SUSTAINABILITY

"MAKING OUR BUSINESS FOREVER BETTER" - Foreword Anne-Laure Descours, CSO

↗ **ANNE-LAURE DESCOURS**
CHIEF SOURCING OFFICER (CSO)

In 2021 the COVID-19 pandemic was still the most prevalent and challenging topic for PUMA and our industry as a whole. The resurgence of the virus in major sourcing countries like Vietnam, China and Bangladesh disrupted freight routes and temporarily closed factories. Workers feared for their health as well as their income and the virus also threatened our PUMA colleagues in countries like India or South Africa, which were hit particularly hard.

We continued our strategy of partnering with our suppliers and customers and we reacted flexibly to shift orders while avoiding cancellations. We also supported our suppliers by increasing the reach of PUMA's Forever Better Financing program.

In addition, we also made sure that the safety of all staff was prioritized by following strict hygiene standards. We ensured the health of factory workers was equally protected and that they continued to receive compensation when factories were closed.

In 2021 sustainability became increasingly important as a topic. As the world's leaders gathered for global conventions on biodiversity and climate change, they discussed important milestones for decarbonization and the protection of the environment.

Despite these efforts, greenhouse gas emissions and the pace of biodiversity loss continue to increase. Many of our employees, customers, consumers and business partners are eager to be part of the solution and ask for more sustainable product initiatives and ways to decouple consumption from emissions.

To respond to such concerns, we executed our 10FOR25 sustainability strategy, which is linked to the United Nations Sustainable Development Goals.

Highlights of this strategy include ensuring fair working conditions in all factories that produce PUMA goods, powering all PUMA entities globally with renewable energy, switching all major materials to more sustainable alternatives as well as building up our more sustainable product offering.

Our social compliance program remains the bedrock of our sustainability efforts and has been accredited by the Fair Labor Association since 2007. We purchase 99% of our cotton and leather as well as 80% of our polyester from accredited or certified sources, such as BCI, bluesign or the Leather Working Group.

To tackle the biodiversity loss, we introduced a biodiversity and forest protection policy and partnered with the NGO Canopy to ensure our sourcing of man-made cellulosic materials (such as viscose) as well as paper and carboard does not contribute to deforestation.

We expanded the usage of recycled polyester to 43%, in line with our target to have 75% recycled polyester in our apparel and accessories by 2025. We are also on track to remove plastic shopping bags from our stores in 2023 at the latest.

We continued to build our consumer-facing sustainability platform, "Forever Better", and launched our Re:Gen collection, which is made from regenerated materials such as industry offcuts. We also presented the Exhale collection with Cara Delevingne, for which we offset carbon emissions from product manufacturing and transport. In our RE:Suede experiment, we will test whether we can make a biodegradable version of our most iconic sneaker, the PUMA Suede.

We ended the year with our first ever virtual stakeholder dialog meeting, discussing the important topics of Circularity and Climate Action where much remains to be done by PUMA and the entire apparel and footwear industry, to move from the current linear production model to more circular business models and to further reduce CO_2 emissions from our supply chain.

There is only one Forever – Let's make it Better.

PUMA'S FOREVER BETTER SUSTAINABILITY STRATEGY

PUMA's Code of Conduct and our vendor compliance program, which were introduced more than 20 years ago, are still the basis for any contractual relationship with manufacturers globally, and remain as the foundation of our responsible sourcing strategy and program.

Our Forever Better sustainability strategy is based on our 10FOR25 targets, which were introduced in 2019, following an extensive materiality analysis and stakeholder dialog.

As a result, we have identified 10 target areas: Human Rights, Climate Action, Circularity, Products, Water and Air, Biodiversity, Plastic and the Oceans, Chemicals, Health & Safety as well as Fair Wages to improve our sustainability performance.

For each of these target areas, which reference the United Nations Sustainable Development Goals, we have defined a minimum of three concrete targets as well as key performance indicators to follow the progress we have made.

With our Forever Better sustainability strategy, we continue on our path to fully integrate sustainability into all our core business functions. Sustainability targets are part of the bonus arrangements of every member of our global leadership team, from the CEO to team heads.

Sustainability and the communication of our efforts have also been integrated into the strategic priorities for PUMA.

AWARDS AND RECOGNITIONS

Our long-term sustainability efforts continue to be externally recognized in various benchmarks and indices.

In 2021 PUMA remained a member of the FTSE4Good Sustainability Index (sector lead), received a Triple A rating from MSCI ESG ratings as well as an ESG Prime rating from ISS. PUMA was also awarded Climate Leader status by the Financial Times.

For the first time in our history, PUMA received Climate Leader status from the CDP (A- and A for Supplier Engagement) and was included in the Global Top 100 most sustainable company Index by Corporate Knights.

