



Herzogenaurach – June 2023

Modern Slavery and Human Trafficking Statement 2023

This statement has been published in accordance with the UK Modern Slavery Act (2015), the California Transparency in Supply Chains Act of 2010 (SB 657) and the Australian Modern Slavery Act 2018 (Cth). It sets out the steps that PUMA SE and all its subsidiaries' (herein after referred to as PUMA) have taken during the financial year 2022 to identify the risks of and prevent modern slavery and human trafficking occurring in its own business operations and supply chains.

Structure, Business and Supply Chain

PUMA is one of the world's leading sports brands, designing, developing, selling and marketing footwear, apparel and accessories. For 75 years, PUMA has been producing the most innovative products for the fastest athletes on the planet. PUMA offers performance and sport style footwear, apparel and accessories products in categories such as Football, Running and Training, Golf, Motorsports and Basketball. PUMA engages in exciting collaborations with renowned designers to bring innovative and fast designs to the sports world. The PUMA Group owns the brands PUMA and COBRA Golf as well as the subsidiary Stichd. PUMA distributes its products in more than 120 countries via the wholesale and retail trade, as well as from sales directly to consumers in our own retail stores and online stores. We market and distribute our products worldwide primarily via our own subsidiaries. There are distribution agreements in place with independent distributors in a small number of countries. PUMA employs more than 16,600 people worldwide and the headquarters are located in Herzogenaurach, Germany. As of December 31, 2022, 99 subsidiaries were controlled directly or indirectly by PUMA SE. Our subsidiaries carry out various tasks at the local level, such as distribution, marketing, product development, sourcing and administration.

Social, economic and environmental sustainability is a core value for PUMA. As a long-term signatory to the United Nations Global Compact, we have linked our sustainability strategy to the United Nations Sustainable Development Goals. We aim to bring our trading practices in line with the principles of the UN Global Compact and ensure that our products are manufactured in workplaces where Human Rights are respected.

We recognize the importance for transparency in our supply chain and publish the list of our manufacturers (Tier 1) and core component and material suppliers (Tier 2). This list can be found on PUMA's website under Sustainability/Social and the Open Supply Hub platform. The PUMA global factory list includes suppliers that stand for 92% of the sourcing value of our apparel, footwear, and accessories divisions. PUMA's suppliers are located all around the

¹ Including PUMA United Kingdom Limited, PUMA Europe GmbH -UK branch, PUMA Teamwear Benelux B.V., stichd uk ltd. and PUMA Premier Ltd and (for the purposes of the Australian Modern Slavery Act 2018) PUMA Australia Pty Ltd ("PUMA Australia") the relevant reporting entity under that legislation for the purposes of this Statement which owns and controls PUMA New Zealand Limited, White Diamond Australia Pty Ltd, and White Diamond Properties Pty Ltd).



world. Asia remains the largest sourcing region overall, with 95% of the total volume, followed by the Americas with 3% and EMEA with 2% (thereof Europe with 1% and Africa with 1%). The factory list contains the name, address and tier-level of each factory as well as information on the type of product being processed, the number of employed workers, the percentage of female staff and foreign migrant workers. During the financial year 2022, PUMA sourced from 141 independent suppliers in 27 countries worldwide.

Further information about PUMA, its organizational structure and group relationships is available on the company's website under **This is PUMA** and under **Financial Reports** [cf. PUMA's Annual Report 2022].

Policies on Modern Slavery and Human Trafficking

PUMA respects the ILO Core Conventions, the United Nations Universal Declaration of Human Rights and the ten principles of the United Nations Global Compact. These standards are the foundation for PUMA's labor-related policies. PUMA's Code of Ethics is the foundation which sets a standard for the behavior of all PUMA employees including employees of joint ventures, our business partners, customers and suppliers.

