## Our Running Responsibly Pillars

<table>
<thead>
<tr>
<th>Pillar</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Labor</td>
<td>3</td>
</tr>
<tr>
<td>Product Design &amp; Materials</td>
<td>7</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>10</td>
</tr>
<tr>
<td>Our Footprint</td>
<td>11</td>
</tr>
<tr>
<td>Community</td>
<td>13</td>
</tr>
</tbody>
</table>
Our goal is to treat all people fairly and with respect. We continually seek methods to improve workplace conditions and worker well-being, and to strengthen supplier relationships.

**OUR SUPPLY CHAIN**

The average length of contract factory partnerships.

**MANUFACTURING**

- 23 contract factories
- 42,272 people
- 10 countries

**CONTRACT FACTORIES BY REGION**

- 9% Americas
- 13% EMEA
- 78% Asia

5 YEARS

**MONITORING & CONTINUOUS IMPROVEMENT**

**FACTORY RATINGS**

- **Supplier Leadership**
  - Factory is fully compliant, self-governing, and considered a leader. It has well-developed management systems and demonstrates best practices.

- **Partner Supplier**
  - Factory is generally compliant, with no issues or a few minor issues disclosed. It has management systems in place and compliance practices are mostly effective.

- **Partner Supplier**
  - Factory is mostly compliant, with a few minor or isolated critical findings disclosed. It has management systems and some compliance practices in place. It is committed to, and on a work plan to fully meet our standards.

- **Risk Management**
  - Factory is non-compliant with several issues disclosed. It lacks sufficient knowledge and management systems, but has some effective compliance practices in place. Factory generally needs training/capacity building to meet our standards.

- **Risk Management**
  - Critical and zero tolerance issues disclosed, demonstrates general disregard for our standards, factory lacks management and commitment to meet our standards. Factory to be terminated unless there is immediate improvement and strong commitment from factory management.

- **Risk Management**
  - Not enough information is available to measure performance against our standards.
78% of our contract factories were rated Partner Supplier or better in 2015, an increase of 13% since 2012.

Our goal is to inspire and educate our contract factories to manage and take full ownership of their Fair Labor impacts.

20% of strategic factories to meet our Supplier Leadership rating by 2016.

NEW GOAL:
We achieved our 20% by 2016 goal early and are now working toward a new goal of 50% of strategic factories to meet our Supplier Leadership rating by 2020.

In 2015 we monitored 91% of our contract suppliers through third-party auditing. This represents 97% of our purchase volume.
Since 2014, we have been funding factory-level women’s health programs in China. HERproject has been a valuable partner in our efforts to advance the well-being of workers in our supply chain.

In 2015 we expanded our audit program to look beyond finished goods factories. Through this process a Brooks-funded third-party audit found one of our component suppliers had allowed certain employees who volunteered to take home extra trimming work – known as “homeworking.” While employees opted-in to this work, it is a violation of the Brooks Supplier Code of Conduct because of the difficulty in monitoring who performs the work, and the possibility of excess overtime or improper payment of wages.

Our production team identified the root cause: one of our highest volume shoes had two density foams, resulting in twice as much trimming. We worked closely with our suppliers to establish a holistic no homeworking policy and as a short-term solution brought on a second trimming team to handle the work during business hours. Long-term, our product engineers are developing and piloting new processes to reduce extra steps with trimming.

Moving forward, Brooks will continue to carefully audit various points of our supply chain and has also invested in a software program to help scale this effort to the hundreds of material and component suppliers we work with regularly.
In 2015 we collected anonymous feedback from more than 1,000 workers at a contract factory in Dongguan, China, through a Laborlink survey that measured workers’ perceptions of and satisfaction with working conditions and typical work schedules. Key takeaways included the need to prioritize training opportunities, improve worker-management relations and safety, as well as reduce and stabilize weekly working hours.

