

## KnowTheChain 2023 Apparel & Footwear Benchmark

### Additional Disclosure

Company Name:

Date:

Guidance:

- Please add any additional information you wish to provide under the relevant indicator elements below.
- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website.
- Note **KnowTheChain has already undertaken a review of your website**. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to.

#### INDICATOR 1: SUPPLIER CODE OF CONDUCT AND CAPACITY BUILDING

1.1 has a supplier code of conduct that requires suppliers to respect the ILO core labour standards, which include the elimination of forced labour; and requires suppliers to cascade/implement standards that are in line with the company's supplier code of conduct; and

Deckers discloses that it requires suppliers to adhere to the Ethical Supply Chain Supplier Code of Conduct, which covers all 5 ILO core labour standards, including a prohibition on the use of forced labour. It requires its first tier suppliers to "ensure the compliance of any suppliers."

1.2 engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labour to their own supply chains and/or trains suppliers below the first tier on such policies, and measures the effectiveness of capacity building.

Audits are needed to ensure an ethical supply chain, but audits alone are not enough – we know that we also need ongoing training to ensure our expectations are met. Our Ethical Supply Chain (ESC) team provides hands-on training so that partners are well versed on our Deckers expectations of those partners. Our ESC team has been able to pivot to remote ESC engagement and virtual trainings, given the ongoing challenges presented by the COVID-19 pandemic. In FY22, our team spent over 646 hours training our suppliers, third-party partners and cross-functional management teams on various ESC topics, an increase of over 47% compared to the 440 hours of training in FY21. We want to ensure factory workers are working in an environment where they feel safe and welcomed to be themselves. In FY22 we went beyond simply monitoring our partners and we made a commitment to really work with them on eliminating harassment from the workplace. We engaged 12 of our T1 partners, located in both Vietnam and the Philippines, to provide training on harassment with the goal of eliminating harassment from the workplace. The trainings, which reached approximately 23,472 workers (18,828 in Vietnam and 4,644 in the Philippines), were conducted in partnership with Better Work, Timeline and BSR. What is so powerful about this is that rather than simply providing a training as a check the box exercise, we selected HERproject, a collaborative initiative that strives to empower low-income women working in global supply

chains. Women make up the majority of factory workers in the footwear and apparel sector. We have supported HERproject since 2016 because we recognize the need to support women who are often working for male dominated management. For more information please see our FY23 Creating CHange Report available at [www.deckers.com/responsibility](http://www.deckers.com/responsibility). Human Rights starts on page 254. ESC coordinators who received a certification by the International Labor Organization (ILO) so that they can continue training and empowering for years to come. Additionally we offer non-harrasment training and HERproject training among our T1 and T2 partners.

[FY22 Creating Change Report.pdf \(deckers.com\)](#)

#### INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY

2.1 has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labour; and discloses how incentives for staff (e.g. bonuses, part of employee performance reviews) are tied to improvements in working conditions in supply chains;

ESG Oversight. Our Board of Directors, through its Corporate Responsibility, Sustainability & Governance Committee (Corporate Governance Committee), which is comprised of four independent directors. Our Board of Directors oversees our ESG strategy and has ultimate oversight over all sustainability initiatives, strategies, and programs, including economic, social, and environmental risks. T

2.2 discloses how it trains relevant decision-makers within the company on risks and policies that address forced labour; and

On average employees receive approximately 5 hours of compliance and ethics trainings which includes training on Human Rights policies and procedures (at least) biennially. See page 84 at the following link:

[https://deckers.com/sites/default/files/images/responsibility/FY22\\_Creating\\_Change\\_Report.pdf](https://deckers.com/sites/default/files/images/responsibility/FY22_Creating_Change_Report.pdf)

2.3 has tasked a board member or board committee with oversight of its supply chain policies that address forced labour, and describes how the experiences of affected workers or relevant stakeholders (such as civil society, unions, and workers or their representatives) informed board discussions.

ESG Oversight. Our Board of Directors, through its Corporate Responsibility, Sustainability & Governance Committee (Corporate Governance Committee), which is comprised of four independent directors. Our Board of Directors oversees our ESG strategy and has ultimate oversight over all sustainability initiatives, strategies, and programs, including economic, social, and environmental risks.

