

# Comfort Report ●

2022



## Connecting the Dots

A summary of our environmental, social & governance efforts in 2022

**CROCS** inc.  TM

# At a glance

This past year, we celebrated our 20<sup>th</sup> anniversary as a business, brought together two of the fastest growing footwear brands in the world with the acquisition of HEYDUDE, and demonstrated the resilient staying power of our brands. We also refined our ESG strategy, building upon our guiding pillars of sustainability, community, and inclusivity and orienting to where our business can have the most impact, to help explain what Comfort for the Planet, Comfort for Our Communities, and Comfort for All People really looks like for Crocs, Inc.\*

Our multi-faceted, long-term, and intersectional strategy reflects four key ambitions, supported by a foundation of governance:

Our purpose is to create a more comfortable world for all.



## Individuality

Fostering an inclusive workforce

~6,450  
employees globally

65%

of global employees identify as women

54%

of U.S. employees identify as people of color

## Circularity

Innovating for a circular economy

Achieve  
50%  
bio-based content within our Croslite™ compounds by 2030

100%

of our bio-based resin currently used in our products is ISCC PLUS certified

~85%

lower carbon footprint expected for our new polybags compared to our typical Crocs shoe box

>80%  
of our Crocs-branded shoes are sold without a shoe box

## Climate Stability

Mitigating climate change and reducing carbon

Net Zero  
by 2040  
782,774  
metric tons CO<sub>2</sub>e for Crocs, Inc. in 2022

Reduce the carbon footprint of our Crocs Classic Clog by  
50%  
by 2030

2.56  
kgCO<sub>2</sub>e for Classic Clog  
4.94  
kgCO<sub>2</sub>e for HEYDUDE Wendy  
5.82  
kgCO<sub>2</sub>e for HEYDUDE Wally

## Community

Reimagining systems to unlock opportunity

\$16.1M+  
worth of shoes and funds donated

345

retail locations are company-operated globally

~380

suppliers across Tier 1 and Tier 2

200K  
pairs donated to support refugees of the war in Ukraine through Soles4Souls

## Responsibility

Modeling good corporate governance

3  
directors now sit on the newly-launched Board ESG Steering Committee

5%

portion of executive incentive compensation is tied to ESG performance

~99%

of Tier 1 suppliers across both brands were audited for social compliance

~97%

of Tier 1 suppliers responded to our wastewater survey



Newsweek 'America's Most Trustworthy Companies'



Forbes 'America's Best Mid-Size Employers'



Forbes 'America's Best Employers for Women'



Forbes 'Best Employers for New Grads'



Denver Business Journal inaugural DEI Awards



Fast Company 'Most Innovative Companies'



HR Asia 'Most Caring Companies'



HR Asia 'Best Companies To Work For in Asia'



PETA's 2022 'Libby Award'



Increased Refinitiv score to 64 in 2022

\*See footnotes throughout the report for added context.

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We are proud to share our 2022 Comfort Report, our second consecutive annual disclosure on Crocs, Inc.'s environmental, social and governance (ESG) efforts. Unless stated otherwise, the information provided in this report covers the 2022 calendar year – from January 1, 2022 to December 31, 2022. This report also encompasses the full Crocs, Inc. enterprise, inclusive of both the Crocs™ brand and HEYDUDE™ brand. As a result, full-year calculations that require data from before the completion of our acquisition of HEYDUDE in February 2022 have been calculated, excluded, or estimated, depending on data availability.

For more information about our business performance in 2022, please see our 2022 Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission (SEC) on February 16, 2023.

For questions, please contact [sustainability@crocs.com](mailto:sustainability@crocs.com).



# We are Crocs, Inc. ●

## A Letter From Our CEO

Our 2022 Comfort Report captures our hard-earned progress, essential learnings, and bold ambitions. This past year, we celebrated our 20<sup>th</sup> anniversary as a business, integrated two of the fastest-growing footwear brands in the world with the acquisition of HEYDUDE, and demonstrated the resilient staying power of our brands. And, while 2022 wasn't without its challenges – from the Marshall wildfires that devastated our local Colorado community to a tragic war in Ukraine – I am incredibly proud of our ability to remain steadfast supporters of one another.

Our 2022 ESG focus was about organizing for action. We strengthened not only our value-add to our stakeholders, but also solidified our strategic ambitions as a company. We've built upon our guiding pillars of Comfort For The Planet, Comfort For Our Communities, and Comfort For All People, setting four global ambitions, all of which are oriented to where our business can have the most impact:

- 1 Individuality:**  
fostering an inclusive workforce
- 2 Circularity:**  
innovating for a circular economy
- 3 Climate Stability:**  
mitigating climate change and reducing carbon
- 4 Community:**  
reimagining systems to unlock opportunity

In 2022, some of our most notable accomplishments included launching new global resources for employee well-being and welcoming the HEYDUDE brand into our culture of belonging. We took important steps forward in our integration of bio-based materials, dedicated cross-functional teams to complete enterprise-level greenhouse gas (GHG) inventories for 2021 and 2022, and established a Board-level ESG Steering Committee. We also exceeded our budget for giving to local communities around the world simply because it was the right thing to do. While our work is never done, we'll continue moving forward equipped with data, unafraid to experiment in order to deliver on our ambitions. With each year, and each step we take, we hope to prove that we are walking our talk.

Our go-forward ESG strategy is ambitious and calls upon all of our employees, suppliers, and partners to contribute their diverse talents. With revitalized enthusiasm for our purpose to create a more comfortable world for all, Crocs, Inc. is ready to demonstrate that the stronger path is the one we walk together.

Andrew Rees  
Chief Executive Officer, Crocs, Inc.



**Our Vision:** Everyone comfortable in their own shoes.

**Our Purpose:** Create a more comfortable world for all.

### Our Values:

- Delightfully Democratic**  
We celebrate one-of-a-kinds and stand together with all different kinds.
- People-Purposed Design**  
We think people-first at every step. We design for everything you do and everywhere you go.
- Inherent Simplicity**  
We know smart doesn't have to mean complicated. So, we keep things simple, light and totally intuitive.
- Imaginative Innovation**  
We stretch the possibilities of design and creative thinking so you can reach your highest potential.
- Unapologetic Optimism**  
We make a choice every day to have an open mind and look on the bright and colorful side.
- Confidently Comfortable**  
We support comfort on every level, because when you're comfortable, you can do anything.

## Hey there, HEYDUDE

Our acquisition of HEYDUDE was completed in February 2022, marking the official bringing together of two distinct brands of tried-and-trues and one-of-a-kinds.

The HEYDUDE brand provides an ultra-light, casual footwear product that aligns with the Crocs, Inc. vision and shares our philosophy around style and comfort. Like the Crocs brand, HEYDUDE is a fast-growing brand with determination and a track record of value creation. Together, we have strengthened our portfolio, enhanced distribution, invested in opportunities to scale, and created stakeholder value.

You know what they say – if the shoe fits...  
We're proud to welcome HEYDUDE, a perfect fit, into our portfolio.



- 2002**  
Crocs makes its debut as a boating shoe at the Fort Lauderdale International Boat Show.
- 2004**  
We acquire Foam Creations, including its rights to the proprietary closed-cell resin material, Croslite™.
- 2006**  
We go public on the Nasdaq Stock Exchange (NASDAQ: CROX) in the largest footwear IPO at the time.  
Crocs also acquires the Jibbitz™ brand – our official entrance into the personalization game.
- 2007**  
The Crocs at Work™ collection is launched with Crocs Lock slip-resistant technology.
- 2014**  
Blackstone invests \$200 million in Crocs and Andrew Rees is appointed President of Crocs, Inc.
- 2016**  
We unveil the "Come As You Are" campaign.
- 2017**  
Andrew Rees is promoted to CEO.
- 2021**  
The iconic Crocs Classic Clog is named Shoe of the Year.\*
- 2022**  
Crocs, Inc. acquires HEYDUDE!

\*Announced at Footwear News (FN) Achievement Awards.

# A rarity in the business world

We've grown from a niche boating shoe into one of the largest and fastest-growing footwear companies in the world. We strive to be a global leader in innovative casual footwear, continuing to deliver on bold personalization, style, functionality, and comfort. And, while we weren't founded as an impact-driven business, we recognize the need to – and our responsibility to – work toward more transparent, socially conscious, and sustainable business practices.

Taking a moment to appreciate where it all started and reflect on where we are today gives us the focus and clarity to jump feet first into the next decade. 2022 not only marks a 20-year run of the Crocs Classic Clog, but also marks a major inflection point in our company's audacious growth ambitions, which hinge not only on international and digital-first growth, but also on our ability to positively contribute to community, collaboration, self-expression, and inclusivity.

That's what we do best. In doing so, we have a unique role in the apparel and footwear industry to create positive impact for the planet and all people through our brands and business model.

As an enterprise, we will continue to show up authentically, be bold, and think people-first.

**>146M**  
pairs of shoes  
sold worldwide



As an enterprise, we will continue to show up authentically, be bold, and think people-first.

## Our Reach

Our footwear is sold globally across wholesale and direct-to-consumer retail channels to more than 85 countries, as well as through e-commerce channels. Our six core markets for the Crocs brand include the U.S., Western Europe, and four markets in Asia: China, India, Japan, and South Korea. We intend to further expand the HEYDUDE brand outside of the U.S. into Europe beginning in 2023.



- Core Offices
- Distribution Center
- Retail Region
- Supplier Region

~380

third-party suppliers

primarily based in Vietnam and China for the Crocs brand and China for the HEYDUDE brand\*\*\*

3

main distribution centers

company-operated in Ohio, Nevada, and the Netherlands\*

3M+

square feet

of company-operated warehouse space, supported by additional third-party operated facilities\*

## 2022 by the Numbers

\$3.6B

annual revenue

– a 54% increase over last year

~6,450

employees

globally

4

primary offices

in North America, Europe, and Asia

345

retail locations

that are company-operated globally\*\*

#2

fastest-growing brand among U.S. adults<sup>2</sup>

**crocs™**

#1

casual footwear brand for men and women in the U.S.<sup>3</sup>

**HEY DUDE™**

## Our Portfolio

Since we first introduced a single-style clog in six colors in 2002, we have grown to offer a broad portfolio of all-season products for all ages – from our clogs, sandals, and Jibbitz™ charms, to the innovative shoes, sandals, slip-ons, and sneakers offered through the HEYDUDE brand.

\*We also utilized third-party operated distribution centers located in the United States, Japan, China, Australia, Korea, Singapore, India, Brazil, and the United Kingdom.

\*\*All domestic and international locations are leased.

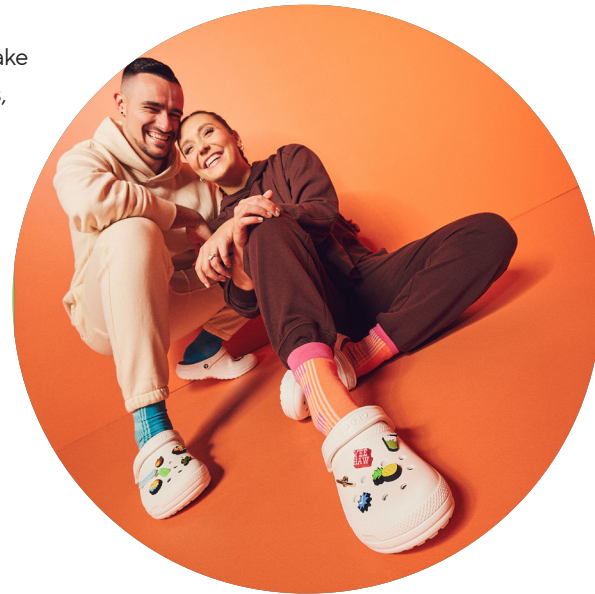
\*\*\*Third-party suppliers accounts for Tier 1 and Tier 2 suppliers that support the Crocs and HEYDUDE brands.



# Listening to our stakeholders

For Crocs, Inc., being a leader in the global footwear industry and striving to make a positive impact means we have to listen and respond to the needs of our fans, partners, suppliers, employees, investors, and all of our stakeholders. As we continue to lay the foundation of our strategy, we'll use their insights to help guide our path and take an inside-out approach to improving our practices.

As we geared up for our *second* consecutive year of reporting\* (and our *first* as a company with two incredible brands), we set out to hear from our stakeholders about what they see as our most relevant impacts on planet, people, and communities. Enter: the priority topics assessment, a commonly-used and important tool for sustainability folks in every industry. This year, our process involved interviewing and surveying a selection of employees, partners, and consumers on what matters most to them and on what topics are most important to our business.



## Our stakeholders said these are the topics that matter most:

This exercise will evolve over time. Innovation is core to our brands' values and we intend to continuously advance our business practices and ESG ambitions to create a more comfortable world for all. There may be trade-offs to consider and areas to remediate as we scale, but ultimately, we are responsible for the outcomes that result from our business.

- Business Ethics and Compliance
- Climate Change Strategy
- Data Security and Privacy
- Diversity, Equity, & Inclusion
- Employee Well-Being
- Environmental Standards in the Supply Chain
- Human Rights and Fair Wages
- Sustainable Packaging
- Product Circularity
- Responsible Materials Sourcing



In light of our priority topics assessment and focused ESG ambitions, we've re-evaluated our greatest areas of alignment with the United Nations Sustainable Development Goals (UN SDG).

<b>5</b> GENDER EQUALITY	<b>8</b> DECENT WORK AND ECONOMIC GROWTH
<b>10</b> REDUCED INEQUALITIES	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION
<b>13</b> CLIMATE ACTION	<b>17</b> PARTNERSHIPS FOR THE GOALS

We're incredibly proud to have spent the last year organizing for action, experimenting, and investing in improvements that will give us the data and insights we need in our impact playbook. While we know it will take time to see the impacts of our efforts for our own business and the industry as a whole, we're ready to apply what we've learned and take a proactive approach to executing our strategy. This report is another step forward as we continuously improve our disclosure of progress on our priorities.

For even more depth into our sustainability reporting, we've included information aligned with both Sustainable Accounting Standards Board (SASB) Standards and Task Force on Climate-Related Financial Disclosures (TCFD) Guidance toward the back of this report.

These disclosures are critical for a lot of reasons:

- They strengthen our enterprise risk management strategy.
- They put our progress in common terms that we can compare with our peers.
- They give our reporting more grit and integrity.
- They set us up for success ahead of potential new regulations related to climate disclosures and increased vigilance around human rights.
- Investors expect them and rely on them.

\*Our 2021 Comfort Report was the first time since 2014 that the company issued a public ESG report.



# Our purpose is to create a more comfortable world for all ●

## The Big Questions

What does **A More Comfortable World for All** really look like?

What do we mean when we talk about:

**Comfort for The Planet**

**Comfort for Our Communities**

**Comfort for All People**

*The world is constantly changing...*

## The Reality

Let's zoom out – way out. Life can only thrive long-term when earth's life-sustaining systems and society are in balance. On one hand, people have basic needs – like access to water, food, shelter, clothing, and more – all of which require the consumption of essential resources. On the other hand, there's a limit to the resources people can consume without overshooting our planet's ecological limitations. It might sound theoretical, but in order for us to answer those big questions, we need to do so with appreciation for our ecological "ceiling" and socioeconomic "floor."

### The point is – what we do matters.

As we grow our business, we want to contribute to the sustainability of systems by taking into consideration the environmental and social sensitivities where we operate. The apparel and footwear industry needs system-wide change and reinvention, and we are starting within our business and working to be part of these larger opportunities.

430M+

people

make the world's clothes, shoes and accessories.<sup>4</sup>

The footwear industry produced...

