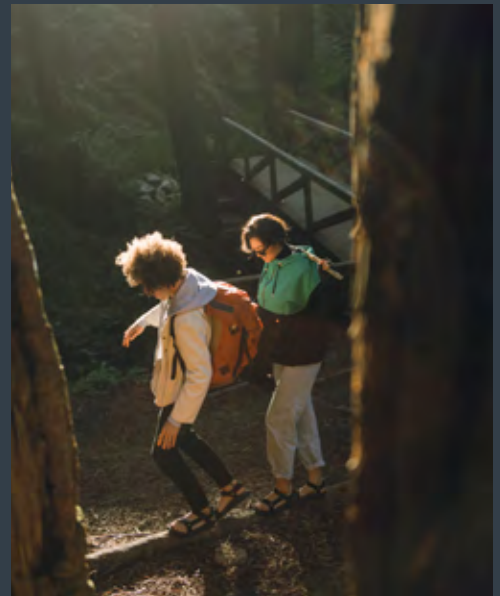


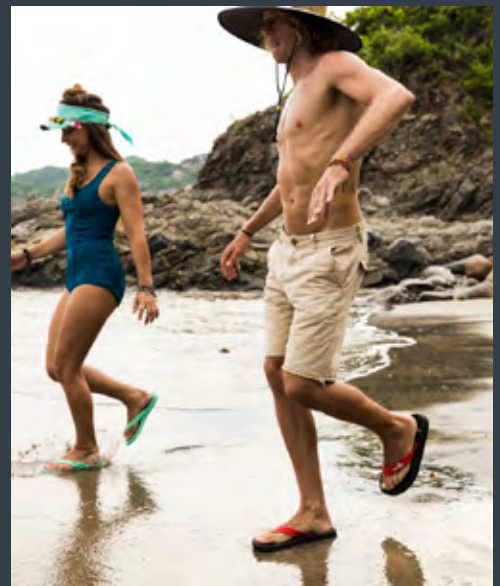
DECKERS

— BRANDS —



CORPORATE RESPONSIBILITY REPORT 2018

FOR THE REPORTING PERIOD
APRIL 1, 2017 – MARCH 31, 2018





WELCOME	1
Letter from our CEO	1
Introduction	2
OVERVIEW AND HIGHLIGHTS	4
Deckers in Summary	4
FY18 Highlights	5
Targets for FY19 and Beyond	6
PEOPLE Human Rights, Gender Equality/Reduced Inequalities/Quality Education	7
Diversity at Deckers	8
Global Workforce	8
Board of Directors	8
Executive Leadership	8
Voices	8
Female Leadership & Empowerment	9
International Women's Day	9
HERproject	9
Women's Leadership Summit	9
Human Rights	10
Workers in our Supply Chain	10
Partner Performance: Audit Rankings	11
Partner Audits: Most Common Categories of Non-Compliance	12
Ethical Supply Chain Training	12
Health and Safety of Factory Employees	13
Community Acknowledgment	14
PURPOSE Community Philanthropy and Volunteer Efforts	15
Our Community Impact	15
Company Charitable Contributions	15
Brand Charitable Contributions	16
Product Donations	17
Employee Volunteer Hours	17
PLANET Materials, Waste, Chemicals, Climate and Clean Energy, Water	18
Fiber Materials Baseline Study	18
Materials Traceability Efforts	20
Notable Partnerships and Recognition	21
Partnerships	21
Textile Exchange Kickstart Program	21
Leather Working Group	21
Leather Working Group's Animal Welfare Group	21
Recognition	21
Textile Exchange Market Report Leaderboard	21
3-D Technology	22
Vegan Product	22
Packaging Reduction Efforts	22
Chemicals	23
Chemicals/Restricted Substances	23
Training	24
Chemicals/Substances Eliminated in FY18	25
Energy	26
Solar Panel Installation at Corporate Headquarters	26
Electricity Usage at Corporate Offices	27
Electricity Usage at our Distribution Center Locations	27
Electricity Usage at Retail Store Locations	28
Factory and Tannery Electricity Usage	28
New Shanghai Building	29
IT Switch Sustainability Certificate	29
Waste	29
Paper Product at Headquarters	30
Reduction Efforts at Distribution Centers	30
Waste Generation and Disposal among Factory Partners	31
Water	32
Corporate Headquarters Water Usage	32
Tannery Water Usage	32
Factory Water Usage	33
Brand Focus on Water Usage	33
ABOUT THIS REPORT	34
Materiality and Stakeholder Engagement	34
WRAP-UP	35
REFERENCES	35
GRI Guidelines and Principles Index	35
Online Content	35
Global Factory Locations	35
Historical Reporting	35
Corporate Responsibility Policies	35

LETTER FROM OUR PRESIDENT AND CEO



As FY18 comes to a close, I found myself reflecting on what it means to be part of a company that is driven to make an impact on the world around us and the people that inhabit it. Deckers is constantly asking questions and challenging our processes, making room for significant improvements that benefit our employees, consumers, and planet. We remain committed to transparency and holding ourselves accountable to our corporate sustainability goals. In our Deckers FY18 Corporate Responsibility Report, we strive to achieve these goals and pave the way for future progress.

Making our mark on the global marketplace while remaining socially and environmentally conscious is fundamentally important to our success as a company. We recognize that you can't have one without the other, and we seek this kind of balance through everything we do.

I'm proud to share how Deckers fulfills our purpose of developing quality brands and doing business the right way, and I'm humbled by the work we've done so far. This report proves that Deckers is more than just a company – we are a company with a heart and soul. We are a global leader in designing, marketing and distributing innovative footwear, apparel, and accessories and our global scale is significant. Equally significant is the responsibility we have to set an example in our industry by advancing sustainable business.

We are protecting human rights, doing good in the communities in which we operate globally, and preserving the environment for future generations. As such, our FY18 Corporate Responsibility Report focuses our movement toward achieving our sustainable development goals (“SDGs”) in the following categories:

- “People” (Human Rights, Gender Equality/ Reduced Inequalities/Quality Education);
- “Purpose” (Community); and
- “Planet” (Materials, Waste, Chemicals, Climate and Clean Energy, Water).

We have detailed certain FY19 targets in each of these categories and we have adopted some long term goals related to our “7 by 2027”. We hope that this layout will prove to be a clearer indication of what we are hoping to achieve in this space.

I know that in order to make a big impact we all need to believe in the power that we have, individually and collectively, to move the needle. That is why in FY19, I encourage all Deckers employees to consider one personal or professional development goal related to helping us to drive toward achieving our sustainable development goals.

Thank you for reading our FY18 Corporate Responsibility Report. I look forward to providing you with annual updates on our progress toward achieving our SDGs and I know that when we work together the sky is the limit!

Sincerely,

Dave Powers
President and Chief Executive Officer





INTRODUCTION

Growth isn't in the steps we take, but the paths we create. Deckers is driven by a commitment to developing quality brands and doing business in the right way. 2016 marked a big year for us - we joined the United Nations Global Compact ("UNGC"), the world's largest voluntary corporate citizenship initiative, and adopted our sustainable development goals (our "7 by 2027"). The UNGC has outlined 17 categories of sustainable development goals ("SDGs"). Per UNGC guidance, Deckers will focus our efforts in those categories of SDGs where we can have the most impact. We've always had big dreams to make the world a better place, and this union opened a number of doors for us to set these dreams into motion.

We have already made incredible progress, and each year we look forward to providing more insight into the attention that goes into reaching and exceeding these goals. We're energized by the challenges we encounter along the way, and humbled by the power of community that makes this all possible.

This Corporate Responsibility Report gives an insider's perspective on how we've gone above and beyond to serve our community, fine-tune our ethical supply chain, and significantly reduce our environmental impact. This journey to sustainability shapes us as an organization and constantly reminds us of what's important—our people, our purpose, and the planet.

DECKERS BRANDS SDGs "7 BY 2027"

 MATERIALS (RELATES TO SDG 12, 15) Seek sustainable alternatives for key materials, sourcing at least 90% from suppliers certified by third party benchmarking organizations.	 WASTE (RELATES TO SDG 7, 12, 13) Sustainably reduce waste generation among key factory partners by 50% through prevention, reduction, recycling and reuse.	 WATER (RELATES TO SDG 6) Reduce consumption and improve quality. Ensure 90% of our core factory/supplier partners apply industry best practice on water treatment and usage.	 GENDER EQUALITY & QUALITY EDUCATION (RELATES TO SDG 4, 5, 10) Promote diversity, gender equality, female empowerment, and inclusion for all.
--	--	---	--

DECKERS
— BRANDS —

7by2027 SUSTAINABLE DEVELOPMENT GOALS

 CHEMICALS (RELATES TO SDG 3, 6) Achieve environmentally sound management of chemicals and reduce the discharge of hazardous chemicals among our key factory/supplier partners by 50% to minimize adverse impact on human health and the environment.	 CLIMATE & CLEAN ENERGY (RELATES TO SDG 7, 12, 13) Reduce energy consumption and integrate climate change measures into our policies and planning, including the installation of solar panels at all our California non-retail facilities.	 HUMAN RIGHTS (RELATES TO SDG 3, 4, 5, 10) Embed Human Rights across our operations and supply chain. Positively impact the communities where we operate.
--	---	--

UNGC SUSTAINABLE DEVELOPMENT GOALS - DECKERS AREAS OF FOCUS

3 

GOOD HEALTH & WELL-BEING

Ensure healthy lives and promote well-being for all at all ages

4 

QUALITY EDUCATION

Ensure inclusive and quality education for all and promote life long learning

5 

GENDER EQUALITY

Achieve gender equality and empower all women and girls

6 

CLEAN WATER AND SANITATION

Achieve universal and equitable access to safe, affordable drinking water and adequate sanitation and hygiene for all

7 

AFFORDABLE AND CLEAN ENERGY

Ensure universal access to affordable, reliable, sustainable, and modern energy for all

10 

REDUCED INEQUALITIES

Reduce inequality within and among countries

12 

RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns

13 

CLIMATE ACTION

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

15 

LIFE ON LAND

Manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss

OVERVIEW AND HIGHLIGHTS

DECKERS IN SUMMARY

**\$1.903
BILLION**

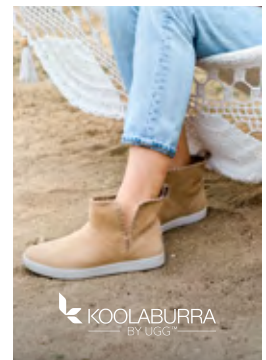
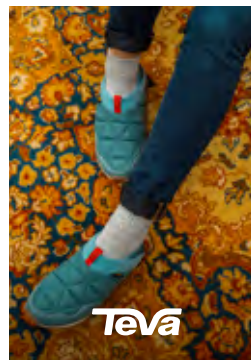
TOTAL SALES