**Are you satisfied with your working hours?**

- **3%** – No, I want more hours
- **90%** – Yes, I am satisfied
- **7%** – No, I want fewer hours

**Priority for improving working conditions:**

- **32%** Worker-management relations
- **29%** Training opportunities
- **19%** Other
- **14%** Safety
- **6%** Working hours

We continue to work with our contract factories to balance production with the goal of reducing seasonal peak impacts to working hours.
Our products’ environmental impacts are rooted in decisions made in the design process. Through the collection of relevant sustainability information, we empower our designers to make informed decisions that deliver premium products while incorporating more sustainable choices.

**MATERIAL EFFICIENCY**

Our footwear team carefully considers the design of each part of our footwear uppers to maximize material efficiency in order to reduce waste.

**Average Upper Material Efficiency***

<table>
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<th>Year</th>
<th>Efficiency</th>
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<td>2013 (baseline)</td>
<td>66%</td>
</tr>
<tr>
<td>2014</td>
<td>69%</td>
</tr>
<tr>
<td>2015</td>
<td>67%</td>
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**OUR PLAN:**

In 2015, Brooks piloted the Higg Index Design and Development Module (DDM) and plan to adopt this tool after its launch. We believe this assessment will help us understand the impact of design decisions and identify opportunities to improve.

**VOLATILE ORGANIC COMPOUNDS (VOCs)**

Percentage of Adhesives that are Water-Based for Brooks Footwear*

- 2011 (baseline): 31%
- 2013: 56%
- 2014: 66%
- 2015: 71%
- 2020 GOAL: 100%

Brooks is reducing use of VOCs by substituting solvent-based adhesives with water-based adhesives that contain no VOCs.

*Data represents all Brooks footwear styles.

*Unless otherwise stated, we measure and report footwear sustainability performance specific to our core 4 footwear styles (Adrenaline GTS, Ghost, Glycerin, and Ravenna).
ENVIRONMENTALLY PREFERRED MATERIALS (EPM)

Average EPM% (by weight) for Brooks Footwear

<table>
<thead>
<tr>
<th>Year</th>
<th>EPM%</th>
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<tr>
<td>2009 (baseline)</td>
<td>38%</td>
</tr>
<tr>
<td>2013</td>
<td>44%</td>
</tr>
<tr>
<td>2014</td>
<td>46%</td>
</tr>
<tr>
<td>2015</td>
<td>52%</td>
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</tbody>
</table>

14% INCREASE since 2009

Continued selection of materials with a minimum 20% recycled content and using our BioMoGo midsole ensures average EPM% continues to increase year over year.

BIOMOGO
midsole biodegrades 50 times faster than a traditional EVA midsole.

Material Certifications for Brooks Apparel

Our apparel product team prioritizes sourcing materials that are either bluesign® or Oeko-Tex certified.

A bluesign® or Oeko-Tex material certification ensures a final material does not contain potentially harmful substances.

74% of total apparel material yards purchased in 2015 have a material certification.

44% Oeko-Tex
30% bluesign®

Since our partnership with bluesign® began in 2014, we’ve increased the number of materials selected with a bluesign® certification.

blueign® certification is the most comprehensive system available for textiles that ensures best practices for sustainability in both the final material and in each step of the manufacturing process.

Note: Due to improvements to our data management system, historic performance has been updated on previously reported data.
INDUSTRY COLLABORATION THROUGH THE SUSTAINABLE APPAREL COALITION (SAC)

As an active participant in the work of the SAC since joining in 2014, Brooks is evolving its sustainability program in alignment with the Higg Index tools. We have already adopted the Brand Module self-assessment and the Facilities Environmental Module (FEM) with our supply chain.

Higg Index Suite of Tools:
- Brand Module
- Factory Environmental Module
- Product Design Module

These tools empower brands, retailers, and manufacturing facilities to measure environmental and social/labor impacts in a standardized approach and identify opportunities to improve.

