

RUNNING RESPONSIBLY

2017 Corporate Responsibility
Performance Summary Report



BROOKS BELIEF

We live, work, and run as part of a global community.

The planet is our home. And because more than 100 million people worldwide run outside, it's critical we take care of it. As we create new gear and run our global business, we work to minimize our environmental impact, create positive social impact, and be transparent about areas where we can do better. In addition, we aim to give back to the communities in which we operate, lifting causes that get people moving. Doing what's right for people and the planet is a lifelong race. And we're running it.

 [Learn more about all our beliefs](#)

THE RUNNING RESPONSIBLY PROGRAM

Brooks Supply Chain Overview

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Social Responsibility

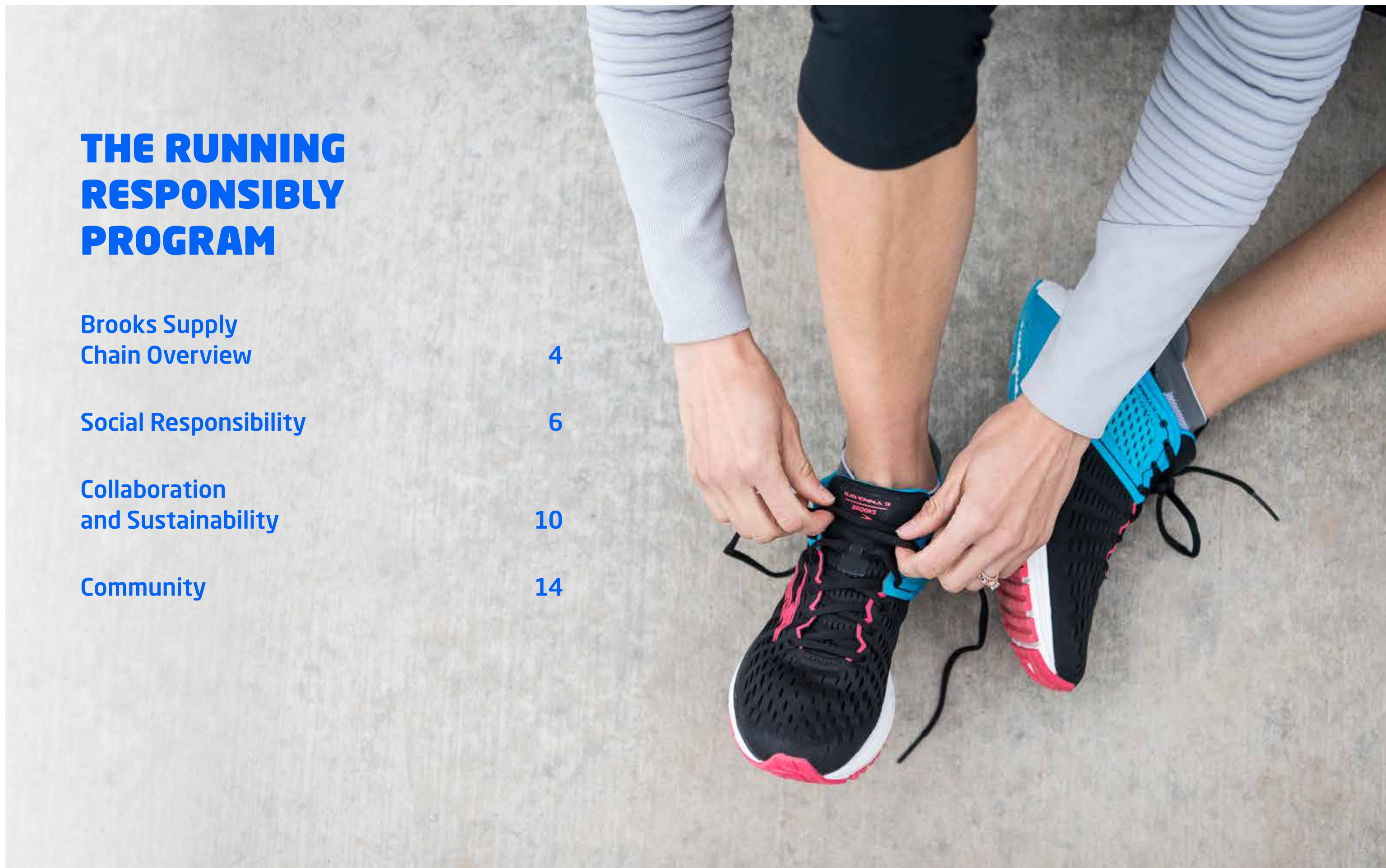
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Collaboration and Sustainability