**UGG®
HOKA ONE ONE®
TEVA®
SANUK®
KOOLABURRA®**

OUR BRANDS

**CHINA
VIETNAM
PHILIPPINES
USA**

COUNTRIES WE
MANUFACTURE IN



FACTORY PARTNERS



FY18 HIGHLIGHTS

 PEOPLE (SDG 3,4,5,10)	 PURPOSE (SDG 3,4,5,6,7,10,12,13,15)	 PLANET (SDG 3,6,7,12,13,15)
<p>10,976 women trained on HERhealth since the inception of our partnership with HERproject</p>	<p>\$1,123,000 donated to 176 nonprofit organizations</p>	<p>Environmental Criteria Guide given to key partners</p>
<p>Expanded HERproject collaboration to an additional 5 factories</p>	<p>1,941 hours volunteered in the US</p>	<p>11 harmful chemicals/substances eliminated from our supply chain</p>
<p>Supported International Women’s Day by donating 5% of the retail price of all www.ugg.com and United States store purchases from March 8, 2018-March 11, 2018 to the HERproject providing quality education to the women working in our supply chain</p>	<p>1,303 hours volunteered in APAC</p>	<p>Traced 100% of hides/skins back to their origin which allows us the ability to avoid higher risk countries for animal welfare and sustainability issues</p>
<p>Restricted Substances Team provided 255 hours of training in FY18</p>	<p>EMEA team organized their first volunteer effort to be carried out in FY19</p>	<p>Solar Panels were installed at our Corporate HQ</p>
<p>197.5 hours of training carried out by our Ethical Supply Chain Team</p>	<p>64,018 pair of shoes donated to Soles4Souls</p>	<p>1,500 chemicals in our supply chain monitored</p>
<p>Recognized as a ‘Best Place to Work’ by multiple publications</p>	<p>888 pair of shoes donated to Good360</p>	<p>Lowered Restricted Substances Failure rate from 3.5% to 2.4%</p>
<p>100% of our Tier 1 factories were audited, including 24 onsite audits for direct sourced Tier 1 factories, 8 onsite audits for our key Tier 2 material suppliers, and 96 desktop assessments for Agent/Licensees sourced suppliers which primarily produce lifestyle products.</p>	<p>Focus brand charitable contribution efforts</p>	<p>Continued to reduce VOCs in our supply chain</p>

TARGETS FOR **FY19** AND BEYOND

 PEOPLE <i>(SDG 3,4,5,10)</i>	 PURPOSE <i>(SDG 3,4,5,6,7,10,12,13,15)</i>	 PLANET <i>(SDG 3,6,7,12,13,15)</i>
<p>Continue the UGG brand partnership with BSR's HERproject and educate 30,000 women in our supply chain by 2020</p>	<p>Donate at least \$1mm to various non-profit organizations</p>	<p>Source 100% of our leathers from Leather Working Group certified sources</p>
<p>Launch HERproject programs in at least another 6 factory partners</p>	<p>Increase company employee volunteer efforts by 5%</p>	<p>Trace 80% of our hides back to the processing facility</p>
<p>Hold a women's leadership summit and continue to support women in the workplace</p>	<p>Organize a company volunteer effort to help clean up our local community which has been devastated by the recent mudslides</p>	<p>Increase brand usage of 3D technology by 15% in FY19, thus reducing waste associated with product sampling</p>
<p>Restricted Substance Team to increase training to 300 hours in FY19, an increase of 17.65%</p>	<p>Commit to one local company-wide volunteer effort per quarter in FY19</p>	<p>Reduce volatile organic compounds in our supply chain by 5%</p>
<p>Ethical Supply Chain team to increase training to 210 hours, increase of 6.3%</p>	<p>Further focus brand charitable contribution, focusing on organizations which best fit brand vision and SDGs</p>	<p>Continue to evaluate chemicals in our Supply Chain and eliminate or reduce those which are harmful to the environment</p>
<p>Continue to audit 100% of our Tier 1 partners</p>	<p>Decrease our Lost Time Injury Rate to 0.35</p>	<p>Deploy a Packaging Baseline Study to further reduce our paper/plastic usage</p>
<p>Formal adoption of a policy which re-enforces our zero tolerance position on harassment</p>	<p>Decrease Factory Total Recordable Incident Rate to 0.40</p>	<p>Reduce volatile organic compounds to 20g/pair by August 2020</p>
<p>We encourage each of our employees to adopt a personal or professional goal related to one of our sustainable development goals in FY19.</p>		<p>Teva brand to use 25% more recycled polyester by 2020</p>
		<p>Join the Better Cotton Initiative (BCI) to further our commitment to seek more sustainable materials</p>

PEOPLE

HUMAN RIGHTS, GENDER EQUALITY/ REDUCED INEQUALITIES/QUALITY EDUCATION



GENDER EQUALITY REDUCED INEQUALITIES QUALITY EDUCATION

(RELATES TO SDG 4, 5, 10)

Promote diversity, gender equality, female empowerment, and inclusion for all.

DECKERS
— BRANDS —

7by2027 SUSTAINABLE DEVELOPMENT GOALS



4 QUALITY EDUCATION

Ensure inclusive and quality education for all and promote life long learning



5 GENDER EQUALITY

Achieve gender equality and empower all women and girls



10 REDUCED INEQUALITIES

Reduce inequality within and among countries



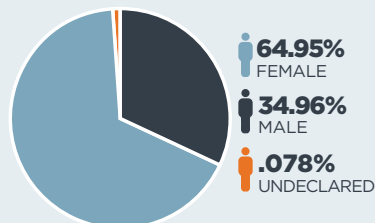
DIVERSITY AT DECKERS

GLOBAL WORKFORCE

Deckers has a total of 3,818 global employees (excluding seasonal retail store associates): 2,480 of our global employee population (or 64.95%) are female, 1,335 of our global employee population (or 34.96%) are male, and 3 employees (0.078%) are undeclared.

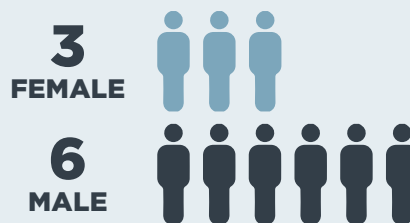
GLOBAL WORKFORCE

(EXCLUDING SEASONAL RETAIL STORE ASSOCIATES)



BOARD OF DIRECTORS

Better, together. Our diverse Board of Directors brings a well-rounded perspective to every bridge we cross, leading us through and forward. As a mirror to our organization as a whole, Deckers Board of Directors presents a multifaceted range of skillsets, backgrounds, ethnicities, gender, and qualifications. The group is made up of nine individuals—three of which are female, six are male. For a current list of our Board of Directors, please see www.deckers.com/governance/directors. Note as of FY19 we have ten Board members - three of which are female, seven are male.



EXECUTIVE LEADERSHIP TEAM

Deckers Executive Leadership team is made up of nine members—two of which are female, seven are male.



VOICES

While diversity, inclusion and representation is a common thread throughout the entire Deckers organization, the Voices team ties it all together by establishing a company-wide open dialogue around crucial topics that further support our strong culture of acceptance and individuality. As a voluntary, employee-led group, the Voices team holds events that celebrate our uniqueness, elevating employee issues, community concerns, needs and policies the Global Deckers Family is passionate about.

Conceived in 2016 and rebranded at the end of FY18, this initiative seeks the diverse perspective of our workforce which makes Deckers a special place to work.



FEMALE LEADERSHIP & EMPOWERMENT

INTERNATIONAL WOMEN'S DAY

International Women's Day is a formal opportunity for us to recognize the year-round contribution and achievement of all women at Deckers. From our executive team to our supply chain employees, women play a crucial role in our organization—and that doesn't go unnoticed. This year, UGG launched a multi-channel donation campaign where 5% of the retail price of all www.ugg.com and United States store purchases in the days surrounding International Women's Day (March 8, 2018-March 11, 2018) went back to supporting HERproject programs. HERproject is a collaborative initiative managed by BSR (Business for Social Responsibility) that strives to empower low-income women working in global supply chains.



HERproject EXPANSION

UGG and HERproject joined forces back in 2016. Since then, we have launched HERproject trainings at a total of 6 factory partners (1 in FY17 and 5 in FY18). Through this program, we have trained approximately 10,976 women in our supply chain with plans to train a total of 30,000 women by 2020. The growth of HERproject gets us closer to our goal of providing guidance on health, financial inclusion and gender equality in the workplace to 100,000 women globally by 2027.



WOMEN'S LEADERSHIP SUMMIT

Deckers is always cultivating opportunities for collaboration. The Women's Leadership Summit, ideated in FY18 but took place in FY19, is a prime example of this. The summit was created by female leaders at Deckers with a shared desire to create change that extends beyond the walls of the workplace.



HUMAN RIGHTS



HUMAN RIGHTS

(RELATES TO SDG 3, 4, 5, 10)

Embed Human Rights across our operations and supply chain. Positively impact the communities where we operate.

DECKERS BRANDS — 7by2027 SUSTAINABLE DEVELOPMENT GOALS

3		4	
<p>GOOD HEALTH & WELL-BEING Ensure healthy lives and promote well-being for all at all ages</p>		<p>QUALITY EDUCATION Ensure inclusive and quality education for all and promote life long learning</p>	

5		10	
<p>GENDER EQUALITY Achieve gender equality and empower all women and girls</p>		<p>REDUCED INEQUALITIES Reduce inequality within and among countries</p>	

WORKERS IN OUR SUPPLY CHAIN

As a global organization, people mean a lot to us. We've taken it upon ourselves to set a high standard for the industry as a whole, with zero tolerance for human rights violations. In 2008, we adopted our ESC Guidelines which evolved to our Ethical Supply Chain Supplier Code of Conduct implemented in 2011. Our Ethical Supply Chain Supplier Code of Conduct covers our stance on forced labor, child labor, wages and benefits, hours of work/overtime, non-discrimination, harassment, freedom of association/collective bargaining, health and safety, and environmental standards.

Additionally, we have established performance scorecards for our Tier 1 partners. Further, for our primary factories, Deckers executives and factory owners/senior management meet to evaluate overall performance in the areas of labor rights, overtime, water and energy usage, and lean manufacturing.

We require full and open access to all facilities producing Deckers brands product and conduct audits or reviews annually, at minimum.



