to helping children with varying abilities and education. The annual 3.5-mile walk has raised more than \$21 million for neurodivergent children, public school foundations, and the Skechers Foundation National Scholarship Program.

### SKECHERS FOUNDATION NATIONAL SCHOLARSHIP PROGRAM

Funded by the Skechers Pier to Pier Friendship Walk and our company’s register round-up events at its retail stores, the Skechers Foundation’s National Scholarship Program was established for deserving students across the United States based on financial need, academic performance, athletic abilities, and leadership qualities. As of year-end 2022, the program has provided nearly \$1 million in scholarships to Scholarship America.

### LOCAL IMPACT

The Foundation is a longtime sponsor of local events in our Los Angeles community such as the annual Skechers Manhattan Beach Holiday Fireworks and Skechers Snow Park, and we donate funds to more than 50 charities locally and nationally that focus on education, children with varying abilities and families.



## ABOUT THIS REPORT

This is our first Impact Report. It has been produced in partial alignment with the Sustainability Accounting Standards Board (SASB) standard for the apparel, accessories and footwear industry. We engaged Georgeson and HXE Partners to support the stakeholder engagement process, quantitative data collection, GHG emissions calculations, and assessment of ESG topics important to our business. Our Impact Report contains quantitative metrics from 2022 where data is readily available, and from 2021 for all other data points. When relevant, we have also included data from earlier years to show progress. We intend to continue to report on our ESG progress as we evolve.

## SASB CONSUMER GOODS - APPAREL, ACCESSORIES & FOOTWEAR SUSTAINABILITY ACCOUNTING STANDARD

**SASB Table 1: Sustainability Disclosure Topics and Accounting Metrics**

TOPIC	SASB METRIC	REPORT REFERENCE LINK	SKECHERS DATA	CODE
Management of Chemicals in Products	Discussion of processes to maintain compliance with restricted substances regulations	Our Chemical Management Approach	All suppliers are required to sign an acknowledgement letter of the SRSL. Suppliers are required to provide proof of compliance with the SRSL through our third-party laboratories annually. When suppliers provide materials to factories producing our products, they must have a valid SRSL test report (issued within one year) on hand for those materials. Suppliers must provide a valid SRSL test report in order to become an approved supplier. For all active suppliers, test reports on all materials used on our products are provided to us annually. For more information, see “Testing and Compliance” section.	CG-AA-250a.1
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Our Chemical Management Approach	See “Testing and Compliance” and “Non-Compliance” sections.	CG-AA-250a.2
Labor Conditions in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	Our Partners Matter	<ol style="list-style-type: none"> <li>77.7% of Tier 1 audited in 2021</li> <li>21% of Tier 2 audited in 2021</li> <li>14.1% of all audit reports received by Skechers were conducted by third-party auditors</li> </ol> <p>For more information, see “Our Partners Matter” section.</p>	CG-AA-430b.1
	Priority non-conformance rate and associated corrective action rate for suppliers’ labor code of conduct audits	Our Partners Matter	<p>In 2021, three new suppliers were rejected based on fail grade at initial audit.</p> <p>For more information, see “Our Partners Matter” section.</p>	CG-AA-430b.2

**SASB Table 2: Activity Metrics**

ACTIVITY METRIC	UNIT OF MEASURE	SKECHERS METRIC	CODE
Number of Tier 1 Suppliers and suppliers beyond Tier 1	Number	242 Tier 1 suppliers in 2021 811 Tier 2 suppliers in 2021	CG-AA-000.A

## FORWARD-LOOKING STATEMENT

The statements, estimates, projections, guidance or outlook contained in this report include “forward-looking” statements that are intended to take advantage of the “safe harbor” provisions of U.S. federal securities law. In some cases, you can identify forward-looking statements by terms such as “believe,” “anticipate,” “expect,” “estimate,” “intend,” “plan,” “project,” “will,” “could,” “may,” “might,” or any variations of such words with similar meanings. These statements may contain information about environmental, climate, diversity and inclusion, or other “ESG” targets, goals and commitments, financial prospects, economic conditions, and trends and involve risks and uncertainties. Our actual future results, including the achievement of our targets, goals or commitments, could differ materially from our projected results as the result of changes in circumstances, assumptions not being realized, or other risks, uncertainties, and factors. Such risks, uncertainties, and factors include the risk factors discussed more fully in the “Risk Factors” section of our filings with the U.S. Securities and Exchange Commission, including our reports on Forms 10-K, 10-Q, and 8-K, with respect to our environmental, climate, diversity and inclusion, or other “ESG” targets, goals, and commitments outlined in this report or elsewhere, and other assumptions, risks, uncertainties, and factors identified in this report.

## A NOTE ON MATERIALITY

This report contains statements based on hypothetical scenarios and assumptions as well as estimates or topics that are subject to a high level of uncertainty, and these statements should not necessarily be viewed as being representative of current or actual risk or performance, or forecasts of expected risk or performance. While certain matters discussed in this report may be significant, any significance should not be read as necessarily rising to the level of materiality used for the purposes of complying with or reporting pursuant to the U.S. federal securities laws and regulations (even if we use the words “material” or “materiality” in this report).