



THE PUMA FOREVER BETTER
SUSTAINABILITY HANDBOOKS
SOCIAL STANDARDS



FOREWORD

At PUMA, we believe that our position as a creative leader in the sports industry gives us the opportunity and the responsibility to contribute to a better world for generations to come. Sustainability remains a key value of the PUMA brand. We are working towards a more just and sustainable future, accelerating positive change in industry and the world. We believe that by staying true to our values, inspiring the passion and talent of our people, working in sustainable, innovative ways and doing our best to be Fair, Honest, Positive, and Creative, we will keep on making the products our customers love and at the same time bring our vision of a better world a little closer every day.

We aim to bring our trading practices in line with the principles of sustainable development. This means that we do not just want to provide high-quality products, but it is our duty to ensure that these products are manufactured in workplaces where human rights are respected and workers' health and safety as well as the environment are protected.

PUMA takes on responsibility for everybody involved in the production process, whether they are PUMA employees or not. However, this responsibility can neither replace nor substitute the responsibility of our Vendors within their own manufacturing facilities. Our "Code of Conduct" expresses the expectations we have of our Vendors. It is integrated into our manufacturing agreement, which delimits the business relationship we share with our partners. PUMA takes this shared responsibility seriously. We reserve the right to terminate business relations with any partner who does not respect the letter or the spirit of our Code of Conduct or Corporate Sustainability Policies.

Only by partnering up with our Vendors we will be able to have a positive impact and contribute to making a better world for the communities we operate in, the workers who make our great products, our customers and our own employees and, of course, for future generations.



Anne-Laure Descours

Chief Sourcing Officer

~~FOLLOW~~
MASTER
THE RULES

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Introduction

FOREVER BETTER Sustainability Handbooks

The PUMA Code of Conduct defines a clear minimum standard for supply chain partners. Our Code of Conduct is displayed in factories producing PUMA products, materials or components and is also an essential part of purchasing contracts.

The Code's standards are based on International Labor Organization standards and other internationally accepted standards.

PUMA requires all business partners which are producing goods to PUMA their subcontractors and their suppliers to comply in full with this Code of Conduct. All PUMA Vendors must have met all minimum legal requirements. In addition, each must comply with PUMA standards (which may exceed legal requirements) as defined in the four (4) PUMA Forever Better Sustainability Handbooks: (the "Handbooks"):

- "Social Standards" elaborates upon PUMA's position on labor rights
- Guidelines for sustainability and environmental protection are contained in "Environmental Standards"
- "Occupational Health & Safety" outlines our standards for and health and safety throughout our supply chain
- Guidelines for Chemicals, Materials and Restricted Substances are in "Chemical Management"

These Handbooks are subject to continuous updates. Any feedback or suggestions for improvement are welcome (contact your PUMA Sustainability Team representative or email sustain@puma.com).

PUMA is committed to ethical and responsible corporate behavior, as prescribed in our Code of Ethics, which our employees and business partners have pledged to uphold.

Legal Disclaimer:

The content of this handbook is not intended to replace local or national regulations, nor will following the guidelines in the Handbooks guarantee compliance with them. At all times, it remains the sole responsibility of our own entities, Vendors and their Subcontractors, to ensure compliance with all applicable local and national regulations, including those labor, worker health and safety, and environmental and product safety.

Sec. 1 – PUMA Sustainability Approach

1.1 Strategic approach

PUMA's Forever Better strategy strives to create a positive impact by integrating sustainability into all its business areas. PUMA's strategy aims to balance economic, social, and environmental dimensions towards a more sustainable business development.

The Forever Better strategy clearly addresses Human Rights. PUMA does not tolerate any child labor, forced labor, all forms of slavery, disregarding occupational health and safety obligations, disregarding freedom of association, unequal treatment, not paying adequate wages, causing pollution to air, water and soil, harmful noise emission, excessive water consumption, unlawful eviction, using security forces for harmful purposes, environmental pollution in PUMA's own operations and through its supply chain.

PUMA stands for continuous improvement and mainstream sustainability, in an effort to create positive impact and ensure industry alignment.

SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (SDGs) define global development priorities for 2030 and aim to join efforts among businesses, governments and civil society around a defined set of targets. The PUMA 10FOR25 and 2030 Sustainability Targets are linked to the SDGs.

UN GUIDING PRINCIPLES

The UN Guiding Principles on Business and Human Rights are a set of guidelines for states and companies to prevent, address and remedy human rights abuses. Human Rights are featured with an own target section in PUMA's 10FOR25 strategy.

POSITIVE IMPACT

Our PUMA sustainability strategy is centered around creating maximum positive impact. This means integrating sustainability into our main business and volume styles.

PARTNERSHIP WITH VENDORS

The majority of our environmental and social impact is created in our supply chain. Therefore, we are working in partnership with our vendors to achieve our common goals - from ensuring fair working conditions and effective pollution controls to the development and use of more sustainable materials.

STAKEHOLDER DIALOGUE

Striving for a more sustainable world puts us all on the same team. To do our part and become an ever more sustainable company, we depend on what our stakeholders and industry peers share with PUMA. The feedback and expertise of our stakeholders, as well as the collaborations with our industry peers is indispensable for our progress. In an industry where many suppliers are shared among brands, we cannot do it alone. Therefore, we are working with our industry peers towards harmonizing sustainability standards and joint efforts towards implementing good practices to create positive impact.

1.2 Track Record

JUDGING THE SCORE

Our sustainability department is in constant exchange with PUMA's Managing Directors and top management on sustainability topics. Through executive reports as well as in-person meetings, PUMA aims to keep all internal stakeholders informed to be able to react quickly. In turn, we receive frequent feedback from them as well as external stakeholders.

The Board of Management reports to PUMA's shareholders via the Supervisory Board as well as our Annual Report, which contains a detailed sustainability section.

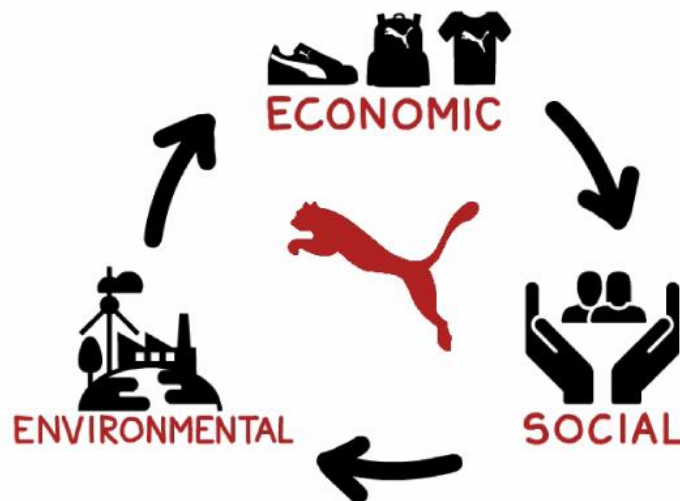
SUSTAINABILITY TEAM MANAGERS

In terms of sustainability, the highest governance body at PUMA is the Executive Sustainability Committee at SE level. This group of Managers is responsible for the supervision and setting-up of our sustainability strategy. In regular meetings, the members oversee the progress of PUMA against our sustainability targets.

1.3 Sustainability Strategy

PUMA has updated its global sustainability strategy that balances three (3) dimensions—**Economic, Social, and Environment** (see Fig. 1)—to achieve sustainable business development. The new strategy includes a drive to mainstream sustainability, create impact and ensure industry alignment.

Figure 1: Three dimensions of PUMA's Sustainability Strategy





1.4 Sustainability Targets






1.4.1 PUMA 10FOR25 Targets



*SDG: United Nations Sustainable Development Goals

Figure 2: PUMA 10FOR25 Sustainability Targets

Target	Definition	Target for 2025
 01 Human Rights	Embedding human rights and compliance to ILO Core Conventions in all our operations and suppliers. Making a positive impact on communities where PUMA is present.	1. 100.000 direct and indirect staff trained on women empowerment 2. 150.000 hours of community engagement (in total) 3. Mapping of subcontractors and major T2 suppliers for human rights risks based on geography
 02 Health and Safety	Reducing injury rates significantly to achieve zero fatal accidents and injury rates below industry average.	1. Zero fatal accidents within PUMA and suppliers 2. Reduce injury rates for PUMA Core Suppliers below 0.5 (per 100 full time employees) 3. Reduce injury rates for PUMAs own staff below 0.5 (per 100 full time employees) 4. Ensure functioning OHS committees are in place at all PUMA entities over 100 staff and all suppliers globally

Target	Definition	Target for 2025
 03 Chemicals	Achieving Zero discharge of all hazardous chemicals from our supply chain.	<ol style="list-style-type: none"> 1. Ensure 100% of PUMA products are safe 2. Maintain RSL compliance rate above 90% 3. Reduce organic solvent usage in core footwear manufacturing under 10gr/pair
 04 Water and Air	Meeting industry good practice on wastewater quality and air emissions to 90% for PUMA core suppliers.	<ol style="list-style-type: none"> 1. Ensure 90% of PUMA Core Suppliers with wet processing comply to ZDHC wastewater guideline foundational level 2. Ensure 90% of PUMA Core Suppliers comply the ZDHC Air Quality Guideline (in development) 3. Reduce water consumption at PUMA core suppliers by additional 15% (on 2020 baseline)
 05 Climate	Taking a leading role in Climate Action within our industry and implementing our existing science-based greenhouse gas emission reduction target.	<ol style="list-style-type: none"> 1. Align PUMA Climate Target to 1.5 Degree Pathway 2. Move all PUMA entities to renewable electricity 3. Increase percentage of renewable energy used by core suppliers to 25%
 06 Plastics and the Oceans	Joining forces on reducing plastic pollution.	<ol style="list-style-type: none"> 1. Support initiative and scientific research on microfibers (use phase + production); work with core suppliers to reduce microfiber release 2. Eliminate plastic bags from PUMA Stores, review hangers and fixtures 3. Research biodegradable polyester options for products
 07 Circularity	Moving toward a more circular business model.	<ol style="list-style-type: none"> 1. Build, setup or join product takeback schemes in major markets 2. Reduce production waste to landfill by 50% 3. Develop recycled material options for leather, rubber, cotton and PU


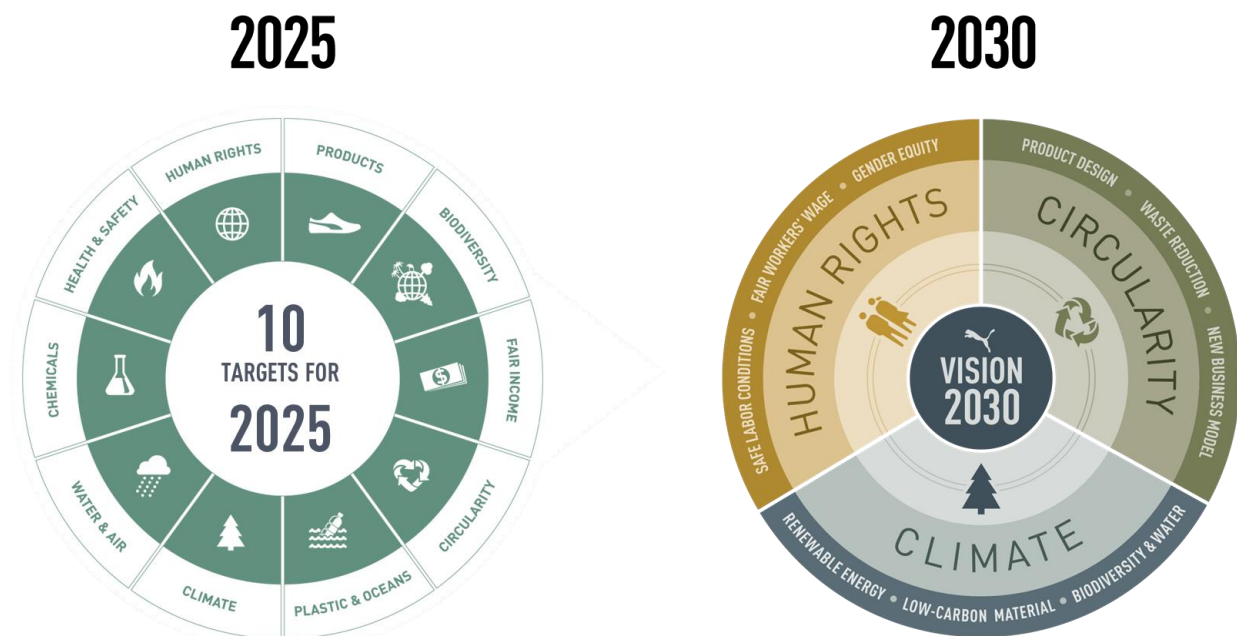
Target	Definition	Target for 2025
 08 Products	Ensuring 90% of our products contain more sustainable materials and components.	<ol style="list-style-type: none"> 1. 90% of all PUMA Apparel and Accessories contain >50% more sustainable materials 2. 90% of all Footwear contain at least one more sustainable component 3. Increase recycled polyester use (apparel and accessories) to 75%
 09 Fair Income	Mapping and improving wage practices in major sourcing countries.	<ol style="list-style-type: none"> 1. Carry out Fair Wage Assessments including mapping of specific wage ladder for top 5 sourcing countries to help improve their wage levels and practices 2. Ensure bank transfer payment (to workers) for all core suppliers by 2022 3. Ensure effective and freely elected worker representation in all core T1 suppliers through collaboration with other brands
 10 Biodiversity	Promoting biodiversity by using certified and traceable materials.	<ol style="list-style-type: none"> 1. 100% of cotton leather and viscose from certified sources 2. Support setting up a Science Based Target on Biodiversity 3. Zero use of exotic skins or hides

Figure 3: PUMA Action Plans on 10FOR25 Sustainability Targets

1.4.2 PUMA Vision 2030 Targets

With Vision 2030 we have elevated and evolved our current 10FOR25 sustainability goals to achieve bigger, better targets in Climate, Human Rights and Circularity by 2030.

Setting the bar higher to stay true to our responsibility to be FOREVER. BETTER. throughout our business, for people and the planet.



Climate Targets

Scope 1 & 2 Climate-Related Targets (PUMA Own Operations)

2030 Science Based Target (SBT):

90% Absolute Green House Gas (TCO₂E) reduction from 2017 baseline (market based)

SCOPE 1 (Direct Emissions)

- All vehicles in PUMA car fleet moved to zero or low emission vehicles where charging infrastructure permits (>60%)
- No corporate airplane unless biofuels are used
- Move remaining natural gas heating to biogas, hydrogen or electric heating (>50%)

SCOPE 2 (Indirect Emissions)

- Continue to use 100% renewable electricity
- Use over 2 MWp of own solar capacity
- Use 75% renewable content district heating at PUMA Headquarters

SCOPE 3 Emissions

(PUMA Supply Chain)

2030 Science Based Target (SBT):

33% Absolute Green House Gas (TCO₂E) reduction from 2017 baseline

- Reach 40% renewable energy use (for core factories)
- Reduce GHG emissions (scope 1 & 2) by 40% for core factories
- No coal-fired boilers for core factories

Less Carbon Intensive Material

- 100% Recycled Polyester Fabric
- 30% Fibre-to-Fibre recycled polyester fabric for Apparel
- 20% Recycled Cotton fabric for Apparel
- Research and invest into next-generation material options with a focus on Footwear

Biodiversity & Water

- PUMA sets Science Based Targets (SBT) for Nature
- 50% recycled industrial wastewater at core factories
- Deforestation-free bovine leather
- 95% Manufacturing Restricted Substances List (MRSL) compliance at core factories
- 90% air emission compliance at core factories

Circularity Targets

Product Design

- Establish circular design criteria focusing on recyclability, durability, and repairability based on industry standards.
- Subsequently, define specific targets for products adhering to these criteria.

Recycled material usage

- 100% Recycled Polyester Fabric
- 30% Fibre to Fibre Recycled Polyester Fabric for Apparel
- 20% Recycled Cotton Fabric for Apparel
- Research and invest into next-generation material options with a focus on Footwear.

New Business Models

- Provide access for consumers to re-sell/repair business models in selected markets
- Increase consumer communication to raise awareness about circularity

Waste Reduction

- Pre-Consumer Waste: Partner with industry associations, our suppliers and selected governments in sourcing countries to establish ways of recycling material waste
- Post-Consumer Waste: Collaborate with industry peers on sorting and recycling solutions taking into consideration Extended Producer Responsibility schemes (EPR).

Primary Packaging

- 100% of unavoidable plastic packaging made from recycled content
- Eliminate plastic packaging where technically and economically feasible

Human Rights Targets (For PUMA Employees)

Living Wage

- All PUMA employees who earn their living income with PUMA are paid a living wage

Diversity And Inclusion

- No less than 45% of men and women in leadership roles (Team head & above)
- Foster diversity & inclusion on all aspects including culture, ethnicity and sexual orientation measured with a leading diversity & inclusion score based on employee opinion surveys (top quartile of industry)

Employee Engagement And Development

- Keep a leading employee engagement score based on employee opinion surveys (top quartile of industry)
- 8-10 training hours per fixed term employee (FTE)

Gender Equality

- Close the gender pay gap in all countries (externally verified)

Health And Safety

- Zero fatal accidents
- Lost Time Injury Rate (LTIR) below 2 (less than two injuries for 1,000,000 hours worked)

Community Engagement

- 500,000 hours of community engagement donated until 2030 (2020 baseline)

(For Supply Chain Employees)

Labor Conditions

- 400,000 workers trained on Human Rights (Forced labor, Freedom of Association, H&S)

Workers Wages

- Progressive salary increase towards living wage at core factories
- No recruitment fees for foreign migrant workers

Gender Equity

- Zero gender pay gap at core factories
- 100% core Tier 1 CEOs Sign the UN Women Empowerment Principles

Sec. 2 – Compliance

2.1 Vendor Requirements

PUMA pursues and maintains contractual relationships only with those **factories** and **Licensees** that have agreed to comply with the guidelines and directives set out in the PUMA Forever Better Sustainability Handbooks. All PUMA **factories** are contractually bound to start and pursue business relationships only with **Subcontractors** that are also in compliance with the Handbook.

2.2 Conflicting Requirements & Conflicts of Interest

Vendor compliance programs must guarantee compliance with all relevant local, national, and international legislation. In case of conflicting requirements, stricter regulation prevails.

Factories shall always make company decisions objectively, and free of any bias that could result in a conflict of interest. Examples of potential biases include:

- Business dealings (e.g., having relationships or investment with competitors)
- Social ties (e.g., friends or relatives influencing decisions)
- Other personal considerations (e.g., offering or accepting bribes; receiving gifts from Suppliers, Subcontractors etc.)

2.3 Limitations Regarding Antitrust

PUMA will not willingly violate any antitrust legislation by sharing commercial information or other information considered a violation by government authorities. However, we acknowledge that when Vendor compliance programs converge with other business-related activities (e.g., when Suppliers engage in production planning) the compliance-related data may imply some commercial information.

