

Running Responsibly

Brooks 2013/2014 Performance Summary Report



Our Pillars

Community

3

Run Happy is more than just a saying. It's the ethos behind how we live, work, and run. Through programs and practices including charitable giving and volunteer opportunities, we strive to live our purpose: "To inspire everyone to run and be active".

Fair Labor

4

Our goal is to treat all employees and partners fairly and with respect. We are continually seeking methods to improve workplace conditions and worker well-being, and to strengthen supplier partnerships.

Product Design & Materials

6

Our products' environmental impacts are rooted in decisions made in the design process. Through the collection and feedback of relevant sustainability information, we're focused on empowering our designers to make informed design decisions that achieve the delicate balance of delivering premium product that performs at the highest level while incorporating more sustainable choices.

Manufacturing

8

We participate in industry collaboration and use standardized assessment tools to manage environmental performance of our contract manufacturers.

Our Footprint

9

We continually measure the Greenhouse Gas emissions of our operations and supply-chain in an effort to improve our environmental footprint.

See me running across your screen?



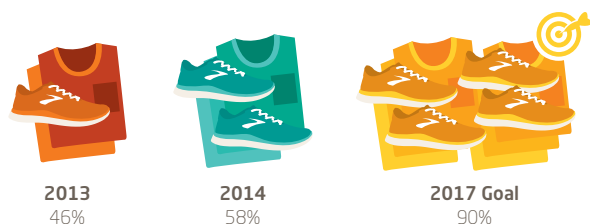
Throughout this report I indicate when there is a clickable link that will take you to our Running Responsibly website with more information on our strategic approach or to one of our partners' websites for further information. Happy browsing!

Community Run Happy is more than just a saying we use; it's the ethos behind how we live, work, and run. Brooks employees are ambassadors of the company, living our purpose: "To inspire everyone to run and be active." Through the following programs Brooks spreads its purpose to those who would not otherwise have the means to achieve this goal.

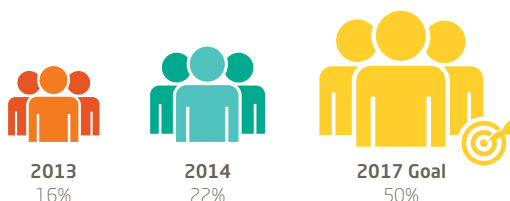
Run B'Cause

The cornerstone of the Run B'Cause program is the Employee Volunteering and Donation program. This program empowers employees to get involved and give back in the communities where we are active. This helps build up these communities and creates employee engagement at Brooks.

Employee Donations Program Participation



Employee Volunteering Program Participation



[Learn more](#) about Run B'Cause

Inspiring Coaches

The Brooks Inspiring Coaches program was created to recognize those in the community who work the hardest but often go unnoticed. This program identifies and rewards high school coaches who have been nominated by their athletes and peers with both cash awards and product donations to their program. Way to go coach!

50 finalists and **2** winners were recognized during this period



[Learn more](#) about Inspiring Coaches

Total Donations made in 2013/14

\$1,193,438

In monetary and in-kind donations



108,171 units

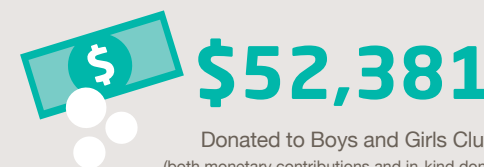
Of gently-used products and close-outs

Partnerships

In an effort to maximize the impact of our charitable giving, Brooks has partnered with the following organizations that align with our values to Serve People, Demonstrate Integrity, and Have Fun!



Boys & Girls Club 2014 Partnership at a glance:



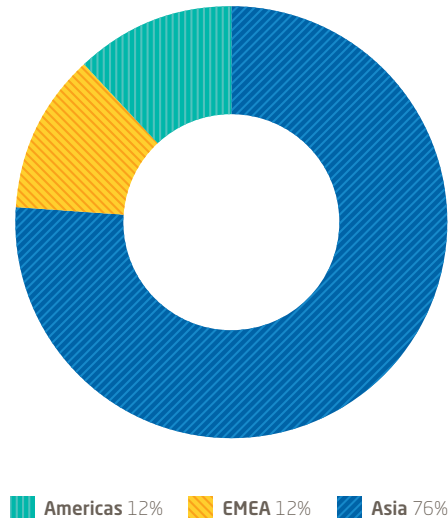
Fair Labor Our goal is to treat all employees and partners fairly and with respect. We are continually seeking methods to improve workplace conditions, worker well-being, and to strengthen supplier partnerships.

