

Skechers U.S.A. Inc.

TICKER
 NYS:SKX

MARKET CAPITALIZATION
 US\$5 billion

HEADQUARTERS
 United States

DISCLOSURES
UK Modern Slavery Act: Yes

California Transparency in Supply Chains Act: Yes

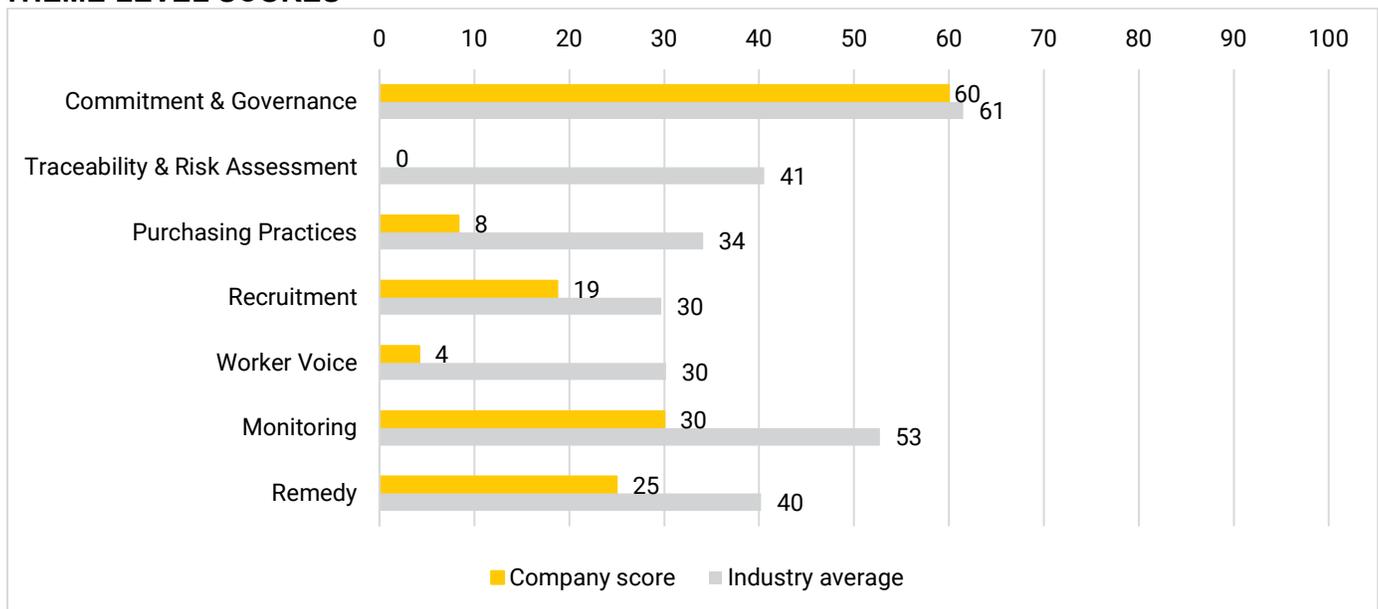
TARGETS
 None

OVERALL RANKING
27 out of 37

(2018 Rank: 34 out of 43)

OVERALL SCORE
21 out of 100
SUMMARY

Skechers U.S.A. Inc. (Skechers), the third-largest athletic lifestyle brand in the world,¹ ranks 27th out of 37 companies and discloses significantly less information on its forced labor policies and practices than its peers. Compared to 2018, Skechers improved its score by 14 points. This is because it began disclosing a supplier code of conduct that addresses the ILO core labor standards, incorporation of the [Employer Pays Principle](#), and prohibition of unauthorized subcontracting. It also began disclosing that it trains suppliers on its supplier code of conduct, its membership in the Mekong Club (a private sector initiative focused on eradicating forced labor), and its use of corrective action plans. Skechers states that it sources from a supplier alleged to have hired workers transferred from Xinjiang but that its audits did not reveal “any indications of the use of forced labor” or “any other concerns about general labor conditions.” It does not disclose the steps it has taken to address the risks of alleged Uyghur forced labor across its supply chain tiers. Skechers is encouraged to improve on the themes of Traceability & Risk Assessment, Purchasing Practices, and Worker Voice.

THEME-LEVEL SCORES


KEY DATA POINTS**SUPPLIER LIST**

No

IMPROVEMENTS OF FREEDOM OF ASSOCIATION

No

HIGH-RISK RAW MATERIALS²

Bamboo, cotton and wool

DATA ON PURCHASING PRACTICES

No

REMEDY FOR SUPPLY CHAIN WORKERS

No

HIGH-RISK SOURCING COUNTRIES

China and Vietnam

LEADING PRACTICES

None.

NOTABLE FINDINGS

Commitment & Governance: Skechers discloses a commitment to addressing forced labor risks in its supply chains, a supplier code of conduct that addresses the ILO core labor standards, and internal responsibility for implementing its supplier code of conduct. It discloses training first- and second-tier suppliers on its supplier code of conduct and providing internal training on topics including forced labor and human trafficking. It further discloses that it is a member of the Mekong Club, a private sector initiative focused on eradicating forced labor.

Monitoring: It discloses that it conducts monitoring visits to suppliers that include worker interviews and which may be unannounced. It reports that auditing staff are trained on forced labor.

Corrective Action Plan: It discloses that it has a corrective action process for suppliers to resolve non-compliances with its code of conduct that includes a means to verify the remediation through reauditing.

OPPORTUNITIES FOR IMPROVEMENT

Traceability & Risk Assessment: To demonstrate a strong understanding of its supply chains, Skechers may consider disclosing the names and addresses of at least its first-tier suppliers, information on its below-first-tier suppliers, the countries from which it sources raw materials at high risk of forced labor, and several data points on its suppliers' workforce. The company is further encouraged to assess forced labor risks across its supply chains and disclose the risks identified.

Purchasing Practices: The company may consider taking steps to address forced labor risks in its raw materials sourcing. It is further encouraged to adopt responsible purchasing practices (such as improving planning and forecasting and prompt payment) and to provide procurement incentives (such as price premiums or increased orders) to suppliers to encourage or reward good labor practices.

Worker Voice: To prevent and address forced labor risks in its supply chains, the company may consider ensuring that a formal and effective mechanism to report grievances regarding labor conditions is available and communicated to its suppliers' workers and relevant stakeholders, such as worker organizations or labor NGOs. Further, the company is encouraged to take steps to ensure that workers in its supply chains are aware of their rights and are able to exercise their rights to freedom of association and collective bargaining.

ENGAGED WITH KNOWTHECHAIN³

Yes ([Provided Additional Disclosure](#)).

¹ Associated Press (5 February 2020), "[Skechers Wins Eighth Footwear Plus Company of the Year Award](#)."

² For further details on high-risk raw materials and sourcing countries, see [KnowTheChain's 2021 Apparel and Footwear Benchmark Report](#).

³ Research conducted through November 2020 or through February 2021, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the [Business & Human Rights Resource Centre website](#).