

running responsibly

2009/2010 Brooks Sports, Inc.
Corporate Responsibility Report



 *moving comfort*

BROOKS 

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letter from our CEO

TO ALL RUNNERS, ACTIVE PEOPLE, AND INTERESTED PARTIES EVERYWHERE:

At Brooks we love to run. It challenges, rejuvenates, strengthens, and calms us. It cleanses the mind, extends life, and feeds our spirits. We never underestimate the power of a good run to fuel and inspire our lives. We're inspired by others who run—their achievements, their stories, and their joy.

We have committed the efforts and energies of all who work for Brooks to inspire others to run and be active. As a company, we strive to build the best running footwear and apparel in the world to keep people running for as long and as far as they choose. We live by the adage that life is a journey and indeed too short not to enjoy each and every day while having some fun along the way. For many of us, we achieve this through a good run. Brooks is honored to play a role in an experience that brings positive outcomes to so many.

In our quest to make best-in-class performance products for runners, we also affect people and the environment as we process materials, contract with factories, and ship products around the globe. We care about healthy bodies and minds, and our role in fostering an environment where life can thrive for the long run. We are committed to evolving into a business that is more sustainable, one that builds great running gear with minimal impact on humanity and the Earth.

We believe over time a brand is the reflection of the people who are its stewards. At Brooks, we strive to be a collaborative team built on mutual trust anchored in respect, integrity, positive intent, and accountability. We apply these same principles to our business relationships around the world. Our Running Responsibly programs are intended to engage our global

constituents—factory workers, suppliers, distributors, customers, employees—to extend these values to everyone who helps create and deliver our products worldwide. We set goals, establish standards, share ideas, and train and communicate with our partners to assure that day in and day out, we are treating people as we would choose to be treated, abiding by all local laws in the places we operate, and doing our part to minimize our impact on the environment.

Our customers and wider stakeholder groups not only expect this behavior of us, they're asking for it. That's why we're pleased to present to you our first comprehensive report on Brooks' social and environmental performance, which includes our initial measurement of our greenhouse gas emissions as a company. We plan to publish a new report every two years and provide progress updates in the interim. Hence, we've included our corporate responsibility values as part of our Running Responsibly brand promise. These are not incorporated into marketing campaigns or strategic initiatives but serve as values that create filters on every product and business decision we make as a company.

As you'll see, the following report covers the impact and effort of the years 2009 and 2010. These were transitional years for Brooks as we embarked on measuring our social and environmental performance. Highlights included the launch of our most sustainable shoe, the Green Silence, and our innovative shoe box, which is the next best thing to no shoe box at all. We also made significant progress against reducing harmful chemicals in our products, improving worker standards at our factories, and collaborating with industry peers to drive broader innovation and change. Despite these efforts, we are humbled by how far we have to go; the cliché "it's a marathon" does not

adequately characterize our challenge and opportunity to improve. The good news is we now have a baseline. This baseline will allow us to better understand our performance and take appropriate action for improvement against the corporate responsibility factors that are most material to our business:

1. Energy and Water

used to manufacture and assemble our products and operate our facilities

2. Waste

generated (particularly on materials that are used) in the manufacture of our products

3. GHG emissions

associated with our products and business operations

4. Materials

used that are harmful for people and the environment

5. The well being of the individuals

who make our products

Over the next three to five years, these five areas will not only create a sustainability filter for future product and business decisions, but also will energize the creativity, brain power, and focus of every employee and partner. Doing what's right for humanity and the Earth is a lifelong race. And we're running it.

Sincerely,



Jim Weber
President & CEO
Brooks Sports, Inc.



LIFE IS A
JOURNEY
... ENJOY
EACH AND
every DAY



business overview

OUR PURPOSE: INSPIRE PEOPLE TO RUN AND BE ACTIVE

At Brooks® Sports, Inc., we strive to be your go-to source for gear and inspiration for the almighty run. We're passionate about the design and enthusiastic marketing of high-performance men's and women's running shoes, apparel, and accessories in more than 60 countries worldwide. We're a company but we're also a spark, kindling a love of running in active people of all stripes. Fueled by an innovative spirit and a belief in the joy of running, we create forward-thinking gear that keeps you running longer, farther, faster, and happier.

Down to the smallest detail, Brooks products are engineered to meet the unique biomechanical needs and nuances of runners, enhance on-the-go comfort, and help prevent running-related injury. In order to meet our own sky-high standards, we've teamed up with top researchers and universities around the world.

Brooks is dedicated to Run Happy®, a celebration of the essence of the run. It's what makes running the most addictive sport the world has ever known, what pulls us out of bed before dawn, what simply makes us feel good. The run is fueled by motivations that are as varied as its participants—young and old, fast and slow, male and female, master and newbie. But all runners share a core understanding of Run Happy®. At Brooks, we live it every day.

A subsidiary of Berkshire Hathaway Inc., Brooks was founded in 1914. Working at our side, managed in our shared headquarters near Seattle, Wash., is Moving Comfort. This high-energy brand was born in 1977 and offers technical sports bras and athletic apparel for active women. Together, we proudly pioneer the innovative design of superb gear and

champion the benefits of running and staying active for everyone.

Our reach is wide. As of December 2010, our brands' collective bench included nearly 300 dedicated employees with operations in the United States, United Kingdom, Germany, and China, serving our primary markets in North America, Europe, and Asia. Brooks' product variety spans 50 footwear styles, and 70 Brooks and 50 Moving Comfort apparel styles, serving a diverse range of running devotees and fitness-minded women.



We believe our exacting product quality standards are the highest in the industry, and our consumers expect nothing less from us. To execute on these lofty standards, Brooks seeks out exceptional partners. While we painstakingly design, engineer, and specify every clever component and perfectly placed stitch here at our U.S. headquarters, we outsource the manufacturing to third-party factories around the world where we find the infrastructure, resources, and reasonable cost of goods for construction of the best running gear on the planet.

We also have licensing agreements with carefully selected independent companies who help spread Run Happy® far and wide. They manage the design, manufacturing, and distribution of specific products using the Brooks name. In 2010 we worked with six licensee distributors around the world.

• OFFICES:

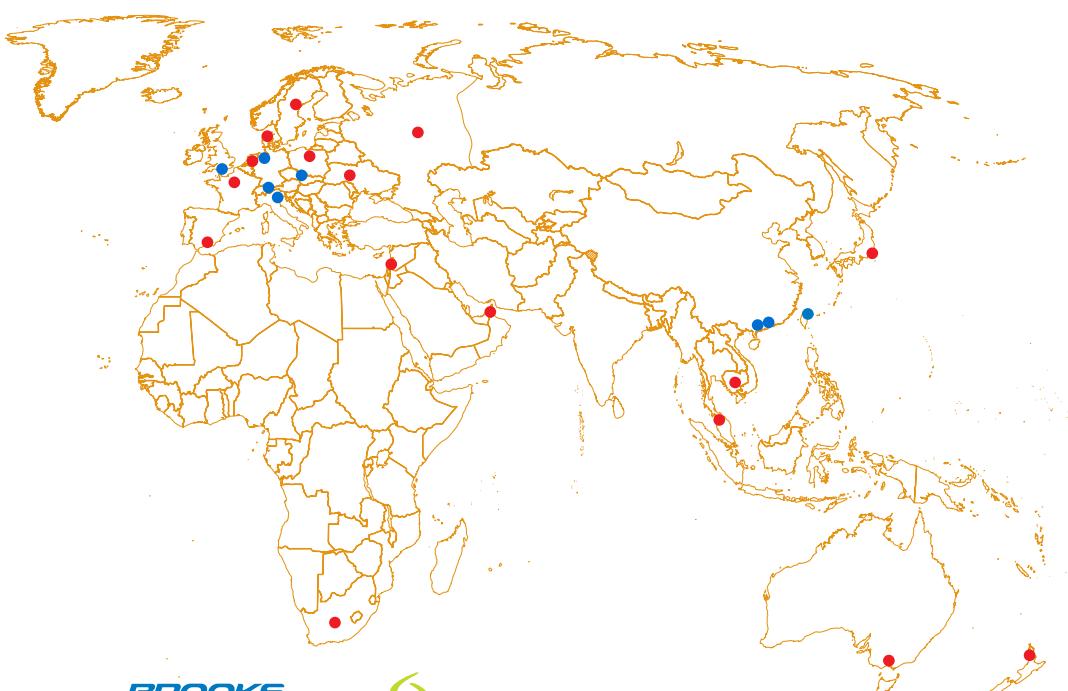
Bothell, WA (HQ)
Germany
United Kingdom
Taiwan
Shenzhen, China
Guangdong, China
Austria
Italy
Switzerland

• DISTRIBUTION CENTER:

Sumner, WA

• INTERNATIONAL DISTRIBUTORS:

Australia	Malaysia/ Singapore
Belgium/Luxembourg	Mexico
Canada	Netherlands
Chile	New Zealand
Costa Rica/Guatemala	Panama
Czech Republic	Philippines
Denmark	Poland
Finland	Russia
France	Slovenia
Indonesia	South Africa
Israel	Spain
Japan	Sweden
	Thailand
	UAE
	Ukraine



running responsibly

We, the people who make Brooks go, are active. We enjoy the outdoors, and love our local communities. We know what really matters: the well-being of people and the planet, and our role in nurturing both. As a company that reflects the values of its employees, Brooks is committed to building extraordinary running and active women's gear with minimal negative impact—and maximum positive impact—on the Earth and humanity. Our Corporate Responsibility (CR) efforts are rooted in the authentic passion of our people, an effective filter for business decisions and practices and the heart of our Running Responsibly program.

Initially a proactive effort to manage our social impacts, the Running Responsibly program evolved into a strategic and holistic CR platform. The program wholeheartedly embraces sustainability from three perspectives—people, planet, and profit. Committed to growing our business while making environmental and social strides, our Running Responsibly program focuses on seven responsibilities that are most material to our business and central to our pursuit of sustainability. The program positions our responsibilities on four strategic pillars, clarifying the areas of the business where our environmental and social impacts originate and illuminating opportunities to make a difference.

Our Running Responsibly program is led by our cross-functional strategic Corporate Responsibility Committee. Of course, CR isn't an isolated program on the shoulders of a few. It's a way of thinking and acting that infuses all we do, at every level—from the offices where our designs are born, to the factory floor where our gear is made, to the sidewalks and trails where Run Happy takes flight.

We've expanded our Running Responsibly program because it's our corporate duty, and because as individuals we know it's the right thing to do.



STRATEGIC PILLARS				
RUNNING RESPONSIBLY FOCUS AREAS	Corporate	Operational	Products	Business Partners
Employee and Community Investment				
GHG Emissions and Energy Consumption				
Water Consumption				
Waste				
Hazardous Chemicals				
Sustainable Materials				
Human Rights		z		

RUNNING
responsibly

about this report

SCOPE AND BOUNDARY

Here in our first-ever Corporate Responsibility report, we outline our approach and progress toward reducing the environmental and social impacts of Brooks Sports, Inc. during calendar years 2009 and 2010, except where otherwise noted. We plan to provide a CR report every two years, with progress updates along the way.

Our reporting covers impacts associated with both our products (material use, manufacturing, and assembly at contracted factories) and business operations (shipping of our products, running our facilities, buildings, business travel, and employee commuting) around the world. We hold ourselves accountable not only for activities directly led and carried out by Brooks, but also those of our business partners who supply, manufacture, or transport our products.

FOCUS AREAS

This report is organized around the two key impact areas that epitomize our Running Responsibly program: Environment and Social. In each section, we highlight our responsibilities, share our impacts, discuss how we managed and reduced those impacts, and describe next steps to improve our performance. Our economic performance is highlighted in Appendix F.

FRAMEWORK

This report is written in accordance with the Global Reporting Initiative (GRI) G3 Guidelines, the de-facto standard for sustainability reporting. In addition, our Corporate Responsibility Committee established a sub-group that leveraged existing data and stakeholder engagement to help guide the report's development. We undertook all necessary measures to ensure the reported information is complete, accurate, and balanced. As such, this report depicts our best efforts to

disclose information on all our material impacts. When data was unavailable, or not as complete as we would like, we included explanation. Brooks self-declares this report to meet the standard set out by the GRI for an A level report. We recognize that we're just getting started on the path toward sustainability, and we're committed to more complete reporting as we move forward.

STAKEHOLDERS

We invite you, our stakeholders, to send your comments and suggestions regarding this report and our CR performance to runningresponsibly@brooksrunning.com.

Although we were not able to connect with each and every stakeholder during development of this report, the table opposite highlights our current stakeholder engagement practices specific to CR. We realize the importance of encouraging open dialogue with all stakeholders—especially our supply chain. We can leverage our influence and communicate our sustainability objectives, challenging business partners to improve their own sustainability performance.

As our formal engagement practices evolve, we aim to open up new CR discussions, to improve our understanding of stakeholders' views and priorities. These dialogues will help shape the content of future reports, ensuring that the information shared is relevant and inclusive.

CORPORATE RESPONSIBILITY STAKEHOLDER ENGAGEMENT	
STAKEHOLDER GROUP	ACTIVE ENGAGEMENT PROCESSES
Employees	<p>Our Corporate Responsibility Committee meets regularly to develop and implement initiatives that embed sustainability into our business activities and products. We promote sustainable lifestyles and educate our employees through programs such as our annual alternative commuter challenge and Earth Day events.</p>
Contract Factories and Suppliers	<p>Our annual supplier training conference is held in Asia and educates our suppliers, factories, and component manufacturers on social and environmental principles.</p>
Industry Collaboration	<p>We believe that by sharing knowledge and resources, we can advance industry-wide CR further than if we work in isolation. Therefore, we have created and participate in a number of strategic partnerships that promote sustainability in our operations and products. Organizations include:</p> <ul style="list-style-type: none"> • Outdoor Industry Association Eco Working Group • BioEnvironmental Polymer Society • Business-NGO Working Group • Guiding Principle for Chemical Policy • Business for Social Responsibility • Society of Plastics Engineers: Environmental Plastics Technical Division • American Society for Testing and Materials: Environmental Plastics Technical Committee • The Conservation Alliance • The Bainbridge Graduate Institute <p>For a full description of all our partnerships, please visit: www.brooksrunning.com/partnerships</p>
Local Communities	<p>We engage with local organizations who help those in need through our Run B'cause program.</p>
Customers	<p>Our customers communicate with us regularly through various channels, including our blog and website at www.brooksrunning.com.</p>
Parent Company	<p>Our CEO delivers an annual update to our parent company that includes our CR performance.</p>

top 10 CR highlights

BIOМОGO MIDSOLE

A five-year study found that BioMoGo, the midsole materials used for the vast majority of Brooks shoes, degrades in anaerobic conditions 50 times faster than a standard EVA midsole.

More details: Page 24

CASCADIA 6

Virtually every component of the Cascadia 6 has an environmentally-friendly feature, such as materials made of recycled content, water-based inks and adhesives, and soy-based foams.

More details: Page 24

CMP MIDSOLE

Brooks' eco-friendlier Compression Molded Preform (CMP) midsole manufacturing process creates 50 percent less waste than traditional midsole manufacturing methods.

More details: Page 24

GREEN SILENCE

Constructed with roughly half as many parts as a comparable shoe, 75 percent of the Green Silence is made from Post-Consumer Recycled (PCR) material. The shoe requires 41 percent less energy to produce and uses 65 percent fewer Volatile Organic Compounds (VOCs).

More details: Page 25

PACKAGING MATERIALS AND WASTE REDUCTION

We examined every aspect of our shoe box and determined several ways to significantly reduce packaging materials and waste.

More details: Page 25

HAZARDOUS SUBSTANCE REDUCTION

In 2010, we listed 193 chemicals on our Restricted Substance List (RSL) and were actively tracking 67 of the highest risk substances. All 49 of our footwear component and material suppliers and contract factories have enlisted in our Restricted Substances (RS) program to help make our products as safe as possible.