Thus, **Suppliers** are responsible for maintaining the confidentiality of commercial information, and must inform all relevant customers, including PUMA, of what information the Supplier shares with which parties.

2.4 Anti-Corruption

Around the world, corruption remains a considerable obstacle to sustainable economic and social development. It threatens the reputations of companies as well as those in their supply chains. Furthermore, new, and stringent anti-corruption regulations continue to emerge worldwide. As a signatory of UN Global Compact, PUMA is committed to upholding the ten (10) Global Compact principles in our operations and supply chain. This commitment includes fighting corruption. As part of this commitment, PUMA has added “Ethical Business Practices” to the PUMA Code of Conduct (see Appendix A). PUMA believes:

corruption impedes business growth, escalates costs and poses serious legal and reputational risks. It also raises transaction costs, undermines fair competition, and distorts sustainable development priorities. **For factories**, corruption can also negatively impact value. It also poses financial, operational, and reputational risks, both for factories and their stakeholders.

As part of PUMA’s supply chain, **factories** must implement robust anti-corruption measures and practices to protect against such risks for all potentially impacted parties as follows:

- Conduct regular training to raise awareness on anti-corruption within their organizations
- Conduct an Anti-Bribery and Corruption Risk Assessment
- Develop an anti-corruption policy and program
- Implement a whistleblowing mechanism

Sec. 3 – Factory Monitoring Programs

PUMA’s social monitoring program applies, in principle, to all factories producing PUMA products (semi-finished or finished) or manufacturing materials, components, raw materials, trims, labels or packaging.

For some areas or countries, upstream operations, the PUMA Sustainability Team may decide that a full factory audit will not be conducted. In these cases, the Sustainability Team may instead require the **factory** to complete a self-assessment using the PUMA Compliance Audit tool.

Currently we implement a compulsory factory monitoring program for almost all T1 (product manufacturers) and core T2 (fabric/material/label, packaging, trim manufacturers covering 80% of PUMA’s sourcing business volume), and selected non-core T2, warehouse and non-commercial goods factories producing retail store embellishment products.

PUMA Sustainability Team follow-up and monitor factories’ performance. Factories' performance is shared with PUMA Sourcing Teams through regular meetings (e.g., bi-weekly and quarterly) and with PUMA T1 & T2 suppliers (e.g., suppliers’ meeting, capacity building training sessions, emails communications), via reports and/or supplier score card with the aim to incentivize suppliers with good performance or review business plan for suppliers with weak performance.

Vendor Due Diligence

Vendors are expected to conduct due diligence on Human Rights & Labor, Environmental and Integrity risks (Listed in table) as per the recommendations of the [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector | en | OECD](#) and the UN Guiding Principles and other relevant Responsible Business Conduct standards.

Due diligence is an ongoing process, in which Vendors can identify, mitigate, prevent and account for how they address their existing and potential adverse impacts (e.g., child labor, discrimination, hazardous chemicals etc.). Suppliers are expected to conduct due diligence on their own activities and across their supply chain and other business relationships. Responsible business conduct shall be embedded in companies’ own policies and management systems.

Proper risk management system allow a business to identify, assess, manage and act-towards human rights related risks, opportunities and violations within its own business area’ and within its value chain.

In response to the COVID-19 pandemic and the possibility of future crises, vendors are recommended to conduct their due diligence checks virtually when necessary.

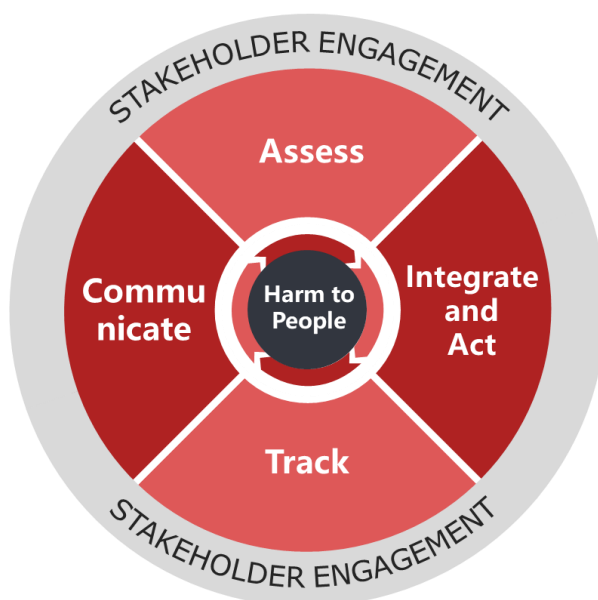


Figure 4: Vendor Due Diligence Process

Risk Management

Risk assessments allow us to identify relevant human rights related risks and companies then need to prioritize them. Prioritization should depend on:

- Severity: Scale (how serious the impact is), scope (how many people are or will be affected) and irremediability
 - The likelihood of risk occurring based on the operating environment: Conflict zone, weak governance; mismatch between local practices and international standards
- The risk analysis shall be conducted on an annual basis and on an ad hoc basis in the event of a significant change or increase in risk exposure. Results of risk analysis should inform business decision-making processes.

The most salient risk in garment and footwear supply chains are identified in the table below, but suppliers should identify risks relevant to their own operations and locations.

Human Rights & Labour	Environmental	Integrity
Child labor	Greenhouse gas (GHG) emissions	Bribery and corruption
Equal treatment and opportunities for all	Substance of very high concern	Supplier relationship management including payment practices
Forced labor	Water scarcity and pollution	Corporate culture
Occupational health and safety (e.g., worker-related injury and ill health)	Microplastic pollution	Consumer data privacy
Violations of the right of workers to establish or join a trade union and to bargain collectively	Loss of biodiversity and impact and dependencies on ecosystems	Consumer health & safety
Non-compliance with minimum wage laws	Transition to a circular economy including waste	Protection of whistleblowers
Wages do not meet the basic needs of workers and their families		
Not attracting or retaining talents (own operations)		

Preventive Measures & Remedial Action

Suppliers need to establish processes to cease, prevent or mitigate harm in their own operation and their supply chain. They should provide for or cooperate in remediation when appropriate.

Where human rights and environmental related risks or violations are discovered, suppliers shall work with all the relevant parties involved without undue delay for the affected stakeholders, including Civil Society Organisations (CSOs), to access to remedy and to end or to minimize the risks or violations by taking the appropriate preventive measures and remedial action.

When developing preventive measures and remedial action, special attention, and where possible engagement with, should be given to the most vulnerable among the potentially impacted people and communities. We consider workers vulnerable if they are at a higher risk of experiencing poor working conditions and a lack of job security. Vulnerable workers are typically those engaged in precarious forms of employment, such as own-account workers (self-employed individuals) and contributing family workers (those working for their family without pay) informal workers (Individuals engaged in informal employment, often without legal or social protections), low-skilled workers (Workers with limited skills or education, often in precarious jobs) migrant workers (Individuals working outside their home country, often in low-wage and insecure jobs), women and minorities (Groups that may face discrimination and limited opportunities in the labor market).

Grievance mechanism

Suppliers should have functioning grievance mechanisms in place within their own operations and their value chain, available for their workforce as well as third parties such as Trade Unions and CSOs.

Transparency

Suppliers should communicate their Due Diligence efforts and grievances cases, through their preferred channels, websites, sustainability reports to inform their relevant stakeholders.

Effectiveness Control & Improvement

Suppliers shall review the effectiveness and appropriateness of their risk analysis, preventive measures, remediation measures, complaints procedure annually and on an ad hoc basis,

3.1 PUMA Declaration of Principles

All **suppliers** must sign the PUMA Declaration of Principles, declaring their intention and conviction to comply with all relevant national and local laws, as well as with the policies set forth in the PUMA Forever Better Sustainability Handbooks. The Declaration also affirms Suppliers' commitment to only choose such Subcontractors for the manufacturing of PUMA products that comply with the Handbooks.

PUMA reserves the right to conduct Compliance Audits without advance notice.

PUMA may visit **core factories** more frequently. However, not all assessments will be in the form of audits. For example, Core Suppliers may be visited to validate social and environmental KPIs.

AUDIT SCORE SUMMARY

- Only factories with a passing grade of **A**, **B+** or **B-** will be authorized for PUMA production.
- Existing factories that receive a **C** rating will be given a specific timeframe (6 months) to resolve noncompliance Critical Issues. Based on successful completion, the factory will be upgraded to a **B** rating and production authorization will be given.
- Factories given a **D** rating are considered unprepared for compliance with the PUMA Standards. No production authorization shall be given to these Factories. **D** rated Factories may apply for a new PUMA Compliance Audit only if they provide credible evidence that a higher compliance status has been permanently achieved (e.g. The factory presents an externally verified completion of corrective action plan or similar).

Warehouses, retail store embellishment and non-core T2 suppliers graded A, B+, B- are re-audited after 24 months, C grade after 12 months and D after six months. For factories with a D grade, including Better Work Factories, Zero Tolerance (ZT) issues need to be corrected between two and six months.

3.2 New Factory Onboarding

Pre-Screening Visits

Before a PUMA audit is conducted at a factory, the prospective business partners usually conduct a pre-screening to get an overview of the factory's compliance status. Based on an initial visit and investigation at the factory, the prospective business partner may fill out an initial compliance report that can be used to prepare the full audit.

Factory Self-Assessments

In addition, before a Social Audit is conducted, , we share the full audit questionnaire which will be used during the audit. It also allows factories to compare their existing system with PUMA's requirements and work on potential areas for improvement before the full audit is conducted.

EiQ Sentinel is a tool for assessing supplier risks, scanning for controversies related to labor, health, safety, environment, ethics, and management systems. It provides near-real-time alerts from various sources, including media, NGO reports, and social media. For onboarding new factories, the PUMA sustainability team checks EiQ Sentinel and, in China, the IPE database for environmental violations. Factories must then comply with PUMA standards through a social audit to ensure adherence.

3.3 External Monitoring Programs

To avoid audit fatigue, e.g., multiple buyer audits at individual factories, PUMA accepts audits or assessments conducted by, or on behalf of, the ILO Better Work Program or accredited member brands of the Fair Labor Association (FLA) or the Social and Labor Convergence Program (verified by a certified body), in lieu of conducting our own.

Please note: Factories must share full audit or assessment reports with PUMA, and these reports may not be older than one (1) year.

PUMA is an active member of the Fair Labor Association (“FLA”), as well as the Fair Factories Clearing House (FFC), a compliance information platform used to store, manage, and share our compliance-related data. Factories shall accept SCI (Sustainable Compliance Initiative) assessments conducted by the FLA.

PUMA supports the efforts of the Social and Labor Convergence Program (“SLCP”) to converge the various social and labor standards within the Apparel and Footwear industry.

Therefore, PUMA asks all factories registered in this program to complete the SLCP self-assessment and verification by certified bodies on an annual basis.

Since 2013, PUMA has been an active member of the ILO Better Work Program. This program is jointly run by the ILO and the IFC in certain countries including Cambodia, Vietnam, Bangladesh, Indonesia and Pakistan.

Factories subject to the ILO Better Work Program must submit their proof of membership to PUMA on an annual basis.

3.3.1 PUMA Criteria for Third Party Auditing Company auditors and External Auditors Selection

PUMA selects third party auditing company auditors and external auditors mainly based on skills, knowledge and qualifications. This includes:

- University degree and,
- Minimum of 5 years of conducting social and labor type of on-site audits/verifications, with robust proof of relevant experience (e.g., number of audit days etc.) and,
- Demonstrated knowledge of applicable labor and human rights laws and regulations and,
- Completion of auditor training courses (an internal course, or an external training on auditing systems such as SA 8000, BSCI, or APSCA certification is preferred) and/or SLCP certified verifier

3.4 PUMA Audit Procedure

3.4.1 Preliminary Briefing

The audit starts with a briefing to the **Factory Management and Worker or Union Representatives** on the PUMA standards, as well as the audit process and its scope.

3.4.2 Facility Tour

After the briefing, inspection of all production areas and connected facilities commences. This may include material storage areas, drinking stations, kitchen, dining room, medical clinic, dormitories, shower and toilet facilities, recreational areas, garbage staging areas and wastewater treatment facility, where applicable. In some cases, areas subject to inspection may be located outside of the factory premises.

3.4.3 Document Review

Factory Management must make documents available for review, including but not limited to the following:

- Registration papers with appropriate government agencies
- Business and safety license and permits
- Company policies and procedures
- Employment records, including contracts and age documentation
- Attendance records, payroll, and other related records
- Those related to health, safety, and environmental practices in the factory

These documents serve as the primary evidence of the factory's compliance performance.

Presentation of fake or manufactured documents during the audit is a serious violation of PUMA's Code of Conduct and is ranked as a Zero Tolerance Issue.

If factories present forged/falsified documents or practice other forms of non-transparency, the following consequences may result:

- The audit will be discontinued until credible evidence of transparency is obtained,
- The **factory** will receive the lowest audit rating, regardless of the audit grade it would have obtained
- PUMA may decide to discontinue the business relationship

3.4.4 Employee Interviews

We believe that interviews with workers, workers representatives or union representatives are crucial for understanding workers' perspectives on workplace standards, factory atmosphere and protecting vulnerable workers from any work that is likely to moral harm.

Interview of randomly selected employees is another important audit procedure. PUMA reserves the right to interview employees of factories at its discretion, in principle below worker categories will be prioritized:

- New hired workers
- Special Category of Workers: young workers, senior workers, apprentices, interns, pregnant, lactating workers, disabilities or any other vulnerable workers.
- Temporary contract employees
- Migrant Workers
- Workers performing hazardous work such as chemical handling, maintenance, etc.

- Gender-balanced, ensuring representation in the case of a small minority
- Leadership such as Union leaders, workers committee representatives or any other type of elected representatives
- Indirect workers, such as security guards and cleaners

Auditors may conduct these in groups or individually, depending on the nature of the topic or information sought. Interviews may take place onsite, offsite, or remotely, depending on the circumstances during the audit. Onsite interviews may occur during actual work proceedings, or separately, as circumstances warrant.

PUMA prohibits the presence of members of the **Factory Management** or any office staff during interviews with workers or supervisors to avoid biased answers and coaching. In addition, Auditors will provide workers with PUMA contact details during their interviews.

Any form of management retaliation against interviewed workers is considered a Critical Issue and serious failure of compliance.

3.4.5 Summary Meeting

PUMA's Compliance Audits conclude with a summary meeting. Participants include **Factory top management, Worker or union representation** and other relevant parties, such as the factory's person in charge of:

- Sustainability
- Human Resource
- Occupational Health and Safety
- Environmental protection

The meeting provides the **auditor team** with the opportunity to:

- Communicate audit findings to relevant parties
- Highlight good practices
- Note areas that require improvement

This meeting also gives the **Factory Management and Worker or Union Representatives** an opportunity to:

- React to audit findings
- Contest findings they disagree with
- Present relevant proof to support their claims

It is also during the summary meeting that the auditor team should provide the **factory management and worker or union representatives** with suggestions for appropriate corrective actions to resolve any non-compliance. At this stage, factory management ideally signs a corrective action plan. (see Sec. 3.4.6).

3.4.6 Corrective Action Plan

The Corrective Action Plan documents issues discovered during the audit, and outlines plans for improvement. Both the auditor team and the factory representative sign the plan, before two (2) copies are made:

- Factory Management receives a copy, which can be used to formulate a plan for corrective actions and an implementation timetable.
- The other copy remains with the auditor team and is recorded for subsequent verification of corrective actions and remediation of identified issues.

Depending on the nature of the findings, auditors may conduct a verification of corrective actions either remotely (via desktop review) or in-person (via a follow-up visit); therewith, some immediate corrections may be considered before the audit report is issued, in accordance with remediation standards for the issue(s).

Factories have a maximum of **ten (10) days** after the audit to send the Corrective Action Plan to the Auditor (including already implemented action points) before the audit report and the factory rating are issued.

3.4.7 Audit Report

The auditor prepares a report after completion of the audit. In line with PUMA’s principle of transparency, the factory will receive a printed or electronic copy of the audit report including space to provide feedback on the professionalism of the auditor team. The factory is free to share this audit report copy with other brand customers to reduce audit fatigue, after getting prior consent from PUMA.

Please note: Noncompliance of Zero Tolerance issues (see Sec. 3.7.1) automatically results in a **failed audit**, regardless of the factory’s total points.

3.4.8 Additional Checks for Compliance

As a supplement to the formal audit, **PUMA sustainability team members** have permission to evaluate any factories’ compliance with the Code of Conduct and the Handbooks as part of their regular duties.

3.5 Virtual Assessment

In response to the COVID-19 pandemic and the possibility of future crises, PUMA may conduct virtual assessment when necessary. Virtual activities cannot (and should not) fully replace in-person factory assessments, as it is difficult or impossible to gather a complete picture of factory conditions solely through virtual means. However, virtual checks can be useful for gaining some visibility into factory-level working conditions and potential workplace risks, particularly when on-the-ground activities and travel are not possible.

3.6 The PUMA Audit Rating System

PUMA’s Audit Rating System is based on the ratings: **A, B+, B-, C** and **D**. The minimum passing grade is 85% (i.e., only **A, B+** and **B-** ratings are passable) and **C** and **D** are **failure** ratings. The ratings and corresponding grades are:

RATING	DEFINITION
A	<p>95% to 100% PASSED – VERY GOOD RESULT</p> <p>Routine: Every 24 months (about 2 years)</p> <ul style="list-style-type: none"> The PUMA Forever Better Sustainability Handbooks requirements have been met, and there are indications of strategic initiatives to keep complying with the PUMA Code of Conduct.
B+	<p>90% to 94.99% PASSED – GOOD RESULT</p> <p>Routine: Every 18 months (about 1 and a half years)</p> <ul style="list-style-type: none"> Noncompliance issues are minor and can be rectified immediately.
B-	<p>85% to 89.99% PASSED – SATISFACTORY RESULT - REMEDIATION NECESSARY</p> <p>Routine: Another audit is conducted within the next 12 months to check improvements. If there is still no progress, a warning letter is issued.</p> <ul style="list-style-type: none"> Noncompliance issues are minor, but compared to a B+ rating, many issues are found.
C	<p>75% to 84.99% FAILED</p> <p>Routine: Every 6 months</p> <ul style="list-style-type: none"> Serious or numerous noncompliance issues found which must be rectified immediately. For existing factories, a follow-up audit is conducted within six (6) months to check the remediation of these issues. For factories under ILO Better Work program (BW), PUMA will collaborate with both BW and factories as per the BW Improvement Plans. If a Zero Tolerance (“ZT”) issue is identified, all factories including BW Factories will follow PUMA’s standard CAP (Corrective Action Plan) timeframe. Any ZT issue (see Sec. 3.5.1) needs to

be corrected within 8 weeks (about 2 months) to 6 months. If the ZT issues are not remediated, a phase-out plan will be set, leading to the eventual termination of the business relationship, i.e. Deactivation.