PARTNER PERFORMANCE: AUDIT RANKINGS

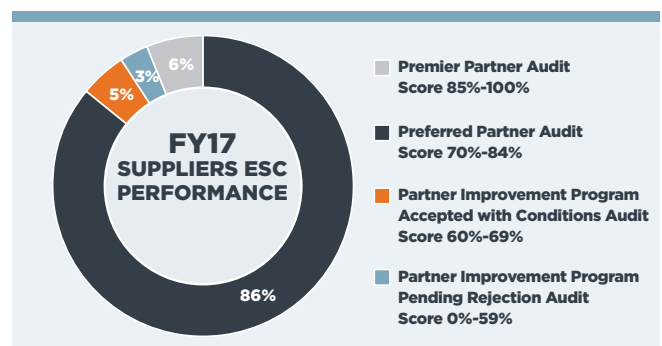
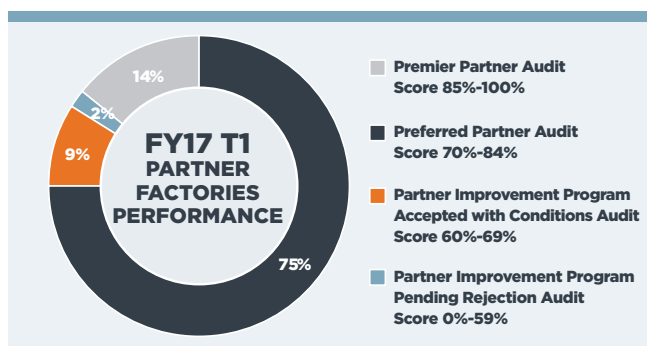
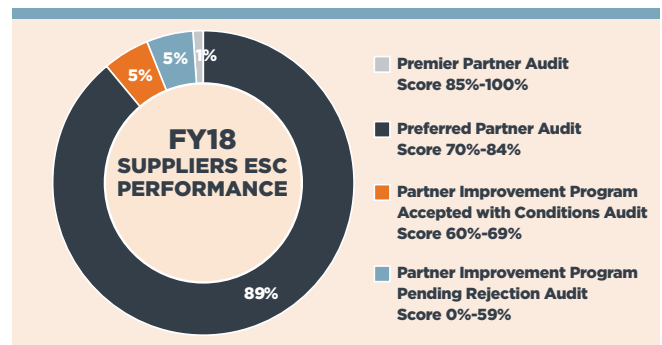
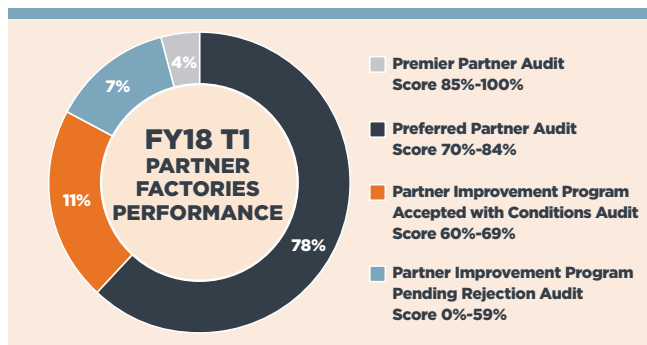
Every year, we place trust in Deckers-authorized compliance auditors or accredited third-party auditors to conduct our carefully outlined performance audits based on International Labor Organization core labor standards.

In FY18, our Ethical Supply Chain team audited every single one of our Tier 1 partners, including 24 in-person audits for direct sourced Tier 1 factories, 8 onsite audits for our key Tier 2 partners, and 96 desktop assessments for Agent/Licensees sourced suppliers (which mostly focus on lifestyle products), and lifestyle/non-footwear facilities.

The majority of our partners—82% to be exact—are identified as premier or preferred partners, meaning they received an audit score of either 85-100% or 70-84% respectively.

11% of our partners fell into our partner improvement program, meaning they received an audit score of 60-69% and were accepted with conditions. 7% of our partners were on our partner improvement program pending rejection, meaning they received an audit score of 59% or below. We had more partners in our partner improvement program than last year, but this is likely in part to shifting additional production to Vietnam and working with new Tier 1 partners who are evolving to meet our high standards.

As we grow, one of the greatest challenges we face is in maintaining our high standards of quality and ethics, while constantly striving to optimize our operations. We're confident that we will be able to continue improving and will remain transparent along the way.

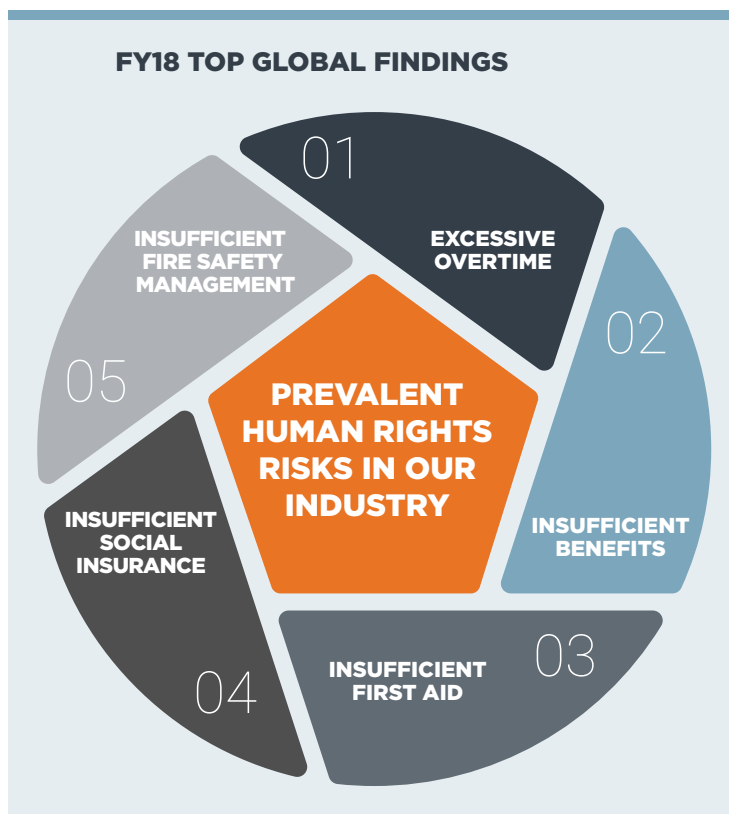


PARTNER AUDITS: MOST COMMON CATEGORIES OF NON-COMPLIANCE

By embracing full transparency, we are motivated to hold ourselves accountable for the guidelines we set into motion. While we have a lot to be proud of in the past year, we recognize that there are areas that may require additional attention.

The most prevalent findings of non-compliance at our factories in FY18 were excessive overtime, insufficient benefits, insufficient first aid, insufficient social insurance and insufficient fire safety management.

We plan to create more focused training in FY19. These areas of non-compliance are common in our industry so we intend to collaborate with our peers to influence our factories to ensure industry best practice.



ETHICAL SUPPLY CHAIN RELATED TRAINING HOURS

A key element to upholding an Ethical Supply Chain is education for all parties involved. Our business partners are armed with knowledge about best Ethical Supply Chain practices and we plan to increase the amount of trainings we offer in the coming years. In FY18, our Ethical Supply Chain Team spent approximately 197.5 hours training our suppliers, agents, licensees, and manufacturers on a variety of topics including, but not limited to: health and safety regulations, benefits and excessive overtime. In FY19, we plan to increase our Ethical Supply Chain related trainings by 6.3% to approximately 210 hours.

HEALTH AND SAFETY OF FACTORY EMPLOYEES

Although we do not own any factories, which is common in our industry, we consistently review our partner facilities to ensure they offer a safe environment. The health and safety of our own employees as well as those working to produce our products is something we take very seriously. While this is a challenge, we strive to immerse ourselves in every step of the manufacturing process in order to maintain our high standards of safety and ethics.

All employees in the extended Deckers family should be able to feel secure about their well-being at work. That’s why we set a system of checks and balances in the form of our yearly factory onsite assessment. We monitored 28 of our core partners including footwear suppliers, outsole/midsole factories, and tanneries, for any health and safety issues that arose throughout the year. It saddens us to report a single fatal incident in FY18 where a partner factory employee working on an unrelated brand encountered an exploding pressure vessel on a lasting line.

We brought together our Ethical Supply Chain Team, Deckers upper management, and factory representatives to investigate the situation and prevent this from happening in the future. The findings of the investigation were carefully reviewed and we offered suggestions and solutions where possible. In FY19, we plan to continue on our pledge to monitor health and safety issues through thoughtful onsite audits and regular trainings, creating a safer place of work for our extended Deckers family. See below for FY18 health and safety performance rating as well as FY19 targets.

PERFORMANCE MEASURE	UNITS	FY18 PERFORMANCE	FY19 TARGET
Lost Time Injury Rate (LTIR)	Cases x 200,000/ total hours worked	0.39	0.35
Total Recordable Incident Rate (TRIR)	Cases x 200,000/ total hours worked	0.45	0.40

* Note: We used OSHA standards to get the above calculation. We used the following formulas:

- LTIR** (Lost Time Injury Rate): Number of Lost Time Injury Cases X 200,000/Number of Employee labor hours worked
- TRIR** (Total Recordable Incident Rate) : Number of OSHA Recordable Cases X 200,000/Number of Employee labor hours worked



COMMUNITY ACKNOWLEDGMENT

The proof is in the people. We're incredibly lucky to be backed by inspired individuals that bring compassion and positivity to every avenue of their work. Deckers is a collective of kind, humble, and hard-working individuals that are striving for something greater, all while lifting up the people around them.



CALIFORNIA LEGISLATURE ASSEMBLY:

Certificate of Recognition Best Places to Work 2018



CERTIFICATE OF SPECIAL CONGRESSIONAL RECOGNITION:

2018 Central Coast Best Places to Work



CITY OF GOLETA CERTIFICATE OF RECOGNITION:

101/100 Company of the Year Deckers Brands 2018



PACIFIC COAST BUSINESS TIMES:

100 Top Companies; Best Places to Work and Public company of the year



CARING COMPANY AWARD:

Our Hong Kong Office recognized for the sixth year in a row



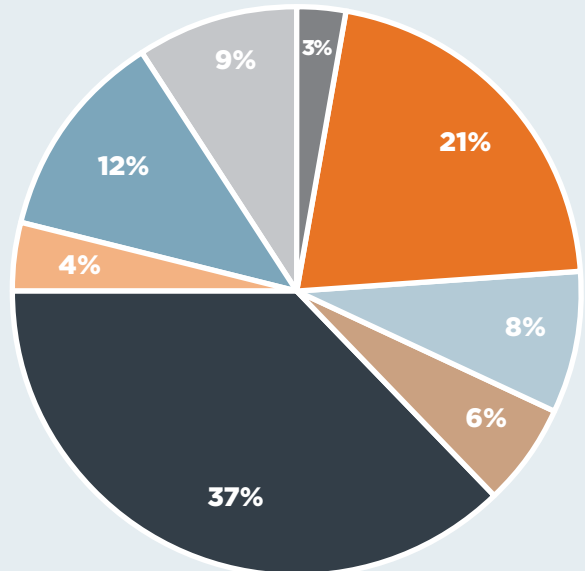
OUR COMMUNITY IMPACT

COMPANY CHARITABLE CONTRIBUTIONS

Deckers recognizes our unique position, as a global footwear company, to make a substantial difference in the world. We do this through our charitable contributions, product donations, and employee volunteer efforts. Starting with charitable contributions, in FY18, we proudly donated approximately \$1,123,000 to 176 nonprofit organizations. These nonprofits make a wide scale difference in the categories of arts and culture, human services, education, international affairs, environment and animals, health and society.

