

RUNNING RESPONSIBLY

Brooks 2015 Corporate Responsibility
Performance Summary Report



 **BROOKS**

Our Running Responsibly Pillars

Fair Labor 3

Product Design & Materials 7

Manufacturing 10

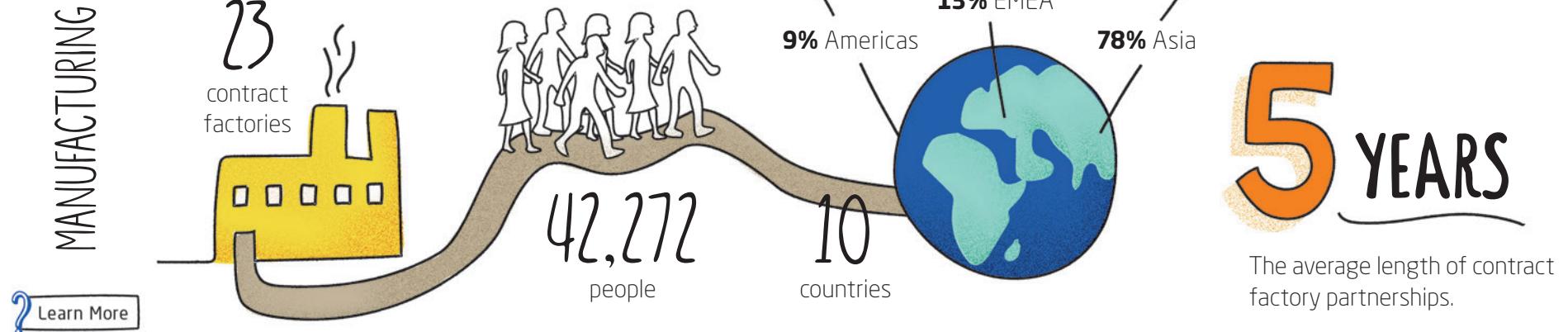
Our Footprint 11

Community 13

Fair Labor

Our goal is to treat all people fairly and with respect. We continually seek methods to improve workplace conditions and worker well-being, and to strengthen supplier relationships.

OUR SUPPLY CHAIN



MONITORING & CONTINUOUS IMPROVEMENT

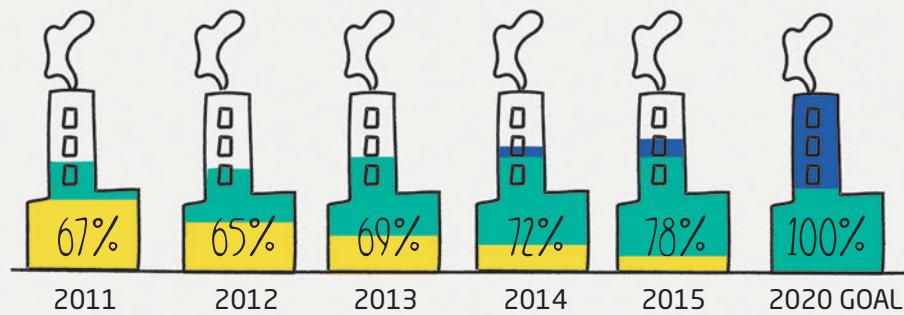
FACTORY RATINGS

- Supplier Leadership** Factory is fully compliant, self-governing, and considered a leader. It has well-developed management systems and demonstrates best practices.
- Partner Supplier** Factory is generally compliant, with no issues or a few minor issues disclosed. It has management systems in place and compliance practices are mostly effective.
- Partner Supplier** Factory is mostly compliant, with a few minor or isolated critical findings disclosed. It has management systems and some compliance practices in place. It is committed to, and on a work plan to fully meet our standards.
- Risk Management** Factory is non-compliant with several issues disclosed. It lacks sufficient knowledge and management systems, but has some effective compliance practices in place. Factory generally needs training/capacity building to meet our standards.
- Risk Management** Critical and zero tolerance issues disclosed, demonstrates general disregard for our standards, factory lacks management and commitment to meet our standards. Factory to be terminated unless there is immediate improvement and strong commitment from factory management.
- Risk Management** Not enough information is available to measure performance against our standards.

Learn More



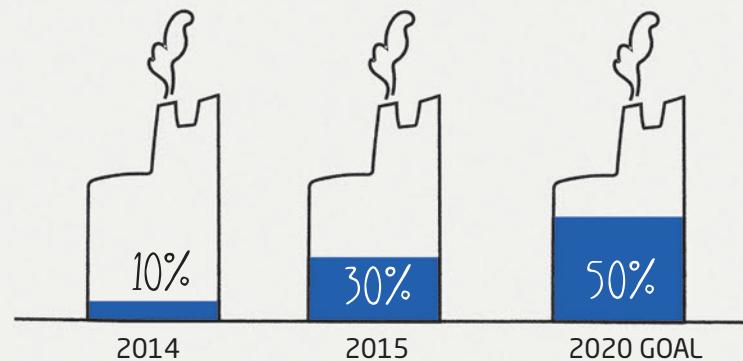
% of Factories Rated PARTNER SUPPLIER or Better



78% of our contract factories were rated Partner Supplier or better in 2015, an **increase of 13%** since 2012.

