

# Supply Chain Transparency Statement

## 2021

Brooks Sports, Inc.'s Statement on Australia Modern Slavery Act, California Transparency in Supply Chains Act, UK Modern Slavery Act and the USA Tariff Act

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*We are committed to continually improving our practices to ensure there is no slavery or human trafficking in our supply chain. The following outlines Brooks' efforts to identify and eliminate forced labor, in all its forms, from our business and supply chain. It is reviewed annually and updated as needed.*

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### California Transparency in Supply Chains Act

Effective January 1, 2012, the California Transparency in Supply Chains Act of 2010 (SB 657) requires companies that sell goods in California to make certain disclosures regarding their efforts to address slavery and human trafficking within their supply chain.

### UK Modern Slavery Act

Effective October 29, 2015, the UK Modern Slavery Act of 2015 requires companies that sell goods in the UK and have an annual turnover of over £36 million to make certain disclosures regarding their efforts to address slavery and human trafficking within their supply chain.

### Australia Modern Slavery Act

Effective January 1, 2019, the Australia Modern Slavery Act of 2018 requires companies with annual sales over 100 million AUS to make certain disclosures regarding their efforts to address slavery and human trafficking within their supply chain.

### USA Tariff Act

Section 307 of the Tariff Act of 1930 (19 U.S.C. § 1307) prohibits the importation of merchandise mined, produced, or manufactured, wholly or in part, in any foreign country by forced or indentured child labor – including forced child labor. Such merchandise is subject to exclusion and/or seizure, and may lead to criminal investigation of the importer(s).

## Introduction

Here at Brooks, as stewards of the running community and as global citizens, we are committed to creating positive change and being transparent about areas where we can do better.

### ***Brooks Belief***

*We believe in a world where everyone is welcome to run and has a place to do it. That means making progress along our People and Planet Path to champion the run for all and protect the planet we run on. Our commitments start with people, and we value safety, dignity and opportunity for all. And because 150 million people run outside, it's critical we take care of the world we share.*

We continually evolve our Running Responsibly program to deliver on social and environmental imperatives especially pertaining to fair, safe and equitable working conditions throughout our supply chain.

The following supply chain transparency statement details many of the initiatives we've put in place to support our belief that there is no place for forced labor, modern slavery or human trafficking in our business or supply chain. For Brooks, when it comes to such topics and their impacts on people, vigilance and clear policies are imperative.

This statement has been approved by the officers of the corporate entity of Brooks Sports, Inc. (Brooks) and signed on behalf of Brooks by Jim Weber, CEO. This confirms the officers of the corporate entity for Brooks have considered and approved the statement for fiscal year 2021.

Sincerely,

A handwritten signature in black ink that reads "Jim Weber". The signature is written in a cursive, flowing style.

Jim Weber  
CEO, Brooks Sports, Inc.

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## Introduction to our Business

Brooks Running sells its performance footwear, apparel, run bras and accessories in more than 50 countries worldwide. Brooks' purpose is to inspire everyone to run their path by creating the best gear, tools, and experiences. Founded 1914, Brooks is a subsidiary of Berkshire Hathaway Inc. and is headquartered in Seattle.

Brooks contracts the manufacturing of its best-in-class footwear and apparel products to a small number of select suppliers around the globe. Our [Global Factory List](#) can be found on our website. The length of our relationship with our suppliers is, on average, more than six years.

## Policies

We ground ourselves in the Universal Declaration of Human Rights and the International Labor Organization Declaration on Fundamental Principles & Rights of Work. We also align our policies and standards with international best practices including [Ethical Trade Initiative](#) base code, [Fair Labor Association](#), [American Apparel & Footwear Association](#) (AAFA), and [Business Social Compliance Initiative](#) (BSCI).

The Brooks [Supplier Code of Conduct](#) is the foundation of Brooks' Responsible Sourcing program. Together with local law and international labor standards, it sets the standards for all factories in our manufacturing supply chain. The Code protects workers' rights, helps create a safe workplace, and protects the environment. The Brooks Responsible Sourcing Standards provide detailed requirements on how the Brooks Code of Conduct must be implemented and how we will measure a factory's compliance.

The Brooks Code of Conduct is part of the purchase agreement and must be signed by all suppliers manufacturing Brooks product and materials to ensure a common vision, accountability, and transparency.

We updated the Brooks [Supplier Code of Conduct](#) in May 2016 to strengthen provisions against the use of Forced Labor in any form in our supply chain. Specifically, it bans suppliers from charging "any employment eligibility fees for migrant workers, including recruitment fees" and calls for suppliers to "adopt policies and procedures to ensure there is no human trafficking in the Brooks supply chain".