Our Supply Chain

Manufacturing Supply Chain



Contract Factories by Region in 2014



6 yrs

Average Length of Factory Partnerships



47

Social Audits in 2013/14

88%

Contract Factories Audited in 2013/14

Compared to in 2011/12

75%

Capacity Building & Worker Well-Being

Laborlink

Using Labor Link mobile phone survey technology, we gathered anonymous feedback from 2,758 workers in our supply chain on topics including job satisfaction, working hours, health & safety, and worker-management communication. A key finding from the surveys was that future efforts should be focused on employee training. One in three people felt that educational training opportunities would be the most beneficial, which inspired us to launch Women in Factories and HERproject at these factories.



BSR

WOMEN IN FACTORIES CHINA

This free training program provides work and life skills training to factory workers, as well as advanced leadership training to high-potential women.

her+project

HERproject advances the health and well-being of women in our supply chain through peer-to-peer training programs.

4,431
people educated
on life skills



Learn more about Women in Factories

1,200
people educated
on health

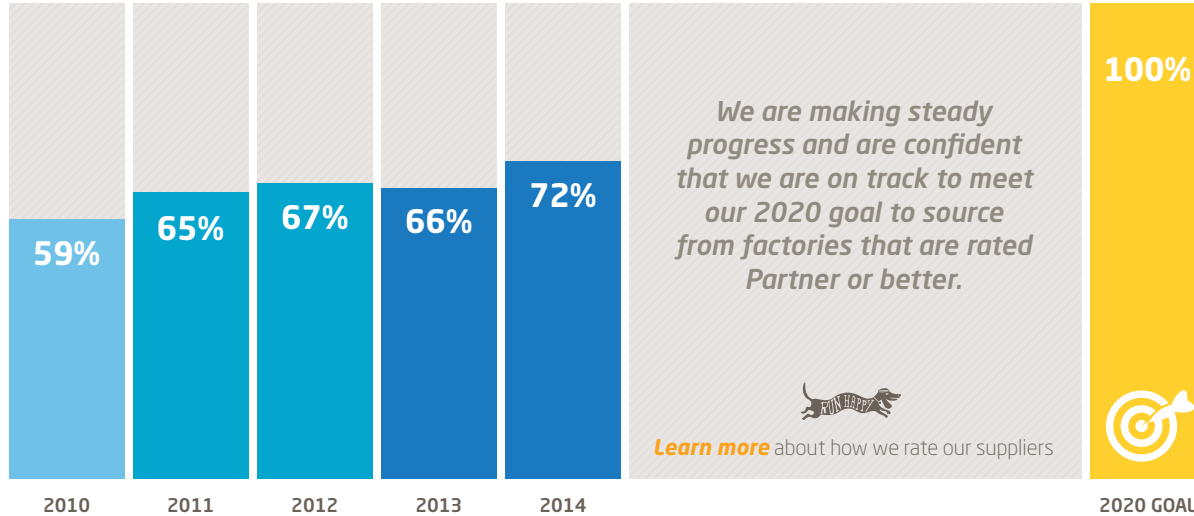


Learn more about HERproject



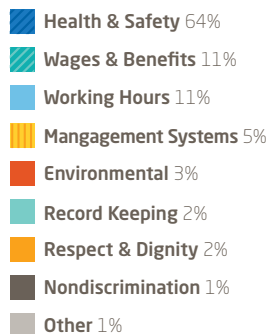
Fair Labor Performance

% of Factories Rated Partner or Better



Audit Findings

Audit Findings by Type in 2013/14



11%
of incidents found
were related to
working hours

Three areas that remain a priority for us are health & safety, wages, and excessive overtime. We are working with factories to address these important issues, as well as eliminate critical issues of harassment and discrimination.

What are we doing?

- Using FLA accredited auditing firms to monitor our supply chain
- Conducting monthly and quarterly performance reviews of working hours, health & safety, and internal audit findings at our strategic factories
- Launching a fire safety training program in 2013 for our factories and internal staffing in China, with a refresher planned for 2015
- Adding footwear suppliers in 2014/15 to increase capacity and balance orders

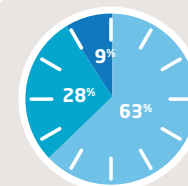
Case Study: Working Hours



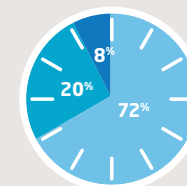
**of contract factories
with no excessive
overtime in 2014**

We are making progress with our strategic factories on eliminating excessive overtime. In 2014, 72% of contract factories adhered to our 60 hours per week standard with no incidents. A total of seven factories had incidents of excessive overtime: Five factories had incidents with 61–68 hours per week, and two had incidents greater than 68 hours per week. Three of these factories also had an incident with one day off in seven. Remediation plans are in progress and are being continuously monitored through weekly working hour updates.