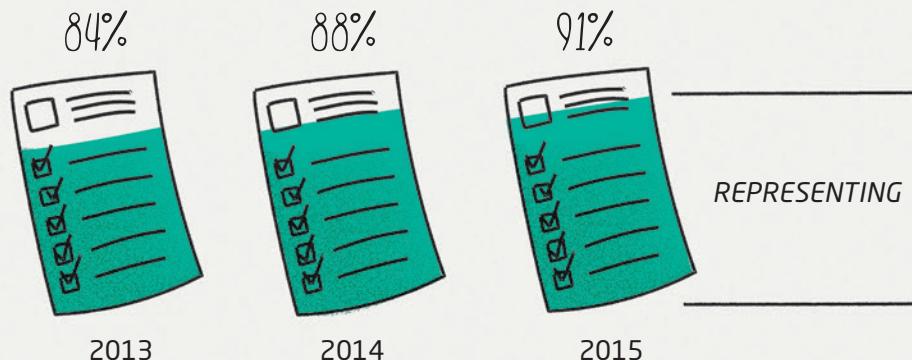
% of Strategic Factories in a SELF-GOVERNANCE MODEL - SUPPLIER LEADERSHIP

*Strategic Factories = top 10 contract factories that account for more than 93% of our purchase volume



Our goal is to inspire and educate our contract factories to manage and take full ownership of their Fair Labor impacts.

% of Supply Chain MONITORING



In 2015 we monitored **91%** of our contract suppliers through third-party auditing. This represents **97%** of our purchase volume.

GOAL:

100% of contract factories to meet our Partner Supplier rating by 2020.

?

[Learn More](#)

GOAL: - ACHIEVED!

20% of strategic factories to meet our Supplier Leadership rating by 2016.

NEW GOAL:

We achieved our 20% by 2016 goal early and are now working toward a new goal of 50% of strategic factories to meet our Supplier Leadership rating by 2020.

?

[Learn More](#)

97%

of purchase volume in 2015

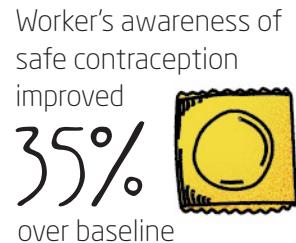
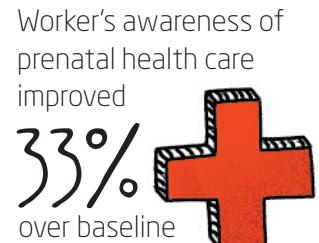
?

[Learn More](#)

CAPACITY BUILDING & WORKER WELL-BEING



2 OUT OF 3
people in our supply chain are women



39 HOURS
of training provided to our contract factories in 2015

TRAININGS INCLUDED:

- ✓ Worker participation
- ✓ Analyzing training needs
- ✓ Implementing a training plan
- ✓ Effective health and safety systems
- ✓ Collective bargaining
- ✓ Worker exposure: chemical and physical hazards

BSR | her+project

Since 2014, we have been funding factory-level women's health programs in China. HERproject has been a valuable partner in our efforts to advance the well-being of workers in our supply chain.

Learn More

CASE STUDY

DIGGING DEEPER INTO THE SUPPLY CHAIN

In 2015 we expanded our audit program to look beyond finished goods factories. Through this process a Brooks-funded third-party audit found *one of our component suppliers had allowed certain employees who volunteered to take home extra trimming work - known as "homeworking."* While employees opted-in to this work, it is a violation of the Brooks Supplier Code of Conduct because of the difficulty in monitoring who performs the work, and the possibility of excess overtime or improper payment of wages.