More details: Page 28

FACTORY PERFORMANCE

We have been auditing our contract factories since the early 2000s and have seen steady and positive social improvements. From 2009 to 2010, the average number of violations against our Code of Conduct decreased in issues related to wages and benefits as well as health and safety.

More details: Page 44

FACTORY AND SUPPLIER TRAINING

At our annual training conference, we educate our factories and component suppliers, free of charge, about our CR program, human rights, worker health and safety, and environmental issues.

More details: Page 52

SOLES4SOULS

Brooks collects and donates product samples and gently worn shoes and apparel for those in need through the Soles4Souls program. In two years, Brooks donated more than 175,000 items.

More details: Page 56

BROOKS FOR HER

In 2009, we launched the Brooks For Her (BFH) apparel collection to support the fight against breast cancer, resulting in \$37,000 donated to three organizations for dedicated research and support for those affected by breast cancer.

More details: Page 58



ENVIRON

section 01



MENT

overview

SUSTAINABILITY CHALLENGES ARE ABOUND IN OUR WORLD. Brooks understands their unprecedented nature, and is working to help address them. Issues such as climate change, natural resource depletion, water scarcity, and air quality now demand that businesses seamlessly integrate sustainability into core business practices. For us, this means constant evolution of our operations and radical product innovation. By reducing our collective environmental impact, we can help protect the long-term future of humanity and the planet.

Through development of this report and lifecycle assessments of two of our best-selling products, we've begun to grasp our most significant environmental impacts and their sources. As a result, we're focusing on the following sustainability issues, which stem from activities undertaken in both our business operations and the different life cycle stages of our products: greenhouse gas (GHG) emissions, energy use, water use, materials use, waste, and hazardous chemicals.

In this chapter, we report on the above environmental impacts and the actions we've taken to date to reduce them. We report on these impacts from an overall company perspective—**BROOKS SPORTS**—and specifically where they occur: **PRODUCTS** and **BUSINESS OPERATIONS**.

BROOKS SPORTS

OUR RESPONSIBILITY

From the products we design and manufacture to the way we operate every day, our impact on the environment is far-reaching. In many cases, impacts result from the operations of other companies; however, we acknowledge our accountability and that we can influence their performance. We are therefore committed to working with our business partners across the globe to elevate our organization's environmental stewardship.

OUR PERFORMANCE

In a quest to better understand our overall environmental impact, we undertook a GHG inventory of all activities led by Brooks as well as our business partners. See Appendix D for more information on the boundary and methodology of our GHG inventory.

As expected, our products represented the largest source of GHG emissions, making up 79 percent of the company's total footprint in 2010. Footwear alone accounted for 73 percent, while apparel and accessories contributed six percent.

Operations represented 21 percent of our total footprint. These numbers are similar to many companies in our industry that have performed comparative analyses. Our overall GHG emissions increased 31 percent from 2009 to 2010, prompted by a rise in product sales and the associated increase in air shipments required to transport product to market on time to meet demand.

This baseline understanding of our GHG emissions will enable us to track and gauge future performance and prioritize strategies to reduce energy use and invest in energy efficient technologies and processes.

OUR ACTIONS

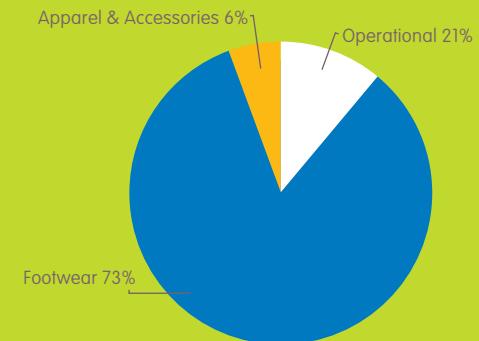
Where relevant, we share specific actions taken by Brooks to reduce our operational and product-related environmental impacts in those sections of this report. We evaluate the results of these actions and how they contributed to our overall company performance.

GHG
inventory

2010 TOTAL GHG EMISSIONS

Brooks 2010 Total Emissions = 61,413 MT CO₂e

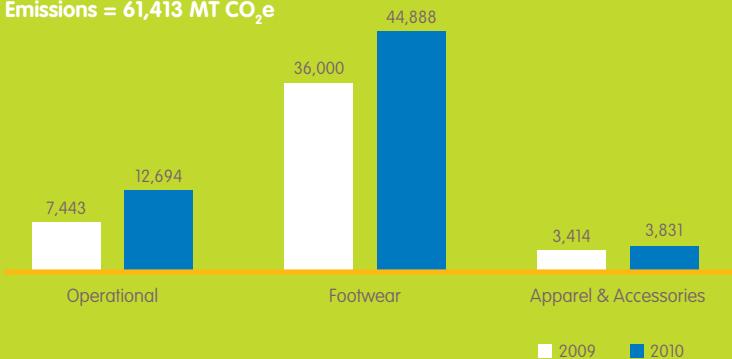
For easier comprehension we reported all GHG emissions in carbon dioxide equivalents (CO₂e) as there are six different greenhouse gases that contribute differently to climate change.



2009 to 2010 GHG EMISSIONS COMPARISON

2009 Total Emissions = 46,857 MT CO₂e

2010 Total Emissions = 61,413 MT CO₂e



PRODUCTS

OUR RESPONSIBILITY

Brooks is committed to creating best-in-class products that enhance the running experience—but it's not the only challenge and responsibility we hold dear. Behind the scenes, we're dedicated to reducing the environmental impacts of our products at every stage in their lifecycles. Because our products account for 79 percent of our total GHG emissions, they represent our greatest opportunity to make meaningful change.

Environmental impacts of our products are realized during the undertaking of the following activities on the part of Brooks, our business partners, and customers that encompass the design, manufacture, and use our products (including packaging):

- **Materials Feedstock and Processing**

(GHG Emissions, Energy Use, Water Use, Chemical Use, Waste, Resource Use)

- **Manufacture and Assembly**

(GHG Emissions, Energy Use, Water Use, Chemical Use, Waste, Resource Use)

- **Use**

(GHG Emissions, Energy Use, Water Use)

- **Disposal**

(Waste)

OUR PERFORMANCE

We conducted an Eco-Footprint to identify, quantify, and assess the environmental impacts associated with the different stages of our products' lifecycles. We assessed two of our best-selling 2009 products—the Adrenaline™ GTS 10 running shoe and the Podium SS technical running shirt—from manufacturing to their use by the end consumer. These popular products served as representative examples for all Brooks Sports footwear and apparel, highlighting focus areas for future efforts as we pioneer innovative solutions for more sustainable products.



Podium Short Sleeve



Adrenaline GTS 10

2010 PRODUCT ECO-FOOTPRINT RESULTS

	GHG EMISSIONS (METRIC TONS CO ₂ E)	ENERGY (MEGA JOULES)	WATER (LITERS)	WASTE (KILOGRAMS)
1 Pair of Adrenaline GTS 10 Running Shoes	0.012	125	96	0.2
Total 2010 Footwear Production (all styles)	44,887	467,579,875	359,101,344	897,753
1 Podium SS Technical Running Shirt	0.00165	27	53	0.04
Total 2010 Apparel and Accessories Production (all styles)	3,831	62,436,214	123,061,336	92,876
Total 2010 (all products)	48,718	530,016,089	482,162,680	990,630

These results do not include home laundry impact for the Podium SS technical running shirt or end of life impact for either product. The Adrenaline GTS 10 running shoe was used as a proxy for our entire 2010 production of 3,740,639 pairs of shoes. The Podium SS technical running shirt was used as a proxy for all 2010 apparel and accessories by Brooks and Moving Comfort, a tally of 2,099,367 pieces of apparel and 222,545 accessories.

WHAT DO ALL THESE NUMBERS MEAN?

2010 PRODUCT METRICS:

48,719 metric tons of CO₂e emissions

530,016,089 mega joules of Energy

482,162,680 liters of Water

990,630 kilograms of Waste

EQUIVALENT TO:

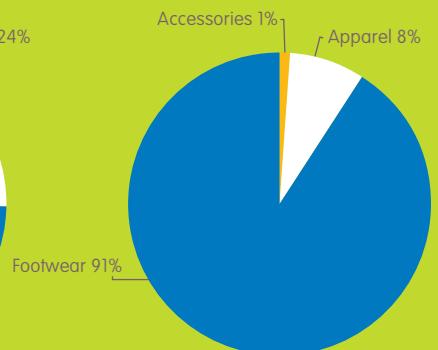
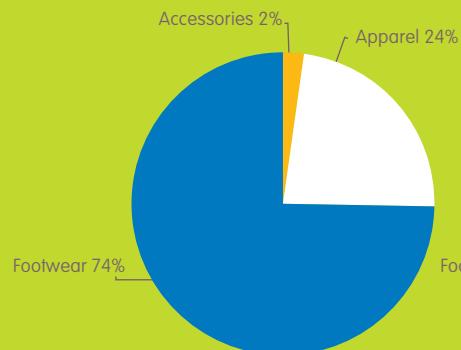
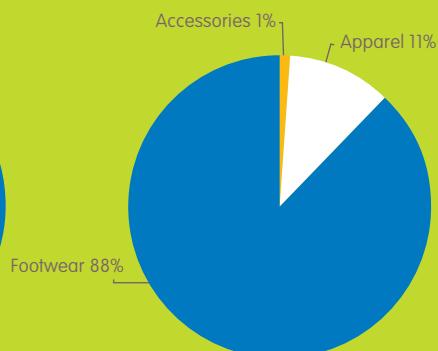
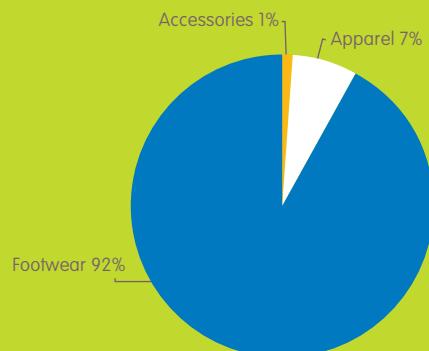
= 9,553 cars on the road for one year

= Annual heating for 5,520 homes

= Annual water usage of 4,716 homes

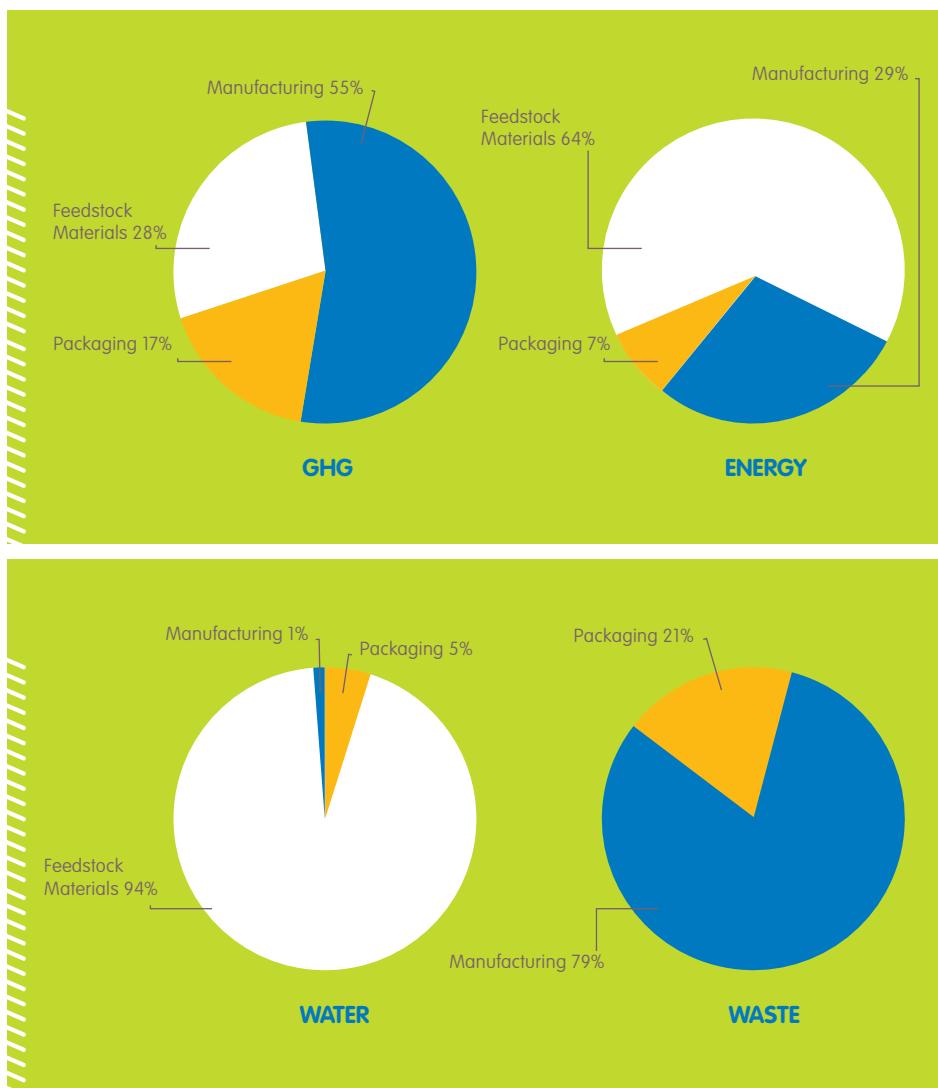
= 78 fully-loaded garbage trucks

ECO-FOOTPRINT PRODUCT COMPARISON



Eco-Footprint analyses revealed that footwear products are responsible for the majority of our total product environmental impact.

FOOTWEAR LIFE CYCLE STAGE IMPACTS



The Eco-Footprint of our Adrenaline GTS 10 running shoe was performed during three stages of the product's lifecycle: feedstock materials, the manufacturing process, and packaging. Viewing these stages through the lenses of GHG emissions, energy, water, and waste, we learned that the majority of environmental impact from our footwear products is encountered during

the feedstock materials and manufacturing lifecycle stages. This understanding of precisely where environmental impacts occur during our products' lives will help guide our development of focused sustainable solutions and alternatives to minimize our products' environmental footprint.

OUR ACTIONS

Footwear, representing the majority of our sales, has been the focus of our sustainability efforts to date, and the area where we've made the most progress. Brooks has been working hard to reduce our product impact by continuously improving our designs, carefully selecting materials, advancing our manufacturing technologies, adopting our restricted substances policy, and pinpointing ways to streamline our packaging.

While a long journey of continuous improvements lies ahead of us, we've made continuing progress in the last two years. Read on to learn more about our achievements in managing and reducing the environmental impact of our products.

SUSTAINABLE MATERIALS

DESIGN FOR ENVIRONMENT PROGRAM

Sustainability has become part of Brooks' culture—a core value, a shared mindset. We have worked to embed sustainable product decisions into our everyday design process. So, environmental consciousness is part of the normal mode of thinking around continuous improvement, not an afterthought.

In 2007, we launched our Design for Environment (DfE) program for our footwear products, for research and development of innovative design concepts and approaches that reduce our products' impact while maintaining or even elevating their style and functionality. Our DfE program was developed to challenge our product team to collaborate on sustainability objectives, discuss current opportunities and limitations, raise questions, generate ideas, and promote a design evolution of our products.

The following 2009 and 2010 product innovations were a direct result of implementing Brooks' DfE program:

- **Post-Consumer Recycled (PCR) polyester** used to create liners, meshes, webbing, sockliner topcloth, and laces
- **Solvent-free (water-based) adhesives** used in four footwear styles
- **Soy-based foams** used in 10 footwear styles
- **Foam made from recycled polyester** used in 11 footwear styles

These efforts and more earned Brooks various industry awards and accolades; however, this is not the finish line. We remain committed to continually evolving our DfE program. At Brooks, innovation is constant, and our ongoing mission is to increase running performance while decreasing the environmental footprint of our products.