The Code of Ethics is mandatory and extends to every individual working for or on behalf of PUMA. It represents PUMA's commitment to maintain an ethical and responsible behavior for individuals and corporate entities and it requires everyone to always comply with legal requirements. In addition to the Code of Ethics, our commitment to identify and address issues such as modern slavery, human trafficking and forced labor is also integrated in PUMA's Code of Conduct, whereby all our business partners and their subcontractors are required to fully respect the Code. The Code of Conduct forms an essential part of our purchasing contracts. Introduced back in 1993, PUMA's Code of Conduct sets a clear minimum standard for our partners throughout the supply chain. It is translated into forty-one languages and is displayed in all of PUMA's directly contracted partner factories. PUMA's Code of Conduct was revised to meet or exceed the Fair Labor Association's Workplace Code of Conduct in 2016. It stipulates very clearly:

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

Our compliance requirements covering responsible recruitment, freedom of association and collective bargaining, prohibition of forced labor, bonded labor, child labor and human trafficking are also detailed in our PUMA Sustainability Handbook - Social Standards². This handbook is available on our website and distributed to all our business partners and their subcontractors to illustrate our mandatory Code requirements in further detail. The Handbook is updated regularly to integrate relevant Human Rights subjects and set an approach to address and remediate specific challenges. All commitments mentioned before are granted throughout the supply chain, so that a supplier with whom PUMA has a direct contractual relationship (Tier 1 supplier) in turn bears the responsibility for ensuring

² [PUMA® - Sustainability handbook and codes of conduct](#)



compliance across their own supply chain. We translated our handbooks (PUMA factory monitoring standards and procedure for social, occupational health and safety, environment and chemical) into Chinese, Vietnamese and Spanish and created a video to explain the PUMA social handbook in three languages as well.

PUMA also drives sustainability integration and performance in the business by linking sustainability goals to staff bonuses. PUMA finalized its Responsible Sourcing Policy in May 2019. The policy covers the commitment, purpose, scope, intent, and the expectations for PUMA staff on responsibilities, dialogue, training, and performance from implementing reasonable sourcing practices. The responsibilities section outlines PUMA's role in ensuring fair compensation, balanced production planning, and expectations of subcontractors, among other standards. In 2022, 280 PUMA colleagues from development, sourcing and production joined Responsible Sourcing Practice training, the same topic also covered 1,145 supplier participants through virtual webinars. The training referred to the UN Guiding Principles on Business and Human Rights, to explain the link between the purchasing practices, potential impact on working conditions and risk of Human Rights violations. In 2022 we asked 30 strategic Tier 1 suppliers to participate in the Better Buying Survey and collected core suppliers' feedback on the implementation status of PUMA responsible purchasing practices. The feedback received from the suppliers can be found in [PUMA's 2022 Annual report](#).

Risk Assessment and Due Diligence Processes

PUMA has actively promoted respect for Human Rights in its supply chains for over 20 years. All PUMA suppliers (Tier 1) as well as all PUMA Core Suppliers (Tier 2) are regularly assessed for compliance with our Code of Conduct. We also extended the scope of our social monitoring programs in 2022 to high-risk countries' warehouses and to some non-core Tier 2 suppliers. We recognize the risk of modern slavery within the textile and footwear industries. All forms of modern slavery, including forced labor, bonded labor, child labor and human trafficking are defined as Zero Tolerance Issues (ZTIs) as stated in PUMA's Sustainability Handbook - Social Standards. New factories with ZTIs will not be admitted into PUMA's supply chains. For active factories, the remediation of ZTIs is treated with the highest priority. Should a factory fail to remediate any identified ZTIs within an agreed timeframe, the business relationship with this factory will be terminated.

As part of our actions to identify and mitigate risks, we carry out due diligence and risk assessments which include:

- Suppliers' selection through a careful screening process to engage only with business partners who share our commitment to uphold the highest labor standards;
- Conducting regular announced and unannounced audits as well as third-party assessments from the Fair Labor Association (FLA) to better understand local contexts and leverage opportunities;
- Formal accreditation of PUMAs vendor compliance program through the Fair Labor Association (latest accreditation in 2019);
- Partnering with the Better Work Program of the International Labor Organization in those countries where Better Work and PUMA are active (Bangladesh, Cambodia, Indonesia, Vietnam);
- Identification of regional specific Human Rights risks by engaging in an active dialogue



- with local stakeholders including NGOs, unions and suppliers;
- Setting up a direct hotline for supply chain workers to raise their concerns or to report any possible violations;
- Joining industry initiatives for mapping and remediating the most complex challenges;
- Reporting annually progress towards our sustainability goals through our annual report.

