



Supply Chain Transparency Statement 2020

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, being a good corporate citizen is one of our core beliefs:

Brooks Belief

More than 100 million people run outside, so it's critical we care for the world we share. That means working to minimize our environmental impact, creating positive social change, and being transparent about areas where we can do better. All the while, we give back and lift causes that get people moving.

We continually tune our Running Responsibly program to be best-in-class on social and environmental issues 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 impact 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 Sports, Inc. have considered and approved the statement for fiscal year 2020

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 Company sells performance footwear, apparel, sports bras and accessories in more than 50 countries worldwide. Brooks' purpose is to inspire everyone to run and be active by creating innovative gear designed to keep runners running longer, farther and faster. This purpose is supported by Brooks' Run Happy philosophy, a quest to celebrate and champion the sport of running and all runners everywhere. Founded 1914, Brooks is a subsidiary of Berkshire Hathaway Inc. and is headquartered in Seattle.

Brooks contracts to manufacture best-in-class footwear and apparel products and works with a small number of selective suppliers around the globe. A [list of our contract manufacturers](#) can be found on our website. The length of our relationship with our suppliers is, on average, more than seven years.

Policies

Brooks updated our [Supplier Code of Conduct](#) in May 2016. This update strengthened provisions against the use of Forced Labor in any form in our supply chain. Specifically, it 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". Brooks communicates further guidance on how to implement the Code to our suppliers through our compendium to the Supplier Code of Conduct, the Brooks Responsible Sourcing Standards.

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

In 2015, Brooks implemented an online supplier compliance and risk management software system to further formalize our supplier risk evaluation process. This web-based risk assessment and audit management system analyzes and quantifies supplier risk and compliance data. Infusing geographic risk data and analysis into the assessment process allows Brooks to effectively evaluate and track compliance and risk throughout our entire supply chain. This has enabled us to globally track social responsibility metrics in the following categories: Human Rights, Child Labor, Women's Rights, and Working Conditions.

Brooks evaluates risk across our supply chain by integrating the system's country level risk information with assessment results and through review of 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 in central Asia (e.g. Uzbekistan, Turkmenistan, Xinjiang)

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. The Brooks Responsible Sourcing program follows the principle of 'Continuous Improvement'. Whenever non-compliances are found, Brooks works with our supplier to understand the root cause of the issue and to find a sustainable solution that will both correct the issue in question and prevent similar issues from occurring in the future.

New Vendor Onboarding

As part of our manufacturing new vendor onboarding process, Brooks engages third-party auditors to conduct a preliminary social responsibility audit to identify areas of risk and weaknesses in social responsibility policies and practices with prospective suppliers. We carefully screen third-party auditors and only use experienced and reputable monitoring firms that are well versed on international laws and standards as well as our internal standards. All direct production sites must go through this screening and our Responsible Sourcing team approves all suppliers for production before we contract with them to manufacture our products.

Final Assembly Factory Code of Conduct Compliance

Our Responsible Sourcing program evaluates suppliers' compliance with our Supplier Code of Conduct and local law through the use of onsite assessments conducted by independent third-party monitoring firms. In 2019 we audited, accepted shared audits, or performed self-assessments with suppliers who produced 99% of Brooks products.

In assessing 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, international labor norms, industry best practices, and our Supplier Code of Conduct. The third-party audits are generally semi-announced with a three-week audit window and include a physical inspection of the factory, review of documents and procedures, and between 15 and 35 worker interviews (depending on the size of the factory). During the worker interviews, the third-party auditors ask specific questions designed to assess forced labor and human trafficking risk. Our Responsible Sourcing team shadows the audits when feasible. Brooks reserves the right to perform



unannounced audits at any of our suppliers and has done so when certain country or facility-specific risk factors warrant.

Material Supplier Code of Conduct Compliance

Brooks uses a risk-based approach to determine our engagement level with materials suppliers. We prioritize our engagement with high-risk strategic suppliers who account for 90% of our materials volume by spend. Brooks sends all strategic suppliers our Supplier Code of Conduct and Responsible Sourcing Standards and we ask them to complete a Vendor Profile Questionnaire. Based on the information received through the questionnaire, further engagement may be warranted.

Foreign Migrant Labor

We ask any suppliers using foreign migrant labor to complete an additional self-assessment to ensure compliance against our migrant labor standards. This assessment covers forced labor concerns throughout the employment process: during recruitment, during employment, and after employment has concluded. This assessment is especially qualified to identify issues stemming from the relationship between migrant workers and labor brokers that may be out of the scope of some of our other assessments. Examples of issues this program aims to identify and eliminate include:

- Excessive recruitment fees charged to workers
- Withholding of passports or identity documents
- Restricted freedom of movement
- Sex-based discrimination in migrant labor hiring practices

Brooks also participates in an industry Migrant Labor Best Practice Working Group that aims to align migrant labor standards, enable audit collaboration and share best practices.

Worker Grievance Investigation

Workers at Brooks' contract 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 factories 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.

Certification

Responsible Sourcing Standards Acknowledgement

During onboarding, all new contract manufacturers must sign the Brooks Responsible Sourcing Standards Acknowledgement, certifying that:

- They meet or exceed the requirements in the Supplier Code of Conduct
- They will maintain current, sufficiently detailed records to substantiate compliance with the Supplier Code of Conduct
- They will be transparent to Brooks in all respects, including in documents, including accurate working hours and payroll records
- They will allow periodic third-party assessments to verify compliance with the Brooks Supplier Code of Conduct
- 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 of compliance with the Brooks Supplier Code of Conduct may result in termination of business with Brooks Sports Inc.

Measurement Tools

Brooks uses a mix of in-house compliance tools, third-party risk management software and industry tools, including the Higg Index Facility Social Labor Module (FSLM) to measure compliance with our Supplier Code of Conduct. Specifically, for issues relating to forced labor, we use both a Migrant Labor self-assessment and our own audit template to determine compliance.

Remediation Process

Our approach to Code of Conduct violations emphasizes protecting the workers in our supply chain and working with suppliers to remedy issues based on a continuous improvement model. Non-compliance with the Brooks Code of Conduct may lead to remediation or termination of the business relationship.

When a potential non-compliance is discovered, our protocol requires the relevant supplier to produce a corrective action plan outlining how they intend to resolve and prevent future occurrence of similar issues based on a root cause analysis of the issue at hand. As appropriate, we may also conduct a follow-up third-party assessment at the facility to check progress on the corrective action plan and confirm resolution of any identified non-compliances. 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 social responsibility 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 Patrol's 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, auditing firms and trade associations 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

Final Assembly Facilities

In 2019, Brooks identified zero instances of non-compliance at final assembly factories related to forced labor, modern slavery or human trafficking.

Materials Suppliers

Brooks identified several instances of non-compliance at materials suppliers and has successfully remediated or opened corrective action plans for 100 percent of the non-compliances.

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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