~22B

pairs of shoes

worldwide<sup>5</sup> in a single year... for ~8 billion people<sup>6</sup> ...

...and yet...

1B+

people

are still without shoes.<sup>7</sup>

## Challenge Accepted

We have taken the time to reflect, ask ourselves some big questions, and assess the claims we stated last year. We're glad we did – we now have even more clarity about where we want to have a voice and where we want to take action. Stemming from our existing pillars (sustainability, inclusivity, and community), we've identified four key ambitions that guide our Crocs, Inc. impact strategy.

*so it's important for us to show up even when it's uncomfortable.*

## Our Ambition

We envision a world where humanity operates in harmony with all of earth's systems and all people not only have their basic socioeconomic needs met, but also find belonging and agency in relating across differences. This is what we believe "a more comfortable world for all" looks like.

To help build this world, we need a multi-faceted, long-term intersectional strategy, which we've established with four key ambitions.

### Individuality

**Crocs, Inc. will foster inclusive workplaces in which individuality is a path to opportunity for our workforce and a source of collective strength.**

### Circularity

**Crocs, Inc. will champion circular models of production and consumption through more innovative product design and collaboration.**

### Climate Stability

**Crocs, Inc. will work to mitigate our contribution to climate change and recalibrate our resource use.**

### Community

**Crocs, Inc. will challenge systemic barriers to unlock opportunities for all communities to be safe, resilient, and thriving.**



## Our Responsibility

As we work to create a more comfortable world... **Crocs, Inc. will model good corporate stewardship, acknowledging that our license to operate includes responsible practices across our business and supply chain.** Each of our tactics today is a steppingstone to maximize our impact and influence over time and help us navigate a path forward without cutting corners. We need to boldly lean in to address the systemic challenges that are necessary to create comfort for all.

# Individuality



is a path to opportunity for our workforce and source of collective strength.

## In this section, we'll talk about:



- Diversity, Equity, and Inclusion (DEI) and Belonging
- Occupational Safety
- Pay and Benefits
- Employee Engagement and Development

Every one-of-a-kind out there deserves to feel an authentic sense of belonging at home and at work. We are serious about creating a diverse, equitable, and inclusive workplace and enacting progressive people practices to reach our ambition around individuality. Every day, we're putting one shoe in front of the other for steady, informed progress – and we'll try to be the first to squash any illusions of quick perfection. We know that empowering internal voices and providing opportunities to celebrate each other's unique expressions creates a culture of belonging, and those are the steps we're prioritizing. In the past year, we introduced our HEYDUDE colleagues to our inclusive practices, launched new global benefits to support employee well-being, reduced our workplace incident rate in North America, and completed a global pay equity audit for the Crocs brand.

Crocs, Inc. will foster inclusive workplaces in which individuality...



# Finding our stride ●

## Our Culture in Action

In 2016, "Come As You Are" (CAYA) was first introduced by the Crocs brand as a proclamation to the world, inviting everyone to be comfortable in their own shoes. Today, that invitation continues to encapsulate our culture of individuality, freedom of expression and acceptance at the enterprise-level, and it will continue to take on new meaning as our business evolves. While it's our job to make sure our policies and practices protect people's basic needs and encourage inclusive behavior, our employees are really at the front lines of making each other feel seen, included, and, most importantly, safe wherever they work – across our corporate offices, retail locations, and distribution centers.



As a celebration of National Pronouns Day 2022 in the United States, the CAYA Council debuted Crocs' first pronouns Jibbitz™ charms, signaling public support for gender expression and self-identification.

## CAYA Councils

Established in 2021, CAYA Councils were formed to create a space for employees to discuss how our people can support one another from an inclusivity perspective and ensure that the unique interests of *all* employees can be heard. These global Councils facilitate employee events and help capture employee feedback. As we seek to evolve our policies and procedures in the future, these Councils are just one way our global employees can help make our recruitment and acquisition strategies more inclusive, review professional development plans, and even develop retention strategies around the world.

## Employee Handbooks

Our employee handbooks, which are applicable to each of our employees' workforce types by region, explain the types of conduct we expect our employees to abide by around the world. They all outline our strong stance against discrimination and harassment, include definitions and examples of key values-aligned behaviors, and help guide our corporate, retail, and distribution employees on employment rights and benefits.

## Inclusion Training

All employees have access to training on topics that encourage and support an inclusive workplace such as unconscious bias, anti-discrimination, and anti-harassment. New employees are encouraged to access the available training within 60 days of hire.

*If CAYA is our "sole", then safe practices are the treads that keep us firmly on track.*

Crocs, Inc. continued our corporate sponsorship of Open to All® in 2022, showing our commitment to being welcoming and inclusive.

## Sport Mode for Safety

We work to ensure that people are physically out of harm's way in all of our facilities and along our value chain. A steadfast safety mindset is everyone's responsibility, and this starts with understanding our procedures and risks. That's why we continuously train our distribution center employees one-on-one and in group meetings to keep safety at the

forefront. Since we grew our on-the-ground occupational safety teams in our North America distribution centers in 2021, we've seen the positive impacts that this type of proactive engagement can have on our overall incident rates. We're now in the process of sharing learnings between our Ohio, Nevada, and Netherlands locations.

We keep a running log of incidents and conduct weekly safety walks in our three distribution centers to observe and report any potential risks, which are elevated to our leadership team. Given the nature of the job, we're focused on ramping up our attention on our distribution center and warehouse employees.

**28**  
**emergency response employees**  
in the Netherlands support emergency response training, including an evacuation exercise last year in cooperation with local fire departments.

**2.00**  
**Total Recordable Incident Rate (TRIR) in North America\***  
which is an improvement year-over-year, though still behind that of 2020. We have an aggressive goal of zero for injury incident rates, for both contracted and owned locations.

Thankfully, we did not have any fatalities or any serious, life-altering injuries in the past year in our distribution centers.

\*This metric represents a combined TRIR for both our Ohio distribution center (of 2.09) and Nevada distribution center (of 1.83). A verified incident rate covering operations in the Netherlands was not yet available for 2022 at the time of issuing this report, and is not included in this figure.



# Benefits aren't 'one size fits all' ●

We know that people are their best selves when they feel protected and empowered, and we want to do our best to give our people the benefits that can support them fully and authentically. We're proud of the benefits we have in place to elevate employee well-being, and will continue to actively look and listen for ways we can raise the bar. To ensure that employees are consistently heard on the larger topic of well-being, regional committees around the world serve as representatives to create and maintain our strategy for keeping emotional, financial, and physical health at the forefront of the employee experience. The biggest win in the past year was making sure our HEYDUDE employees were onboarded, educated, and enrolled in the benefits that best serve them.

## Wages

Financial well-being is vital for a person's quality of life. That's why we believe in fair compensation for all employees. Over the past few years, we've solidified a consistent **global grading model for pay**, which means the relative value of a particular job and corresponding pay range is established systemically worldwide.

We take a transparent approach in our job postings by disclosing pay ranges for every role in the U.S.

We've committed to conducting regular pay equity audits to look for any differences in compensation based on gender (globally) and race and ethnicity (in the U.S.). Our audit conducted by an external third party in August 2022 gives us confidence that the steps the Crocs brand has taken to ensure we pay our employees equitably are working and that our global grading policy is providing valuable guidelines for consistent and equal pay on a global level. We intend to continue to check ourselves with audits every two years, and in light of our recent acquisition, we plan to conduct an initial pay equity audit of the HEYDUDE brand in the coming year. We also recognize the critical difference between minimum wage and living wage, and want each employee to earn an income that provides a decent standard of living in their respective geographies. So, we plan to conduct a living wage assessment in 2023, starting with a review of U.S. employees, to see how we stack up.

~\$16.70

average hourly wage  
for all hourly U.S. employees



### Did you know...?

- Through SmartPath, we offer free, unbiased financial education to help our U.S. employees navigate important decisions like buying a home and saving for retirement.
- U.S. employees are eligible for travel and lodging reimbursement related to safe and affordable reproductive care that is not available within 50 miles of home.
- Lunch-and-learns on topics, including social and trade compliance, packaging, total rewards, and more, were held in Shenzhen, Vietnam, Singapore, and Shanghai.

## Mental and Emotional Health

Being physically safe and fairly compensated doesn't guarantee emotional well-being, so we've taken steps to enable more holistic support for the well-being of our employees. In response to the findings of the 2021 Mental Health in the Workplace survey, this past year we launched a global platform for well-being called Virgin Pulse, which expanded our wellness benefits and created a rewards program to help employees build healthy habits. This tool offers benefits ranging from movement challenges, to personalized coaching, to mindfulness training. While the survey only covered the U.S. population, we know all employees can and should benefit from the launch of mental health and well-being programming.

### Did you know...?

- While many benefits are region specific, including an Employee Assistance Program (EAP) for free professional counseling in our Americas region, Virgin Pulse is our way of bringing the benefits of well-being to our global teams. Employees in Korea marked the launch of Virgin Pulse with a team park walk, and our Singapore office offered health screenings for employees in partnership with our vendor.
- Each of our regional offices has distinct amenities to help employees feel more comfortable at work – from spaces for collaboration and well-being rooms in our current headquarters in Colorado and Massachusetts, to community spaces and a pool table in our Singapore office, to shared co-working spaces in Vietnam.

## Flexible Time

We recognize the importance of paid time off (PTO) as a period for rest, relaxation, personal pursuits, temporary illness, family events, you name it – we also know that minimum standards for PTO differ around the world. Because most countries outside of the U.S. have mandated time-off requirements, we only include explicit PTO guidance for our U.S., Canada, and Puerto Rico employees. Our U.S.-based corporate employees have flexible time off. Comparably, time-off policies for our full-time distribution center and retail employees are based on an accrual system for each pay period. All eligibility requirements and PTO standards can be found in employees' respective handbooks.

### Did you know...?

- The amount of time each employee is expected to spend working in the office versus remotely is dependent on their role and day-to-day responsibilities.\*
- We will grant PTO\*\* beyond our standard allotment (or as required by state law) to encourage our U.S. employees to take time to exercise their right to vote in state and federal elections.

555

employees

were promoted globally in 2022

\*Employees are designated as "Collaborator," "Connector," "Explorer," and "Resident" for remote work. In our retail locations and distribution centers, however, employees are either "Collaborators" or "Residents". \*\*Our HR Business Partners may get involved if employees require additional time above the allocated two consecutive hours of PTO outlined in the policy.

## Developing Talent

There is no limit to what our people can achieve, so we look to ensure there are always new opportunities for networking, upskilling, and career advancement. Employees can use online programs, such as LinkedIn Learning and Udemy, that support individual development plans and learning on-the-go. Through our employee-driven quarterly 'Pace Checks', global employees are receiving feedback and discussing career goals with their managers.

### Did you know...?

- In 2022, we completed a co-developed 'Fit-For-Future' program, which brought together more than 170 global Directors and above to form cross-functional and cross-geographic cohorts to complete specific learning paths.
- For selected 'people' managers, particularly those that are new or manage larger cohorts, we employ Ezra – a global, personalized, one-to-one digital coaching platform. Trainings were also offered for people managers in Korea.
- We have a formal bi-annual cycle for promotions and adjustments, and pay specific attention to all Director and above roles to promote people in as equitable a manner as possible and mitigate bias in the process.

# Tallying it all up

Measuring the value and impact of our policies and practices is incredibly important. At the end of the day, the real proof of whether we're walking our talk is in our ability to recruit, retain, engage, and satisfy a diverse workforce. Our representation of women at all levels in our workforce is a point of pride. We also respect intersectional diversity and know that continuously improving our systems to support various identities is key to ensuring "come as you are" applies to everyone.



## Time for a (Diversity) Breakdown

65%  
of global employees identify as women  
...with more than 50% representation across all employee types, including retail, distribution center, and corporate

54%  
of U.S. employees identify as people of color\*  
...69% of U.S. corporate employees identify as White



### Did you know...?

- Employees can self-identify how they're represented in our statistics and can choose whether to provide demographic information with their job applications.
- We use AI platforms, like Textio and Joonko, to scan our job descriptions to ensure inclusive language that is welcoming and compelling to all, and we have additional plans to further diversify our candidate reach.
- Corporate applicants can submit preferred pronouns and record pronunciation of their names when applying for roles, too.

52%  
of global people managers identify as women

30%  
of people managers in the U.S. identify as people of color\*



38%  
of directors identify as women

13%  
of directors identify as Black



\*Individuals that chose not to disclose their race explicitly are excluded from this percentage.

## Engagement Surveys

Beyond the raw numbers, we like to keep a pulse on employee engagement and learn how we can continue stepping up to make sure people *feel* like they belong. Every six months, we issue an anonymous engagement survey to collect feedback and perspectives from across the company, which helps us understand overall satisfaction levels, as well as potential challenges to overcome. In 2022, we completed a survey in February for Crocs brand employees, a separate survey in April for HEYDUDE brand employees, and our first full, enterprise-wide survey in August.

### We received the highest scores for:

- "Crocs, Inc. makes it easy for people from diverse backgrounds to be accepted."
- "I feel comfortable being myself at work."
- "Everyone at Crocs, Inc. is encouraged by management both at the corporate and regional level to conduct business lawfully and ethically."

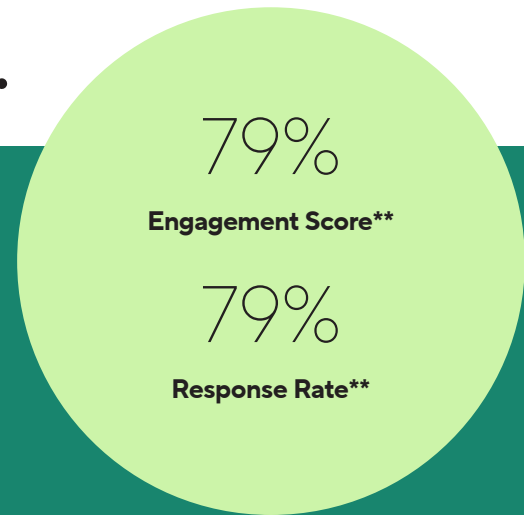
This emphasizes the importance of strong systems of governance and doing business with integrity.

We remained above peer benchmarks across all areas surveyed. Our leading areas of opportunity serve as helpful reminders for how we can amplify communications channels, improve employee recognition and performance reviews, and enhance cross-functional decision-making.

### Our leading areas for opportunity were:

- "Overall, I am satisfied with how decisions are made at Crocs, Inc."
- "Crocs, Inc. does a good job of communicating with employees."
- "I feel satisfied with the recognition or praise I receive for my work."

After gauging how our people feel at the brand-level with our first two surveys of the year, we were delighted to learn that, despite a larger survey base, our high scores on diversity, inclusion, and ethics haven't wavered. Our overall score was down one point from the year prior, and given our employee base has grown a *ton*, we proudly remain well above a peer benchmark of 72%.



HEYDUDE's April survey, which showed an engagement rate of 83%, not only had similar findings regarding feelings of acceptance at work and a commitment to ethics, but also demonstrated our employees' excitement for future prospects and growth opportunities with the bringing together of our brands.

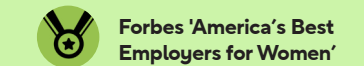
\*\*These figures are from our enterprise-wide survey in August 2022.

## A Bit of Humble Recognition

In 2022, we were the recipient of six awards reflecting our efforts around diversity, inclusion, and employee engagement globally. Do we have room for improvement? Of course! Still, this recognition is helpful validation that we're on the right track.



This list ranks companies with at least 1,000 employees based on employees' likelihood to recommend the company.



We ranked third out of 400 companies. Companies are ranked on the diversity of their Boards, external nominations, and survey results that assess criteria such as working conditions, discrimination, parental leave, and pay equity.