Additionally, in 2018 Brooks was a founding signatory to the [Commitment to Responsible Recruitment](#). This commitment aims to unify the footwear and apparel industry around the following tenets of responsible recruitment:

- No worker pays for their job
- Workers retain control of their travel documents and have full freedom of movement; and
- All workers are informed of the basic terms of their employment before leaving home.

## Evaluating Risks

Brooks utilizes an online supplier compliance and risk management software system to further formalize our supplier risk evaluation process. This web-based risk assessment and audit management system analyzes and quantifies supplier risk and compliance data. Infusing geographic risk data and analysis into the assessment process allows Brooks to effectively evaluate and track compliance and risk throughout our entire supply chain. This has enabled us to globally track social responsibility metrics in the following categories: Human Rights, Child Labor, Women's Rights, and Working Conditions.

Brooks evaluates risk across our supply chain by integrating the system's country level risk information with assessment results and through review of the Department of Labor's "List of Goods Produced by Child Labor or Forced Labor". Brooks recognizes the following high-level risk areas specific to the countries in which we operate, the industry we are in, and our own supply chain, to which we pay extra attention during our due diligence and verification processes:

- Foreign Migrant Labor
- Freedom of Movement
- Right to Refuse Overtime
- Workers' Right to Leave Job
- Cotton Production in central Asia (e.g. Uzbekistan, Turkmenistan, Xinjiang)

Monitoring for these risks, our Responsible Sourcing program identifies and remediates any non-compliances against local law or our Supplier Code of Conduct as highlighted below.

## Supply Chain Due Diligence and Verification

Through our Responsible Sourcing program, the following steps are taken to enforce our Supplier Code of Conduct across the supply chain so that working conditions are fair, safe and equitable. The Brooks Responsible Sourcing program follows the principle of 'Continuous Improvement'. Whenever non-compliances are found, Brooks works with suppliers to understand the root cause of the issue and to find a sustainable solution that will both correct the issue in question and prevent similar issues from occurring in the future.

### New Supplier Onboarding

As part of our manufacturing new supplier onboarding process, Brooks engages third-party auditors to conduct a social responsibility audit to identify areas of risk and weaknesses in social responsibility policies and practices with prospective suppliers. We carefully screen third-party auditors and only use experienced and reputable firms that are well versed on international laws and standards as well as our internal standards. Production approval is only granted after a factory passes an audit to verify compliance to our standards.

## Final Assembly Factory Code of Conduct Compliance

Our Responsible Sourcing program evaluates suppliers' continued compliance with our [Supplier Code of Conduct](#) and local law through the use of onsite assessments conducted by independent third-party auditors. In 2020 we audited, accepted shared audits, or performed self-assessments with suppliers who produced 100% of Brooks products.

The third-party audits are semi-announced with a three-week audit window and include a physical inspection of the factory, review of documents and procedures, and between 15 and 35 worker interviews (depending on the size of the factory). During the worker interviews, the third-party auditors ask specific questions designed to assess forced labor and human trafficking risk. Our Responsible Sourcing team shadows the audits when feasible. Brooks reserves the right to perform unannounced audits at any of our suppliers and has done so when certain country or facility-specific risk factors warrant.

## Material Supplier Code of Conduct Compliance

Brooks uses a risk-based approach to determine our engagement level with materials suppliers. We prioritize our engagement with high-risk strategic suppliers who account for approximately 90% of our materials volume by spend. Brooks sends all strategic suppliers our Supplier Code of Conduct and Responsible Sourcing Standards and we ask them to complete a Vendor Profile Questionnaire. Based on the information received through the questionnaire, further engagement may be conducted.

## Foreign Migrant Labor

We ask any suppliers using foreign migrant labor to complete an additional self-assessment to ensure compliance against our migrant labor standards. This assessment covers forced labor concerns throughout the employment process: during recruitment, during employment, and after employment has concluded. This assessment is especially qualified to identify issues stemming from the relationship between migrant workers and labor brokers that may be out of the scope of some of our other assessments. Examples of issues this program aims to identify and eliminate include:

- Recruitment fees charged to workers
- Withholding of passports or identity documents
- Restricted freedom of movement
- Sex-based discrimination in migrant labor hiring practices

Brooks also participates in an industry Migrant Labor Best Practice Working Group that aims to align migrant labor standards, enable audit collaboration, and share best practices.