- New factories will not be authorized to produce for PUMA until the factory can be rated **A** or **B**.

D

74.99% and below | FAILED – FACTORY LACKS BASIC COMPLIANCE SYSTEMS

- Many serious violations or at least one (1) Zero Tolerance issue found (see Sec. 3.5.1).
- New factories will not be authorized to produce for PUMA until the factory can be rated **A** or **B**.
- For **existing factories, including Better Work Factories**, a phase-out plan will be set, leading to the eventual termination of the business relationship, i.e. Deactivation.
- For **Better Work (“BW”) Factories**, PUMA will collaborate with both BW and factories based on the BW Improvement Plans.
- If a Zero Tolerance (“ZT”) issue is identified, all factories including BW Factories will follow PUMA’s standard CAP (Corrective Action Plan) timeframe. Any ZT issue (see Sec. 3.5.1) needs to be corrected within 8 weeks (about 2 months) to 6 months.

Figure 4: PUMA rating system

3.6.1 Letter of Authorization

To receive a PUMA Letter of Authorization (LoA) required for exportation of goods in some countries, factories must complete annually.

1. Successful completion of a PUMA Social Audit
2. Submission of a completed RSL Summary Sheet (see Sec. 3.5.2 of Chemical Handbook)

The RSL Summary Sheet must be created in the PUMA RSL Database by the manufacturer (Tier 1 Supplier). It shall have listed all materials used by the manufacturer as well as the RSL test status for each. RSL Summary Sheets can be created for each style, style group (for styles with same material and similar design), or for all materials as a single RSL Summary “Master Sheet” (which must be created for each season to assure all materials have valid RSL passed results).

Please contact LoA@puma.com if you need a Letter of Authorization.

3.7 Issues

PUMA’s rating system classifies noncompliance into four categories: Zero Tolerance (“ZT”) Issues; Critical (“CI”) Issues, Major (“MI”) Issues, and Regular (“RG”) Issues. When a noncompliance issue is found, a factory’s audit score will be reduced according to the following schedule:

- A ZTI is a 30-point reduction and automatic failure of the audit.
- A CI is a 10-point reduction, and the factory needs to take immediate action to remediate the issue
- A MI is a 5-point reduction, where the factory may still pass the audit. It must take action to address the issue.
- An RG is a 1-point deduction. RG issues are considered less urgent, and factories are given reasonable timeframes to address them.

3.7.1 Zero Tolerance (“ZT”) Issues

Zero Tolerance Issues are an extremely serious breach of PUMA’s Code of Conduct. If a ZT issue is identified, the factory will automatically fail the audit.

There is no possibility for the New Supplier to produce any PUMA goods if ZT issues have been identified.

ZT issues are defined as follows:

NO.	ZT ISSUE	DEFINITION
1	<i>Noncompliance with Basic Government Licensing Regulation</i>	Missing or invalid business permit, or any missing operation/license/certification that is legally required from local authorities to operate the business.
2	<i>Payment Below Legal Minimum Wage</i> (see Sec. 3.8.4)	Failure of the Supplier to meet any of the following wage requirements: <ul style="list-style-type: none"> • the legal minimum wage • the sectorial minimum wage • the collectively bargained wage, either national or regional for the workers (including sub-contracted workers or whoever works in the factory in any operation or service for the factory)
3	<i>Proven Case of Forced Labor</i> (see Sec. 3.13)	Any work or service performed by a worker who does not voluntarily agree to do so or is under the threat of any kind of penalty. All slavery practices, including human trafficking and bonded labor, prison labor, indentured labor, or other forms of forced labor.
4	<i>Proven Case of Child Labor</i> (see Sec.3.8.1- Policy on Child Labor)	A hiring age policy and/or practice that is not in compliance with the legal requirement and/or the PUMA Code of Conduct (whichever is more stringent). The minimum age for employment under international standards and PUMA Code of Conduct is no less than 15 years, or the age at which compulsory schooling is completed, whichever is higher.
5	<i>Falsified Records</i>	In all instances, a false representation of a matter of fact whether by word, conduct, or documentation. Examples include hiding records, illegal practices, (such as coaching workers for falsified answers in interviews, paying bribes or wherein documentation is found to be inconsistent with other records found at the facility, including verification from workers and other entities, such as civil society and government, as may be pertinent).
6	<i>Unauthorized Sub-Contracting</i>	Any operation that Suppliers carry out in outsourced factories or home working, that has not been approved or audited by PUMA
7	<i>Imminent Danger to Life</i>	Any combination of health and safety conditions in the factory that present an imminent risk or danger to a worker's life, including unsound factory building structures.
8	<i>Illegal Discharge of Wastewater</i> (see Environmental Standards handbook)	Discharging untreated wastewater into natural water bodies such as rivers and streams (or into the ground)

9	Illegal disposal of Hazardous Waste (see Environmental Standards handbook)	Illegally disposing of hazardous waste (such as used chemicals, used oils, used batteries etc.) in unauthorized waste disposal sites.
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3.7.2 Critical ("CI") Issues

Critical Issues constitute a serious breach of PUMA's Code of Conduct. They will be treated with high priority. Discovery of one (1) or more CIs may lead to a **failure** of the PUMA social Audit or to a significant downgrade of the final audit grade. CI issues are defined as follows:

NO.	CI ISSUE	DEFINITION
1	No sign of Labor Contract (see Sec. 3.8.2- Contract Management)	Employment contracts must be provided according to local legislation's requirements. A working contract or equivalent local document shall be signed with all employees before the start of employment. One (1) copy of this contract shall be filed by the factory, and another shall be given to the worker.
2	Social Insurance, Provision Deficiency (see Sec. 3.8.4- Mandatory Insurance Contributions)	Any instance where the factory does not make full contributions to the provident fund / social insurance / medical insurance / unemployment insurance / work injury insurance / maternity insurance / pension scheme(s) or other funds as required by law, considering both the employer and employee contributions where applicable. Any instance where the factory does not keep proper records of payments of contributions to the authorities in relation to social security/medical/pension schemes and funds, with details on the contribution for each employee.
3	Excessive Overtime Violation (see Sec. 3.8.3- Overtime Regulations)	The factory with systematic cases of no weekly day off or more than 60 hours per week as regular and overtime hours in the last 12 months per PUMA's Code of Conduct requirements.
4	Recruitment Fee Issue (see Sec. 3.8.2- Recruitment)	The factory passes any recruitment fees or related costs on to applicants.
5	Proven Case of Discrimination (see Sec. 3.9)	Any instance where workers are subject to discrimination in employment, including hiring, compensation, advancement, discipline, termination or retirement, based on gender, race, color, religion, age, health, disability, sexual orientation, nationality, political opinion, social or ethnic origin, marital status, military status or position.
6	Proven Case of Harassment or Abuse (see Sec. 3.12)	Any systematic physical, verbal or psychological abuse or harassment e.g., physical punishment used to discipline workers, widespread sexual harassment, abusive conduct towards sex, race, colour, origin, religion, political opinion, real or perceived HIV/AIDS status of any personal characteristics
7	Unregistered Workers	There is evidence of unregistered workers hired by the factory.
8	Proven Case of No Freedom of Association (see Sec. 3.15)	Factories that do not recognize or respect workers' rights to Freedom of Association and/or Collective Bargaining.

9	Missing/Inadequate Professional Risk Assessment	This risk assessment should include: general health and safety issues in production processes and devices; fire and electrical safety; mechanical safety; chemical hazards; emissions hazards (including for radiation); confined space hazards; tripping hazards; health risks to vulnerable employees; requirements for frequency of exposure; structure safety; monitoring and prevention; safety control procedures where extreme temperatures may affect workers; fall protection hazards, and other relevant factors.
	(See Occupational Health & Safety Handbook)	
10	Sub-license Mission (Environment Permit, Fire Safety Permit, etc.)	Missing or invalid fire safety, building safety or environmental license/permit/certification, as legally required by local authorities.
11	Missing Legally Mandatory Fire Fighting Equipment	The factory does not have sufficient firefighting equipment such as smoke detectors, sprinklers, fire buckets, explosive-proof lighting etc., as per legal requirements.
12	Obstructed Emergency Exits and Egress	Proven case of obstructed emergency exit and egress that prevents workers to evacuate freely during emergency
13	Use of Banned Chemicals	The factory uses banned chemicals (as per ZDHC / MRSL, Stockholm Convention and the Aarhus Protocol).
14	Insufficient Overtime Payment (see Sec. 3.8.3- Overtime Regulations)	The factory does not pay the correct, legally defined rates for overtime, rest days, and holidays.
15	Occurrence of Delayed Payment	The factory has delayed the release payments of wages within the last twelve months in more than two (2) instances for any reasons including but not limited to coercing workers to stay on the job.
16	No Freedom of Movement	Workers are being locked inside factory and not provided time to leave production and dormitory during working time or non-working time even in case of emergency
17	Denial to Use Basic Necessities	The factory prohibits workers from using necessities, for example not providing toilet breaks, going to clinic, access drinking water station, or following up legitimate concerns with administrative office
18	Prohibition to End the Contract	The factory does not give workers freedom to resign before the end of the contract due to just and legal reasons.
19	Hostile Work Environment	Proven case of workers being subjected to sexually intimidating, offensive and hostile environment.
20	Unlawful Disciplinary Practice, Termination and Retrenchment	Proven case of disciplinary practice, termination and retrenchment that violates local law or PUMA Standard

3.7.3 Major (“MI”) Issues

Major Issues are critical breach of PUMA’s Code of Conduct. **Suppliers** must remediate issues with immediate action or within a reasonable timeframe. We define MI issues as follows:

NO.	MI ISSUE	DEFINITION
1	Overall Management Commitment	The factory does not collaborate with PUMA or does not implement/complete/clear all ZT, CI, and MI issues from earlier PUMA audits. The factory does not adopt policies/procedures and conditions of employment that respect workers’ rights, during the tenure of their employment. Any violation of management’s overall commitment, such as rules, policies, or practices.
2	No Pay Slip (see Sec. 3.8.4)	The factory does not provide workers with a copy of their pay slip on each payday, and in relevant local language that indicates regular, overtime hours worked, holiday pay (if applicable), other benefits and incentives due, and deductions made.
3	Forced Overtime	Proven case of penalty imposed to workers who refuse to work overtime
4	Regular Working Hours Violation (see Sec. 3.8.3)	The factory does not comply with regular daily/weekly/monthly working hours or has incomplete records of working hours.
5	Vulnerable Workers Violation (see Sec. 3.10)	The factory does not meet the basic legal requirements regarding working legal standards, for pregnant/nursing employees and other vulnerable workers (e.g., migrant, women, minorities, young workers).
6	Complaints/Grievance Procedure – Worker Communication Violation (see Sec. 3.16)	The factory lacks an effective complaints/grievance process to confidentially gather and address worker allegations, in a manner that protects the complainant against any form of reprisal/retaliation.
7	Failure to Complete Emergency Reporting to PUMA	Factories shall record accidents that result in work stoppage properly and follow PUMA’s “Emergency Reporting Protocol” when reporting accidents and ensure that reports are submitted in a timely manner.
8	Welfare Facilities & Amenities Violation (see Sec. 3.17)	The factory is not in compliance with local legal requirements for the provision of facilities such as dormitories, canteens/kitchens, childcare/crèche, lactation area and/or equipment, etc.
9	No Valid Canteen Hygiene License (see Sec. 3.17.1)	The factory shall obtain a valid canteen hygiene license from the concerned authority where applicable.
10	Missing MRSL Procedure	There is no procedure in place for regular testing of incoming materials for restricted substances (MRSL). The factory does not have a system to keep proper inventory of chemicals such as MSDS, storage, usage and disposal record of the chemicals and appropriate MSDS in local language for all chemicals made available in areas where chemicals are stored/used

3.7.4 Regular ("RG") Issues

Regular Issues are considered minor violation of PUMA's Code of Conduct. They are treated with lower priority than other issues discovered during the audit. The timeframe for resolving each RI depends on the nature of the issues. The PUMA auditor or External Auditor shall provide guidance on the correction and implementation of each issue with Factory Management during the audit summary meeting (see Sec. 3.4.5).

3.8 Standards

The social and labor standards detailed in the following sections are based on the ILO (International Labor Organization) Core Conventions, including its eleven forced labour indicators (explicitly listed below), the United Nations Guiding Principles for Business and Human Rights, as well as the ten (10) principles detailed in the United Nations Global Compact of which PUMA is a member.

- Abuse of vulnerability (Section 3.12)
- Deception (Section 3.8.2)
- Restriction of movement (Section 3.10.5, 3.11.1)
- Isolation (Section 3.12.4)
- Physical and sexual violence (Section 3.12, 3.17.3)
- Intimidation and threats (Section 3.10.3.2, 3.12)
- Retention of identity documents (Section 3.10.5)
- Withholding of wages (Section 3.8.4, 3.12.5)
- Debt bondage (Section 3.8.2, 3.11)
- Abusive working and living conditions (3.12)
- Excessive overtime (Section 3.8.3)

3.8.1 Child Labor

According to the ILO, child labour is defined as work that deprives children of their childhood, their potential and their dignity. It refers to work that is mentally, physically, socially or morally dangerous and harmful to children; and interferes with their schooling by:

- Depriving them of the opportunity to attend school
- Obliging them to leave school prematurely, or
- Requiring them to attempt to combine school attendance with excessively long and heavy work.

The worst forms of child labor include slavery, child trafficking, debt bondage, serfdom, forced labor, sexual exploitation and other illicit activities.

PUMA is committed to respecting Children Rights as per the Convention on the Rights of the Child, the ILO Minimum Age Convention and the ILO Convention on the worst forms of Child Labor. PUMA expects suppliers to commit and respect Children Rights according to latter principles.

Policy on Child Labor

Child labor is a Zero-Tolerance issue (see Sec. 3.7.1) and results in a failure of the PUMA Social Audit.

All employees at the factory shall have reached either: the age of 15; the minimum employable age mandated by the applicable law; or the age for completing compulsory education, whichever of the three is higher.

- The factory shall not engage in or support the use of child labor in any way, including apprenticeship programs and Subcontractors.
- The use of homework is not allowed by PUMA as no effective control of child labor provisions is feasible for homeworkers.
- The factory shall have a clear written policy against child labor, including the worst forms of child labor, and apply specific working conditions for young workers, as per legal requirements.
- The factory shall have written procedures to educate all employees, including managers and supervisors, about the policy and guarantee its enforcement, and ensure that all employees' files contain adequate documentation proving their legal age

If a child is found to be working in the factory:

- Factory shall ensure the confirmed child worker stops working immediately and is brought to a safe place that preserves dignity
- Factory shall provide free food and safe accommodation to the child and guarantee full payment of all work rendered
- Contact the parents / guardians to ensure that they understand what is happening, and agree on corrective actions, such as enrolling the child to a suitable educational institution.
- If the child is up to 6 months from the legal employment age, the factory may offer employment upon the child reach the qualified working age.
- Provide alternative income or position to the family until the child reaches the legal working age, monitor the process of the payment as mentioned above
- Review all personal records to identify whether there are any other child laborers.
- Improve age verification systems and provide necessary training for HR key staff on hiring to ensure that no new child worker is hired
- Personally follow up the well-being of the child until you are convinced the child is safe and will not be subject to any negative repercussions.
- It's mandatory for the factory to report to PUMA the Corrective Action Plan has been agreed with the parents/ guardians, and the follow-up of the well-being of the child reached the legal age.

3.8.2 Employment Policies & Procedures

Recruitment

Factory Management shall train any individuals involved in the recruitment process in the local laws on child labor and on PUMA's compliance requirements. The **factory** shall also follow a procedure that grants all employees equal opportunity to fill open positions (see Sec. 3.9).

The recruitment process shall include the following steps:

1. publish the job description (including required qualifications)
2. carry out the necessary number of interviews
3. review the appropriate documentation for those selected to fill the position.

Discriminatory questions are not to be asked. Employers may not request the disclosure of **personal information or non-job-related information** during the recruitment **or hiring** process. These include but are not limited to questions related to **gender, race**, pregnancy, religious beliefs, marital status, ethnic origin, and union membership, **disability, sexual orientation, social group, political opinion**. The job posting or factory information sheet on applicants shall not include any basic information (such as age, gender, race religion, marital status, health condition, or union affiliation) that may be used for discrimination.

Where local or international migration laws and regulations require such information to be provided in conflict with labor standards, evidence of procedures must be presented to indicate that such information is not used for discriminatory hiring decisions.

Factories shall engage and work with legally and universally authorized and acceptable agencies and intermediaries only. Costs related to recruitment shall not be passed on to applicants; Factories shall pay them, not workers. Potential recruitment fees or expenses include, but are not limited to the following:

- Services fees of labor recruiters
- Initial application/recruitment/placement/processing fees (e.g., Certificates, Notary, Legal fees, language interpreters or translators, contracts, vacancy notes, etc.)
- Document fees (e.g., passport, visa, work/residence permit, certificate, stamping, document renewal and extension)
- Foreign worker levy, deductions or deposits/bonds (where applicable)
- Skills tests (e.g., Language proficiency, skills and qualifications, licenses)
- Medical tests and insurance costs before and after arriving in the country of destination
- Training
- Recurring operating / administrative fees (i.e., management / service fees, bank fees etc.)
- Travel from home country to country of work and local transportation, lodging and subsistence cost during the pre-departure orientation period
- Repatriation to home country at end of employment
- Compensation in case of downsizing, facility closure or similar events
- Other whichever not mentioned above

Contract Management

All employees shall sign a working contract or equivalent local document in the language spoken by the worker before the starting date of employment. The **factory** shall keep a copy of the contract on file and give another copy to the worker.

PUMA encourages the use of indefinite term contracts without stipulated end dates in compliance with local legislation to ensure tenured employees obtain all mandatory benefits. PUMA accepts the use of short-term contracts in case of:

- The permanent workforce of the enterprise is not sufficient to meet unexpected or unusually large volume of orders.
- Exceptional circumstances may result in great financial loss to the supplier if delivery of goods cannot be met on time; or
- Work that needs to be done and is outside the professional expertise of the permanent workforce
- The **contract** shall state the nature and type of work, remuneration, benefits, effective start date, working hours, and any other terms required by local law. Reference shall be made to the local labor law, which must be applied to the contract. For fixed-term contract, the start and end date shall be included. All applicable local legislation regarding the limits set for such contract type must be observed.
- **All workers** must be registered with the local labor bureau and relevant mandatory insurance providers before starting work, and as applicable by local laws and regulations.
- The presence of **unregistered workers** or **workers without proper working contracts** connotes a serious violation of PUMA standards.
- The **factory** shall not work with sub-contracting, homeworking arrangements, or multiple successive short-term contracts
- contracts as a means of avoiding its obligations to tenured personnel under applicable and social security laws, legislation, and regulations.

