

## ETHICAL SOURCING AND ANIMAL WELFARE POLICY

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### I. INTRODUCTION

At Deckers Brands (“Deckers”), we want to bring transparency to our supply chain. We want consumers to know about the materials and craftsmanship used to create our unique brands. This policy is a statement of our commitment to Ethical Sourcing and Animal Welfare. It guides Deckers, as well as our suppliers and manufacturers (collectively, “business partners”), to act responsibly when sourcing materials on behalf of Deckers. It applies to all Deckers branded footwear, apparel, accessories, and home products (collectively, “Products”).

### II. SCOPE

This policy applies to all suppliers who source materials on behalf of Deckers Brands including UGG<sup>®</sup>, HOKA<sup>®</sup>, Teva<sup>®</sup>, Sanuk<sup>®</sup>, and Koolaburra<sup>®</sup>.

### III. PERMITTED/PROHIBITED MATERIALS

#### A. Permitted Animal Hides

Deckers ONLY accepts Animal Hides that are a byproduct of the meat industry and are not raised exclusively for their pelts. This includes, but is not limited to:

- Cow (leather + hair-on hides)
- Sheep (leather + hair-on hides)
- Pig
- Goat
- Water Buffalo

#### B. Prohibited Animal Materials

- Fur or exotic leather from species not listed above. This includes, but is not limited to, fox, mink, raccoon dog, rabbit, vicuna, Astrakhan/karakul, python, kangaroo, crocodile, alligator or caiman.
- Angora or rabbit hair (*this restriction shall apply to Products manufactured after the Fall 2014 season*)
- Seal, Polar bear, leopard, ocelot, tiger, cheetah, jaguar, sable antelope, wolf (*Canis lupus*), zebra, whale, cobra, python, sea turtle, colobus monkey, kangaroo, vicuna,

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sea otter, free-roaming feral horse, dolphin or porpoise (Delphinidae), Spanish lynx, or elephant

- Iguana, skink, caiman, hippopotamus, or a Teju, Ring, or Nile lizard
- Endangered species, based on the Convention on International Trade in Endangered Species (CITES) (see [www.cites.org](http://www.cites.org) for a list of species) or the IUCN red list as Critically Endangered, Endangered or Vulnerable ([www.redlist.org](http://www.redlist.org)).
- Non-certified virgin wool (*this restriction shall apply to all Products manufactured after calendar year 2025*). For more information, see Section VII Responsible Wool referenced below.
- Silk.
- Non-certified virgin cashmere (*this restriction shall apply to all Products manufactured after calendar year 2025*).
- Non-certified leather. For more information, see Section VIII Leather referenced below.
- Non-certified sheepskin. For more information, see Section VIII Leather referenced below.

### C. Other Prohibited Materials

In addition to the prohibited animal materials mentioned above, we also prohibit the following:

- *Generic rayon\**
- *Generic viscose\**
- *Cellulose acetate\**
- *Generic lyocell\**
- *Generic modal\**
- *Uncertified virgin timber and paper products\*\**
- *Bamboo viscose*
- *Bamboo rayon*

*\*These materials are prohibited by the end of calendar year 2025.*

*\*\*More information on these materials can be found in our [Paper & Forest Procurement Policy](#).*

### III. SOUND ANIMAL HUSBANDRY AND MULESING

#### A. Sound Animal Husbandry

Suppliers must source animal hides from processors which use sound animal husbandry, humane animal treatment, and slaughtering practices. Deckers does not accept hides from animals that have been slaughtered exclusively for their pelts or skinned alive. We define sound husbandry as the internationally recognized Five Freedoms<sup>1</sup>.

- a. Freedom from hunger or thirst by ready access to fresh water and a diet to maintain full health and vigor;
- b. Freedom from discomfort by providing an appropriate environment including shelter and a comfortable resting area;
- c. Freedom from pain, injury or disease by prevention or rapid diagnosis and treatment;
- d. Freedom to express (most) normal behavior by providing sufficient space, proper facilities and company of the animal's own kind; and
- e. Freedom from fear and distress by ensuring conditions and treatment which avoid mental suffering.

**B. Mulesing:** Deckers does not support the practice of mulesing as a means of protecting sheep from flystrike. Deckers engages with Humane Society International to ensure we understand how to best support progress for sheep welfare in Australia. We do not source wool or sheepskin from mulesed sheep and support a shift away from mulesing by breeding flystrike resistant sheep. Deckers sources materials from flystrike-resistant non-mulesed sheep because it's a readily available alternative and supports woolgrowers who practice better sheep welfare. Further, our sheepskin and wool suppliers must certify that they do not supply any materials or products to Deckers from sheep that have been mulesed and we will only accept Merino wool from Australia that is from a certified non-mulesed or ceased-mulesed source to encourage an industry-wide transition away from this practice. The UGG<sup>®</sup> Animal Welfare FAQ details Deckers' sheepskin sourcing practices and can be found at the following link: <https://www.ugg.com/animal-welfare.html>.

