

2024 Report

Introduction

This report has been prepared by Skechers USA Canada, Inc. (“Skechers”) in response to the requirements under Canada’s *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (the “Act”) for our financial year ending December 31, 2023.

Skechers is committed to working only with vendors who conduct their businesses ethically and are socially responsible. It is never acceptable for any Skechers products to be produced using forced labour or child labour. Every factory producing Skechers products is required to comply with local labour laws, International Labour Organization (“ILO”) conventions and Skechers’ standards regarding ethics and social responsibility. To ensure such standards are met, Skechers is committed to continuous due diligence, risk assessment, remediation and training processes.

Organizational structure, activities, and supply chain

Skechers USA Canada Inc. is a wholly owned subsidiary of Skechers USA Inc., which is a global footwear and apparel company. Skechers distributes and sells goods in Canada and imports goods into Canada. Skechers’ corporate head office is located in Manhattan Beach, California.

Skechers designs, develops and markets a diverse portfolio of lifestyle and performance footwear, apparel and accessories for men, women and children around the globe. Our products are manufactured at independent factories around the world.

Skechers has Skechers-branded stores through franchises and retail partnership with family shoe stores, specialty running and sporting goods retailers, department stores, e-commerce retailers and big box club stores. We also have company-owned retail stores and a distribution center in Canada.

Steps to prevent and reduce the risks of forced labour and child labour

Skechers is committed to ensuring that all of our products are sourced, produced and delivered to our customers in a manner that upholds international labour and human rights standards. In order to prevent and reduce the risks of forced labour and child labour in our activities and supply chain, Skechers has undertaken the following efforts in our fiscal year ending December 31, 2023:

- Continued to apply our Corporate Code of Conduct, which describes our commitment to providing a safe and healthful work environment for all employees and prohibits child labour;
- Expanded on our existing due diligence policies and processes for identifying, addressing, and prohibiting the use of forced labour and child labour in our supply chain;

- Conducted hundreds of audits of our Tier 1 and Tier 2 suppliers;
- Required certain Tier 1 and Tier 2 suppliers to certify that they comply with Skechers' Supplier Code of Conduct, which prohibits the use of forced labour and child labour;
- Monitored risks of forced labour and child labour that could affect our supply chain;
- Required our auditors to receive additional training in an internationally-recognized social compliance standard; and
- Worked with a leading global social compliance assessment and improvement service provider to offer training on the prevention of forced labour to certain Tier 1 and Tier 2 suppliers located in Asia.

Policies and due diligence processes

Skechers' due diligence processes involve embedding responsible business conduct into our governance structure, policies, and risk management systems.

Governance

Skechers is committed to strong corporate governance and has established positions that are responsible for overseeing the prevention of forced labour and child labour in our activities and supply chains. Skechers has an internal, cross-functional Environmental, Social, and Governance ("ESG") Committee to oversee and advise our Board on ESG-related matters; the committee meets quarterly or more frequently if needed. The ESG Committee is led by Skechers' Chief Financial Officer and is comprised of 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 strategy.

In addition, the ESG Committee regularly updates and advises the Skechers Board of Directors through the Nominating and Governance Committee, with respect to our progress against the ESG strategic roadmap as well as on any significant ESG issues.

Skechers also maintains a Social Compliance ("SC") Team, which reports directly to the ESG Committee on a quarterly basis. The SC Team is responsible for conducting due diligence on suppliers, as discussed below.

Policies

Skechers has adopted a Corporate Code of Conduct that describes our values and culture. This policy describes our commitment to providing a safe and healthful work environment for all employees. It is our policy to prevent workplace violence and maintain a safe working environment for all employees to the fullest extent possible. All employees must meet the applicable minimum employment age requirements or be at least 15 years of age, whichever is higher, at the time of hire, and they shall have met the age of completion of compulsory education.

In accordance with our Corporate Code of Conduct, Skechers is committed to engaging with stakeholders who are affected or have the potential to be impacted by our business

activities. This commitment encompasses workers and their families, the communities in which we conduct business, and any other individuals whose lives Skechers may impact. In order to ensure that our processes align with the needs of these stakeholders, Skechers is also committed to collaborating with them or their representatives to create and oversee a system that helps to promote, preserve and protect their human rights.