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#### INDICATOR 3: TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY

3.1 the names and addresses of first-tier suppliers;

100 - we disclose all T1 - see header which reads "Manufacturing Geographic Locations (ALL)"

<https://www.deckers.com/sites/default/files/pdf/Global%20Manufacturing%20Locations.pdf>

3.2 the names and locations of below-first-tier suppliers (this does not include raw material suppliers); and

100 we disclose all T2

See header which reads "[Supplier Geographic Locations \(All\)](#)"

<https://www.deckers.com/sites/default/files/pdf/Global%20Supplier%20Locations.pdf>

3.3 the sourcing countries of at least three raw materials at high risk of forced labour.

We recognize traceability is important for the raw materials that go into our products both from an environmental and social perspective. We have partnered with third-party experts Sourcemap and Amber Road to use technology to further support our traceability efforts. To that end we have identified five key commodities that we believe are priority (either due to social or environmental risks) to establish our traceability framework. These include the following: Hides, Cotton, Timber, Rubber and Man-made Cellulosic Fibers (MMCFs). Following this identification, we have worked with our technology partners to establish processes with our Suppliers to identify and mitigate risks related to our raw materials.

[https://deckers.com/sites/default/files/images/responsibility/FY22\\_Creating\\_Change\\_Report.pdf](https://deckers.com/sites/default/files/images/responsibility/FY22_Creating_Change_Report.pdf)

page 120

#### INDICATOR 4: RISK ASSESSMENT

4.1 details on how it conducts human rights supply chain risk or impact assessments that include forced labour risks or assessments that focus specifically on forced labour risks, including through engaging with relevant stakeholders (such as civil society, unions, and workers or their representatives) in countries in which its suppliers operate;

We respect all human rights and prioritize working with partners who share in this vision. Our Ethical Supply Chain (ESC) team continues to elevate our program and ensure we are a leader in this space. We audit 100% of our Tier 1 partners, and we engage the majority of our Tier 2 partners either through audits, training opportunities, or through environmental monitoring. This includes onsite visits, worker interviews, and detailed review of supplier records including overtime, wage and benefit information. Our audits are performed against our Ethical Supply Chain Supplier Code of Conduct that is based on International Labor Organization standards. We have zero tolerance for forced labor, child labor, discrimination, harassment or abuse. Workers should be compensated in accordance with minimum wage laws (at a minimum), shall work no more than 60 hours per week (or in compliance with local law if lower), and are required to be provided with at least one day off in seven. Business partners must ensure a safe and healthy work environment and should respect the right of workers to have the freedom of association/collective bargaining. Onsite audits are conducted pursuant to our 230-question audit questionnaire which only contains yes/no questions, limiting personal bias. Additionally, our executive management team meets periodically throughout the year to review the performance scorecards of our partners. Scorecards include audit score, social compliance, and environmental performance.

## 4.2 details on forced labour risks identified in different tiers of its supply chains; and

We prohibit the use of forced labor. Our Ethical Supply Chain Supplier Code of Conduct prohibits supply chain partners from using forced labor whether in the form of prison labor, indentured labor, bonded labor or otherwise. We audit 100% of our Tier 1 partners, and engage the majority of our Tier 2 partners through onsite visits, worker interviews, and detailed review of records. For more information, please see our CA Supply Chains Act Statement, our UK Slavery Act Statement, and our Ethical Supply Chain Supplier Code of Conduct.

We also provide details on child labor. In FY22 we had 0 instances of child labor and 2 instances we defined as forced labor. These included factories having procedures to formally refuse overtime. Findings were remediated.

[https://deckers.com/sites/default/files/images/responsibility/FY22\\_Creating\\_Change\\_Report.pdf](https://deckers.com/sites/default/files/images/responsibility/FY22_Creating_Change_Report.pdf)  
p 254-255

**HUMAN RIGHTS**

**HUMAN RIGHTS**

**HUMAN RIGHTS**

**FORCED LABOR**

**FAIR PAY**

**COMMITMENT TO TRANSPARENCY**

**FORCED LABOR-RELATED FINDINGS**

ISSUE	FY19	FY20	FY21	FY22
NUMBER OF FORCED LABOR INCIDENTS	0	0	0	0
NUMBER OF OTHER ACTS PROHIBITED BY SUPPLIER CODE OF CONDUCT	0	2	0	0

## 4.3 how it has consulted with relevant stakeholders (such as civil society, unions, and workers or their representatives) in steps taken to address the risks identified.

