

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

Brooks Sports, Inc.



The California Transparency in Supply Chains Act (SB657)

Effective January 1, 2012, the [California Transparency in Supply Chains Act of 2010 \(SB 657\)](#) will require companies that sell goods in California to make certain disclosures regarding their efforts to address slavery and human trafficking. The law is primarily intended to ensure consumers have access to detailed information about the human rights practices behind the production of goods that they buy, to assist in buying decisions.

Our Response to SB657

We, the people who make Brooks go, are active. We enjoy the outdoors and love our local communities. We know what really matters: the well-being of people and the planet, and our role in nurturing both. As a company that reflects the values of its employees, Brooks is committed to building products with minimal negative impact—and maximum positive impact – on the Earth and humanity. Our Corporate Responsibility (CR) efforts are rooted in the authentic passion of our people, an effective filter for business decisions and practices and the heart of our Running Responsibly program.

A concern for human rights is an inherent part of Brooks' approach to fair labor practices. Our company's [Code of Conduct](#) reflects our core operating principles, emphasizing respect for people and adherence to laws and ethical standards. We believe that all workers involved in our supply chain have the right to freely choose employment, and the right to a workplace free from abuse, harassment and unlawful discrimination.

This report describes our response to the recent human rights legislation passed by the State of California, including our actions, progress and focus areas.

1. Verification of product supply chains to evaluate and address risks of human trafficking and slavery

As part of our supplier selection process, Brooks performs preliminary social compliance screenings to identify areas of risk and weaknesses in social compliance policies and practices. This process includes a county risk assessment and a social assessment by an experienced and reputable third party auditor. All direct production sites must go through this screening and approval process before manufacturing our products.

Supplier Screening – Tier 1

The primary focus of our efforts has been our direct suppliers and licensee suppliers. 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 and Brooks Code of Conduct. The audits are generally semi-announced with a 3 week audit window and include a physical inspection of the factory, review of documents and procedures, and interviews of 20% of the workforce. Our own CR team members regularly shadow the audits when feasible.

Brooks' [Code of Conduct](#) addresses slavery and human trafficking in three code elements:

Child Labor

Suppliers will not employ individuals in violation of the local mandatory school age or under the applicable legal employment age.

Forced Labor

Suppliers will not use forced labor, including, but not limited to, prison labor, indentured or slave labor, or bonded labor, and will adopt measures to ensure that facilities are not utilized in human trafficking.

Harassment or Abuse

Suppliers must treat all employees with respect and dignity. Suppliers will have procedures in place to ensure that no worker is subject to any physical, sexual, psychological or verbal abuse.

Supplier Screening - Tier 2

As described above the primary focus of our to-date efforts has been our direct suppliers and licensee suppliers. Although we do not currently conduct third party monitoring at our tier 2 material and component suppliers, we do have direct relationships with these suppliers and our QA/QC team regularly visit their facilities. We also screen our tier 2 suppliers on restricted substances and environmental management systems. We are working to expand this screening to include country risk, human rights, and labor.

2. Supplier audits to evaluate compliance with company standards for trafficking and slavery in supply chains.

Our verification and audit program is designed to evaluate suppliers' compliance with our Code of Conduct through the use of onsite assessments conducted by independent third party monitoring firms. Brooks currently audits 100% of our direct and licensee suppliers each year. We use only experienced and reputable third party monitoring firms to conduct our assessments -- firms that are pre-approved and well versed on international laws and standards, as well as our internal standards.

Our third party audits are semi-announced with a three week audit window. We revised the scope of our audits in 2010 to include red flag indicators of the workers' recruitment processes to help us identify any potential violations that may have occurred before workers arrived at the supplier facility. We will continue to work with our third party auditors to revise these indicators, to help them better investigate potential incidences of human trafficking.

3. Supplier Certifications

Brooks recognizes the importance of protecting the human rights of workers who produce the raw materials for our products. Most of our efforts to date have been focused on our direct suppliers, licensees, and subcontractors, all of whom we have direct relationships with. We are working on

expanding our efforts to develop better industry-wide development tools to uphold human rights throughout the supply chain, including our raw materials suppliers.

Agreements and Material Certifications

Our supplier and contractor agreements require compliance with international standards and applicable laws and regulations regarding forced labor and child labor, as specified in our Code of Conduct. Our Code of Conduct Agreement specifies that our contract suppliers must meet or exceed the requirements in each area of the Brooks [Code of Conduct](#) and will maintain detailed records to substantiate compliance. An officer or the General Manager of each facility that we source from must sign this agreement as part of the onboarding process. Also, as a part of supplier screenings, each manufacturing partner producing cotton apparel for Brooks is required to sign a statement confirming the absence of Uzbek cotton. The United States department of State has identified the widespread use of forced labor and child labor in the cotton sector of that country. We are working to expand our contracts to specifically include raw materials suppliers other than cotton.

Measurement Tools

Our Corporate Responsibility team is currently collaborating with the [OIA Social Responsibility Working Group](#) and Apparel Coalition to develop and pilot a set of social indicators to help brands dive deeper into the supply chain in order to better assess the human rights issues at the raw materials stage. The social index will be piloted in 2012.

4. Internal Accountability Standards and Corrective Action Plans:

Brooks has a process in place to remedy potential human rights violations with our suppliers. To date, we have not encountered a violation related to slavery or trafficking in any of our supplier facilities.

Corrective Action Process

We recognize our responsibility to ensure fair human rights practices throughout our supply chain. Our approach to human rights violations focuses on working with suppliers and licensees to remedy the issues and improve the overall workplace environment.

When a potential issue is found, we promptly address the issue with the supplier and set expectations for how the issue is to be addressed. The supplier is required to produce a corrective action plan, which outlines how they intend to resolve and prevent future occurrence of issues. As appropriate, we 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 will terminate the relationship.

Any potential human rights violations are reported to our executive team, including our Sr. Vice President and COO, VP of Human Resources, our President and CEO, and our parent company's VP of Corporate of Social Responsibility.

We understand the importance of eradicating slavery and human trafficking. In the event of a potential of slavery or human trafficking incidence in our supply chain, we would use the above approach and also seek support from partners within our industry.

Internal Accountability

Brooks has a dedicated team responsible for our Corporate Responsibility Program. The team report directly to the VP of Human Resources. The Brooks senior leadership team has a direct involvement and accountability in supporting our commitment to human rights. In addition, the senior leadership reviews the results of each social audit.

5. Training and Awareness

Our internal Corporate Responsibility personnel and several of our business partners have received training on human trafficking and slavery issues. We are planning to develop a training program on human trafficking and slavery for our suppliers and sourcing teams in the upcoming year.

In addition, our internal Code of Conduct specifically prohibits forced labor, slave labor and human trafficking, and is distributed annually to all employees and suppliers. Our Code is translated into 31 languages, ensuring that all workers throughout our supply chain are aware of our standards. Our suppliers are required to sign acknowledgments that they have read and posted our Code of Conduct, and verifying they have communicated its terms and provided training to their employees.

Our Partners

We collaborate with a number of non-governmental organizations and trade associations to raise awareness of social compliance issues, particularly child labor and forced labor matters. 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.

Conclusion

Brooks is committed to conducting its business in accordance with the highest standards of ethics and respect for human rights. We will update this document as our CR program evolves, to reflect our progress with preventing human rights issues within our supply chain. For more information regarding our Corporate Responsibility Program, please see our [2009/2010 Corporate Responsibility Report](#).