PUMA was also awarded an Industry Mover Status by S&P on sustainability and a Material Change Index Leader Status from Textile Exchange.

We will continue to collaborate with the most relevant industry benchmarks and aim to improve our ratings for these benchmarks further, particularly where our performance is not yet among the leaders of our industry.

STAKEHOLDER DIALOG

Our first PUMA stakeholder dialog dates back to 2003. Since then we have organized 15 in-person stakeholder meetings. Last year (2021), we conducted our first ever virtual stakeholder dialog meeting.

More than 100 participants including suppliers, customers, investors, sports clubs, NGOs, industry peers, sustainability experts and representatives of the younger generation met for 1.5 days to discuss the key topics of Circularity and Climate Action. All members of the PUMA Management Board, as well as selected members of PUMA's Supervisory Board, attended the meeting. The results from these intense talks and discussions will help us shape PUMA's future strategy and action plan for Circularity and Climate Action. As a concrete first step from the stakeholder dialog meeting, we have decided to evaluate our future products for their readiness regarding circularity and to roll out a Circular Design guideline. The meeting informed the further focus of our PUMA Circular Lab and emphasized the need for increased consumer communication on the topic of Circularity.

On Climate Action we decided to calculate a product carbon footprint for each of PUMA's top selling products. We confirmed our intention to upgrade our science-based CO_2 emissions target to a 1.5 degree pathway and we want to enhance our consumer communication on climate topics.

We also continued our regional responsible sourcing dialog meetings in the form of 3 regional supplier virtual meetings, which we held in all major sourcing regions, covering social, environmental and chemical topics.

Our PUMA CEO Bjørn Gulden attended the UN Climate Summit in Glasgow and discussed with industry peers the increased ambition level of the Fashion Industry Charter for Climate Action and how the Fashion Industry can align to a 1.5-degree climate pathway.

Our stakeholder dialog includes active participation in several sustainability initiatives. In 2021,we partnered with Canopy, a Canadian NGO which focuses on the protection of forests and biodiversity and we joined the International Safety Accord, an agreement with International Trade Union Federations following the Bangladesh Accord on Fire and Building Safety, which expired in 2021. We also became a member of econsense, a German partner of the World Business Council for Sustainable Development. This membership became effective in January 2022.

↗ G.01 MATRIX OF KEY PARTNERSHIP INITIATIVES

Human Rights		Chemicals	Product	Climate Change		Health and Safety	Water and Air	Biodiversity	Plastic and the Oceans	Circularity	Fair Income
ILO Better Work (Bangladesh, Cambodia, Indonesia, Vietnam)	UN Global Compact (Germany)	Zero Discharge of Hazardous Chemicals Foundation (ZDHC)	Textile Exchange	Fashion Industry Charter for Climate Action (UNFCCC)	German Corporation for International Cooperation (GIZ) (Vietnam, Bangladesh, Cambodia, Pakistan)	RMG Sustainability Council (Bangladesh)	Zero Discharge of Hazardous Chemicals Foundation (ZDHC)	Fashion Pact	Fashion Pact	Circle Economy	Fair Labor Association (FLA)
Fair Labor Association (FLA)	Fair Factories Clearinghouse (FFC)	AFIRM Group	Better Cotton Initiative (BCI)	Carbon Disclosure Project (CDP)	World Wildlife Fund (WWF) (China)	ITC-ILO	Sustainable Apparel Coalition (SAC)	Forest Stewardship Council (FSC)	Textiles Exchange	Textiles Exchange	Fair Wage Network (Bangladesh, Cambodia, Indonesia)
Social and Labor Convergence Program (SLCP)	Amader Kotha (Bangladesh)	Federation of the European Sporting Goods Industry (FESI)	Bluesign® Technologies	Stiftung 2 Grad (Germany)	World Resource Institute (WRI) (Mexico)		Institute of Public and Environmental Affairs (IPE) (China)	Canopy	Microfiber Consortium	Federation of the European Sporting Goods Industry (FESI)	
Industry Summit	MicroBenefits (China, Vietnam)	GoBlu	Leather Working Group	International Finance Corporation (IFC) (Bangladesh)							
Better Buying	Partnership for Sustainable Textiles (Germany)		First Mile & Central St. Martins	Apparel Impact Institute (China, Taiwan, Vietnam)							