Skechers has adopted a Supplier Code of Conduct that prohibits our suppliers from using any form of forced labour, including but not limited to prison, convict, slave, indentured and bonded labour, and involuntary overtime and requires our suppliers to ensure all employees meet the applicable legal minimum employment age requirements or are at least 15 years of age, whichever is higher, at the time of hire, and that they shall have met the age of completion of compulsory education. The Supplier Code of Conduct further requires Skechers' suppliers to adhere to commitments and standards derived from International Labour Organization's standards on forced labour, forced child labour, and discrimination at work.

Due diligence processes

Skechers has approved and implemented risk assessment and due diligence processes to evaluate, prevent and mitigate human rights risks in our operations and with our suppliers.

In our operations, Skechers has adopted internal health and safety and workplace compliance programs to comply with applicable health and safety, human rights and employment standards requirements, including:

- providing all employees copy of our Employee Handbook that details our policies and procedures,
- reviewing our employee-related policies on a regular basis to ensure compliance with Canadian laws,
- completing monthly workplace health and safety inspections which are posted in the workplace,
- conducting regular payroll audits to ensure employees are paid for time worked and receive the minimum wages required by law,
- monitoring hours of work and overtime,
- conducting age verification,
- investigating any incidents or accidents at the workplace,
- implementing an anonymous complaint line that is managed by a third-party company, which is available for any employee to raise complaints or concerns about working conditions.

With our suppliers, Skechers' dedicated SC Team specializes in conducting supplier audits, which are designed to identify any non-compliance with Skechers' in Supplier Code of Conduct, including policies prohibiting the use of forced labour or child labour (among other things). Such audits normally occur prior to the approval of a new supplier and annually thereafter. For those suppliers located outside of the SC auditors' geographical range, Skechers requires them to provide third party audits performed by reputable firms to demonstrate they are in full compliance with Skechers' Supplier Code of Conduct.

The SC Team evaluates supplier compliance with Skechers' Supplier Code of Conduct. Both forced labour and child labour are considered zero-tolerance issues.

Forced labour and child labour risk

The risk of forced labour and child labour in our activities in Canada are low, given that Skechers complies with applicable Canadian laws relating to the age, health, safety and security of our employees.

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. As a general matter, Skechers prioritizes the most salient risks connected to our operations and business relationships.

Remediation measures

Skechers has developed processes to manage relationships with our suppliers in the event of a specific allegation of forced labour or child labour is made regarding a Skechers supplier, Skechers would respond by reviewing the facility at issue to assess the situation.

If any incident of forced labour or child labour were to be confirmed, Skechers production at that factory would be stopped immediately and our relationship with the supplier may be paused or terminated. New orders are prohibited until the receipt of an updated SC audit with a passing grade. However, there have not been such confirmed incidents to date.

Employee training

In our operations, Skechers has implemented online health and safety training provided by a third-party company, as well as in-person safety training and awareness. All distribution center employees receive in-person training as part of their orientation. Managers and supervisors receive online health and safety, workplace violence and harassment training.

In our supply chain, Skechers' SC auditors are required to become certified in SA8000, a leading social certification standard based on internationally recognized standards of decent work, including the Universal Declaration of Human Rights, ILO conventions, and national laws. The SA8000 training process equips the SC auditors' with new tools for assessing social performance in areas like forced labour and child labour, advanced interview techniques for gathering accurate information from workers, and an improved ability to review factory documentation.

Further, Skechers has engaged a third-party firm to provide training to certain suppliers located in Asia on the risks of forced labour.

Assessing effectiveness

In our operations, Skechers assesses the effectiveness of our programs by completing monthly workplace health and safety inspections in our retail stores, tracking time, attendance and pay, and conducting audits on our payroll and time and attendance systems.

In our supply chains, Skechers' ESG Committee reviews the results of the SC Program and our audits on a quarterly basis. Additionally, in our annual Impact Report, Skechers reports key metrics related to our SC program. The SC team tracks and reports important metrics, such as the number of audits conducted, the results of the audits, and ratings related to compliance with our Supplier Code of Conduct. None of the issues identified in past SC audits pertained to forced labour or child labour.

Approval and attestation

In accordance with the requirements of the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Dated in the City of Manhattan Beach, California, United States of America, this 7th day of May, 2024.



David Weinberg, Board Member

I have the authority to bind Skechers USA Canada Inc.