

Supply Chain Transparency Statement

2022

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

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.

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 2022.

Sincerely,

A handwritten signature in black ink that reads "Jim Weber". The signature is fluid and cursive, written in a professional 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](#), and [American Apparel & Footwear Association](#) (AAFA).

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 is organized around five principles:

- Transparent partnerships and collaboration
- Compliance to local and national laws and regulations
- A safe and healthy working environment
- Fair compensation
- Sustainable manufacturing

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.

In May 2016 we strengthened provisions against the use of Forced Labor in any form in our supply chain. This update 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 evaluates risk across our supply chain by reviewing social responsibility assessment results and 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

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.

New Supplier Onboarding

As part of our new supplier onboarding process, Brooks requires all factories to sign the Brooks Supplier Code of Conduct, 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 with Brooks in all respects, including all documents such as accurate working hours and payroll records
- 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 to comply with the Brooks Supplier Code of Conduct may result in termination of business with Brooks

Additionally, Brooks requires all prospective factories to complete the [Higg Facility Social Labor Module \(Higg FSLM\)](#) self-assessment and verification to evaluate social and labor practices and verify compliance to our Code.

Code of Conduct Compliance

In 2021, as a [Sustainable Apparel Coalition \(SAC\)](#) member and a signatory of the [Social Labor Convergence Program \(SLCP\)](#), we aligned with the apparel and footwear industry by replacing our traditional third-party social compliance audit with the Higg FSLM to annually assess social

responsibility and compliance to the Brooks Supplier Code of Conduct across our manufacturing supply chain. This industry-standardized tool evaluates the social performance of manufacturing across six key areas:

- Recruitment and hiring
- Working hours
- Wages and benefits
- Worker treatment
- Health and safety
- Termination
- Management systems
- Empowering people and communities

The evaluation begins with a self-assessment conducted by the factory that is later checked by an SAC-approved verifier to confirm the assessment questions were understood and answered correctly and the data is reliable. During verification, approved verifiers review the factory's responses and conduct semi-announced onsite verification, which includes an opening and closing meeting, document review, worker interviews, and a facility walk-through. With this tool, factories complete one yearly assessment that can be shared with all their partner brands. As a result, factories can dedicate more time to making meaningful improvements that drive social change.

Once factories are successfully onboarded, we evaluate 100% of our Tier 1 final assembly factories' continued compliance to our Supplier Code of Conduct and local law through the use of the Higg FSLM. We use a risk-based approach to determine our engagement level with Tier 2 material suppliers, prioritizing our engagement with factories that account for approximately 80% of our materials volume by spend.

Recognizing that forced labor concerns of foreign migrant workers are among the most serious challenges facing the apparel and footwear industry, we also use the Higg FSLM to gain visibility into other Tier 2 factories located in countries that are identified as high-risk for foreign migrant workers.

Worker Grievance Investigation

Workers at any Brooks' 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.

Measurement Tools

Brooks uses third-party risk management software and industry tools, including the Higg Index FSLM and Higg Index Facility Environmental Module (FEM) to measure compliance with our Supplier Code of Conduct.

Remediation Process

Following completion of a social responsibility 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 and auditing firms 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 2021, 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 and our current [Running Responsibly Performance Summary Report](#). We invite you to send comments, questions, and suggestions to: runningresponsibly@brooksrunning.com.

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