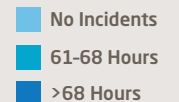
Excessive Working Hours



2013



2014



Factory performance against working hours standards improved compared to 2013, where 12 factories had incidents of excessive overtime and 63% of factories adhered to our standards.

Product Design & Materials

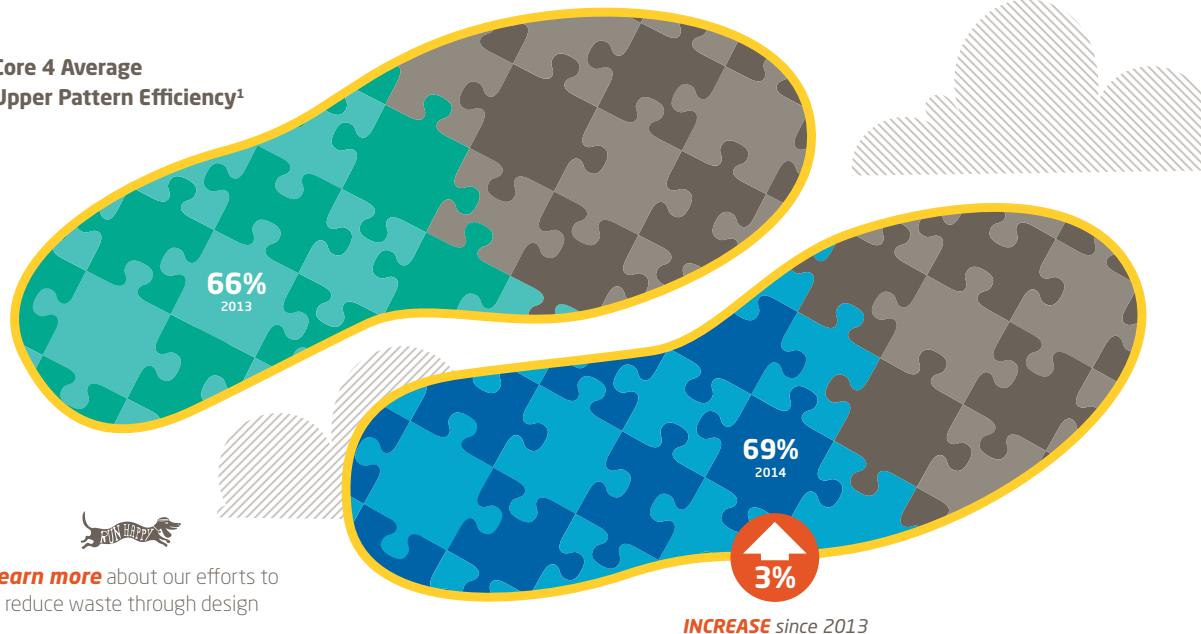
Our products' environmental impacts are rooted in decisions made in the design process. Through the collection and feedback of relevant sustainability information, we're focused on empowering our designers to make informed design decisions that achieve the delicate balance of delivering premium product that performs at the highest level while incorporating more sustainable choices.

Design for Sustainability: Reducing Waste in Footwear Manufacturing

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

High Pattern Efficiency = Less Waste, Boo-yah!

Core 4 Average
Upper Pattern Efficiency¹



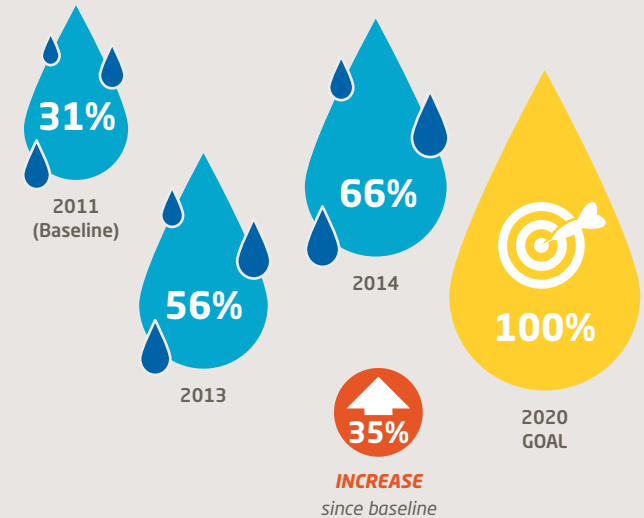
[Learn more](#) about our efforts to reduce waste through design

INCREASE since 2013

¹ Unless otherwise stated, we measure footwear sustainability performance through the collection and analysis of data specific to our Core 4 footwear styles (Adrenaline GTS, Ghost, Glycerin and Ravenna). These are our four highest volume footwear styles and collectively contribute over 60% of the Brooks total volume of footwear units.