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Community

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BROOKS SUPPLY CHAIN OVERVIEW

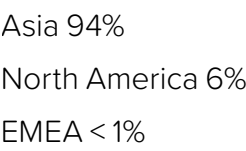


BROOKS SUPPLY CHAIN OVERVIEW

To make the world’s best running gear, we contract with a small number of premium suppliers around the world. We use a total of 21 factories, many based in major manufacturing hubs for technical footwear and apparel including Southeast Asia and Central America. Knowing where our products are manufactured is the first step in ensuring they are made under fair, safe, and environmentally responsible conditions.



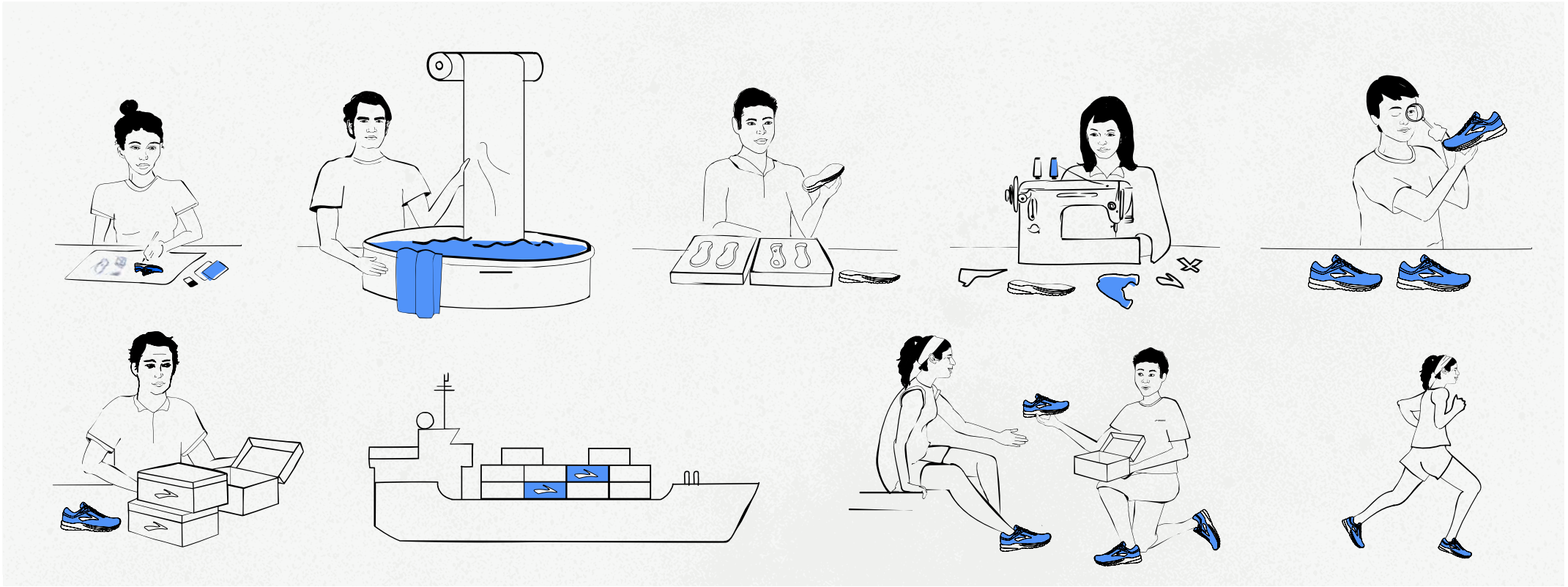
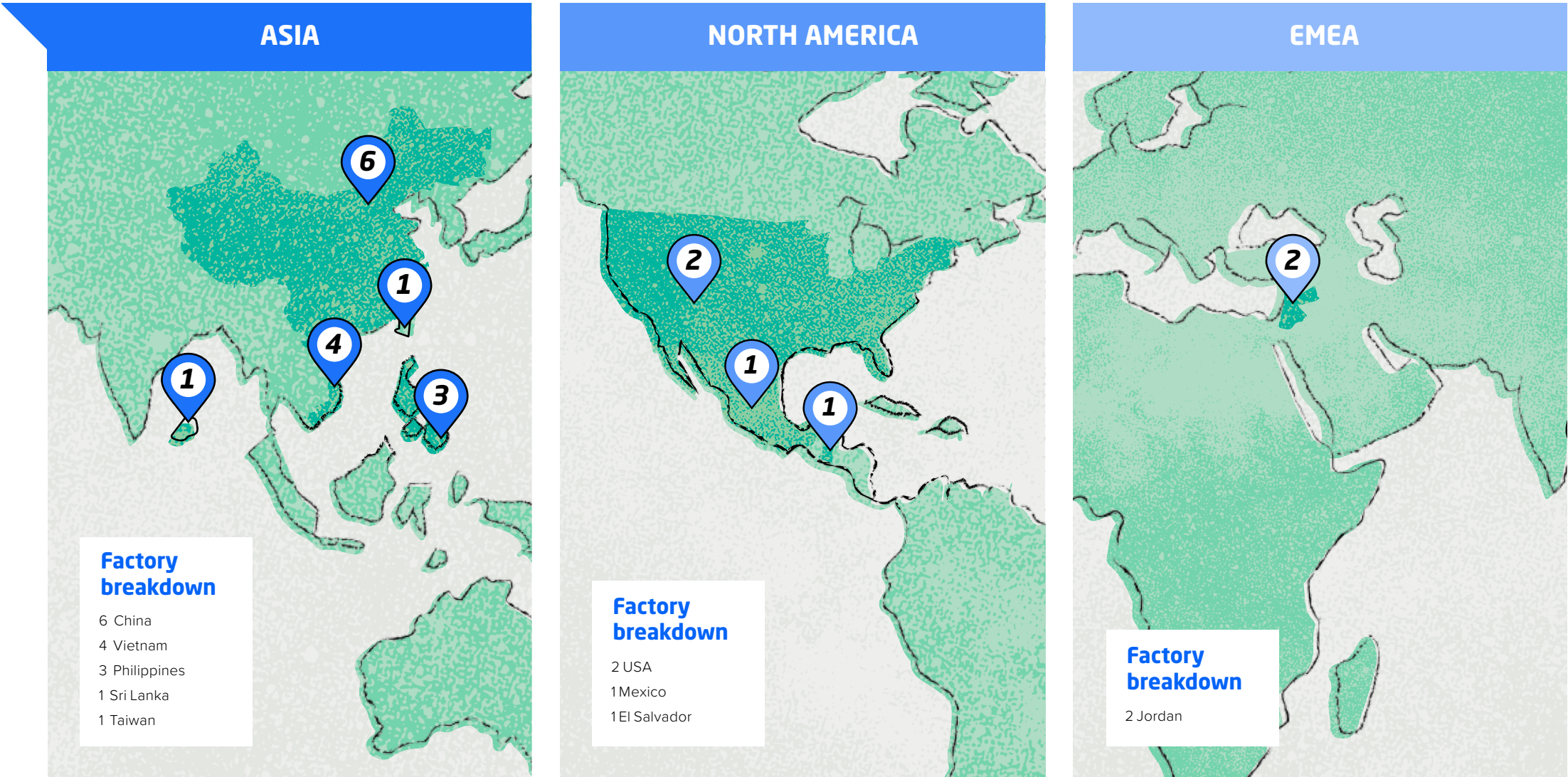
Units Produced by Region:



[Brooks Global Factory List](#)

THE MAKING OF A SHOE

How does a shoe make its way to a runner? It all starts with an idea inspired by runner insights. That idea then turns into technical drawings. From there, materials are developed, manufactured and assembled into an actual shoe. It’s inspected for quality, then shipped to running stores worldwide. Finally, the shoe reaches its true home: your feet. Now it’s time to Run Happy.



