



## **STATEMENT**

### **PUMA California Transparency in the Supply Chain Act Disclosure Statement**

In September 2010, the government of California approved a new law, which will require retailers and manufacturers operating in the state to make public the steps they have undertaken to eradicate slavery and human trafficking from their supply and distribution chain. PUMA acknowledges the levels and types of risks related to each country where PUMA's materials and goods are sourced and produced. In line with the California Transparency in Supply Chains Act (SB 657), PUMA recognizes the pervasiveness of practices that could be construed as slavery and human trafficking and is committed to addressing the issues within PUMA's supply chain using best practice approaches where possible.

PUMA.Safe is the supplier social and environmental compliance program established over 10 years ago to ensure compliance to PUMA's Code of Conduct. Our Code of Conduct covers issues such as maximum working hours, basic wage, respect, equality and restriction of forced labour, amongst others. The factory compliance monitoring system is the core operational activity of PUMA.Safe, along with capacity building projects, regular consultation and outreach with stakeholders and factories to improve compliance, particularly in our major production markets. At present, the PUMA.Safe audit process is the primary mechanism to ensure that PUMA's social, health, safety and environmental standards are observed at our direct contract factories as well as the contract factories of PUMA's subsidiaries and licensees, as well as in a proportion of known subcontractors. All official PUMA.Safe audits are announced, unless there is information or justification provided in advance that warrants an unannounced visit to a factory. During the audit, workers are interviewed and amongst other topics they are asked how they obtained their job, if they had to pay any fees, if general wages & deductions against wages are

fair and if they were given back their identification documents. Migrant workers' working permits, whether foreign or domestic, are also reviewed. If there are employee accommodations in the factory these are also checked and the working hours records are thoroughly reviewed. All of these actions aim to verify that there is no human trafficking and slave labor.

Furthermore, within our manufacturing agreements, every factory which manufactures PUMA products is obligated to be audited by PUMA or a designated third party for compliance with all PUMA standards and the relevant national and local laws – including those related to anti-slavery and human trafficking. Where such laws do not yet exist or are milder compared to international standards, PUMA strives to engage with all relevant stakeholders to come up with policies and actions to address the issue. Within these agreements contract factories are required to disclose subcontractors as defined by PUMA and failure or negligence to provide such information would be grounds for a variety of commercial penalties. PUMA conducts regular annual mapping exercises to validate subcontractor information provided by contract factories, and these are supplemented with engagements with stakeholders.

PUMA's contract factories are also subjected to independent external monitoring by the Fair Labor Association (FLA), which at present are all unannounced visits. The FLA is a collaborative effort of socially responsible companies, colleges and universities, and civil society organizations to improve working conditions in factories around the world. The FLA has developed a Workplace Code of Conduct, based on International Labour Organization (ILO) standards, and created a practical monitoring, remediation and verification process to achieve those standards. The FLA is a brand accountability system that places the onus on companies to voluntarily achieve the FLA's labour standards in the factories manufacturing their products. The main component of both the PUMA.Safe and FLA audits is the remediation of the areas of failure. To achieve sustainable compliance, our factories are obliged to address not only the immediate areas of failure but the root causes of the failures. Where such root causes go beyond the factory walls PUMA encourages suppliers to engage with stakeholders that can help address these root causes on their own or in partnership.

PUMA also supports Better Work Programmes active in its major production markets. Better Work, a partnership between the International Labour Organization and the International Finance Corporation, brings together governments, employers, workers and international buyers to improve compliance with labour standards. The Better Work programme is active in the following countries: Cambodia (as "Better Factories Cambodia), Haiti, Indonesia, Jordan, Lesotho, Nicaragua and Vietnam. Better Work provides assessment, advisory and training services to registered suppliers, whose participating buyers have access to assessment reports and improvement updates. Assessments measure compliance with national labour law and core international labour standards, including those relating to forced labour. In assessing forced labour, Better Work looks at employer practices relating to recruitment (including the use of employment agencies), document retention, freedom of movement, payment of wages, forced overtime, threats or intimidation, termination, and prison labour, among others. When necessary, Better Work staff work with suppliers to address practices that may contribute to conditions of forced labour. In addition, each country programme produces public compliance synthesis reports, which report aggregate non-compliance data—including data on forced labour—from participating factories.

In the event that a case of human trafficking or slavery would be detected in PUMA's supply chain, the PUMA.Safe team together with the factory management would seek to eradicate the practice and launch a fair remediation for the affected parties. Through its affiliation with PPR Home, PUMA is strengthening its own internal awareness of social issues such as human trafficking and slavery and the impact of our business operations on society, particularly those operations that may seem removed from the supply chain.

Stakeholder engagement and partnership building at the local, regional and global levels in order to identify and act on solutions to a variety of risks and issues in the supply chain is an integral component of the PUMA.Safe program. PUMA strives to engage and work with local actors in areas with known risk of human trafficking and slavery to support initiatives that would mitigate and correct impacts in a systemic fashion. PUMA also works with its peers locally, regionally and globally through initiatives like the Sustainable Apparel Coalition to ensure environmental sustainability initiatives are aligned with mitigation of social risks.

In accordance to the new law SB 657, PUMA is dedicated to expand its standards and take measures to cover the necessary scope and beyond in efforts to eradicate slavery and human trafficking in our immediate supply chain and eventually beyond. This includes strengthening and making more explicit PUMA's workplace standards and policies for contract factories in accordance with best practices and more stringent international standards.

The new law, SB 657, will go into effect on January 1st, 2012.

revised original statement, 28 December 2011

## **PUMA**

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PUMA is one of the world's leading Sportlifestyle companies that designs and develops footwear, apparel and accessories. It is committed to working in ways that contribute to the world by supporting Creativity, SAFE Sustainability and Peace, and by staying true to the principles of being Fair, Honest, Positive and Creative in decisions made and actions taken. PUMA starts in Sport and ends in Fashion. Its Sport Performance and Lifestyle labels include categories such as Football, Running, Motorsports, Golf and Sailing. Sport Fashion features collaborations with renowned designer labels such as Alexander McQueen and Mihara Yasuhiro. The PUMA Group owns the brands PUMA, Cobra Golf and Tretorn. The company, which was founded in 1948, distributes its products in more than 120 countries, employs about 11,000 people worldwide and has headquarters in Herzogenaurach/Germany, Boston, London and Hong Kong. For more information, please visit <http://www.puma.com>