Informed Workplaces & Human Resource Information Systems

PUMA strongly encourages the use of innovative, best practice forms of communication between workers and management to ensure an atmosphere of trust exists in the workplace.

Examples include worker counselors, worker hotlines, and newsletters.

A transparent communications policy is the foundation of good industrial relationships. The factory shall educate all employees, including managers and supervisors, about the policy and guarantee its enforcement.

The **factory** must have communication and dialogue systems in place that make use of the following:

- Worker/union representation
- Suggestion boxes
- Information boards
- Regular worker-management dialogues either through freely elected worker representatives, such as union officials or shop stewards

Every **worker** must be informed of factory policies and regulations. As such, the following must be provided for all workers:

- Employee handouts covering all policies in the PUMA Code of Conduct, local labor laws, and other relevant regulations
- A new workers orientation that covers all the above-mentioned topics
- Updated newsletters/circulars/announcements of new policies

PUMA expects **factories** to implement a recording system for all relevant human resources information and internal monitoring of policy. As a basic requirement, the following information shall be collected and filed:

- Personal files for each employee covering: employment record, contract, copy of ID card, disciplinary actions, and registration with the social insurance and/or labor office
- Time records for each employee
- Transparent compensation and benefits records (payroll, pay-slips)
- Records of the number of new hires, dismissals, and other leaves
- Records of the provision of leave (including annual leave, sick leave, parental leave, etc.)
- Records of work-related accidents and diseases

Employee Training

All factories are expected to implement an adequate training program for every worker. Depending on the size of the company, the training program shall cover some, or all, of the following components:

- Training on regulatory requirements such as those set by labor law and the PUMA Code of Conduct and standards (Social Handbook)
- A training plan that includes the estimated training schedule and curriculum/materials
- Testing methods and protocols to evaluate employee learning, as well as effectiveness of training

In order to be relevant to the business and depending on the size of the company, the training program shall cover the following topics:

- Social/labor rights, covering labor law, PUMA's Code of Conduct, and other related policies that explain the worker's rights and responsibilities.
- Health and safety, including chemicals management training, fire safety training, first aid and other occupational health training.
- Environmental requirements, such as waste management and energy use production skills training.
- Workplace skills required, such as industrial relations, worker management for supervisors, disciplinary management, etc.

PUMA recommends issuing certificates of completion to all workers who participate in employee training.

3.8.3 Working Hours & Rest Days

General Requirements

- Factories must not require employees to work excessive working hours, i.e., more than 60 hours per week (including both regular and overtime hours) or the normal working hours plus the maximum overtime allowed by local labor law (including one (1) day off for every seven-day period).
- Employees shall be entitled to reasonable meal breaks every day and at least one (1) day off after six (6) consecutive days of work.

- In all instances, working hours of all types shall be properly compensated according to the requirements of the law.

Workers shall be paid in full during periods of suspension, unless national laws stipulate otherwise, workers and their representative organizations agree otherwise, or the relevant national authorities authorize the alternative arrangement. Conditions of suspension should be communicated in full to all workers.

The **factory** shall establish an effective method/system for recording and tracking all working hours of every employee, including young workers and others whose working hours are restricted due to the law or health condition.

- The start and end time during every working day must be properly reflected on all attendance records.
- The swiping or punching of cards to record attendance shall be at the control of the employees themselves.
- The factory shall not employ double bookkeeping or falsify time records, e.g., two-time card systems, for whatever purpose it may serve the factory.

The factory must not randomly swap rest days without:

- securing a voluntary agreement in advance with employees,
 - notifying PUMA's branch manager, and
- providing alternative rest days. Comply with local legal requirements, when applicable. When using replacement of rest days/holidays, all legal requirements regarding overtime and hours of work apply.

Overtime Regulations

Every factory shall have a clear and written policy stating that all overtime work shall be voluntary. The factory shall educate all employees, including managers and supervisors, about the policy and guarantee its enforcement.

- All overtime work must be voluntary and must not be requested on a regular basis.
- The total number of overtime hours worked shall not normally exceed either 12 hours per week or the number specified by local law, whichever is lower.
- Overtime premiums shall be paid in accordance with the law. Overtime work shall be compensated at the premium rate even for those countries where such laws do not exist.
- Workers shall be made aware of their right to refuse overtime work and must be able to refuse without any consequences.
- The factory shall make every effort not to exceed the legal limit for overtime. In rare exceptions, when the legal limit for overtime is exceeded, the factory may apply for an overtime authorization from the local labor bureau, if available.

3.8.4 Wages & Benefits

The payment of fair wages shall be assured for every employee in the factory. For the definition of fair wages, PUMA follows the requirements for compensation set out in the Code of Conduct published by the Fair Labor Association (FLA):

Every worker has a right to compensation for a regular work week that is sufficient to meet the workers and their families basic needs and provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any fringe benefits required by law or contract. Where compensation does not meet workers and their families basic needs and provide some discretionary income, each employer shall work with the relevant stakeholders to take appropriate actions that seek to progressively realize a level of compensation that does

As a minimum:

- Wages (excluding overtime premium) shall not be less than either the legal minimum or the prevailing industry wage of the relevant country, whichever is higher.

- Where there is no national or local minimum wage and no verifiable industry wage, the factory should consult relevant stakeholders, including workers organization, to define a fair wage level

Factories shall ensure that the compensation of their employees is adjusted to the cost of living, the employees' basic needs and provide some discretionary income,.

PUMA expects all employees to be paid in a timely manner, and that appropriate actions are taken by Supplier partners to progressively implement compensation systems to a fair wage.

PIECE-RATE WORKERS

Production targets for piece-rate workers must be reasonable and achievable within the hours of the regular workday or work week. In the event there is overtime work, the factory may increase the product target proportionately with the extension of working hours, and workers should be paid an overtime premium as applicable by law. Piece-rate workers shall have access to their individual piece-rate records kept by the factory.

In the absence of any legal provision on overtime payment for piece wage workers, the overtime premium shall be calculated based on either the average piece rate wages of the worker or the legal minimum hourly wage.

COMMUNICATION

- How and when wages are paid must be communicated in a manner that is easy to understand by all employees.
- All employees shall be informed of their wages and the benefits as required by law, such as annual leave, maternity leave, update minimum wage, overtime premiums, and pay for public holidays. all employees shall be informed of the incentive system
- All employees shall be informed of how their wages and benefits are calculated, including applicable deductions. A sample calculation shall be posted in strategically visible and trafficked areas on the production floor, such as on noticeboards.

DOCUMENTATION & RECORDS

- Payroll records on site are to be archived for at least 12 months or the period required under local law where such a period is more than 12 months.
- Wages shall be paid through digital payment such as bank transfer not later than the payment date or period stipulated by the local law.
- A copy of each pay slip, written in the in the languages understood by workers, shall be provided to employees on every payday, indicating the details of regular and overtime hours, earnings, and deductions during that period.

PAYMENTS

- All employees shall be paid for compulsory work-related activities, in or outside of working hours. These can include activities such as production meetings, cleaning of production areas, or work preparation.
- The factory shall pay employees the legal rate according to the local law for work on any rest day and public holiday, even if a compensating rest day or holiday is provided in exchange for work on such days.
- There shall be no disciplinary deductions from wages. Any deductions from wages must be those allowed by law, such as social insurance and income tax.

Legal Benefits

All employees shall also receive and be provided with all work-related benefits mandated by law. These include, but are not limited to:

- Social security insurance, including pension scheme, medical care, workplace injury, unemployment, and maternity benefits.
- Leave-related legal benefits, such as: national or public holidays, annual, marriage, maternity, sick, bereavement, and any other leave.
- In the event of an employee's resignation or employment termination, the factory shall pay the employee all benefits required by law, including severance payment, remaining wages,

unused leave, or other outstanding payments owed to the employee.

If there are factory canteens, regardless of whether required by local law or not, they shall provide good quality and clean food at reasonable prices. Operations

Mandatory Insurance Contributions

The **factory** shall make contributions to the required insurance body or fund as required by law, considering both the employer and employee contributions where applicable. These may include provident funds, social insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance, and pension schemes.

The **factory** shall keep records of all contribution payments to the authorities in relation to social security/medical/pension schemes and funds, with details of the contribution from each employee, as well as all application records for new employees.

of canteens must fully comply with local legislation. Where alternative dining establishments or purveyors are available in the facility location, employees must not be forced to use the factory-contracted food service through mandatory salary deductions or similar schemes.

Deductions

There shall be no fine or monetary penalty imposed on employees under any circumstances, such as but not limited to:

- Absenteeism
- Mistakes in production
- As a form of discipline

For the normal use of company facilities, broken or lost tools/machinery, or for violating company rules, regulations, and policies

The factory shall not withdraw or deduct attendance allowance, if/when:

- An employee does not agree to work overtime during the week
- It is a designated rest day
- An employee exercises mandatorily legislated/legally allowed leave (including annual, maternity, pregnancy-related, bereavement, marriage, etc.)

Employees shall not be fined or have their regular or overtime wage deducted for failure to meet production quotas or targets (This does not apply to production bonuses).

Uniforms, equipment, and special protective gear shall be provided to employees free of charge. There shall be no unreasonable deductions from employees' wages for the use of dormitories or for consuming water, meals, and other services at the dormitory.

Factories often centralize various legal fees (e.g., union dues, cash advances, etc.) and deduct from wages/salaries for the sake of efficiency. The aggregate amount of such deductions by the factory (except for social insurance and similar funds and taxes):

shall not exceed 25% of the minimum contracted basic wage or the maximum allowable by law, whichever results in a higher net wage for the employee.

Such deductions should only be temporary in nature.

3.9 Equal Opportunity

The **factory** shall have a written policy stating their commitment to provide equal opportunities to all workers. Equal opportunities in employee management include hiring, training, promotion, granting of social benefits, assignment of work, salary, discipline, termination, and retirement. The factory shall educate all employees, including managers and supervisors, about the policy and guarantee its enforcement.

3.9.1 Non-Discrimination

Every worker shall have the right to protection from discriminatory treatment.

No discriminatory treatment is to be taken based on race, gender, age, pregnancy, religion or belief, marital status, ancestry or ethnic origin, union membership, political or sexual orientation, or other such as disability.

Workers shall be hired solely based on their skill, ability, and experience to do the job. Wages, benefits, promotions, and other incentives shall be applied solely based on workers' performance, skill and seniority.

The job posting or factory information sheet on applicants shall not include any personal, non-job-related information (such as age, gender, religion, marital status, health condition, or union affiliation) that may be used for discrimination.

3.9.2 Gender Fairness

Women workers shall not be required to undergo pregnancy testing or take contraceptives at any point during their application for employment and while under the employment of the factory. **Pregnant workers** shall be allowed to continue working; unless the work is found to be detrimental to their pregnancy, they shall be allocated to safe tasks. They shall also be given all benefits as applicable by local law.

Allocation of hazardous jobs shall consider gender fairness. Though most countries have regulations regarding reproductive health for women, male reproductive health considerations are also important. As reproductive health applies to both male and female labor, the factory must have appropriate health and safety controls in place for all heavy and dangerous jobs.

Workers, regardless of gender shall receive

- equal remuneration for work of equal value,
- equal evaluation of the quality of their work, and
- equal opportunities to fill all vacant positions.

3.9.3 Freedom of Religion

Workers shall not be required to renounce their religion as part of their employment. The factory shall respect the religious belief of the workers.

In case where the workplace requires uniform or other specific clothing, accommodation shall be made for religious practices.

3.9.4 Complaints Procedure

The written procedure shall also cover, at minimum:

- Details about the disciplinary process (e.g., a combination of counselling, warnings, suspension, demotions, and, in extreme cases, termination) (see Sec. 3.13.1)
- An overview of how investigations and resolutions of complaints cases are conducted (see Sec. 3.14.2)
- An explanation of the offended party's right to be represented by a senior worker-representative of their choice during the investigation (see Sec. 3.14.2- Informal Complaint Procedure)

3.10 Vulnerable Workers

Vulnerable workers often include those in precarious employment, such as self-employed individuals and unpaid family workers. This group also encompasses informal workers without legal protections, low-skilled workers in unstable jobs, migrant workers in low-wage positions, women and minorities facing discrimination, young workers, and trade unionists.

An informal worker is someone employed without legal or social protections and benefits, often in nontraditional work arrangements like homework and informal enterprises. These workers typically lack formal contracts, job security, and access to social safety nets.

PUMA does not permit homework and informal enterprises for production due to several reasons:

- Difficulty in monitoring and preventing child labor.
- Challenges in ensuring fair wages, reasonable working hours, and safe working conditions.
- Difficulty in maintaining consistent product quality standards.
- Risks posed by non-compliant working environments.
- Complexity in tracking production processes and holding parties accountable for labor practices

All workers involved in PUMA production must receive employment contracts and all mandatory benefits as required by local legislation.

3.10.1 Young Workers

A young worker is defined as an employee who has reached the minimum age mandated by law for employment but is under the age of adulthood. The **factory** shall adhere to the applicable local regulations including identifying workstations and operations that are inappropriate for young workers, such as the following:

- Registering the employee to the correspondent government labor agency, and keeping the documentation available for review
- Obtaining a written permit from the parents, and keeping the documentation available for review
- Protecting young workers from performing heavy or dangerous work and/or contact with hazardous substances
- Adhering to all local regulations, for example, working hours restrictions for young employees, including regular, night, and overtime hours

3.10.2 Apprenticeship & Traineeship Programs

PUMA supports Apprenticeship and Traineeship Programs ("Program(s)") for the development of skills and acquisition of knowledge leading to the exercise of trade or profession. Apprentice and vocational training programs shall be reserved exclusively for workers who lack necessary training or experience and therefore cannot yet be hired as regular workers. In most countries, apprenticeship or traineeship programs involve young workers, but such programs may include adults and cross-international boundaries. As such, a program shall in no way be used to undermine the implementation of every country's labor law requirement, nor legitimize slavery, modern slavery and human trafficking activities.

The **factory** shall ensure compliance with all specific regulations for employees hired under programs, such as the following:

- Remuneration
- Number of working hours (time spent on theoretical instructions count as working hours)
- Duration of the training period (shall not exceed the period set by local law)
- Working conditions (free from hazardous substances and heavy/risky activities)
- Accommodation

If, at any time, the legal regulations of programs are found to be seriously misaligned with, and below, the standards of the PUMA Code of Conduct or the Handbooks (e.g., trainees are not covered under local labor law; trainees do not qualify for minimum wage), the **factory** must instead comply with the PUMA social standards.

Where such programs are international or require movement from one distinct area to another, the **factory** must ensure that apprentice recruitment bodies are legitimate and follow all legal requirements (e.g., appropriate language

training, initial training, etc.). Where laws or implementation of regulations may be weak or inadequate in relation to the PUMA Code of Conduct (particularly if recruitment bodies are located overseas or if the factory does not have a direct means of engaging with them), the factory will be advised to discontinue the program.

The following are additional guidelines for implementing programs:

- The age of the apprentice/trainee must comply with the minimum age requirements outlined in PUMA's Code of Conduct and the Handbooks.
- There shall be a written apprenticeship agreement between the factory and the apprentice (and parents of the apprentice, where applicable). The agreement shall state the start and end date of the apprenticeship. Such agreements shall be written in a language the apprentice is able to read and understand. Where applicable, such agreements shall be registered with the appropriate authorities, and the apprentice must be provided with a copy of the agreement.
- The program shall be available only for jobs that require skills, such as machine operator, mechanic, electrician, etc. A job that requires no skill is not eligible for inclusion in the apprenticeship program.
- Apprentice and vocational training programs shall be reserved exclusively for workers who lack necessary training or experience and therefore cannot yet be hired as regular workers
- The total number of apprentices and/or trainees in a factory shall not, at any given time, exceed the percentage compared to the total number of workers allowable by local law.

Documentation

When recruiting new workers, the age of each must be verified and documented to ensure that no underage workers are hired. The factory must also ensure that the identification ("ID") used by new workers has not been modified or falsified.

The age of every applicant must be proven against an original official ID card. A copy of this ID document shall be saved in each employee's file. For countries which do not issue ID cards, other documents might be used to validate the age of the worker. Examples of such documents include a birth certificate, a school record, social/health insurance documents, or other legal documents stating the applicant's age and/or date of birth. In cases where the physical appearance of the applicant leaves doubt about the legal age, **factories** shall request a medical certificate, that includes proof of the worker's legal age, from a reliable medical clinic.

3.10.3 Women Workers

PUMA is committed to respecting Women Rights as per the Convention on the Elimination of Discrimination Against Women and expect suppliers to commit and respect Women Rights.

3.10.3.1 Policy

**Women workers, like all workers,
shall be treated with dignity and respect.**

Women workers shall be granted equal opportunities in all matters pertaining to employment in the factory including hiring, promotion, wages, benefits, work assignment and termination (see Sec. 3.8). Moreover, the **factory** should be aware of women's special needs, particularly during pregnancy and after childbirth, and provide them with respective guarantees and facilities for meeting those needs (see Sec. 3.17.4).

The factory shall not terminate a women worker because she is pregnant, immediately about to take maternity leave, or on maternity leave. Pregnant women workers who work while standing shall be provided with reserve chairs near their workstation for resting.

SPECIAL NEEDS RELATED TO PREGNANCY

Female labor shall not be used for dangerous jobs, or for jobs which require contact with dangerous substances or those that could have harmful reproductive effects.

Female workers who perform exhausting work or are exposed to chemicals shall be temporarily transferred to lighter work immediately upon pregnancy as a precautionary measure.

Female workers must be provided maternity leave as mandated by local laws. Paid time-off for pre-natal

allowed by law, whichever is available. If no paid sick leaves are available locally, annual leaves shall be credited.

medical check-up shall be allowed, either credited to remaining paid sick days or prenatal check-up days

A pregnant or nursing woman should not be obliged to do night work if a medical certificate declares such work to be incompatible with her pregnancy or nursing.

If **factories** have more than 50 female workers or (if less than 50 workers) the number as defined by local law for providing certain facilities for women, Factories shall provide the following:

- lactation facilities and/or equipment, and
- daycare/crèche facilities for workers with children, younger than one (1) year or the limit set by local law.

(See Sec. 3.17.4)

3.10.3.2 Sexual Harassment

Sexual harassment is defined as unwanted conduct of a sexual nature, verbal or physical advances, or sexually derogatory/ discriminatory statements or acts. Examples of sexual harassment include, but are not limited to:

- Sexual assault
- Inappropriate physical contact, touching, patting caresses, pinching
- Sexually suggestive and unwelcome comments or derogatory remarks, including any regarding the sexual orientation or preference of an individual
- Compromising invitations or presents whether or not accompanied by threats
- Unwanted and repeated requests or demands for sexual encounters or favors
- Indecent exposure
- Sexual graffiti or displays of pornographic or degrading pictures or objects, including computer or phone-based resources
- The use of aggressively foul language
- Any comments which imply that gender or sexual orientation impairs the person's ability
- Unwelcome remarks about a person's appearance, dress, or attributes
- Incitement to any of the above

Any form of sexual harassment is forbidden. Depending on the gravity of the misconduct, **Factory Management** must support the investigation in conformance with local law and ensure no miscarriage of justice against the victim. Disciplinary regulations regarding this matter must be explicit and in compliance with local law. Preventive measures must be taken, like workers-management committees and training.