Doing good in the world is an essential part of our culture. Each year sets the bar even higher, and we look forward to reporting on our company charitable contributions in FY19.

FY18 CHARITABLE DONATIONS BY FOCUS



- ARTS & CULTURE 3%
- HUMAN SERVICES 37%
- EDUCATION 21%
- INTERNATIONAL AFFAIRS 4%
- ENVIRONMENT AND ANIMALS 8%
- OTHER 12%
- HEALTH 6%
- SOCIETY BENEFIT 9%



BRAND CHARITABLE CONTRIBUTIONS

The Deckers Family as a whole is eager to give back, and our brands focus on partnerships that align with their mission.

UGG contributes to **HERproject**, a collaborative initiative managed by BSR (Business for Social Responsibility) that strives to empower low-income women working in global supply chains. The brand also participates in the **Textile Exchange’s Kickstart** Program, which accelerate the availability of **Responsible Wool Standard** certified wool into supply chains. A RWS certification ensures that sheep are treated with respect to their five freedoms, and ensures best practices in the management and protection of land. UGG also partners with **Happy Hearts Fund**, an organization which rebuilds safe, resilient schools in areas impacted by natural disasters. In FY19, UGG will contribute to **Save The Waves**, and **Protect Our Winters**, two organizations who help educate on the impact of climate change and focus on protecting our coastline and our planet respectively.

TEVA supports the **Los Padres ForestWatch** alongside the **Conservation Alliance**, the only local nonprofit organization protecting wildlife, wilderness, and clean water throughout the Los Padres National Forest and other public lands along California’s central coast. Teva also works with the **Wilderness Youth Project**, whose mission is to foster confidence, health and a life-long love of learning for young people and families through active outdoor experiences and mentoring.

SANUK has teamed up with the **Surfrider Foundation** to protect clean water, healthy beaches and defend our coastline. Sanuk also supports **Surf Happens**, a local community-based business which provides an outlet for under served kids and at-risk youth.



HOKA, SANUK, AND TEVA collectively support **Camber Outdoors**, the sole national organization dedicated to achieving women’s equality in the active-outdoor industries.

SANUK AND TEVA also contribute to the **Outdoor Industry Association**, a thought-leader in the industry for recreation and trade policy, sustainable business innovation and increasing outdoor participation.

PRODUCT DONATIONS

In addition to the charitable contributions noted above, we have donated product to multiple organizations further helping those in need.

Deckers partners with Good360 and Soles4Souls to recover and repurpose returns and post-consumer shoes. The benefit of these valued partnerships is two-fold—partly for the individuals we help, and for the environment we work so hard to preserve. Our work with these organizations allows us to close the loop on our product lifecycle, meaning less product destined for landfill and more shoes on the feet of those living in poverty-stricken regions across the globe.

Since 2006, we have donated 810,769 pairs of shoes through our partnership with Soles4Souls. In providing quality footwear, children are able to attend school comfortably and adults are able to find work through various micro-enterprises. In FY18 alone, Deckers donated 64,018 pair of shoes to Soles4Souls. In addition to the donation Deckers made, the Sanuk, Teva, and Hoka brands came together and donated 28,600 pairs of shoes to the Hurricane Harvey Relief Program. Hurricane Harvey was the first major hurricane to hit the U.S. since Wilma in 2005, and our brands stepped up to the plate to provide relief to the communities affected by this devastating event.

Since 2014, we've donated 8,291 shoes to Good360, a non-profit organization that distributes shoes to local charities throughout the U.S. In FY18 alone, Deckers donated 888 pairs of shoes to Good360.

EMPLOYEE VOLUNTEER EFFORTS

Altruism is a shared sentiment at Deckers, and we are committed to doing everything in our power to challenge the status quo and make a difference. Our President and CEO said it best: “The gift of compassion and your time is the best way to make a difference in the lives of others.”

We're grateful to be able to give back to our communities in a tangible, monetary way, but we also see the value in showing up for the people that need us. That's why we rally our employees to dive in to the issues that energize them—compensating them up to 24 hours of volunteer time each year.

In FY18, our employees based in the U.S. volunteered approximately 1,941 hours while our APAC team volunteered 1,303 hours. We're excited to share that our EMEA employees have planned their first corporate volunteer effort for FY19 which we will cover in our FY19 report. FY19 is already proving to be a record-setting year for employee volunteer efforts and we look forward to sharing how Deckers employees have truly made a difference.

We recognize that a lot of employees volunteer but unfortunately do not record their time so it is difficult to track - we intend to improve upon this in FY19.





MATERIALS

(RELATES TO SDG 12, 15)

Seek sustainable alternatives for key materials, sourcing at least 90% from suppliers certified by third party benchmarking organizations.

DECKERS BRANDS **7by2027** SUSTAINABLE DEVELOPMENT GOALS



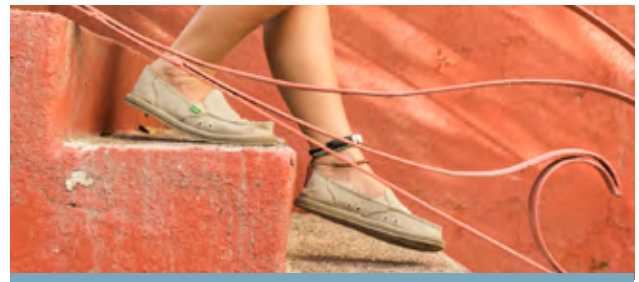
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns



15 LIFE ON LAND

Manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss



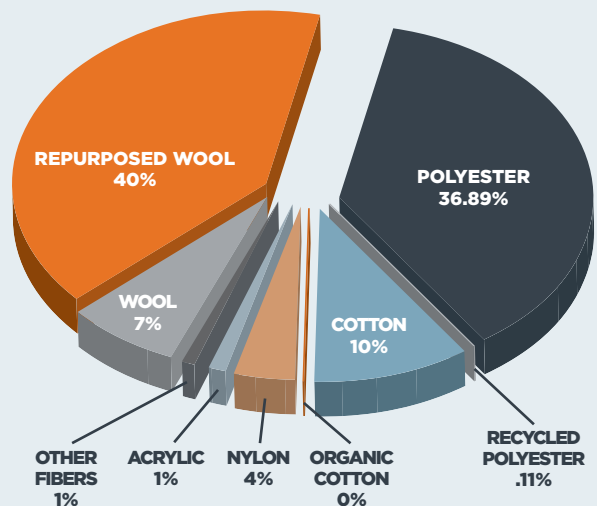
OUR FIBER MATERIALS BASELINE STUDY

Conscious choices make for better products. It's our goal to bring more sustainable materials into the supply chain, but the first step is attaining a better understanding of what materials we use and how often we use them. As part of our promise of transparency, our materials team began to examine the ins and outs of what our products are made with. This exercise gives us context for the choices we've made in the past, and the resources we need to move forward.

Our most commonly used fiber material (40%), UGGpure, is repurposed wool. As part of an ongoing effort to eliminate waste, most of this wool is sheered from the hides that we are already using in our products.

Polyester is our second largest fiber material by use (37%), followed by cotton (10%) and wool (7%). The following charts show the materials used by each brand.

DECKERS ANNUAL FIBER USE



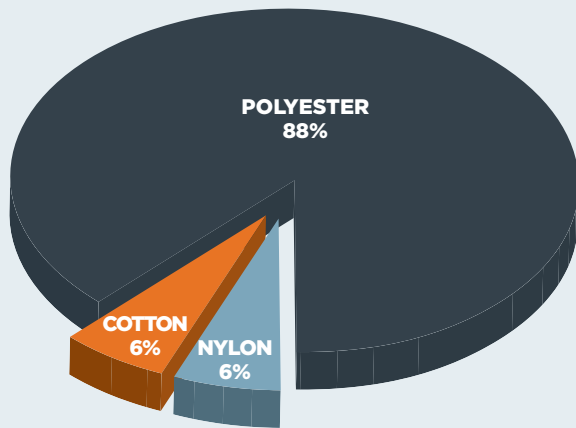
OUR FIBER MATERIALS BASELINE STUDY CONTINUED

The intention behind this study is to pinpoint opportunities for improvement. Now that we have a solid understanding of where we stand in terms of fiber materials used, we can identify next steps for introducing more sustainable materials to our supply chain.

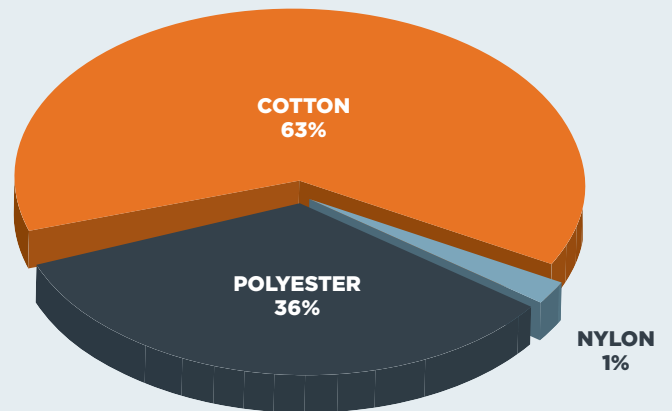
There is always room for improvement, and we aren't afraid to challenge ourselves to create the best products for our consumers and the environment that surrounds us. After seeing our fiber materials baseline study, the Teva brand has already surpassed their goal set by the Textile Exchange of using 25% more recycled polyester by 2020. We'll cover the exciting details in our FY19 CR report.

Our best work is done when it serves the world around us. All in all, this study proves that our teams are willing to come together to set higher standards for themselves and Deckers as a whole. We look forward to making even more progress towards sustainable materials in FY19.