### IV. ALPACA

As of the Fall 2023 season we will no longer use Alpaca in Deckers Products.

### V. RESPONSIBLE COTTON

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<sup>1</sup> "The Five Freedoms", Royal Society for the Prevention of Cruelty to Animals, accessed December 2, 2015. <https://www.rspca.org.uk/servlet/Satellite?blobcol=urlblob&blobheader=application/pdf&blobkey=id&blobtable=RSPCABlob&blobwhere=1210683196122>

Deckers Brands understands the importance of sourcing cotton produced in a way that is better for the people who produce it and the environment in which it grows. Approved suppliers, factory-sourced suppliers, licensees and agents must not source from countries or locations which support forced labor (*including manufacturing facilities and textile mills*). All cotton used in Deckers Brands products shall be sourced via a responsible cotton scheme by the end of calendar year 2025.

## **VI. RESPONSIBLE DOWN**

All down used in Deckers branded products is certified in accordance with the Responsible Down Standard: <http://responsibledown.org/>. Deckers believes that the welfare of the birds should be respected at all times. As such, Deckers strictly prohibits the practice of live-plucking or force feeding.

## **VII. RESPONSIBLE WOOL**

The wool used in our products is almost entirely repurposed. We use the wool that comes off the hide used to make our sheepskin products – a live animal is not being sheared. Our goal is to eliminate virgin wool through the increased use of repurposed wool, and aim to ensure that any virgin wool used in Deckers products is [Responsible Wool Standard](#) certified by the end of calendar year 2025.

## **VIII. LEATHER**

Deckers believes that the responsible sourcing of leathers has an important role in generating development and contributing to the livelihood of the communities in leather producing countries and regions. At the same time, by being an important player in the consumer goods sector, Deckers can exert positive influence, helping to drive improvements in the sector. Deckers recognizes that responsibly managed farming has an important role in the development of a more sustainable world, building climate resilience, supporting conservation and biodiversity. We support and encourage better standards in the leather supply chain, and the development of responsible practices, in which leading standards at farm level ensure the better use of natural resources, contributing to lower emissions and carrying strict animal welfare standards. We also value programs that provide robust traceability systems, that can trace raw material all the way back to the birth farm and enhance transparency through independent certifications. For these reasons, all Animal Hides used in Deckers Brands products *must* originate from a Deckers approved tannery. This is a requirement for approved suppliers, factory-sourced suppliers, licensees and agents.

## **IX. DEFORESTATION**

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As of the Spring 2023 season, in countries where deforestation is present including, but not limited to those countries listed on Attachment A, Deckers will require 100% traceability to the birth farm for hides used in its products. Leather suppliers must provide verified documentation identifying birth farm and that such birth farm is not located within deforested areas, involved in rural conflicts, with labor analogous to slavery or invasion of indigenous and protected areas. We are committed to continuing to work with Leather Working Group, and other organizations, to seek industry-wide solutions to the challenges associated with deforestation. We purchase hides which are a byproduct of the meat industry and, as such, do not have direct relationships with the birth farm which is why we require 100% traceability to such farm. Regardless, leather suppliers must: (1) investigate with their sub-suppliers as to where the hides come from, (2) actively check in detail for the sources of leather, and (3) terminate relations with any sub-supplier that is not compliant on these points.

## X. HUMAN RIGHTS

Deckers Brands has strict requirements in our [Ethical Supply Chain Supplier Code of Conduct](#) prohibiting any form of child labor or forced labor whether in the form of prison labor, indentured labor, bonded labor, human trafficking or otherwise.

## XI. RESPONSIBILITIES OF DECKERS BUSINESS PARTNERS

- A. Annual Certification:** On an annual basis, Deckers business partners must certify their compliance with all applicable policies (*including this Animal Welfare Policy*).
- C. Source Origin and Traceability:** Suppliers must be able to trace raw hides back to its country of origin and provide source origin documentation upon request. Deckers does not accept sheepskin sourced from countries in the Middle East and North Africa. Deckers does not support the practice of transporting live animals overseas.
- D. Supply Chain Mapping:** Suppliers must comply with Deckers biannual requests for supply chain mapping through Deckers nominated third-party supply chain mapping tool.
- E. Environmental Monitoring:** In order to garner additional environmental data from our supply chain partners, Deckers may from time to time request the timely participation in our environmental monitoring efforts through Deckers nominated third-party environmental monitoring tool. This allows Deckers to benchmark various environmental metrics among our partners and identify opportunities for improvement.
- F. Labeling:** All Animal Hides must adhere to product labeling requirements including, but not limited to, the Fur Products Labeling Act and the Wool Products Labeling Act.
- G. Legislation:** Suppliers must comply with all applicable global legislation which applies to animal hides.