3.10.4 Foreign Migrant Workers

According to the ILO Convention No.97 under Article 11(1), the term "migrant for employment" means a person who migrates from one country to another with a view to being employed other than being self-employed. PUMA is committed to respecting Foreign Migrant Workers Rights as per the International Convention on the Protection of the Rights of all Migrant Workers and Members of Their Families and expects suppliers to also commit and respect Foreign Migrant Workers Rights. PUMA commits to the [Responsible Recruitment](#) Guidance from the American Apparel and Footwear Association (AAFA) and the Fair Labor Association.

This section does not intend to dissuade business partners from employing foreign migrant workers, but to ensure that migrant workers are treated with respect and dignity, according to the principles set by the International Organization for Migration (IOM) as defined in [Migrant Worker Guidelines for Employers](#) and the Guide to Implementing [Dhaka Principles](#).

These principles include:

-the [Employer Pays Principle](#)

- If any fee and cost to obtain or maintain a job was charged to workers, they must receive a timely refund
- Equal treatment and opportunity in the recruitment and throughout employment
- Workers retain control of their travel and identity documents and have full freedom of movement
- Workers are informed, in a language they understand, of the basic terms of their employment before leaving their country of origin
- Respect Migrant workers right to Freedom of Association
- Workers can access all workplace policies, a functioning complaints mechanism and remedy

3.10.4.1 Responsible recruitment policy and management system

PUMA encourages suppliers to complete IOM's e-course: "[An Introduction to the Fair and Ethical Recruitment and Employment of Migrant Workers](#)" which provides companies with an overview of all stages of the labour migration process, including the common risks related to the recruitment and employment of foreign migrant workers, and technical guidance to prevent and mitigate those risks. PUMA expects suppliers to utilize IOM's [Fair and Ethical Recruitment Due Diligence Toolkit](#) which includes a self-assessment checklist and risk assessment tool, prevention and mitigation tools with pre-departure and post-arrival checklists, grievance and remediation management tools and worker interview tool

To set-up an adequate responsible recruitment policy and management system, suppliers need to take the following steps:

(a) Suppliers shall conduct **risk assessments** they should conduct research with internal and/or external human rights experts on labour migration such as a diverse group of foreign migrant workers and/or their representatives. The purpose is to understand migration journeys from countries of origin to locations of work, how and when migrant workers can be vulnerable to human and labour rights violations and which actors are involved in countries of origin, transit, and destination.

(b) Suppliers shall set up a policy which includes:

Respect all applicable laws and regulations in countries of origin, transit and destination relating to recruitment, employment and migration.

Compliance with all applicable national laws, concerning the prohibition of forced labor, modern slavery, and human trafficking or international standards, whichever is highest.

No recruitment fees and related costs (Sec- 3.8.2) should be paid by foreign migrant workers according to [Employer Pays Principle](#).

All workers' employment must be voluntarily, with the right to terminate their employment contract.

Employees must understand their employment contract's terms, and sign their contract before departure.

Respect freedom of movement, including prohibition of withholding of travel and identity documents.

Access to grievance system with no retaliation, and access to remedy.

Respect rights of foreign migrant workers in the case of crisis and emergency.

Transparent communication to workers on factory policies in a language they understand.

Timely and direct payment of wages. In case of workplace injury or death, compensation to be provided in compliance with legal regulations or beyond.

Entitlement to paid home leave in compliance with applicable regulations.

Wherever necessary and/or legally required, access to adequate dormitory and canteen facilities (see Sec. 3.17.3).

Suppliers shall apply these policies to their enterprise's own operations and their business relationships, including labor recruiters, employment agencies, suppliers and service providers (such as transport, logistics, cleaning, and security).

Policies shall be embedded in operational Human Resource, business contract and procurement processes. Suppliers shall assign oversight and responsibility to relevant senior management and across appropriate departments for implementing the policies. To ensure policies are well understood and implemented, suppliers shall provide adequate resources, including designated focal points, external experts, orientation, training and training materials to foreign migrant workers, other employees, and business partners.

To address foreign migrant workers specific needs suppliers shall:

Address existing language barriers with foreign migrant workers systematically. Ensure that all internal policies, training and briefings, grievance mechanisms, employment contracts and other relevant documents can be accessed in simple and clear languages that are understood by all, with the support of an interpreter where needed.

Establish and maintain a comprehensive information and orientation system to help migrant workers understand employment terms and their rights during work abroad.

Provide foreign migrant workers with reasonable access to internet and communication services (free of charge or at affordable price), including in dormitories, to enable unhindered contact with families and support networks.

Have communication and dialogue systems in place to enhance communication with all workers, including migrant workers, solicit their feedback and improve available grievance mechanisms.

Foreign migrant workers are often not included in collective bargaining. PUMA requires factory management to include migrant workers in collective bargaining and respect their right to Freedom of Association. This is considered particularly important when a significant percentage of the employee population is comprised of foreign migrant workers.

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3.10.4.2 Recruitment and deployment

Suppliers need to set up and implement a responsible recruitment procedure, and a monitoring system, both when they directly hire foreign migrant workers, and when they use third-party service providers to do so.

Direct recruitment of foreign migrant workers

Where feasible, it is recommended to hire migrant workers directly or participate in available public employment services.

Monitoring external Labour Recruiters

When using third-party service providers, such as labor recruiters, suppliers shall take the following steps:

Suppliers shall only work with legally authorized agencies and intermediaries with a valid license to operate, and where possible an IOM/ILO license. Suppliers shall only work with labor recruiters and other third-party service providers which guarantee no prison labor, and which do not utilize any practices that restrict any workers' freedom of movement, or workers' ability to terminate their own employment, or that creates a threat of penalty. Suppliers must check that labor recruiters have no adverse court decisions and administrative sanctions against them.

- The service agreements with labor recruiters should comply with the factory policies and applicable laws and regulations. A detailed clause in case of any breaches by the parties involved should be included in the service agreements. Where labor recruiters are involved in countries of origin and destination, the agreement should cover all three parties (the factory, labor recruiters in country of origin and destination). It shall include provisions in line with [IOM's Checklist on Labour Recruiter Service Agreement](#), including respect for human and labor rights, detailed recruitment process, , prohibition of charging recruitment fees and related costs to migrant workers, a detailed list of recruitment fees and related cost that must be paid by the labor recruiter , management of safe return to their communities in the country of origin, and an emergency protocol. For the detailed list of recruitment fees and related costs, suppliers may refer to [IOM's Guidance Note on Recruitment Fees and Related Costs](#) .
- Require labor recruiters to apply the same principles to their partners such as subagents, health service providers, training centers, or any other entities in which the labor recruiters have some form of direct and formal engagement for the purpose of recruitment of migrant workers.
- Regularly evaluate labor recruiters to ensure continuous compliance with factory policies and service agreements.

- Where possible, hire local staff in the country of origin, or work with trusted Civil Society Organizations (CSOs) to provide oversight of the recruitment process.
- Suppliers should include in the service agreement with recruitment agencies the list of costs and fees, including quoted prices, they will pay them to cover the recruitment fees. Suppliers shall keep proof of payment, as supportive documents showing they have already paid recruitment agencies so that workers will not have to pay any costs and fees in advance.

Recruitment fees and related costs

Any fee paid in association with the recruitment and employment of all workers, including foreign migrant workers, must be borne solely by suppliers. - Factories and external labor recruiters shall not use employment agencies that utilize recruitment and/or employment fees for workers.

Recruitment fees include one-time or recurring fees to cover recruitment, referral and placement services (that could include advertising, disseminating information, arranging interviews, submitting documents for government clearances, confirming credentials, organizing travel and transportation, and placement into employment) to labor recruiters and subagents in the country of origin, as well as to labor recruiters in the country of destination.

These costs also include:

- administrative costs (such as residency permits, work visas),
- medical costs,
- insurance costs,
- travel and lodging costs,
- orientation and training costs
- costs for skills and qualifications
- equipment costs (such as uniforms, PPE)

Any workers' salary deduction for recruitment fees or any other agency charging fees for services, on behalf of workers, is prohibited. Suppliers may refer to [IOM's Guidance Note on Recruitment Fees and Related Costs](#) for a breakdown of recruitment costs and related fees that should be borne by employers. (See Sec. 3.8.2).

When workers may have to pay for certain costs and fees in advance, suppliers shall ensure workers are aware of what fees and how much they will need to pay to whom and when. Suppliers shall encourage workers to ask for and keep receipts to support reimbursement where relevant. Workers also need to be aware of the reimbursement procedures. This should be included in the information package for job seekers, pre-departure training, and onboarding training. However, employers have the responsibility to prevent workers from paying costs upfront, as this may put them at risk. As such, employers shall aim to pay all costs upfront.

If any fee was charged to workers in the recruitment process or through a salary deduction, as part of the recruitment or to maintain a work position, suppliers shall refund workers between 30 to 90 days (about 3 months). The reimbursement plan should be agreed among PUMA, factory management and concerned workers. The burden of proof for all costs paid by workers should lie with employers.

Where receipts are presented by workers for reimbursement purposes of recruitment fees, suppliers shall reimburse workers according to the actual costs as stated in the receipts.

If receipts are unavailable, suppliers shall determine the reimbursement amount, considering the quoted prices in the service agreement with recruitment agencies and/or official costs for certain items (such as medical check-ups) where possible. Suppliers should conduct interviews upon arrival to find out if they

must repay the workers. If workers paid varying amounts for similar fees and costs, suppliers are encouraged to use IOM tools to document costs and fees reported by workers (per nationality, migration corridor) and determine the reimbursement amount based on the median amount.

Candidates and workers must bear:

- The transportation fees to go to the job interview, unless it is beyond what is considered "reasonable distance"
- The fees for renewing passports and visas when they are responsible for their passport/visa loss, unless passports/visa are stolen within factories' premises
- The travel cost to return to their country of origin when no legal required notice was provided to terminate their employment contracts and, in the case, they are dismissed due to misconduct or illegal activities.]

Information for jobseekers in the country of origin

Access to accurate information is crucial for migrant workers to make informed decisions regarding their labor migration and prevent deception. To ensure migrant workers' access to accurate information, suppliers shall:

Check that the vacancy announcement in the country of origin provides an accurate description of the terms and conditions of employment according to the factory policies, such as non-discrimination and prohibiting the charging of recruitment fees and costs to jobseekers.

Prior to the interview and candidate selection, hold an information session for jobseekers so that they can make informed decisions about their employment. The information session should outline the terms and conditions of recruitment, deployment, employment and return or onward migration in a language they can understand. This information session is delivered directly by a trained and competent employer representative. The information session may include but is not limited to the following topics:

Working and living abroad

Workplace, accommodation and living environment.

Recruitment and migration process, including information that recruitment fees shall be borne by the employer

Terms and conditions of employment

List of fees workers may have to pay for in advance, and related reimbursement procedures

Occupational health and safety

Grievance mechanisms

Selection of candidates

Suppliers must have and request outsourced labor recruiters to have a verification system to ensure identity documents are not falsified and an age verification system in place to comply with PUMA standards on minimum age of employment (See Sec. 3.8.1).

No discriminatory treatment is to be taken based on race, nationality, gender, age, pregnancy, religion or belief, marital status, ancestry or ethnic origin, union membership, political or sexual orientation, or others such as disability. Workers shall be hired solely based on their skill, ability, and experience to do the job. Wages, benefits, and other incentives shall be applied solely based on workers' skill and experience. The job posting or factory information sheet on applicants shall not include any personal, non-job-related information (such as age, gender, religion, marital status, health condition, or union affiliation) that may be used for discrimination.

More detailed requirements can be found in this handbook's section on Equal opportunity described (See Sec. 3.9)

3.10.4.3 Pre-departure and travel

Foreign migrant workers must receive all information regarding pre-departure and travel to the country of destination, as well as living and working conditions in the country of destination. Suppliers shall ensure that foreign migrant workers receive a pre-departure orientation in line with the IOM Due Diligence toolkit, and travel safely from their community of origin to their workplace in the country of destination.

In coordination with the labor recruiter in the country of origin, suppliers shall take the following steps:

Ensure migrant workers participate in pre-departure orientation in the country of origin. In countries where pre-departure orientation training is mandatory, it is conducted by public services or accredited organizations and/ or service providers. Where it is not mandatory, suppliers shall reach out to relevant Civil Society Organizations such as Trade Unions or allocate local staff to conduct the training.

Check the pre-departure orientation includes below:

work environment, culture, and living conditions in the destination country.

rights and obligations of migrant workers as per the employment contract.

access to a grievance system and remedy.

health when working abroad.

recruitment fees workers may have to pay for in advance, and what are of the reimbursement procedures.

management of earnings, so that workers have enough savings for themselves and financial capacities to support their families

Remittances: when migrant workers send home part of their income, including in the form of cash, to support their families, during their employment time.

When pre-departure orientation is provided by public service, suppliers should identify gaps and include the missing elements in the post-arrival orientation.

- All attendance of workers in pre-departure orientation training must be recorded and records kept

Monitor medical service providers in the country of origin (and later in country of destination, if applicable) to ensure any required medical examinations are carried out in accordance with applicable laws and regulations. There should be no pregnancy or human immunodeficiency virus (HIV) tests unless it is required by law.

Secure that the right type of visa, exit and entry permits for foreign migrant workers are obtained prior to their departure.

Ensure that the labor recruiter, or any service provider in charge, promptly returns identity documents to workers, upon completion of necessary administrative steps (such as processing visas, permits). Labour recruiters and third-party service providers shall be required to keep written logs about their handling of migrant workers' personal documents.

Make all necessary arrangements for safe travel and lodging from their communities in the country of origin to the accommodation in countries of destination.

Ensure the safe return to local communities in their home country of all migrant workers who are unable to meet the entry and work requirements of the country of destination

Ensure that the selected candidates accept the employment offer providing enough time for them to understand the terms of the contract and discuss with their family to make an informed decision and sign their employment contract prior to their departure.

Foreign migrant workers must remain free to withdraw from the recruitment process at any point.

3.10.4.4 Employment of Migrant Workers

The factory shall provide migrant workers with a Post Arrival orientation to familiarize them with local culture, as well as recommendations for adapting to factory life and the local environment. The orientation should also include a list of fees workers may have to pay for in advance, and the related reimbursement procedures. Where Post-Arrival Orientation is not mandatory per law, relevant topics for foreign migrant workers should be included into suppliers' existing onboarding training for new employees.

Foreign migrant workers shall be treated as fairly and equitably as local workers without discrimination at the workplace (see Sec. 3.9). The factory shall have clear procedures to ensure compliance with legal standards regarding the employment of foreign migrant workers, in line with IOM's [Migrant Worker Guidelines for Employers](#). These procedures shall cover:

- Compensation and benefits including access to healthcare and social protection
- Working environment (and dormitories)

- Discipline and performance appraisal
- Employment contract's termination

Employment contracts

Suppliers shall comply with PUMA policies prohibiting unauthorized subcontracting and homeworking arrangements, and the use of multiple excessive short-term contracts as a means of avoiding its obligations under applicable seniority benefits and social security laws and regulations. (See also sec-3.8.2)

Suppliers must provide Foreign Migrant Workers with employment contracts that include terms and conditions that are clear, accurate, simple, compliant with applicable laws and in a language they understand. Employment contract clauses shall, at a minimum, match national legislative requirements in the employment country.

Suppliers shall have a system to ensure that the initial employment contract signed by foreign migrant workers (prior to departure) is not substituted later by another employment contract with less favorable conditions for employees. To do so, suppliers shall keep and/or require labor recruiters to keep a written log of the dates when the contracts were signed by migrant workers, and a record in cases there are amendments to the initial contracts (with the prior informed written consent of the migrant workers). In addition, suppliers may interview migrant workers within 30 days (about 4 and a half weeks) of their arrival at the workplace, to understand their migration experience and ensure that there is no discrepancy between the contract on file and the one held by the new employees. In cases where suppliers find that foreign migrant workers experience contract substitution without their knowledge and consent, they shall adhere to the terms and conditions originally agreed upon in the original contract signed by the workers, unless more favorable conditions have been added.

Regarding contract's termination, the same conditions shall apply as for any other factory worker; see section 3.13.2

Compensation and benefits

The payment of fair wages shall be assured for every employee in the factory.

Suppliers shall ensure that all foreign migrant workers, whether long term contract, or temporary, are compensated directly and in full. Any workers' salary deduction for recruitment fees or any other agency charge fees for services, such as services to obtain residency permits or work visas on behalf of workers, is prohibited and must be reimbursed to employees.

All employees shall also receive and be provided with all work-related benefits mandated by laws; social security, leave, employment termination applicable benefits, remaining wages and outstanding payments in case of contract termination. No withholding wages.

(See Sec. 3.8.2, 3.8.4 and 3.10.5)

Identity and Travel documents

Workers must have access to their identity and travel documents. Withholding foreign migrant workers' identity or travel documents (passport, identity card or visa) is strictly prohibited. In cases where such documents must be collected for government processing (such as for work permit renewals and similar domestic security/migration requirements), they shall be returned to workers immediately when no longer required. Prior to obtaining documents, suppliers should record written consent from foreign migrant workers, which should outline the purpose, and date when documents were taken and must be returned.

Suppliers are responsible for providing workers with secure facilities for keeping these documents if they need safe storage to do so. In such cases, the factory must obtain written consent signed by workers allowing the company's Management to store such documents. During these periods, Factory Management must establish a clear process for workers to request access to their documents. Documents storage shall always be freely accessible to workers.

Accommodations

Migrant workers shall not be forced or influenced to live in the factory's dormitories or hostels. If dormitories are provided, then they must comply with section 3.17.3.

Outside of working hours, all workers including foreign migrant workers shall be allowed secured and free exercise of movement between the area of accommodation, the host community, and the place of employment. Security concerns shall not be used as a basis for limiting freedom of movement, unless clearly unsafe conditions are present. (See Sec. 3.11)

It is recommended that accommodation should be provided to workers free of charge.

For workers living in remote locations, suppliers should consider providing transportation for free or at affordable costs for all workers.

3.10.4.5 Vulnerabilities and special needs

The factory shall make all reasonable modifications and adjustments to accommodate specific religious, ethnic, gender, and disability-based needs of all workers within the workplace as well as within any employer-provided facilities such as dormitories or transportation.

Crisis Preparedness and Management

During and post-crisis, whether related to the environment, politics, or public health, is a crucial period for foreign migrant workers as their vulnerabilities will be amplified by the situation. Suppliers shall take below measures during and post-crisis, as follows:

In the event of crisis both in the destination country or country of origin, facility should conduct a rapid assessment of migrant workers' basic needs and implement a systematic response plan in lines with government guidelines and existing policies, monitor and evaluate the effectiveness of responses for improvement when possible.