We recognize that our most salient risks regarding modern slavery and human trafficking in our supply chain are in the lower tiers. Based on a risk mitigation approach, our core Tier 2 suppliers, who represent the majority of our business, have been included in our compliance program. For the other (non-core) Tier 2 suppliers, we require our Tier 1 suppliers to pass down our compliance requirements to their business partners. In 2017, we conducted a Supply Chain Human Rights Risk Assessment together with the specialist consultancy firm twentyfifty Ltd. The results showed that PUMA is proactively embedding responsible business conduct in its management processes as well as collaborating with other peers and industry initiatives. Mapping and assessing risk and impact practices in the lower Tiers of the supply chain were identified as opportunities for improvement to be better integrated at the strategic level.

In 2021 supply chain services company ELEVATE Ltd. supported PUMA by conducting an evaluation of its Human Rights risk assessment approach, with a specific focus on forced labor. The evaluation framework utilized, drew on the expectations of the UN Guiding Principles for Business and Human Rights (UNGPs) with a specific focus on risks of forced labor, based on the definition of forced labor specified in the ILO Forced Labour Convention, 1930 (No. 29). As an outcome of this work, we developed and published a Human Rights policy, which explicitly references the ILO Forced Labor Convention and all eleven forced labor indicators. We updated our risk assessment for the supply chain and published it in our 2021 and 2022 annual report. This includes both risk exposures and business leverage insights to prioritize suppliers. PUMA reviewed the severity grading of audit findings indicating forced labor, which will then also make it easier to escalate, prioritize and remediate such findings. We revised our social handbook and trained our suppliers and sourcing colleagues respectively. In our revised handbooks, we request our business partners to conduct due diligence.

At the end of 2021 PUMA also adopted ELEVATE intelligence, or “EiQ”, a comprehensive suite of supply chain analytics, to assess our supply chain risks by geography, commodity and issue. We completed a risk assessment for suppliers, factories and sites and to manage risks that are material to each supplier, factory or site.

In 2022 we uploaded 1,390 audit reports (2019 to 2021) in the EIQ tool. This tool shows the gross risks which are risks before mitigation measures, such as lack of social security benefits, systematic excessive overtime, or insufficient overtime wages. We evaluated the countermeasures that we have in place for the factories shown as high risks in this tool. All these factories go through regular audits, some are part of the ILO Better Work program. The majority are enrolled in our fair wage program and were provided with Working Hours Management and Root Causes Analysis training; we have also provided tailor-made programs to increase the capability of factory and vendor staff. We identified some countries with higher risks. In response, in 2022 we allocated a full-time team member in India and in Cambodia and added more team members in China.

The high-risk areas identified include the field of cotton farming as well as labor blind spots, for example, on the lower Tiers of leather tanning as well as marine shipping. Together with internal and external stakeholders an action plan was set up to mitigate the potential risks identified. We collect material consumption data annually as well as the countries of material origin. We have required our suppliers to source only more sustainable cotton, grown in farms which are licensed as having good farming and human rights standards, or recycled cotton. We



are currently sourcing our cotton from more sustainable sources and have achieved our target of using 100% more sustainable cotton fabric at the end of 2020. 99% of the cotton originates from Brazil, Australia, USA, Bangladesh and Ivory Coast. In parallel, we are working on improving the traceability of the leather we use via the traceability system of the Leather Working Group, 100% of the leather used in 2022 came from a certified tannery. The leather used in PUMA footwear originates from the USA (44%), Argentina (24.4%), China (13.2%) Australia (7.4%), France (4.4%), Uruguay (2.5%), Paraguay (1.9%), Italy (1.5%), Columbia (0.7%) and Brazil (0.3%). PUMA is an active member of Leather Working Group with our participation in projects focused on developing traceability within the leather supply chain contributing to progress for the industry as a whole. To mitigate the risk of marine shipping, we work with top-class logistic companies and ask them to frequently update us on their own Human Rights policies and performance.