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**H. Trade Regulation:** Suppliers must comply with country specific import/trade regulations which apply to animal hides. Where applicable, products made with animal hides will be accompanied by the appropriate export certificate.

## **XII. DECKERS ETHICAL SOURCING AND ANIMAL WELFARE GOVERNANCE**

Deckers Materials Purchasing department is responsible for ensuring our business partners and our employees are fully compliant with this Policy.

## **XIII. INDUSTRY COLLABORATION**

### **A. United Nations Global Compact**

Deckers has been a member of the United Nations Global Compact (“UNGC”) since 2016. The UNGC is the world’s largest voluntary corporate citizenship initiative with 22,000+ participants.

### **B. Textile Exchange’s Kickstart Program**

Deckers joined the Textile Exchange’s Kickstart Program in FY18 in order to bring smaller farm operations into the Responsible Wool Standard initiative and increase the availability of certified wool in supply chains.

### **C. Textile Exchange’s Responsible Wool Standard**

Deckers is a founding member of the Responsible Wool Standard International Working Group. In 2015, Deckers joined other brands, animal welfare groups, farmers and supply chain members and the Textile Exchange to develop the Responsible Wool Standard – a global standard that protects animal welfare, influences best practices, ensures traceability, and ultimately gives consumers clear and trustworthy information to guide their buying preferences.

### **D. Leather Working Group**

Deckers is a member of the Leather Working Group (“LWG”), an industry organization that developed and maintains a rating system and certification program for environmental performance in tanneries. As of 2022, 100% of all leather used in Deckers products will be sourced from a LWG certified tannery.

### **E. Leather Working Group’s Animal Welfare Group**

The primary objective of the Animal Welfare group is the education of the leather value chain on the long and short of animal welfare. This group prioritizes their efforts around traceability, slaughter protocols, assurance schemes and risk mapping.

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## Attachment A

### **Requirements for leathers sourced from South America**

Deckers recognizes that cattle ranching has historically played an important role in the economic development and business expansion in tropical geographies, but it has also been an important driver of deforestation along with other unsustainable practices, creating negative consequences for the people and the environment. Deckers is committed to eliminating deforestation and conversion of natural vegetation in our supply chains and to achieve this commitment, Deckers has specific requirements and guidance for sourcing from forest-risk geographies that are part of its supply chain.

### **Leather sourcing from Brazil (Overall)**

In Brazil, a combination of industry agreements, supply chain governance, government policies and access to government information systems have resulted in a significant impact on beef's deforestation rates in the Amazon, reducing it by more than 80% between 2004 and 2014.

Deckers suppliers of Brazilian leather must be able to demonstrate that cow hides have not originated from animals farmed on ranches that are direct suppliers of meatpackers that are involved in deforestation, invasion of indigenous lands and/or protected areas in the Amazon or Cerrado biomes, through observation of the requirements in this policy.

Demonstration that hides are not originated from meatpackers' indirect supplying ranches involved in deforestation, invasion of indigenous lands and/or protected areas in the Amazon or Cerrado biomes will also be increasingly expected, as monitoring systems and tools are gradually available in the marketplace.

### **Suppliers sourcing Brazilian material must be able to:**

Provide the names, locations, and certification rating of tanneries. Deckers highlights certifications/platforms for leather products, which aim to address deforestation: the Leather Working Group (LWG), Textile Exchange's Responsible Leather Round Table (RTRL), the Center of Brazilian Tanning Industries (CICB)'s certification scheme

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(Certification for Sustainability of Brazilian Leather (CSCB), and the National Union of Tanning Industry in Italy (UNIC)'s certification scheme through the Institute of Quality Certification for the leather sector (ICEC).

**Suppliers must:**

- Provide slaughterhouse names, locations, federal or state ID numbers (SIF), and catchment area for sourcing cattle, and
- Provide information on the slaughterhouses' due diligence process to ensure they are not sourcing cattle from deforested areas.
- Our preference is sourcing material from tanneries that have scored high on their LWG traceability audit (e.g., > 80%).