This list asks workforce entrants to rate employers that have at least 1,000 employees based on safety, compensation, opportunities for advancement, and diversity efforts.



Being a winner is recognition of our commitment to diverse hiring practices and the impact we've had on diversity within the local community.



Our Singapore location was recognized on two lists for the culture fostered by our team.

# Circularity

In this section, we'll talk about:

- Raw Materials
- Packaging Innovation
- Chemical Management
- End-of-life Solutions



Let's get back to the basics – we make shoes. Doing so, however, comes with a responsibility to consider how our products and production methods affect society and the environment. It's time for the conventional "take-make-waste" approach to go out of style within the footwear industry. It is unsustainable from a social, economic, and environmental perspective, not to mention that the footwear industry produced ~22 billion pairs of shoes worldwide<sup>5</sup> in 2021 alone...for ~8 billion people<sup>6</sup>. But, we're not here to dwell on the problem – we're here to be part of the solution, and we are working to identify pathways to circularity.

The circular economy seeks to keep materials and products in use, at their highest value, for as long as possible. We can find a way to keep materials in play, as well as preserve the energy and labor that went into their production, with more innovative sourcing, design choices, and end-of-life management. This past year, we made major strides in material data collection, joined industry coalitions, and executed shoe donations through our community partners.

product design and collaboration.

Crocs, Inc. will champion circular models of production and consumption through more innovative...



# A walk in our shoes

No surprise, you won't just stumble upon a Crocs clog or HEYDUDE shoe growing in the forest. They're assembled from various raw materials, many of which come from diverse sources and need greater traceability to truly understand their full impact. The picture will get clearer with time, but in the short term, we're focused on choosing better material inputs and keeping shoes out of landfill. In the future, contributing to circular solutions will require us to be inventive and flexible, from product design all the way to end-of-life – and that's a challenge we won't shy away from.



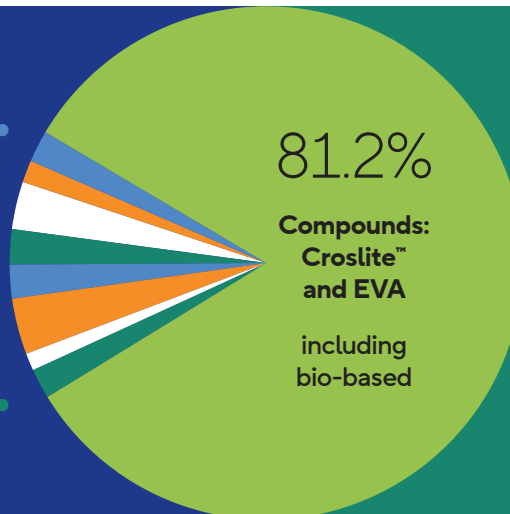
A circular economy is about eliminating the concept of waste.

61,564  
metric tons  
of raw materials purchased

## Time for a (Materials) Breakdown

Let's take a look at the primary\* materials we source to create our full portfolio of products\*\*.

- 2.0% Nylon
- 1.4% PVC
- 2.9% Polyester
- 2.2% Cotton
- 2.1% Leather
- 3.5% Rubber
- 1.0% Textile
- 1.9% TPU



In 2021, we shared that Crocs became a 100% vegan brand and we are proud to maintain this status for 2022. While our HEYDUDE products do include animal-derived materials, such as leather, they represent less than 3% of Crocs, Inc.'s total materials. We are working with our suppliers to try to reuse content and scraps more in the future.



**PETA's 2022 Libby Award won by the Crocs brand**

This award recognizes brands' enthusiasm for animal rights.

\*Each of the listed materials accounts for at least 1% of the total weight of raw materials we purchased during 2022. A full list of materials is available in the appendix. \*\*Overall, our Crocs-branded shoes have a more straightforward material makeup, while HEYDUDE's shoes represent a more diverse mix of materials.



Bio-based, at the most basic level, means material is intentionally made from substances derived from living (or recently-living) organisms, like plants. The intention here is to shift from a reliance on fossil fuel-derived inputs to instead using renewable, recycled materials to help make our shoes.

### 2022 Update

~2.2% of Croslite™ compound is bio-based\*\*\*

### Goal

Achieve 50% bio-based content within our Croslite™ compounds by 2030.

2022 was spent building the foundation for us to scale significantly in the future. We aim to reach 20% bio-based Croslite™ material across our portfolio by the end of 2023, so while our progress slowly advanced in the past year, we are accelerating and are excited by how quickly we believe we can scale this transition.

## A Step In The Right Direction

The majority of our footwear is made of Croslite™ compound, our proprietary closed-cell resin that is created by combining elastomer resins, like EVA, with other inputs such as color dyes. Since there's additional EVA that's currently sourced separately for HEYDUDE, we know that the sustainability improvements we make in this area can be beneficial for the company as a whole. That's why we've continued to invest in the transition to and integration of bio-based Croslite™ material. But, not just any bio-based material will do.

Our initial bio-based Croslite™ material was developed in partnership with Dow using their ECOLIBRIUM™ technology, and the Crocs brand is leading the footwear industry in the use of this innovation. We proudly source from an ISCC (International Sustainability and Carbon Certification) PLUS-certified supply chain, which not only indicates the material we use is certified as bio-circular (meaning it comes from waste or a byproduct of existing industries and

therefore will not compete with land use and food production), but also means we have greater traceability to its source. This results in a more consistent and resilient supply that meets a minimum standard of social and environmental quality. As we continue our relationship with Dow, and introduce new sourcing partners, we have opportunities to scale the use of bio-circular material.

Our Classic Clog is almost entirely made of our Croslite™ compound.



So, how can we use a different source for our material, but end up with a product that looks and performs the same?

### Introducing: mass balance.

At a high-level, mass balance is a method of measuring the input and distribution of material flows – and it's the way we assess how much bio-based material is used in our products. Instead of incorporating a specific amount of bio-based resin into each shoe, we're gradually adding it into the production process at large to replace what would otherwise be fossil fuel-based resin. Since our goal is to change the material make-up of our portfolio, and not just that of a single pair or style – we know this approach is helping us move the needle.

\*\*\*As a result of our mass balance approach, the amount of bio-based content fluctuates. This figure reflects the monthly average of bio-based content in December 2022.

100%  
of the bio-based resin  
currently used in our products is ISCC PLUS Certified

We're pursuing certification throughout our supply chain to improve traceability to source, and are well on our way with more than 70% of our Tier 1 suppliers in Asia having achieved ISCC Certification.

Our Croslite™ compound is made with  
~6.5%  
recycled materials from our own post-industrial production

# Designing the ins & outs

In addition to the raw materials that make up the shoe, when it comes to circularity, we also have to think about the inputs used for binding materials together and manufacturing processes, as well as the packaging materials that protect our shoes as they make their way to the feet of people all around the world.

## Managing Chemicals & Substances

Since 2010, we've maintained and regularly updated a Restricted Substances List (RSL) to track and manage any potentially harmful chemicals involved in industrial manufacturing. The RSL scores substances that exist within the supply chain and helps us determine if any chemical contents need to be regulated, limited, or even eliminated altogether. We house a publicly-available Restricted Substances Policy to further disclose the chemicals that could exist within our supply chain, but that are restricted in the production of our footwear, socks, and Jibbitz™ charms – moreover, this policy outlines how our standards are among the most restrictive in any given market in which we operate.

While we focus on designing products that are less reliant on harmful chemical substances, we also know that a significant lever in managing these risks comes from partnering with our upstream suppliers. Together, we are working to ensure chemicals we do need are neither harmful to people working in factories and people living in the surrounding communities, nor to people that buy shoes or to environmental systems, like waterways. Our ultimate goal is to drastically reduce or eliminate all chemicals and substances from our restricted list in our final products.

Our supply chain and chemical safety team works to track ever-evolving regulations, audit suppliers for compliance with our policy, support suppliers through training and education, and make the difficult decisions required to remedy any risks – all to make those along our value chain as safe as possible. As part of the HEYDUDE acquisition, we have taken quick steps throughout 2022 to get our HEYDUDE suppliers aligned with our chemicals management strategy.

Our RSL program is informed by our continued membership in the Apparel and Footwear International RSL Management (AFIRM) Group and its commitment to enable continuous advancement of chemical management best practices.



While our packaging is technically recyclable, the true recyclability of the materials depends on local infrastructure around the world.

\*These weights were estimated using data collected for our enterprise-level GHG inventory and are based on primary, secondary, and extrapolated data.

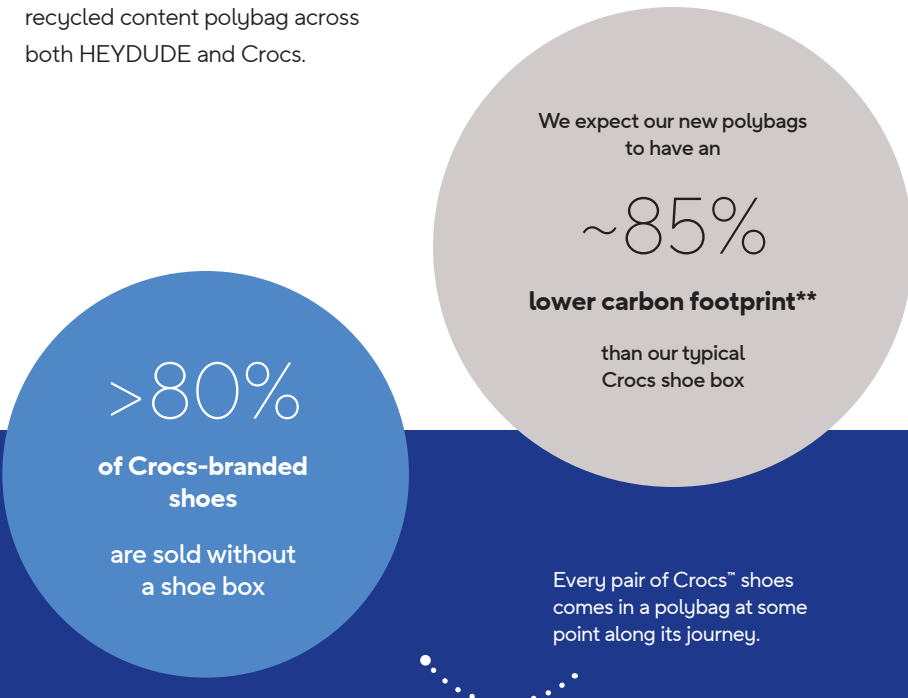
## Packaging It All Up

Within our supply chain, packaging is used for transporting finished goods from factories to distribution centers, from distribution centers to our wholesale and e-commerce partners, and from our warehouses and retail locations directly to our consumers. We look for ways across the supply chain to reduce the impacts of packaging, focusing predominantly on consumer-facing shoe boxes and polybags.

### Bags & Boxes

In the past year, we conducted a preliminary assessment of packaging used by the Crocs brand globally to understand our hotspots and determine the most meaningful next steps we can take to improve the sustainability of our packaging. Because our shoes are durable and generally lightweight (and yes, incredibly stylish), they don't often require the same level of protection during shipping that other shoe brands might. One of the biggest changes we've made to reduce the impact of our packaging is to limit using shoe boxes where possible.

In our most recent assessment, polybags were identified as a leading opportunity. Our goal is to reduce our reliance on virgin materials by integrating both post-industrial and post-consumer recycled content into our polybags, as well as into packaging materials more broadly. While we started to increase the amount of recycled content in our retail packaging in the U.S. at the end of last year, starting in 2023, we intend to transition to a 100% post-industrial recycled content polybag across both HEYDUDE and Crocs.



\*\*This 100% post-industrial recycled content LDPE polybag has an ~85% lower carbon footprint than our typical Crocs shoe box. This comparison metric was calculated using the Higg Product Module 1.0 at Higg.org. This calculation was conducted internally and represents a cradle-to-grave impact.

## From Recycling to Circularity

We're making progress, but as we think ahead for how to make a holistic transition to circularity, we need a unified, enterprise-level approach. We're in the process of developing circular guidelines for packaging and hope to pilot more sustainable packaging alternatives in North American retail locations in the coming years. We also plan to undertake a more comprehensive global packaging study of both brands to ensure we have the systems in place to measure our progress.

While sourcing recycled content and recyclable materials is a major step forward, we know that infrastructure around the world is not yet advanced enough to make recycling a viable circular solution. So, we want to help people make the best decision about what to do with packaging once it's no longer needed. This past year, we joined How2Recycle® and started evaluating their labeling program as a tool to better label packaging materials and provide proper disposal guidance.

We hope to have consumer-facing packaging labeled with recycling instructions by 2025.

Consumers in North America can expect to see How2Recycle® labeling on select packaging in 2023.

# Connecting the dots & closing the loop ●

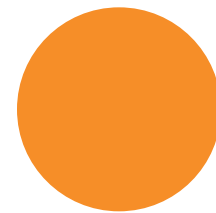
Another piece to consider in the circular equation is what happens to the product once it has been worn, loved, outgrown, or is no longer needed. We're exploring all readily-available options to keep shoes on feet, including through re-commerce and community donations, while simultaneously exploring more progressive long-term solutions to keep shoes out of landfills.



## Staying Alive

We love the idea of giving our shoes a second life. Within a circular economy, reusing or redistributing products helps to minimize environmental impact associated with new production. We continued our resale partnership with thredUP in 2022, providing consumers an opportunity to clean out their closets and send their gently-used items, including our shoes, to thredUP.

*"What we call imaginative agility is probably our biggest competitive advantage."*  
 -Heidi Cooley, Crocs Chief Marketing Officer



Fast Company 'Most Innovative Companies'

We ranked third on the list!

## Future Proofing

As we focus more on transitioning to a circular model, it's our job to consider the end-of-use and end-of-life for products, even those we donate and help re-sell.

We need to ensure every pair of shoes has a calibrated, intentional path that avoids excessive wastefulness. To that end, we're brainstorming opportunities for take-back programs, refurbishment and repair, and recycling shoes into new material. We have more to learn around the readiness of the market, required investments in infrastructure, and, of course, the scalability of these systems, to inform our next steps.

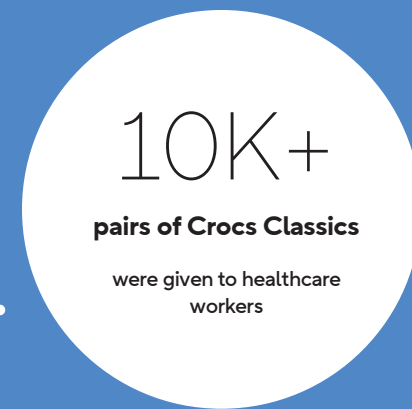
\*Certain products such as pre-production samples and production units containing small cosmetic defects may not be sellable to consumers.

## Giving New Meaning

We see the importance of providing shoes, in-kind, to communities when they need them. When we have extra shoes in our warehouses, or if otherwise functional shoes cannot be sold to consumers\*, donations are also one lever we can use to make sure those shoes get on feet and stay out of the landfill. When a shoe is manufactured, it exists in the world from that point forward, so we need to ensure we're finding solutions that extend the product's useful life. We've been able to leverage our community partnerships to distribute shoes, and we'll continue to be diligent about getting shoes into communities that need them most.

In the final days of 2021, in the backyard of our Colorado HQ, our community was devastated by wildfires. We activated in early 2022, partnering with the Boulder Valley School District through their foundation, Impact on Education. Every student, educator, and staff member in the district, over 30,000 people, received a pair of shoes as a way to bring more comfort to our local community.