**INDUSTRY COLLABORATION THROUGH THE SUSTAINABLE APPAREL COALITION (SAC)**

- **FEB 2014**
  - Joined the SAC.
- **MAR 2014**
  - Adopted the Higg Index Facilities Environmental Module (FEM) to evaluate contract factories’ sustainability performance.
  - Requested all footwear and apparel contract factories to complete the FEM self-assessment.
- **MAY 2014**
  - Completed the Brand Module self-assessment.
  - Joined the Design and Development Module (DDM) working group to participate in the development of the tools’ content in collaboration with our industry peers.
- **SEPT 2014**
  - Formalized the requirement for contract factories to annually evaluate their sustainability performance using the FEM via our supplier guidelines.
- **FEB 2015**
  - 100% of all footwear and apparel contract factories completed their annual FEM self-assessment.
- **MAY 2015**
  - Completed annual update of the Brand Module self-assessment.
  - Joined the FEM 3.0 working group to participate in the continuing development of the FEM.
- **DEC 2015**
  - Pilot tested the DDM to provide feedback for further improvements.
  - Joined the SAC’s Social and Labor Convergence working group to participate in the development of a unified approach to assessment and measurement systems.
We’re adopting industry standardized assessment tools to manage environmental performance of our contract factories.

Our supply chain sustainability program continues to focus on working with our contract factories to adopt and proactively use the Higg Index Facilities Environmental Module (FEM).

In 2015, via our supplier guidelines, we formalized an ongoing process for our contract factories to complete annual self-assessments of the FEM.

The FEM provides our factories with a framework for performance improvement.

Our adoption of the FEM with our supply chain supports the industry in moving toward a standardized environmental assessment that will free factories of assessment fatigue.

This in turn will result in less time completing multiple brands’ assessments and more time focusing on adopting environmental best practices.

Through our SAC membership we have remained an active participant in the effort to continually evaluate the FEM to ensure its effectiveness in monitoring and improving environmental performance.
Our Footprint

We measure Greenhouse Gas Emissions to minimize our environmental footprint.

**ABSOLUTE GREENHOUSE GAS (GHG) EMISSIONS**

As the Brooks business continues to grow, absolute GHG emissions have increased year over year.

**PER SHOE GREENHOUSE GAS EMISSIONS**

However, as a general trend, annual GHG emissions per shoe have decreased 14% since 2011.

**FACTORS FOR INCREASED ABSOLUTE GHG EMISSIONS**

A labor dispute caused months of gridlock on U.S. West Coast ports in 2014 and 2015 resulting in an increased number of air shipments to get our product to market on time. Typically we ship about 44% of our total shipments via air; however, this increased to 54% in 2014 and 52% in 2015. With a larger GHG footprint than ocean shipments, these additional air shipments contributed to our total GHG emissions increasing in 2014 and 2015. Our goal in 2016 is for air shipments to reduce to their typical levels.

Notes: In 2015, Brooks adopted a new GHG emissions calculation system that recalculated historic absolute and per shoe GHG emissions. Reported GHG emissions are therefore different from previously reported data. We have reset our baseline to 2011 to improve data accuracy.
HIGHLIGHT

REDUCING OUR IMPACT IN OUR GLOBAL HEADQUARTERS

A LEED Platinum and Energy Star certified building, our global headquarters in Seattle, USA, is trailblazing sustainable building standards. The building's design and its influence on occupants has led to significant energy and water savings. Compared to an average office building¹, during a 12 month time period our new home used:

78% LESS ENERGY
4 million KW less energy — that’s the same amount of electricity 415 average U.S. homes use in 1 year.

80% LESS WATER
3 million gallons less water - that’s the same amount of water as 81K+ loads of laundry.

THE DETAILS BEHIND OUR HOME

Monitoring
• The building’s systems are fully metered to monitor energy and water usage.

LED Lighting System
• Highly efficient LED bulbs managed via sensors.

Efficient Heating and Cooling
• A chilled beam water-based heating and cooling system that uses significantly less energy a standard HVAC system.

Maximizing Natural Light
• Large windows allow natural light to reach deeper into the building to reduce need for artificial lighting.
• Energy saving sensors adjust and turn off lights.

Commuting Alternatives
• Showers, changing rooms, and secured bicycle storage encourage human-powered commuting.
• Electric vehicle charging stations.