Eliminating VOC-Emitting Chemicals from Footwear Assembly

% of Adhesives that are Water-Based²



[Learn more](#) about our efforts to eliminate VOCs

Adhesives are one of the highest volume chemicals used in footwear assembly and remain a key focus to help meet our goal. We're making significant year-over-year progress in increasing the percentage of water-based adhesives that we use.

Primers are another high volume chemical used in footwear assembly. Throughout 2014, we actively engaged with our suppliers to investigate opportunities for water-based primers. So far, these have been limited due to performance concerns. In 2015, we'll begin testing a water-based primer in select styles. This is a significant step towards our goal of eliminating all VOC-emitting chemicals from footwear assembly.

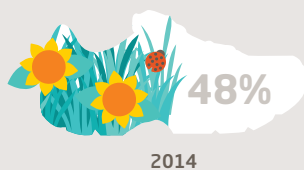
² Data is inclusive of all adhesives used for all Brooks footwear styles.

Increasing Environmentally Preferred Materials (EPMs) in Footwear

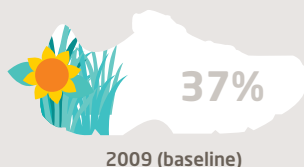
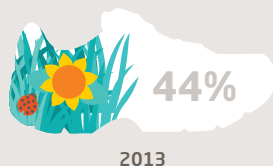


GOAL:

Continuously increase the amount (by weight) of EPMs used in our Core 4 footwear styles.



INCREASE
since baseline



EPMs%: The percentage of a shoe that's made of "Environmentally Preferred Materials."



Learn more about our EPM program

Apparel Fabric Certifications

In 2014, Brooks partnered with bluesign® technologies, as a bluesign system partner

The bluesign system allows us to ensure that our material suppliers are managing resources responsibly and eliminating priority hazardous chemicals from our supply chain. As a bluesign system partner our product creation teams can access the blueguide®, a tool that allows us to prescreen materials that use more sustainable textile preparations (e.g., dyes, detergents and other process chemicals used in manufacturing) and are from facilities that have undergone rigorous assessments for environmental standards.

The bluesign system is the most comprehensive method available to ensure health and safety in our supply chain and for our customers. Our apparel materials strategy is to select fabrics with either a bluesign or Oeko-Tex certification that ensures compliance with our Restricted Substance List (RSL) and customer safety. In the few instances where a fabric does not have a certification it is subject to an independent third party test to ensure compliance with our RSL.



Learn more about
bluesign partnership



Manufacturing *We participate in industry collaboration and use standardized assessment tools to manage environmental performance of our contract manufacturers.*



Sustainable Apparel Coalition Membership

In 2014, Brooks became a member of the SAC

The Sustainable Apparel Coalition (SAC) is a trade organization comprising brands, retailers, manufacturers, government, and non-governmental organizations and academic experts, representing more than a third of the global apparel and footwear market. The SAC is working to reduce the environmental and social impacts of apparel and footwear products around the world. The focus of the SAC is the Higg Index – a suite of assessment tools that standardize the measurement of environmental and social impacts of apparel and footwear products across the product lifecycle and throughout the value chain. Our membership with the SAC provides us access to the Higg Index Tools and allows us to participate in their continued evolution to ensure wider industry adoption.



**Sustainable
Apparel Coalition**



Learn more about the SAC



Higg Index Facilities Environment Module

In 2014, 100% of footwear and apparel contract manufacturers were introduced to the Higg Index Facilities Environment Module

Shortly after joining the SAC, we introduced all 25 of our footwear and apparel contract manufacturers to the Higg Index Facilities Environment Module, one of the three modules that make up the Higg Index suite of tools. Our key vendors representing 85% of our total business have all completed the self-assessment. This tool offers clear guidance on environmental impacts in manufacturing, and provides a resource to identify improvement opportunities. Using standardized assessment tools allows us to support the wider footwear and apparel industry in creating a common language for discussion and action on sustainability.