In 2022, Crocs, Inc. continued our partnership with Soles4Souls, donating HEYDUDE shoes from our Las Vegas distribution center and engaging consumers to donate a pair of shoes for every e-commerce purchase of Classic Tie-Dye clogs. In total, we donated 200,000 pairs to support refugees of the war in Ukraine.



In May, this is part of how we celebrated National Nurses Week.



### Other recipients of shoe donations across the globe included:

- A Precious Child
- American Red Cross for Hurricane Ian Support
- The Boris Lawrence Henson Foundation
- Conscious Alliance
- GLAAD
- Mile High United Way
- Mully Children's Family: Kenya
- Outdoor Lab Foundation
- Porter Place Donation
- Promise Vancouver
- Ticket to Dream

Cross, Inc. will work to mitigate our contribution to climate change and recalibrate our resource use.

# Climate Stability

In this section, we'll talk about:

- Net Zero
- Climate Strategy
- Responsible Operations
- Carbon Footprint by Style



There's no denying that climate change is one of the greatest threats to the comfort of our planet and our species – and those threats are already wreaking havoc on ecosystems and communities. The footwear and apparel industry needs to make a meaningful contribution to the mitigation of climate change if our industrialized society is to collectively hold temperature rise under the necessary 1.5 degree threshold by 2050. As one of the fastest-growing shoe companies in the world, and especially as one whose shoes are primarily made of materials derived from fossil fuels, we have important work to do. Some critical steps were taken in 2022, including completing a comprehensive greenhouse gas (GHG) inventory as the foundation for our reduction planning process.

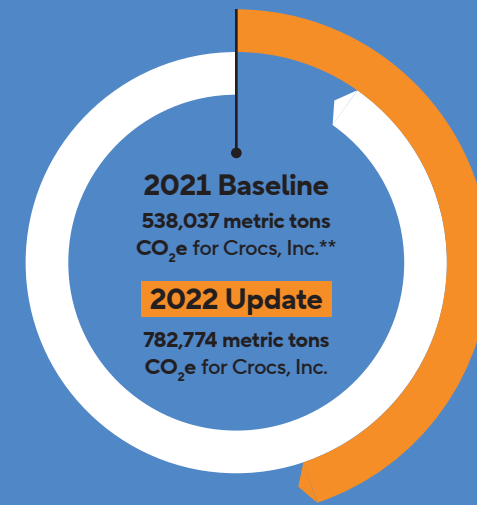
Effectively reducing our emissions means looking holistically at our value chain, gaining clarity around where our business is most emissions-intensive, and then finding ways to activate, innovate, and reduce. Managing and rethinking our resource use – from the resources that power our buildings to the resources that are converted into the shoes we sell – is where our activation starts.





# Journey to Net Zero (by 2040)

We've learned a lot in the past year. In 2021, we made a public commitment to be Net Zero by 2030. We stated this goal knowing it was ambitious, necessary, and frankly, neither vast nor fast enough – a common reality for most brands (and not even just those in the footwear and apparel industry). The picture is now much clearer and we are working toward a new enterprise goal.



## Goal

### Net Zero by 2040

Given our exceptional growth in 2022, we know that it is critical to decouple our business performance and environmental performance (aka our GHG emissions) in order to drive strong results in both areas.

\*\*2021 total emissions include extrapolated data for HEYDUDE on the basis of pro forma revenue.

## 2022 Emissions By Scope\*\*\*

### Why commit to Net Zero?

We chose to go in the direction of Net Zero because our focus is on reducing emissions everywhere possible throughout our value chain, before neutralizing the remaining emissions. Also, many governmental and other regulatory bodies worldwide are enacting regulations to mitigate the impacts of climate change, and we want to stay both in compliance and ahead of the curve.

For more details, flip to our key metric sets toward the back of this report.

### Where are we today?

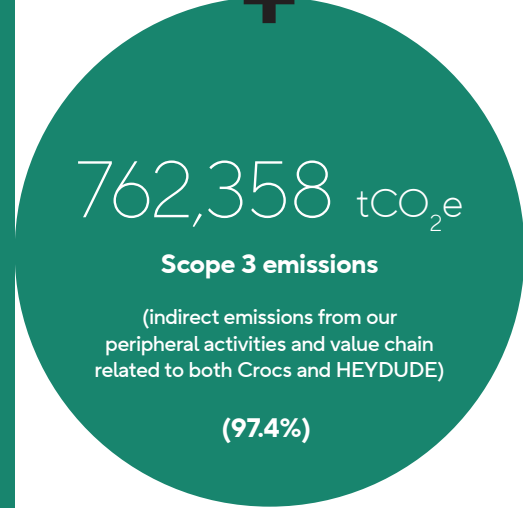
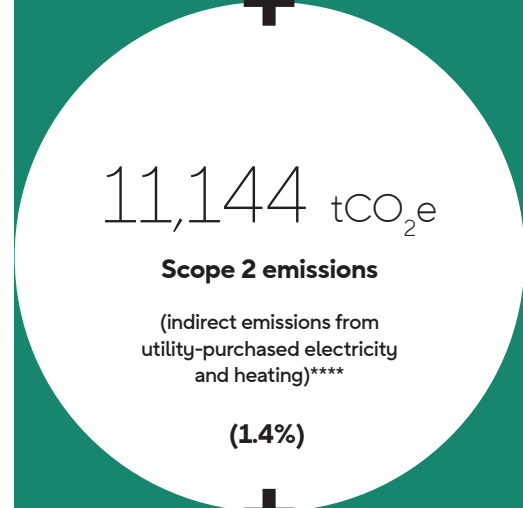
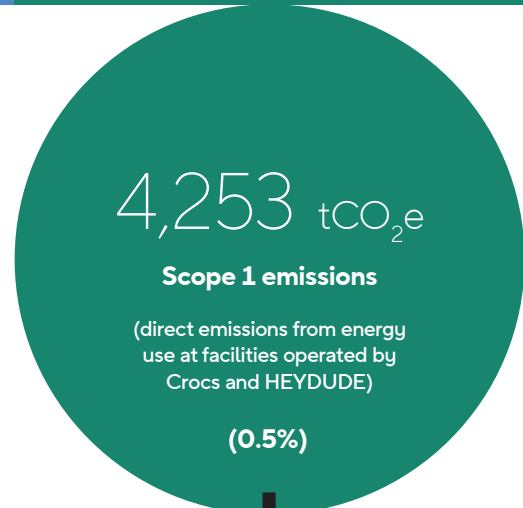
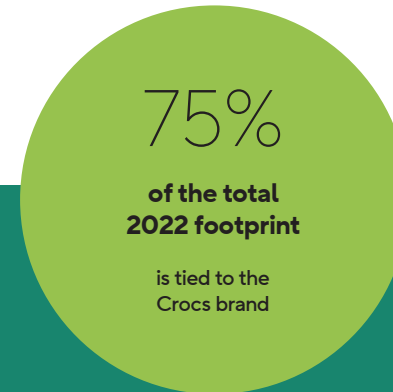
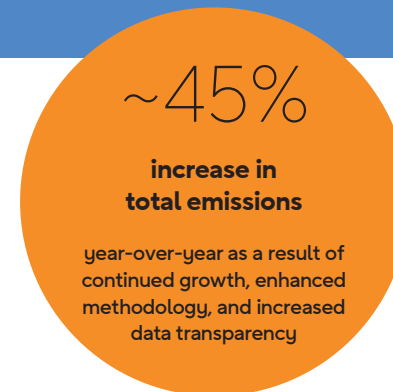
When we first announced our 2030 goal in September of 2021, we had not yet announced the acquisition of HEYDUDE or completed our comprehensive greenhouse gas (GHG) inventory. We have always known the first step in managing our contribution to climate change is to better understand where our impacts are the greatest. In the past year, we worked to collect primary and secondary data from our supply chain and finalized annual GHG inventories for both 2021 and 2022, inclusive of both brands in alignment with the GHG Protocol, the internationally recognized standard for corporate emissions accounting.



### Where are we going?

While our business growth remains a top priority, especially as a newly combined company of two powerhouse footwear brands, growth is also a significant hurdle for our climate ambitions. As our business context continues to change and as the severity of the climate crisis progresses, we have to continue to evaluate pathways and the feasibility of our carbon reduction journey. We have adjusted course to create the timeline needed to deliver on our sustainability ambitions, while continuing to support our growth ambitions.

**Our new enterprise goal is to be Net Zero by 2040.** This is still an ambitious goal when accounting for the realities of our business and recognition of both brands, but it's a more realistic and credible goal given that our total emissions are significant, our growth projections are aggressive, and our footprint looks quite different today than when we set our initial goal. We are full steam ahead on building a pipeline of reduction initiatives, as well as assessing, modeling, and determining the potential scale and impact of short and long-term investments.



### What do we have to do?

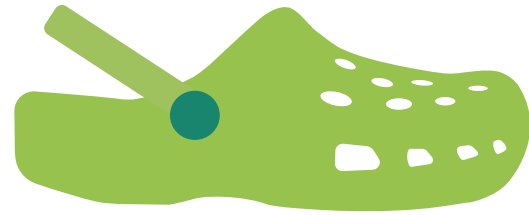
Our high-level emissions reduction strategy has helped us identify initial pathways to get to a minimum 30% reduction by 2030 with more that is yet to be uncovered and implemented. Those pathways include decreasing reliance on fossil fuel energy in our operations and supply chain, sourcing more renewable, bio-circular, and recycled content materials for our products and packaging, switching to more efficient forms of transportation, investing in technological learning, and considering offsets to bridge our innovation gap. That said, as the IPCC recently pointed out, "it is clear now that minor, marginal, reactive or incremental changes won't be sufficient."<sup>8</sup> We're diving deeper to create a detailed reduction plan to identify even more proactive and systemic innovation and emissions reduction opportunities.

\*Any assessment of the potential impact of future climate change legislation, regulations, or industry standards, as well as any international treaties and accords, is uncertain given the wide scope of potential regulatory change in the countries in which we operate.

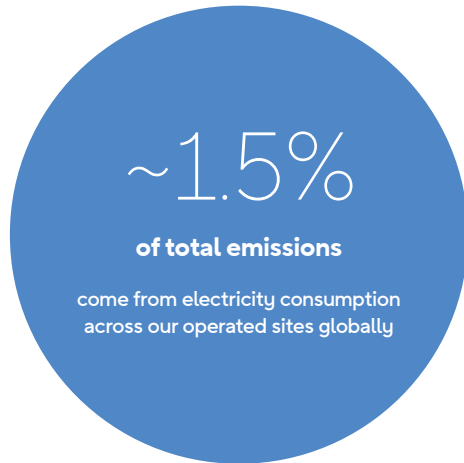
We know that there are a lot of consistencies in the emissions of both brands – with similar hotspots across materials and manufacturing – and intend to spend the next year identifying how each brand can actively contribute to our collective, enterprise goal.

\*\*\*When reviewing Scope 1, 2, and 3 emissions against total emissions, please note reported emissions are rounded to the nearest whole number and ~5,019 tCO<sub>2</sub>e are classified as "Out of scope" emissions, as defined in the GHG Protocol. As a result, totals may not match exactly. \*\*\*\*Unless otherwise specified, reported emissions throughout the document correspond to the market-based approach, as defined by the GHG Protocol.

# Sizing up our footprint



## Emissions From Our Operations



Electricity consumed on-site has the biggest impact on direct emissions for both brands, representing 72.4% of combined Scope 1 and 2 emissions. While this isn't a major contributor to our total emissions, we have notable opportunities for improvement, specifically around the integration of renewable energy.

While the vast majority of our emissions are considered Scope 3, we still have a responsibility to reduce Scope 1 and 2 emissions\* that result from our day-to-day operations, which predominantly come from the electricity we use to power our buildings, such as our offices, retail locations, and distribution centers.

We plan to keep an eye on the type of energy we source and how efficiently we're using it, especially as we continue to grow our operations.

### In the past year:

- The Crocs brand entered into a lease to move our corporate headquarters to a new 190,000 square foot location in Broomfield, Colorado, on which we've already begun construction
- The Crocs brand expanded operations within our distribution center in Dayton, Ohio
- HEYDUDE expanded our existing distribution center in Las Vegas, Nevada
- We will be further expanding into a new distribution center in Nevada

All of these operational changes are supporting business growth and provide us an opportunity to progress toward our responsible operations ambitions.

\*Scope 1 & 2 emissions calculations are based on partial primary data received for North America and APAC regions, as well as secondary data sources, such as office area or number of employees.



• Dayton, Ohio Distribution Center

# Protecting Natural Resources

While assessing our energy consumption as part of our GHG inventory process, we also set out to investigate how well we are managing our other natural resources across our supply chain. In the past year, we not only collected data from suppliers on energy use, but we also collected data on wastewater discharge, waste generation, and more to understand how resources are used across our value chain. Since we don't yet have full clarity on our resource management across both brands, we are taking steps to measure our footprint and promote more environmentally-responsible operations. We continue to use the HIGG suite of tools within our supply chain, asking Crocs brand Tier 1 suppliers to complete the Facility Environmental Module (FEM) as a standardized assessment for measuring their environmental performance year-over-year, and may include more facilities across brands over time.



## Preventing Waste

As we continue the HEYDUDE brand integration, we're using our clarity around the Crocs brand to begin piloting some new processes. Since the Crocs brand uses fewer materials and relies so heavily on molded Croslite™ material, our waste footprint may appear to be less-complicated, but we're not taking it any less seriously. We need to work closely with our suppliers to learn about their pain points, track waste, and find ways to reduce the amount of waste we do generate across our brands.

In 2022, we sponsored three Tier 1 factories supporting the Crocs brand, one in China and two in Vietnam, to begin a Footwear Factory Zero-Waste Program with Footwear Distributors and Retailers of America (FDRA).\*\* Even though we don't yet have specific metrics on the first year of participation, we know our involvement in this program can kickstart valuable information and a hopeful ripple effect across the industry.

\*\*FDRA is the footwear industry's largest business and trade association, representing 95% of total U.S. footwear sales.

## Managing Wastewater

The nature of our Crocs' products and their manufacturing processes are not extremely water-intensive, so our wastewater output is relatively low compared to other apparel and footwear brands. Since our HEYDUDE™ shoes have more components, resulting in a higher water footprint, we believe that getting the HEYDUDE supply chain further up to speed with our wastewater management systems should be a priority in the coming years.

Since wastewater discharge regulations vary greatly from region to region, Crocs, Inc. is exploring application of the Zero Discharge of Hazardous Chemicals (ZDHC) guidelines as a uniform, global standard, which goes beyond regulatory requirements and would also cover chemical management. In 2022, we piloted trial tests for the application of the ZDHC wastewater tests at two Tier 1 facilities for the Crocs brand. In 2023, we'll be asking all Tier 1 suppliers to participate in ZDHC trainings and provide wastewater test reports to get a fuller sense of our enterprise footprint.



All suppliers that responded were in compliance. In addition, two Tier 1 suppliers for the Crocs brand specifically, conducted wastewater testing in alignment with ZDHC in 2022.



It's important to note that we prioritized our top 30 Crocs suppliers and "Core" HEYDUDE suppliers, so only ~27% of Tier 2 suppliers were sent the wastewater survey.

