

**CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT of
2010 DISCLOSURES**

Brooks Sports, Inc.



The 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.

Our Response to SB 657

This report describes our response to SB 657.

1. Verification of Product Supply Chains to Evaluate and Address Risks of Human Trafficking and Slavery

Supplier Selection

As part of our product supplier selection process, Brooks Sports Inc. (Brooks) engages third party auditors to conduct preliminary social compliance screenings to identify areas of risk and weaknesses in social compliance policies and practices with prospective suppliers. We carefully screen third party auditors and only use experienced and reputable monitoring firms that are – in our opinion – well versed on international laws and standards as well as our internal standards. All direct production sites must go through this screening and approval process before we contract with them to manufacture our products.

Supplier Auditing – Tier 1

The primary focus of our efforts has been our tier 1 suppliers and licensee suppliers. Brooks currently strives to audit all of our direct suppliers and licensee suppliers each year. Our verification and audit program is designed to evaluate suppliers' compliance with the Brooks [Code of Conduct](#) through the use of onsite assessments conducted by independent third party monitoring firms.

In assessing the Brooks supply chain, our third party auditors check factory policies and procedures against the Brooks audit scope, which is based on the local law of manufacture, international labor norms, industry best practices, and the Brooks [Code of Conduct](#). The third party audits are generally semi-announced with a three week audit window and include a physical inspection of the factory, review of documents and procedures, and at least 15 and as many as 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 own Corporate Social Responsibility team members shadow the audits when feasible.

We revised the scope of our audits in 2010 to include red flag indicators of the workers' recruitment processes to help identify any potential violations that may have occurred before workers arrived at the supplier facility. Further, in 2013 we strengthened our audit scope by adding additional [Code of Conduct](#) elements covering forced labor and imported workers. We also developed a country risk tool to assess human trafficking risk in our supply chain, using data and research from the U.S. Department of State, as well as other reputable sources. With suppliers that reside in countries with high levels of

migrant labor and human trafficking risk, we periodically conduct ‘unannounced’ third party audits to assess risk and compliance.

Tier 2 Suppliers

Although we do not currently conduct third party monitoring at our tier 2 material and component suppliers, we have informal relationships with many of these suppliers and our Sourcing and QA/QC team regularly visit a number of their respective facilities. We also periodically screen our tier 2 suppliers for use of restricted substances and environmental management systems.

2. Supplier Certifications and Measurement Tools

Certification

We require our direct contract suppliers to meet or exceed the requirements in each area of the Brooks [Code of Conduct](#) and maintain detailed records to substantiate compliance. Specifically, we require certification that our contract suppliers:

- Do not use forced labor of any kind
- Do not use child labor
- Prohibit physical, sexual, psychological, and verbal harassment and abuse
- Provide a safe working environment
- Allow workers freedom of association and collective bargaining
- Pay wages for all time worked, at minimum wage or higher, and pay overtime
- Treat overtime as consensual between employee and employer
- Do not source cotton from Uzbekistan

Measurement Tools

Our Corporate Responsibility team is currently collaborating with the [OIA Social Responsibility Working Group](#) and Sustainable Apparel Coalition to develop a set of social indicators to help brands dive deeper into the product supply chain in order to better assess the human rights issues at the raw materials level. The Higg Index was piloted in 2013 and is being used as a tool to help us understand risks and opportunities across our product supply chain, including tier 2.

3. Internal Accountability Standards and Corrective Action Plans

Corrective Action Process

Our approach to human rights violations focuses on working with suppliers and licensees to remedy issues as they arise and improve the overall workplace environment.

If and when a potential issue is discovered, our protocol requires the relevant supplier to produce a corrective action plan outlining how they intend to resolve and prevent future occurrence of issues. As appropriate, we may also conduct a follow-up third party assessment at the facility to check progress on the corrective action plan and confirm resolution of any human rights issues. If the

supplier does not correct the violations we may terminate the relationship. Any potential human rights violations are reported to our executive team, including our CEO and VP of Global Supply Chain.

Internal Accountability

Brooks has a dedicated team responsible for our Corporate Social Responsibility Program. The team report directly to the Vice President of Global Supply Chain. The Brooks senior leadership team has a direct involvement and accountability in supporting our commitment to human rights. In addition, our Vice President of Global Supply Chain and Sourcing teams are briefed on the results of each social audit.

4. Training and Awareness; Partners

Training

Our internal Corporate Responsibility personnel, our Sourcing team, and key members of our Senior Leadership team have received training on human trafficking and slavery issues. In addition, our [Code of Conduct](#) is distributed annually to all employees and to our direct product suppliers. The [Code of Conduct](#) is translated into 22 languages in order to make the document accessible to more workers within our supply chain.

Our Partners

We collaborate with a number of non-governmental organizations and trade associations to raise awareness of social compliance issues, including the Outdoor Industry Association's Social Responsibility Working Group (we have been a member since 2010), and the Sustainable Apparel Coalition (we became a member in 2014). We regularly monitor reports and follow the developments of leaders in this field, such as the Fair Labor Association, ILO/IFC Better Work Program, and the American Apparel and Footwear Association.

5. Conclusion

For more information regarding our Corporate Responsibility Program, please see our [2011/2012 Corporate Responsibility Report](#).