



WHEREAS: The Intergovernmental Panel on Climate Change reports that immediate and significant emissions reductions are required of all market sectors to stave off the worst consequences of climate change.¹ In response to the climate crisis, investors are seeking transparent climate-related risk disclosures from companies, including greenhouse gas (GHG) emissions disclosures, to inform their investment decision-making.

Skechers USA, Inc. is one of the largest footwear brands in the world.² According to the United Nations Environment Program, the fashion industry accounts for roughly ten percent of global carbon dioxide emissions.³ As much as 96% of the total emissions of fashion brands come from their value chain,⁴ and, as McKinsey notes, supply chain decarbonization is becoming a reputational imperative for businesses.⁵

Supply chain disruptions are one of the largest climate-related risks facing retailers, and the National Retail Federation warns that companies who do not address supply chain climate risk “potentially face significant losses.”⁶ Despite identifying climate risks, including impacts from “natural disasters or other catastrophic events” on its supply chain, as a material risk to the Company’s business,⁷ Skechers does not disclose value chain, or Scope 3, GHG emissions, and has no emissions reductions targets.⁸

Skechers significantly lags nearly all its major competitors in addressing climate risk. Deckers Brands, Puma, Adidas, Nike, Under Armour, and VF Corporation have all set reduction targets for their value chain emissions and validated these targets through the Science Based Targets initiative.⁹ While Skechers states that it has plans to “begin undertaking efforts” to measure value chain emissions “in the future,”¹⁰ it has released no timeline for its efforts to measure and disclose value chain emissions, leaving

¹ https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_FullVolume.pdf, p.20

² <https://investors.skechers.com/press-releases/detail/603/skechers-announces-third-quarter-2023-financial-results-and>

³ <https://www.bloomberg.com/graphics/2022-fashion-industry-environmental-impact/?sref=TtrRgti9>

⁴ <https://www.reuters.com/sustainability/climate-energy/despite-climate-pledges-fashion-brands-way-off-track-cutting-carbon-catwalk-2023-07-31/>

⁵ <https://www.mckinsey.com/capabilities/operations/our-insights/making-supply-chain-decarbonization-happen>

⁶ <https://nrf.com/topics/sustainability/esg-tool-kit/climate-and-climate-related-risk-retail-industry>

⁷ https://www.sec.gov/Archives/edgar/data/1065837/000156459023002740/skx-10k_20221231.htm#ITEM_1A_RISK_FACTORS, p.10

⁸ <https://about.skechers.com/wp-content/uploads/2023/04/Skechers-Impact-Report-2022.pdf>, p.13

⁹ <https://sciencebasedtargets.org/companies-taking-action>

¹⁰ <https://about.skechers.com/wp-content/uploads/2023/04/Skechers-Impact-Report-2022.pdf>, p. 15



investors without critical information regarding the Company's efforts to mitigate climate risk.

By publicly releasing a timeline for measuring and disclosing its value chain emissions, Skechers can align with peers and assure investors that it is addressing the growing regulatory, competitive, and physical supply chain risks associated with climate change.

BE IT RESOLVED: Shareholders request Skechers publicly disclose a timeline for measuring and disclosing its value chain emissions.

SUPPORTING STATEMENT:

Proponents suggest, at management's discretion, the Company:

- Provide a rationale and threshold criteria for determining if any emissions categories are deemed to be not relevant; and
- Provide annual public updates on the Company's efforts to quantify its value-chain emissions, including information on efforts to engage with its suppliers.