Provide access to official, regular and timely crisis information in a language workers can understand, so that they are kept aware of risks, measures in place and can access available support services

Make all efforts, whether independently or in coordination with third-party accommodation and health service providers or any other entities or individuals with which the facility has some form of direct

engagement, as well as consular authorities and other stakeholders, to uphold standards related to general safety, equality of treatment, health care, wage payment, social protection and living conditions.

Support migrant workers' wish to return to their home country by paying all outstanding wages and benefits; organizing and paying for their safe travel; and consulting with local labour departments and consular services where mobility is restricted due to the crisis.

After the crisis abates, provide opportunities for rehiring with equal salary and benefits to migrant workers as before the crisis.

3.10.5 Refugee Workers

One of the main issues that the world faces lately is forced migration of people, millions are leaving their home countries for various reasons such as environmental, political and/or other major occurring issues, places like Syria, Afghanistan, Iraq, Iran, Myanmar, Zimbabwe, Venezuela etc.

According to a collaborative study and report of the UNCHR and International Organization for Migration (IOM) (WORLD MIGRATION REPORT 2020) "UNHCR's mandate at the end of 2018, the top 10 countries of origin – the Syrian Arab Republic, Afghanistan, South Sudan, Myanmar, Somalia, Sudan, the Democratic Republic of the Congo, the Central African Republic, Eritrea and Burundi – accounted for roughly 16.6 million, or 82 per cent of the total refugee population.

In 2018, for the fifth consecutive year, Turkey was the largest host country in the world, with 3.7 million refugees, mainly Syrians (over 3.6 million). Reflecting the significant share of Syrians in the global refugee population, two other bordering countries – Jordan and Lebanon – also featured among the top 10. Pakistan and the Islamic Republic of Iran were also among the top 10 refugee-hosting countries, as the two principal hosts of refugees from Afghanistan, the second largest origin country. Uganda, Sudan, Germany, Bangladesh and Ethiopia comprised the rest. The vast majority of refugees were hosted in neighboring countries."

In line with 10FOR25 Human Rights Sustainability target to create positive impact, PUMA encourages its factories to support in hiring refugees in legal and decent circumstances, because in doing so PUMA aim to create a more sustainable future for underprivileged individuals and give a great example from a sustainable social integration to the society and industry.

3.11 Voluntary Labor

3.11.1 Policy

Employers shall not utilize, nor shall they use employment agencies or intermediaries that utilize, practices that restrict any worker's freedom of movement, or ability to terminate their own employment, or that creates a threat of penalty.

The factory shall have a written policy stating that all employees must accept their employment voluntarily and comply with all laws, regulations, and procedures concerning the prohibition of forced labor, slavery, modern slavery, and human trafficking. All employees shall be free to leave the factory premises during non-working hours. They shall also be free to terminate their employment after reasonable notice without any form of punishment. The factory shall educate all employees,

including managers and supervisors, about the policy and guarantee its enforcement.

The factory shall not grant its employees any large credits or salary advances which may result in any form of bonded labor. Where such salary advances are requested, all deductions must conform to the policy on Bonuses and Deductions (see Sec. 3.8.4) No interest may be charged for wage advances.

To ensure voluntary labor, all wages and benefits shall be paid directly to workers and not to any other person on their behalf through digital payment.

Employees shall have unrestricted access to basic needs, including toilet and bathroom facilities, drinking water, canteen, and medical clinic. Employees shall also have

access to other departments in the factory to address legitimate concerns.

The factory shall work only with Subcontractors and suppliers which guarantee that no prison labor, in any form, is in use.

The factory shall provide Employees with a copy of their labor contracts containing all the terms and conditions of employment as required by law (See Sec. 3.8.2- Contract Management).

The factory shall not impose fees of any kind on any person applying for employment at the factory. Fees charged by labor recruitment agents or "introduction, referral or management fees" in the host country or

community shall be borne by the factory. In cases where employees were previously charged recruitment fees in their sending countries, factories shall work with local contact agents to ensure that those fees are fully compensated back to the relevant migrant workers by the factories. (See Sec. 3.8.2- Recruitment)

The factory shall keep photocopies of personal ID documents and other qualifications on file for every employee (see Sec. 3.8.2- Informed Workplaces & HR Information Systems). Employees shall retain the original copies of their own documents. If payment of wages is by bank transfer, employees shall have their own individual accounts of which they have full control and are free from any kind of interference by the factory.

3.11.2 Voluntary Overtime

The factory shall ensure that only voluntary overtime is performed (see Sec. 3.8.3- Overtime Regulations). Workers who do not agree to work overtime voluntarily shall be able to decline the request without fear of any negative consequences or retaliation/retribution (see Sec. 3.13).

3.12 Dignity & Respect

3.12.1 Policy

PUMA is committed to the development and maintenance of a congenial work environment where all employees are treated with dignity and respect. These same standards are expected at the workplaces of all PUMA supply chain partners.

Employers, in consultation with worker/union representatives, shall assess specific hazards and risks of harassment and abuse in the workplace, including gender-based violence. This includes risks arising from working conditions, work arrangements (such as night shifts or other schedules,) work organization, and third parties such as recruitment agencies, contractors, or any other intermediaries

Factory Management shall take appropriate action against those who violate this policy, up to and including dismissal for serious offenses. The factory shall educate all employees, including managers and supervisors, about the policy and guarantee its enforcement. Management shall also undertake a series of training initiatives aimed at identifying and preventing harassment and abuse, including gender-based while also fostering dignity and respect in the workplace. The factory shall also take other preventive measures such as setting up a Harassment Committee with workers and management representatives, conducting risk assessment.

3.12.2 Physical Harassment

Factory staff are prohibited from engaging in intentional and unwelcome physical contact, physical abuse, or threats of abuse to an individual or an individual's property. Examples of this include, but are not limited to slapping, pushing, forcing workers to kneel, or hitting workers with an object of any kind.

Factories shall not engage workers in tasks which are typically not suitable for their physical state or characteristic. Examples of this include employing pregnant women in jobs which require long hours of standing and making workers carry loads beyond their capacity.

Factories may hire or use security forces if their employees and/or enterprise are at risk for their security. However, suppliers shall not hire security forces to violate human rights; they must ensure not to contribute to any humiliation, injury, or harm people's lives directly or indirectly by using private security forces.

3.12.3 Verbal Abuse

Factory staff are prohibited from engaging in verbal abuse of any employees. Examples of this include, but are not limited to:

- Shouting, public reprimands, or instantaneous rages
- Calling names, using demeaning offensive language
- Unwelcome jokes, remarks, threats, or insults
- Constant unjustified criticism

3.12.5 Unfair Work Practices

Factory Management shall always promote fair work practices, and any intentional efforts to the contrary are prohibited. Examples of unfair work practices include:

- Unreasonably blocking an employee's progress, advancement, or access to development opportunities
- Imposing monetary fines or unjustifiable withholding of wages or benefits (e.g., disciplinary penalty with no justifiable basis, etc.)
- Engaging in gender-inappropriate or intrusive security practices. Security check is to be done by the same sex as the person who is being searched and not in public. Also, pat downs are to be done only when there is a specific, legitimate reason to do so
- Unreasonable and targeted restriction on freedom of movement or speech, including that related to access to toilets, water, or medical facilities that shall not be used as reward either
- The preferential assignment of work or other preferential treatment of any kind exchange for favors, whether actual or implied

3.12.6 Racial Harassment

Racial harassment of any kind is prohibited in all circumstances. Examples of racial harassment may include:

- Racist language, jokes, or derogatory statements about national origin
- Racist graffiti or the display of racially offensive material
- Racist contents in electronic communications

3.13 Disciplinary Practices, Termination, & Retrenchment

3.13.1 Disciplinary Practices

Any disciplinary practices imposed by the factory shall be implemented with the primary aim of improving the employees' performance or behavior, rather than as punishment. The factory shall not engage in or support the use of the following as a form of discipline: physical punishment, wage deductions or abuse in any manner, whether physical, mental, sexual, or verbal. Any instance of these practices is a violation of company regulations. (See Sec. 3.8.2, 3.11)

Disciplinary practices shall be fairly and consistently applied to all employees, regardless of rank or position.

Factory Management shall have written disciplinary practices. Rules regarding the use of discipline shall be clear, valid, and reasonable. and communicated to all workers in the language spoken by workers. Where legal regulations for disciplinary processes exist, procedures for investigation, warning, and penalties shall follow them as a minimum requirement. Factory Management shall reasonably consult with employees or worker representatives in the drafting of the disciplinary practices. The factory management shall ensure non-retaliation for all steps of the disciplinary process, including for a worker requesting a witness and filing an appeal of disciplinary action.

A published version (including the list and classification of offenses and their penalties) shall be made available inside the factory and communicated to all employees. In addition, the **factory** shall train managers, supervisors, and employees in disciplinary practices.

3.12.4 Psychological Harassment

The psychological harassment of employees is prohibited in all circumstances. Examples of psychological harassment include:

- Exclusionary or isolating behavior
- Oppressive or unreasonable allocation of duties, including the manipulation of the nature of someone's work (e.g., overloading, setting meaningless tasks, withholding information)
- Reprisals for an employee's initiation of complaint/grievance or discipline proceedings

Factory Management shall use progressive discipline, i.e., escalating action, to correct the employee's behavior toward becoming a productive member of the company. The disciplinary procedure* is described below:

1. Verbal warning
2. First written warning
3. Second written warning
4. Suspension
5. Dismissal

**Depending on the nature and gravity of the violation, dismissal may be immediately applied.*

Every employee shall be given the opportunity to challenge a disciplinary action for an offense before the action is imposed. If a trade union or workers' council exists at the factory, a member of the workers' organization shall participate in the disciplinary hearing. Factories shall maintain written records of all proceedings regarding the investigation of disciplinary cases and corresponding actions taken by the factory.

3.13.2 Termination

When an employer decides to terminate an employment contract, the following steps must be taken:

- Compensate the employee as required by law
- Give the trade union (or workers' council, in cases where no union is in place) sufficient advance notice of the planned termination
- Consider the opinion of the trade union or works council on the matter, and notify its representative of the outcome, in writing

Not demand that workers sign any waivers or release of their rights as condition of receiving severance or any legal benefits.

Termination shall be based upon the worker's current salary and seniority as calculated from the initial date of hire.

3.13.3 Retrenchment (Workforce Reduction) Plan

If the Employer chooses to reduce its workforce, i.e., engage in retrenchment, they shall explain the circumstances to its trade union, workers' representatives or to all its employees at least 30 days in advance. The factory shall also report the workforce reduction plan to the local labor administration department and PUMA. In cases where no local requirement is in place, or the local rules exempt the factory from making such reports, PUMA still requires the factory to report its plans for retrenchment.

When reducing the workforce, the employer shall prioritize retaining employees with the following characteristics:

- Those with the longest tenure
- Those who are the sole providers for their families, or those whose families have an elderly person or a minor for whom they are providers,
- Those whose qualification, experience, skills, or training are needed by the factory
- Those who have concluded fixed- and relatively long-term employment contracts with the employer
- Those who have concluded open-ended employment contracts with the employer
- Implementation of policies of affirmative action

The factory should ensure the selection criteria are fair and objective. Selection criteria should never be based on:

- Union membership or activity
- Race, gender, age, color, political opinion or affiliation, national or social origin, or religion disability, sexual orientation, marital, partnership or family status
- Pregnancy
- HIV or any other health status

- Contractual status
- Any other discriminatory ground addressed in the company's code of conduct or in national legislation.

Voluntary retrenchment shall also be applied subject to the need to retain necessary skills and qualifications. If an employer that has reduced its workforce pursuant to the above specifications hires again within six (6) months, it shall give notice to the employees dismissed during the reduction and, all things being equal, give them priority to rehire.

The factory shall establish channels for workers to confidentially express any concerns or problems they may be experiencing around legally owed payment during a retrenchment process, to provide feedback or ask questions. The factory shall also maintain proper and accurate records in relation to termination and retrenchment.

3.14 Suggestions, Complaint/Grievance Procedures

PUMA expects factories to provide channels for staff and external stakeholders such as communities to raise their concerns or suggestions.

3.14.1 Procedures for Facilitating Employee Suggestions

"Suggestion" refers to a worker recommendation that is typically related to operational activities or performance, but is not a violation of legal regulations, workplace rules, employment contracts, collective bargaining contracts, or codes of conduct.

It can confuse workers if the primary grievance mechanism is referred to as a "suggestion box." Similarly, workers can be misled during training on grievance mechanisms if factory management uses examples of suggestions rather than grievances or complaints: "How would you improve performance?" "Is there a timing problem between your line and the next?" It is fine for factories to ask workers for operational suggestions, as being on the lines, workers often have the best ideas. However, gathering worker suggestions is not the same as providing a functioning grievance mechanism. It is essential that factories explain the difference between the two so that workers understand that grievances / complaints are not the same as suggestions.

The factory shall ensure that employees are provided with the means to provide feedback and make suggestions relevant to their experience at work, such as regarding the improvement of production procedures, their working environment, etc.

The factory shall encourage suggestions by recognizing employees who make such contributions. Examples of recognition include prizes, board publications, and other incentives.

3.14.2 Procedures for Complaints and Grievances

Complaint / Grievance: Worker discontent or dissatisfaction regarding any situation that:

- 1) Represents a violation of legal regulations, codes of conduct (COC), workplace rules / policies, employment contracts, collective bargaining agreements
- 2) The worker believes, or feels is unfair, unjust, or inequitable

All complaints and/or grievances shall be dealt with promptly and, whenever possible, in a confidential manner that follows the procedures in place. PUMA recognizes that there may be situations where the severity of the complaint warrants formal proceedings from the outset and that confidentiality is not possible in those circumstances.

The factory shall have a system in place to prevent retaliation against or discrimination towards workers who are filing grievances, including grievances regarding harassment, discrimination, abuse, violations of factory procedures, compensation, or unsafe working conditions. Employers shall ensure that the grievance procedures and applicable rules, especially on non-retaliation, are known to workers, and that workers are fully trained regarding their use.

The factory shall have in place procedures to track the number, types, timing and resolution of grievances, and to communicate the resolution of grievances to the workforce.

Informal Complaint Procedure

The factory shall set and communicate to all employees the informal and formal complaint procedure.

The Informal Complaint Procedure is designed for resolving issues where the employee wishes to respond to behavior deemed offensive in order to end it. For complaints of a more serious nature, the Formal Complaint Procedure described below shall be used instead.

The Informal Complaint Procedure shall include the following:

1. The **complainant** shall, where possible, make it immediately clear to the respondent that the behavior in question is unwelcome, unacceptable, and offensive. In many instances, this may be enough to resolve the problem.
2. The **complainant** may seek support from a friend, manager, or designated HR personnel—made available to all employees. This supporter may assist the complainant with raising the issue effectively and constructively to the individual (or individuals) causing it.
3. If the above approach does not resolve the matter, or if the **complainant** does not wish to seek such support, then she/he shall be encouraged to report the matter to his/her **manager**. (If the complainant's manager is the person against whom the complaint is being made, the complaint shall be addressed to the next management level.)
4. At this stage, the **manager** will seek to resolve the matter locally.
5. If the matter is not internally resolved in a manner that is acceptable to the complainant, he/she or his/her manager may then bring the matter to the attention of the **Head of Human Resources**. The Head of Human Resources (or his/her nominee) will seek to resolve the matter. This process may or may not include arbitration.

Formal Complaint Procedure

The Formal Complaint Procedure is designed to resolve formal complaints swiftly and effectively in a manner that minimizes distress for all parties involved. This Procedure is used in the following instances:

- When the **complainant** prefers the complaint be dealt with formally
- When the **manager** considers the complaint to be sufficiently serious to warrant addressing under the Formal Procedure in the first instance
- If attempts to resolve the matter pursuant to the Informal Procedure have failed
- If the conduct in question has continued after the Informal Procedure was followed

Complainants or **managers** planning to use the Formal Complaints Procedure shall follow the following steps:

First, the **complainant** shall submit a formal complaint in writing to his/her manager (or the next level of management) preferably within 30 days of the latest incident occurring. If another prescriptive period is shorter than 30 days and required by local law, then the complaint shall instead be filed within that period. The complaint shall be confined to the precise details of the alleged incidents.

6. The **manager** will acknowledge receiving the complaint by notifying the complainant and report the complaint to the **Head of Human Resources** within five (5) working days.
7. The **respondent** will be notified in writing by **Human Resources** that an allegation has been made against him/her. This notification will be provided within ten (10) working days of the complaint submission (or, in exceptional circumstances, as soon as possible thereafter).
8. The **respondent** will be given a copy of the complainant's statement and will be advised that a written response to the allegation is due within 20 working days. The name or any information to identify the complainant shall not be disclosed. The **complainant** will be provided with a copy of this response.
9. The **complainant** and the **respondent** will both meet separately with the **Head of the HR department** or his/her nominee.
10. The investigation will be carried out with due respect to the rights of both the

complainant and the **respondent**.

Whenever feasible, the investigation will be carried out with minimum delays, and in a manner consistent with fairness and due process to both parties.

11. The **complainant** and the **respondent** will be interviewed separately. Both individuals may be accompanied at all investigative interviews by a friend, colleague, or designated HR officer (or workers') representative.
12. The outcome of the investigations will be documented and communicated to both parties. The result (whether punitive action

or otherwise) will be communicated no later than three (3) days from the date of completion of investigative interviews to the complainant.

13. The factory may communicate the issues and the remediation measures taken to all factory staff as a preventive measure.
14. All prescriptive periods in each step of the process may be shorter than mentioned above whenever required by local law. **Factory Management shall employ the shortest amount of time possible** for each step in the process in favor of the **complainant**.



Additional steps may also be required to integrate the Formal Complaints Procedure into the overall industrial relations policy and the procedures of Factory Management. This Procedure may also be raised through various channels such as suggestion/complaints boxes, worker's committees, union representatives or through external third parties such as PUMA. Factory Management must develop policies that detail how complaints raised through these channels will be addressed. The factory shall educate all employees, including managers and supervisors, about the policy and guarantee its enforcement.

Alternative communication channel

PUMA offers multiple communication channels to receive grievance from factory workers, external individuals or organizations, Civil Society Organizations or communities. Any individual or organization can submit a complaint regarding a violation or a potential violation of human rights or environmental related legislation or of internal PUMA policies ("Complainant").

PUMA commits to remedy and thus offers a confidential, third-party complaints/grievance channel for workers and external organizations to voice concerns. The aim of this process is to expedite the resolution of problems or issues that workers have already raised through the factory grievance mechanism but have failed to resolve. Once a concern is raised, we actively follow up on remediation and aim to ensure the mitigation and remediation measures taken are according to the consideration of the person who raised the complaint. We expect the factory will set up preventive measures such as training factory staff on the policy, rules and regulations related to the specific issue raised through PUMA hotline.