Thanks to our work with industry peers, we have also identified the high risk of Modern Slavery and Human Trafficking to which low-skilled migrant workers are exposed to. In 2018, we updated our own policies to ensure that they adequately address responsible recruitment practices, including for example, that no recruitment fees should be borne by workers. PUMA has also signed in 2018 the AAFA/FLA Apparel and Footwear Industry Commitment to Responsible Recruitment.

Since then, we have actively engaged with suppliers, industry peers and with the United Nations' International Organization for Migration. Through the efforts of multi-stakeholder engagements, factories paid back more than \$ 100,000 in 2022 to 255 foreign migrant workers, at six factories in Japan, South Korea, China (Taiwan) and Thailand.

Effectiveness and Remediation

Embedding Human Rights across our operations and suppliers has been part of PUMA's Sustainability Targets since 2015 and remains also part of our targets for 2025. All PUMA employees who feel that ethical standards in business may have been compromised can raise their concerns via the established channels. Various channels are in place to report any suspicions and / or observations related to modern slavery or other type of violations. In practice, all employees could address their request regarding apparent failure to their line manager. They may also raise the matter with staff representatives, the legal and compliance department, the internal audit department or via a toll-free external whistleblower platform which is available worldwide. No form of retaliation is taken against an employee who, in all good faith, reports a case of failure to comply with an ethical principle of the Code of Ethics, as a consequence of having reported the matter. Our Code of Conduct applies to all our business partners throughout the supply chain. Our sustainability team enforces our Code requirements through regular audits every year in all our core factories to ensure that where PUMA products are being produced, these standards are met. PUMA has its own team of auditors and also works with designated third-party auditors, who are located around the world. During those audits, we look for indicators of forced labor as well as associated indicators of risk, such as the presence of migrant workers, excessive overtime or a lack of functioning worker representation.

In 2022 we collected 536 audit reports from 510 factories (392 Tier 1, 112 core Tier 2 and 6 warehouses) to safeguard workers' rights to more than half a million workers (630,585 workers). 84% of audits conducted included a trade union representative or workers' representative during the audit's opening and closing meetings (when closing meetings take



place during working hours of the factory). In 2022, 7.1% of our Tier 1 factories and 13.4% of Tier 2 failed to meet our requirements. If the factory in question is an active PUMA supplier, we work the factory management on improvement. A pass grade was awarded to 86% (six out of seven) of factories subjected to a second audit. In 2022, 16 new factories did not manage to sufficiently improve their performance and were removed from our active supplier factory base. Applicants that failed their first audits were not taken on as suppliers. To increase transparency, we report on the most common audit findings, training, grievances, and mitigation measures as outcome focused KPIs (Key Performance Indicators) to track the effectiveness of our supplier programs. There was no violation found on forced overtime or retaining workers' passports or other identity and personal documents. One audit finding was identified related to restricted freedom of movement and the factory was deactivated. During 2022 we identified 12 zero-tolerance issues and were able to remedy seven on workers' compensation in line with legal requirements, lack of transparency and illegal wastewater discharge. Five factories were deactivated in 2022. The increase in number is due to the increased number of factories audited in 2022.

Since any audit or assessment can only analyze the compliance situation at a given time, we also use other tools to manage and track the performance of our suppliers: PUMA Code of Conduct posters, including a worker hotline, PUMA Supplier Social Key Performance Indicators (KPIs) and digital tools for worker outreach. Through social media platforms we have established a communication channel with workers and furthermore selected core suppliers have adopted a formalized compliance and human resources app for their workers. Our PUMA Code of Conduct posters, which are displayed at all PUMA suppliers globally, include phone numbers and email addresses of our sustainability supply chain team to offer open channels for all employees of PUMA suppliers. In 2022, 173 grievances were received through a dedicated PUMA hotline or escalated to PUMA via third-party platforms, 99.3% were resolved. None of these complaints concerned modern slavery issues. As PUMA is an accredited member of the Fair Labor Association, any third-party can also file an official third-party complaint with the FLA directly. No issue concerning modern slavery or human trafficking in PUMA's supply chains have ever been brought to the FLA complaint channel.

