



STATEMENT OF SKECHERS USA, INC. ON UYGHURS

Skechers USA, Inc. (“Skechers”) is aware of recent reports, including the Australian Strategic Policy Institute’s (“ASPI”) February 2020 Report entitled *Uyghurs For Sale: ‘Re-education’, Forced Labour and Surveillance Beyond Xinjiang* (the “Report”), which allege that the Chinese government has transferred Uyghurs from their home region to factories across China under conditions that suggest forced labor.

As a threshold matter, Skechers maintains a strict Supplier Code of Conduct (“Code of Conduct”) governing all of its factories. This Code of Conduct is publicly available under the Social Responsibility section of the Skechers website. In addition, Skechers also employs a dedicated Corporate Social Responsibility (“CSR”) team that conducts both announced and unannounced audits on all factories with which we have direct relationships. The primary objective of these audits is to review on-site labor conditions, generally, and to ensure that none of our factories uses any form of child labor or forced labor, specifically.

Skechers sources from many factories and suppliers in Asia, including from Dong Guan Lu Zhou Shoes (“Lu Zhou”), the factory identified by ASPI, but was not aware of any allegations before the Report was public. Immediately upon learning about the allegations in the Report, Skechers reviewed its internal records and confirmed that Lu Zhou, like all factories and suppliers, has acknowledged the Skechers Supplier Code of Conduct. Skechers also confirmed that, consistent with regular practice, it conducted multiple audits on Lu Zhou in 2017, 2018, 2019 and 2020, both announced and unannounced, and that none of these audits revealed indications of the use of forced labor or other concerning labor conditions.

Upon a review of the ASPI Report, Skechers also promptly contacted senior management at Lu Zhou and interviewed them specifically about the ASPI allegations. Lu Zhou denied the allegations and immediately provided Skechers with a *Social Responsibility Commitment and Statement* reiterating its Corporate Social Responsibility policy that the factory, among other commitments (i) respects worker freedom and prohibits any form of forced labor; and (ii) provides equal and fair treatment for all employees.

Lu Zhou also confirmed that members of the Uyghur ethnic minority comprise a portion of its work force, but that they are employed on the same terms and conditions as all other factory employees and in particular with respect to working conditions, pay, promotions, etc. It was also confirmed that all workers, including those from the Uyghur ethnic minority, are free to leave if they no longer wanted to work at Lu Zhou. Representations made by Lu Zhou were wholly consistent with both its *Social Responsibility Commitment and Statement* and the results of Skechers’ own audits conducted over the course of the three years prior to learning of the allegations.

Since the ASPI Report was published, Skechers has conducted two additional audits of Lu Zhou, including an unannounced audit in June 2020 specifically directed at investigating the ASPI allegations and another audit in November 2020. Neither of these audits revealed any indications of the use of forced labor, either of Uyghurs or any other ethnic or religious group, nor did the audits raise any other concerns about general labor conditions. Most recently, Lu Zhou has provided Skechers with a supplemental Social Responsibility Statement specifically addressing and guaranteeing the equal, fair, and transparent treatment of all minority groups, including Uyghurs, on the same terms and conditions as all other employees. Based on these facts, Skechers has no reason to believe that Lu Zhou is using any forced labor; nonetheless, Skechers will continue to closely monitor and audit Lu Zhou and all factories and suppliers globally.

Skechers is deeply concerned by reports of forced labor and the treatment of the members of the Uyghur ethnic minority as well as other ethnic minority workers in the Xinjiang Uyghur Autonomous Region. We fully support the proposal by industry trade associations to find a solution through state-to-state engagements and collaborative partnerships across governments, industries, labor associations and non-governmental organizations.

Skechers, as always, will continue its aggressive enforcement of its Supplier Code of Conduct through audits and other inquiries to ensure compliance.