The contact numbers and an email address of the PUMA Sustainability Team are displayed in each factory producing for PUMA through the mandatory posting of the PUMA Code of Conduct. Contact information is provided in the local language to be readily accessible.

 <p>All grievances will be treated confidentially</p>	 <p>No worker will be penalized in any way or suffer any negative consequences</p>
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 **How PUMA Manages Hotline for Workers**

 <p>Try its best to find the solution to workers' problems</p>	 <p>Takes all workers' concerns seriously, investigates whether they are valid, and deals with them appropriately</p>
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During the investigation process, the Complainant's identity will not be disclosed to any third parties, unless the Complainant has provided their consent or if it is required by the applicable law. Information on the identity of persons who are mentioned in a complaint may be shared internally within PUMA, and with business partners on a strict need-to-know basis and only where this is required to investigate a complaint. The communication of information regarding investigations within the PUMA Group will be shared strictly on a need-to-know basis.

All complaints and/or grievances shall be dealt with promptly and, whenever possible, in a confidential manner that follows procedures in place. PUMA shall acknowledge receiving the complaint within 7 days. Upon receipt of the complaint, PUMA shall check the plausibility and determine whether an investigation is required. PUMA shall discuss (and as far as possible in the case of anonymous complaints) the complaint and the facts with the Complainant without undue delay. If neither sufficient information is available nor contact is possible, nor the complaint is not a breach of PUMA policies, the case will be closed.

PUMA shall try to collect further information from the complaining/consulting party in order to guarantee maximum efficiency of the follow up process.

If the initial review of the complaint gives grounds and sufficient information to investigate, the investigation team will take the appropriate steps to investigate the complaint objectively and comprehensively. All investigations are conducted in an impartial and confidential manner and shall comply with the applicable laws and regulations. An investigation will be carried out by a team of internal and/or external investigation specialists. PUMA reserves the right not to investigate further where the complaint appears not to be a violation of the law or PUMA policies and if there is no legal obligation to further investigate.

PUMA is committed to maintaining a safe environment that is free of harassment, intimidation, discrimination, and any other form of retaliation for those who submit a complaint. Threatening reprisals at any stage of a complaints process towards anyone who used PUMA hotline will be considered a violation of PUMA's Code of Conduct and a Major Issue (see Sec. 3.7.3).

PUMA expects full collaboration of the factory management throughout the remediation process. In principle, any issue raised through PUMA hotline will not impact the factory audit rating. In the case of lack of collaboration which leads to an unsolved issue, PUMA reserves the right to consider the unsolved issue as an audit finding and apply PUMA audit rating system (see Sec. 3.7.3).

The Complainant shall be informed of the closure of the complaint along with the outcome of the investigation. PUMA shall request feedback from the Complainant on whether the Complainant is satisfied with the resolution of the complaint.

PUMA does not obstruct access to other remedies. Independent of the PUMA worker hotline, the Fair Labor Association also offers a formal third-party complaints mechanism, where complaints about violations of the FLA Code of Conduct can be raised by third-party institutions, such as unions or NGOs.

In some countries, PUMA partnered with third party service providers to provide a broadly available mechanism for workers to report issues and anonymously or publicly submit feedback on specific topics and issues, via a factory owned worker engagement technology platform. Third Party Helpline of toll-free nationwide and available 24/7 is way to provide a safe, timely, and effective communication channel for the purpose of identifying and resolving safety and other concerns of workers from some suppliers.

3.14.3 Reprisal

Every employee has the right to raise concerns and make reports without fear of reprisal. Threatening reprisals at any stage of a complaints process will be considered a violation of PUMA’s Code of Conduct and a Critical Issue (see Sec. 3.7.2). In the event of any threat of reprisal, appropriate disciplinary proceedings will be initiated against those who attempt or implement such behaviors.

The workplace complaints/grievance procedure shall include a plan for reprisals management and shall involve the trade union or workers’ council, if such exists at the factory. The workers’ organization shall have the right to raise the case to the workplace management in situations that warrant it.

3.15 Freedom of Association & Collective Bargaining

PUMA commits to:

- The right to freedom of association
- The right to organize or join unions or other work or industry related associations of their own choice.
- The right to collective bargaining

Relevant references regarding the right to freedom of association are:

- Article 20 of the Universal Declaration of Human Rights by the United Nations General Assembly on December 10, 1948
- The 1948 ILO Convention 87: Freedom of Association and Protection of the Right to Organize
- The 1949 ILO Convention 98: Right to Organize and Collective Bargaining Convention

Embedded in this recognition is PUMA’s awareness of the right of employees not to join, or to refuse to join, unions or other employees’ associations.

All employees shall be educated about their rights of freedom of association,
their relevance, purpose, and function.

The **factory** shall provide training for all employees of various levels, including managers and supervisors, about freedom of association and collective bargaining. New workers must receive orientation training on the same, while refresher courses or retraining shall be periodically provided to current and longer-term workers. These orientations and training shall cover the international references and standards on freedom of association and collective bargaining, as well as the significance of relevant local laws. Migrant workers shall also have access to this training, regardless of conflicts or limitations between local immigration and labor regulations.

Factories shall not hire or use security forces to break peaceful and legal strikes.

3.15.1 Employee Representation (Works Councils, Unions, etc.)

A workers' organization is an association, committee or union of workers independently formed or created by the workers themselves to safeguard their rights and promote their interests. PUMA requests the following policies to respect workers' organizations' rights in factories:

- The factory shall not restrict or limit any employee from organizing or joining a workers' organization
- The factory shall not restrict any employee from leaving one organization and forming another organization
- The factory shall not restrict workers' organizations or unions from joining local, national, or international federations or confederations
- The factory shall facilitate the selection of representatives

Factory shall refrain from any acts of interference with the formation or operation of workers' organization, including acts of financing or control or interference with election of their representatives. Factories shall not interfere by favoring one workers' organization over another.

Factories shall not use any form of violence or threats, intimidation, retaliation, harassment, or abuse against any workers seeking to form, in process of forming, or who have joined an organization of their choice

Where an independent employee's workers organization does not exist within the factory, the formation of a workers' committee is highly recommended.

- **Factory Management** shall initiate a form of labor-management committee to promote good industrial relations in the factory and provide alternative means of solving workers' problems, complaints, or grievances.
- The labor-management committee shall be composed of representatives from Factory Management and workers.

- **Employees** shall elect officers on the committee and meetings shall be held with the **Factory Management** as necessary.

- Factory Management shall facilitate the workers' selection of representatives by providing a venue and time that will allow for it. **Factory Management shall not interfere in any way in the election process of worker representatives.**

Where there are registration requirements for worker organizations set by local law, the management shall not delay nor impede the process of registering worker organizations with local regulatory bodies.

3.15.2 Collective Bargaining

Collective bargaining is defined as the process by which **Factory Management** and **workers' representatives**, usually union officers, convene over a certain period and series of meetings to agree on effective implementation of workplace procedures that observe workers' rights and provide added privileges that, at minimum, comply with local laws.

A Collective Bargaining Agreement ("CBA") is negotiated on behalf of the workers, applied uniformly to the entire workforce, and subject to a periodic process of renewal according to terms crafted under the same agreement. Items usually addressed within CBA may include, but are not limited to, payments of salaries and benefits; work schedule; disciplinary procedures; complaints/grievances procedures; and union fees. CBAs comply with the minimums set by law for these items, and any terms that are found to be below the requirements set by law may invalidate the CBA.

In **factories** with more than 100 employees, a CBA is recommended. However, this is subject to local law, as a CBA may only be validated if a certain percentage of the workforce agrees with it, regardless of employee membership with an organization or union. The **Factory Management** shall provide written proof (including signatures of non-members) of such agreement of representation.

Where union exists, employers shall make available a copy of the Collective Bargaining Agreement.

Employers shall not impose any sanction on workers organizing or having participated in a strike in accordance with ILO Convention No.87 and jurisprudence Agreement to all workers

Employers can only engage in Collective Bargaining with representatives of unorganized workers when no workers organization exists.

All terms of the CBA shall be uniformly applied to all workers, regardless of membership of the organization or union facilitating the agreement.

Where there are multiple workers' organizations in the factory, a collective agreement may be made with:

- any one of the organizations, provided that its membership comprises at least the required given percentage, indicated by local law, of the total workers.
- more than one (1) organization, provided that the required percentage of combined membership indicated by local law is covered. Nevertheless, **Factory Management** shall adequately address the interests of other organizations and individual workers in the factory.

Provisions in collective bargaining agreements that contradict national laws, rules and procedures or offer less protection to workers than provisions of PUMA Code of Conduct shall be considered not applicable.

Employers, unions and workers shall honor in good faith, for the term of the agreement, the terms of any collective bargaining agreement they have agreed to and signed.

3. 16 Eviction and Taking of Land

Suppliers shall conduct a due diligence process to ensure the land the factory is/will be built on has not been linked to any unlawful eviction or unlawful taking of land, forests and water bodies. Such practices can threaten the livelihood of people, and eventually have an impact on the environment, such as illegal deforestation.

3.17 General Welfare Facilities

3.17.1 Break Areas & Canteens

The **factory** shall provide employees with a break area for general rest and dining purposes. Space allocated for the break area will comply with the legal requirement. If no law exists, then the space shall be appropriate for the number of employees that will be on break during a single shift.

Where the **factory** employs 20 or more persons, a suitable dining area that is not within the main production workshops shall be provided or arranged, either within the premises or, if common dining facilities (such as those located in an industrial zone are) nearby, then outside of the premises. Considerations of safety, convenience and comfort shall be of primary concern when designing break areas and canteens.

In some cases, the factory may choose to provide food through a separate contractor or purveyor. In these cases, food handling facilities and practices shall comply with the requirements of all local sanitation regulations. The factory shall allow workers to bring in their own food to not force workers to buy from the contractor in case of health /religion / personal issues. And the factory shall provide a safe and secure place to keep food for safe hygiene.

Break areas and canteens located within the premises shall be kept free of litter and shall contain enough tables and chairs for all employees in need of space given break times. The **factory** shall provide adequate light and ventilation in the canteen space, and ventilation filters shall be cleaned regularly.

No employee shall be required to consume food in a toilet room, working area or in any area exposed to toxic material.

3.17.2 Changing Rooms

If worker activities require employees to change their clothes at any point, the **factory** shall provide a changing room. In these cases, the changing rooms provided shall be constructed and maintained so that they are safe, dry, and clean, and free of any danger, and individual changing areas shall be provided to ensure access to privacy.

Rooms shall be provided with a locker to secure personal belongings against theft. Mirrors, wash basins, and soap shall be provided in the common areas, and appropriate fans or heating shall be provided according to local needs.

3.17.3 Dormitories

Dormitory rooms shall be designed and maintained in a manner that promotes human dignity and at least a minimum of personal privacy. At their own expense, employees shall always have the option to live outside the dormitories

provided by the factory (i.e., in private accommodation). The following guidelines for dormitories outline the absolute minimum requirement for accommodation provided by the factory.

Employers shall make all reasonable adjustments to accommodate specific religious, ethnic, gender, and disability-based needs.

General

All relevant laws and regulations must be followed. An occupancy permit shall be secured by the factory ahead of any occupation of the dormitories.

Dormitories shall be maintained in safe, clean, and good condition. Buildings shall be provided with corridors at least one (1) meter wide, and those comprised of two (2) or more stories shall include at least two (2) stairways accessible with a maximum travel distance of 25 meters from any point. Heating and cooling facilities shall be available in a manner appropriate to local climate conditions.

Rooms

Dormitories must be designed with the following specifications:

- A minimum room occupancy of 2.5 square meters per person
- A minimum floor area of six (6) square meters with shortest dimension of two (2) meters
- A minimum floor height of 2.4 meters
- The presence of individual beds up to second deck only
- A maximum of eight (8) people per room (lower numbers are highly desirable)
- Windows with a total free area of openings equal to 10% of the floor area for rooms when no artificial ventilation is available
- Windows that open directly to a yard, court, public street, alley, or open water source
- Mechanical or artificial ventilation for rooms with insufficient supply of natural ventilation
- Rooms with access to natural light
- Rooms with individual lockers for personal belongings
- Beds fitted with curtains that provide privacy

In addition, the following guidelines must be adhered to in all dormitory spaces:

Employers shall ensure that the workplace and all workplace facilities are free from any type of violence,

Water Supply

Potable water shall always be provided and tested at least every six (6) months. There shall be sufficient water supplied to all residents for personal cleaning, bathing, and other needs, and hot water shall be supplied as well. At least one (1) sink shall be provided for every 15 people.

Shower and toilets shall be sufficient in number and walls and doors shall be in place to ensure adequate privacy.

3.17.4 Other Welfare Facilities

As stated in the policy on Women Workers (see Sec. 3.10.3) and depending on local law, factories must comply with all legal requirements to provide lactation facilities and/or equipment, childcare/crèche facilities, and others that may be required. Such facilities must comply with all regulations and principles regarding sanitation, health and safety, and security and proper management.

These facilities must be in areas away from dangerous or harmful processes or materials. Appropriate lighting, ventilation, heating and cooling, and space requirements must be provided. The staff responsible for such facilities, particularly those taking care of children, must comply with all applicable qualifications and regulations for childcare.

Such facilities shall be included in the factory’s safety and emergency response plans.

Childcare facility opening hours must match the working hours of the factory shifts. All childcare workers must be fully trained and licensed to provide the level of care necessary at the factory. Where local legal requirements are missing, childcare workers must have at least some vocational trainings for childcare.

3.17.5 Factory Training & Capacity Building Projects

PUMA supports the development of its Suppliers through capacity-building projects, which aim to improve social and labor compliance and performance. This can be achieved through training with NGOs, labor expert organizations, the PUMA team, or related industry initiatives.

These projects are considered investments toward improving working conditions and mitigating the risk of negative publicity. They are targeted to create a positive impact within or even beyond the factory.

Suppliers may engage in these investments either jointly with PUMA or on their own. In some cases, such activities may be conducted by the Supplier as a form of corrective action arising from an audit. In these circumstances, PUMA shall be given regular updates on the progress and results in keeping with the Corrective Action Plan in place.

In order to promote Responsible Business Conduct (RBC) and Occupational Safety and Health (OSH) across PUMA Operations and Supply Chain, as well as achieving PUMA Sustainability 10FOR25 Targets on Women Empowerment Training and reduce injury rate, PUMA partnered with International Training Centre of the International Labour Organization (ITCILO) to implement a Program entitled "Training of Trainers to Promote Responsible Business Conduct (RBC) and Occupational Safety and Health (OSH)". After completing courses (10 RBC modules plus 18 OSH modules, topics are listed below) and successfully passing the technical exams with the ITCILO and learning about effective training methodologies both for online and face-to-face delivery, PUMA Social Sustainability team members had been certified by ITCILO as Trainers on (RBC) and (OSH) in 2021. PUMA team is training and certifying the factory management team to deliver training to workers on RBC and OSH.

The training package on RBC covers the following modules:

- UN guiding principles on business and human rights and global supply chains.
- Risk assessment, management systems and due diligence.
- Access to remedy.
- Due diligence for responsible recruitment of migrant workers.
- Forced labor.
- Freedom of association and collective bargaining.
- Discrimination.
- Social protection.
- Pay and
- Working time.

The OSH track consists of a selection of 18 modules covering themes and topics that promote a general culture of health and safety at work, as well as specific risks and issues:

- Management of prevention
- Risk assessment
- Accident Prevention and Reporting
- Motivating Workers: Leadership & supervision
- Personal Protective Equipment
- Emergency responses
- Internal emergency plan
- Ergonomics
- Hazardous substances
- Health and safety committees
- Fire and explosions
- Confined spaces
- Hoist, lift and bear
- Trip, slip and fall
- Work at height
- Harassment and violence at work
- Safe and healthy workplaces for Young Workers
- Managing health crises and COVID-19

Sec. 4 – Sustainability Data Collection and reporting

PUMA uses Enablon, the software tool, for the regular collection of social performance data from both owned entities and Core Suppliers. Data collection occurs annually and covers at least 80% of PUMA’s sourcing business volume for Tier 1 (product manufacturers).

Each PUMA entity is accountable for its social performance. All PUMA core T1 suppliers are therefore required to regularly complete web-based questionnaires to collect data on Female Worker Percentage, Permanent Worker Percentage, Worker Turnover, Wages, Social Insurance, Working Hours, Collective Bargaining Agreement Coverage, Fatality and Injury Rate as well as Occupation Health & Safety Training etc., This data also forms the basis for PUMA’s internal management system regarding social performance, as well as the information presented in each Annual Report.

PUMA then uses these data to establish social key performance indicators (“S-KPIs”) that align with production volume for each supplier, helping us track supplier improvements on social performance.

For more information on PUMA’s data collection procedure, please contact the PUMA Sustainability Team.

4.1 Global Reporting Initiative (“GRI”) Sustainability Reporting

PUMA has been publicly reporting its sustainability performance in accordance with the guidelines of the Global Reporting Initiative (“GRI”) since 2004. Since 2010, PUMA’s Sustainability and Financial Reporting have been integrated into the consolidated PUMA Annual and Sustainability report.

PUMA continues to encourage its Core Suppliers to publish sustainability reports that adhere to GRI guidelines to further transparent sustainability reporting across the supply chain.

Please visit the PUMA website for a copy of our [Annual Report](#).

4.2 Reporting of Social Key Performance Indicators (“S-KPIs”)

PUMA has established Social Key Performance Indicators to measure our progress and manage PUMA’s social footprint. These S-KPIs track of Female Worker Percentage, Permanent Worker Percentage, Worker Turnover, Wages, Gender Pay Gap, Social Insurance, Working Hours, Collective Bargaining Agreement Coverage, Fatality and Injury Rate as well as Occupation Health & Safety Training.