DESIGN FOR *environment*

SUSTAINABLE MATERIALS GOALS

At the outset of our DfE program, Brooks set a target to be an environmental leader in technical running through sustainable product innovations. One of the ways we plan to achieve this target is to work closely with our material vendors on developing more sustainable materials for our footwear.

Our end goal is to develop and build a materials inventory that would enable us to create products in which each material and component has a sustainable element. To direct our efforts, we set a five-year goal to increase the options for embedding sustainable elements into our shoe materials, components, and packaging by 20 percent (based on weight) each year, from 2008 to 2012. Success can be defined as part elimination or part weight loss, switching to natural or bioplastic materials, or using PCR content or biodegradable materials.

We aimed high. To maximize the reduction of our materials footprint, we challenged ourselves to reach this goal in our top 10 styles by volume based on the previous calendar year--equivalent to 80 percent of total footwear sales volume.

In 2010, we completed our fall 2011 product line and met our goal of developing a sustainable material choice for at least 80 percent of the shoe parts in our top 10 styles by sales volume. This included using laces and meshes made from recycled water bottles, and our BioMoGo midsole (see Page 24).

Our goal is to always pick the sustainable material option, barring compromise to product performance or cost. Business and performance considerations must still be weighed alongside sustainability, as Brooks aims to offer industry-leading footwear. However, our team's decision-making process entails a sustainable materials option for each product, so environmental responsibility is built in to every shoe.

We strive to make sustainable options available for all materials in our top 10 footwear styles by 2012, allowing our footwear team to incorporate some form of sustainable material in every part of those shoes. We are confident that as we continue on this path, our materials selection will expand, along with an inspiring range of sustainable, high-performing products.



CASE STUDY: BIOMOGO

Among our proudest achievements is the creation of the BioMogo midsole, one of the sporting goods industry's most exciting environmental innovations ever. Traditional midsoles made of Ethylene Vinyl Acetate™ (EVA) are one of the least biodegradable shoe components, lasting up to 1,000 years in a landfill. We added a non-toxic, natural additive to our MoGo compound that encourages anaerobic microbes to munch away once the material hits an active, enclosed landfill. A five-year study found that BioMoGo degrades 50 times faster than the standard midsole in anaerobic conditions, and will save 29.9 million pounds of landfill waste in roughly 20 to 25 years.



BioMoGo made its debut in the Trance™ 8 in 2009, and by 2010, was available in most of our men's and women's performance running shoes.

BioMoGo technology represents valuable intellectual property resulting from major investment of resources, yet Brooks decided at the outset to treat this advancement as an "open source" innovation.

"We strongly believe that by sharing BioMoGo with other footwear companies, and other companies in general, this technology can make an even larger impact on the world we all share."

Jim Weber, President and CEO of Brooks Sports, Inc.

CASE STUDY: CASCADIA 6

Brooks' sustainable footwear development reached new heights with the Cascadia 6, developed in 2010 and rolled out in the marketplace in February 2011. Virtually every component of the Cascadia 6 has an environmentally-friendly back story. Highlights include:

- **35 percent energy savings** in materials production—the shoe weighs 40 grams less per pair with 40 percent fewer parts in the shoe compared to the Cascadia 5

- **50 percent PCR** content from water bottles and furniture foam for upper mesh
- **Soy-based foam and inks** and water-based adhesives
- **22 grams of VOCs (or 69 percent)** saved per pair, with no hazardous heavy metals in inks or dyes, thanks to solvent-free adhesives
- **Earth-friendlier BioMoGo midsole** and biodegradable sockliner, insole, rock shield, and collar foams

CASE STUDY: THE CMP MIDSOLE

Brooks' eco-friendlier Compression Molded Preform (CMP) midsole manufacturing process reduces waste by 50 percent, compared with traditional midsole manufacturing methods. Implemented in 2007, it's how all Brooks shoes are born. In addition to slashing waste, the CMP midsole manufacturing process saves time, and reduces labor and energy outputs.



CASE STUDY: GREEN SILENCE

The trailblazing paragon of our Design for the Environment initiative is the Green Silence—and it's made a loud statement about eco-friendly performance. Utilizing recycled and other earth-conscious components, this shoe breathes new life into countless used items such as plastic bottles, rubber that would otherwise be abandoned, and discarded CDs.

The Green Silence contains less than half of the

parts of comparable shoes. Free of hazards like heavy metals in inks or dyes, the shoe is loaded with stellar environmental performance: a BioMoGo midsole, biodegradable insole and collar foams, 100 percent non-toxic, soy-based dyes, and solvent-free, water-based adhesives. Not only is 75 percent of the shoe comprised of PCR material, but it takes 41 percent less energy to produce with 65 percent fewer VOCs.



100%

- biodegradable insole, collar foam, midsole, and sock liner
- PCR laces, gillies, and webbing born of recycled water bottles

65%

- reduction in VOCs through use of water-based adhesives and nontoxic dyes

50%

- less material waste thanks to CMP midsole manufacturing method
- of each heel counter is made up of recycled compact discs

30%

- PCR meshes.
- recycled rubber outsole
- less energy required to produce each pair of Green Silence

½

- as many parts as comparable shoes—fewer parts and more recycled materials means less oil and energy used
- pound less petroleum required to make one pair of Green Silence

50x

Biodegrades 50x faster than a traditional EVA midsole in an active, enclosed landfill

100%

water-based adhesives—free of harmful solvents

100%

non-toxic dyes and colorants (free of hazardous heavy metals)

75%

of the materials are PCR

CASE STUDY: PACKAGING

Some of our biggest sustainability successes have been inside the box, in the re-engineering of our packaging. Consumers may never fully understand the importance of a midsole, but everyone can feel, touch, and yes, dispose of packaging after a new product purchase. So we broke down every aspect of the shoe box experience to determine its degree of necessity, and sustainable strengths and opportunities. We set a goal to deliver best-in-class sustainable packaging and challenged our supply base to play an active role in finding solutions. The result is in an industry-leading dematerialization and process-driven approach with maximum utilization of recycled and recyclable materials.

In our quest to reduce, reuse, and recycle, we became a bit obsessed. 100 percent PCR content was just the start. Check out our sustainable changes.

100% PCR paperboard

25%

fewer natural resources required to produce our new box, compared to our previous box

100% PCR, chlorine-free tissue paper



25%

less tissue paper per box



40% PCR box labels

1-color, less energy-intensive printing process



moved to a low-emissions plant, with 100% on-site water treatment

Chase Mueller, Footwear Operations Manager

Chase's primary responsibility is to ensure footwear production meets global demand, requiring him to juggle an array of factors and variables. As Chase explains:

*"MY NUMBER ONE PRIORITY IS TO ENSURE WE HAVE THE
RIGHT FOOTWEAR IN THE RIGHT AMOUNT AT THE RIGHT TIME."*

Chase also contributes to Brooks an unwavering passion for sustainability. He spearheaded the company's efforts to reduce packaging, has served as the Corporate Responsibility Committee lead on Brooks' GHG inventory calculation, and was co-chair of the OIA Eco Working Group's packaging subgroup.

*"BEING INVOLVED IN THE EWG GAVE ME BETTER INSIGHT IN TO THE
WHOLE SLEW OF ISSUES CONFRONTING OUR INDUSTRY AND THE
ENVIRONMENT, AND I'M GLAD I GET TO DO MY PART TO INVOLVE
BROOKS IN THE INDUSTRY-WIDE CONVERSATION OF DEVELOPING A
SUSTAINABILITY YARD STICK THAT EXCEEDS THE GOLD STANDARD IN
SUSTAINABLE PACKAGING."*

While proud of Brooks' progress, he remains focused on the future. Chase believes the trick to sustainability is never being satisfied with where you are and continuing to push for innovation in materials, processes, and design.

*"THE GREAT THING ABOUT WORKING AT BROOKS IS
THAT THERE IS A LOT OF CREATIVITY AND PEOPLE WHO
ARE WILLING TO TEAM UP FOR A GOOD CAUSE."*



CONTINUING
to PUSH FOR
INNOVATION



CHEMICAL RESPONSIBILITY

RESTRICTED SUBSTANCE PROGRAM

Reducing and ultimately eliminating use of hazardous chemicals is a key priority for Brooks. This is the premise of our Restricted Substance (RS) program, with a mission to spark positive change throughout the supply chain. As the backbone of this program, our RS policy sets the standards for use of hazardous substances in our products and how to reduce their use and impact along our supply chain.

An RS is a chemical or other material whose presence in a particular manufacturing process or end product has been banned or restricted by governmental legislation or Brooks. We communicate our RS requirements to our suppliers and contract factories through our Restricted Substance List (RSL). This list defines those substances that we restrict or eliminate from our products, limiting their impact on our customers, workers, and the environment. Currently, our RSL contains 193 substances. While it's a challenge to chase down accurate information from suppliers further upstream in the supply chain, we are actively tracking 67 of the highest risk substances. Implemented in 2008, our RSL is now in version 7.1 and is continually updated to align with international standards.

Our RS program supports the principles of Green Chemistry. Whenever possible, we work to:

- **Know and disclose product chemistry** by asking suppliers to reveal the substances associated with and used in a product throughout its lifecycle;
- **Assess and avoid hazards** by using chemicals with inherently low hazard potential, prioritizing hazardous chemicals for elimination, and minimizing exposure when hazards cannot be prevented;
- **Commit to continuous improvement** through regular review of product and process chemistry;
- **Support public policies and industry standards** that advance the implementation of the above three principles and support green chemistry research and education.

Brooks actively engages our partners. All 49 of our footwear component and material suppliers and footwear contract factories have been enlisted in our RS program. Annual training on the restriction of harmful substances is provided to our partners mostly through direct meetings. In 2010, 90 percent of our suppliers attended this training in person. The remaining 10 percent were contacted by phone and email, and given instructions on how to adopt our RS policy and manage their own suppliers.

2009/2010 RESTRICTED SUBSTANCE AUDIT RESULTS

	SUPPLIERS	COMPLETED REPORTS	FAILED OR UNDESIRABLE TESTS
Mesh or textiles	14	82	2
Outsole/midsole	6	92	0
Thermal Plastic Urethane or other accessory	16	71	0
Polyurethane, leather, or foam	6	15	1
Ink, paint, or adhesive	7	34	1
TOTAL	49	294	4

We are working toward more effective and responsible partnerships with all of our suppliers, and have started a comprehensive project to push the leading edge of product safety through:

- Complying with REACH regulations in Europe (Registration, Evaluation, Authorization, and Restriction of Chemicals);
- Utilizing independent auditing, which started in 2010;
- Undertaking baseline comprehensive audits of our 2009 best-selling shoe, the Adrenaline GTS 10.

AUDITING OUR BUSINESS PARTNERS

We test all new product materials before they're utilized, and subsequently retest materials annually. During 2009 and 2010, we conducted 294 audits of our suppliers' products, examining between three and 13 RS parameters in each assessment.



If our audits identify undesirable conditions or substandard materials, our first course of action is to work with our suppliers to enact necessary improvements, rather than leaving these suppliers and allowing poor performance and negative impacts to continue. However, we don't hesitate to end partnerships with uncooperative suppliers. In 2010, when audits identified failed tests, six suppliers agreed to improve performance as required by our RS program. On the other hand, four suppliers refused to implement our RS policy and are therefore being replaced.

TESTING OUR PRODUCTS

In addition to testing our factories and suppliers to gauge their RS performance, we also select typical product samples and perform annual in-depth tests in accordance with our RS policy. In 2010, we conducted 409 tests on all the parts of each of the following products:

- The Adrenaline GTS 10 (299 total tests)
- The Addiction Walker Velcro (90 tests)
- The 2010 Shoe Box/Wrapping (20 tests)

Although each of these tests demonstrated compliance with international standards, four failures were recorded against our own RS program, which is more stringent than current regulations. We're working with these suppliers to raise performance.

INDUSTRY COLLABORATION

Brooks is proud to be a founding member of the Outdoor Industry Association (OIA) Eco-Working Group (EWG), and we've been a voting member since its inception in 2007. The group explores the issues of environmental sustainability for the outdoor industry, and is collaborating with more than 100 businesses to develop the industry's first environmental assessment tool: the Eco Index. Exploration of best practices through the EWG helped us establish both Brooks' DfE program and the metrics for our eco-footprint.

Additionally, we are proud of two of our own employees who have made significant contributions to the group:

Chase Mueller, Footwear Operations Manager, who co-chaired the Packaging group
Derek Campbell, Former Manager of Future Concepts, who co-chaired the Materials group



Victor Song, Restricted Substances Engineer

Victor tests materials and drives compliance with ever-changing regulations around harmful chemicals and heavy metals to ensure the safety of Brooks products. His responsibility is great, and so is our confidence in him. These regulations change rapidly—about two to three times per year—so Victor keeps suppliers up-to-date and retests materials in light of new regulations.

Victor is also a powerful advocate, pressing suppliers for transparency about their processes in order to reduce risk. Through awareness training, he teaches his colleagues how to raise their environmental consciousness. Thanks to Victor and his team, we know our products are safer because they're tested, and tested again—and we have the data to back it up.



"I'M FORTUNATE
TO WORK FOR
a COMPANY
THAT SHARES *my*
passions."

BUSINESS OPERATIONS

OUR RESPONSIBILITY

Our operational environmental footprint is realized through the production of GHG emissions, energy and water consumption, and waste generation during the undertaking of the following activities:

- **Shipping**
- **Facility operation**
(offices and distribution center)
- **Business and fleet travel**
- **Employee commuting**
- **Waste generation**
- **Paper consumption**

While these are essential business activities, we are actively working to reduce our impact in these areas as we manage and grow our business.

OUR PERFORMANCE

Our operational GHG emissions accounted for 21 percent of our overall organizational footprint in 2010. Product shipping was responsible for the biggest share of our operational footprint, accounting for 70 percent of GHG emissions. While our logistics partners ship our products, we take responsibility for the process and its environmental impacts.

As our company continues to grow, we're noticing an increase in emissions year-over-year across most of our measured indicators. However, we do not view our expanding workforce and higher sales volume as an excuse for an ever-larger environmental footprint. In fact, Brooks is committed to reducing our operational impact while simultaneously growing our business. We're working with our

OPERATIONAL GHG EMISSIONS BY SOURCE (Metric Tons of CO₂e)



employees and business partners to reduce our impact across the board. Our operational GHG inventory gives employees an understanding of the direct environmental impact of their

actions. We use this eye-opening information to develop and implement systems that engage our employees and encourage actions with smaller operational impacts.

2010 Operational Metrics

2010 OPERATIONAL METRICS

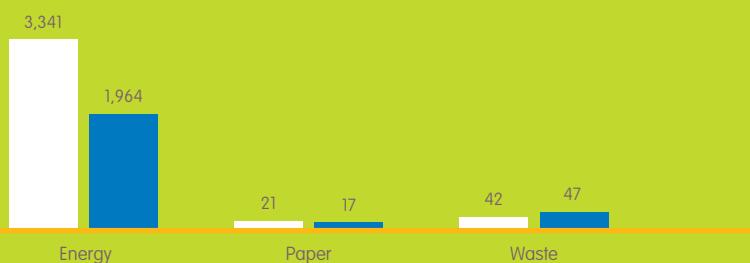
12,694 metric tons of CO ₂ e emissions
12,884,197 mega joules of energy
4,245 reams of paper
5,204,465 miles of business travel
1,648,585 miles commuted
435,520 miles of fleet travel
111 tons of waste
8,834 metric tons of CO ₂ e shipping emissions

WHAT DO THESE NUMBERS MEAN:

= 2,489 cars on the road for one year
= Annual heating for 134 homes
= 708 feet high if stacked
= A plane circling the globe 209 times
= Driving around the globe 66 times
= Driving around the globe 17 times
= 8 fully-loaded garbage trucks
= 1,732 cars on the road for one year

2009 Total Operational GHG Emissions = 7,443 MT CO₂e

2010 Total Operational GHG Emissions = 12,694 MT CO₂e



OUR ACTIONS

SHIPPING

As with all outdoor brands, moving our finished products from our manufacturing facilities to our distribution center, stores, and consumers around the world requires the burning of fossil fuels. We coordinate with our logistics partners to gather and track information on how goods are transported from factory to distribution center, including all forms of transport—air, land, and sea—until they reach the end consumer.