# The biggest piece of pie

## Value Chain Emissions

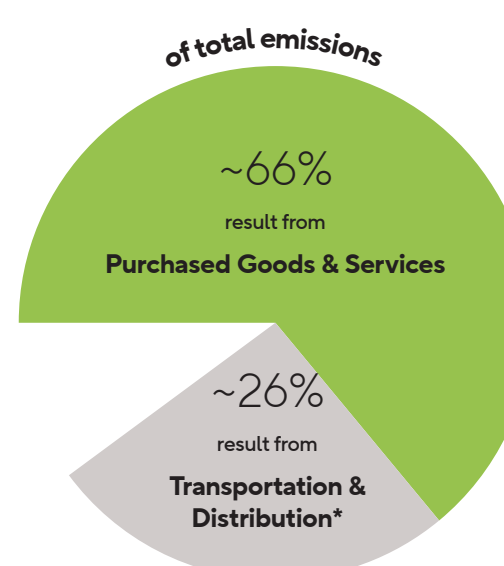
We know that the distribution of our emissions – with the majority accounted for as Scope 3 – is in line with expectations for a consumer goods company with a complex value chain, as Crocs, Inc. is. But, being just like everyone else has never really been our thing. We are setting ambitious reduction targets to make sure that we play an active role in helping mitigate our industry’s contribution to climate change.

While our raw materials result in the majority of our emissions, the way we ship and move our products around the globe also matters significantly.

\*This figure represents both upstream and downstream transportation and distribution category emissions, which each represent 21% and 5% of total emissions, respectively. \*\*Distance traveled is measured in tkm. \*\*\*This goal is calculated on a per pair basis for the Crocs Classic Clog. Carbon footprints for additional Crocs brand styles can be found in our 2021 Comfort Report. The footprints of the HEYDUDE Wendy and Wally styles were calculated at the beginning of 2023 in advance of this year’s report, while that of the Classic Clog was calculated at the end of 2021. We plan to calculate product footprints again in 2023, at which point we will disclose progress and updated metrics.

These are the two biggest categories making up our Scope 3 emissions.

Because of the level of complexity that goes into a comprehensive corporate GHG inventory, we thought it might be helpful to walk through it step-by-step, stopping to highlight the various components that contribute most to our company’s corporate footprint.



CrosLite™ material represents 24.4% of our emissions from purchased goods and services, while other materials (for both brands) represent an additional 24.9%.

As we make the transition to bio-based resin in our CrosLite™ compound, our shoes will have the same look and feel consumers love with one big difference – a lower carbon footprint.

Air freight accounts for 7.4% of total distance traveled, and 56.9% of upstream transportation emissions. Ocean freight accounts for 79.8% of distance, and 10% of associated emissions.

Road transportation is the second largest source of emissions (at 33%), and we know we can implement several strategies to reduce emissions, including transitioning to more rail freight, especially in the U.S., and considering electrification, which is well-underway in Europe.\*\*

An additional 31.8% of Purchased Goods and Services results from Tier 1 manufacturing.

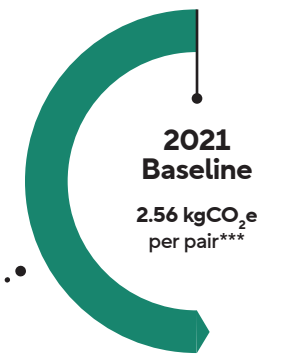
Our product manufacturing requires consumption of electricity and other fuels, and therefore has significant associated emissions.

## Footprints by Style

The GHG inventories we completed in the past year are related to our corporate footprint. While this helps us get the clarity we need to manage our operations and business more responsibly, we also want to understand in more depth the carbon footprint of the shoes we manufacture. If we are able to tackle reductions in our most popular styles, we can be even more effective in reducing our overall corporate-level footprint.

### Goal

Reduce the carbon footprint of our Crocs Classic Clog by 50% by 2030.



We’re finding ways to reduce the total emissions of our Crocs Classic Clogs, as well as for our HEYDUDE Wendy and Wally styles, and are focused on innovating materials, increasing transparency, and creating efficiencies throughout our value chain as a starting point.

4.94 kgCO<sub>2</sub>e

Wendy Carbon Footprint\*\*\*\*

5.82 kgCO<sub>2</sub>e

Wally Carbon Footprint\*\*\*\*

\*\*\*\* These metrics were calculated using the Higg Product Module 1.0 at Higg.org. These calculations were conducted internally and represent a cradle-to-grave impact. Footwear carbon footprints are calculated using industry recognized sample sizes across our product classifications.

## Understanding our Emissions: Step-By-Step



# Community

## In this section, we'll talk about:

- Supply Chain Standards
- Responsible Marketing
- Philanthropic Giving



When we think about community, we think about the huge, expansive audience that our business has – one that spans our suppliers, partners, employees, and fans, with many diverse backgrounds across different regions all around the world. Creating a true sense of community requires us to maintain clear guidelines and evolve our practices over time to proactively foster a culture that is aligned with our values. We believe that communities should have their basic needs met and protected, should feel a sense of belonging, and should have the necessary resources to reach their full potential.

Despite our differences, we can *all* relate in a way that upholds these values – that's what our policies and practices seek to do. The people we choose to do business with, from our supply chain partners, to our product and brand collaborators, to our community partners, reflect who we are as a business. Their actions can amplify or, if we're not careful, contradict what we stand for. This past year, we're proud to have enhanced our policies to protect workers in our supply chain, partnered with some very purposeful (and very cool) ambassadors of inclusion, and continued our long-standing commitment to supporting communities in need.

**all communities to be safe, resilient, and thriving.**

*Crocs, Inc. will challenge systemic barriers to unlock opportunities for...*



# A community of partners ●

## Protecting Human Rights

All workers, whether employed *by* or *for* Crocs, Inc., should experience safe, dignified, and voluntary work, and should always understand the **terms** of their employment. We have a duty to help prevent forced labor, especially in at-risk regions and for groups that are more prone to risks, including historically marginalized communities and children. We monitor for and mitigate the use of tactics that might inhibit voluntary employment through our supply chain, and work to prevent underage labor by setting a standard that every worker must be at least 15 years old or the minimum age under local law, whichever is higher.\* Just as with our own employees, people in our supply chain should be provided with regular, complete compensation that meets their basic needs and offers some level of discretionary income.

\*Workers under 18 are restricted from performing hazardous labor and from overnight work.

We require suppliers to provide written terms of employment in workers' preferred languages.

Our Worldwide Code of Ethics and Factory and Supplier Code of Conduct are translated into local languages for ease of use and cultural alignment.

## Enhancing Process Through Policy

We maintain a public-facing Factory and Supplier Code of Conduct\*\* – an extension of our Worldwide Code of Ethics – that applies to all business partners, including factories, direct suppliers, agents, contractors, and service providers involved in manufacturing Crocs and HEYDUDE products. Compliance with this Code of Conduct is mandatory because it seeks to mitigate ethics violations, health and safety risks, and business disruptions. We also run an upfront vetting process to help prevent doing business with any vendors that are not able to meet our standards. In 2022, after the acquisition of the HEYDUDE brand, we also substantially updated our enterprise-wide Code of Conduct with clauses on export sanctions, conflicts of interest, environmental protection, incident management, and more.

Our team works to update and distribute policies to our suppliers because sometimes there are issues we just can't predict. For example, in 2022, we experienced a multiple week shutdown in select Vietnam and China facilities after health and safety challenges arose related to COVID-19. We ask factories to formalize and practice risk management and emergency response plans because they are crucial for workers' well-being, as well as business continuity.

Proudly, our commitment to human rights on a global scale is not new. As an evolution to our approach, at the end of 2022 we began to consolidate all of our expected standards for compliance, informed by international standards, into a global Human Rights policy.\*\*\* A formal **policy** enables us to be better positioned to take action against behavior that is out of compliance.

The topics in our Human Rights policy include: Diversity and Inclusion, Freedom of Association and Collective Bargaining, Safe and Healthy Workplace, Workplace Security, Forced Labor and Human Trafficking, Child Labor, Work Hours, Wages and Benefits, Water Resources, Employee Reporting, and Training.

\*\*The Code of Conduct was created in line with the Fair Labor Association's Workplace Code of Conduct and Compliance Benchmarks, and holds our business partners to both national and international laws and regulations. \*\*\*Local and international standards informing our policy include, but are not limited to, the UK Modern Slavery Act, California Transparency in Supply Chains Act, and the United Nations standards for Decent Work and Economic Growth.

## Understanding Our Influence

All people, from the direct employees of Crocs, Inc. to the individuals who are employed by third-party manufacturers for Crocs, Inc., deserve fundamental protections. While we don't have direct control over operations throughout our supply chain, our policies and practices can still have a massive influence on communities around the world. So, we require our third-party manufacturers to meet our quality standards for working conditions, fair compensation, safe labor, and environmental and product safety. We're also continuously elevating our supply chain standards around human rights – moving from compliance to best practice – to help rebuild the systems that traditionally hold communities back.

Currently, our manufacturers are primarily based in Vietnam, Indonesia, and China.

As part of our integration efforts, we are working with a third-party partner to map the HEYDUDE supply chain down to Tier 5 (and beyond), which we expect to complete in 2023. We also plan to update the mapping of our Crocs supply chain in 2023 to account for our growth and the addition of new factory and supplier partners.

### Bringing Clarity to our Supply Chain

We believe that partnerships based on transparency, collaboration, and mutual respect are critical to our long-term success. That said, a systemic lack of supply chain transparency within the broader industry remains a risk we must continue to manage. The farther away from our direct control, the more we need to rely on internal and third-party audit teams to help maintain oversight, and make sure there aren't issues happening just out of focus. Until we complete a comprehensive supply chain mapping exercise and have direct – or at least validated – relationships with all suppliers, we do not have complete clarity into all aspects of our business and must lean on our policies and audit structures to keep human rights and safety at the center.

- Ethics
- Fire Safety
- Human Rights
- Chemical Safety
- Wastewater Treatment

# A community of shoe lovers

## Conscious Collaborations

In true CAYA form, many of our Crocs partners also work with us to add deeper meaning and purpose to our collaborations, bringing even more connection between our communities of fans and communities in need. Here are a few examples:

Our shoes are one-of-a-kind, as are the people that buy and wear them. Naturally, we need our marketing campaigns to feature one-of-a-kind collaborators who can highlight the endless ways to wear and personalize Crocs and HEYDUDE products. We know that we have many eyes watching and ears listening that are inspired by our partnerships with designers, celebrities, and influencers. Our rapidly growing brands must be continuously and consistently attuned to the way we speak to our communities and consumers, staying true to our values.

To maintain a consistent strategy that aligns with our values, we look to work with partners who truly personify our culture of belonging and can serve as ambassadors to encourage others to do the same. That also means we can't be afraid to feature people with different backgrounds, experiences and perspectives - that said, perspectives that stem from exclusion are antithetical to our values of inclusivity and belonging.

To that end, our Crocs brand uses global vetting criteria when considering collaborators and marketing partners. Before finalizing a partnership, we review the product relevancy for the celebrity or influencer's audience, ensure they are both authentic to themselves and authentic fans of the brand, and check that actions and speech do not reflect discrimination. We're on a never-ending path of

learning for how to improve this process for both the Crocs and HEYDUDE brands. In the meantime, if a situation arises in which we're not clear on its alignment with our values, then we will remove ourselves, our contributions, or our partnerships to best protect the safety of our communities.



### Marketing to Youth

Our products are for everybody, and we love to show individuals of all ages living in their shoes across our campaigns. While we want to encourage children and young adults to express themselves in a way that feels uniquely and authentically them, we also know this particular audience is impressionable and vulnerable. With this in mind, we take extra care to ensure content on our digital channels is age-appropriate. We keep it cool and upbeat - no swearing, no negative messaging. The children who participate in our campaigns do so with parental consent and within an environment where it's safe for them to be themselves.



Our collaboration with Jonathan Van Ness promoted both our fur(free)-lined sandals and Safe in Austin, a sanctuary for animals and children that come from trauma or have special needs in Austin, TX.



We collaborated with artist SZA to donate to organizations that advocate for and support mental health and self-care within the Black community, including Sad Girls Club, the Boris Lawrence Hensen Foundation, My Sistah's House, and the National Alliance on Mental Illness.



We donated to Children's Hospital Los Angeles to support the launch of our collaboration with Jimmy Kimmel.

22 stores opened in 2022

### Our Retail Presence

Our commitment to responsible marketing manifests both digitally and physically. We want our community of consumers to have an experience that is enjoyable and safe regardless of how they purchase our shoes. While our employees take pride in serving as the face of our brands in company-operated retail stores, we also have a vast network of wholesale and e-commerce partners that sell our products. As a result, we have to build a foundation of trust with partners to ensure our brands are represented in alignment with our values and that our consumers are treated with respect whenever and wherever they are shopping for Crocs or HEYDUDE shoes. Moreover, as consumer spending and shopping preferences shift from brick-and-mortar retail stores to digital e-commerce channels, we are continuously thinking through any new reputational risks this may pose so we can adjust our approach accordingly. As a result of the ongoing war between Russia and Ukraine, we stopped direct-to-consumer business operations in Russia in early 2022.

# Making our communities more comfortable

Whether it be a community of supply chain workers, community of fans, or community affected by natural disasters, communities in isolation cannot thrive. Through our community giving programs, we're able to supply simple comforts to communities in need and historically marginalized communities, and put resources toward helping people through difficulty. Building on the legacy of our Crocs Cares program, we continue to support local and global communities through shoes, funds, and time.

The passion and generosity of our employees and shoppers are the life force behind this program – that's what guides our efforts. We have an annual budget for giving that is allocated to support both planned and unplanned opportunities. This allows us to continue to support our longstanding partnerships, while also making sure we have the capacity to step in when called to action.

In the coming year, we plan to strengthen our program for strategic giving globally by adding clarity and visibility around our contributions and desired outcomes. This will further increase regional relevance and enhance our overall platform and global vetting process – all of which are important steps in reimagining the systems needed to unlock opportunities for all communities.



Here are more of the incredible non-profit organizations we supported in 2022:

A Long Walk Home, A Precious Child, Achilles Freedom Team, American Heart Association, Big Brothers Big Sisters Colorado, Broomfield Chamber of Commerce, Commuting Solutions, Direct Relief for Ukraine, Hope For The Warriors, Mile High United Way for its Back to School Bash and Women United Luncheon, NAACP, Open to All, Outdoor Lab Foundation, Pan-Massachusetts Challenge, Special Olympics 12 Days of Inclusion.

\$16.1M+

monetary value of total donations

(including ~\$600,000 in funds and ~\$15.5 million worth of shoes)

\$100K

donated to GLAAD

as part of our 'Love as You Are' Pride Campaign

\$1.6M+

raised for Feeding America®

This is the monetary equivalent of over 16 million meals, which were provided to people experiencing hunger via the Feeding America partnership.

\$125K

was given to the United Nations Foundation

as part of our support for the UN SDGs, particularly equality for girls and women, including the #EqualEverywhere campaign

~\$67K

raised in support of refugees of the war in Ukraine

through Crocs brand e-commerce channels in partnership with USA for UNHCR, The UN Refugee Agency

Employees in the U.S. can volunteer 1 paid day or 8 hours per year at an organization of their choosing, and can engage in one company-wide day of volunteering.

Take a look at our circularity section to see where we donated shoes in the past year.

We love to serve those who serve our communities. In 2022, we continued to extend a 15% discount for certain Crocs products and 20% discount\* for HEYDUDE shoes to verified teachers, first responders, healthcare workers, students, and folks with military statuses.

120,115

orders

were placed leveraging our various discount programs for both brands, which resulted in over \$2,054,000 of savings for consumers

\*The offer for HEYDUDE's 20% discount excluded sale and clearance styles, and is not combinable with any other offer or promotion. Select styles are also excluded (for example, Icons, Sirocco, and Apparel).



# Responsibility

license to operate includes responsible practices across our business and supply chain.

Crocs, Inc. will model good corporate stewardship, acknowledging that our...