SOCIAL RESPONSIBILITY



SOCIAL RESPONSIBILITY

FAIR LABOR

Our commitment is to treat all people in our supply chain fairly and respectfully. Our **Supplier Code of Conduct** communicates our **standards and expectations** as we work with our suppliers to improve workplace conditions and to strengthen relationships.

AUDITING

In 2017, at contract factories, Brooks performed 18 independent, third-party audits; accepted four shared audits; and asked one low-risk factory to complete a self-assessment. Together, these assessments covered 100% of contract factories and Brooks product.

REMEDATION

23

Assessments

100%

Facilities and product audited

80%

Non-compliance findings remediated

From the 23 assessments in 2017, the large majority of non-compliance findings were minor and easily corrected. Since the completion of these assessments, we have remediated more than 80% of the findings noted and intend to remediate 100% within six months of the audit date via corrective action plans. In certain situations, when immediate improvement is not practical, we follow a “continuous improvement” model to track improvements over time.

Factory Rating Scale



Exceeds Standards
Factory is fully compliant, self-governing, and considered a leader



Meets Standards
Factory has strong management systems and compliance practices in place



Meets Minimum Standards
Factory meets our minimum standards but has room for improvement



Non-Compliant
Factory needs training due to lack of knowledge and management systems



Zero Tolerance
Critical and zero tolerance issues disclosed; under review for termination

ON TRACK



55hrs/wk

The average working hours per week by all workers in our supply chain

Supplier Code of Conduct standard:
60 hours/week or less

OFF TRACK



6.6days/wk

The average days worked per week by all workers in our supply chain

Supplier Code of Conduct standard:
6 days/week or less

Why we're off track

This non-compliance with our standards was driven in large part by materials delays and tight production windows from Brooks or other brands with which we share space at many of our factories. We have been working with these factories' planning departments and HR teams as well as with the other brands produced onsite to help ensure all workers are guaranteed at least one day of rest each week.

Remediation



Average initial factory rating after audit: **Meets Minimum Standards**

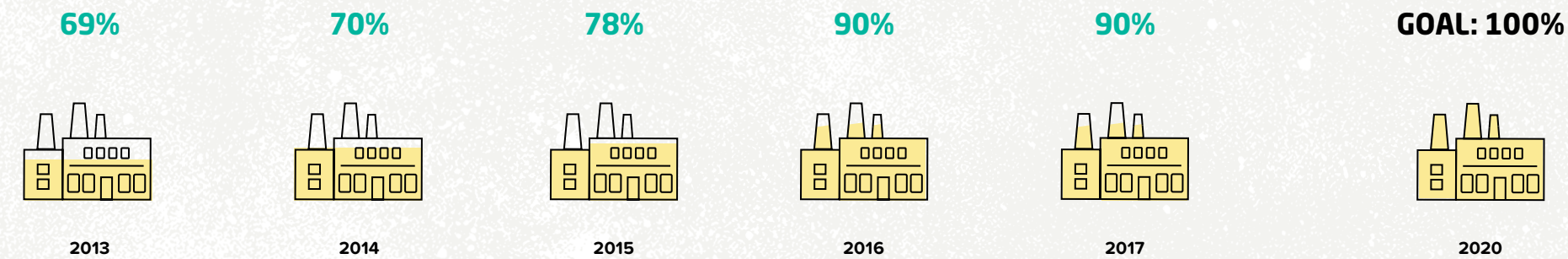


Average final factory rating after remediation: **Meets Standards**



GOAL: 100%
100% of factories rated **Meets Minimum Standards** or better by 2020

Factories with “Meets Minimum Standards” rating or better



FACTORY RATING AND REPORTING TRANSPARENCY

Previously Brooks has reported on the number of contract factories we use and the **percent of these facilities** that meet our **Supplier Code of Conduct standards**. In our reporting this year, we noticed that while 90% of our contract factories met our standards, if we measure compliance by **production volume** at our contract factories, a smaller percentage of units (66%) was made at factories that met our standards.

With a small supply chain, we realize both metrics are important. We’ll continue reporting on the percent of facilities that meet our standards and also introduce a new goal based on unit volume.

90%

Of our contract factories met our standards

66%

Of total units made at factories that met our standards

New Goal:

100% of units sourced from Meets Minimum Standards rated factories by 2022. 2017 baseline: 66%.