Unfortunately, in 2010, we discovered that we tripled our GHG emissions in the period of one year. This was due in part to meet a larger than expected increase in the number of orders received in that year. While positive for our bottom line, this led to a dramatic increase in air shipments, resulting in a rise in GHG emissions by a total of 6,265 metric tons. In 2011 we'll be focussing on improving product

demand forecasting and working with our logistics partners to reduce air transport and the associated financial and environmental costs.

Because efficiency is good for the environment and the bottom line, we're committed to maximizing container space for ocean shipping and ensuring they are fully loaded before departure. In 2009 and 2010, our footwear container utilization rate was 97 percent. For the same period, our apparel container utilization rates trailed footwear by almost 25 percent, primarily because our apparel suppliers were geographically dispersed and production volumes were much lower.

We saw promise in an exciting initiative—shipping directly to retail stores. By skipping a stop at our distribution center, we significantly reduce our emissions. We plan to expand this program in the years to come.

BROOKS SPORTS 2009/2010 PRODUCT AIR SHIPMENTS

AIR SHIPMENTS	2009	2010
Footwear	14,398 PAIRS	622,998 PAIRS
Apparel	153,662 PIECES	508,871 PIECES
Courier Cartons	1,348 CARTONS	2,736 CARTONS

BROOKS SPORTS 2009/2010 PRODUCT CONTAINER UTILIZATION RATES

CONTAINER UTILIZATION RATES	2009	2010
Footwear	97% CONTAINER UTILIZATION	97% CONTAINER UTILIZATION
Apparel	73% CONTAINER UTILIZATION	72% CONTAINER UTILIZATION

As part of our shipping partner selection criteria, we gauge partners' efforts to reduce shipping-related emissions. We opt to work with shipping partners that offer the best service, prices, and on-time delivery, in addition to environmental sustainability. As a result, our shipping-related partners have made great progress in reducing their emissions.

REDUCING AIR TRAVEL TO ASIA

Like the run itself, our operations are global. The majority of our manufacturing takes place in Asia. Formerly, this entailed much time and money spent flying across oceans and between countries to ensure our products and accessories were designed, developed, and manufactured to our highest quality standards. This was neither financially nor environmentally responsible, so Brooks established a team in Asia. By reducing the number of employee trips to Asia by air, we saved money on airfares, reduced our GHG emissions, and maximized employee productivity.

REDUCING SAMPLE CREATION

Product design samples for both shoes and apparel were formerly mocked up and made in Asia, and sent to the United States by air. By investing in cutting-edge Auto-CAD technology, we've been able to digitally design in 3-D from our U.S. headquarters, which has streamlined the process, cut down on the number of physical samples created and shipped, and reduced time spent on development.

PAPERLESS ORDERING

Paperless ordering is not only better for the environment, but is faster and more accurate, reducing order errors. Therefore, in 2004, we implemented Tradecard within our ordering process. Paperless transactions are provided through a web portal to our supply chain, and to our internal finance and logistical services via our Enterprise Resource Planning system. This means more timely data for ordering and financial forecasting purposes.



DISTRIBUTION CENTER

Our product Distribution Center (DC), located in Sumner, Wash., follows a strict environmental policy for materials used in packaging and shipping products. We reuse 90 percent of the inbound footwear and apparel shipping cartons for our outbound customer orders. The remaining 10 percent of cartons and scrap corrugate are recycled through a program with a local firm. All new shipping cartons, product slips, and other paper sent from our DC are constructed of 100-percent recycled materials.



PAPER AND PRINTING

From brochures and catalogs to point-of-purchase hangtags, we scrutinize our printed pieces and printing partners for their environmental impact. In 2009 and 2010, 95 percent of our printed pieces were certified by the Forest Stewardship Council (FSC), which means they were made using wood from responsibly managed forests, company-controlled sources, and/or recycled material.

Whenever possible we used soy or vegetable-based inks in our printing. Hemlock, our primary printer for catalogs, was chosen for its outstanding printing quality as well as its environmental efforts.

Of course, the best way to reduce our printing impact is in the design and volume of our print jobs. For catalogs, we use the most economical and environmentally sound size and shape for each page. We also maintain inventory on the number of catalogs at our DC to ensure we don't print unnecessary extra copies.

These steps alone allowed our Spring 2009 footwear and apparel catalogs to save:

- **14,000 lbs. of wood**
(that's 44 trees)
- **15,989 gal. of water**
(enough for 1,599 five-minute showers)
- **4,877 lbs. of exhaust emissions**
(equivalent to driving a compact car 6,372 miles.)
- **2,646 lbs. of solid waste**
(equivalent to 91 32-gallon cans of garbage)

OTHER ACTIVITIES

Around the office, we've increased recycling awareness, and added composting in our headquarters cafeterias.

CASE STUDY: 2010 ALTERNATIVE COMMUTER CHALLENGE

In May 2010, we launched our alternative commuting challenge, a month-long program to incentivize our employees to commute in more environmentally-friendly ways. The program let us measure both corporate and individual benefits realized through alternative forms of commuting and to better understand our commuting habits, to help inform future incentive programs.

We set a target to reduce CO₂ emissions associated with our employees' commuting by 3,000 lbs during the challenge. Through our collective action, we are proud to report that we surpassed this target and:

- **Prevented 3,142 lbs. of CO₂ emissions** from making their way into our atmosphere;
- **Amassed 252 round trips** or 4,036 miles of alternative commuting (cycling, walking, running, carpooling);
- **Saved approximately 162 gallons of gas** or \$1,303 on gas costs.

We'll continue our commuter challenge in the years ahead, with a vision to educate and inspire our employees regarding the impact of commuting. By using incentives to encourage alternative forms of commuting, we can be kinder to our environment.



NEXT STEPS

So far, we've focused primarily on reducing our environmental impact through smart footwear design and packaging. While proud of our achievements, we're aware that these successes are only the first steps on an ongoing journey.

Moving forward, we will continue to focus our efforts on reducing our footwear product impact as it accounts for the majority of our footprint. At the same time, we are committed to expanding our sustainability successes into our apparel and accessories products, and lowering our shipping GHG emissions and energy use at our distribution center and offices.

We will also further our understanding of our environmental footprint by continuing to measure and track our GHG emissions, and begin to track other material environmental indicators. To guide our transition into a more sustainable business, we recognize the need to establish goals for our key environmental challenges. But first, we want

to better understand our impact and baseline performance, so as to develop challenging yet realistic goals that are grounded in science and aligned with our business model.

We'll establish our golas as soon as possible, but in the interim we've highlighted the following areas:

- **Focus on the material environmental impacts:** GHG emissions, energy use, water use, material use, hazardous chemicals, and waste.
- Work with our contract factories to implement lean manufacturing principles to help eliminate waste including materials, energy, water, and lost time for workers.
- Team with a third-party organization such as bluesign® to research and develop a strategy to proactively address health, environmental, and safety issues in product manufacturing and material choices before they get designed into our products.



- Continue to build connections to the international RS regulatory community and examine various assessment tools.
- Work with our apparel supply chain to manage the use and discharge of hazardous chemicals
- Release our chemical register form and set up our completed Brooks RS corrective action document for all suppliers and partners.
- Create a raw material supplier partnership agreement that communicates our values and expectations to all material and component suppliers.
- Work more closely with our development team to ensure new materials or suppliers can meet our RS policy punctually.
- Partner with our factories to develop systems to measure, track, report, and improve their environmental performance.
- Develop a training program to assist our core factories with implementing an environmental management system.
- Improve product forecasting to reduce air shipments.
- Develop formal internal environmental policies including Sustainable Procurement Guidelines.
- Install videoconferencing systems to further decrease the number of employee trips required to our contract factories in Asia, thereby reducing our GHG emissions associated with air travel while cutting costs and maximizing employee productivity.
- Explore options to reduce single occupancy vehicle commuting with a goal of doubling alternative commuting participants by 2012. Employee commuting remains one of our most difficult challenges, especially in our U.S. operations where our office and DC are located far from sufficient alternative transportation options.
- Create an employee engagement program to increase awareness and drive change throughout the organization.



SOCIAL

section 02





overview

WE BELIEVE OUR RESPONSIBILITY GOES BEYOND PRODUCTS. We embraced the social aspect of corporate responsibility years ago, and while we've made significant progress, we still have miles to go. We recognize our responsibility to ensure worker health and safety and human rights at our contract and licensee factories, to take care of our own employees, and to support the communities in which we live and work. This means operating our business not only to the highest ethical and legal standards, but doing so in a way that creates a company culture that is fun, nurtures the whole person, and gives back to the communities in which we operate. Here in this report, we've largely focused on the combination of activities from both the manufacture of our products and in the day-to-day operation of our business.

UNDERSTANDING OUR SOCIAL IMPACT

FACTORIES

We have a responsibility to ensure that human rights and worker safety standards are honored in the workplace environments of our contract and licensee factories that produce our products.

EMPLOYEES AND COMMUNITY

We embrace our organizational imperative to operate as a responsible employer through:

- Fostering company culture;
- Focusing on employee learning and development;
- Investing in the communities in which we operate, through volunteerism, donations, and community service.

The following sections discuss our social impact in detail, exploring specifically where the impact occurs and where we can improve our performance—at our contract and licensee factories, at our offices, and in the community. For all of these areas, we highlight our responsibility, our performance, actions taken to date, and priorities for next steps.

FACTORIES

OUR RESPONSIBILITY

We are committed to the highest standards of business ethics and respect for human rights and worker safety across all operations. This commitment doesn't stop at the doors of our own facilities and offices—it encompasses the work in the factories, though we don't own them, where our products are manufactured. As such, we do our best to engage only with factories that share our values and uphold our human rights and worker safety requirements.

Our products are made in 40 factories employing more than 35,000 people in 18 countries worldwide, including our international licensees that produce branded product. In these factories, we recognize the following social impacts and the greatest opportunities to make a positive influence on workers' lives:

- Wages and Benefits
- Working Hours
- Child Labor
- Harassment and Abuse
- Forced/Compulsory Labor
- Freedom of Association and Collective Bargaining
- Non-Discrimination
- Worker Safety and Health

OUR APPROACH

CODE OF CONDUCT

We've established and implemented policies and practices to ensure human rights are upheld and workplace environments are safe. While we recognize legal and cultural differences exist and standards may vary by country, we believe

that certain fundamental principles should apply universally. Our Code of Conduct outlines the standards we follow in our global operations.

Our Code of Conduct, implemented in 2003, sets forth requirements to be upheld by our contract factories, suppliers, licensees, and other business partners. These requirements outline our standards relating to human rights and worker safety issues and can be viewed at the following link, www.brooksrunning.com/codeofconduct.

SOURCING STRATEGY

A friendly handshake simply doesn't cut it for us. In our efforts to establish solid, long-term, and mutually beneficial relationships with business partners, we're very selective. We make certain each partner meets our social compliance standards prior to establishing a business relationship. We visit the factory, observe its facilities, and conduct a third-party social compliance audit to approve the manufacturer prior to production of even one Brooks shoe or apparel item. Our commitment to quality leads us to pursue business partners with the best facilities and working conditions. We partner with companies that share our values and can contribute to the improvement of global human rights and worker safety.

STRATEGIC PARTNERSHIPS

We endeavor to build mutually beneficial partnerships with our business partners to improve performance and create long-lasting relationships. As a result, the average number of years of sourcing from our core contract factories is longer than five years. Although

we are a relatively small brand with lower volume production runs than some, strategic partnerships have served our factories and Brooks well. These strong relationships provide economic stability and a steady place of employment, mitigating negative effects on local populations, that can arise when companies enter and exit communities on a regular basis.

SUPPLIER MONITORING

How do we make sure our business partners maintain good working environments? All factories are reviewed at partnership onset and then annually by a qualified and independent third-party auditing group that assesses compliance to our Code of Conduct and the local laws in the country of manufacture. These audits are unannounced and include a physical inspection of the factory, review of documents and procedures, and employee interviews. After the audit, the factory develops a corrective action plan and is assessed against its progress in implementation. All findings must be remediated in a timely manner.

REMEDIATION AND CONTINUOUS IMPROVEMENT PROGRAM

Should an audit reveal undesirable results, our first course of action is to work with factory management to determine the root cause of the issues and devise a corrective action plan to not only address the issues, but prevent reoccurrence. Our philosophy is to engage first, then help train and improve management systems. A follow-up inspection is conducted within six to nine months to check for continued compliance and remediation of any reported

concerns. For high-priority factories that lack the skills and knowledge to address issues, we've implemented a continuous improvement program. This is an intensive program that provides factories with the tools for identifying root causes, developing management systems solutions, and managing implementation with the intended result of empowering managers and workers to take a proactive role in compliance. In 2010, two contract factories were involved in our continuous improvement program. Results of their progress will be reported when available.

SEVERED RELATIONSHIPS

Our Code of Conduct is more than a corporate edict. It represents our ideals. Indeed, we've severed relationships with factories that did not comply with this code. Our program aims to safeguard and improve workers' rights, so we work with factories to improve performance. Our continuous improvement program provides assistance and training. However, if a factory fails to make progress over a specified period of time, we terminate the business relationship.

From 2009 to 2010, we exited a total of seven licensee factories and one contract factory because they were unwilling to meet our Code of Conduct requirements. The majority of these were brought into a new licensee-monitoring program implemented between 2008 and 2009. They refused a third-party inspection, and as a result, our business relationship with these suppliers was terminated.

OUR PERFORMANCE

In 2010 we audited 95 percent of our contracted factories for social and environmental concerns. The factories monitored represent more than 98 percent of Brooks' production by volume. There were 40 assessments conducted—34 of which were of existing factories, while the other six were new factories. Three of these six new factories failed to meet our standards during the pre-assessment check and were denied production.

OUR RATING SYSTEM

Factory assessments fall into four categories: Zero Tolerance, High Priority; Acceptable; and Preferred. We use these designations to prioritize efforts to assist factories with remediation.



OUR FACTORY ASSESSMENT RATING SYSTEM

RATING	DEFINITION	ISSUES DISCLOSED
Preferred	<ul style="list-style-type: none"> ▪ Fully compliant ▪ Has well developed internal compliance systems ▪ Demonstrates best practices 	<ul style="list-style-type: none"> ▪ Few, if any, minor actions needed
Acceptable	<ul style="list-style-type: none"> ▪ Mostly compliant ▪ Minor issues found ▪ Has sufficient skills/knowledge to implement remediation steps 	<ul style="list-style-type: none"> ▪ Minor issues related to health and safety ▪ Code of Conduct not posted ▪ Missing Material Safety Data Sheet (MSDS) ▪ Missing secondary containment for chemicals ▪ Isolated unintentional payroll errors ▪ Insufficient/Incorrect Personal Protective Equipment (PPE)
High Priority	<ul style="list-style-type: none"> ▪ Noncompliant ▪ Immediate Action violations were disclosed ▪ Lacks sufficient management systems and/or knowledge to address issues 	<ul style="list-style-type: none"> ▪ Isolated case of not paying the legally mandated minimum wage ▪ Isolated case of not providing legally required benefits ▪ Excessive working hours ▪ Pervasive 7th day rest violation ▪ Missing environment license ▪ Obligatory overtime policy ▪ Isolated verbal or physical abuse ▪ Improper and/or false time keeping system
Zero Tolerance	<ul style="list-style-type: none"> ▪ Noncompliant ▪ High Priority and Zero Tolerance violations were disclosed ▪ Demonstrated general disregard for our standards 	<ul style="list-style-type: none"> ▪ Denial of a third-party inspection ▪ Bribery ▪ Child labor (none found) ▪ Denied/Restricted freedom of association ▪ Forced, indentured, bonded labor ▪ Imminent hazardous working conditions (none found)

FACTORY ASSESSMENTS BY REGION

The data points on this map represent the monitoring and performance of all contract factories that produced Brooks products in 2009 and 2010. We made notes about any missed assessments.