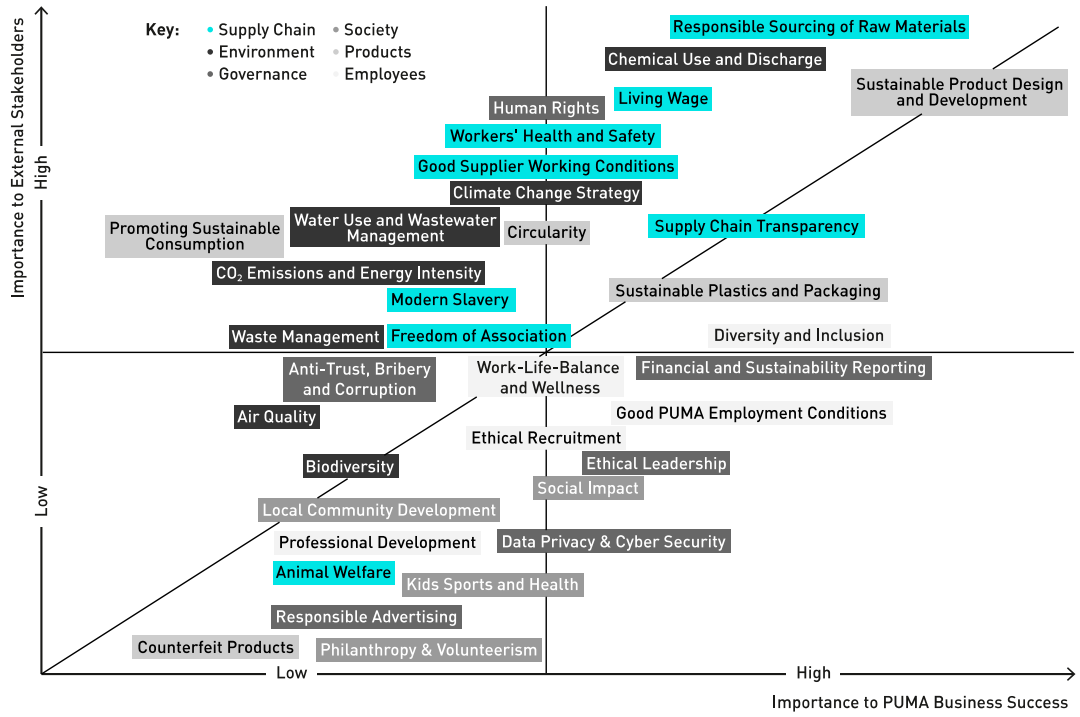
international national

AFIRM: Apparel and Footwear International RSL Management, BCI: Better Cotton Initiative, CDP: Carbon Disclosure Project, FESI: Federation of the European Sporting Industry, FFC: Fair Factories Clearinghouse, FSC: Forest Stewardship Council, FLA: Fair Labor Association, GIZ: German Corporation for International Cooperation, IFC: International Finance Corporation, ILO: International Labour Organization, IPE: Institute of Public and Environmental Affairs, ITC: International Training Center, RMG: Ready Made Garments, SAC: Sustainable Apparel Coalition, SLCP: Social and Labor Convergence Program, UNFCCC: United Nations Framework Convention Climate Change, WRI: World Resource Institute, WWF: World Wide Fund for Nature, ZDHC: Zero Discharge of Hazardous Chemicals Foundation

MOST MATERIAL ASPECTS

For the current 10FOR25 target period, we reviewed our most material aspects based on a detailed materiality analysis conducted in 2018/2019, including external and internal stakeholder interviews, a survey and a stakeholder dialog meeting. Coordinated by Business for Social Responsibility (BSR), the process resulted in the materiality matrix displayed in graph G.02 below. Although the Water and Air target was not specifically identified in the formal materiality analysis process, we retained this target area. Honoring our commitment to the Fashion Pact as well as the growing importance of the issue, we also included Biodiversity as a target area. Please refer to graphic G.02 for the results of our materiality matrix, and the transfer of these results into our 10FOR25 targets.