Water Conservation
• Rainwater collection used to flush toilets and irrigate landscaping.
• Timed showers to decrease consumption.

Reclaimed & Recycled Materials
• Salvaged wood from old buildings on the site are used in the building’s feature staircase.

OUR SHOE BOX

By using 100% recycled materials in our packaging since 2009, we have SAVED MORE THAN 250,000 TREES

We have saved more than 2.2 MILLION pounds of paperboard since we introduced our updated shoe box in 2012 with a 13% lighter paperboard material.

That’s the same weight as 80 fully-loaded garbage trucks!

We have saved more than 600,000 pounds of shoe stuffing since we removed it from most styles in 2009.

¹2003 Commercial Building Energy Consumption Survey (CBECS)
Community

WE BELIEVE A RUN CAN FLAT OUT CHANGE A DAY, A LIFE, THE WORLD.

Through the following programs Brooks employees act as ambassadors of the brand, sharing our purpose “to inspire everyone to run and be active.”

TOTAL DONATIONS MADE IN 2015 for all charitable giving programs:

$1 MILLION +76% increase over 2014
in monetary and in-kind donations

Over 120,000 UNITS of gently used and close-out product

INSPIRING COACHES Learn More

2015 Inspiring Coach of the Year, Manuel Castellanos, was chosen because of the incredible, life-transforming impact he’s had on his student athletes. The nominations submitted by Manny’s current and former athletes demonstrated a coach who goes above and beyond to not only coach his athletes, but inspire them to change their lives for the better.

13 RECIPIENTS, with total donations of:

$8,500 CASH
$70,000 IN PRODUCT

BOOSTER CLUB Learn More

High school track and cross-country programs received a boost in 2015 with the addition of the Brooks Booster Club. This needs-based scholarship program provides funding and gear to high school cross-country and track teams who might not otherwise have the opportunity to provide some of these basic needs to the members of their team.

25 TEAMS, with total donations of:

$50,000 CASH
$312,500 IN PRODUCT
The cornerstone of the Run B’Cause program is the Employee Volunteering and Donations program that encourages Brooks employees to give back to their communities. Employees get a chance to share time, money, and Brooks gear with causes and groups that matter most to them.

**Employee Volunteer Participation**

- 2013: 16%
- 2014: 22%
- 2015: 31%

**Employee Donation Participation**

- 2013: 46%
- 2014: 58%
- 2015: 50%

**Partnerships**

- **2013**
  - Footwear Cares flagship volunteer event
  - Brooks employees have volunteered at the Conservation Alliance Backyard Collective

- **2014**
  - 3 miles of trail cleaned at Brooks/TwoTen Footwear Cares flagship volunteer event
  - $27,672 cash donations, including over $12,000 raised during the Outdoor Retailer trade show
  - 7th year in a row Brooks employees have volunteered at the Conservation Alliance Backyard Collective

- **2015**
  - $10,000 cash donations
  - A new partnership in 2015 that includes:
    - PHIT America: $50,000 cash donations, Gold level partners for 2015
    - Boys & Girls Clubs of Washington State: $59,864 cash and in-kind donations
    - 23 running clubs supported around the state
  - 522 youth engaged in regular physical activity through the program
  - 7,691 total amount of miles ran during the year
In December 2015, Brooks partnered with Sole Train, a youth running and mentoring nonprofit in Boston that teaches kids to go beyond their expectations by training for a marathon.

They reached out to us to help their kids keep running through the frigid Boston winter. Through the Brooks Employee Donations program we collected enough Run B’Cause dollars to donate product to keep them both active and warm.

45 employees gave $13,500 allowing us to donate

140 pairs of new running shoes
240 wool sweatshirts

Go get that marathon, Sole Train!
Working toward corporate responsibility is a journey, and while we’ve taken a number of important steps, we’ve only just begun. We’re continually looking to improve our Running Responsibly program to be best-in-class on social and environmental issues.

We invite you to send comments, questions, and suggestions to:

runningresponsibly@brooksrunning.com.