THE ISSUE

THE CAUSE

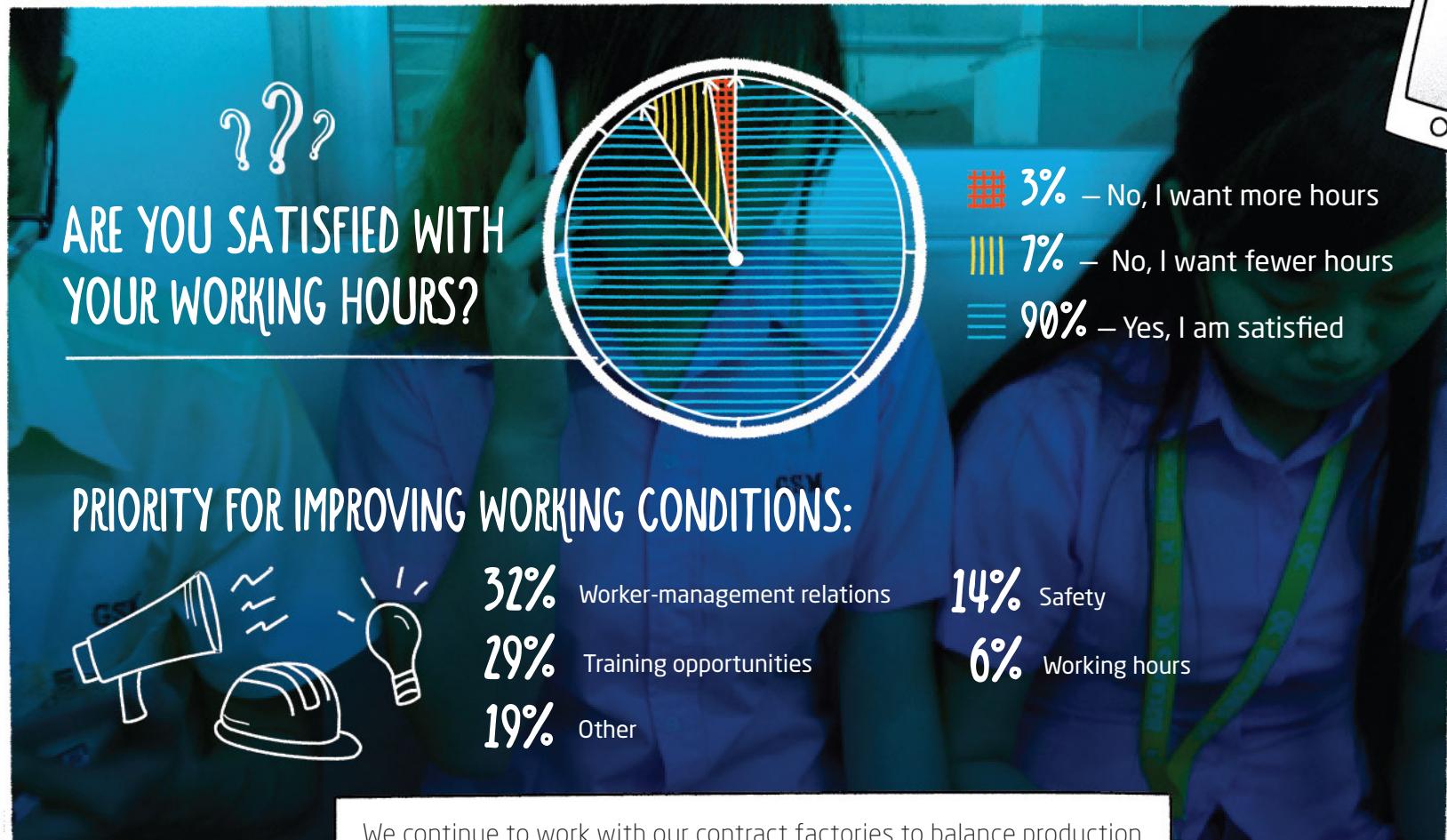
SOLUTION

Our production team identified the *root cause: one of our highest volume shoes had two density foams, resulting in twice as much trimming.* We worked closely with our suppliers to establish a holistic no homeworking policy and as a **short-term** solution brought on a second trimming team to handle the work during business hours. **Long-term**, our product engineers are developing and piloting new processes to reduce extra steps with trimming. Moving forward, Brooks will continue to carefully audit various points of our supply chain and has also invested in a software program to help scale this effort to the hundreds of material and component suppliers we work with regularly.

HIGHLIGHT



In 2015 we collected anonymous feedback from more than 1,000 workers at a contract factory in Dongguan, China, through a Laborlink survey that measured workers' perceptions of and satisfaction with working conditions and typical work schedules. Key takeaways included the need to prioritize training opportunities, improve worker-management relations and safety, as well as reduce and stabilize weekly working hours.



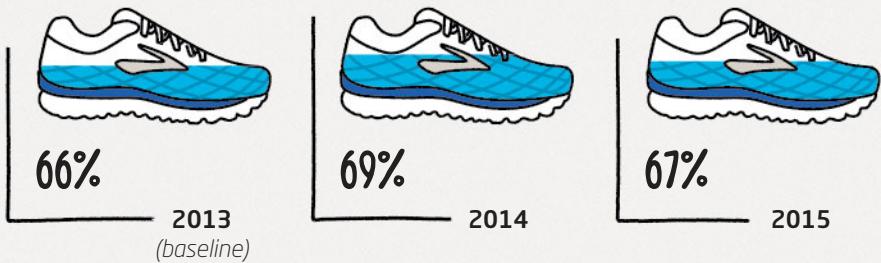
Product Design & Materials

Our products' environmental impacts are rooted in decisions made in the design process. Through the collection of relevant sustainability information, we empower our designers to make informed decisions that deliver premium products while incorporating more sustainable choices.