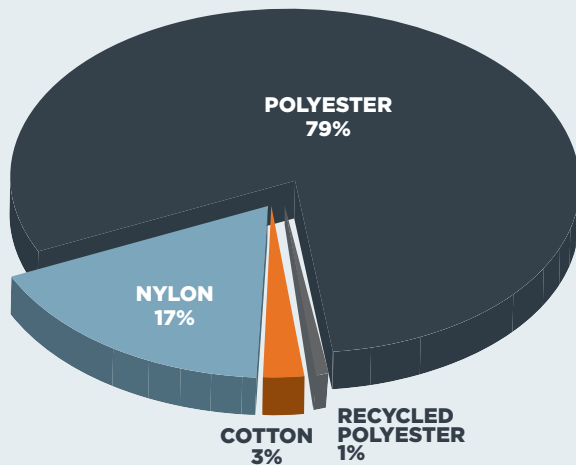
HOKA ONE ONE



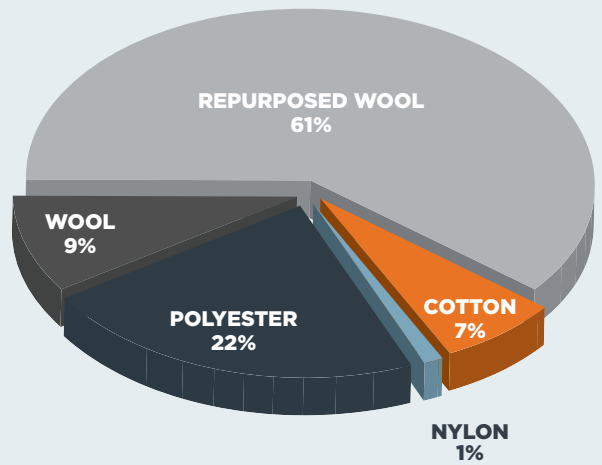
SANUK



TEVA



UGG



MATERIALS TRACEABILITY EFFORTS

The composition of our materials is just one piece of the puzzle. Another crucial element to ensuring an ethical supply chain is to know where everything comes from. Our fiber materials baseline study was a huge mile marker for us, and we took it a step further and began tracing our materials back to their country of origin.

In FY18, we were able to identify the country of origin for 100% of our hides. It was our goal in FY17 to achieve this goal by 2020, and we are proud to report that we reached it two years early. See below for a full breakdown of our traceability project:

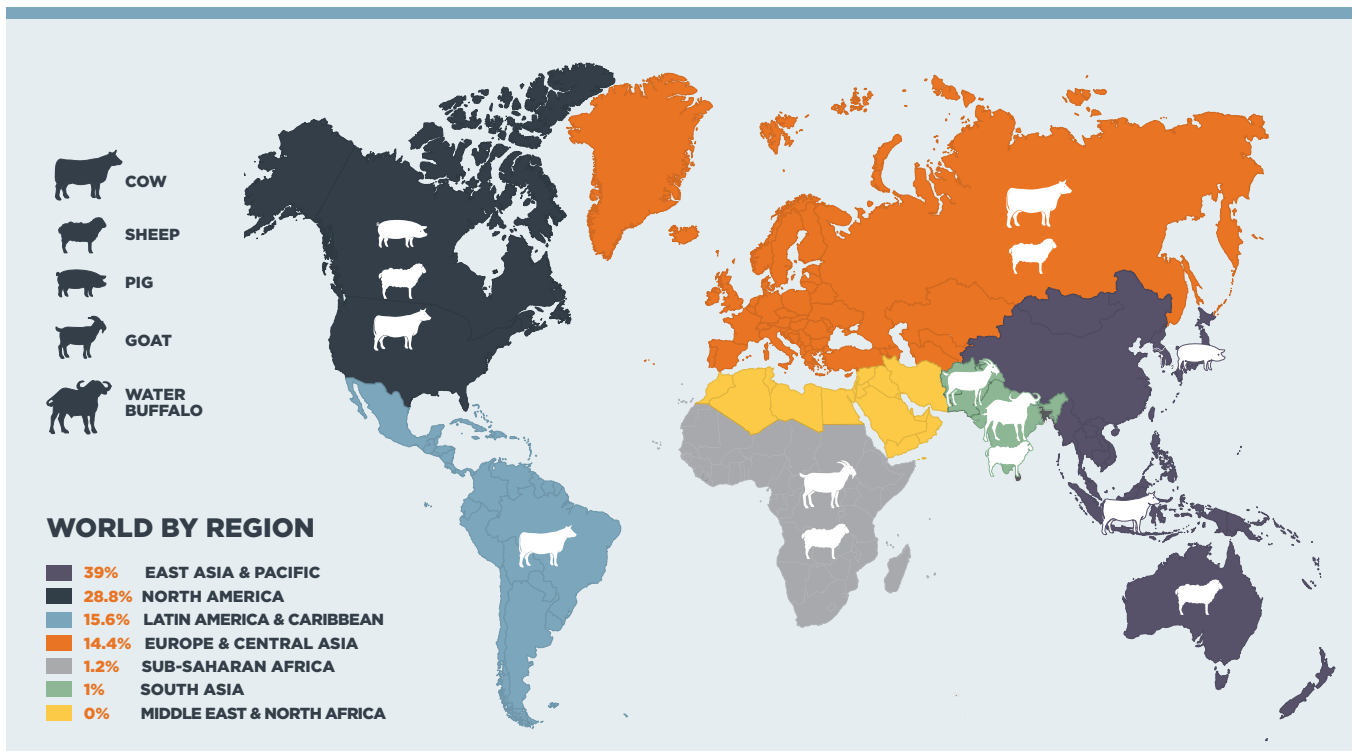
- 39% of our hides come East Asia and Pacific
- 28.8% of our hides come from North America
- 15.60% of our hides come from Latin America
- 14.4% of our hides come from Europe and Central Asia
- 1.2% of our hides come from Sub-Saharan Africa
- 1% of our hides come from South Asia

Knowing this, we're able to take a clearer look at exactly how these materials are sourced, and take the necessary steps in eliminating any inhumane treatment of animals as well as sustainability issues.

While identifying the country of origin for our materials strongly supports our strict animal welfare expectations, we decided to take it a step further and trace our hides all the way to the processing facility. While the meat industry is full of complexity, it's essential to approach this step holistically and consider every detail that goes into manufacturing our footwear.

Our hides are currently purchased as a byproduct of the meat industry. The cycle works like this: the meat industry purchases the animals from the farmers, the tanneries purchase hides directly from the meat processing facilities, and we buy from those tanneries.

As we head into FY19, we aim to trace 80% of our hides back to the processing facility. This is a lofty but highly attainable goal that represents another way that we challenge ourselves to do better.



NOTABLE PARTNERSHIPS



UNITED NATIONS GLOBAL COMPACT

Launched in 2000, the UNGC brings business together with U.N. agencies, labor, civil society and governments to advance universal principles in the areas of human rights, labor standards, the environment and anti-corruption. The UNGC is the world's largest voluntary corporate citizenship initiative with over 8,000 participating companies. As a member of the United Nations Global Compact ("UNGC") for the past two years, we're able to leverage the UNGC and its network to aid in our efforts to attain our corporate sustainability goals.



TEXTILE EXCHANGE'S KICKSTART PROGRAM

At Deckers, we have absolutely no tolerance for animal cruelty. In FY18, we joined the Textile Exchange's Kickstart Program in order to bring smaller, family-owned farms into the Responsible Wool Standard initiative and increase the availability of certified wool in supply chains. This will not only benefit Deckers directly, but will have a ripple effect on the industry as a whole, creating more access to responsibly grown wool. Our donation has already helped 50 small farm operations become Responsible Wool Standard certified—something that these small farms would not normally be able to afford. This kind of milestone sets a precedent for the rest of the industry, motivating other companies to take action.



LEATHER WORKING GROUP

As expressed throughout this report, our materials and supply chain are a huge part of our journey to corporate sustainability. In FY18, we sourced 99.2% of our leathers from Leather Working Group certified tanneries which maintain protocols that promote sustainable and appropriate environmental business practices within the leather industry. 100% is just around the corner, and a goal that we are confident we will hit in FY19. This achievement is critical in our progress towards reaching our sustainable development goals year after year.



LEATHER WORKING GROUP'S ANIMAL WELFARE GROUP

A large segment of our traceability efforts is focused on how our leather is sourced. One of Deckers valued partnerships is with the Leather Working Group's Animal Welfare Group ("AWG"). The primary objective of the AWG 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.

RECOGNITION



TEXTILE EXCHANGE MARKET REPORT LEADERBOARD

In FY18, Deckers was recognized as a leader in the sourcing of down in the Textile Exchange's Market Report Leaderboard, largely in part to our ceaseless commitment to transparency. Specifically, we released a public-facing policy that outlines our requirement to use only Responsible certified down.

3D TECHNOLOGY

At Deckers, we are always seeking innovative ways to improve our processes and help us reach our goals at an accelerated pace. In FY18, our brand General Managers set out on a mission to increase their usage of 3D Technology by 15% in FY19. 3D Technology can be introduced at any point of the manufacturing process, saving time, money, and material. The benefit of using this technology is multi-faceted—it increases our production accuracy and subsequently creates less waste. This presents a remarkable opportunity for our manufacturing teams, and we highly anticipate seeing the amount of waste our brands can avoid after increasing the use of 3D Technology in FY19 and beyond.

VEGAN PRODUCT

Deckers is well aware that some consumers seek vegan products. We decided to expand our product offerings to show that not only are we listening to the needs and requests of our consumers, but we understand the environmental benefit of these choices. Deckers is proud to report that in FY19, Teva, Sanuk, and Hoka brands are offering certain styles that are entirely vegan, and we invite our consumers to check out these styles online or email us using the contact information at the end of this report to learn more.

PACKAGING REDUCTION EFFORTS

In order to take a well-rounded approach to examining our entire supply chain, in FY18 we decided to delve into what makes up our packaging materials. Like we did for our materials, a baseline study for packaging materials and fibers used in textiles was carried out and will shape our FY19 targets.



CHEMICALS



CHEMICALS

(RELATES TO SDG 3, 6)

Achieve environmentally sound management of chemicals and reduce the discharge of hazardous chemicals among our key factory/supplier partners by 50% to minimize adverse impact on human health and the environment.

