

Written evidence submitted by Puma (FL0029)

Dear Mr. Jones,
Dear Ms. Ghani,

We are writing to you today in response to your letter dated October 16th to Ben Hughes, General Manager PUMA UK, Ireland and Benelux.

We would like to stress from the beginning that PUMA has a zero tolerance policy on forced labor.

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BJÖRN GULDEN
MICHAEL LÄMMERMANN
ANNE-LAURE DESCOURS

As specified in PUMA's Code of Conduct, compliance with human rights, labor rights and environmental standards is of critical importance to the PUMA brand, as evidenced by our various initiatives over the past twenty years. Our products are manufactured in supplier factories in several regions of the world and we have implemented a robust compliance program to ensure that our brand and our suppliers comply with all applicable laws. Our team of experts regularly audits our suppliers, initiates training and requires reporting on current sustainability and compliance issues. Every manufacturer seeking to work with the PUMA brand is required to successfully complete a full and lengthy compliance audit regarding social and environmental standards, before becoming an authorized PUMA supplier. Only those manufacturers who pass such an audit are included in our supplier base. Thereafter, our manufacturers are re-audited annually for compliance with our standards. If material deviations from our Code of Conduct or applicable laws are discovered, the supplier is required to remedy them immediately or the relationship is terminated.

PUMA's manufacturing audit program was established in 1999 and was first accredited by the Fair Labor Association in 2007. The most recent accreditation occurred in 2019. Last year, we completed 377 audits of our direct contractual partners, or tier 1 suppliers, and 39 inspections at tier 2 suppliers. Irrespective of tier level, all breaches of our Code of Conduct are fully investigated. In addition, we have been steadily increasing the proportion of materials from certified sources, such as cotton, polyester or leather. Last year, we obtained 98% of our polyester, 98% of our leather and 82% of our cotton from certified, more sustainable sources such as the Better Cotton Initiative or Bluesign. For 2020, we requested that all of our suppliers exclusively use Better Cotton Initiative cotton for PUMA products.

Once we became aware of the ASPI report, we immediately reviewed our supply chain in China with regards to potential issues of forced labor. Our research has indicated that the allegations concerning PUMA, as outlined in the "Uyghurs for Sale" report, are incorrect. PUMA is in no way engaged in forced labor.

Contrary to the report, PUMA has no business relationship with Haoyuanpeng Clothing, one of the companies accused of engaging in forced labor in connection with PUMA product. Moreover, PUMA has no direct or indirect business relationship with any manufacturer in Xinjiang. Our suppliers source yarn from the supplier, Huafu Top Dyed Melange Yarn Co. Ltd, however, only from factories in the province of Zhejiang (in Eastern China) and Vietnam. To be clear: PUMA has no business relationships with manufacturers located in the Xinjiang region and has taken significant measures to ensure that there is no indirect involvement of Xinjiang labor in the manufacturing of our products.

Therefore, we would like to answer the specific questions in your letter as follows:

- Do any of your organisation's value chains link directly or indirectly to the Xinjiang Uyghur Autonomous Region (XUAR) of China, and what steps are you taking to ensure that you have visibility of your entire value chain?

PUMA has no direct or indirect business relationship with any manufacturer in Xinjiang, the native region of the Uyghurs in Western China and has taken significant measures to ensure that there is no indirect involvement of Xinjiang labor in the manufacturing of our products. As an on-going process, we have been engaged with our suppliers to map the facilities upstream of our supply chain, which also include the origin of the raw material.

Furthermore, we are currently sourcing our cotton from the Better Cotton Initiative (BCI) and are aiming to achieve 100% by the end of this year. BCI has suspended cotton from the Xinjiang Uyghur Autonomous Region in March 2020 and recently decided to cease all activities in the region for the time being.

We keep track of the BCI cotton consumption by our suppliers and cross check the data with BCI tracking system. These data are again reviewed by a third party before we disclose the annual percentage of BCI towards our targets.

- Do you identify sourcing geographies for the delivery of services or the manufacturing of goods where there is a high risk of human rights abuse?

We are aware of an increased Human Rights risk in various sourcing countries for the apparel and footwear industries. Besides the XUAR region, we have, for example, banned cotton from Uzbekistan from our supply chain due to Human Rights concerns.

To keep our knowledge up to date, we have conducted a human rights screening and two human rights risk assessments within the last years. All three exercises were coordinated by external human rights expert organizations. Since 2003, we have frequently invited representatives from NGOs, industry, suppliers and universities to our stakeholder meetings. PUMA has been engaged with the Fair Labor Association and International Labor Organization Better Work program for many years. This has helped us to retain a global overview of potential risks of human rights abuse and local overview of risks, respectively.

- What actions are you taking to prevent modern slavery and human rights abuses within your organisation and its value chains?