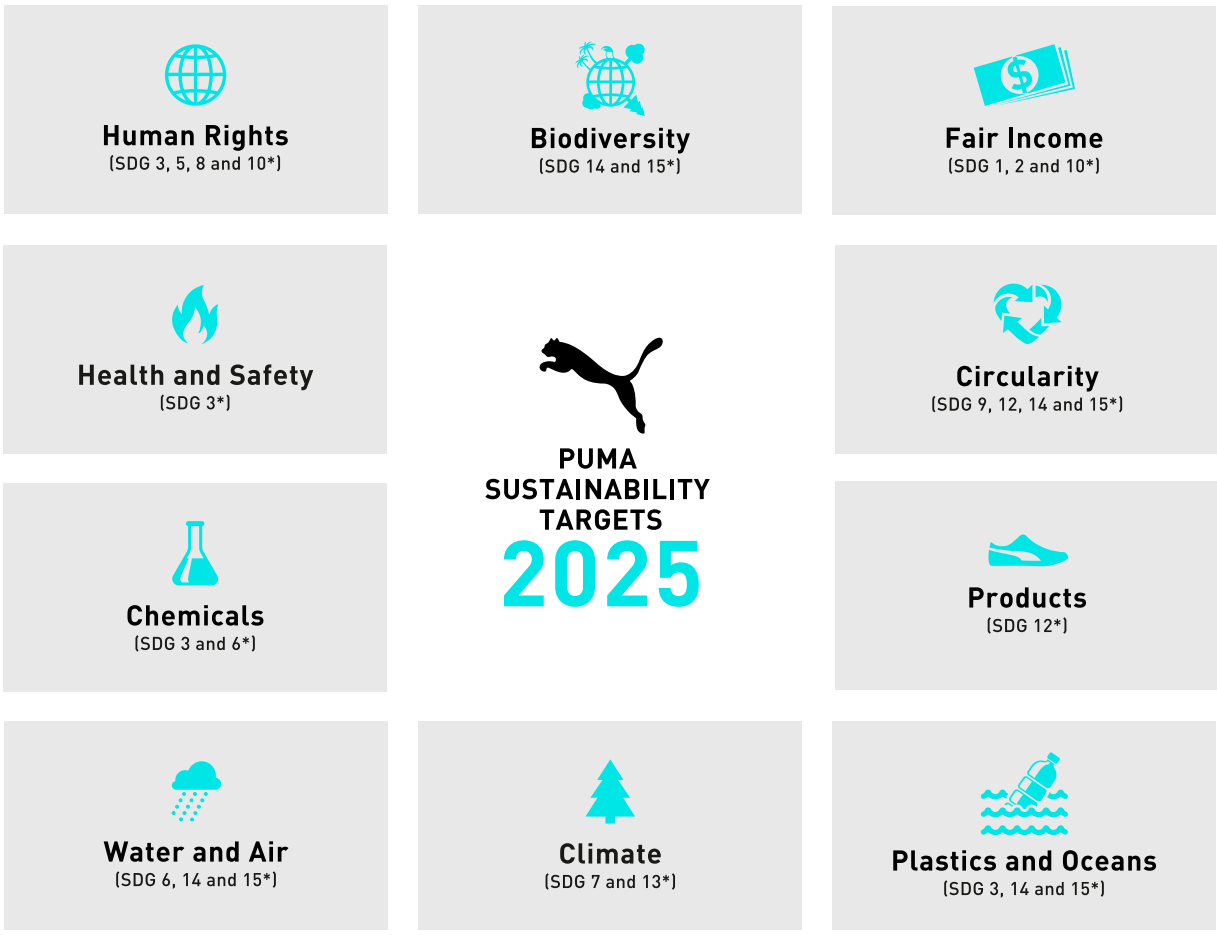
↗ G.02 MOST MATERIAL ASPECTS



Transfer of materiality results into 10FOR25 target areas:

IDENTIFIED MOST MATERIAL TOPIC	10FOR25 TARGET AREA
• Responsible Sourcing of Raw Materials	• Products
• Supply Chain Transparency	• Human Rights
• Good Supplier Working Conditions	• Human Rights
• Worker Health and Safety	• Health and Safety
• Living Wage	• Fair Income
• Chemical Use and Discharge	• Chemicals
• Climate Change Strategy	• Climate
• Sustainable Product Design and Development	• Products
• Sustainable Plastics and Packaging	• Plastic and Oceans
• Circularity	• Circularity
• Human Rights	• Human Rights
• Diversity and inclusion	• Human Rights

↗ G.03 PUMA'S 2025 SUSTAINABILITY TARGETS



*SDG: United Nations Sustainable Development Goals

PUMA 10FOR25 SUSTAINABILITY TARGETS PERFORMANCE SUMMARY

↗ T.01 PUMA 10FOR25 SUSTAINABILITY TARGETS PERFORMANCE SUMMARY

○ Not started ◔ In progress ◑ On track ◎ Achieved

Target Area	Targets for 2025	Performance 2021	Status
01 **Human Rights**	Target 1: Train 100,000 direct and indirect staff members on women's empowerment	Pilot of train of the trainer session conducted Pilot to upload Better Work video in MicroBenefit platform	◔
	Target 2: Map subcontractors and T2 suppliers for Human Rights risks	T2 mapping completed	◑
	Target 3: 25,000 hours of global community engagement per year	39,000 hours	◎
02 **Health and Safety**	Target 1: Zero fatal accidents (PUMA and suppliers)	Zero fatal accidents at PUMA supplier and at PUMA	◎
	Target 2: Reduce accident rate to 0.5 (PUMA and suppliers)	0.3 injury rate at PUMA suppliers 0.4 at PUMA	◎
	Target 3: Building safety policy operational in all high-risk countries	Signed international ACCORD Building safety assessments in Bangladesh, India and Pakistan	◑