MATERIAL EFFICIENCY

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

Average Upper Material Efficiency*



OUR PLAN:

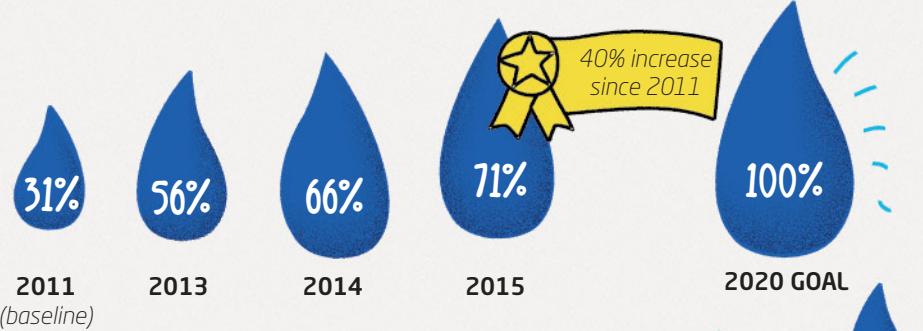
In 2015, Brooks piloted the **Higg Index Design and Development Module** (DDM) and plan to adopt this tool after its launch. We believe this assessment will help us understand the impact of design decisions and identify opportunities to improve.

Learn More

*Unless otherwise stated, we measure and report footwear sustainability performance specific to our core 4 footwear styles (Adrenaline GTS, Ghost, Glycerin, and Ravenna).

VOLATILE ORGANIC COMPOUNDS (VOCs)

Percentage of Adhesives that are Water-Based for Brooks Footwear*



Brooks is reducing use of VOCs by substituting solvent-based adhesives with water-based adhesives that contain no VOCs.

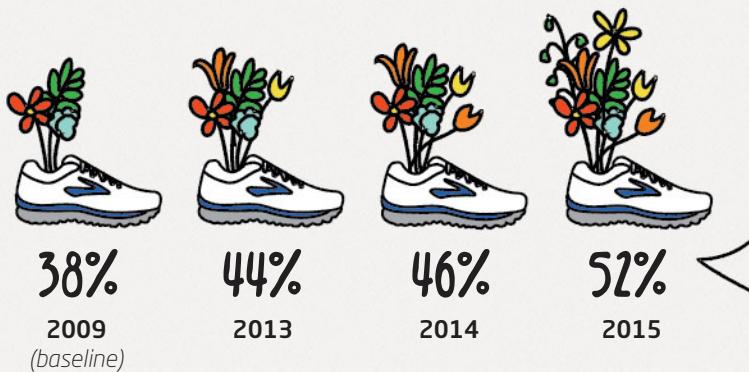
Learn More

*Data represents all Brooks footwear styles.

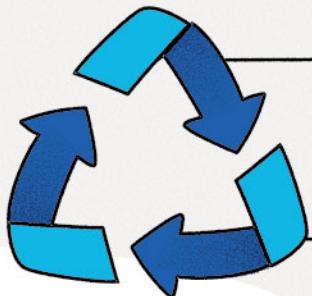


ENVIRONMENTALLY PREFERRED MATERIALS (EPM)

Average EPM% (by weight) for Brooks Footwear



14% INCREASE
since 2009



Continued selection of materials with a minimum 20% recycled content and using our BioMoGo midsole ensures average EPM% continues to increase year over year.



BIOMOGO

midsole biodegrades **50 times faster** than a traditional EVA midsole.

?

Learn More

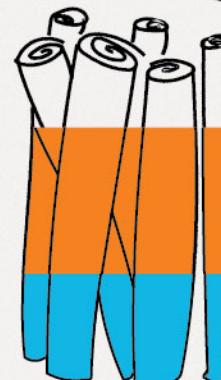


Note: Due to improvements to our data management system, historic performance has been updated on previously reported data.

Material Certifications for Brooks Apparel

Our apparel product team prioritizes sourcing materials that are either **bluesign®** or **Oeko-Tex** certified.

A **bluesign®** or **Oeko-Tex** material certification ensures a final material does not contain potentially harmful substances.



74% of total apparel material yards purchased in 2015 have a material certification.