## In this section, we'll talk about:

- Oversight and Delegation of Responsibility
- Policies and Ethics
- Supplier Compliance
- Risk Management



This business was built on an uncompromising commitment to ethics. We have to make sure our governance systems and controls are in tip-top shape across the board to hold us accountable. Through the process of integrating HEYDUDE, we've learned we have some solid policies and procedures in place, and continuously have room for improvement. In the past year, we've taken strides to bring HEYDUDE into alignment with our requirements, created more direct lines of oversight, and begun to formalize the connections between how environmental and social impacts pose risks and opportunities for our business performance, and vice versa.



# Unifying around our purpose

## Oversight

A key part of our approach to governance is making sure that our environmental, social, and governance (ESG) strategy is embedded in our overall business purpose and people's day-to-day work. ESG is a regular topic with our Board of Directors, and in 2022, we established a new Board ESG Steering Committee to help advise on our strategies, investments, policies, and disclosures, evaluate our risks and opportunities, and bring quarterly ESG updates to the full Board. We believe this approach will elevate ESG even further and give it the dedicated attention it deserves at the Board level.

This past year, we also welcomed our VP, Global Head of Sustainability, who is leading ESG for both brands with a direct reporting line to our CEO. With this newly created role, we are able to infuse sustainability in cross-functional conversations and make even more intentional decisions with stakeholders' interests in mind. Our board, leadership team, ESG Working Group, and employees throughout the organization are working together to further clarify how to best manage our impacts. We continue to formalize engagement opportunities for people across the business to help drive progress aligned with our pillars of sustainability, community, and inclusivity across our brands, departments, and regions.



## Risk Management

While we prefer to look on the bright side of things, we also have to stay focused on preventing risk and harm.

Crocs, Inc.'s Enterprise Risk Management program is a core component of our overall ESG strategy and we're regularly assessing how social and environmental factors affect our business and how our business affects people and the planet. In line with our ESG strategy, we continue to monitor for new and evolving risks. Given the current state of COVID-19, the pandemic is not as prevalent in this year's report as it was in 2021. That said, it continues to be a global issue, and we are actively managing it at the appropriate level.

We continue to stay on top of the ever-changing landscape of cybersecurity – especially amidst the European Union's General Data Protection Regulation, the California Consumer Privacy Act, and other evolving privacy laws regarding the handling of personal data. An increasing amount of our products are sold on e-commerce sites, so we have to continuously build our capacity to properly manage data. Our layered approach is designed to detect, triage, and eradicate cyber-attacks before they can cause harm. In the past year, we deployed a new vulnerability management tool, expanded our disaster recovery plan, used the National Institute of Standards and Technology's cybersecurity framework to customize our risk taxonomy, doubled our cybersecurity budget, and integrated HEYDUDE employees into our monthly cybersecurity trainings that are required for all corporate employees globally.

The details of our company's risk factors are more thoroughly outlined in our Annual Report.

We operate a risk-based cybersecurity program dedicated to protecting the confidentiality, integrity, and availability of our information.

## Policies & Training

We have a Worldwide Code of Ethics in place that applies to all employees, from our hourly retail employees to our executive officers, which is translated into languages associated with the countries where we operate. As we continuously update our policies, we work to account for the nuanced needs of our various stakeholders around the world, as well as the unique risks and cultural sensitivities that come with being a global enterprise. We're learning where we might be able to simplify and unify our position and where we should honor the complexity or uniqueness of our policies because they may actually be in the best interests of our stakeholders.

Our ESG-related policies are listed on our Investor Relations website.

Employees are trained on our Code of Ethics during onboarding and annually thereafter.

Our sustainability team was able to share updates, answer specific employee questions on our ambitions and strategy, hear innovative ideas, and collect interests from employees around the world.

550+

global employees

attended informal "let's talk sustainability" information sessions in 2022

8

members

of the Crocs, Inc. Board of Directors

3

directors

sit on the Board ESG Steering Committee

This Committee provides oversight of our ESG policies, and practices, including those related to climate change.

## Progress

While we announced several ESG ambitions in 2021, we're proud to have formalized a more diverse slate of targets to steer us in the years ahead. We know we are at our strongest, best, and most creative when everyone contributes their individual experiences to our strategy and we want to empower employees to participate on this journey. We plan on using this reporting process as a catalyst for even more company-wide education and engagement related to ESG. In the coming year, we plan to enhance our measurement systems to track progress against our targets, and make sure our teams know how to take action and innovate in the spirit of creating a more comfortable world for all.

If an employee suspects or experiences behavior that is not in compliance with our Code, they can anonymously report their concerns to their supervisor or through our Ethics Hotline:

By Phone in the U.S. or Puerto Rico (toll-free): +1 800-852-3912

Local phone numbers are available at [www.speakupcrocs.com](http://www.speakupcrocs.com).



# Ethics along the value chain

## Auditing & Compliance

Just as we have oversight structures in place to hold us accountable, we have to do the same for the parts of our business that we don't directly control. We have to actively check that our partners have protections in place for the well-being of people and natural ecosystems. Our team, along with third-party auditors worldwide, conducts both scheduled and unannounced social and environmental compliance reviews aligned with our Factory and Supplier Code of Conduct and other widely-recognized industry standards. We regularly support wholesale customer audits to their own standards at our facilities, as needed.

We prioritize audits for our active Tier 1 and Tier 2 suppliers, so that we have a clear understanding of our overall performance, biggest strengths, and potential risk areas in any given year. The enterprise maintains an approved vendor list (you'll likely see the acronym AVL used for this) for both Tier 1 and Tier 2 suppliers, which lists the suppliers and factories that meet our standards in terms of quality, delivery, and cost and have demonstrated compliance with all relevant policies. If any adverse human rights impacts or environmental degradation are identified, we require our suppliers to complete a Corrective Action Plan (CAP) that outlines their commitment and timeline to fair and equitable remediation.

While we don't directly audit other corporate partners, vendors, or customers (and they don't show up on our AVL), our Factory and Supplier Code of Conduct remains in effect for everyone we do business with.



## Balanced Disclosures Serve Our External Stakeholders

Not only does the measurement and disclosure of our environmental and social initiatives keep us accountable, but a strong ESG program also builds trust, keeps us in line with regulatory requirements, helps future-proof our growth, and informs key audiences on our performance. Investors, shareholders, and regulators, such as the U.S. Securities and Exchange Commission (SEC), as well as our employees and customers, are increasingly focused on the ESG practices of companies.

We choose to act on climate stability, circularity, inclusivity, and systems change because it is both a moral imperative and a business opportunity to imaginatively innovate to better serve our consumers and communities. We maintain goals and processes that both reflect our current realities and capabilities, and leave room for these big ambitions. We remain dedicated to progress on all fronts. As standards and expectations evolve, we intend to make honest and clear disclosure on our performance. That's why we ground our disclosures with details on our policies, practices, governing boards, and feedback loops, and wrap data in contextualized, meaningful language that employees, investors, and industry peers can understand.

We are working to monitor and consider climate risks aligned with guidelines provided by the Task Force on Climate-Related Financial Disclosures (TCFD).



### Our Refinitiv Score



This annual rating highlights those that have excelled in delivering consistently strong risk-adjusted performance relative to their peers.\*\*

\*\*Scores measure ESG performance, commitment, and effectiveness based on publicly available and auditable data.



### Newsweek 'America's Most Trustworthy Companies'

The Crocs brand ranked sixth on this list that considers which U.S. corporations with \$500 million or more in annual revenue treat customers and employees fairly, and offer sound investment potential.

We strive to have all supplier factories complete social compliance audits...



### 2022 Update

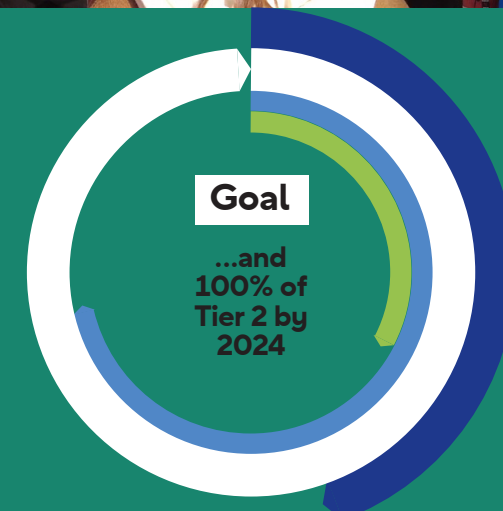
~99% of Tier 1 suppliers across both brands were audited in 2022

For HEYDUDE 100%

For Crocs 96%

Almost 99% of those audits were conducted by a third-party auditor.

\*While 99.95% of product volumes purchased by the Crocs brand were provided by audited Tier 1 suppliers, one active supplier that shipped ~60,000 pairs on behalf of the brand was not audited in 2022.



### 2022 Update

~46% of Tier 2 suppliers across both brands were audited in 2022

For HEYDUDE 71%

For Crocs 33%

Roughly 55% of audits across both brands were conducted by a third-party partner.

In 2022, none of our Tier 1 suppliers were categorized as 'Red'. Three Tier 2 suppliers specifically for the Crocs brand were, and CAPs were in place for all three as of year-end.



# Metrics

# Key Metrics

As part of our efforts to continuously improve our levels of disclosure and make our reporting accessible for all of our stakeholders, we are beginning to offer key data sets, starting with our greenhouse gas (GHG) emissions, employee data, material consumption, and wastewater discharge by suppliers. We hope to expand this metric slate in future years.

## Wastewater

(Supporting material for SASB Code CG-AA-430a.1)

	Type of Discharge	Tier 1 Suppliers (m <sup>3</sup> )	Tier 2 Suppliers (m <sup>3</sup> )	Combined Totals (m <sup>3</sup> )
Crocs	Industrial Wastewater Discharged	378,120	124,567	502,687
	Wastewater Treated On-Site*	376,320	30,511	406,831
HEYDUDE	Industrial Wastewater Discharged	-	-	1,108,161
	Wastewater Treated On-Site**	-	-	788,837
<b>TOTAL</b>	-	-	-	<b>2,806,516</b>

### Methodology & Commentary

Wastewater discharge permits or contractual agreements are not applicable to all types of wastewater, such as domestic wastewater.

The difference between discharge permits and contractual agreements is that discharge permits constrain the amount of wastewater and contaminants that can be discharged, while contractual agreements are closer to a charge voucher. For factories that only produce domestic wastewater\*\*\*\*, there is no such discharge permit available. If the domestic wastewater is discharged into the municipal pipe network, the sewage items included in the water bill (for example, in China, domestic wastewater can be calculated as 90% of water usage) can also be regarded as equivalent to the discharge permit. It is through this lens that our team is able to track whether our suppliers are in compliance with wastewater discharge permits and/or contractual agreements.

Furthermore, if domestic wastewater is discharged to the municipal sewage pipeline system, it can also be assumed that a supplier has a permit equivalent to that amount. When a supplier provides us with an invoice or bill from their municipal wastewater treatment plant, this is also our best indication that domestic wastewater is being treated properly.

\*There are 6 Tier 1 factories that reported to have an on-site treatment facility and 5 Tier 2 factories reported to have an on-site treatment facility.

\*\*There are 6 HEYDUDE factories reported to have an on-site treatment facility.

\*\*\*Only the top 30 Crocs-brand Tier 2 Suppliers reported.

\*\*\*\* Domestic wastewater could include organic particles (hairs, food, feces, vomit, and plant material), and soluble organic material (urea, drugs, and pharmaceuticals), etc. and therefore untreated wastewater could contain biological, chemical, and physical pollutants. Contaminants in industrial wastewater vary process by process, but mainly are suspended solid, organic compound, nutritional pollutants, and acid-base pollutants, etc.

# Employees

(as of December 31, 2022)

### Global Breakdown of Employees

Americas	APAC	Europe	TOTAL GLOBAL EMPLOYEES
5,157	712	588	<b>6,457</b>

### People Managers Globally

	TOTAL
People Managers	926
Non-People Managers	5,531
<b>TOTAL</b>	<b>6,457</b>

### People Managers in the U.S.

	U.S. Only
People Managers	571
Non-People Managers	4,418
<b>TOTAL</b>	<b>4,989</b>

### Methodology & Commentary

With 6,457 global employees, ~77% are based in the U.S., of which 571 are people managers.

\*Employee counts include 474 temporary employees and 11 interns, as well as all individuals with active employee numbers during the calendar year. In addition, because of the nature of work conducted, 35 people that are labeled as contractors are included.

\*\*People managers are defined as those who manage at least one direct report. This is a broader group than what the company considers its leadership team, which refers to Directors and above. In the coming year, we hope to expand our reporting to reflect demographic data for this leadership group in addition to the people manager group.

# Greenhouse Gas (GHG) Emissions

(Supporting material for TCFD: Metrics & Targets)

Scope**	Scope 3 Category Breakdown	2021* (tCO <sub>2</sub> e)	2022 (tCO <sub>2</sub> e)
Scope 1		-	4,253
Scope 2***		-	11,144
Scope 3		-	762,358
	Purchased Goods & Services		503,661
	Upstream Transportation & Distribution		162,559
	Downstream Transportation & Distribution		36,502
	End of Life		36,162
	Business Travel		6,356
	Employee Commuting		5,850
	Fuel & Energy Activities		2,014
	Use of Sold Products		1,648
	Capital Goods		3,679
	Waste		3,065
	Upstream Leased Assets		835
	Franchises		26
<b>TOTAL</b>	-	<b>538,037</b>	<b>782,774</b>

## Methodology & Commentary

The Crocs, Inc. enterprise GHG Inventory follows an approach for emissions estimation aligned with the GHG Protocol, the internationally-recognized standard for corporate emissions accounting. In order to have a comparable 2021 baseline for Crocs, Inc.'s Net Zero by 2040 target, the enterprise rebaselined the 2021 inventory of the Crocs brand to include HEYDUDE emissions, which were extrapolated by revenue from 2022 emissions.

### 2022 Total Emissions by Brand

Crocs (tCO <sub>2</sub> e)	HEYDUDE (tCO <sub>2</sub> e)
589,753	193,021

\*In order to extrapolate HEYDUDE 2021 emissions we used total HEYDUDE emissions and total 2022 revenue and compared it against pro forma HEYDUDE 2021 revenue. We considered the difference in revenue from one year to the other to estimate 2021 emissions as a whole. Since revenue is a normalization factor that does not represent any particular details for any of the scopes, it is not possible to extrapolate Scope-level data for 2021 for the Crocs, Inc. enterprise.

\*\*When reviewing Scope 1, 2, and 3 emissions against total emissions, please note reported emissions are rounded to the nearest whole number and ~5,019 tCO<sub>2</sub>e are classified as "Out of scope" emissions, as defined in the GHG Protocol. As a result, totals may not match exactly. \*\*\*Unless otherwise specified, reported emissions throughout the document correspond to the market-based approach, as defined by the GHG Protocol. Scope 1 & 2 emissions calculations are based on partial primary data received for North America and APAC regions, as well as secondary data sources, such as office area or number of employees.