Target Area	Targets for 2025	Performance 2021	Status
03 **Chemicals**	Target 1: Ensure 100% of PUMA products are safe to use	No product recall from the market	
	Target 2: Maintain RSL compliance rate above 90% (Target changed since 2020)	RSL compliance rate of 98.4%	
	Target 3: Reduce organic solvent usage to under 10 gr/pair	VOC index at 13.6 g/pair	
04 **Water and Air**	Target 1: 90% compliance with ZDHC Wastewater Guidelines	93.2% compliance (at parameter level)	
	Target 2: 90% compliance with ZDHC Air Emissions Guidelines	Our Core T1 and T2 suppliers follow local regulations	
	Target 3: 15% water reduction per pair or piece based on 2020 baseline	Textile: -4% Leather: -11% Apparel: -8% Footwear: -21%	
05 **Climate**	Target 1: Align PUMA's Climate target with 1.5 degrees global warming scenario	Committed to upgraded Fashion Industry Charter on Climate Action	Scope 1&2 Scope 3
	Target 2: 100% renewable electricity for PUMA entities	100% renewable electricity used for PUMA entities (including RECs)	
	Target 3: 25% renewable energy for core suppliers	5% for T1 (finished goods) 5% for T2 (materials) (including RECs)	

Target Area	Targets for 2025	Performance 2021	Status
	Target 1: Eliminate plastic bags from PUMA Stores	50% reduction compared to 2020 (189 tons)	
06	Target 2: Support scientific research on microfibers	Engaged TMC on 2030 roadmap, wastewater & biodegradable guidelines development. 17 shedding tests conducted	
Plastics and the Oceans	Target 3: Research biodegradable plastics options for products	Launch RE:Suede as a test for biodegradability	
	Target 1: Establish takeback schemes in all major markets	Pilot take back scheme, Hong Kong take back scheme on going since 2019	
07	Target 2: Reduce production waste to landfills by at least 50% compared to 2020	-19% waste to landfill per footwear pair -9% waste to landfill per apparel piece	
Circularity	Target 3: Develop recycled material options for cotton, leather, and rubber	Recycled cotton and leather used in PUMA ReGen collection	
	Target 1: Procure 100% cotton, polyester, leather, and down from certified sources	99% cotton 80% polyester 99.9% leather 100% down	
08	Target 2: Increase recycled polyester use to 75% (apparel & accessories)	48% recycled polyester for Apparel and Accessories	
Products	Target 3: 90% of apparel and accessories classified as more sustainable 90% of all footwear contains at least one more sustainable component	67% Apparel styles 30% Accessories styles 52% Footwear styles	

Target Area	Targets for 2025	Performance 2021	Status
09 **Fair Income**	Target 1: Fair-wage assessments for the top 5 sourcing countries	3 out of 5 (Bangladesh, Cambodia, Indonesia)	
	Target 2: Effective and democratically elected worker representatives at all core suppliers	35.4% Core T1 factories	
	Target 3: Ensure bank transfer payments for all core suppliers	96.7% Core T1 & T2 use digital payment	
10 **Biodiversity**	Target 1: Support setting up a biodiversity SBT	Not started yet	
	Target 2: Procure 100% cotton, leather, and viscose from certified sources	99% cotton 99.9% leather 38% viscose	
	Target 3: Zero use of exotic skins or hides	New Animal Welfare Policy published	

TMC: The Microfiber Consortium, REC: Renewable Energy Attribute Certificates, RSL: Restricted Substances List, SBT: Science-Based Target, T1: supplier of finished goods, T2: supplier of materials or components, etc., VOC: Volatile Organic Compound, ZDHC: Zero Discharge of Hazardous Chemicals Foundation