Our Code of Conduct and Code of Ethics clearly reference the observance of human rights as a core element of both Codes. Forced labor in any form (including modern slavery) is defined as a zero-tolerance issue within our Sustainability Handbook for Social Standards, which is publicly available on our website.

We conduct annual trainings to all our staff and our suppliers on our ethical standards.

We also conduct regular trainings for our suppliers within the on-boarding process and throughout our business relationship on our code of conduct standards. Our guidelines and standards for suppliers can be found in our website:

<https://about.puma.com/en/sustainability/codes-and-handbooks>

- What evidence can you supply of compliance with all applicable labour, procurement and anti-slavery laws?

As a long-term accredited member of the Fair Labor Association, we carry out or commission frequent social compliance audits at all PUMA supplier factories worldwide. These audits cover specifically compliance to labor law and human rights.

In the year 2019, for example, our audit program covered audits in 418 factories. Should we identify non-compliance issues during those audits, our team of local compliance experts works with the supplier in question to rectify the issues. Should the issues not be rectified within an appropriate time, we reserve the right to cease the business relationship with the supplier.

In addition, we organize annual supplier round table meetings in all major sourcing regions. During these meetings, we train our suppliers on selected sustainability topics. During the last two years, we also trained our suppliers on forced labor, for example with the help of the International Organization of Migration.

Documents referenced as supporting evidence:

- [PUMA Annual Report 2019](#)
- [PUMA Code of Conduct](#)
- [PUMA Code of Ethics](#)

- [PUMA partnership with the ILO Better Work Program](#)
- [PUMA partnership with and accreditation by the Fair Labor Association](#)
- [PUMA Handbook on Social Standards](#)
- [Deloitte Assurance Statement](#)

- **What are your human rights due diligence processes in respect of your workers and value chains?**

At PUMA, we have conducted a human rights screening and two human rights risk assessments within the last years. All three exercises were coordinated by external human rights expert organizations.

The results of these assessments were taken into consideration for the further development of our human rights policies, targets and programs.

For example, we extended our supply chain auditing program to cover also our major tier 2 suppliers and setup a responsible sourcing policy.

We conduct yearly trainings to all our staff and suppliers on our ethical standards.

We also conduct regular trainings for our suppliers within on-boarding processes and throughout our business relationship on our code of conduct standards. Our guidelines and standards for suppliers can be found on our website:

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Furthermore, we strengthened our worker hotline as well as our whistle-blower hotline for PUMA employees to allow for effective complaint mechanisms for those workers and employees who are directly linked to PUMA or the production of PUMA goods.

We engaged with external organizations like Amanda Kother and microbenefits to optimize the effectiveness of our workers' hotline. The workers grievance mechanism in our supply chain has been reviewed regularly by the Fair Labor Association through our accreditations since 2007.

We report audit results annually and social KPIs from our suppliers through our annual report. These data are reviewed by third parties.

Since 2003, we have frequently invited representatives from NGOs, industry, suppliers and universities to our stakeholder meetings, where human rights and labor rights topics were frequently on the agenda.

• **What action does your organisation take - beyond publishing a Modern Slavery Statement and including contractual obligations with suppliers - to ensure modern slavery compliance in your value chain?**

As mentioned above, we carry out regular compliance assessments at all factories producing PUMA goods globally. By doing so, we collaborate with the Better Work Program setup by the International Labor Organization and the International Finance Cooperation. In addition, we are in close contact with our industry peers and other stakeholders on labor rights and forced labor issues. For example, we cooperated with the British online retailer ASOS and several other brands to eliminate recruitment fees in Mauritius.

For many years, PUMA has focused on the transparency of our efforts to respect human rights, labor rights and the environment. We are listed in the top ten companies of the Fashion Revolution Transparency Index and have published our 2019 Annual Report which includes a detailed sustainability section (<https://annual-report-2019.puma.com/en/index.html>). More information regarding our policies and procedures can be found online: <https://about.puma.com/en/sustainability/codes-and-handbooks> <https://www.fairlabor.org/search/node/puma>

In conclusion, we share your concerns regarding human rights and we diligently work to ensure that our suppliers comply with applicable laws and our Code of Conduct. For decades we have adopted a zero-tolerance policy, conducted audits, publicly reported our standards, verified our efforts through external reputable parties, interviewed workers of our suppliers, and conducted other relevant reviews.

Put simply: Compliance with human rights, labor rights and environmental standards is a critical part of our core values. We appreciate the increased focus on this important issue, and we are ready to play a constructive and responsible role in this important conversation. At the same time, we feel it is important to make you aware that according to our best knowledge, the accusations made against PUMA in the "Uyghurs for Sale" report are inaccurate.

I stand ready to answer any questions your Committee may have on November 5th, and I look forward to receiving an invitation to join the Zoom meeting.

Sincerely,

Stefan Seidel
Head of Corporate
Sustainability

October 2020