44% **Oeko-Tex**

30% **bluesign®**

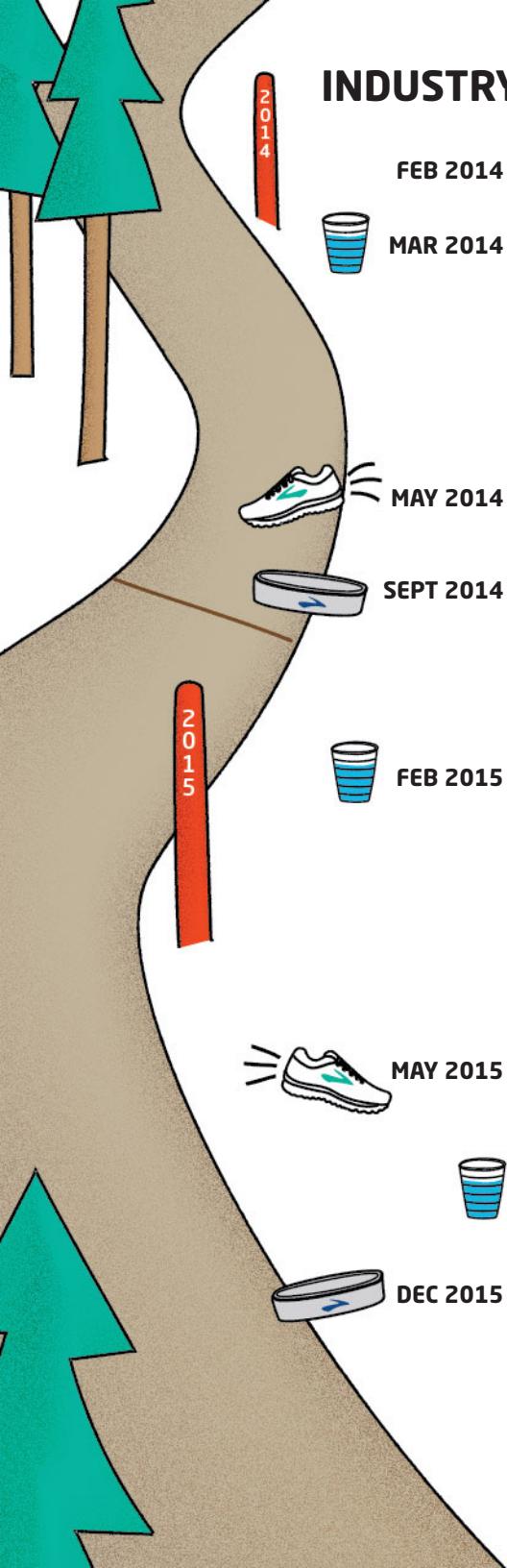
Since our partnership with bluesign® began in 2014, we've **increased** the number of materials selected with a bluesign® certification.

bluesign® certification is the most comprehensive system available for textiles that ensures best practices for sustainability in both the final material and in each step of the manufacturing process.

?

Learn More

INDUSTRY COLLABORATION THROUGH THE SUSTAINABLE APPAREL COALITION (SAC)

	2014	FEB 2014	Joined the SAC.
	MAR 2014		Adopted the Higg Index Facilities Environmental Module (FEM) to evaluate contract factories' sustainability performance.
	MAY 2014		Requested all footwear and apparel contract factories to complete the FEM self-assessment.
	SEPT 2014		Completed the Brand Module self-assessment.
	FEB 2015		Joined the Design and Development Module (DDM) working group to participate in the development of the tools' content in collaboration with our industry peers.
	MAY 2015		Formalized the requirement for contract factories to annually evaluate their sustainability performance using the FEM via our supplier guidelines.
	DEC 2015		100% of all footwear and apparel contract factories completed their annual FEM self-assessment.
	MAY 2015		Completed annual update of the Brand Module self-assessment.
			Joined the FEM 3.0 working group to participate in the continuing development of the FEM.
			Pilot tested the DDM to provide feedback for further improvements.
			Joined the SAC's Social and Labor Convergence working group to participate in the development of a unified approach to assessment and measurement systems.



Higg Index Suite of Tools:

Brand Module



Factory Environmental Module



Product Design Module



These tools empower brands, retailers, and manufacturing facilities to measure environmental and social/labor impacts in a standardized approach and identify opportunities to improve.

 [Learn More](#)

As an active participant in the work of the SAC since joining in 2014, Brooks is evolving its sustainability program in alignment with the Higg Index tools. We have already adopted the Brand Module self-assessment and the Facilities Environmental Module (FEM) with our supply chain.

Manufacturing

We're adopting industry standardized assessment tools to manage environmental performance of our contract factories.

Our supply chain sustainability program continues to focus on working with our contract factories to adopt and proactively use the Higg Index

FACILITIES ENVIRONMENTAL MODULE (FEM).

In 2015, via our supplier guidelines, we formalized an ongoing process for our contract factories to complete annual self-assessments of the FEM.



FEM



The FEM provides our factories with a framework for performance improvement.



Our adoption of the FEM with our supply chain supports the industry in moving toward a standardized environmental assessment that will free factories of assessment fatigue.



This in turn will result in less time completing multiple brands' assessments and more time focusing on adopting environmental best practices.

INDUSTRY COLLABORATION

Through our SAC membership we have remained an active participant in the effort to continually evaluate the FEM to ensure its effectiveness in monitoring and improving environmental performance.