We highly value stakeholder input and have consistently demonstrated our commitment to maintaining open and interactive dialogue on ESG matters with our stakeholders, including non-governmental organizations, employees, suppliers, industry groups, communities and governments, to ensure their views are actively considered in executing our standard ESG program. Our stakeholder outreach program is led by a crossfunctional team that includes members of our investor relations, compliance, sustainability, diversity, equity, and inclusion (DEI), and legal teams. Additionally, we actively engage with our employees to obtain valuable feedback and track progress and hold us accountable to our five key values. We worked with Business for Social Responsibility (BSR) on a stakeholder outreach project in which we solicited input and gathered information from stakeholders to better understand the topics and themes that are most important to those stakeholders. On our social initiatives, we work closely with Better Work, Social & Labor Convergence and Business for Social Responsibility. We align with the Transparency Pledge to create more meaningful corporate accountability. The Transparency Pledge helps demonstrate apparel and footwear companies' commitment towards transparency in their manufacturing supply chain. We have a long-standing partnership with HERproject, a collaborative initiative that strives to

empower low-income women working in global supply chains. We also collaborated with the Humane Society on the adoption, and subsequent revision, of our Ethical Sourcing and Animal Welfare Policy. Finally, we are working with Sourcemap, a leader in supply chain mapping, for added transparency into our supply chain. On our environmental sustainability initiatives, we work closely with the Savory Institute, Carbon Trust, Trayak's Compass (our LCA tool), and the Leather Working Group. We also worked with Canopy on our Paper and Forest Procurement Policy. We believe our active engagement with all these groups serves as a materiality assessment and we look forward to continuing to expand our stakeholder groups in FY23 and beyond.

[https://deckers.com/sites/default/files/images/responsibility/FY22\\_Creating\\_Change\\_Report.pdf](https://deckers.com/sites/default/files/images/responsibility/FY22_Creating_Change_Report.pdf)  
p 82

#### INDICATOR 5: DATA ON SUPPLY CHAIN RISKS

5.1 the percentage or number of supply chain workers who are women;

5.2 the percentage or number of supply chain workers who are migrant workers' and

5.3 the percentage or number of supply chain workers that are being paid a living wage.

#### INDICATOR 6: PURCHASING PRACTICES

6.1 commits to responsible buying practices in its contracts with suppliers;

6.2 describes how it has adopted responsible purchasing practices in the first tier of its supply chains, which includes planning and forecasting, and how it ring-fences labour costs; and

6.3 discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labour.

#### INDICATOR 7: RECRUITMENT-RELATED FEES

7.1 requires that no worker in its supply chains should pay for a job—the costs of recruitment-related fees should be borne not by the worker but by the employer ("Employer Pays Principle");

7.2 provides detail on the implementation of the Employer Pays Principle in its supply chains by demonstrating how it works to prevent the charging of fees to supply chain workers in different supply chain contexts; and

7.3 in the event that it discovers that fees have been paid by workers in its supply chains, provides evidence of re-payment of recruitment-related fees to workers. The company describes how it engages with affected workers in the remediation process.

#### INDICATOR 8: RESPONSIBLE RECRUITMENT

8.1 discloses information on the recruitment agencies used by its suppliers; and

8.2 provides details of how it supports responsible recruitment in its supply chains (e.g. by collaborating with relevant stakeholders to engage policy makers to strengthen recruitment standards).

#### INDICATOR 9: FREEDOM OF ASSOCIATION

9.1 works with independent local or global trade unions and/or other legitimate worker representatives to improve freedom of association in its supply chains;

9.2 discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labour rights agreement with trade unions or worker organisations; and

Our Code of Conduct expects our partners to share our commitment to treat workers with respect, fairness, and dignity as set forth in the United Nations' International Bill of Human Rights and in the ILO's Declaration on Fundamental Principles and Rights of Work.