PUMA and PUMA Suppliers use the online platform Enablon for regular data collection from Core Suppliers, and to enable monitoring, tracking, and publishing of the S-KPI performance in PUMA’s Annual Report. See figure below for PUMA’s 2020 S-KPI performance compared to previous years:

2023	SOUTH ASIA								SOUTHEAST ASIA				EMEA	2023	2022	2021	2020
	Bangladesh	Pakistan	China	Cambodia	Indonesia	Philippines	Vietnam	Turkey	Average								
Gross wage paid above minimum wage excluding overtime and bonuses (%)	23.6	33.2	5.9	6.1	1.3	0.0	31.4	0.4	12.7	13.4	14.5	13.0					
Gross wage paid above minimum wage including overtime and bonuses (%)	58.6	38.9	166.6	63.3	38.3	18.0	93.3	24.9	62.7	71.0	80.2	54.7					
Workers covered by social insurance (%)	100.0	100.0	80.4	100.0	100.0	100.0	100.0	100.0	97.5	97.0	95.1	95.6					
Overtime (hours per week)	6.0	0.3	13.5	4.9	4.5	6.0	3.5	3.8	5.3	7.7	8.3	5.4					
Workers covered by a collective bargaining agreement	0.0	0.0	93.3	40.0	25.0	0.0	100.0	0.0	32.3	34.4	37.2	26.9					
Female managerial position (%)	7.4	7.7	56.3	64.6	73.8	76.9	71.2	45.3	50.4	49.1	NA	NA					
Female workers (%)	42.0	9.7	61.6	83.1	82.8	63.9	76.2	58.5	59.7	60.0	59.5	58.8					
Permanent workers (%)	100.0	100.0	28.6	62.7	99.2	77.2	45.6	100.0	76.7	74.2	75.5	74.4					
Annual turnover rate (%)	27.3	32.9	52.8	41.9	26.5	15.1	39.9	34.8	33.9	35.6	34.0	29.9					
Injury rate (%)	0.3	0.0	0.4	0.3	0.3	0.0	0.1	0.5	0.2	0.3	0.3	0.4					
Hourly average gross wage excluding overtime and bonuses (%) (Female-Male)*	0.0	-0.2	0.0	-0.1	0.0	0.0	0.0	0.0	0.0								
Hourly average gross wage including overtime and bonuses (%) (Female-Male)*	-0.1	-0.2	-0.1	0.0	0.0	0.0	0.0	-0.1	0.0								
Number of factories	8	2	18	5	4	1	18	1	57	65	63	58					

* New KPI
 1 Data received from 57 PUMA core suppliers representing 72.1% of 2023 production volume, 72.4% of 2023 production value; reporting period for data collection: January 2023 – October 2023 (November and December 2023 were calculated based on the estimation method)
 2 Injury rate calculation – Number of OSHA Recordable cases X 200,000 / Number of Employee Labor hours worked
 3 Wage gap calculation – Average of total female workers’ hourly gross wage – Average of total male workers’ hourly gross wage

Figure 5: PUMA Supply Chain S-KPI Performance from Core T1 Suppliers, 2023

Sec. 5 – Industry Collaboration

PUMA has placed a large emphasis on industry collaboration and, where possible, supporting existing industry initiatives. Collaboration with our peers is paramount to streamline the sustainability efforts of our industry. We believe that encouraging alignment of individual industry organizations, e.g., converging use of tools and processes, makes the overall system more efficient. Examples of actions PUMA has taken are:

- Harmonized the PUMA Compliance Audit tool with the methodology of the Fair Labor Association and Better Work;
- Supported a convergence of various existing supplier social compliance assessments under the umbrella of the Social and Labor Convergence Project (“SLCP”), and ILO Better Work program
- Introduced relevant social key performance indicators (“KPIs”) as part of an industrywide

framework on social standards that measure performance in addition to compliance

The results of these and similar coordinated efforts potentially free up resources currently spent by brands and Suppliers alike. Examples of what we believe are redundant processes include:

- Multiple audits for the same factory
- Multiple test reports for hazardous chemicals on the same materials and effluents
- Multiple capacity-building and training projects focusing on similar subjects and Suppliers

By de-duplicating efforts across the industry, through Brand Collaboration we aim to use our own resources more effectively. This, in turn, achieves a stable, long-term positive impact on our direct and indirect employees, as well as the factories, communities and environment in which we operate. Our new “10FOR25” targets will guide our work in this respect.

Further information on the global initiatives and programs PUMA supports are found on the websites of the following organizations and initiatives:

- [Fair Labor Association](#)
- [Better Work](#)
- [Social & Labor Convergence Project](#)
- Cascale - former [Sustainable Apparel Coalition](#)
 - [International Labor Organization](#)
 - [United Nations Global Compact](#)
- [RMG Sustainability Council](#)
 - Freedom of association protocol
 - International Organisation for Migration
 - Better Buying
 - Elevate
 - Microbenefits
 - Labor Solution
 - Fair Wage Network

APPENDIX

A. PUMA Code of Conduct

PUMA SE, PUMA WAY 1, D-91074 Herzogenaurach

FOREVER FASTER  PUMA

CODE OF CONDUCT

PUMA respects Human Rights. This respect defines our engagement with the societies in which we operate, and with our partners throughout our supply chain. PUMA respects the environment. We are determined to manage, reduce and report on the impact on the environment of both our organization and our supply chain.

These two commitments are expressed publically and transparently in the PUMA Code of Conduct. All our Employees, Vendors and their Subcontractors are required to comply in full with this Code of Conduct. Where differences or conflicts arise, the highest standard shall apply.

EMPLOYMENT RELATIONSHIP

Vendors and their subcontractors shall adopt and adhere to rules and conditions of employment that respect workers, and, at a minimum, safeguard their rights under national and international labor and social security laws and regulations.

NO CHILD LABOR

Vendors and their subcontractors may not employ anyone below 15 years of age, or the local legal minimum age, or the age for completing compulsory education, whichever of the three is higher.

SAFE WORKING ENVIRONMENT

Vendors and their subcontractors must provide a safe and hygienic working environment for all employees. Vendors and their subcontractors must take all possible precautions to prevent accidents at the workplace, and should actively promote good occupational health and safety practices.

FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING

Vendors and their subcontractors must guarantee the right of their employees to join unions, or other work or industry related associations, and to bargain collectively. These rights must be given without fear of harassment, interference or retaliation.

NO DISCRIMINATION

Vendors and their subcontractors do not discriminate against any of their employees. Employees are treated with respect and equality regardless of religion, age, gender, pregnancy, marital status, disability, nationality, race, ethnic origin, political views or sexual orientation.

ETHICAL BUSINESS PRACTICES

PUMA SE will not tolerate corruption neither in the supply chain nor in its own operations.

DIGNITY AND RESPECT

Harassment, corporal punishment and physical, sexual, psychological or verbal abuse is not tolerated in the PUMA supply chain. Vendors and their subcontractors cannot use any form of forced labor including prison labor, indentured labor or bonded labor.

FAIR COMPENSATION

Every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income. Employers shall pay at least the minimum wage or the appropriate prevailing wage, whichever is higher, comply with all legal requirements on wages, and provide any other benefits required by law or contract. Where compensation does not meet workers' basic needs and provide some discretionary income, each employer shall work with their relevant stakeholders to take appropriate actions that seek to progressively reach a level of compensation that does.

NO EXCESSIVE WORKING HOURS

Vendors and their subcontractors employees must not be obliged to work in excess of the regular workweek and maximum overtime allowed by local labor law. A regular workweek shall not exceed 48 hours and one day off shall be guaranteed for every seven-day period. Other than in exceptional circumstances, the sum of regular and overtime hours in a week shall not exceed 60 hours. Overtime shall be voluntary and compensated at a premium rate and not be requested on a regular basis.

RESPECT THE ENVIRONMENT

Vendors and their subcontractors must respect local environmental protection legislation or international industry standards, whichever is higher. All Vendors and their subcontractors must measure and progressively reduce their impact on the environment.

REGION	TELEPHONE	LANGUAGES
Southeast Asia	+84 989385612 +628 11 227 2143	
South Asia	+880 1708469256	
East Asia	+86 13622884924	
Americas	+503 77871132	
Europe, Middle East & Africa	+49 15114743876 +90 532 483 6685	

Vendors and their subcontractors accept that their business practices are subject to scrutiny. All subcontractors must be authorized by PUMA and it is the responsibility of the vendor to ensure that this Code of Conduct is respected at their subcontractors.

PUMA SE reserves the right to cease trading with any company which is found to violate this Code of Conduct.

Please direct all enquires, complaints and suggestions regarding this code and its implementation to sustain@puma.com or contact your local PUMA Sustainability Team.

V. 06. 2016

B. The PUMA Code of Ethic

PUMA PRINCIPLES

It is great to have a set of values that guide the way we conduct our day to day business. However, you may ask yourself how all of this applies to you.

Find on the next pages the guiding principles of how we behave and make decisions at PUMA. We will discuss the tricky positions you can find yourself in, in which the correct behavior does not seem so clear. The Q&As will help you understand such situations.

Remember in case of doubt there is always someone you can speak to at PUMA.

As a PUMA employee you also have to comply with mandatory internal policies for specific risk areas. These internal policies and the **Code of Ethics** exist to protect both you and PUMA's reputation and goodwill.

As a manager you have to make sure everybody in your team understands these rules and sticks to them.

We want everybody to be attentive, to look closer and to speak up whenever the principles are being violated.



PLAY BY THE RULES 5

PRINCIPLE 1 — HUMAN RIGHTS

WE TREAT EVERYONE WITH FAIRNESS AND RESPECT.



We want you to be you when you come to work!

The people who work at PUMA come from many backgrounds and nationalities. Our differences make us stronger. We want a diverse workforce and we do not tolerate discrimination, harassment or bullying in any form. We know that the colour of your skin, your gender, age, who you love, how you worship or how you self-identify does not affect your ability to do your job. We always come from a place of openness and respect.

PRINCIPLE 3 — LEARN FROM MISTAKES

WE TAKE RESPONSIBILITY FOR OUR ACTIONS AND OWN UP TO OUR MISTAKES.



At PUMA, we employ humans, not robots.

Every now and then mistakes happen. Own up to your mistakes and do not try to cover them up. We see mistakes as learning opportunities.

PRINCIPLE 5 — PROTECTION OF PUMA ASSETS

WE USE PUMA ASSETS RESPONSIBLY.

As part of your job, you may be given a laptop, a company car or some other tool to make sure you can perform properly. Also, for example during 360 we give you access to many new products.

We expect you to treat these assets with care and respect. Do not steal, waste or misuse them.

Use your common sense when using PUMA assets and make sure you keep them safe.



PRINCIPLE 2 — HEALTH & SAFETY

WE PROVIDE A SAFE WORK ENVIRONMENT FOR OUR EMPLOYEES.



You should be able to go to work without fear of injuring yourself or getting sick.

We do not cut corners or look for ways to save when it comes to health and safety.

In fact, we are investing more in these areas to ensure you have a safe, healthy environment so you can do your job to the best of your ability.

PRINCIPLE 4 — INTELLECTUAL PROPERTY

WE RESPECT INTELLECTUAL PROPERTY — OURS AND OTHERS'.



Our designers and developers come up with creative and innovative ideas that make us a successful and competitive brand.

Our logo is one of our most valuable assets.

That is why we make sure we protect PUMA's intellectual property. We show the same respect and care for trademarks, patents and designs owned by others. We only use the intellectual property of others if we have the permission or the license to do so.

PRINCIPLE 6 — SUSTAINABILITY

WE WORK TOWARDS A SUSTAINABLE FUTURE.

We only have one planet so we have to take care of it.

Sustainability means ensuring that our success does not exploit our suppliers' workers nor our own staff, our natural resources or our investments.

We reject any violation of human rights by suppliers, and any form of forced

labor, and exploitative child labor or discrimination in any form.

It is important for us that our suppliers give a fair day's pay for a fair day's work.

We expect our suppliers to adhere to regulations about minimum working age and minimum wage.

PRINCIPLE 7 – QUALITY & SAFETY

WE MAKE SAFE PRODUCTS.

At PUMA, we take pride in our work. We make innovative, high-quality products for athletes of all levels, across the globe.

When someone buys a PUMA product, they can expect that they or the people they care about are not put at risk and neither are the people who produce it. Therefore, we ensure that our products are designed and produced in compliance with applicable safety and trade compliance standards.



PRINCIPLE 8 – SELECTION OF BUSINESS PARTNERS

WE SELECT OUR BUSINESS PARTNERS CAREFULLY.

Code of Conduct

We can only achieve our goal of becoming the fastest sports brand in the world if we work with the best business partners available.


This is why we carefully select third party business partners based on objective criteria. Favoritism and nepotism have no place at PUMA. We expect our business partners, especially our sourcing partners, to respect human rights, to know the rules by which we play and ask them to adhere to the values we have set out in our Code of Conduct for suppliers.

PRINCIPLE 9 – CONFLICTS OF INTEREST

WE ACT WITH PUMA'S BEST INTEREST AT HEART.

A conflict of interest can arise when you are somehow personally invested (financially, genetically, romantically) in a business decision.

We cannot avoid all conflicts of interest, but we can take steps to ensure we always act objectively and without bias. We do this by disclosing and managing potential and existing conflicts of interest. This way we make objective decisions which benefit PUMA as a whole and not only us as individuals.



PRINCIPLE 10 – INSIDER TRADING

WE DO NOT USE INSIDE INFORMATION OUTSIDE OF THE COMPANY.

PUMA is a listed company.

Therefore, we comply with capital markets law. Working at PUMA means you may have access to inside information about the company. Inside information is not only a confidential information but could, if made public, affect an investor's decision to buy or sell PUMA shares thus affecting the market price of the PUMA share.

Inside information can include information about sales, earnings or other important financial performance figures, significant transactions, changes in key personnel or the entry into a new market.

Using inside information for your own gain, be it personal or business, or for recommending to another person to buy or sell PUMA shares creates an uneven playing field. More importantly, it's illegal and can lead to serious criminal and civil penalties and fines for you and PUMA.



PRINCIPLE 11 – ANTI-MONEY-LAUNDERING

WE PREVENT MONEY LAUNDERING.

Stay alert! It's important that you speak up if you see anything suspicious. Red flags can include:

- » Transfer payment to or from entities or countries not related to the transaction
- » Process a transaction in a way that circumvents the normal process
- » Payments in cash.

If someone were to receive money illegally, that money would need to be 'laundered' before it can be put into the financial system and spent. Money laundering means falsifying or disguising where that money came from, then returning it to the criminal. There are many ways this can be done, such as with shell companies, large cash payments or through elaborate transfers.

PUMA takes a strong stance against money laundering and takes active steps to ensure our payment channels cannot be used for illegal activities.

PRINCIPLE 12 – TRADE COMPLIANCE

WE COMPLY WITH NATIONAL & INTERNATIONAL TRADE LAWS.

We have fantastic products and it is no surprise that customers around the globe love them and want access to them.

We are committed to complying with import and customs law, export controls, economic sanctions, denied parties lists etc. For example, we will not conduct business with persons or companies that are subject to any type of trade embargoes, economic sanctions or other official, restricted lists. Make sure you engage our Trade Compliance Team to review movements of our products across international borders before they take place. All activities, especially contracts, involving sanctioned countries must be reviewed by the legal and compliance departments.

PRINCIPLE 13 – COMPETITION

WE COMPETE FAIRLY.

Winning from an unfair advantage is not winning.

We are successful because we work hard and play by the rules. PUMA is committed to ensuring a level playing field and fair and equal conditions for competition. This is not just about protecting our reputation and avoiding lawsuits, but about benefiting our customers and business partners: competition creates more choice, lower prices and higher-quality products for consumers.

Antitrust laws regulate anti-competitive behavior between businesses. These laws prohibit discussions, agreements and understandings among actual or potential competitors regarding price or restriction of market, boycotting certain suppliers or customers.

We do not condone behavior that violates antitrust laws.



PRINCIPLE 14 – ANTI-CORRUPTION

WE CANNOT BE BOUGHT AND WE DO NOT OFFER BRIBES.

When we win, in life and in business, we want to do so on merit. When we lose, we want it to be because our competitors were better, not because they paid a bribe.

PUMA does not accept and does not offer bribes in any way, shape or form.

PUMA does not make donations or other contributions to political parties, politicians or related institutions.




PRINCIPLE 15 – FINANCIAL INTEGRITY

WE KEEP ACCURATE RECORDS.

Bookkeeping isn't just a fun word with three consecutive repeated letters (one of only three in the whole English language), it is the supportive insole in the shoes of any company.

We keep complete, accurate, timely and understandable records to give a fair and complete view on PUMA's performance and to help us do business.

We do not make false statements, misleading entries, material omissions in any of PUMA's books, financial records, personnel records and systems.



PRINCIPLE 16 – TAX COMPLIANCE

WE PAY OUR FAIR SHARE

PUMA respects all tax laws and international standards in all countries where we operate.

We aim to be a good corporate citizen and pay in full all local and national taxes as required by the law. Details are stipulated in the PUMA Group Tax Guideline.

PRINCIPLE 17 – CONFIDENTIALITY

WE PROTECT CONFIDENTIAL INFORMATION.



As a PUMA employee you have access to a lot of information that could be valuable to our competitors.

Information about new sponsorship deals, the latest sales figures, new designs or patents could hurt PUMA if it ended up in the wrong hands. Do keep PUMA's confidential business information and the one of our business partners to yourself.

In addition, we invest a lot in technical solutions to prevent cyber criminals from disrupting our business.

PRINCIPLE 18 – DATA PRIVACY

WE PROTECT PERSONAL INFORMATION.



Employees, customers and business partners share personal data with us.

When you give us your information, you establish a trust relationship with us, and we take this relationship very seriously.

We protect the data entrusted to us by handling it properly, using it only for the intended and authorized purposes, and considering the full rights of the data owner at all times.

SPEAK UP. REACH OUT. PLAY FAIR.

We have now explained the guiding principles of how we behave and make decisions at PUMA.

If you notice any behavior or actions you feel go against those principles, we want you to speak up. You are the best asset we have to ensure a level playing field for PUMA and its competitors: you are on the ground, you deal with these issues every day and you are in the best position to speak up and let us know if we have missed something.

It's not easy, but it's important.

Sharing a suspicion about your colleagues can be tough. You may feel you are betraying their confidence by doing so. But ignoring unethical or inappropriate behavior only serves to make the problem worse, while doing nothing to fix it.

If someone gets away with something once, they are more likely to do it again. If you are in doubt, it is always better to ask for advice than to ignore it. Clear and open communication is the quickest way to conflict resolution.

For the full version, please see PUMA FOREVER BETTER website: [PUMA Code of Ethics](#)

C. Contacts

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In case of any other questions regarding this manual,

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D. UN Global Compact Principles

THE TEN PRINCIPLES

The UN Global Compact's ten principles in the areas of human rights, labor, the environment and anti-corruption enjoy universal consensus and are derived from:

- [The Universal Declaration of Human Rights](#)
- [The International Labor Organization's Declaration on Fundamental Principles and Rights at Work](#)
- [The Rio Declaration on Environment and Development](#)
- [The United Nations Convention Against Corruption](#)

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment and anti-corruption:

HUMAN RIGHTS

- [Principle 1](#): Businesses should support and respect the protection of internationally proclaimed human rights; and
- [Principle 2](#): make sure that they are not complicit in human rights abuses.

LABOR

- [Principle 3](#): Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- [Principle 4](#): the elimination of all forms of forced and compulsory labor.
- [Principle 5](#): the effective abolition of child labor; and
- [Principle 6](#): the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

- [Principle 7](#): Businesses should support a precautionary approach to environmental challenges.
- [Principle 8](#): undertake initiatives to promote greater environmental responsibility; and
- [Principle 9](#): encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

- [Principle 10](#): Businesses should work against corruption in all its forms, including extortion and bribery.