Brooks conducted 36 third-party assessments on our contract factories in 2009, and 40 in 2010. Audits covered all code elements and

included employee interviews and in-depth reviews of working hours, wages and benefits, labor relations, and health and safety. Countries with the highest level of noncompliance issues in both 2009 and 2010 were China, Vietnam, Malaysia, and the Philippines. The root causes identified were a lack of supervisor and leadership training, lack of systems, lack of knowledge, lack of management commitment, and lack of skilled workers.

NORTH AMERICA

	2009	2010
Number of factories	1	2
Percentage monitored*	0%	100%
Percentage with Preferred Rating	0%	100%
Percentage with Acceptable Rating	0%	0%
Percentage with High Priority Rating	0%	0%
Percentage with Zero Tolerance Rating	0%	0%

*In 2009, a factory assessment was postponed in Canada due to a scheduling conflict. We rescheduled the assessment for 2010.

SOUTH AMERICA

	2009	2010
Number of factories	2	2
Percentage monitored*	0%	100%
Percentage with Preferred Rating	0%	0%
Percentage with Acceptable Rating	0%	100%
Percentage with High Priority Rating	0%	0%
Percentage with Zero Tolerance Rating	0%	0%

*In 2009, the factory assessments in Chile were delayed with the transition of a new licensee compliance program.

TOTAL

	2009	2010
Number of factories	45	40
Percentage monitored	80%	93%
Percentage with Preferred Rating	39%	54%
Percentage with Acceptable Rating	28%	22%
Percentage with High Priority Rating	33%	24%
Percentage with Zero Tolerance Rating	0%	0%

MIDDLE EAST AND EUROPE

	2009	2010
Number of factories	3	2
Percentage monitored	100%	100%
Percentage with Preferred Rating	33%	100%
Percentage with Acceptable Rating	67%	0%
Percentage with High Priority Rating	0%	0%
Percentage with Zero Tolerance Rating	0%	0%

INDIA, BANGLADESH, AND PAKISTAN

	2009	2010
Number of factories	4	5
Percentage monitored*	50%	80%
Percentage with Preferred Rating	100%	100%
Percentage with Acceptable Rating	0%	0%
Percentage with High Priority Rating	0%	0%
Percentage with Zero Tolerance Rating	0%	0%

*In 2009, two factory assessments in India were delayed with the transition of a new licensee compliance program. In 2010, one assessment was denied by a licensee factory, thus we exiled that factory the same year.

CHINA

	2009	2010
Number of factories	24	17
Percentage monitored*	83%	94%
Percentage with Preferred Rating	40%	44%
Percentage with Acceptable Rating	20%	19%
Percentage with High Priority Rating	40%	38%
Percentage with Zero Tolerance Rating	0%	0%

*In 2009, five factory assessments were delayed with the transition of a new licensee compliance program. Those factories were later exited for refusing a social assessment. In 2010, a High Priority factory was exited due to repeated noncompliance and a general disregard for our standards.

SOUTHEAST ASIA AND AUSTRALIA

	2009	2010
Number of factories	11	12
Percentage monitored*	100%	92%
Percentage with Preferred Rating	27%	45%
Percentage with Acceptable Rating	36%	27%
Percentage with High Priority Rating	37%	27%
Percentage with Zero Tolerance Rating	0%	0%

*In 2009, all factories in this region were assessed. In 2010, a factory assessment in Taiwan was postponed due to a scheduling conflict. We rescheduled the assessment for the following year.

2009 AND 2010 AUDIT VIOLATIONS

Our results for 2010 show significant improvements in the management of health and safety, wages and benefits, and documentation issues. We discovered one isolated incidence of obligatory overtime at a contract factory in Israel and another incident of physical and mental abuse by a line supervisor at a contract factory in Philippines. Both issues were remediated immediately. One case of discrimination and restricted freedom of association at a contract factory in Vietnam led to the factory's joining of Better Work Vietnam, a continuous improvement program that offers customized advisory and training services to address individual needs and to improve compliance with labor standards.

WORKING HOURS

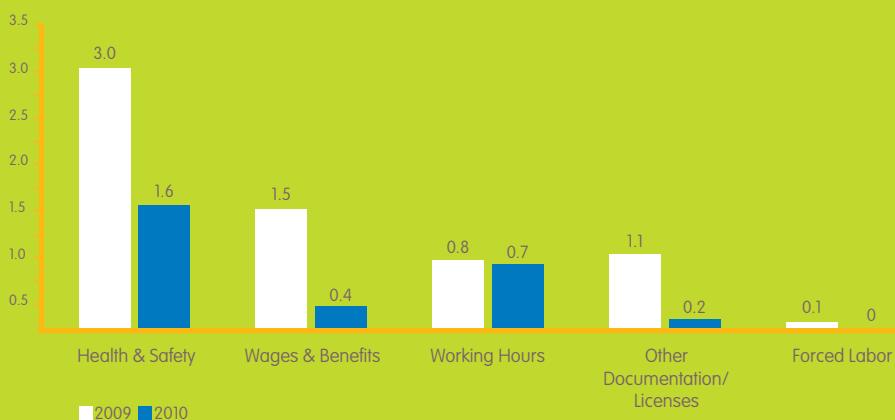
We partner with capable factories, but a few still allow employees to work more hours than allowed under our Code of Conduct. Problems

generally arise from a lack of adequate policies and procedures at the factory level, but also from root causes such as unexpected increases in production and order delays. Increases in product demand prompt subsequent increases in the amount of employee hours required at our contract factories to fulfill orders. High employee turnover rates at our contract factories have been identified as another contributing factor to excessive overtime hours, particularly in China. When trained employees are replaced by new, inexperienced employees, more time is required to complete the same jobs. To address related problems, we offer training to our factories on strategic hiring practices and capacity-building tools and resources. We believe through more strategic human resource solutions, such issues can be mitigated.

We'll also work to improve our own product forecasting to more accurately predict increases in product demand. We'll continue to monitor

AVERAGE CONTRACT FACTORY VIOLATIONS PER CODE ELEMENT

As recorded in our 2009 and 2010 contract factory audits



these issues and act as a resource for our factories so they can improve working conditions for their employees.

WAGES AND BENEFITS

We've identified insufficient wages and benefits as a critical issue within our supply chain and we're working to address this.

Brooks requires our contract factories to provide wages, overtime, and benefits that meet or exceed local law in the country of manufacture. Although most new workers earn only a minimum wage, we know many workers within our supply chain are skilled and earn production bonuses that exceed minimum requirements. To assist our factories with cutting costs, we're piloting an education program to help them implement lean production concepts in their production lines. We believe that in time, this will help factories slash operating

expenses, reduce waste, and improve quality and production efficiencies. Since there is no guarantee that factories will increase wages, we continually engage with them to actively encourage it.

In 2009, our audits revealed an average of 1.5 insufficient wage findings at our contract factories. These were serious issues requiring immediate action by several High Priority factories in China and Vietnam. The real causes of these issues were mistakes spurred by human error or a lack of systems and deficiencies stemming from lack of education and/or lack of belief in closing the "wage gap." In 2010, we made progress with several of these factories, as the average dropped to 0.4 findings. We're taking steps in the right direction but recognize that as our supply chain expands, wages and benefits will continue to be a focus area.



Stacey Gamble, Corporate Responsibility Manager

Quality, innovation, and social practices are the main criteria for choosing new contract factories, and Stacey works directly with our sourcing and production teams on these decisions.

"I'M PROUD OF THE COMMITMENT WE'VE MADE TO PARTNER WITH FACTORIES AND SUPPLIERS THAT VALUE FAIR LABOR PRACTICES."

Stacey works closely with our factories to ensure they are upholding Brooks' strict corporate social responsibility criteria. Her team is expanding efforts to incorporate environmental practices into that criteria. She's also proud of our business relationships with factories—many of which have been our partners for five years or more. Brooks doesn't run at the first sign of trouble. Some factories inevitably slip along the way, usually due to a change in management. When this happens, we deepen the level of engagement to find and address the root cause of the problem. While it's always disappointing to see factories slide, we know that engaging and training are the right responses.

"BROOKS EMPLOYEES SHOULD FEEL GOOD ABOUT WORKING FOR A COMPANY THAT IS SO DEDICATED TO FAIR LABOR AND BUILDING SUSTAINABLE BUSINESS PRACTICES. I KNOW I DO!"

It's a combination of this commitment, her own passion for corporate social responsibility, and Brooks' Run Happy culture that has kept Stacey looking forward to coming to work every day over the past six years.



**"I'M PROUD OF
the COMMITMENT
WE HAVE MADE
to...FAIR LABOR."**

CASE STUDY: OVERTIME HOURS IN DONGGUAN, CHINA

In 2010, our factory social assessments revealed a particularly egregious case of workers putting in excessive overtime hours at one of our footwear factories in China. Our third-party auditors found workers clocking 75 hours per week (well beyond the local laws and regulations). This was simply unacceptable. We identified the core reasons for these overtime hours and took swift and comprehensive action to address the problem.

The main reasons for the excessive work hours included an increase in shoe production due to a surge in demand, and a lack of skilled workers which led to reduced productivity. The latter issue was the result of a high turnover rate and shortage of labor in south China. In other words, the factory was struggling to retain employees and fill job vacancies. The average monthly turnover rate was 14 percent and, unsurprisingly, the most cited reason for workers' departures

was excessive working hours. The factory was also short, by about 18 percent, of the total number of workers needed to safely meet production levels.

This factory had been our partner for more than four years, so we weren't about to turn our backs. Instead, we worked with them to improve conditions for workers, assisted enrollment in a Continuous Improvement Program, and salvaged our good relationship with this factory. We also empowered factory management with capacity-building and strategic human resources training, giving them the resources and knowledge to proactively address these issues. The factory planned to engage, in 2011, consultants with corporate social responsibility expertise. Their goal is to examine their management systems and identify root causes of recurring violations, to help develop better systems and implement lasting solutions. We'll continue to monitor this factory and report on the effectiveness of these corrective actions in our next CR report.

CASE STUDY: ADDRESSING HUMAN TRAFFICKING

In 2010, we received more than 30 impassioned letters asking that we join the fight to eradicate slavery and human trafficking. We were heartened to see that our customers are aware about human rights issues and proactive in standing up for what they believe is right. We stand with them.

We addressed the concerns of our customers by responding to the Chain Store Reaction survey, through which we shared our ongoing and future sustainable labor practices, including the Better Work Program in Vietnam, Oudoor Industry Association's Social Responsibility (SRWG) and Eco Working Groups (EWG), and Business for Social Responsibility's (BSR) Mills and Sundries Group.

Our full response can be found at
<http://chainstorereaction.com/act/company/770>

OUR ACTIONS

FACTORY AND SUPPLIER TRAINING AND EDUCATION

Engaging and educating our factories and suppliers is a key part of our CR strategy. Since 2004, we've held annual training conferences in Asia. In 2009, training included updates to our labor code requirements, environmental responsibility, root cause analysis of problem areas, and the fundamentals of CR project management. All of our active factories are invited to attend these training sessions, as well as our key component suppliers (mesh, polyurethane, laces, midsoles, fabric, etc.). The free conferences, provided in the local language of the attendees, typically take place in Shenzhen, China, close to the majority of our business partners.

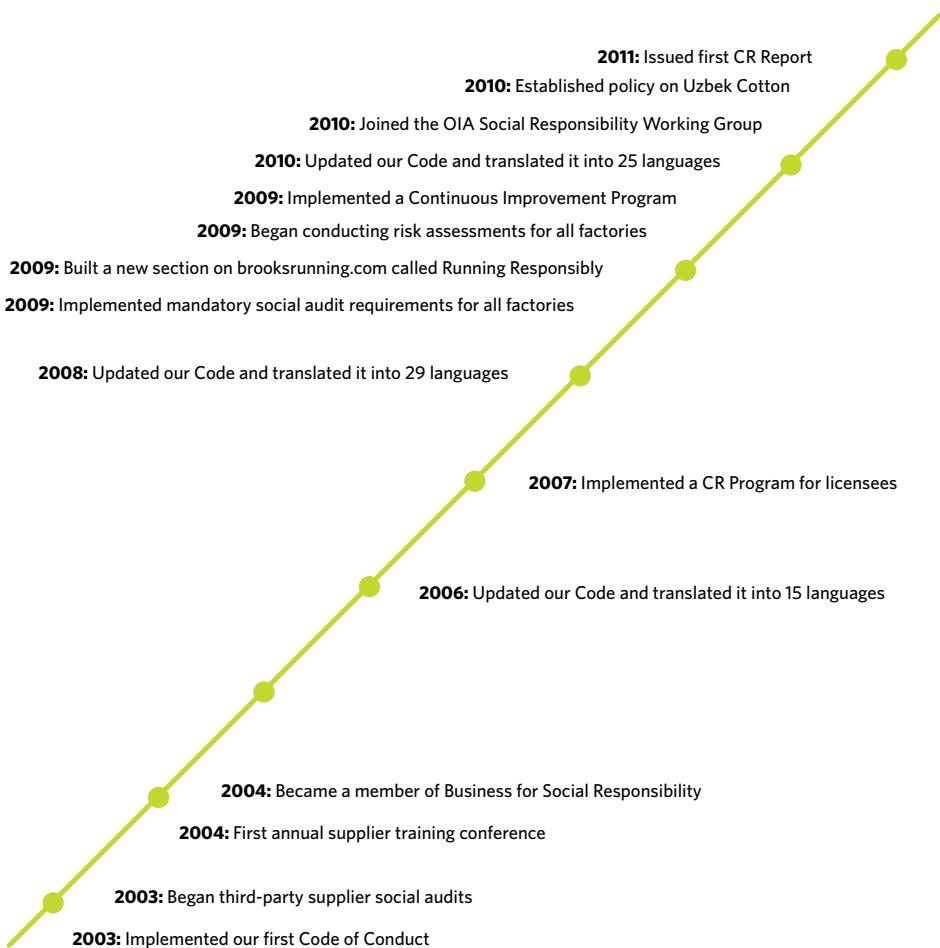
OUR POLICY ON UZBEK COTTON

In 2010, we established a policy against sourcing cotton from Uzbekistan, due to that country's use of forced child labor in harvesting cotton. While only a relatively small part of Brooks' business relies on cotton-based products (less than 1 percent), fostering children's well-being is of utmost importance, and we will not condone the state-sponsored exploitation of children. As a result, we have established a policy and asked our licensees and factories to certify their avoidance of Uzbek cotton.

NEXT STEPS

We are committed to ensuring that our Code of Conduct is honored by the factories and suppliers that make our products, so workers' safety and human rights are protected. We have developed the following priority areas to provide focus for our ongoing efforts to improve our performance:

- Continue to comprehensively track and report on all human rights and worker safety indicators at our contract and licensee factories.
- Continue to assist high priority factories with implementing continuous improvement programs and management systems aimed at improving working conditions and remediating recurring issues, particularly those dealing with working hours and wages/benefits.
- Align supply chain performance with our social responsibility standards by requiring our factories to monitor upstream suppliers against our Code of Conduct.
- Identify opportunities for collaboration with other brands that share factories within our supply chain.
- Set goals for human rights and worker safety issues that will facilitate performance improvements throughout our supply chain.
- Strengthen our annual training conferences to educate our factories and suppliers on our CR standards and specific performance improvement initiatives, including human resource management principles, worker engagement, key performance indicators, and techniques for improving management systems and production efficiency.
- Develop internal CR training for our new hire orientation.