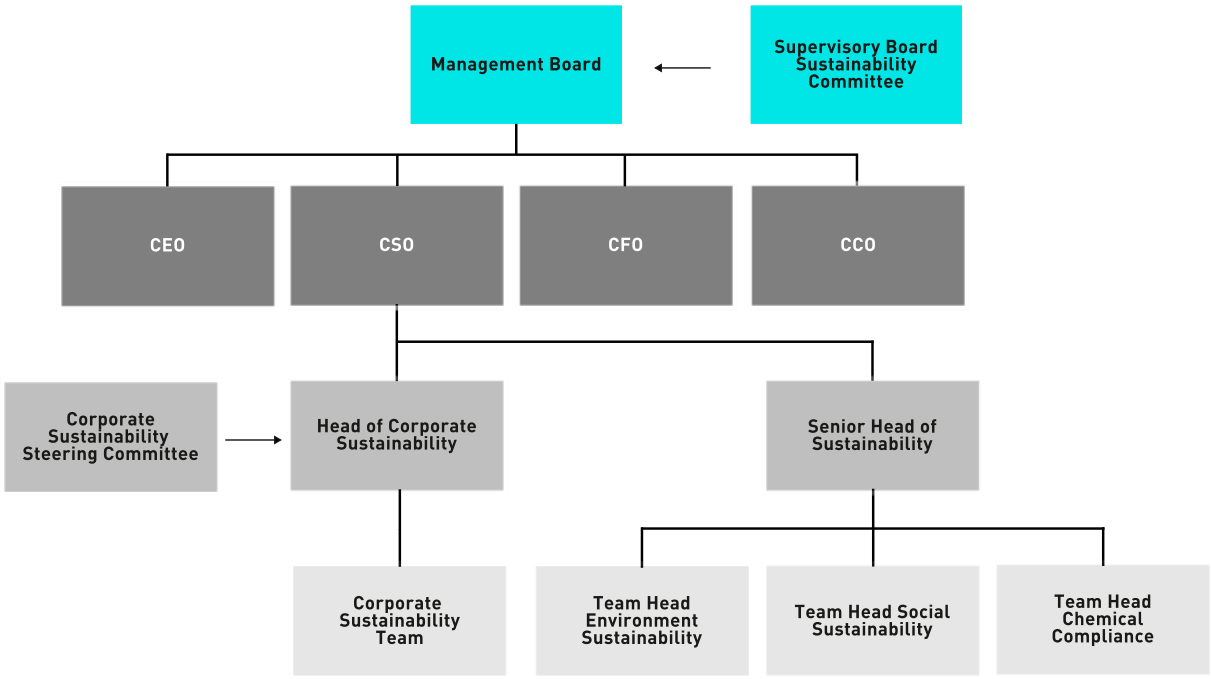
SUSTAINABILITY ORGANIZATION AND GOVERNANCE STRUCTURE

PUMA's sustainability organization is structured and governed in multiple ways:

- At the Supervisory Board level, with a Sustainability Committee.
  - One of the meetings included a training of the full Supervisory Board on sustainability topics and the PUMA 10FOR25 sustainability strategy.
- At the Management Board level, with the responsibility for sustainability assigned to the Chief Sourcing Officer
  - There were several Management Board Meetings in 2021 with dedicated sustainability updates, for example on the sustainability target achievement status and more sustainable product initiatives.
  - The complete PUMA Management Board participated in our global Stakeholder Dialog Meeting focusing on Circularity and Climate Action.
  - Our Chief Sourcing Officer has a monthly meeting with the sustainability leads for corporate and supply chain sustainability. Topics include, for example, Human Rights, Health and Safety and Chemical Programs, as well as Climate and Water projects in the supply chain.
- At the Functional Heads level, with an Executive Sustainability Committee
  - The Executive Sustainability Committee is comprised of all Functional Heads of the company such as the Global Directors for Retail, Logistic, Legal Affairs, etc. The committee met twice in 2021, and approved, for example, the Sustainability Bonus Targets.
- At the Product level, with a Cross-Functional Business Unit Call (monthly updates on PUMA's more sustainable product strategy and execution)
- At the Subsidiary level with nominated Sustainability Leads for each PUMA Subsidiary (quarterly updates on PUMA sustainability strategy and performance, best practice sharing from individual subsidiaries)
- At the Sustainability Experts level, with a corporate sustainability department and a supply chain sustainability department, as well as a sustainability function in the strategy department.

All PUMA leaders globally – from CEO to Team Head level – have clearly defined sustainability targets as part of their annual performance bonus. These targets are aligned with PUMAs Forever Better Sustainability Strategy and focus on our 10FOR25 target areas Human Rights, Climate Action, Plastic and the Oceans, Health & Safety. The targets cover 5% of the overall bonus.

↗ G.04 PUMA SUSTAINABILITY ORGANIZATION 2021



SCOPE OF DATA COLLECTION

In this report we cover the PUMA Group. We have provided separate reports for PUMA SE and the PUMA Group within the "Governance and our People" section only. Our materiality analysis and EP&L clearly indicate that a major aspect of our impact originates in the manufacturing of materials and components, not in the assembly of finished goods. We therefore have extended our data collection to include our core suppliers of components and materials. Our materials data so far excludes the materials used by Stichd and for Cobra Golf equipment, as those companies run their own sourcing. For social compliance data, Stichd and Cobra factories are included.