<https://www.deckers.com/sites/default/files/pdf/Deckers%20Ethical%20Supply%20Chain%20Supplier%20Code%20of%20Conduct.pdf>

9.3 discloses the percentage of supply chains covered by collective bargaining agreements.

#### INDICATOR 10: GRIEVANCE MECHANISM

10.1 takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labour conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives across supply chain tiers; and

We offer a 24-7 anonymous hotline to all Deckers employees globally and have extended the hotline accessibility to all factory workers so they too can voice concerns.

10.2 discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved; and

Because we believe in transparency we disclose all hotline calls received by issue type and by tier. If you do not see "APAC factory" that means no calls were received at that tier in FY22.

10.3 takes steps to ensure that its suppliers' workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the workers trust the mechanism.

As part of our audit process, our Ethical Supply Chain Team checks to ensure that our hotline poster is visible and accessible to all. This includes speaking with workers to ensure they are comfortable with the utilization of such mechanism.

see page 85 of our FY22 Creating Change Report.

[https://deckers.com/sites/default/files/images/responsibility/FY22\\_Creating\\_Change\\_Report.pdf](https://deckers.com/sites/default/files/images/responsibility/FY22_Creating_Change_Report.pdf)

#### INDICATOR 11: MONITORING

11.1 its methodology for monitoring the implementation of its supply chain policies addressing forced labour;

11.2 the findings of monitoring reports, including details regarding any violations revealed in relation to forced labour and indicators of forced labour, across supply chain tiers; and

11.3 the use of worker-driven monitoring (i.e., monitoring undertaken by independent organisations that includes worker participation and is guided by workers' rights and priorities).

#### INDICATOR 12: REMEDY AND RESPONSE TO ALLEGATIONS

A(1) a process for responding to potential complaints and/or reported violations of policies that address forced labour and how it engages affected stakeholders as part of this process; and

When a partner is not meeting our expectations, we are committed to working with them to improve performance because we don't believe simply walking away solves our commitment to ensure partners are acting responsibly. Of course, we will terminate our relationship with performers who are not fulfilling our expectations after continued effort. But, overall, we have found that our partners want to improve and want to remain our partners. In FY22 we had a partner who fell below our expectations but was willing to work hard to improve their audit score. The partner was in our practitioner (60-69.5%) category but wanted to improve. Our ESC team arranged quarterly meetings, targeting trainings, and virtual workshops working closely with them to drive improvement. The partner was put on a corrective action plan detailing our expectations for improved environmental and social performance. With the teams dedication this partner progressed an entire category (from practitioner (66.11%) to solid (70.37%)). We also had another factory partner we worked close with who improved their audit score from a solid (74.23%) to a excellent

(80.24%) in FY22. Our ESC team is always willing to work with our partners to evolve their performance.

A(2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers.

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p 258 of FY22 Creating Change Report

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In addition, where an allegation is identified in a company's supply chains:

B.1.1 that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s)

B.1.2 outcomes of the remedy process in the case of the allegation(s); and

B.1.3 evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.

Where an allegation is identified in the company's supply chains, but is denied by the company:

B.2.1 a description of what actions it would take to prevent and remediate the alleged impacts; and

B.2.2 as part of this process, it would engage with affected stakeholders and their representatives.

NON-SCORED RESEARCH

### Reporting Legislations

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.



Yes/No. Please provide link to a publicly available statement.

Australia Modern Slavery Act: Where applicable, the company discloses at least one statement under the Australia Modern Slavery Act.

The Modern Slavery Act 2018 (Cth) (Act) requires large Australian entities and foreign entities carrying on business in Australia to report annually on the risks of modern slavery in their operations and supply chains and the actions taken to address those risks. We do not feel we must post such statement because (1) We are not an Australian entity and (2) we are not 'carrying on' business in Australia. We purchase hides originating from Australia from processing facilities who are processing for meat. Meaning we are a by-product of the meat industry.

Yes/No. Please provide link to a publicly available statement.