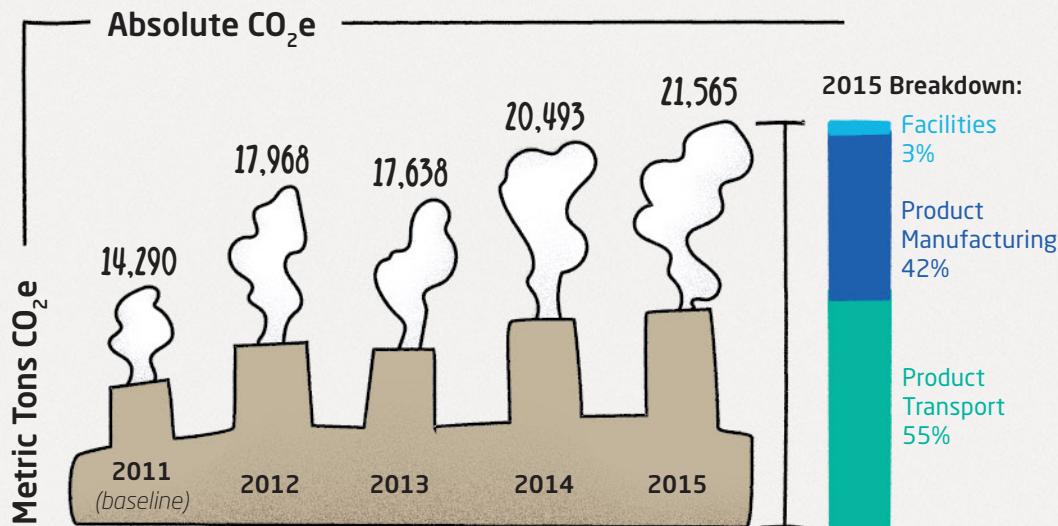
[Learn More](#)

Our Footprint

We measure Greenhouse Gas Emissions to minimize our environmental footprint.

ABSOLUTE GREENHOUSE GAS (GHG) EMISSIONS

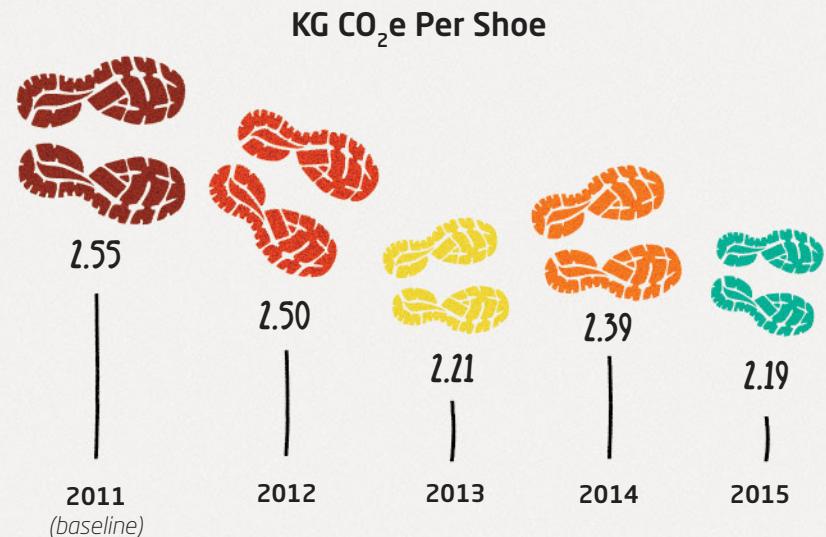
As the Brooks business continues to grow, absolute GHG emissions have increased year over year.



Learn More

PER SHOE GREENHOUSE GAS EMISSIONS

However, as a general trend, annual GHG emissions per shoe have **decreased 14% since 2011**.



FACTORS FOR INCREASED ABSOLUTE GHG EMISSIONS

A labor dispute caused months of gridlock on U.S. West Coast ports in 2014 and 2015 resulting in an increased number of air shipments to get our product to market on time. Typically we ship about 44% of our total shipments via air; however, this increased to 54% in 2014 and 52% in 2015. With a larger GHG footprint than ocean shipments, these additional air shipments contributed to our total GHG emissions increasing in 2014 and 2015.

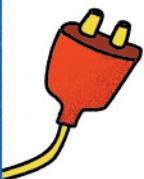
Our goal in 2016 is for air shipments to reduce to their typical levels.

Notes: In 2015, Brooks adopted a new GHG emissions calculation system that recalculated historic absolute and per shoe GHG emissions. Reported GHG emissions are therefore different from previously reported data. We have reset our baseline to 2011 to improve data accuracy.

HIGHLIGHT

REDUCING OUR IMPACT IN OUR GLOBAL HEADQUARTERS

A LEED Platinum and Energy Star certified building, our global headquarters in Seattle, USA, is trailblazing sustainable building standards. The building's design and its influence on occupants has led to significant energy and water savings. Compared to an average office building¹, during a 12 month time period our new home used:



78% LESS ENERGY

4 million Kw less energy — that's the same amount of electricity 415 average U.S. homes use in 1 year.