DATA SOURCES

To ensure a high level of transparency and promote the sharing of environmental and social data with our industry peers, we have chosen to use external databases, most of which are publicly accessible:

- The Fair Factories Clearinghouse for sharing compliance-audit data with other brands
- The wastewater platform from the Zero Discharge of Hazardous Chemicals Foundation (ZDHC) for sharing supplier data on wastewater testing (ClearStream reports)
- The ZDHC Chemicals Gateway for the use of safe chemicals
- The China-based NGO IPE for the publication of suppliers' environmental data
- IPE's Green Supply Chain Map of environmental performance data of some of our core suppliers in China http://wwwen.ipe.org.cn/GreenSupplyChain/Main.html
- The HIGG Index Platform from the Sustainable Apparel Coalition https://apparelcoalition.org/the-higg-index/

Also, we use our own sustainability data collection tool to record social and environmental performance data from PUMA-owned and operated sites and from the core suppliers that manufacture our products.

DUE DILIGENCE AND RISK ASSESSMENT

PUMA conducts regular due diligence on Human Rights & Labor, Environmental and Integrity risks (listed in table) on its own activities and on its suppliers across its supply chain as per the recommendations of the UN Guiding Principles for Business and Human Rights as well as the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector | en | OECD and other relevant responsible business conduct standards. We embed responsible business conduct through our own policies, training and management system. We identify actual and potential harms in our own operations and supply chain through our monitoring programs and risk assessment. We aim to cease, prevent or mitigate harm in own operations and supply chain, keep tracking and communicating with relevant stakeholders as well as cooperating in remediation when appropriate.

Human Rights & Labor Risks	Environmental Risks	Integrity Risks
Child labor	Hazardous chemicals	Bribery and corruption
Discrimination	Water consumption	
Forced labor	Water pollution	
Occupational health and safety (e.g., worker related injury and ill health)	Greenhouse Gas (GHG) emissions	
Violations of the right of workers to establish or join a trade union and to bargain collectively		
Non-compliance with minimum wage laws		
Wages do not meet basic needs of workers and their families		

Due diligence is an ongoing process, in which we can identify, mitigate, prevent and account for how to address existing and potential adverse impacts (e.g., child labor, discrimination, hazardous chemicals etc.).

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

Our risk assessment process of potential harm to people (Human Rights & Labor and Environmental risks) includes:

- External sources: NGO reports, media, countries indexes, country regulation, PUMA partnerships: FLA, BW, Fashion Charter, ZDHC, AFIRM etc. and stakeholder dialog
- Internal sources: PUMA social, chemical and environmental audit findings/data analysis and grievances received per country, supply chain risk mapping, number of factories in countries with high risk, per commodity, including non-core, T3, T4 and raw material extraction

We **prioritize** risks based on:

- Severity: Scale (How grave the impact is), Scope (How many people are or will be affected) and Irremediability
- Likelihood of risk occurring based on operating environment: conflict zone, weak governance; mismatch between local practices and international standards

Our **mitigation measures** include factory monitoring program, grievance mechanism, supplier score card, business integration, goal-setting and internal and external reporting. The effectiveness of our measures is evaluated based on progress and compliance with our policies.

PUMA **policies** are published on our website. Our **factory monitoring programs and standards** are defined in Social, Environmental, Occupational Health and Safety and Chemical handbooks. PUMA® - Sustainability handbook and codes of conduct

PUMA also adopted the ELEVATE intelligence or "EiQ": a comprehensive suite of supply chain analytics, to:

- Assess our supply chain risks by geography, commodity and issue
- Complete a risk assessment for suppliers, factories and sites.
- Manage risks that are material for each supplier, factory or site.

The 10FOR25 targets are linked directly to the four main sustainability-related risks identified in our due diligence process:

A. Potential Human Rights violations or incidents in our supply chain (T1 and T2*)

B. Potential incidents of environmental pollution in our supply chain (T1 or T2)

C. Potential non-compliance with chemical regulations during production (T1 or T2)

D. Negative effects of climate change

Further details on PUMA's overall risk management can be found in the Risk Management section. Net risks as outlined in the CSR Directive Implementation Act (§315c in relation to §289c, section 3, number 3 and 3 of the German Commercial Code (HGB), were not identified in 2021.

PUMA BRAND AND RETAILER MODULE VERIFIED SCORE

As part of our risk assessment and industry benchmarking, we use the Brand and Retailer Module of the Sustainable Apparel Coalition (HIGG BRM). The Higg Brand & Retail Module (Higg BRM) guides brands and retailers on their sustainability journeys and identifies hotspots and opportunities for improvement along their global value chain.

