

PAPER AND FOREST PROCUREMENT POLICY

I. Introduction

Deckers Brands, including its subsidiaries and brands (UGG®, HOKA®, Teva®, Sanuk® and Koolaburra by UGG®), collectively, “Deckers”, is committed to ethical sourcing and we seek business partners who share in our commitment to human rights and environmental protection. This Paper and Forest Procurement Policy (“Policy”) sets forth our commitment to give preference in paper and forest procurement decisions to those business partners who meet the guidelines of this Policy.

II. Scope

This Policy applies to all Deckers owned locations as well as Deckers business partners who supply paper, pulp, packaging and forest products, including man-made cellulosic like viscose, rayon, modal, and other trademark brands, (collectively “Fibers”), to Deckers, from time to time.

III. Policy

A. Paper and Forest Procurement Requirements

1. Deckers will only source Fiber which is legally harvested, sourced, transported and exported from its country of origin and we prohibit sourcing from tree plantations that were established after 1994 through conversion or simplification of natural forests. All Deckers business partners must comply with all applicable international and national legal requirements for forest management, harvest, manufacturing and trade.
2. Deckers business partners and Deckers should avoid Fiber from high-risk areas that engage in controversial sourcing practices, by working toward ensuring that:
 - i. Fiber source origin is known and traceable;
 - ii. Fiber is harvested in compliance with applicable laws and regulations;
 - iii. Fiber is not harvested in violation of any internationally accepted guidelines and treaties, including Free and Prior Informed Consent, to protect human rights of indigenous peoples;
 - iv. Fiber is not originating from locations identified as containing High Conservation Value Forests as defined below:
 - A. Forest areas containing globally, regionally or nationally significant: concentrations of biodiversity values (e.g. endemism, endangered species, refugia); large-landscape-level forests contained within, or containing the management unit where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance;
 - B. Forest areas that are in or contain rare, threatened or endangered ecosystems;

- C. Forest areas that provide basic services of nature in critical situations (e.g. watershed protection, erosion control);
 - D. Forest areas fundamental to meeting basic needs of local communities (e.g. subsistence, health) and/or critical to local communities' traditional cultural identity (areas of cultural, ecological, economic or religious significance) identified in cooperation with such local communities.
 - v. Fiber does not originate from Ancient and Endangered Forests as identified by [ForestMapper](#).
 - vi. No sources of Mixed Tropical Hardwood (“MTH”) virgin fiber shall be used. However, it is recognized that some MTH fiber may be present in recycled paper which is acceptable under the terms of this Policy.
3. Increase the use of fiber that has been certified by a credible third-party to verify chain-of-custody, with highest preference for the Forest Stewardship Council (“FSC”) certification.
 4. Increase the use of post-consumer recycled content where possible, while maintaining product integrity and performance specifications.
 - i. A minimum of 50% post-consumer recycled content is preferred.
 5. Increase the use of fiber products that are manufactured without the use of chlorine with a preference for “processed chlorine free” or “PCF for recycled products” or “totally chlorine free” or “TCF for virgin products”.
 6. Have complete transparency regarding the sourcing of such Fiber.

B. Responsible Paper Use

Deckers strives to have its businesses and business partners minimize paper use and facilitate end-of-life recycling. As such, we expect our business partners to: (1) Minimize paper consumed in day-to-day operations, and (2) Maximize the recovery of used paper and packaging for recycling.

We will also explore other innovative ways to minimize paper use, such as smart design for lighter and smaller packaging, or implementing reusable packaging systems.

C. Innovation and Next Generation Solutions

Deckers Brands is always looking to incorporate more certified responsible and sustainable materials in our products (including recycled, renewable, regenerated, and natural) and we strive to seek [Next Generation and closed-loop Solutions](#).

D. Compliance with Policy

Preference will be shown to those business partners who demonstrate full compliance with this Policy. Additionally, should we find that any of our products are sourced from ancient and endangered forests, endangered species habitat or illegal logging, we will engage our suppliers to change practices and/or re-evaluate our relationship with them up to and including termination.

IV. **Targets**

Deckers hopes to obtain those targets as outlined in [Attachment A](#) attached hereto.

V. **Policy Review and Collaboration**

This Policy will be reviewed and amended from time to time. We also work with industry leaders to ensure that our Policy is reviewed frequently and amended to keep up with industry changes. This Policy was drafted in collaboration with Canopy and we support solutions that protect the world's remaining Ancient and Endangered Forests (such as the Coastal Temperate Rainforest on Vancouver Island and the Great Bear Rainforest, Canada's Boreal Forest, and Indonesia's rainforest).

VI. **Questions:**

Should you have any questions regarding this Policy, please contact our Sustainability team at cr@deckers.com.

Attachment A

PAPER and FOREST PROCUREMENT POLICY PROPOSED TARGETS FOR REVIEW BY ENVIRONMENTAL STEWARDSHIP WORKING GROUP

FY2016

- Communicate new Paper and Forest Procurement Policy with Suppliers.
- Communicate new Paper and Forest Procurement Policy with Deckers Non-Trade Procurement worldwide.

FY2017

- Eliminate fiber from unwanted sources from Deckers corporate procurement. Begin requesting recycled and FSC- certified paper and paper products processed without chlorine or chlorine compounds, and select these whenever they are available at a reasonable cost and quality.
- Require suppliers to certify compliance with this Policy (to be added to annual online compliance training & certification 2016).
- Design and develop a tracking and verification process that includes: 1) annual supplier source origin surveys, 2) annual random audits, 3) annual random fiber tests, 4) verification of the sources of supplies from high-risk areas.

FY2019

- Implement the tracking and verification system to support the continued reduction of unwanted sources.
- Begin reporting paper use and sources to inform and set new quantifiable targets.
- Incorporate Paper and Forest Procurement Requirements into the design of paper products and product packaging.

FY2020

- At least 75 percent of paper packaging will be derived from recycled material or sources that practice sustainable forest management.

FY2022

- Ensure none of the Fibres used in our products are sourced from Ancient and Endangered Forests (for clarity, this means by the end of 2022).

FY2025

- Strive to increase the volume of MMCF's sourced from dark green shirts on Canopy's Hot Button Report.