80% LESS WATER

3 million gallons less water - that's the same amount of water as 81K+ loads of laundry.

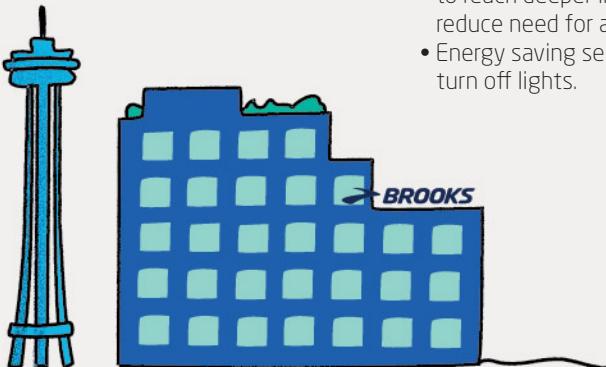
THE DETAILS BEHIND OUR HOME

Monitoring

- The building's systems are fully metered to monitor energy and water usage.

LED Lighting System

- Highly efficient LED bulbs managed via sensors.



Efficient Heating and Cooling

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

Maximizing Natural Light

- Large windows allow natural light to reach deeper into the building to reduce need for artificial lighting.
- Energy saving sensors adjust and turn off lights.

Commuting Alternatives

- Showers, changing rooms, and secured bicycle storage encourage human-powered commuting.
- Electric vehicle charging stations.

Water Conservation

- Rainwater collection used to flush toilets and irrigate landscaping.
- Timed showers to decrease consumption.

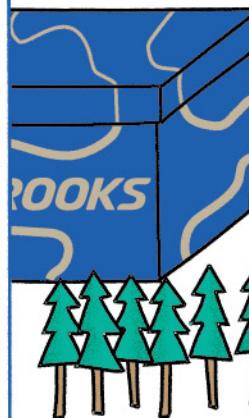
Reclaimed & Recycled Materials

- Salvaged wood from old buildings on the site are used in the building's feature staircase.

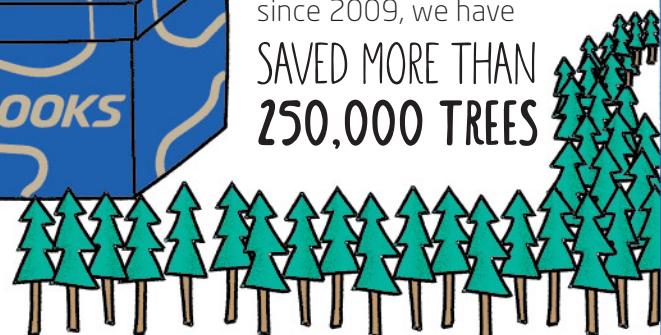
Learn More

¹2003 Commercial Building Energy Consumption Survey (CBECS)

OUR SHOE BOX



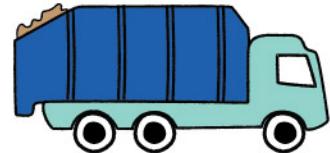
By using **100% recycled materials** in our packaging since 2009, we have **SAVED MORE THAN 250,000 TREES**



We have saved more than

2.2 MILLION pounds of paperboard since we introduced our updated shoe box in 2012 with a 13% lighter paperboard material.

That's the same weight as 80 fully-loaded garbage trucks!



We have saved more than **600,000 pounds** of shoe stuffing since we removed it from most styles in 2009.



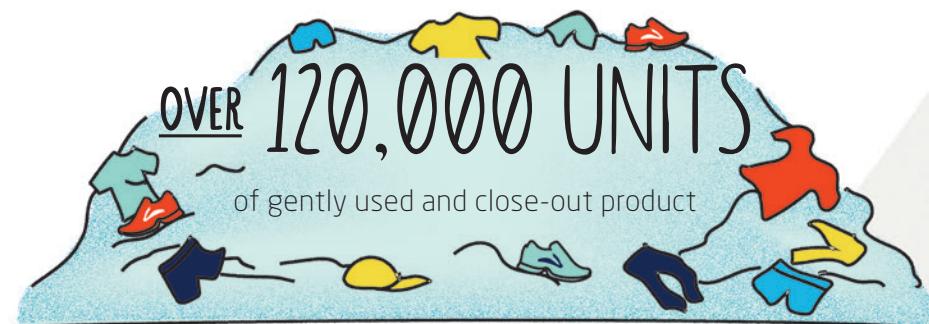
Learn More

Community

WE BELIEVE A RUN CAN FLAT OUT CHANGE A DAY, A LIFE, THE WORLD.

Through the following programs Brooks employees act as ambassadors of the brand, sharing our purpose "to inspire everyone to run and be active."