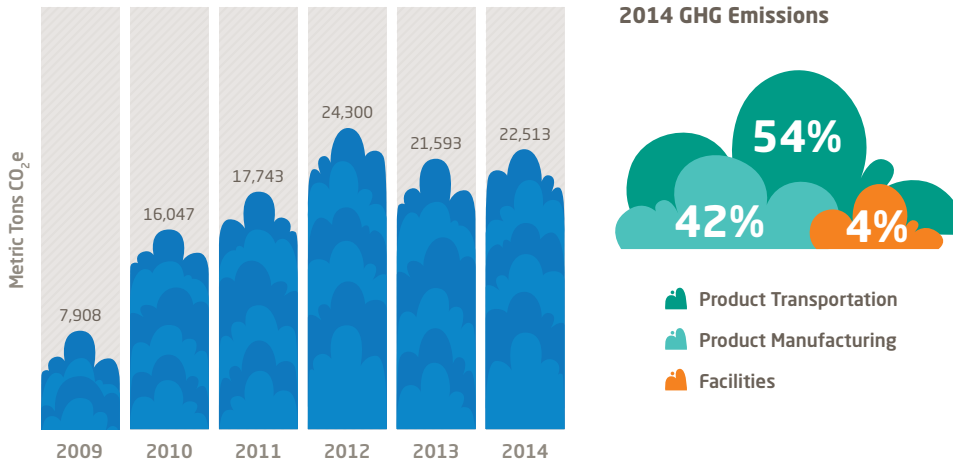


Learn more about our use of the Higg Index Facilities Environment Module

Our Footprint

We continually measure the Greenhouse Gas Emissions of our operations and supply-chain in an effort to improve our environmental footprint.

Absolute Greenhouse Gas Emissions

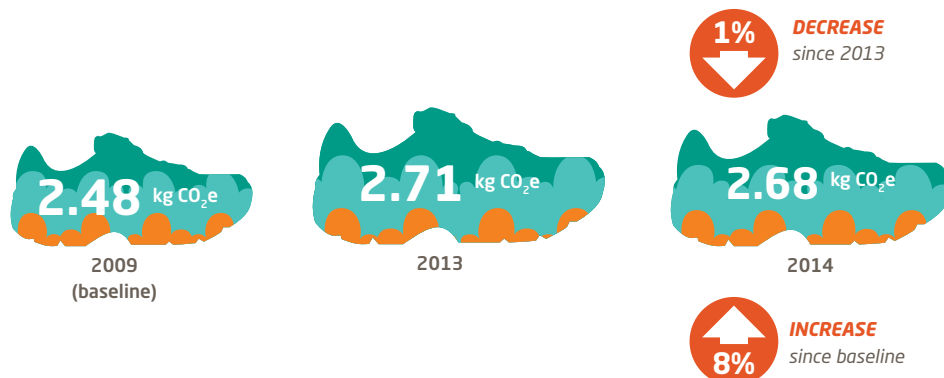


Our footprint as evaluated on this page focuses only on those sources of GHG emissions that contribute the largest quantities to our complete GHG footprint and/or that we're actively working to bring about emissions reductions.



[Learn more](#) about our approach to measuring, tracking, and reducing GHG emissions

Per Shoe GHG Emissions



Our New Home

In 2014 we moved into our new global headquarters in Seattle, a LEED Platinum certified Core and Shell building and part of Seattle's Deep Green Pilot Program. During the first five months of our occupancy we used **51% less energy** compared to the same time period in the previous year. This was the primary reason for a 6% reduction in absolute GHG emissions related to our facilities between 2013 and 2014.



Energy Monitoring

The building's electrical system is fully metered, allowing us to monitor energy and water usage.



LED Lighting System

Almost all lighting uses highly efficient LED bulbs zoned into small, efficient groups that are managed via sensors.



Commuting Alternatives

- Showers, changing rooms, and secured bicycle storage encourage exercise and human-powered commuting.
- Four electric vehicle charging stations in the garage offer a greener car commute.



Efficient Heating & Cooling

- A chilled beam system provides efficient water-based heating and cooling that uses significantly less energy than a standard HVAC system.
- Seven different heating and cooling modes allow the system to determine which mode is most efficient for any given temperature scenario.



Water Conservation

- A 65,000-gallon tank captures rainwater for reuse. This reclaimed water irrigates the rooftop and plaza landscaping and provides water for flushing toilets. This is part of a system that achieves 75% less water use than a standard building.
- Showers are equipped with timers to encourage more efficient use and to contribute to our goal of less water consumption.



Maximizing Natural Light

- Plentiful windows allow natural light to reach deeper into the building and hit more desk and office space.
- Ample natural light allows energy-saving sensors to adjust or turn off the lights when not necessary.
- Semi-opaque window shades allow targeted sun control, while not interrupting views.



Reclaimed & Recycled Materials

- A recycling rate of 97% during building construction diverted more than 1,160 tons of debris from landfills.
- Benches in the plaza are made from salvaged railroad ties that used to run through the site.
- Salvaged wood from old buildings on the site comprise the slats in the feature staircase and at the west side of the building.