2017 and Beyond

All contract factories that did not meet our standards in 2017 are on improvement plans. We are confident they will meet our standards in 2018 with diligent completion of the necessary corrective actions.



WORKER VOICE AND WELL-BEING

Our Social Responsibility program goes beyond a more narrow factory labor compliance program to also support workers’ families and the wider community in which they live and work.

TIMELINE

2014

Milestone

- 2014 Two Labor Link surveys in China

2015

- 2015 HERhealth project in China
- 2015 Women in Factories project in China
- 2015 Labor Link survey in China

2016

Milestone

- 2016 HERhealth project in Vietnam

2017

- 2017 HERhealth project in Vietnam (continued)

2018

Milestone

 [Learn more about our social responsibility program](#)



2014 Milestone



5,500

of our supply chain workers were surveyed by Brooks to understand what matters most to them in the work place. They said:

- Leadership and communication training
- Improved relationships with supervisors
- More education around women’s health

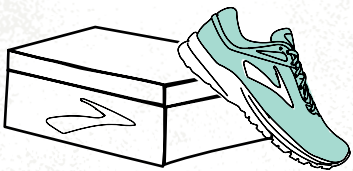
2015 Milestone



94%

of HERhealth peer educators reported their communication skills and public speaking improved over the course of the program

2017 Milestone



31%

of Brooks footwear sourced from factories that implemented a Worker Voice and Well-being program in 2017

COLLABORATION AND SUSTAINABILITY



BROOKS' COLLABORATION WITH SAC

The SAC (Sustainable Apparel Coalition) is the apparel, footwear, and textile industry's leading alliance for sustainable production. The coalition develops the **Higg Index**, a set of standardized **supply chain measurement tools** for all industry participants. The SAC's vision is of an apparel, footwear, and textiles industry that produces no unnecessary environmental harm and has a positive impact on the people and communities associated with its activities.

SUPPLY CHAIN SUSTAINABILITY

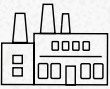
Brooks is adopting the **Higg Facilities Environmental Module (Higg FEM)** to minimize environmental impact at our contract factories. We use this industry standardized tool to help our contract manufacturers evaluate and benchmark environmental performance at their facilities and drive improvement. The Higg FEM helps us identify which facilities require deeper engagement and support. **100% of our contract factories used the Higg FEM in 2017.**

In 2018, we will expand our use of the Higg FEM to include our largest volume material suppliers.

[!\[\]\(d66ff64371a51729ac8c1cdaa685ba6f_img.jpg\) Learn more about the SAC and Higg Index](#)

TIMELINE

2014



2015



2016

2017



2018

- **Feb 2014**
Joined the SAC
- **Mar 2014**
Adopted the **Higg FEM** to evaluate contract factories' environmental management and performance
- **May 2014**
Adopted the **Higg Brand & Retail Module**
- **Feb 2015**
100% of all footwear and apparel contract factories completed the **Higg FEM** self-assessment
- **July 2016**
Became a signatory to the Social & Labor Convergence Project
- **Jan 2017**
Adopted the **Higg MSI** and **Higg DDM** to evaluate the sustainability of our materials and product design choices
- **Aug 2017**
Pilot tested the **Social & Labor Convergence Project** facility assessment tool and verification process

HIGG INDEX SUITE OF TOOLS:

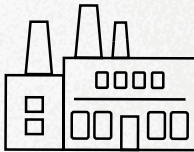
Higg Brand Tools



Higg Brand & Retail Module

Brooks uses this self-assessment to annually measure and continually drive improvement in reducing environmental and social/labor impact across our organization.

Higg Facility Tools



Higg Facility Environmental Module (Higg FEM)

Brooks uses this tool to annually measure the environmental performance of the facilities manufacturing our product.

Higg Product Tools



Higg Materials Sustainability Index (Higg MSI)

Higg Design & Development Module (Higg DDM)

Brooks teams use the Higg product tools to measure product environmental performance at different stages in the development cycle, from initial prototype, to sourcing, to final design and production.



PRODUCT SUSTAINABILITY

Materials account for much of our products’ overall environmental impact. When possible, we select materials we know have less impact on the environment, such as recycled content and bluesign® approved materials.