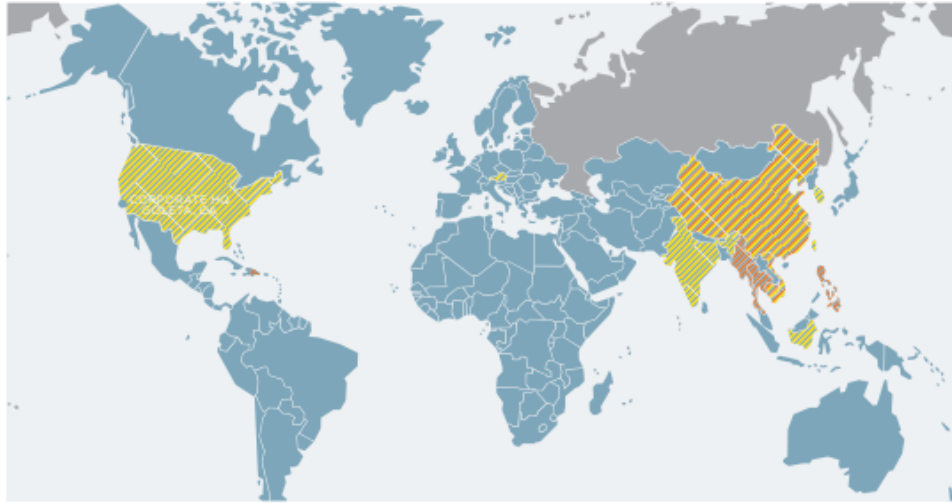
### High Risk Sourcing

*Please indicate whether your company sources any of the below high-risk raw materials. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.*

- Bamboo **no**
- Cashmere – **prohibit virgin, non-certified cashmere [www.deckers.com/responsibility](http://www.deckers.com/responsibility)**
- Cotton – **must be from a responsible cotton growing scheme.**
- Leather (cattle) **yes, only Leather working group certified permitted.**
- Rubber (natural)
- Silk - **prohibited per our Ethical Sourcing and Animal Welfare Policy available at [www.deckers.com/responsibility](http://www.deckers.com/responsibility)**
- Viscose - **generic viscose prohibited per our Ethical Sourcing and Animal Welfare Policy available at [www.deckers.com/responsibility](http://www.deckers.com/responsibility)**
- Wool – **only repurposed or RWS certified permitted**

*Please indicate whether your company sources from any of the below high-risk locations.*

- Argentina
- Bangladesh
- Brazil
- **China**
- Ethiopia
- **India**
- Malaysia
- Nepal
- North Korea
- Thailand
- **Vietnam**



● T1 (MANUFACTURING COUNTRIES) ● T2 (COUNTRIES WE SUPPLY FROM) ● MARKETS SERVED

**FY22 SUPPLY CHAIN PARTNERS:  
COUNTRIES WE MANUFACTURE IN / SUPPLY FROM**

- CHINA (144)**  
Tier 1: 14 Footwear and 12 Lifestyle  
Tier 2: 118 Suppliers
- VIETNAM (72)**  
Tier 1: 14 Footwear and 1 Lifestyle  
Tier 2: 57 Suppliers
- PHILIPPINES (2)**  
Tier 1: 2 Footwear
- CAMBODIA (3)**  
Tier 1: 3 Footwear
- DOMINICAN REPUBLIC (1)**  
Tier 1: 1 Footwear
- AUSTRIA (1)**  
Tier 2: 1 Supplier
- INDIA (1)**  
Tier 2: 1 Supplier

- INDONESIA (2)**  
Tier 2: 2 Suppliers
- KOREA (1)**  
Tier 2: 1 Supplier
- TAIWAN (13)**  
Tier 2: 13 Suppliers
- UNITED STATES (1)**  
Tier 2: 1 Supplier
- GERMANY (1)**  
Tier 2: 1 Supplier
- ITALY (2)**  
Tier 2: 2 Suppliers
- UNITED KINGDOM (1)**  
Tier 2: 1 Supplier

**MARKETS SERVED**

- NORTH AMERICA
- APAC
- EMEA
- SOUTH AMERICA

Tier 1 Factories (47) and Tier 2 Suppliers (198)  
\*As of April 2022