# Raw Materials

(Supporting material for SASB Code CG-AA-440a.4)

Material Type	Amount Purchased (metric tons)	% of Total	Associated Certification	Amount Certified (metric tons)
Compounds: Croslite™ & EVA (including bio-based)	49,985	81.19%	ISCC PLUS Certification for bio-based Croslite material	440
Rubber	2,154	3.50%	-	-
Polyester	1,786	2.90%	-	-
Cotton	1,323	2.15%	-	-
Leather	1,312	2.13%	-	-
Nylon	1,235	2.01%	-	-
TPU	1,184	1.92%	-	-
PVC	889	1.44%	-	-
Textile	635	1.03%	-	-
PE/PET	374	0.61%	-	-
PU Sole	286	0.47%	-	-
Metal	106	0.17%	-	-
Polyurethane	77	0.12%	-	-
Rayon	69	0.11%	-	-
Spandex	54	0.09%	-	-
Linen	44	0.07%	-	-
Wool	18	0.03%	-	-
Cork	16	0.03%	-	-
PU Synthetic	7	0.01%	-	-

## Methodology & Commentary

Materials data was compiled by aggregating information provided by suppliers and broker partners with extrapolated data when primary data sources were unavailable. For the Crocs brand, materials used to produce footwear and Jibbitz™ are included, while sock materials are currently excluded due to data limitations. For the HEYDUDE brand, total materials was estimated based on primary data provided by the brand's supply chain agents that represent ~80% of the brand's current production. This data was then used to represent the brand's total materials by extrapolating the agent's production volume against the brand's actual total production volume. Glue, Ornaments, LED, Stone, and other Other Materials account for <10 metric tons, equating to roughly .01% of total materials purchased. The bio-based Croslite™ material is certified as ISCC PLUS under The International Sustainability & Carbon Certification (ISCC).

# SASB Reference Table

The Sustainability Accounting Standards Board (SASB) is an independent, private-sector standards-setting organization dedicated to enhancing the efficiency of the capital markets by fostering high-quality disclosure of material sustainability information that meets investor needs. This table references the issues which SASB has identified as financially and/or operationally material for Apparel, Accessories, and Footwear Industry Standard - VERSION 2022-05.

This is Crocs, Inc.'s second year reporting against the SASB framework, but the first year in which disclosure is inclusive of both the Crocs and HEYDUDE brands. While we cannot yet report on all accounting and activity metrics in this framework in full accordance with SASB guidance, we will continue our efforts to evolve and improve our disclosure in the coming years. Whenever possible, we have indicated where our gaps are in the "Data/Response" column for context and transparency.

**Table 1**  
**Sustainability Disclosure Topics & Accounting Metrics**

Topic	Code	Accounting / Activity Metric	Category	Unit of Measure	Data/Response	Related Reference(s)
<b>Management of Chemicals in Products</b>						
Management of Chemicals in Products	CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	Discussion and Analysis	n/a	<p>Crocs, Inc. is dedicated to the management of chemical safety risks in our supply chain effective and the reduction of chemical substances in our products. Our mitigation strategy includes tracking progress and completion of corrective action plans, capacity building efforts such as analysis of root causes and management systems, engaging workers in the remediation process, reviewing any prior OSHA citations, supplier trainings, and internal and external audits.</p> <p>Croc, Inc. uses a single Restricted Substance List (RSL) to manage and maintain compliance with restricted substances regulations for products in all markets. Restricted substances on the RSL have been identified by their toxicity levels and potential hazard they pose to both human and environmental health. The enterprise's RSL is updated annually in consultation with third parties to ensure it accurately reflects our voluntary requirements on top of the most stringent global legislation, making our regulations among the strictest in any given market. As such, we remain in accordance with the U.S. Consumer Product Safety Improvement Act (CPSIA), which ensures we are both following regulatory requirements and protecting consumers from hazardous substances. Related to our chemical safety program, Crocs Inc. monitors evolving regulatory requirements to ensure policies are strong enough to meet workplace safety practices, air emissions and solid/hazardous waste thresholds, and water discharge regulations.</p> <p>To ensure compliance throughout our supply chain, we, along with the support of third-party labs:</p> <ul style="list-style-type: none"> <li>• conduct RSL training with suppliers,</li> <li>• run test programs, which are conducted by approved third parties, including SGS, CTI, BACL, and Eurofins,</li> <li>• conduct regular and random audits – input materials are tested annually, while finished shoes are randomly tested on a quarterly basis, and</li> <li>• have both Tier 1 and Tier 2 suppliers sign a Statement of Compliance.</li> </ul> <p>As we are still in the process of assessing the HEYDUDE supply chain and further strengthening the brand's chemical management system, the Crocs brand has additional measures in place that are not yet enterprise-wide:</p> <ul style="list-style-type: none"> <li>• The Crocs brand has an advanced test program prior to the selection of incoming materials by suppliers.</li> <li>• Crocs encourages suppliers to identify high-risk substances and perform tests by themselves prior to our involvement, which is called our Best Test Program.</li> <li>• Tier 2 suppliers specific to the Crocs brand also have to comply with a Restricted Substances Performance Classification system, which can further influence the frequency of audits and testing, and even whether suppliers can remain on the company's approved vendor list (AVL). The organization is planning to extend this process to Tier 1 suppliers for HEYDUDE in the next year.</li> </ul>	<p>Circularity, pg. 23-24</p> <p>Climate Stability, pg. 32</p> <p>The RSL policy is publicly available at: <a href="https://investors.crocs.com/governance/governance-documents/default.aspx">https://investors.crocs.com/governance/governance-documents/default.aspx</a>.</p>

# SASB Reference Table

**Table 1**  
**Sustainability Disclosure Topics & Accounting Metrics**

Topic	Code	Accounting / Activity Metric	Category	Unit of Measure	Data/Response	Related Reference(s)
Management of Chemicals in Products	CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Discussion and Analysis	n/a	<p>Crocs, Inc. employs a hazard-based approach to chemicals management. Guided by the content in the RSL, the enterprise manages chemicals in various stages of its products' life cycles, including:</p> <ul style="list-style-type: none"> <li>• The RSL is referenced to control the application of chemicals during the design process.</li> <li>• Incoming materials must be submitted by Tier 2 suppliers for verification and testing during the sourcing process.</li> <li>• Compounds, components, and finished products are regularly tested throughout the manufacturing process.</li> </ul> <p>Based on our regular and random tests and audits, facilities within our supply chain are classified as Premium Green, Green, Yellow, and Red. These classification levels are determined by the risk level of a substance, scale of the order placed with the supplier, and more.</p> <p>If issues of non-compliance arise, suppliers are required to create and execute on a corrective action plan (CAP) for every material that fails in any test and must report to Crocs, Inc. on the root cause for failure. The timeline for completing a corrective action plan depends on the complexity of the issue, but typically the requested turnaround is approximately one month from request. If a product fails to meet requirements, production must be stopped, the Crocs, Inc. team must be immediately informed, and an immediate stop shipment order must be placed to terminate any products shipping from the appropriate facilities. When necessary, members of the Crocs, Inc. team will witness this process to ensure the whole product is destroyed appropriately. Subsequently, a Recovery Test Program, including five delivery batch tests, is required regardless of the criticality of the substance in question. Should there be a failure in any of the five batch tests, related shoes cannot be shipped until a Recovery Test Program is completed with clean results. Despite a comprehensive process for updating the RSL on an annual basis, we do not yet have an enterprise-wide plan for substituting and fully eliminating chemicals as they arise.</p> <p>The full extent of our current restricted substances audit program is active only for the Crocs brand, though the company plans to extend it through HEYDUDE's Tier 1 suppliers by the end of 2023 and to Tier 2 suppliers by Q1 2024.</p> <p>Currently, green chemistry principles are not yet used as part of the enterprise's framework or guidelines for chemical management, product design and development. That said, some work already being conducted within the Crocs supply chain fits within the scope of green chemistry principles, including for example, the use of water-based glue to reduce VOCs in some product lines. While green chemistry is not a directive by our chemicals management plan, we recognize that many initiatives across our business and ESG strategy, like our integration of bio-based materials, will have impacts on our chemicals management plan moving forward.</p>	<p>Circularity, pg. 23-24</p> <p>Climate Stability, pg. 32</p>

# SASB Reference Table

**Table 1**  
**Sustainability Disclosure Topics & Accounting Metrics**

Topic	Code	Accounting / Activity Metric	Category	Unit of Measure	Data/Response	Related Reference(s)
<b>Environmental Impacts in the Supply Chain</b>						
Environmental Impacts in the Supply Chain	CG-AA-430a.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement	Quantitative	Percentage (%)	<p><b>(1) 97% of Tier 1 suppliers (all but one supplier across both brands) responded to the distributed wastewater survey, and 100% of those that responded reported compliance with wastewater discharge permits and agreements. In addition, two Tier 1 suppliers for the Crocs brand specifically, conducted wastewater testing in alignment with ZDHC in 2022: FVI and FVI II.</b></p> <p><b>(2) 92% of Tier 2 suppliers responded to the distributed wastewater survey, and 100% of those that responded reported compliance with wastewater discharge permits and agreements. Of our total list of active Tier 2 suppliers, all of the top 30 Tier 2 suppliers of the Crocs brand were asked to respond to the wastewater survey. Given the complexity of the HEYDUDE supply chain, for its first year of wastewater analysis within the Crocs, Inc. portfolio, we focused on Tier 2 suppliers for the HEYDUDE brand classified as "Core", which represent the majority of sourcing for the HEYDUDE business, according to our primary broker.</b></p> <p>At a minimum, Crocs, Inc. requires that all suppliers strictly comply with national and/or local standards for wastewater discharge, whichever is stricter in any given facility's region. Under usual circumstances, most industrial wastewater quality is routinely tested once or twice per year either by an external third party or by a facility's local environmental bureau. Some facilities have their own labs to monitor wastewater quality regularly and others have installed online monitoring equipment to monitor discharge for, for example, pH, flow rate, pollutants, and more. The conventional parameters typically covered by standards include, but are not limited to: pH, COD, BOD, NH3-N, TSS, TP, TN, and color. Wastewater discharge compliance is a critical area of continuous monitoring and improvement, especially as we learn more about how the manufacturing processes differ across our new portfolio.</p> <p>Because of the variety of processes and materials handled across Crocs Inc.'s supply chain, the type and breadth of wastewater data available and collected from each facility can vary greatly. Neither brand has routine testing parameters for all suppliers at this time. For suppliers supporting the Crocs brand, the team randomly selected Tier 1 suppliers for third-party sampling, testing, and reporting – in the past year, we prioritized facilities that produce industrial wastewater and/or treatment equipment onsite. In 2022, HEYDUDE Tier 1 suppliers were sent a wastewater survey to collect results of discharge testing. Suppliers from which we request wastewater data are selected based on various criteria such as the importance of the materials they supply, the business value, and production volume across Crocs and HEYDUDE etc.</p> <p>As wastewater discharge quality regulations vary greatly from country to country and region to region, and because not all substances and pollutants used in textile manufacturing are regulated by law, we are in the process of evaluating whether to enforce Zero Discharge of Hazardous Chemicals (ZDHC) Wastewater Guidelines (including sludge) as a uniform, global guidance for wastewater discharge. ZDHC covers conventional wastewater, as well as hazardous chemical management, and goes beyond regulatory conformance to hold us to a higher caliber of operation. In 2022, two (2) Tier 1 suppliers for the Crocs brand piloted wastewater testing in alignment with ZDHC. In 2023, we'll be asking all Tier 1 suppliers to participate in ZDHC trainings and provide wastewater test reports to get a fuller sense of our enterprise footprint.</p>	<p>Climate Stability, pg. 32-34</p> <p>For more information on wastewater discharge, please see the accompanying table on pg. 51.</p>



# SASB Reference Table

**Table 1**  
**Sustainability Disclosure Topics & Accounting Metrics**

Topic	Code	Accounting / Activity Metric	Category	Unit of Measure	Data/Response	Related Reference(s)
Environmental Impacts in the Supply Chain	CG-AA-430a.2	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	Quantitative	Percentage (%)	<p><b>(1) ~31% of Tier 1 suppliers have completed Higg FEM.</b></p> <p><b>(2) ~7% of Tier 2 suppliers have completed Higg FEM.</b></p> <p>At this time, only suppliers supporting the Crocs brand have been assessed through the lens of Higg FEM. We may include more facilities across both brands over time.</p>	Climate Stability, pg. 32

# SASB Reference Table

**Table 1**  
**Sustainability Disclosure Topics & Accounting Metrics**

Topic	Code	Accounting / Activity Metric	Category	Unit of Measure	Data/Response	Related Reference(s)
<b>Labor Conditions in the Supply Chain</b>						
Labor Conditions in the Supply Chain	CG-AA-430b.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	Quantitative	Percentage (%)	<p><b>(1) ~99% of Tier 1 suppliers across both brands were audited in 2022.</b></p> <p><b>(2) ~46% of Tier 2 suppliers across both brands were audited in 2022.</b></p> <p><b>(3) Of the 219 audits conducted across Tier 1 and Tier 2 suppliers, ~ 70% were conducted by a third-party partner. That said, all but one Tier 1 supplier audit was conducted by a third party partner across both brands.</b></p> <p>In 2022, Crocs, Inc. reviewed and amended its Factory &amp; Supplier Code of Conduct to ensure up-to-date alignment with international labor laws, human rights advancements, and applicability to all of our suppliers' facilities worldwide, inclusive of both the Crocs and HEYDUDE brands. To measure compliance throughout our supply chain, we conduct both scheduled and unannounced social compliance audits, both by Crocs, Inc. personnel and external third-party partners. We maintain an internal audit survey aligned with our Code of Conduct and accept third-party audits conducted in alignment with customers' requirements and/or other international industry standards including, for example, Business Social Compliance Initiative, Supplier Ethical Data Exchange, Worldwide Responsible Apparel Production, and Fair Labor Association. We also regularly support wholesale customer audits to their own standards at our facilities, as needed.</p> <p>An audit consists of interviews with management and workers, a comprehensive documents review, including payroll and time records, and a factory tour. As part of worker interviews, auditors seek to ensure a fair representation of employees, including from various stages of the facility's production, from diverse genders, ethnicities, and ages, and from more at-risk populations (i.e. pregnant workers, those appearing old or young, etc.). No upper management or supervisors are present during the interviews, and all discussions are held within a space considered comfortable for employees. Auditors review personal files for each interviewee, including hours and wage records, production output records, warehouse records, and more, and cross-check them against protections in the workers schedules for discrepancies to ensure the factory meets legal minimums for wages, overtime, working hours and consecutive work days.</p> <p>Audit results influence the frequency of scheduled audits, and each supplier facility is assigned one of four color codes that reflect our audit findings and dictate how often a facility will have scheduled audits. A facility's color code will be adjusted if a future audit demonstrates any non-conformances have been fully remediated.</p> <ul style="list-style-type: none"> <li>● Red: quarterly audit required</li> <li>● Yellow: semi-annual audit required (every six months)</li> <li>● Green: annual audit conducted</li> <li>● Blue: annual audit conducted</li> </ul> <p>As an enterprise, we strive to ensure our products are sourced, produced, and delivered to customers and consumers in a manner that upholds the highest standards of human rights. In 2022, we consolidated expected and required standards for compliance into a global, public-facing Human Rights policy which will be published in 2023, and details the enterprise stance on diversity and inclusion, freedom of association and collective bargaining, forced labor and human trafficking, child labor, work hours, wages and benefits, and more.</p>	Community, pg. 37-38 Responsibility, pg. 47-48