HUMAN RIGHTS AND WORKER SAFETY JOURNEY

EMPLOYEES AND COMMUNITY

OUR RESPONSIBILITY

Our success depends on the talent and commitment of all our employees, and we constantly strive to be an employer of choice that welcomes diversity, looks after its employees, and inspires them to succeed.

Our ability to extend our employees' dedication, enthusiasm, and passion to the service of our communities can have lasting impact with demonstrable value to society.

OUR PERFORMANCE

We work hard to make Brooks a rewarding and fun place to work, enabling employees to learn and grow in their jobs, and provide opportunities to give back to the community.

We place a strong emphasis on company culture, one that nurtures a desire to make a positive difference in the communities in which we live and work—through donations and volunteer service.

OUR COMPANY CULTURE

Authentic brands are born of the passion of their people. We think of our employees as Brooks' secret ingredient—the key to our success and appeal.

We are competitive. We are bold. We are spirited, inclusive, and true. We help runners get the most out of their running experiences. Their Run Happy moment is our own—the common thread that unites and juices us all.

We have a distinctive culture, shaped by our brand values and attributes. Our success hinges

on our ability to nurture and develop this culture as the heart and soul of the Brooks and Moving Comfort brands.

FOCUS ON EMPLOYEES: LEARNING AND PROFESSIONAL DEVELOPMENT

Our success as a company rests on the shoulders—and creativity—of each and every employee. We are committed to recruiting and retaining the most talented, hardworking, and innovative people. A diversity of experiences, skills, perspectives, and styles empowers us to operate as an effective team, delivering on our mission in this competitive industry.

To achieve our goals, we are a flexible organization that focuses on our employees' learning. We believe in continuous development at every employee level and encourage all team members not only to embrace change, but also to develop their skills and expertise to benefit both themselves and the team. We invest in our employees because we value a healthy, inspired, and highly trained workforce.

Our ever-evolving management training and development program, known as Brooks University, is designed to assist employees in reaching their full potential both professionally and personally. The program's wide range of training resources includes:

- **Online Programs:** Employees have 24/7 internet access to hundreds of courses ranging from computer skills and professional business topics to management training and graphic design.

- **On-Site Classes:** Brooks' Learning Center hosts internal and outside presenters to cover a wide variety of skills and processes that complement the company's on-the-job training efforts.
- **Leadership Program:** Our internal faculty of executives, directors, and department managers conducts management training by sharing their broad expertise and deep experience.

While we educate our employees, we also encourage them to bring their own knowledge and feedback to training. We strongly believe that we can always learn from each other. By openly sharing information, we'll build a stronger and more efficient company for the long run.

VOLUNTEERISM AND GIVING BACK

When evaluating our social and economic performance, we also consider what we give back to the people we care about and to the world we share. Each year, Brooks participates in hundreds of running and healthy lifestyle events, donates large quantities of gear to charities, and encourages employees to volunteer for organizations close to their hearts. We accomplish all of this through our multifaceted Run B'cause corporate giving program.

OUR ACTIONS

EMPLOYEE DONATIONS

Giving is powerful when it's personal. Each year, every Brooks employee is encouraged to donate \$300 of Brooks or Moving Comfort gear to a cause they care about. Employees can

pool their annual allotments with co-workers to increase their charitable impact. Participation in this program reached nearly 65 percent in 2010, a 14 percent increase from 2009. While an improvement, we are working to encourage greater participation in 2011 and beyond.

PRODUCT DONATIONS

We field continuous requests from extraordinary organizations seeking product donations to help fuel their good work. While we can't grant every request, we support as many as possible. Requests are made through an online application form on our website. Our Run B'cause team reviews these requests and makes donations quarterly.

We donated product to more than 67 organizations in 2009 and 80 organizations in 2010 for a total combined value of \$282,000. A resounding success can be seen in our



partnership with Seattle-based Recovery Café's "Sole Train" running group. The Recovery Café provides a tremendous therapeutic support to help men and women, many of whom are homeless, transition to lives free from drugs, alcohol, and other destructive behaviors. We routinely donate shoes, tech Ts, and socks to

2009/2010 EMPLOYEE DONATIONS AND VOLUNTEER HOURS

	2009	2010
Employee Donation Participation	51%	65%
Product Donations (estimated cash value)	\$132,000	\$150,000
Product Donations to Soles4Souls	175,241 items	
Organizations Supported	67	80
Employee Volunteer Hours	416 hours	464 hours
Food Donations to Northwest Harvest	586 lbs	1,112 food items

this group. For many recipients, this is the first technical gear they've ever owned. Recovery Cafe's Sole Train program uses running to help members learn to set achievable goals, develop self worth and a sense of community, and lead healthier lives. We are truly honored to work with this organization and to be part of such a powerful and transformative program.

Eventually, most shoes end up in a landfill somewhere in the world. But before that happens, we encourage our employees and consumers to make the most of their running gear. We collect product samples and gently worn shoes and apparel at our corporate headquarters and distribution center, and then routinely donate this gear to Soles4Souls and other organizations to benefit those in need around the globe.

In 2009 and 2010 alone, we donated more than 175,000 pieces of gear through Soles4Souls to ensure that people who really needed our products could put them to good use.

COMMUNITY SERVICE ACTIVITIES

Each full-time employee receives 8 paid hours per year to make a direct and memorable impact for an organization or cause by participating in a community service activity. This is an employee-driven facet of Run B'cause in which employees suggest group activities that bring coworkers together to address a need they see in the community. This is a team-centered contribution. When an employee identifies a potential community service project, they become the captain of the project idea and must gather a minimum of four fellow employees to join the cause. The team format creates camaraderie and provides the greatest possible positive impact on the community.



Employee-led community service activities in 2009 and 2010 include:

- **ConservationNEXT's "Seattle Backyard Collective"** Initiative in 2009: Joined by roughly 100 folks from local Conservation Alliance member companies, several of our employees worked on restoration projects throughout West Seattle's Lincoln Park. They planted native species, performed trail work, and removed invasive plant species. In 2010, another group of employees performed a similar project in Seattle's Mount Baker Park.
- **Habitat for Humanity:** A group of employees painted, installed cabinets, and aided in the construction of several housing units for low-income community members in Redmond, Wash.
- **Northwest Harvest:** Several employees worked with more than 30 other volunteers

in 2010 to transport 5,500 pounds of vegetables to serve more than 1,500 families in need.

- **Salvation Army's Toy 'n' Joy:** In both 2009 and 2010, Brooks employees organized toys and helped families in need with holiday gift shopping. Our employees embraced the event's spirit, transforming into holiday elves after helping set up.
- **Seattle's Ronald McDonald House:** In 2009 and 2010, groups of employees spent a day cleaning Seattle's Ronald McDonald House. They then cooked and served dinner to more than 100 critically ill patients and their families.
- **Additional projects** included groups of employees volunteering at the Pasado Safe Haven animal rescue organization and the Rainier Health & Fitness gym's "Move-a-Thon" fundraiser.



BROOKS FOR HER

In 2009, we launched the Brooks For Her (BFH) apparel collection to help support the fight against breast cancer. For each BFH piece sold, we donated 6.25 percent of the suggested retail price to three organizations that research breast cancer and support those affected: The Young Survival Coalition, Making Memories Breast Cancer Foundation, and Fred Hutchinson Cancer Research Center.

How did it work? Consumers visited brooksrunning.com and voted for their preferred charity. When virtual ballot boxes closed, we tallied the votes and gave each organization a percentage of the total Brooks For Her donation, equal to the percentage of votes it received. The effort engaged our consumers with these admirable organizations and in the end distributed more than \$37,000 to three worthy beneficiaries.



Brooks For Her



MAKING
MEMORIES

BREAST CANCER
FOUNDATION



YSYOUNG SURVIVAL
COALITION
Strong women facing breast cancer together.

FRED HUTCHINSON
CANCER RESEARCH CENTER

A LIFE OF SCIENCE

MOVING COMFORT SUPPORT YOUR GIRLS CAMPAIGN

Through our Moving Comfort "Support Your Girls" philanthropic campaign, in 2009 and 2010 we donated more than \$28,000 to two fantastic charities committed to encouraging women to get fit and stay healthy.

In 2009, for each Support Your Girls T (red and blue colorways) sold, we donated \$5 to Girls in the Game, a nonprofit organization providing and promoting sports and fitness opportunities, nutrition and health education, and leadership development to enhance the overall health and well being of girls. Our total donation amounted to \$8,270.

In October 2009 and 2010, we continued our efforts in honor of National Breast Cancer Awareness month. For every Support Your Girls pink T sold in the month of October, we donated \$5 to Bright Pink, a national, nonprofit organization that strives to enlighten and empower high risk, young women to take control of their breast and ovarian health by providing education, support, and a sense of community for a better, brighter future. Our donations from these October-only efforts for both years totaled \$19,770. Visit www.movingcomfort.com/supportyourgirls for more information.



Support Your Girls

OUR PARTNERS' CONTRIBUTIONS

In addition to our own initiatives, we're also fortunate that some of our partners around the globe have taken action to make our world a better place. We are inspired and encouraged by their efforts.

Texas Peak is a distributor of Brooks footwear and apparel, supplying our products to a number of major retailers in Australia, New Zealand, and South Africa. It has made substantial contributions to the Yatra Foundation, which builds schools in impoverished communities in India. Texas Peak was introduced to this foundation through its Operations Manager Sanjay Jain, who co-founded the non-profit.



Opportunity Through Education

Our Canadian distributor RMP Athletic Locker has been sponsoring the KidsFest Running & Reading Club for several years and donates shoes to all children participating in this program. The Running & Reading Club aims to improve children's academic performance, physical fitness, and social interaction to help them reach their full potential.

NEXT STEPS

As we continue to invest in our employees, our focus remains on promoting their professional and personal development and fertilizing the robust company culture that is so critical to our long-term success.

We're also committed to building on our achievements in community involvement. As we seek out additional opportunities to enhance the communities in which we operate, we'll continue to encourage greater employee participation. We'll also expand these efforts beyond our U.S. operations to create a positive difference in all the communities in which we operate globally.



our continuous journey

Working toward sustainability is a journey. While we've taken a number of important steps in 2009 and 2010, we are acutely aware that we've only just begun. For us, there is no finish line—it is a winding path with twists, turns, adventures, and beautiful vistas along the way. We are committed to Running Responsibly, so that our employees, partners, and customers can run in cleaner environments within stronger communities.

Embracing sustainability requires a forward-thinking mindset, and throughout this report we have highlighted goals and next steps to limit our impact in the years ahead. As we continue to build upon our Running Responsibly program, we intend to set company-wide sustainability goals to address our key environmental and social challenges, to focus our performance improvement efforts, and to measure our ongoing progress toward sustainability.

These are transformative times, in which "business as usual" is no longer good enough. Instead, we recognize the compelling need to implement radical change, to do our part to respond to specific environmental targets that leading scientists agree are necessary for the long-term health of the planet and its people.

At this early stage in our sustainability journey, we've begun to understand our specific impacts and performance. In doing so, we've identified a number of challenges and opportunities that we need to overcome and maximize in order to continue growing our business. We recognize that innovation will be a necessary protagonist in our sustainability story, providing the catalyst for environmental and social performance improvements while propelling our financial growth.

We're excited and optimistic as we embark on our run toward a more sustainable future. We welcome you along for the ride and hope you'll join us. We invite your feedback on our performance. Please send comments, concerns, and ideas to runningresponsibly@brooksrunning.com.

OUR CONTINUOUS journey



appendix a: report context and disclosures

TIME PERIOD: This report is for calendar years 2009-2010.

SUSTAINABILITY CONTEXT: The report highlights Brooks' view of sustainability in the context of the work we do. We look at sustainability through the lens of where we make the most impact: our products, the environment, our factories and suppliers, our employees, and the community.

MATERIALITY: The information in this report covers topics and indicators that reflect the organization's significant environmental and social impacts, or that substantively influence the assessments and decisions of stakeholders. We focused on measuring and reporting on those aspects of the GRI indicators that were most applicable to our business.

PROCESS FOR DEFINING REPORT CONTENT: This being our first CR report, Brooks leveraged existing internal data and ongoing stakeholder engagement with our clients and community to gather information. Our corporate responsibility committee appointed a subgroup to develop the report content and key themes, gather data, interview employees, and then systematically review all the data, content, and GRI requirements to identify and correct gaps.

CLARITY: We did our best to use visual representations for large amounts of data whenever possible, and displayed our detailed information in the indicators in Appendix E and F.

STAKEHOLDER INCLUSIVENESS: We did not carry out full stakeholder engagement for this report beyond existing efforts. We plan to ensure engagement of a diverse set of stakeholders for all future CR reporting. See pages 10, 11, and 74 for more information.

COMPLETENESS: Brooks tried to be as complete and detailed as possible with its information throughout the report, which is why we reported on A-level indicators. We also provided indicators for the apparel and footwear sector supplement when we had access to that information, even though the supplement is not yet required. In some cases within our GHG inventory when raw data was unavailable, as disclosed in the methodology section, we were forced to use industry averages and estimations. When data was unavailable, or not as complete as we would like, we acknowledged that.

REPORT QUALITY AND BALANCE: Throughout the report we attempted to stay balanced, by not just highlighting work already done, but also by mentioning areas that need to be addressed and opportunities for future improvement.

COMPARABILITY: Information was selected, compiled, and reported as consistently as possible. Our goal was to present information in a manner that could enable stakeholders to analyze changes in the organization's performance over time and support analysis relative to other performance footwear and apparel companies.

ACCURACY: We strive for 100 percent accuracy.

TIMELINESS: This is our first CR report and we will report on a biennial basis.

RELIABILITY: Information and processes used in the preparation of the report were gathered, recorded, compiled, analyzed, and disclosed in a way that could be subject to examination and that establishes the quality and materiality of the information for the future. All of our CR reporting follows the G3 guidelines of the Global Reporting Initiative (GRI) and our GHG methodology follows the accepted methodology and best practice from the WRI, Climate Registry, and WBCSD. It should be noted that all GHG emissions were converted to and reported as metric tons of CO₂ equivalents (CO₂e) for ease of comparison.

BOUNDARIES: For this report, Brooks considered everything within operational control for inclusion in this report, which includes our facilities, shipping, and the manufacture of our product. We did not include the employees from our contract factories who are not Brooks employees. Unless otherwise stated, the information conveyed in this report covers Brooks Sports, Inc.

AWARDS: Brooks received numerous awards during the relevant period, 2009 and 2010, primarily for the design and performance of our shoes. We received the following awards for our sustainability efforts:

- **Ghost 3**
Women's Running, "Most Green"
(November/December 2010)
- **PR Bra Top**
Health, America's Healthiest Gear "Best Bra" (July 2009)
- **Trance 8**
Shape, "2009 Green Living Award"
(April 2009)

These honors followed three awards won by Brooks at the end of 2008 in light of the unveiling of our BioMoGo technology:

- **"2008 International Green Award"**
Runner's World (November 2008)
- **"2008 Sprout Award"**
Best Green Innovation" Trail Runner honoring BioMoGo (December 2008)
- **"2008 Green Award"**
Footwear News (December 2008)

MEMBERSHIP AND ASSOCIATIONS:

See page 11.

BROOKS REPORT CONTACT: For more information about this report and its contents, please contact: Stacey Gamble at Stacey.Gamble@Brooksrunning.com.

appendix b: GRI index and application level

Global Reporting Initiative (GRI): Brooks uses the GRI G3 guidelines as a basis for this report and a framework for measuring and reporting our environmental, social and economic

performance. Brooks self-declares this report to meet the standard set out by the GRI for an A level report. More information on the GRI is available at www.globalreporting.org.



