

# Supply Chain Transparency Statement 2023

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

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*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.*

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## 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 commitments 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 2023.*

Sincerely,

A handwritten signature in black ink that reads "Jim Weber".

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 Tier 1 suppliers is, on average, more than five 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](#) and in 2023 we resigned the updated commitment. This commitment aims to unify the footwear and apparel industry around the following tenets of responsible recruitment:

- No worker pays for their job
- Workers receive a timely refund of fees and costs paid to obtain or maintain 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 a [Social Labor Convergence Program](#) (SLCP) [Converged Assessment Framework](#) (CAF) 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 SLCP, we aligned with the apparel and footwear industry by fully adopting the SLCP CAF and replacing our traditional third-party audit approach. This industry-standardized tool measures social labor practices in factories across nine key areas:

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

The SLCP CAF can be shared to brand partners via two accredited hosts: the Higg Index and Fair Factories Clearinghouse (FFC). The SLCP has also collaborated with Better Work, an International Labor Organization program that assesses compliance with international labor laws to improve working conditions. This collaboration means that Better Work will use the SLCP CAF assessment during their assessments to reduce audit fatigue and promote data sharing in the industry. As SAC members, we encourage our factories to use the Higg portal to complete the SLCP assessment through the Higg Facility Social Labor Module (Higg FSLM); however, we also accept the SLCP report through FFC and Better Work. This ensures we are doing our part to help reduce duplicative auditing and costs for our suppliers.

The SLCP CAF evaluation begins with a self-assessment completed by the factory, which is subsequently verified by an SLCP-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, factory employee interviews, and a facility walk-through. With industry adoption of this tool, duplicative auditing is eliminated, and brands can collaborate with their shared factories to use one data set to drive social and labor improvements in their supply chains.

Once factories are successfully onboarded, we evaluate 100% of our Tier 1 final assembly and footwear Tier 1 subcontractor factories' continued compliance to our Supplier Code of Conduct and local law through the use of a verified SLCP CAF assessment. 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 SLCP CAF to gain visibility into other Tier 2 factories located in countries that are identified as high-risk for foreign migrant labor.

### Worker Grievance Investigation

Employees 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 factory employees what the issue was and what was done to remediate it. Brooks will also follow up directly with any factory employees 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 SLCP CAF, Better Work, 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 SLCP CAF assessment and verification, we work closely with factories on a Corrective Action Plan (CAP) to remediate any identified issues that do not meet our standards. In the spirit of continuous improvement, we rate factories twice throughout the CAP process. The assessment is initially rated following verification and then re-rated after the factory has been given two opportunities to show improvements. The final rating includes only those issues that have not been fully remediated. We believe it is critical to provide our factories with an opportunity to improve within the same year to foster a transparent relationship, motivate factories to remediate identified issues and give the factories an opportunity to explain any potential misunderstandings.

There are three kinds of ratings a factory can receive: Satisfactory, Needs Improvement and Demands Immediate Action. If a factory receives a Satisfactory rating, no issues were found in their latest verified SLCP CAF assessment. If a factory receives a Needs Improvement rating, one or more non-critical issues were found in their latest verified SLCP CAF. If a factory receives a Demands Immediate Action rating, at least one critical issue was found during their latest verified SLCP assessment. We identify a critical issue as a high-risk non-compliance to our Code and/or local and national laws and regulations that compromise the basic human rights of a factory employee. If a critical issue is found and a factory receives a Demands Immediate Action rating, Brooks will immediately set up a meeting with the factory to discuss the issue, understand the root cause and work together to implement a solution to quickly remediate the

issue and prevent it from occurring in the future. Factories who refuse or fail to remediate any critical issues found risk termination of business with Brooks.

## Accountability

Brooks has a dedicated team responsible for our Responsible Sourcing program. The Brooks senior leadership team has direct involvement and accountability in supporting our commitment to human rights. The Responsible Sourcing team briefs the relevant Sourcing Director after each social responsibility assessment.

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 2022, Brooks identified non-compliances, such as minor health and safety issues, at final assembly factories and materials suppliers, and has successfully remediated or opened CAPs 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](http://www.brooksrunning.com) and our current [Running Responsibly Performance Summary Report](#). We invite you to send comments, questions, and suggestions to: [running.responsibly@brooksrunning.com](mailto:running.responsibly@brooksrunning.com).

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