In addition, we use the **SAC’s Higg Materials Sustainability Index (Higg MSI)** and **Higg Design & Development Module (Higg DDM)** to evaluate, understand, and compare the impact of our material choices and product designs. This knowledge helps drive sustainable product decisions and inform our product sustainability strategies.

[i Learn more about our sustainability program](#)

OUR SHOE BOXES

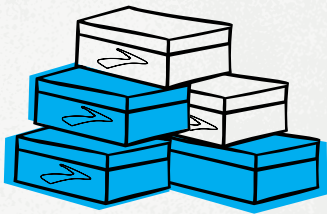
Since 2009, we’ve continually updated our shoe box to reduce its impact on the environment:

- **Switched to lighter paperboard**, saving 9 million pounds of material (enough to make all our shoe boxes for 2016 & 2017!)
- **Use 100% recycled and recyclable materials**, saving more than 414K trees
- **Optimized shoe box dimensions**, allowing us to ship 15% more shoe boxes per shipping container
- **Removed shoe stuffing from most styles**, saving 1 million pounds of material

¹Unless otherwise stated we measure and report footwear sustainability performance specific to our core four footwear styles (Adrenaline GTS, Ghost, Glycerin and Ravenna)

²Data represents all Brooks footwear styles

2017 Performance Highlights



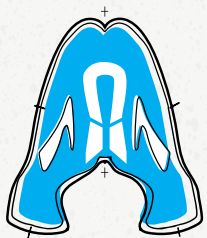
54%

of total product volume evaluated in the Higg MSI and Higg DDM



48%

of our footwear¹ (by weight) made from materials such as recycled or biodegradable materials.



69%

average material efficiency for our footwear uppers, a **3% increase** since 2013. Higher efficiency means less material waste during assembly.



72%

of adhesives used in Brooks footwear² are water-based. That’s more than **2X** the amount of water-based adhesives in 2011



100%

target set for water-based adhesives by 2020. Water-based adhesives replace traditional solvent-based adhesives, which contain Volatile Organic Compounds (VOCs) that are harmful to factory workers and the environment.



30%

of Brooks apparel fabrics are bluesign® approved



bluesign® technologies



Brooks works with bluesign® technologies as a bluesign system partner. Their resources help us choose safe, sustainable fabrics from facilities that uphold environmental standards and value worker health and safety.

bluesign® approved materials meet strict chemical safety standards and are made using techniques that conserve resources and minimize water and air pollution.

OUR FOOTPRINT

Greenhouse gas (GHG) emissions increased in 2017 due to a spike in emissions from product transport and manufacturing to meet consumer demand.

Product transport accounted for the largest year-over-year increase, due in part to a 6% increase in units shipped via air:

Units shipped:

Shipping Type	2015	2016	2017
By Air	12%	4%	10%
By Sea	88%	96%	90%

OUR GLOBAL HEADQUARTERS AND DISTRIBUTION CENTER

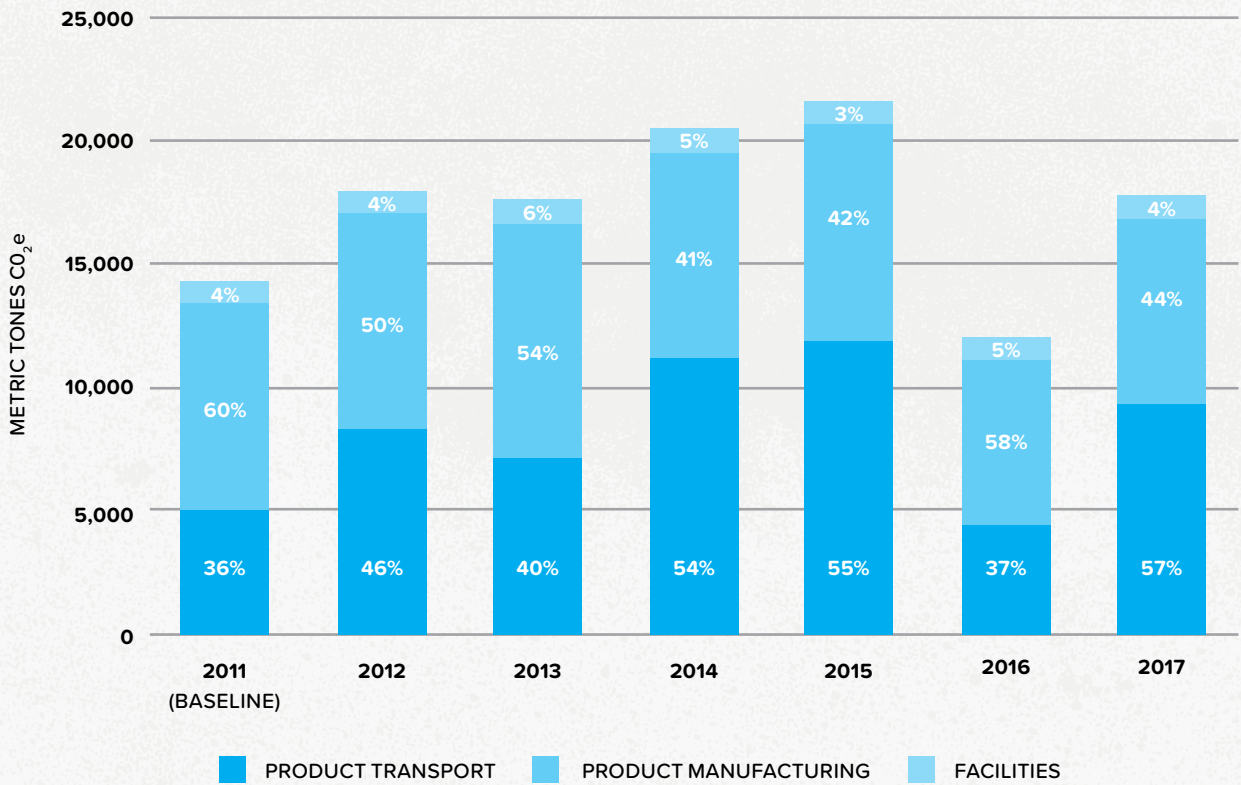
Though our global headquarters and distribution center account for a small portion of our assessed³ GHG emissions, they are where we have the most influence and opportunity to reduce emissions.

The energy efficiency measures in our **LEED Platinum certified** global headquarters allow it to use **79% less energy** than a typical office building, helping us **reduce GHG emissions related to our facilities by 66%** since they peaked in 2013.

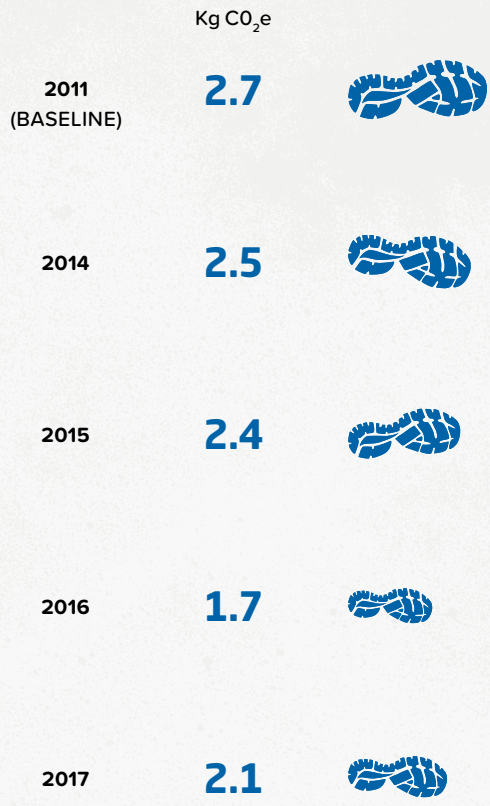
[i Learn more about our sustainability program](#)

³ Our assessed greenhouse gas footprint tracks emissions from electricity use at our contract footwear manufacturers, inbound air and ocean product transportation, and electricity use at our largest operated facilities – our global headquarters and U.S. distribution center. These sources represent our largest contributors of our direct and indirect GHG emissions.

Absolute Greenhouse Gas Emissions³



Greenhouse Gas Emissions Per Shoe



Headquarters Environmental Features



Highly efficient LED bulbs are managed by sensors so the lights activate only when necessary.



A chilled beam water-based heating & cooling system uses significantly less energy than a standard HVAC system.