REPORT APPLICATION LEVEL	C	C+	B	B+	A	A+
G3 Profile Disclosure	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3.10 - 3.12 4.1 - 4.4, 4.14 - 4.15		Report on all criteria for Level C plus: 1.2, 3.9, 3.13, 4.5 - 4.13, 4.16 - 4.17		Same as requirements for Level B	
G3 Management Approach Disclosures	Not Required		Management Approach Disclosure for Each Indicator Category		Management Approach Disclosure for Each Indicator Category	
G3 Performance Indicators & Sector Supplement Performance Indicators	Report on a minimum of 10 Performance Indicators, including at least one each of Economic, Social and Environmental		Report on a minimum of 20 Performance Indicators, including at least one each of Economic, Environmental, Human Rights, Society, Product Responsibility		Report on each core G3 and Sector Supplement* Indicators with due regard to the Materiality Principle by either a) reporting on the Indicator or b) explaining the reason for its omission	

REPORT EXTERNALLY ASSURED

REPORT EXTERNALLY ASSURED

REPORT EXTERNALLY ASSURED

* Sector Supplemenet in final version

SECTION	LOCATION (PAGE#)
Profile Disclosures	Appendix E: 70-74
DISCLOSURES ON MANAGEMENT APPROACH	
Environmental	13, 16, 34
Economic	58
Product Responsibility	13-18
Human Rights	44-45
PERFORMANCE INDICATORS	
Economic	76
Environmental	77-78
Social	79-83
Product Responsibility	83
Apparel and Footwear Sector Supplement	84-85

appendix c: detailed employee statistics

DETAILED EMPLOYEE STATISTICS

BROOKS EMPLOYEES - 2009 (DATA ONLY AVAILABLE FOR U.S. FACILITIES)

Employee Category	Total Workforce	Full Time	Part Time	U.S.	Gender	Age Groups	Minority Groups
Managers	49	49	0	49	Male: 51% Female: 49%	<30: 0% 30-50: 69% >50: 31%	14%
Employees	110	105	5	110	Male: 41% Female: 59%	<30: 13% 30-50: 78% >50: 9%	17%

BROOKS EMPLOYEES - 2010 (DATA FOR ALL MAJOR FACILITIES)

Employee Category	Total Workforce	Full Time	Part Time	US	Europe	Asia	Gender	Age Groups	Minority Groups
Managers	67	67	0	56	7	4	Male: 55% Female: 45%	<30: 0% 30-50: 72% >50: 28%	10%
Employees	262	245	17	185	48	29	Male: 46% Female: 54%	<30: 40% 30-50: 49% >50: 11%	5%



appendix d: GHG inventory: boundary & methodology

PURPOSE OF THE ANALYSIS

The purpose of this inventory is to create a baseline year for all future GHG reporting, to help Brooks track progress and performance over time, and follow the guidelines of the Eco Index developed by the OIA EWG.

YEARS MEASURED

This report includes Brooks' emissions for 2009 and 2010. All data collected for this report falls within 2009 and 2010, unless otherwise noted.

BOUNDARY AND SCOPE

PRODUCT BOUNDARY

Footwear:

Adrenaline GTS 10 Eco-Footprint used as proxy for all footwear

Production:

2009 = 3,091,826 pairs

2010 = 3,740,639 pairs

Apparel:

Podium SS Eco-Footprint used as proxy for all apparel

Production:

2009 = 1,817,404 units

2010 = 2,099,367 units

Accessories:

Podium SS Eco-Footprint used as proxy for all accessories

Production:

2009 = 251,614 units

2010 = 222,545 units

OPERATIONAL BOUNDARY

Our inventory covers both product and operations

Geographic:

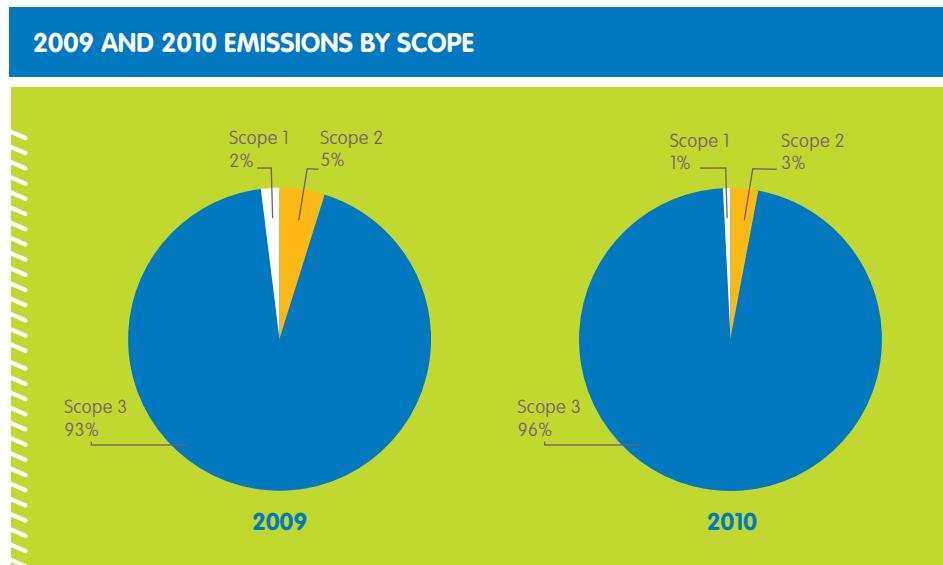
All Brooks facilities (North America, Europe, and China)

Control:

Operational Control

SCOPES

Emissions are commonly divided into three scopes:



SCOPE 1:

Direct GHG emissions: Sources owned or controlled by the company.
Includes: Natural Gas, Diesel Fuel, Heating Oil, Fleet Vehicles

(Methodology: Data was pulled directly from bills.)

SCOPE 2:

Indirect GHG emissions: The company's consumption of energy.
Includes: Electricity purchased from the grid
(Methodology: Data was pulled directly from utility bills and where unavailable, estimates were made based upon building energy usage, sq footage, and industry averages.)

SCOPE 3:

Indirect emissions: Sources owned or controlled by others.
Includes: Factories, Employee Commuting, Business Travel, Paper Use, Waste, Recycling & Composting, and Product shipment (inbound and outbound)

(Methodology: Factory and paper data was pulled directly from bills. Employee commuting numbers were calculated from an internal survey; business travel data was provided by our travel partner and where necessary, supplemented by an internal survey; shipping data was provided by our shipping partners and converted to metric ton miles, and waste, recycling and composting were estimated based on number of employees & industry averages when raw data was unavailable.)

appendix e: profile disclosures

1. STRATEGY AND ANALYSIS

Indicator	Criteria Description	Brooks Response	
		2009	2010
1.1	Statement from the most senior decision-maker of the organization	See page 4-5.	
1.2	Description of key impacts, risks, and opportunities	See pages 4-9	

2. ORGANIZATIONAL PROFILE

Indicator	Criteria Description	Brooks Response	
		2009	2010
2.2	Primary brands, products, and/or services	Brooks Footwear, Brooks Apparel, Moving Comfort.	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	Brooks is a private company owned by Fruit of the Loom, which is owned by Berkshire Hathaway. The divisions within the company include footwear, apparel, and Moving Comfort.	
2.4	Location of organization's headquarters	Bothell, Wash.	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Headquarters and Distribution Center located in United States. Offices in UK, Germany, and China. See page 7 for a map of our operational facilities. Our manufacturing partners are located in China, but are not within the boundary of this report unless otherwise noted.	
2.6	Nature of ownership and legal form	See 2.3	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Footwear, apparel, and accessories are sold in 60 countries with primary markets in North America, Europe, and Asia.	
2.8	Scale of the reporting organization	See EC1 for economic information. Total products: Footwear: 3,091,826 pairs Apparel: 1,817,404 units Accessories: 251,614 units	Total products: Footwear: 3,740,639 pairs Apparel: 2,099,304 units Accessories: 222,545 units
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Not applicable; this is first our CR report.	
2.10	Awards received in the reporting period	Awards relating to sustainable aspects of our office and products: <ul style="list-style-type: none"> • Green Living Award from <i>Shape</i> honoring Trance 8. • Commuting Award from Snohomish County • <i>Health</i> magazine named PR Bra Top "America's Healthiest Bra" 	<ul style="list-style-type: none"> • <i>Women's Running</i> recognized Ghost 3 shoe as "Most Green" shoe

3. REPORT PARAMETERS

Indicator	Criteria Description	Brooks Response	
		2009	2010
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	Calendar years 2009 and 2010	
3.2	Date of most recent previous report (if any)	Not applicable; this is first our CR report	
3.3	Reporting cycle (annual, biennial, etc.)	Brooks plans to report on a biennial basis from this point forward	
3.4	Contact point for questions regarding the report or its contents	Stacey Gamble: (425) 489-2489, Stacey.Gamble@BrooksRunning.com	
3.5	Process for defining report content	The report boundary was set by the Brooks corporate responsibility committee while working with external consultants Shift Advantage and Sustainable Business Consulting. The boundary was set based upon the impact on business, materiality and data availability. Topics in the report were prioritized based upon their materiality and impact on Brooks's business, our CR efforts, and perceived stakeholder expectations for both 2009 and 2010.	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers); see GRI Boundary Protocol for further guidance	The boundary of the report includes all of Brooks' operations as stated in section 2.5, except for manufacturing, unless otherwise noted.	
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope)	While we included the product footprint in the company's GHG emissions, non-Brooks employees who work at contracted factories (over which Brooks has no control) are not included in this report.	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations	Reporting includes all subsidiaries over which Brooks has control—offices in Asia, Europe, and the United States. Data does not include non-Brooks employees who work in contract factories, unless otherwise noted.	
3.9	Data measurement techniques and the basis of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report; explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols	Our greenhouse gas measurements follow the GHG protocol from the World Resource Institute (WRI), the Climate Registry, and World Business Council for Sustainable Development (WBCSD), which have set the standards for reporting GHG emissions. We will be using the GRI Indicator Protocols including answering the Apparel and Footwear sector supplement to the best of our ability	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	Not applicable; this is first our CR report.	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	Not applicable; this is first our CR report.	

appendix e: profile disclosures

3. REPORT PARAMETERS (CONTINUED)

Indicator	Criteria Description	Brooks Response	
		2009	2010
3.12	Table identifying the location of the Standard Disclosures in the report	See Appendix B.	
3.13	Policy and current practice with regard to seeking external assurance for the report	We are not seeking external assurance for this report. We will explore this for future reporting.	

4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT

Indicator	Criteria Description	Brooks Response	
		2009	2010
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight	As a wholly owned subsidiary, we do not have a board, so there is no forum for committees. Most decisions regarding corporate strategy are made by the Executive Committee, consisting of 10 individuals. See LA13 for more information on this team.	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Not applicable. There is no Board. The CEO sits on the Executive Committee mentioned in 4.1.	
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	Not applicable. Brooks is a subsidiary of Fruit of the Loom and has no board of its own. There are no independent, non-executive, or external members to the company's Executive Committee.	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Brooks is not a public company, so there are no shareholders. Customers and any outside parties can provide feedback via the company's website. See pages 10, 11 and profile disclosures 4.14-4.17 for additional information on stakeholder engagement.	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance)	None. Currently compensation is not linked to social or environmental performance.	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Brooks does an annual Conflict of Interest audit through Berkshire Hathaway Inc. Also, an ethics and compliance audit is conducted annually for all employees requiring that they read and sign a three-page document and respond to 14 questions covering conflict of interest issues. The compliance questionnaires are sent to General Counsel annually and follow-up is conducted by the legal department to respond to any affirmative responses. In addition to the questionnaire, employees are required to read and sign the ethics and compliance policy and the company's open door policy. These documents are signed annually and are a permanent part of the employees' personnel files.	

4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics	Currently there is no formal process for selecting candidates to guide the company on sustainability issues.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Brooks has a Code of Conduct, Ethics, Compliance & Open Door policies. Brooks has not formally set policies on environmental performance except the principles that the footwear team strives for (see pages 22-23). Social performance criteria for factories are described on pages 42-43.
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	See page 8. Social performance questions, especially pertaining to factories and treatment of employees, are overseen by the Executive Committee. See pages 42-43 for more information. The Executive Committee has no formal procedures in place for overseeing the company's environmental performance, but its approach to environmental issues can be found on pages 14-31.
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	There are no procedures in place for evaluating the social and environmental performance of the highest governance body at Brooks.
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Brooks believes that best practices require a proactive approach on preventing environmental damage. Therefore, Brooks follows the precautionary principle in its product design, manufacturing and daily operations. This includes its adherence to Design for the Environment principles, and compliance with Restriction of Hazardous Substances (ROHS) Directive and Restricted Substance List, the industry standards for ensuring products are non-hazardous. Additionally, Brooks is in the process of establishing a third-party relationship to proactively eliminate toxic substances in its products in 2011.
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	A list of organizations and initiatives that Brooks supports is listed on page 11.
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none">• Has positions in governance bodies;• Participates in projects or committees;• Provides substantive funding beyond routine membership dues; or• Views membership as strategic.	See page 11.
4.14	List of stakeholder groups engaged by the organization	Stakeholders have not been engaged to discuss this report specifically. See page 10 and II for how we communicate with the following groups: <ul style="list-style-type: none">• Employees• Contract Factories and Suppliers• Industry Collaboration• Local Communities• Customers• Parent Company

appendix f: GRI indicators

4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT (CONTINUED)

Indicator	Criteria Description	Brooks Response	
		2009	2010
4.15	Basis for identification and selection of stakeholders with whom to engage	We try to keep in contact with any party that may be affected by our company's actions or products or are responsible for the creation of our products. We see the value in getting feedback from these groups and encourage a continuous dialogue on all issues deemed important by our stakeholders.	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	See page 10 and 11.	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting	Most concerns brought to Brooks' attention are around social compliance. We received 31 requests for information in 2010 about what Brooks is doing to fight human trafficking. In response, Brooks filled out the Chain Store Reaction Survey. Those answers can be found at: www.chainstorereaction.com/act/company/770	

5. ECONOMIC

Indicator	Criteria Description	Brooks Response	
		2009	2010
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	See pages 55 and 56 of the report to see Brooks' donations and volunteer hours. <u>Revenue</u> \$228,915,620 <u>Expenses</u> \$78,195,899 <u>Compensation Costs</u> \$25,596,459	<u>Revenue</u> \$191,397,426 <u>Expenses</u> \$65,461,913 <u>Compensation Costs</u> \$24,152,796
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	See pages 8, 9, 14-31	
EC3	Coverage of the organization's defined benefit plan obligations.	Not applicable. Brooks does not offer pension plans.	
EC4	Significant financial assistance received from government.	None	
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	100% of Brooks employees get paid more than the local minimum wage. Average entry wage for:	
	United States	This data was not available at the time this report was published.	Bothell - \$15.22/hr or 178% of local min. wage Sumner - \$11.83/hr or 138% of local min. wage
	China	RMB 4650 per month or 505% of local min. wage	RMB 5998 per month or 545% of local min. wage
	United Kingdom	This data was not available at the time this report was published.	
	Germany	This data was not available at the time this report was published.	

EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	None	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	There is no local hiring policy, but the company has a policy of posting all job openings internally.	
		In 2009, approximately 12.5% of openings were filled by internal employees.	In 2010, 16% of openings were filled internally.
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	See page 55 and 56 for details on our donations.	