# SASB Reference Table

**Table 1**  
**Sustainability Disclosure Topics & Accounting Metrics**

Topic	Code	Accounting / Activity Metric	Category	Unit of Measure	Data/Response	Related Reference(s)
Labor Conditions in the Supply Chain	CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	Quantitative	Rate	<p><b>At the end of the year, only 2 CAPs were pending for Tier 1 suppliers, resulting in a corrective action rate of ~97%. 28 CAPs were pending for Tier 2 suppliers, all of which were supporting the HEYDUDE brand and many of which are still in progress because of the new nature of the relationship with the supplier, resulting in a corrective action rate of ~80%.</b></p> <p><b>In 2022, none of our Tier 1 suppliers were categorized as 'Red', per the above, but three Tier 2 suppliers for the Crocs brand were. CAPs were in place for all three as of year-end and a quarterly audit and improvements will be required.</b></p> <p>Crocs, Inc. values its relationships with suppliers and believes in a mindset of continuous improvement. Consistent with our approach to environmental compliance, all priority-level issues of non-conformance related to labor and safety must be addressed immediately. We require suppliers to develop a corrective action plan (CAP) for any issues detected, which includes the supplier management's commitment to open and transparent communication during the remediation process. To that end, Crocs, Inc. will periodically check-in to verify that resolutions are being implemented in a timely manner and may request a re-audit if deemed necessary.</p> <p>In tandem with our efforts to improve compliance throughout our supply chain and accelerate remediations to non-compliances when identified, we are actively addressing issues of supply chain transparency that exist in the apparel and footwear industry. Within the Crocs brand specifically, we have many long-term relationships with our Tier 1 suppliers and have found that stable cooperation not only helps us ensure compliance with our Code of Conduct, but also makes us more familiar with each of our supplier's unique circumstances and situations, which deepens trust and builds the foundation for continuous improvement. We seek to bring the same approach to the HEYDUDE supply chain, starting by working closely with the suppliers and brokers that handle the majority of the brand's product manufacturing. Since the acquisition was completed, our understanding of the supply chain has improved significantly.</p> <p>If minimum compliance is not met, the case will be escalated to management. Additionally, if there is any priority non-conformance found, the grade of the facility is directly classified as 'Red'. Remediation measures which apply to both Tier 1 suppliers and beyond, may include: more frequent audits to follow up on a CAP (including Tier 1 suppliers following up with Tier 2 suppliers), required trainings, reduction of orders, rejection of the production of licensed products, and potential exclusion from the enterprise AVL. Our stance on non-compliance is clear: if any supplier facility has a critical issue or violation and does not take remediation action in a timely manner, fails to continue to improve according to the corrective action plan created, or has a 'Red' rating that fails to improve, then Crocs, Inc. will take appropriate action aligned with the severity of the violation. In 2022, we did not terminate any contracts as a result of non-compliance.</p>	Responsibility, pg. 47-48

# SASB Reference Table

**Table 1**  
**Sustainability Disclosure Topics & Accounting Metrics**

Topic	Code	Accounting / Activity Metric	Category	Unit of Measure	Data/Response	Related Reference(s)
Labor Conditions in the Supply Chain	CG-AA-430b.3	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	Discussion and Analysis	n/a	Some of the issues that were identified by our 2022 audits included excessive overtime, transparency challenges, time records, and fire safety. While the exact circumstances of these issues varied, they give us a clear picture of how to continue to improve our policies and practices to improve labor conditions along our supply chain to protect human rights. Moreover, these issues are not unique to Crocs, Inc., but we hope to play an active role in improving the working conditions of workers in our supply chain.	<p>Responsibility, pg. 47-48</p> <p>The details of our company's risk factors are more thoroughly outlined in our Annual Report on form 10-K.</p>

# SASB Reference Table

**Table 1**  
**Sustainability Disclosure Topics & Accounting Metrics**

Topic	Code	Accounting / Activity Metric	Category	Unit of Measure	Data/Response	Related Reference(s)
<b>Raw Materials Sourcing</b>						
Raw Materials Sourcing	CG-AA-440a.3	(1) List of priority raw materials; for each priority raw material: (2) environmental and/or social factor(s) most likely to threaten sourcing, (3) discussion on business risks and/or opportunities associated with environmental and/or social factors, and (4) management strategy for addressing business risks and opportunities	Discussion and Analysis	n/a	<p>(1) At this time, materials most purchased by the enterprise to produce our products, include Compounds: Croslite™ and EVA (including bio-based); Nylon; PVC; Polyester; Cotton; Leather; Rubber; Textile; and TPU.</p> <p>(2) We seek to collect weights of materials sourced from each shoe factory in Asia and then consolidate them in an attempt to get a more precise appreciation for the true environmental and social risk factors associated with the materials we source. Our material sourcing team is still in the process of implementing this approach to understanding our material consumption across all brands and regions.</p> <p>The greatest social and environmental risk factors associated with raw materials sourcing throughout the supply chain include, the effects of climate change, including natural disasters such as earthquakes, hurricanes, tsunamis, or other adverse weather and climate conditions. Climate change could harm or disrupt our operations or the operations of our vendors, other suppliers, or consumers, and could damage our supply chain manufacturing or distribution centers, retail stores, and lead to energy shortages. The greatest risks also include forced labor, which we seek to prevent by monitoring for, and mitigating the use of tactics that might delay employment being granted. Historically marginalized communities are more prone to the risks of forced labor, and children are one of the most at-risk groups.</p> <p>(3) Potential business risks and opportunities posed to Crocs, Inc. that are associated with raw materials sourcing throughout the supply chain include:</p> <ul style="list-style-type: none"> <li>• Current or future governmental policies that may increase the risk of inflation, which could further increase the costs of raw materials and components for our business;</li> <li>• Shortages of raw materials and disruption to the global supply chain which can negatively impact costs and inventory availability and may continue to have a negative impact on future results and profitability;</li> <li>• Market conditions related to supply and demand for our raw materials and any resulting shortages in supply, as well as impacts of any global shipping or logistics delays;</li> <li>• Foreign exchange rate volatility that can disrupt the business of the third-party manufacturers that produce our products by making their purchases of raw materials more expensive and more difficult to finance;</li> <li>• Climate change impacts (e.g., changing temperatures and/or water stress) on natural fiber crop production that may affect the price and availability of raw materials;</li> <li>• Legislation on greenhouse gases (GHG) affecting the price of petroleum which may affect the price of petroleum-derived raw materials;</li> <li>• Tightening environmental regulations for suppliers that could affect the cost or availability of raw materials they supply;</li> <li>• Lack of full traceability to the source of the raw materials, which may hinder the ability to identify compliance incidents that could lead to negative effects on brand reputation; and,</li> <li>• The risk of our third-party manufacturers not following applicable environmental regulations.</li> <li>• Additionally, if the suppliers we rely on for elastomer resins were to cease production of these materials, we may not be able to obtain suitable substitute materials in time to avoid interruption of our production schedules.</li> </ul> <p>(4) Crocs, Inc. manages the social and environmental risks associated with the sourcing of Croslite™ compound and other raw materials by ensuring that our third-party manufacturers adhere to labor, environmental and other applicable laws through strong contractual representations and warranties in our manufacturing agreements, signing of a yearly statement of compliance associated with our Factory &amp; Supplier Code of Conduct, and regular internal and third-party audits.</p> <p>Transitioning to a bio-based version of our Croslite™ material, which began in 2021 in collaboration with Dow®, a global materials science company, is a significant way we can manage the potential and actual risks posed by our sourcing of materials derived from fossil fuels. Dow's ECOLIBRIUM™ Technology transforms bio-waste and byproducts from other industries into a material that has the same properties as our existing material, positioning us to integrate bio-based Croslite™ material into footwear containing EVA, as opposed to creating a new and separate product line. We continue to invest in research and development to refine our materials, enhance the properties of our products, and mitigate environmental and social risk factors.</p>	Circularity, pg. 21-26 Responsibility, pg. 45-46

# SASB Reference Table

**Table 1**  
**Sustainability Disclosure Topics & Accounting Metrics**

Topic	Code	Accounting / Activity Metric	Category	Unit of Measure	Data/Response	Related Reference(s)
Raw Materials Sourcing	CG-AA-440a.4	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental and/or social standard, by standard	Discussion and Analysis	n/a	For a comprehensive list of materials, please see the accompanying table on pg. 54.	Circularity, pg. 21-22

# SASB Reference Table

Table 2  
Activity Metrics

Topic	Code	Accounting / Activity Metric	Category	Unit of Measure	Data/Response	Related Reference(s)
<b>Suppliers</b>						
Suppliers	CG-AA-000.A	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Quantitative	Number	<p><b>(1) Tier 1 Suppliers: 76</b></p> <p><b>Crocs: 26</b></p> <p><b>Hey Dude: 53</b></p> <p><b>(2) Tier 2 Suppliers: 307</b></p> <p><b>Crocs: 208</b></p> <p><b>Hey Dude: 104</b></p> <p><b>Total Suppliers: 383</b></p> <p>Crocs, Inc. maintains an enterprise approved vendor list (AVL) for Tier 1 and Tier 2 suppliers that meet the company's standards for quality, delivery, cost and compliance. Those facilities included in the AVL reflect shoe, apparel, and component factories, as well as raw materials suppliers, other component suppliers, and vendors that perform certain services related to product manufacturing. A vendor must be on the AVL in order to do business directly with Crocs, Inc., though many of our Tier 1 suppliers maintain additional sourcing relationships that are not reflected in the company's AVL.</p> <p>A majority of HEYDUDE products are supplied through a single broker partner, so in order to help us better understand Tier 2 HEYDUDE suppliers, the broker has organized them into Core, Secondary and Under Development.</p> <p>At this time, the enterprise does not have full transparency beyond Tier 2. As part of our integration efforts, we are working with a third-party partner to map the HEYDUDE supply chain to Tier 5 (and beyond), which we will have completed in 2023. We also plan to update the mapping of our Crocs supply chain in 2023 to account for our growth and the potential addition of new factory and supplier partners.</p> <p>Crocs, Inc. currently has 383 Tier 1 and Tier 2 suppliers on its enterprise AVL - there are three Tier 1 and five Tier 2 suppliers that are shared across our portfolio. The AVL is updated periodically and any suppliers that are inactive, which is defined as not having done business with the enterprise for two years, are removed from the AVL.</p>	<p>Introduction, pg. 5-6</p> <p>Responsibility, pg. 47-48</p>

# TCFD Guidance on Climate-Related Risk Management & Integration

As part of our commitment to Net Zero by 2040 and the integration of financial and non-financial risks, we seek to more closely apply the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We recognize the ongoing importance of providing a clear portrayal of our climate-related financial information and plan to expand our disclosures as our emissions reduction plan evolves.

Metric	Disclosure	Related Reference(s)
<b>Governance</b>		
a) Describe the board’s oversight of climate-related risks and opportunities.	ESG Steering Committee – Quarterly and Annual Reviews Environmental Policy – In Development	2022 Comfort Report – Responsibility, pg. 45-46 2022 Comfort Report – Community, pg. 37-38 2022 Annual Report on Form 10-K, pg. 4 2022 Schedule 14A, pg. 18-19
b) Describe management’s role in assessing and managing climate-related risks and opportunities.	Reporting Structure - VP, Global Head of Sustainability, Reporting Line to CEO Executive Compensation Incentive Related to ESG Performance Cross-Functional Collaboration - ESG Working Group Enterprise Risk Management	2022 Annual Report on Form 10-K, pg. 4, 23 2022 Comfort Report – Climate Stability, pg. 29-30 2022 Comfort Report – Responsibility, pg. 45-48
<b>Strategy</b>		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Climate-Related Environmental and Social Risk Factors - Raw Materials Evaluation Legal and Regulatory Risks	SASB – Raw Materials Sourcing, pg. 69-72 2022 Annual Report on Form 10-K, pg. ii, 4, 22 2022 Comfort Report - Responsibility, pg. 47-48 2022 Comfort Report - Climate Stability, pg. 31-32, 33-34
b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	Materials Sourcing Supplier Management & Partnerships	2022 Comfort Report - Circularity, pg. 21-22 2022 Comfort Report - Climate Stability, pg. 33-34 2022 Comfort Report - Community, pg. 37-38 2022 Annual Report on Form 10-K, pg. 22
c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Greenhouse Gas (GHG) Emissions Inventory Initial Emissions Reduction Roadmap Supply Chain Emergency Preparedness Plans	2022 Comfort Report – Climate Stability, pg. 29-30 2022 Comfort Report – Community, pg. 37-38



# TCFD Guidance

Metric	Disclosure	Related Reference(s)
<b>Risk Management</b>		
a) Describe the organization’s processes for identifying and assessing climate-related risks.	Priority Topics Assessment GHG Inventory Alignment with Emerging Regulation	2022 Comfort Report – Listening to our stakeholders, pg. 7-8 2022 Comfort Report – Circularity, pg. 23-24 2022 Comfort Report – Climate Stability, pg. 29-30
b) Describe the organization’s processes for managing climate-related risks.	EHS Oversight & Policy Development Measurement of Natural Resource Consumption Supply Chain Mapping Evolving Internal and Third-Party Supply Chain Audits	Crocs, Inc. Factory and Supplier Code of Conduct 2022 Comfort Report - Climate Stability, pg. 31-32, 33-34 2022 Comfort Report - Community, pg. 37-38 2022 Comfort Report – Responsibility, pg. 47-48
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	Net Zero by 2040 Enterprise Risk Management	2022 Comfort Report – Climate Stability, pg. 29-30 2022 Comfort Report – Responsibility, pg. 45-46 2022 Schedule 14A, pg. 18-19
<b>Metrics &amp; Targets</b>		
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Scope 3 Categories - Purchased Goods and Services & Transportation and Distribution Carbon Footprints for Top Product Styles ISCC PLUS Certification	2022 Comfort Report – Circularity , pg. 21-22 2022 Comfort Report – Climate Stability, pg. 33-34
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	GHG Emissions Disclosure – 2022 Data (Scope 1, 2, and 3) Disclosure of Re-baselined Total 2021 Emissions	2022 Comfort Report – Climate Stability, pg. 29-30 2022 Comfort Report – Key Metrics, pg. 51-54
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Net Zero by 2040 50% Emissions Reduction Per Pair of Classic Clogs 50% Bio-Based Content in Crosslite™ Expansion of Supply Chain Audits for Environmental Compliance	2022 Comfort Report – Circularity, pg. 21-22 2022 Comfort Report – Climate Stability, pg. 29-30, 33-34 2022 Comfort Report – Responsibility, pg. 47-48 2022 Schedule 14A, pg. 18-19

## References

(1) Jordyn Holman. (2023, March). People Started Buying Crocs During the Pandemic. They Can't Stop. The New York Times <https://www.nytimes.com/2023/03/27/business/crocs-sales.html>

(2) Morning Consult. (n.d.). Fastest Growing Brands 2022. Morning Consult <https://morningconsult.com/fastest-growing-brands-2022/>

*Methodology: Growth was determined by taking the share of consumers who said they were considering purchasing from the brand from Oct. 1-31, 2022, and subtracting the share who said the same from Jan. 1-31, 2022. The Fastest Growing Brands 2022 analysis was conducted among 1,689 brands.*

(3) L.E.K. Consulting. (2023). 2023 US Footwear and Apparel Brand Heat Index. L.E.K. Consulting <https://www.lek.com/sites/default/files/insights/pdf-attachments/Brand-Heat-Index-2023-Special-Report.pdf>

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## Cautionary Note Regarding Forward-Looking Statements

This report includes estimates, projections, and statements relating to our plans, commitments, objectives, and expectations that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

These statements include, but are not limited to, statements regarding our expectations relating to environmental and social matters. These statements involve known and unknown risks, uncertainties, and other factors, which may cause our actual results, performance, or achievements to be materially different from any future results, performances, or achievements expressed or implied by the forward-looking statements. Please see the factors described in our most recent Annual Report on Form 10-K under the heading "Risk Factors" and our subsequent filings with the Securities and Exchange Commission. Readers are encouraged to review that section and all other disclosures appearing in our filings with the Securities and Exchange Commission.

All information in this document speaks as of April 25, 2023. We do not undertake any obligation to update publicly any forward-looking statements, whether as a result of the receipt of new information, future events, or otherwise, except as required by applicable law.





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