DECKERS BRANDS **7by2027** SUSTAINABLE DEVELOPMENT GOALS

3



GOOD HEALTH & WELL-BEING

Ensure healthy lives and promote well-being for all at all ages

6



CLEAN WATER AND SANITATION

Achieve universal and equitable access to safe, affordable drinking water and adequate sanitation and hygiene for all



CHEMICAL MANAGEMENT

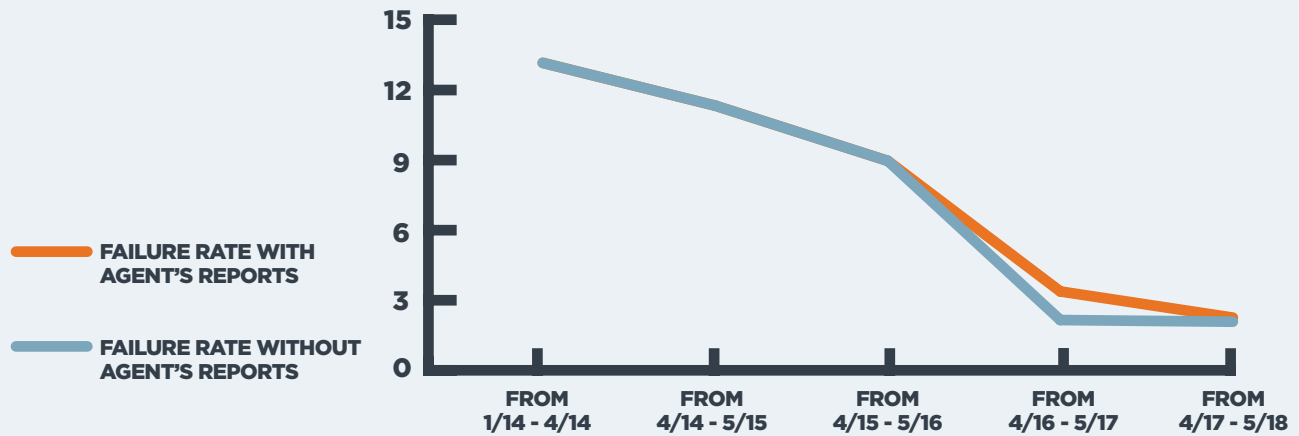
Deckers monitors over 1,500 chemicals in our supply chain. It's no small number, so we must work hard to ensure that every single chemical used in our products is safe for our workers, consumers, and the environment. Our **Restricted Substances List**, which is updated annually, outlines testing limits for all Deckers Brands products and lists all chemical substances that are legally restricted globally. We're glad to report that in FY18, the restricted substances materials test failure rate was only 2.4%, a decline from the 3.5% reported failure rate in FY17. This noticeable reduction can be attributed to our Restricted Substances Team's hands-on effort to train and educate our partners on our policies and best practices, rather than simply monitoring them.

RESTRICTED SUBSTANCES FAILURE RATE YEAR OVER YEAR

	FY15	FY16	FY17	FY17 (Excluding Agents)	FY18	FY18 (Excluding Agents)
# OF TOTAL REPORTS	1132	1268	1429	1380	2510	1838
# OF FAILURE REPORTS	128	114	50	32	60	41
FAILURE RATE %	11.31%	8.99%	3.50%	2.03%	2.40%	2.23%

CHEMICAL MANAGEMENT CONTINUED

RESTRICTED SUBSTANCES FAILURE RATE YEAR OVER YEAR



RESTRICTED SUBSTANCES TRAINING

Our Restricted Substances Team plays an integral role in arming our suppliers and manufacturers with the information they need to create safe, high-quality products. In FY18, our Restricted Substances Team spent approximately 255 hours training our suppliers and manufacturers on how to educate our business partners on various RS matters.

These trainings covered a variety of different topics including, but not limited to: Restricted Substances Policy Review and Highlights, The Consumer Product Safety Improvement Act (CPSIA) Regulations and System Control Tools, RS Compliance tools, Failure Analysis and Corrective Action Plans, Diagnostic Tools, Chemical Management and Safety, Technical Support and Case Studies, and Prevention of Cross Contamination. In FY18, we plan to increase our restricted substances related trainings to 300 hours, an increase of approximately 17.65%.



CHEMICALS/SUBSTANCES ELIMINATED IN FY18

Ethically speaking, it's our ultimate goal to remove all harmful chemicals from our supply chain. Doing so will not only benefit our planet, but the workers in our supply chain that we work so hard to protect. In order to achieve this goal, we must think critically about our processes and constantly seek areas for improvement. In FY18, our brands were able to reduce volatile organic compounds to the following:

- **UGG: 17.0G/PAIR;**
- **TEVA: 20.44G/PAIR;**
- **HOKA ONE ONE: 14.5G/PAIR;**
- **SANUK: 15.2G/PAIR; AND**
- **KOOLABURRA: 17.1G/PAIR.**

This puts us well ahead of our estimated timeline and projected targets. In our FY17 CR Report, we targeted 25g/pair by August 2018 and 20g/pair by August 2020. This progress gets us even closer to our Sustainable Development Goal related to chemicals management.

As an organization, we recognize that we are only as strong as our team. That's why we go above and beyond to regularly examine our supply chain and reduce and hopefully reduce and/or eliminate harmful chemicals.

Following is a list of additional chemicals we worked diligently to either reduce or eliminate.



1) DISPERSE DYES & CARCINOGENIC DYES:

We are pleased to announce that carcinogenic dyes and disperse dyes have been successfully eliminated from all of our approved suppliers. These chemicals are believed to cause cancers and allergies in human beings and animals. Deckers will work tirelessly to ensure that our supply chains use environmentally friendly dyes and additives that are also safe for our workers.

2) TOTAL CADMIUM: Deckers has eliminated cadmium in our supply chain as well. Cadmium is notorious for causing chemical pneumonitis, pulmonary edema, and death. This chemical is a soft, heavy metal and is less dense than most heavy metals. Cadmium is often found in plastic components, paints, pigments, rubber materials, etc. Some studies link occupational exposure to materials containing Cadmium to lung cancer.

3) MERCURY AND NICKEL: Deckers has successfully eliminated Mercury and Nickel in our supply chain.

4) N-NITROSAMINES, SHORT CHAINED CHLORINATED PARAFINNS, PHTHALATE:

Since April 2018, we have consistently received "Not detected" reports related to N-nitrosamines, SCCP and phthalate, signifying that we have successfully eliminated these chemicals in our supply chain.

5) TOLUENE & BENZENE: In FY18, our adhesive and primer suppliers completely eliminated Toluene and Benzene. These toxic chemicals were reported to cause serious environmental and health issues, which is a clear violation of our dedication to keeping our people and planet safe.

6) POLYVINYL CHLORIDE (PVC): Deckers has successfully eliminated PVC from our product(s) entirely. This is a prime example of how creating quality products does not have to negatively impact the environment.

ENERGY



CLIMATE & CLEAN ENERGY

(RELATES TO SDG 7, 12, 13)

Reduce energy consumption and integrate climate change measures into our policies and planning, including the installation of solar panels at all our California non-retail facilities.

DECKERS BRANDS 7by2027 SUSTAINABLE DEVELOPMENT GOALS

7

AFFORDABLE AND CLEAN ENERGY
Ensure universal access to affordable, reliable, sustainable, and modern energy for all

12

RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensure sustainable consumption and production patterns

13

CLIMATE ACTION
Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries



SOLAR PANEL INSTALLATION AT CORPORATE HEADQUARTERS

Across the board, Deckers is committed to establishing and exceeding sustainability goals that are actually measurable. One of our sustainability goals is to integrate climate change measures at every level of our business. To help us drive toward accomplishing this goal, in FY18 we installed solar panels at our Goleta headquarters. To bring more visibility to these efforts we installed multiple informational kiosks in our lobby and Brand Showcase to give our employees and in-store visitors a virtual tour of our state-of-the-art solar electric system, the energy we are producing and the positive effects on the environment.



ELECTRICITY USAGE AT OUR CORPORATE OFFICES

In FY18, our Corporate HQ electric energy usage averaged approximately 1.017 kwh/sqft. This is a slight increase from last year’s average of approximately 0.7423 kwh/sqft which we can likely credit to the multiple natural disasters Santa Barbara suffered from during this reporting period. Our corporate office in Flagstaff Arizona averaged approximately 1.018 kwh/sqft (see energy chart below for reference). We’ll continue to monitor this energy usage each year, and our full transparency allows us to constantly seek areas for improvement. Thanks to our solar panel installation, we anticipate being able to offset our electric electricity usage by 25% in FY19 and beyond.



ELECTRICITY USAGE AT OUR DISTRIBUTION CENTER LOCATIONS

In addition to tracking energy use at our corporate offices, we also examined the usage at our distribution centers. In FY18, our Moreno Valley distribution center averaged approximately 0.188 kwh/sqft while our Camarillo location averaged approximately 0.272 kwh/sqft. In the chart below, we’ve broken down the split between electric and solar energy at our Camarillo and Moreno Valley distribution centers. We are proud that our Moreno Valley distribution center location is LEED SILVER certified for sustainability and environmental stewardship. Even with our LEED certification, we recognize that there is always room for improvement which is why we’re looking to introduce additional solar panels at our Moreno Valley location to further offset our electric energy usage in FY19.

SOLAR V. ELECTRIC FY18

DISTRIBUTION CENTER	FY18 SOLAR KW	FY18 ELECTRIC KW	TOTAL KW
CAMARILLO	-	3,018,047*	3,018,047*
MORENO VALLEY	48,431	3,332,929	3,381,360
% SPLIT	1%	99%	100%

SOLAR V. ELECTRIC FY17

DISTRIBUTION CENTER	FY17 SOLAR KW	FY17 ELECTRIC KW	TOTAL KW
CAMARILLO	-	2,563,332*	2,563,332*
MORENO VALLEY	48,431	2,753,929	2,802,360
% SPLIT	2%	98%	100%

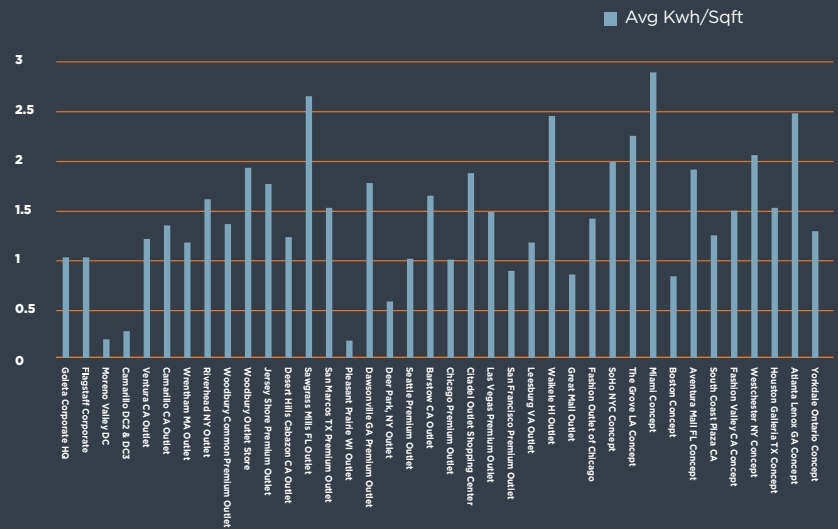
*Note this is only partial as one of our building locations is owned by a landlord so we do not have visibility to electricity invoices.