## Worker Grievance Investigation

Workers at Brooks' final assembly contract factories can file grievances directly with the Brooks Responsible Sourcing team through our established grievance system. Whenever any such

grievances are received, Brooks performs an investigation to understand the full context of the complaint. Following the investigation, should any violations to local law or our supplier Code of Conduct be identified, Brooks will work with the factory to remediate the issue. Once remediation has been complete, Brooks asks suppliers to communicate to workers what the issue was and what was done to remediate it. Brooks will also follow-up directly with any workers who filed a grievance to ensure that they receive the results of the investigation, they understand the remediation efforts that were taken, and that they agree with the results of the process.

## Certification

### *Responsible Sourcing Standards Acknowledgement*

During onboarding, all new contract manufacturers must sign the Brooks Responsible Sourcing Standards Acknowledgement, certifying that:

- They meet or exceed the requirements in the Brooks Supplier Code of Conduct
- They will maintain current and detailed records to substantiate compliance with the Brooks Supplier Code of Conduct
- They will be transparent to Brooks in all respects, including in documents, including accurate working hours and payroll records
- They will allow periodic third-party assessments to verify compliance with the Brooks Supplier Code of Conduct
- Any Brooks merchandise will be produced in compliance with the wage and working hours laws of the country of manufacture and without the use of child, prison or forced labor
- They understand that failure of compliance with the Brooks Supplier Code of Conduct may result in termination of business with Brooks.

## Measurement Tools

Brooks uses a mix of in-house compliance tools, third-party risk management software and industry tools, including the Higg Index Facility Social Labor Module (FSLM) to measure compliance with our Supplier Code of Conduct. Specifically, for issues relating to forced labor, we use both a Migrant Labor self-assessment and our own audit template to determine compliance.

## Remediation Process

Following completion of a social compliance assessment, we work closely with factories to remediate any issues identified that do not meet our standards. Factories are expected to remediate critical issues immediately and less severe issues within six months. The Brooks Responsible Sourcing program follows the principle of 'Continuous Improvement'. Whenever Brooks finds non-compliances, we work with the factory to understand the root cause and find a sustainable solution that will both correct the problem and prevent similar issues

from occurring in the future. If the supplier does not correct the violations, we may terminate the relationship.

## Accountability

Brooks has a dedicated team responsible for our Responsible Sourcing program. The Brooks senior leadership team has a direct involvement and accountability in supporting our commitment to human rights. The Responsible Sourcing team briefs the relevant Sourcing Director after each audit.

The Brooks Responsible Sourcing team participates in seasonal business reviews with all footwear factories. During these reviews, Brooks evaluates a factory's corporate responsibility performance as well as other business metrics like development and commercialization. The Responsible Sourcing team uses this process to engage both Brooks and factory leadership about any ongoing remediation efforts.

## Training

### Internal Training

Our Responsible Sourcing team receives regular training on the subject of migrant labor and human trafficking. This training includes review of the USA Customs and Border Protection Forced Labor webpage, the Department of Labor's "List of Goods Produced by Child Labor or Forced Labor" and "Reducing Child Labor & Forced Labor Toolkit" webpage, and the International Labor Organization's "Indicators of Forced Labor" booklet. The Brooks Responsible Sourcing team trains our Sourcing team, key members of our Senior Leadership, and Product teams on these topics.

### Supplier Training

Brooks or third-party specialists perform in-person trainings for our suppliers on topics relevant to each individual supplier. Each new supplier is trained on our Supplier Code of Conduct and Responsible Sourcing Standards. Our Supplier Code of Conduct has been translated into eight languages to make it more accessible to workers within our supply chain. Additionally, in 2019, Brooks held a Migrant Labor workshop in Taiwan and invited multiple factories to train them on Brooks' expectations and red flags. We collaborate with several non-governmental organizations, auditing firms and trade associations to raise awareness of social responsibility issues. We regularly monitor reports and follow developments in the industry from groups such as the Fair Labor Association, International Labor Association, Sustainable Apparel Coalition, and the Better Work Program.

## Assessment of Effectiveness

In 2020, Brooks identified several non-compliances, such as minor health and safety issues, at final assembly factories and materials suppliers, and has successfully remediated or opened

corrective action plans for 100 percent of the findings. None of these instances of non-compliance were related to forced labor, modern slavery or human trafficking.

## Further Steps

For more information regarding our Corporate Responsibility Program, please see the Running Responsibly page of [www.brooksrunning.com](http://www.brooksrunning.com) and our current [Running Responsibly Performance Summary Report](#). We invite you to send comments, questions, and suggestions to: [runningresponsibly@brooksrunning.com](mailto:runningresponsibly@brooksrunning.com).

Follow us on Twitter (@brooksrunning) and Facebook ([www.facebook.com/brooksrunning](http://www.facebook.com/brooksrunning)).