

PUMA

**RESPONSIBLE
SOURCING
POLICY**

JANUARY 2024



FOREVER. BETTER.



COMMITMENT

We take a firm stand behind the commitments in our Code of Ethics and our Code of Conduct. PUMA will work exclusively with Suppliers who share our vision of a safe and respectful working environment for their workers, and who contractually agree to comply with our Code of Conduct and Sustainability Handbooks.

As a responsible business partner to our Suppliers, we recognize that our own business practices as well as our trading terms and conditions can have a significant impact on the organization at our Suppliers' factories.-The aim of the PUMA Responsible Sourcing Policy is to reduce potential negative impacts.

The PUMA Responsible Sourcing Policy applies throughout PUMA Group. It clearly defines the principles guiding our purchasing decisions and reinforces our commitment to having a fair and transparent business relationship with our Suppliers. We aim to work in a business environment where fair wages can be paid, overtime is kept within reasonable limits, and any subcontracting is authorized and conducted in facilities that respect our Code of Conduct.

PURPOSE

- Create a framework for guiding decisions and maintaining consistency especially for training of PUMA staff and Supplier selection.

SCOPE

- This policy covers payment terms, product pricing, lead time and production planning and training.

INTENT

- All PUMA staff members involved group wide in Sourcing, Product Development, Production, Planning and Purchasing Operations will receive adequate training on this PUMA Responsible Purchasing Policy.
- All Suppliers are aware of this PUMA Responsible Sourcing Policy.
- All Suppliers are trained on PUMA Purchasing and Operations Processes.

OUR RESPONSIBILITIES

- We only work with Suppliers with whom we have signed a Manufacturing Agreement.
- Payments to Suppliers are made on time and in full for their services.
- We only deduct payments and impose penalties when it is lawful to do so.
- We expect prices paid for product to include reasonable labor costs and these labor costs are clearly identified in the Product Specification, Bill of Materials or Costing Sheet. We expect suppliers to propose labor costs that factor in all legally mandated benefits such as overtime premium payments and social insurance payments.
- Seasonal production plans are allocated considering the negotiated capacity with the supplier. The seasonal production plan enables the Suppliers to plan their business effectively, hence reducing unstable employment and the risk of unauthorized subcontracting.
- Open Production Capacity must be declared by the supplier based on standard workweeks as per law of the relevant production country, thus reducing the risk of excessive overtime.
- Sufficient production lead time must be provided to ensure the availability of components and the achievement of the product development milestones leading to production ready date. These include, but are not limited to, sampling, signoff, product and material testing and eventual design changes.
- Suppliers may not subcontract production without authorization from PUMA.
- All subcontracting units must respect our Code of Conduct.
- A minimum notice of six months must be given when ending a partnership or when downscaling orders. Longer timeframes will be granted, based on the average production capacities used in the last two to three years, to reduce impact on workers.

DIALOGUE

Monthly Operations meetings must be held between Core Suppliers, Operations and Sourcing teams to discuss capacity, output, and other operational topics.

Quarterly meetings must be held between Sourcing, Operations and Sustainability teams to share and align on information to be shared with suppliers.

The focus of the dialogue could be on issues which may have an influence or impact on the organization and operations of the factory, such as:

- Late changes in design.
- Changes in demand or order volume.
- Forecast updates.
- Revised production output.
- Quality issues.

TRAINING

All PUMA staff members involved groupwide in Sourcing, Product Development, Production, Production Planning and Purchasing Operations will receive training on the PUMA Responsible Sourcing Policy to raise awareness on how their work can impact Supplier factories and their workers.

This training is part of the new staff onboarding program and existing employees shall receive annual refresher training.

Training through simulation will be included to enable trainees to see the impact of the upstream and downstream effects of their decisions.

Trainees will be evaluated on knowledge gained, through written feedback and questionnaires.

The effectiveness of the training will be evaluated through knowledge of process and systems as well as demonstrated changes in behavior when addressing sourcing / production challenges.

Effectiveness of the training will be evaluated regularly, and training programs will be updated to consider learnings from external assessments, business challenges, and feedback from staff and business partners.

Training Material will be reviewed and updated every year by PUMA's Sustainability team in collaboration with other departments.

PERFORMANCE

PUMA's Supplier Scorecard measures supplier performance on operational criteria. The data for this Scorecard comes directly from PUMA operations systems and enables an objective evaluation of the supplier on pre-agreed Key Performance Indicators such as:

- Product Quality
- Lead time/ On Time Delivery
- Sustainability
- Operations performance

Each KPI is weighted, with Sustainability currently representing 20% of the total Key Performance indicators. The PUMA Supplier Scorecard is available online for all Core T1 Suppliers and is debriefed on a regular basis by production and operations teams.