**Examples of steps slaughterhouses are taking to implement due diligence checks could include:**

- Signatories to the G4 agreement; or signatories to the TAC with plans underway to adopt G4-aligned zero deforestation sourcing criteria
- Procedures to check farms not included on IBAMA embargo list
- Utilizing tools to track direct and indirect supplying cattle ranches, such as VISIPEC
- Requiring complete property boundary maps (i.e., CAR) for supplying farms
- Explanation of plans and/or activities to improve visibility of indirect supplying ranches (e.g. calving and backgrounding farms)
- Detailed plans, concrete steps and activities to incorporate other regions in Brazil (beyond the Amazon biome), such as the Cerrado biome, into existing due diligence checks and supply chain monitoring systems.

**Leather sourcing from Brazilian Amazon Biome**

In addition to the above requirements for sourcing from Brazil, Deckers has specific sourcing criteria for bovine hides sourced from the Brazilian Amazon biome:

- Bovine hides must not be sourced from animals reared on ranches involved in any deforestation in the Brazilian Amazon. It is also required that hides are not sourced from ranches involved in slave labor, invasion of indigenous lands and/or protected areas, or have any governmental embargoes or farms included in IBAMA's embargo list ([www.ibama.gov.br](http://www.ibama.gov.br)).
- Wet Blue tanneries, agents and other suppliers must source bovine hides exclusively from slaughterhouses or suppliers that have established and can provide evidence of credible supply chain monitoring systems for their direct suppliers to ensure zero deforestation

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cattle sourcing, and they must have plans in place to expand their monitoring systems to include indirect suppliers.

### **Leather sourcing from Paraguay**

Suppliers providing any articles with a country of origin of Paraguay, must make Deckers aware and must be able to:

- provide the names, locations, and medal rating (if applicable) of their wet blue tanneries or agents,
- have their wet blue supplier provide slaughterhouse names, locations, federal or state ID numbers, and catchment area for sourcing cattle, and
- provide information on the slaughterhouses' due diligence process to ensure they are not sourcing cattle from deforested areas.
- The preference is sourcing material from tanneries which have scored high on their traceability audit (e.g., >80%)

Suppliers must also be able to provide evidence, according to the below timelines, demonstrating that the supplying meatpackers have established systems, and that there is evidence of credible supply chain monitoring systems for individual properties (farm/ranches), not located in the high-risk municipalities, using validation and classification of geographic coordinates of all suppliers in the Database located in the American biome Gran Chaco, including the departments of Alto Paraguay, Boquerón and Presidente Hayes, to verify its suppliers in the Chaco biome.

Examples of steps slaughterhouses are taking to implement due diligence checks, to demonstrate that bovine hides do not originate from animals farmed on ranches that are involved in deforestation, invasion of indigenous lands and/or protected areas in the Chaco biome, could include:

- Utilizing monitoring tools to enhance supply chain governance and visibility, tracking animals to the birth farm (direct and indirect cattle ranches).
- Requiring complete property boundary maps for supplying farms, following the deforestation polygon indications\*, through multi-temporal analysis of satellite images.
- Explanation of plans and/or activities, with verifiable evidence, to improve visibility of indirect supplying ranches (e.g., calving, and backgrounding farms).

The documentation delivered for assessment must be supported by cross-reference and analysis of documents and data and, if necessary, complementary documents requested to tanneries. The set of documents will be composed of official files and datasets, published

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and available on the website of institutions and authorities, with additional registry information obtained by the meatpacker from its cattle suppliers.

### **Leather sourcing from Paraguay Chaco Biome**

In addition, Deckers maintains specific sourcing criteria for cow hides sourced from the Chaco Biome. Wet blue tanneries, agents and other suppliers must source cow hides exclusively from slaughterhouses or suppliers that have established systems and can provide evidence of credible supply chain monitoring systems for their suppliers to ensure zero deforestation cattle sourcing, according to the following minimum criteria.

From January 01, 2018:

- Meatpacker shall not have as suppliers any farms in the Chaco Biome overlapping with illegal deforestation polygons, using the cut-off date of January 01, 2018.
- Meatpacker shall not have as suppliers any farms in the Chaco Biome located in officially recognized protected areas owned by the Government of Paraguay (ASP).
- Meatpacker shall not have as suppliers any farms in the Chaco Biome located in officially recognized indigenous land owned by the Government of Paraguay (FAPI)\*\*.

As from January 01, 2022:

- Meatpacker shall not have as suppliers any farms in the Chaco Biome overlapping with legal and illegal deforestation polygons, using the cut-off date of January 01, 2022.
- Labor/child labor and work conditions analogous to slavery matters will be incorporated in the supply chain management system as a sourcing requirement as soon as an official reliable database is available to the public.

*\* Currently the most robust source of deforestation polygons is indicated by Guyrá Paraguay Association, through work developed on multi-temporal analysis of satellite images since 2010.*

*\*\* Official definitions are established by Indigenous People Self-determination Federation (Federación por la Autodeterminación de los Pueblos Indígenas) – FAPI.*