Large windows allow natural light to reach deeper into the building to reduce need for artificial light.



The building's systems are extensively metered to monitor energy usage. This data is communicated daily to our employees on a screen in the cafeteria to help influence behavior.

COMMUNITY



COMMUNITY

Our purpose at Brooks is to inspire everyone to run and be active. We champion organizations that share similar values, and donate time, gear, and money to companies working to make the world a better place to run and live.

RUN B'CAUSE

The Brooks employee volunteering and donations program encourages Brooks employees to give back to their communities. Each year, employees are given dedicated volunteer hours and the opportunity to allocate gear to causes and groups that matter most to them.

[i More Information](#)

INSPIRING COACHES

The Brooks Inspiring Coaches program recognizes high school cross country and track coaches who go above and beyond to reach, develop, and inspire young runners. Reading nomination submissions is one of the highlights of the year. Athletes and colleagues describe the impact coaches make on their teams, and with each one we're reminded of our sport's ability to bring people together, foster growth, and change lives.

In 2017, we honored four inspiring coaches:

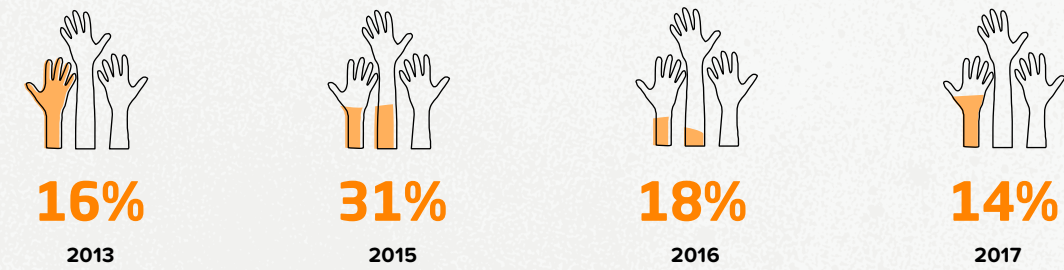
Gwen Robertson, Mark Anderson, Denise Benson, and Neville Anderson (pictured right).

The winners received total donations of:

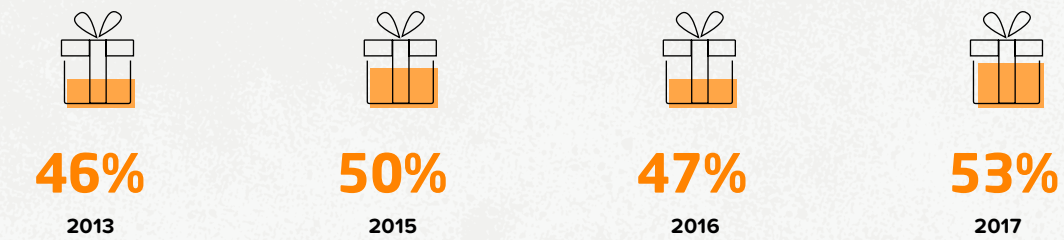
- \$7,500 cash toward team expenses such as meet fees and travel costs
- \$42,500 in Brooks product

[i More Information](#)

Employee volunteer participation:



Employee donation participation:



BROOKS BOOSTER CLUB

A sister program to Inspiring Coaches, the needs-based Brooks Booster Club launched in 2015 to boost under-resourced high school cross country and track teams in North America where pay-to-play sports and program eliminations continue to rise. In its third year, Brooks granted gear and financial support to 25 high school cross country and track programs in the U.S. and Canada. These teams received total donations of:

- \$50,000 cash toward team expenses such as meet fees and travel costs
- \$312,500 in Brooks product

 [More Information](#)

TOTAL DONATIONS MADE IN 2017:

We support other organizations doing good in the world. In 2017, we **donated \$7.5 million in cash and product** to a number of companies who align with our purpose. Major recipients include:



 [More Information](#)



\$7.5 Million

\$7.5 million in cash
and product donated



For Brooks, running responsibly is a daily journey,

and while we have taken a number of important steps, we recognize this is a marathon, not a sprint. We're continually looking to improve our Running Responsibly program to be best in class. We invite you to send comments, questions, and suggestions to runningresponsibly@brooksrunning.com