6. ENVIRONMENTAL

Indicator	Criteria Description	Brooks Response	
		2009	2010
EN1	Materials used by weight or volume	We have only tracked office paper use to date.	
		4,834 reams of paper	4,245 reams of paper
EN2	Percentage of materials used that are recycled input materials	We have not tracked the percentage of recycled materials used in our product. However, Brooks conducted its first life cycle analysis of two of its products in 2009. See page 18 for more information.	
EN3	Direct energy consumption by primary energy source	Operational Use Natural gas usage: 7,687 therms Distillate fuel: 92,054 gallons	Operational Use Natural gas usage: 4,207 therms Distillate fuel: 13,563 gallons
EN4	Indirect energy consumption by primary source	Operational Use Electricity: 3,536,977 kWh	Operational Use Electricity: 2,903,641 kWh
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	See page 35 for a list of our environmental initiatives and page 34 for our shipping impact and initiatives. Reductions of these specific actions have not been measured, but page 17 details our environmental footprint.	
EN8	Total water withdrawal by source	Operational water usage: 10,837,043 cubic feet	Operational water usage: 11,094,514 cubic feet
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	None	
EN12	Description of significant impacts of activities, products, and services on biodiversity	None	
EN16	Total direct and indirect greenhouse gas emissions by weight	Scope 1 and 2 3,356 MT of CO ₂ e	Scope 1 and 2 2,161 MT of CO ₂ e
EN17	Other relevant indirect greenhouse gas emissions by weight	Scope 3 43,501 MT of CO ₂ e	Scope 3 59,252 MT of CO ₂ e
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	See page 35 for our environmental initiatives.	

appendix f: GRI indicators

6. ENVIRONMENTAL

Indicator	Criteria Description	Brooks Response	
		2009	2010
EN19	Emissions of ozone-depleting substances by weight	This is currently not tracked. However, Brooks is in the process of determining its materiality. If deemed material, we will devise a method for measuring these emissions.	
EN20	NOx, SOx, and other significant air emissions by type and weight	This is currently not tracked. However, Brooks is in the process of determining its materiality. If deemed material, we will devise a method for measuring these emissions.	
EN21	Total water discharge by quality and destination	This is not tracked	
EN22	Total weight of waste by type and disposal method	Landfill waste: 101 tons Recycled waste: 52 tons	Landfill waste: 111 tons Recycled waste: 54 tons
EN23	Total number and volume of significant spills	None	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	See page 22 for environmental initiatives focused on our products.	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	We take back product bought on our website that is deemed defective. Brooks also takes back products at its outlet store (500 pairs/month) and through the Soles4Souls program, which reuses extra sample products. See page 60 for more information on this program.	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Zero fines or sanctions	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	A large portion (70%) of Brooks' 2010 operational carbon footprint is the result of product transportation since our goods are manufactured in Asia. We are exploring the opening of an East Coast distribution center and looking to grow our "Direct to Customer" shipping methods to reduce this impact. See pages 32-34 for more information on our footprint and shipping efforts.	

7. SOCIAL

Indicator	Criteria Description	Brooks Response							
		2009	2010						
LA1	Total workforce by employment type, employment contract, and region	See Appendix C.							
LA2	Total number and rate of employee turnover by age group, gender, and region	<p>This data is for U.S. offices only. Data for other offices could not be obtained.</p> <table> <tr> <td>Total turnover rate: 11.74%</td> <td>Total turnover rate: 10.8%</td> </tr> <tr> <td><u>Age Group:</u> <30: 9 30-50: 12 >50: 4</td> <td><u>Age Group:</u> <30: 10 30-50: 12 >50: 12</td> </tr> <tr> <td><u>Gender:</u> Male: 9 Female: 16 U.S. Total: 25</td> <td><u>Gender:</u> Male: 10 Female: 14 U.S. Total: 24</td> </tr> </table>	Total turnover rate: 11.74%	Total turnover rate: 10.8%	<u>Age Group:</u> <30: 9 30-50: 12 >50: 4	<u>Age Group:</u> <30: 10 30-50: 12 >50: 12	<u>Gender:</u> Male: 9 Female: 16 U.S. Total: 25	<u>Gender:</u> Male: 10 Female: 14 U.S. Total: 24	
Total turnover rate: 11.74%	Total turnover rate: 10.8%								
<u>Age Group:</u> <30: 9 30-50: 12 >50: 4	<u>Age Group:</u> <30: 10 30-50: 12 >50: 12								
<u>Gender:</u> Male: 9 Female: 16 U.S. Total: 25	<u>Gender:</u> Male: 10 Female: 14 U.S. Total: 24								
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Part time (less than 30 hours per week or temporary employees) are not eligible for company benefits under our company-paid insurance - health, dental, vision, life, LTD and STD. Also part time and temporary employees are not eligible for employee incentive program.							
LA4	Percentage of employees covered by collective bargaining agreements	None							
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	Brooks does not have a notification policy. We have not experienced significant operational changes in our facilities. Although our factories are out of our operational control (and, therefore we cannot control their notification policies), we do our best so Brooks does not cause them unnecessary operational changes. We maintain strong relationships with our suppliers and partner with them for many years at a time. See page 42 for more information on our supplier relationships.							
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Brooks Sports has safety committees at both the corporate office in Bothell and the distribution center in Sumner. The Corporate committee consists of 14 members, which represents 13% of the workforce at the Bothell location. The Distribution Center committee has 8 members which represents 21% of the workforce at the Sumner location.							
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	Brooks Sports, Inc. maintains a comprehensive Safety/Loss Control Program for its corporate office and distribution center. Additionally, Brooks participates in Washington Employers' Retrospective Rating Program.							

appendix f: GRI indicators

7. SOCIAL

Indicator	Criteria Description	Brooks Response	
		2009	2010
LA7 (continued)		<p>2009 injury rates were as follows:</p> <p><u>Corporate</u>: Injuries - 1 claim Occupational Disease - 0 Lost Days - 0 Fatalities - 0</p> <p><u>Distribution Center</u>: Injuries - 9 claims Occupational Disease - 0 Lost Days - 73 (all from 1 of the 9 claims) Fatalities - 0</p> <p><u>China</u>: 0</p> <p><u>Europe</u>: Data could not be obtained.</p>	<p>2010 injury rates were as follows:</p> <p><u>Corporate</u>: Injuries - 0 Occupational Disease - 0 Lost Days - 0 Fatalities - 0</p> <p><u>Distribution Center</u>: Injuries - 5 claims Occupational Disease - 0 Lost Days - 1 Fatalities - 0</p> <p><u>China</u>: 0</p> <p><u>Europe</u>: Data could not be obtained.</p>
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	<p>Education and training including written posters and instructions are part of our ongoing safety program. Brooks works with Washington Employers for all the latest educational materials, which are disseminated to employees. Brooks also sponsors benefit fairs at our corporate offices including flu shots.</p>	
LA10	Average hours of training per year per employee by employee category	<p>Employees averaged 5.2* hours of training/year.</p> <p>*These numbers are just for U.S.-based employees. Also, these figures are artificially low because they do not reflect any training hours received in conferences or certification because those are not yet accurately tracked.</p> <p>Examples of training courses include (but are not limited to): Adobe Illustrator, First Aid, Leadership, Anti-Harassment, and Team Effectiveness Workshops.</p>	<p>Employees averaged 8.3* hours of training/year.</p>
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<p>Brooks has comprehensive internal programs for employee training. See page 54 for more information.</p>	

LA12	Percentage of employees receiving regular performance and career development reviews	Annual and mid-year performance discussions cover how employees are progressing toward their goals and development plans.			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	10 members of Executive Committee (8 male, 2 female, 0 minority); see appendix C of report for information on all Brooks employees.			
LA14	Ratio of basic salary of men to women by employee category	Employee Category:	Ratio:	Employee Category:	Ratio:
		Managers	1.24	Managers	1.41
		Employees	1.28	Employees	1.02
		Salary ratios are calculated annually as part of our Affirmative Action Plan and monitored by Human Resources throughout the year. All salary ratios were deemed satisfactory.			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	Not applicable. Brooks is a subsidiary of Fruit of the Loom.			
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	See page 42 for more information on Brooks' policies on human rights.			
		In 2009, 96% of direct suppliers and 55% of licensees went through screening process.	In 2010, 93% of direct suppliers and licensees were screened on human rights issues. Brooks exited eight factories and rejected three other potential factories due to social non-compliance.		
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Human Resources conducts a new employee orientation session covering all company policies and procedures, and we comply with all legal postings on human rights and discrimination procedures and processes. All employees annually read and sign our open door policy and our ethics and compliance letter. However, Brooks employees do not attend trainings specific to human rights.			

appendix f: GRI indicators

7. SOCIAL (CONTINUED)

Indicator	Criteria Description	Brooks Response	
		2009	2010
HR4	Total number of incidents of discrimination and actions taken	In 2010, one case of discrimination at a contract factory in Vietnam led to the factory's joining of Better Work Vietnam, a continuous improvement program that offers customized advisory and training services to address individual needs and to improve compliance with labor standards.	
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	Our Code of Conduct requires that all facilities must recognize and respect the rights of employees to freedom of association and collective bargaining. See pages 48-49 for information on one case of restricted freedom of association at one of our contract factories. There are currently no collective bargaining organizations within Brooks.	
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	Child labor is expressly prohibited in our Code of Conduct. See page 42 and HR2 for more information on human rights screening, auditing, and violations.	
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	Forced labor is expressly prohibited in our Code of Conduct. See page 42 and HR2 for more information on human rights auditing and violations.	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	No violations involving rights of indigenous people	
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting	Currently, Brooks does not have any programs in place. The company did not enter or exit any communities in 2009 or 2010. See LA5 for more information.	
SO2	Percentage and total number of business units analyzed for risks related to corruption	100% of business units are analyzed on an annual basis.	
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	100% of employees are trained on the anti-corruption policies and sign an Ethics and Compliance document. Training is done annually.	
SO4	Actions taken in response to incidents of corruption	Zero incidents of corruption	
SO5	Public policy positions and participation in public policy development and lobbying	None	

SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	None
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No significant monetary or non-monetary (neither significant or immaterial, i.e., zero) sanctions have been reported to Brooks during 2009-2010.
PR1	Lifecycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	The safety impacts of our products still need to be researched and tested. Brooks is working to make improvements in this regard. See page 39 for our product goals on reducing harmful substances.
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	There were zero incidents of non-compliance with regulations for Brooks. See page 46 for the assessment of our factories' compliance with regulations and our Code of Conduct.
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Currently, there are no requirements. However, Brooks is working with the Outdoor Industry Association to create these standards for the industry. See page 25 for more information about Brooks' involvement. The company also performed its first lifecycle analysis on its footware, apparel and packaging in 2009 to better answer such information requests. See page 18 for more information on the analysis.
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	There are no restrictions on marketing our products.
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Brooks has not been fined for non-compliance.

appendix f: GRI indicators

8. SECTOR SUPPLEMENT: APPAREL AND FOOTWEAR PERFORMANCE INDICATORS*

Indicator	Criteria Description	Brooks Response	
		2009	2010
AF7	Number and location of workplaces covered by code of conduct	We are committed to conducting business in accordance with the highest standard of business ethics and respect for human rights, and in compliance with all applicable laws. We require all our suppliers, licensees, distributors and other business partners to meet these high standards. See page 42 for more information.	
AF8	Number of audits conducted and percentage of workplaces audited	We regularly monitor our partner factories to ensure they are upholding our Code of Conduct. We also task third-party auditors with annual, unannounced drop-ins to assess the safety and working conditions within these factories. See page 46 for more information.	
AF9	Incidents of non-compliance with legal requirements or collective bargaining agreements on wages	Not applicable. There are no collective bargaining agreements.	
AF10	Incidents of non-compliance with overtime standards	There was an average of 0.8 incidents of excessive working hours per facility.	There was an average of 0.7 incidents of excessive working hours per facility.
AF12	Incidents of the use of child labor	Zero	Zero
AF14	Incidents of non-compliance with code of conduct	See page 48	
AF15	Analysis of data from code compliance audits	As working conditions improve at our current factories, the average number of violations per audit are steadily declining. See page 48 for more detailed information.	
AF16	Remediation practices to address non-compliance findings	We engage with factories that are not compliant. However, if they do not improve over time, we will exit that factory. See page 43 of the report and HR2 for more information.	
AF17	Actions to identify and mitigate business practices that affect code compliance	See pages 28-30, 42 and 52 to read about how we work with our factories on restricted substances and fair labor practices.	

AF20	List of environmentally preferable materials used in apparel and footwear products	We want to lead the way in sustainable product innovations within the running community. To do this, we are committed to using more sustainable materials. See page 22 for more information.
AF21	Amount of energy consumed and percentage of the energy that is from renewable sources	12,884,197 megajoules of energy in 2010 0% from on-site or purchased renewables
AF29	Percentage of workplaces where there is one or more independent trade union(s)	There are no trade unions within any of our workplaces.
AF31	Initiatives and programs to respond to, reduce, and prevent the occurrence of musculoskeletal disorders	None
AF33	Priorities in community investment strategy	We do not have a community investment strategy.
AF34	Amount of investment in worker communities broken down by location	None

**Brooks Sports, Inc. is answering the indicators outlined in the GRI's Apparel and Footwear Sector Supplement with information that is currently tracked and available even though it is not yet in its final version. We are working on putting the systems in place to track all of these indicators so we can more fully report on these in our next CR report.*

glossary

bluesign®	A series of independent standards applied to textile manufacturing to remove from supply chains substances that are potentially hazardous to human health or the environment.
Contract Factories	The factories we commission and with which have direct contracts to manufacture our footwear, apparel, and accessories.
Eco-footprint	Assessment of the environmental impacts occurring at different stages within our products' lifecycles.
GHG Inventory	An accounting of greenhouse gases emitted.
Green Chemistry	The design of chemical products and processes that reduce or eliminate the use or generation of hazardous substances.
Global Reporting Initiative	A multi-stakeholder process and independent institution whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines. The guidelines were developed so that companies and organizations can report on the economic, environmental, and social dimensions of their activities, products, and services.
Licensees	Independent companies that manage the design, manufacturing, and distribution of specific products.
Materials Feedstock	The unprocessed or minimally processed raw material used to manufacture a product.
Materiality	The significance of sustainability impacts resulting from of our business practices and those of our business partners, for which we hold ourselves accountable.
Running Responsibly	Our company-wide philosophy shaping our approach corporate responsibility, and the name of our CR program for holistic management of our social and environmental responsibilities.
Stakeholders	Individuals or organizations that have a direct or indirect interest in our company and who may be affected by our operational activities and/or products.
Suppliers	Companies that supply materials for components of the gear we produce.
Sustainability	A model for long-term corporate behavior and management in which all forms of capital (human, natural, manufactured, and financial) are restored, maintained and enhanced in order to generate stakeholder value and protect and contribute to the well-being of current and future generations.
Triple Bottom Line	Social and environmental values are added to the traditional economic measure of a corporation or organization's success, for a trio of performance measures. Triple bottom line accounting attempts to describe and quantify the social and environmental impacts of an organization's activities in addition to its economic performance, helpful in demonstrating improvement or providing more in-depth evaluation.
Transparency	Open and willing exposure of the ethics and real-time results of business performance through accessible publication of the entity's practices and behavior. Transparency encourages greater accountability while greatly limiting opportunities for corruption or abuse.

abbreviations

BFH	Brooks For Her
BSR	Business for Social Responsibility
CO₂	Carbon dioxide
CO₂e	Carbon dioxide equivalent
CR	Corporate Responsibility
CMP	Compression Molded Preform
C-TPAT	Customs-Trade Partnership Against Terrorism
DC	Distribution Center
DfE	Design for Environment
EVA	Ethylene Vinyl Acetate
EWG	Eco Working Group
FSC	Forest Stewardship Council
GHG	Greenhouse gas
GRI	Global Reporting Initiative
MSDS	Material Safety Data Sheet
PCR	Post-consumer recycled
PPE	Personal Protective Equipment
OIA	Outdoor Industry Association
REACH	Registration, Evaluation, Authorization and Restriction of Chemical substances
ROHS	Restriction of Hazardous Substances
RS	Restricted substances
SRWG	Social Responsibility Working Group
VOCs	Volatile organic compounds
WBCSD	World Business Council Sustainable Development
WFSGI	World Federation of the Sporting Goods Industry
WRAP	Worldwide Responsible Accredited Productions
WRI	World Resource Institute