RETAIL STORES

We are well aware of the footprint involved with maintaining multiple retail locations, and Deckers is constantly monitoring energy usage to find spaces where we can cut back. In FY18, our estimated retail store average energy usage is 1.491 kwh/sqft, a reduction from the 1.593 kwh/sqft reported in FY17. With square footage for all stores totaling 111,317, it's important that we continue to monitor this usage and strive for a lower number, year over year.

* Note, with solar and built-in energy metrics in rent payments, not all North America stores are listed in this chart.

ELECTRIC ENERGY USAGE AT OUR CORPORATE OFFICES, DISTRIBUTION CENTER AND RETAIL STORE OPERATIONS:



FACTORY AND TANNERY ELECTRICITY USAGE

Remaining mindful of energy consumption as a brand is vital in assuring we are constantly serving the environment we live in. As our planet is so affected by climate change, every area where we can track and regulate energy usage and emissions will help us reach our corporate sustainability goals and produce long-term environmental benefits. These efforts in lessening our consumption allow us to be more sustainable, reduce emissions and costs, and ensure we are on par with local regulations.

We're always looking at our manufacturing and delivery processes to keep our carbon emissions in check. In FY18, we looked at 28 core partners (14 footwear suppliers, 6 outsole/midsole factories, and 8 tanneries) to monitor their energy consumption and find areas where we can cut back. In FY17, as mentioned in that year's report, we monitored some footwear factory partners and challenged them to reduce their consumption by 5% in FY18. We are happy to report that 10 of the 14 footwear factories we approached were able to reach this goal.



Thankfully, the tanneries we work with who are part of the Leather Working Group already have high ratings for their overall sustainable approach to production. We may not see any significant reduction in energy usage from these partners, given that LWG rated leather manufacturers save approximately 775 megawatts of energy each year, but we can focus our attention on our outsole/midsole suppliers. In FY19, we hope to report additional progress in these areas.

NEW SHANGHAI BUILDING

In FY18, we proudly announced the relocation and expansion of our regional offices in Shanghai. Deckers new Shanghai office was awarded the LEED GOLD for sustainability and environmental stewardship. The office is energy efficient with a slew of environmentally-conscious details that are highly valued by Deckers employees. The offices offer a collaborative, open work space with plenty of natural light, locally made furniture and magnetic whiteboards to reduce paper usage. This development inspires our other corporate offices and future projects to make more conscious choices with great impact.

INFORMATION TECHNOLOGY SWITCH SUSTAINABILITY CERTIFICATE

Our planet’s resources are all we have, and this isn’t something we overlook. The value we place in preserving our environment extends far beyond the products we make, but through every avenue of our business operations. An example of this core value in action is our entirely green IT database. Located at **Switch** in Las Vegas, NV, our IT infrastructure is running on 100% renewable energy. Under our guidance, Switch retired over 260 Geothermal and Solar Renewable Energy Credits in 2016, making our energy consumption 100% Green at Switch’s data center facilities. These renewable energy credits are in line with Greenpeace’s principles of sustainability and are generated by Nevada solar farms and geothermal power plants.

WASTE



WASTE

(RELATES TO SDG 7, 12, 13)

Sustainably reduce waste generation among key factory partners by 50% through prevention, reduction, recycling and reuse.

DECKERS BRANDS 7by2027 SUSTAINABLE DEVELOPMENT GOALS

7

AFFORDABLE AND CLEAN ENERGY

Ensure universal access to affordable, reliable, sustainable, and modern energy for all

12

RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns

13

CLIMATE ACTION

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries



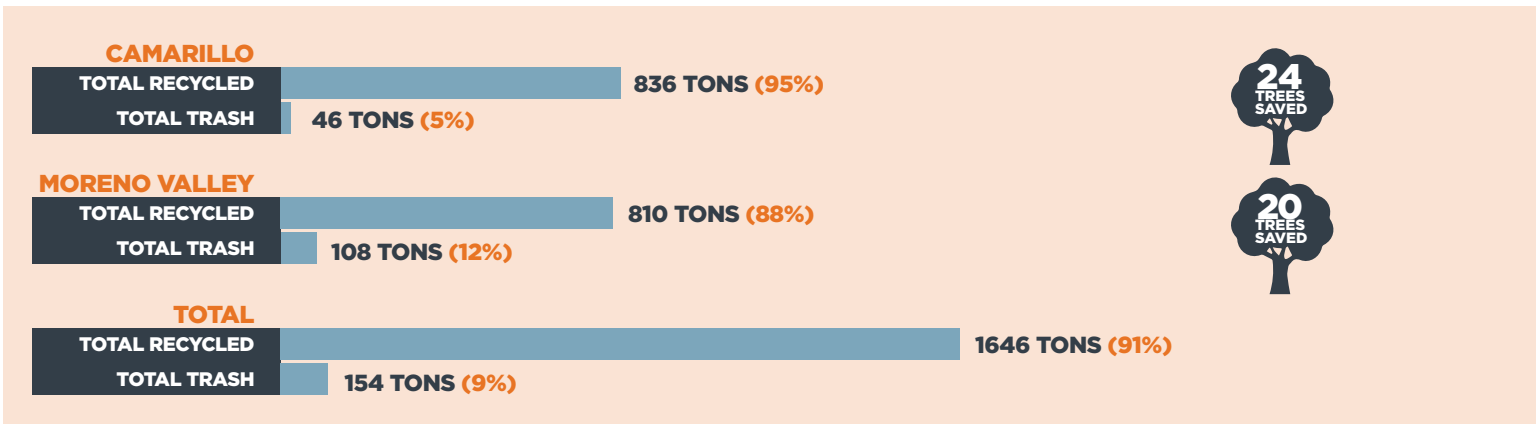
PAPER PRODUCT AT HEADQUARTERS

Progress comes when we start to question every choice we make. In FY18, we transitioned to 100% recycled paper for all of our bathroom paper needs. We also went with a “coreless” toilet paper product that is not only 100% recycled, but is more compact and doesn’t need to be replaced as often. We followed the same formula for our hand towels. Furthermore, we installed new stainless steel automated dispensers in all bathrooms as well as new automatic foam-soap dispensers. It’s the attention to detail that pushes us closer to reaching our corporate sustainability goals, and positions ourselves as a thought leader for the rest of the industry.

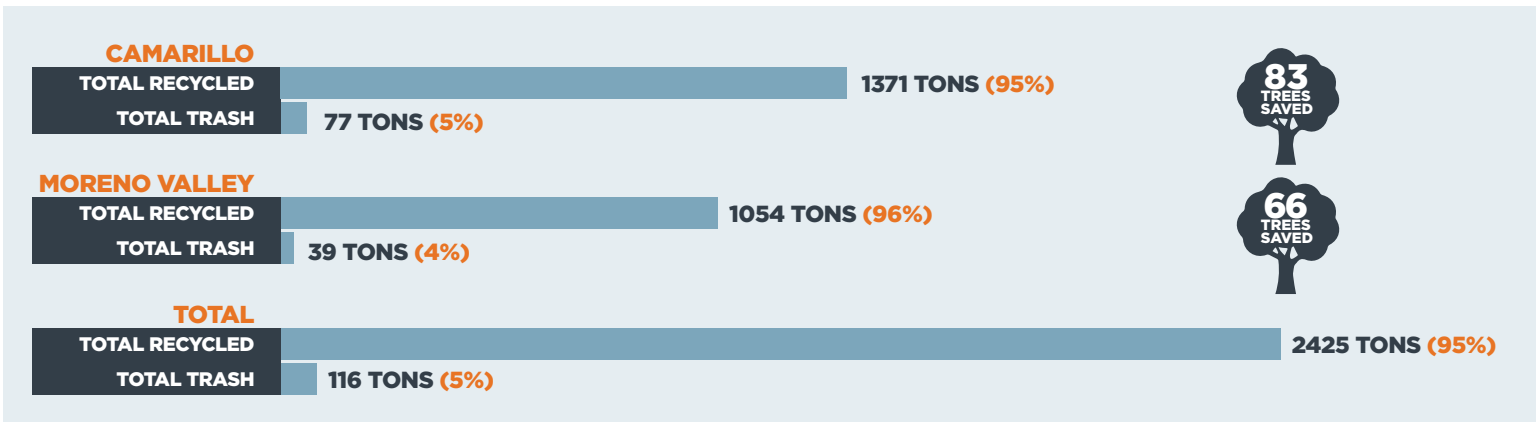
WASTE REDUCTION EFFORTS AT OUR DISTRIBUTION CENTERS

Following the lead of our corporate offices, our Distribution Centers have committed to regularly monitoring their waste reduction efforts. In FY18, our distribution centers recycled an impressive 1,646 tons of materials, which prevented 154 tons of waste from ending up in a landfill. To put it in perspective, we were able to recycle 91% of the materials used at our distribution centers. We estimate that these efforts have saved approximately 44 trees. The chart below goes into further detail about our waste reduction.

FY18 TRASH (ALL) VS. RECYCLE (CARDBOARD)



FY17 TRASH (ALL) VS. RECYCLE (CARDBOARD)



WASTE GENERATION AND DISPOSAL AMONG FACTORY PARTNERS

In FY18, Deckers tracked the waste generation and disposal among the same 28 core partners mentioned above, in an effort to minimize waste from our manufacturing processes and packaging materials. As a result, we were able to estimate that footwear suppliers average 87.1g of waste per pair, outsole/midsole suppliers average 32.1g of waste per pair, and tanneries average 42.1g per square foot of material. Deckers is striving to increase the portion of non-hazardous waste being sent for recycling and we believe this tracking exercise is just the first step toward helping us achieve these goals. Although we are already below other brands in our industry, we hope to set some attainable goals for further waste diversion and reduction in FY19.