We engage with external organizations like Amader Kotha helpline in Bangladesh and Microbenefits and the WOVO platforms to optimize the effectiveness of the factory workers' hotline. The third-party worker engagement Sugeplatforms cover 92 factories (202,397 workers), which represents more than 80% of our production volume. In 2022 2,006 feedback were received through the MicroBenefits and the WOVO platforms in China, Indonesia, Pakistan, Philippines, Turkey, Cambodia and Vietnam, and the Amader Kotha Helpline in Bangladesh. From PUMA's own hotline, employment relationship, fair compensation and excessive working hours are the most frequent concerns raised by workers in 2022.

We also received 13 third-party complaints from external organizations related to PUMA's manufacturing partners, seven have been resolved. The majority were about freedom of association, others about fair compensation, abusive practices and work environments. Five out of ten complaints about freedom of association were resolved in 2022, the union representatives were either reinstated or compensated in agreement with the unions involved. We are still following up on the five other cases.

We are aware of an increased human rights risk in various sourcing countries for the apparel and footwear industries. We have, for example, banned cotton from Uzbekistan and Turkmenistan from our supply chains due to human rights concerns.

As an ongoing process, we have engaged with our suppliers to map the facilities upstream of our supply chains, which also include the origin of raw materials. 99% of the cotton comes from



Brazil, Australia, USA, Bangladesh and Ivory Coast. none of the cotton originates from sourcing partners in Xinjiang.

To measure performance and progress within our supply chains, we use the results of our annual Social KPI survey including average payments versus minimum wage payments, overtime hours, worker coverage by collective bargaining agreements, injury rate, turnover rate, insurance coverage, and other metrics. These data are reviewed by an independent third-party. We have developed a Standard Operation Procedure to improve the methodology of data collection and analysis and have already been able to identify some potential risk areas such as overtime hours in some countries in South Asia. Systemic overtime has remained a challenge, and in 2022 we conducted working hours management training to all Tier 1 factories and a root cause analysis workshop with selected core Tier 1 suppliers to explore opportunities for improvement. Factories' management reviewed and strengthened their policy and working hours monitoring system. They gained a deep understanding of how to conduct a root cause analysis. We could collect an action plan to address prioritized root causes of overtime hours. We will need to further follow up on progress on site in 2023, even though we have noticed a decrease in average overtime hours compared with 2021 from 8.3 to 7.7 hours at our core Tier 1 factories.

Social KPIs and associated improvement programs help our suppliers to better monitor their own risk exposure, strengthening worker organization and management-worker dialogue that will ultimately help mitigate risks in the workplace. Beyond our assessments and checking procedures, we have also established lasting partnerships with our suppliers as well as core material and component manufacturers. This enables us to focus our support on core suppliers through offering training and development programs and sharing good practices.

In 2022, most of our core suppliers pay basic wages that exceed minimum wage, 13.4% on average. When adding overtime and bonus payment, this figure increases to 71%. Nevertheless, the percentage of gross wages including overtime and bonuses above minimum wage decreased compared with 2022. Overtime working hours decreased on average 0.65 hours per week in 2022, which influenced overtime compensation. 100% of the workers are covered by social insurance in all countries except for China where 76% are covered. The total average coverage with social insurance increased from 95 to 97% from 2021 to 2022.

Training and Awareness

In 2022, 98.7% of PUMA employees (with an email-account) completed an annual e-learning training on our Code of Ethics. Available in eleven languages, this training sets out the ethical ground rules in place and presents case studies and ethical dilemmas that help employees ask themselves the right questions. It is updated annually and covers all the major ethics principles upheld by PUMA's Code of Ethics. Some of the topics covered include amongst others, anti-corruption, anti-money laundering, competition law, conflict of interest, diversity and respect for Human Rights and environmental protection.

At the supply chain level, we have conducted frequent supplier round tables in all major sourcing regions for several years, on different topics including PUMA's Code of Ethics, potential forced-labor issues in the supply chain, particularly for migrant workers. Foreign migrant workers are the group which is considered as the most exposed to significant risks of forced labor in supply chains. Material and component suppliers were also invited to these meetings. In 2022, we also provided a series of training sessions to 496 factories, with around 1,160



participants at each session, on our standards, goals and Human Rights programs. We conducted training for 1,145 factories' representatives and 280 sourcing staff on PUMA's responsible purchasing practice policy. PUMA has used e-learning tools from the International Organization for Migration in employer guidelines. 79 factory representatives from 36 factories from Mauritius, China (Taiwan), South Korea, Thailand and Japan completed this course and were certified in 2022. The training provided an overview on different migration corridors and economic sectors, from fashion through to electronics and food manufacturing and the risks faced by migrant workers throughout their labor migration journey and what they can do to mitigate and prevent those risks. The e-course provides practical guidance on how to establish sustainable practices to safeguard migrant workers' rights, human rights policies, due diligence processes and remediation systems, and supports businesses to involve migrant workers to create sustainable solutions.