TOTAL DONATIONS MADE IN 2015 *for all charitable giving programs:*



INSPIRING COACHES

 Learn More

2015 Inspiring Coach of the Year, Manuel Castellanos, was chosen because of the incredible, life-transforming impact he's had on his student athletes. The nominations submitted by Manny's current and former athletes demonstrated a coach who goes above and beyond to not only coach his athletes, but inspire them to change their lives for the better.



13 RECIPIENTS, with total donations of:



\$8,500 CASH



\$70,000 IN PRODUCT

BOOSTER CLUB

 Learn More

High school track and cross-country programs received a boost in 2015 with the addition of the Brooks Booster Club. This needs-based scholarship program provides funding and gear to high school cross-country and track teams who might not otherwise have the opportunity to provide some of these basic needs to the members of their team.



25 TEAMS, with total donations of:



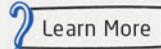
\$50,000 CASH



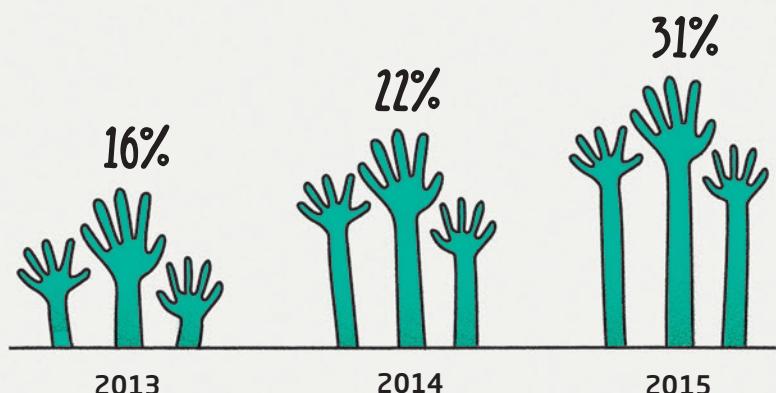
\$312,500 IN PRODUCT

RUN B'CAUSE

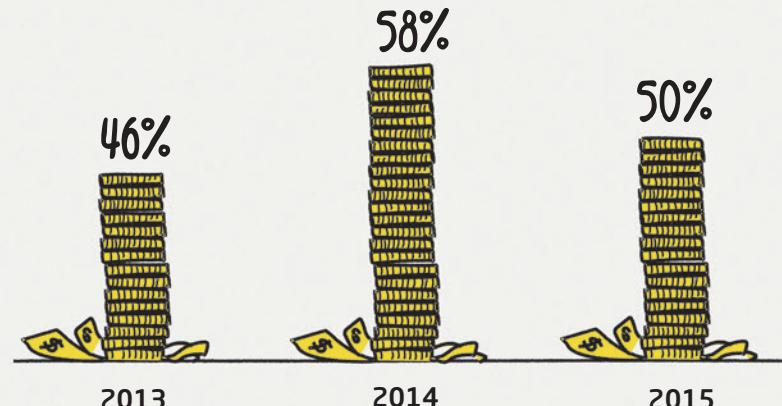
The cornerstone of the Run B'Cause program is the Employee Volunteering and Donations program that encourages Brooks employees to give back to their communities. Employees get a chance to share time, money, and Brooks gear with causes and groups that matter most to them.



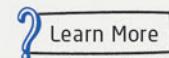
EMPLOYEE VOLUNTEER PARTICIPATION



EMPLOYEE DONATION PARTICIPATION



PARTNERSHIPS



\$10,000 cash donations



3 miles of trail cleaned at Brooks/TwoTen Footwear Cares flagship volunteer event



\$27,672 cash donations, including over \$12,000 raised during the Outdoor Retailer trade show



7th year in a row Brooks employees have volunteered at the Conservation Alliance Backyard Collective



A new partnership in 2015 that includes:



\$50,000 cash donations



Gold level partners for 2015



\$59,864 cash and in-kind donations



23 running clubs supported around the state



522 youth engaged in regular physical activity through the program



7,691 total amount of miles ran during the year

HIGHLIGHT

EMPLOYEE DONATION WITH **SOLE TRAIN**

In December 2015, Brooks partnered with **Sole Train**, a youth running and mentoring nonprofit in Boston that teaches kids to go beyond their expectations by training for a marathon.



They reached out to us to help their kids keep running through the frigid Boston winter. Through the Brooks Employee Donations program we collected enough Run B'Cause dollars to donate product to keep them both active and warm.

45 EMPLOYEES GAVE **\$13,500**

ALLOWING US TO DONATE

140 pairs of **NEW**
running shoes

240 wool
sweatshirts

GO GET THAT MARATHON, SOLE TRAIN!

WORKING TOWARD CORPORATE RESPONSIBILITY IS A JOURNEY,

and while we've taken a number of important steps, we've only just begun. We're continually looking to improve our Running Responsibly program to be best-in-class on social and environmental issues.

We invite you to send comments, questions, and suggestions to:

runningresponsibly@brooksrunning.com.