WASTE GENERATION CHART

WASTE GENERATION: HAZARDOUS WASTE TOTAL: 4966.1 TONS



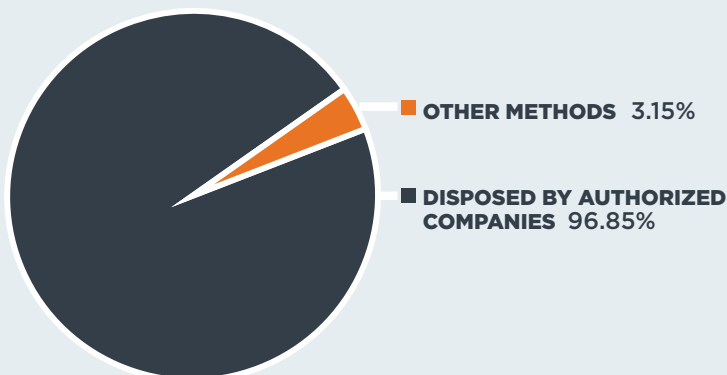
WASTE GENERATION: NON-HAZARDOUS WASTE TOTAL: 20097 TONS



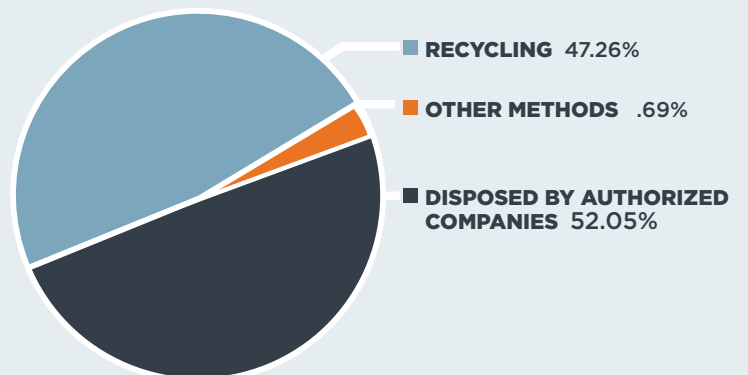
WASTE GENERATION: KPI's



DISPOSAL OF HAZARDOUS WASTE



DISPOSAL OF NON HAZARDOUS WASTE



WATER




WATER
(RELATES TO SDG 6)

Reduce consumption and improve quality. Ensure 90% of our core factory/supplier partners apply industry best practice on water treatment and usage.

DECKERS BRANDS **7by2027** SUSTAINABLE DEVELOPMENT GOALS

6



CLEAN WATER AND SANITATION

Achieve universal and equitable access to safe, affordable drinking water and adequate sanitation and hygiene for all



CORPORATE HEADQUARTERS WATER USAGE

Reducing the amount of water used at our corporate HQ is an ongoing goal of ours, and something we've already made significant progress in. Our corporate headquarters location uses high efficiency dual flush water closets, lavatory faucets, low flow kitchen faucets and shower heads which use approximately 35% less water than traditional fixtures. In being mindful to the climate that surrounds us, we use drought tolerant plants and a high efficiency drip irrigation system. We also save approximately 30% more water on landscape through the use of both native and non-native plants that, once established, need very little watering.

Deckers is always looking for ways to challenge ourselves to do better. The state-of-the-art technologies in place at our corporate headquarters already create significant impact in terms of lessening our water waste, so we are likely unable to report much by way of water reduction year over year. While we always look forward to reporting on positive change, there are certain areas of our business that we have already optimized.

TANNERY WATER USAGE

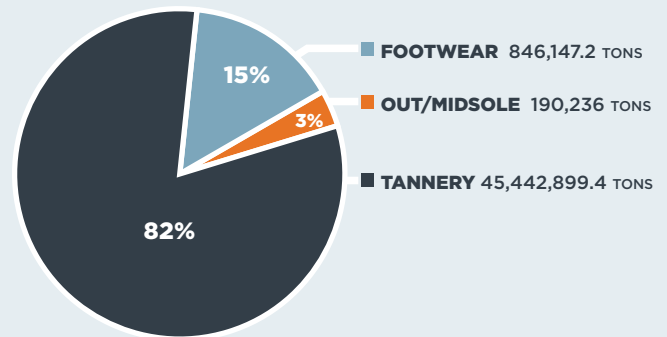
Water is an essential element to all manufacturing efforts, so it's important for us to survey these processes and ensure that we're recycling whenever possible. As mentioned earlier in the report, in FY18 Deckers sourced 99.2% of our leathers from Leather Working Group certified tanneries which maintain protocols that promote sustainable and appropriate environmental business practices within the leather industry. The Leather Working Group's audit criteria assesses the fresh water usage, per unit area, for the specific type of production that is manufactured. It gives rewards for water that is recycled and usage tables and target metrics for the facility to achieve different ratings. In fact, on average Leather Working Group rated leather manufacturers save approximately 12.1 billion liters of water each year. We are proud that 92.2% of the tanneries we use are Leather Working Group gold certified tanneries (highest rating), 4% are silver and 3% are bronze. In FY19 we anticipate that 100% of our leathers will be sourced from Leather Working Group certified tanneries.

FACTORY WATER USAGE

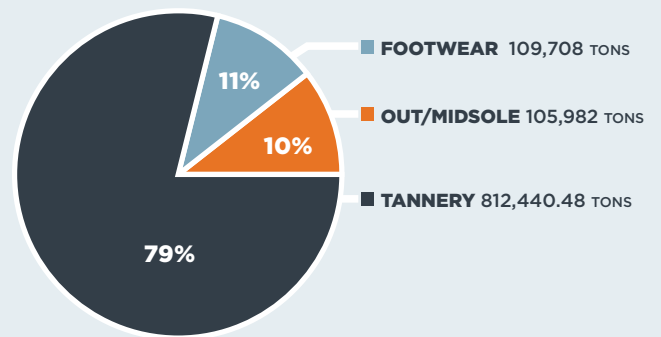
Deckers is highly motivated to minimize its overall water usage, and we've already seen some significant success. We encourage our suppliers to think critically about water consumption, and jump at any opportunity to promote overall water efficiency. In FY18, we collected water usage data from 28 of our core supplier partners (14 footwear factories, 6 outsole/midsole factories and 8 tanneries) in order to establish a baseline. Of the 28 partners we monitored, our footwear suppliers averaged 17.52 tons of water per 1,000 pair which is less than other competitive brands.

Our outsole/midsole suppliers average 2.76 tons per 1,000 pair. Our tanneries average 10.25 tons of water per square foot of material (as already discussed our tanneries are Leather Working Group certified meaning they already have strict standards for sustainability efforts including water conservation). This exercise has allowed us to further define and establish goals for continued reduction at the factory level into FY19 and beyond.

WATER CONSUMPTION

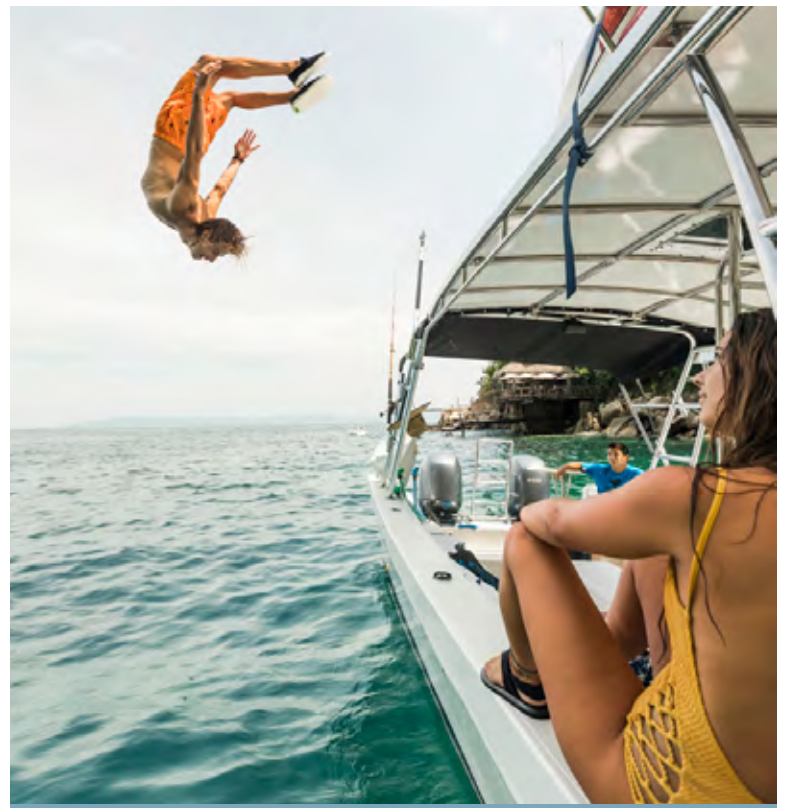


WATER RECYCLED



BRAND FOCUS ON WATER

A huge part of our progress towards sustainability is in mobilizing our passionate teams of individuals to make change. This is shown through our brands' meaningful partnerships with charitable organizations that are in line with their brand ethos. Notably, Teva works closely with the Conservation Alliance. The Conservation Alliance is the only local nonprofit organization protecting wildlife, wilderness, and clean water throughout the Los Padres National Forest and other public lands along California's central coast. In FY19, UGG will contribute to Save The Waves and Protect Our Winters, two organizations who help educate on the impact of climate change and focus on protecting our coastline and planet. Finally, Sanuk and Surfrider joined forces to work together to protect clean water, healthy beaches and defend our coastline. These kinds of collaborations broaden our perspective and bring us closer to the issues valued by our surrounding communities and beyond.



ABOUT THIS REPORT

MATERIALITY AND STAKEHOLDER ENGAGEMENT

The content for this report was developed through a cross-functional developmental effort, with consideration given to best practices for sustainability reporting. As part of the development of this report, all GRI aspects were considered: Biodiversity, Supply Chain Transparency and Performance, Local Communities, Water, Energy, Animal Welfare, Forced Labor, Child Labor, Raw Materials Sourcing, Public Policy, Product and Service Labeling, Product Environmental Compliance, Product and Service Quality, Product Design and Development, Wages and Benefits, Diversity and Equal Opportunity, Brand Positioning, Chemical Management and Corruption.



WRAP UP

Thank you for taking the time to learn about Deckers Brands corporate responsibility efforts. Your insightful feedback further challenges us to do better on behalf of our planet and people. We hope that through these efforts you can see our ongoing commitment to continue developing quality product while striving for minimal environmental impact. Please reach out with any thoughts, questions, and feedback at cr@deckers.com.



REFERENCES

- [GRI Guidelines and Principles Index](#)
- [Animal Welfare Policy](#)
- [Deckers Code of Ethics](#)
- [Conflicts Minerals Policy](#)
- [Ethical Supply Chain Supplier Code of Conduct](#)
- [Paper and Forest Procurement Policy](#)
- [Restricted Substances Packet](#)