The International Training Centre (ITC) has been at the forefront of learning and training since 1964. As part of the International Labour Organization, it is dedicated to achieving decent work while exploring the frontiers of the future of work. To strengthen PUMA's commitment to promote Responsible Business Conduct (RBC), fundamental principles and rights at work, and occupational safety and health (OSH) throughout our operations and network of business partners, ITC-ILO created customized online training packages for our sustainability team. After completing courses (10 RBC modules plus 18 OSH modules) and successfully passing the technical exams with the ITC-ILO, PUMA Social Sustainability team members were certified by ITC-ILO as Trainers on RBC and OSH in 2021. The PUMA team is training and certifying the factory management team to deliver training to workers on RBC and OSH. One of the topics is harassment and violence at the workplace. In 2021 we conducted a pilot to train 10 factory managerial staff, who extended the training to 570 workers, counting for more than 386 hours of training, at four factories in China, Bangladesh, Vietnam and Indonesia. In 2022 we trained 287 factory managerial staff in 114 factories, who extended the training to 159,503 workers, counting for 142,841 hours of training in 18 countries on harassment and violence at the workplace. In 2022, 351 factory managerial team passed the ITC-ILO course (five RBC plus five OHS modules). We conduct a quiz after all the trainings that we have conducted to evaluate the level of understanding from the participants.

We also collaborated with the FLA, the International Organization of Migration (IOM) and industry peers to assess labor conditions throughout the natural rubber supply chain in Vietnam. The primary objective is to understand the supply chain structures, assess worker demographics, recruitment processes, and working conditions at the various tiers of the natural rubber supply chain. At the plantation and rubber farm level, the research team found a general lack of awareness of legal requirements and a lack of government labor inspections. The project highlighted the challenges to address labor issues in the rubber supply chain.

Most industry stakeholders have not considered upstream supply chain mapping as a core operational activity. The scope of the supply chains, which often span borders, makes mapping a resource-intensive exercise that is a challenge for any single company to undertake, while collective approaches to mapping have not yet been developed. This research was a first step towards mapping Human Rights and labor risks in the supply chain of natural rubber. This exploratory exercise has highlighted issues with working conditions at the rubber production level. The project developed an understanding of purchasing practices at different tiers, how the factories engaged with upstream suppliers and evaluated the worker demographic at the facility level. Moving forward, PUMA will continuously explore the opportunity to engage with stakeholders on lower tier monitoring.



Next steps

PUMA will continue to implement the recommendations which are outlined in our Corporate and Supply Chain Risk Assessments. We will conduct regular reviews of the grievance mechanisms available to stakeholders, in line with the UN Guiding Principles effectiveness criteria. We will also review how stakeholder groups that are likely to use the grievance mechanism are engaged in the performance of the mechanism.

We will keep on improving and formalizing our ongoing risk management processes to better identify, prevent, mitigate and account for risks throughout our supply chains.

PUMA will maintain its commitments at an industry level, enabling a common framework for improving migrant workers protection through responsible recruitment practices. Furthermore, PUMA will ensure that our updated policy on recruitment fees is being addressed by our suppliers.

This statement covers January 1, 2022, to December 31, 2022, and has been approved³ by the Management Board of PUMA SE and for the purposes of the Australian Modern Slavery Act 2018, PUMA Australia.

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³ Consultation processes - In preparing this Statement, PUMA Australia, being the relevant reporting entity under the Australian *Modern Slavery Act 2018*, has consulted with the board of directors of each of its subsidiaries, namely PUMA New Zealand Limited, White Diamond Australia Pty Ltd and White Diamond Properties Pty Ltd. Each board has approved this Statement.