From more sustainable materials sourcing to a product's end of use, the Higg BRM assesses the following lifecycle stages for their sustainability coverage:

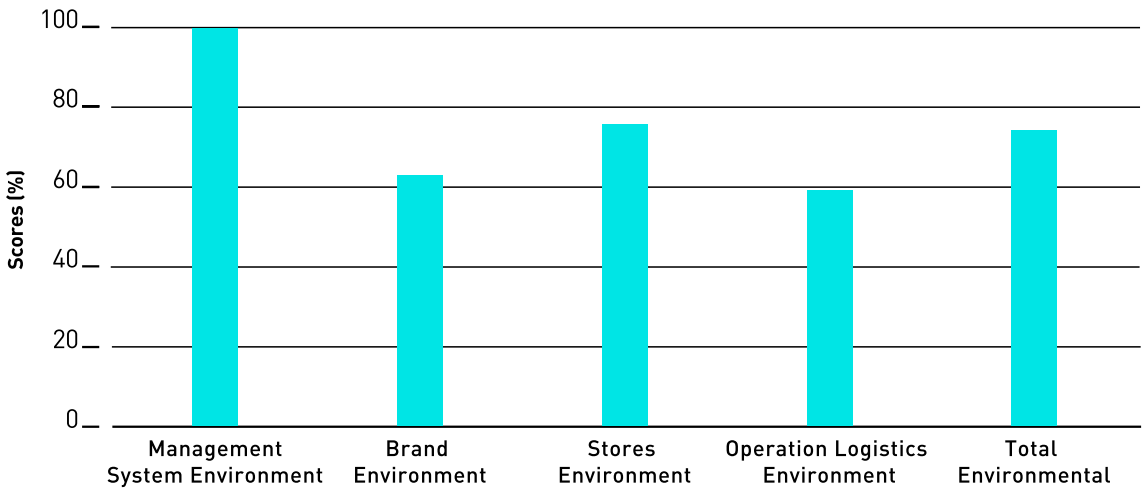
- Management System
- Product
- Supply Chain
- Packaging
- Use & End of Use
- Retail Stores
- Offices
- Transportation
- Distribution Centers

*T1 manufacturers of PUMA products; T2 manufacturers of materials and components

In 2021, for the first time, we engaged an external and accredited verification body to verify our HIGG BRM score based on our 2020 HIGG data. The results of our first verified BRM scores are displayed in graph G.05 and G.06 below. While our overall scores are clearly above the sector average, we have also identified some areas where more focus is needed, as logistics operations, for example.

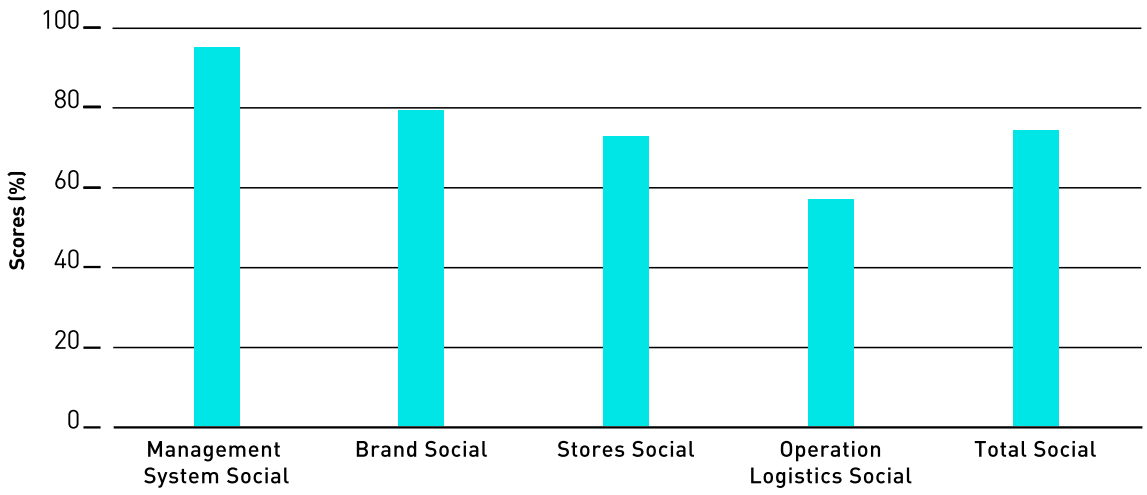
↗ G.05 PUMA BRM ENVIRONMENTAL VERIFIED SCORE

2020 PUMA BRM environmental verified score: 74.3%



↗ G.06 PUMA BRM SOCIAL VERIFIED SCORE

2020 PUMA BRM social verified score: 76.4%



↗ QUOTE BY AMINA RAZVI, EXECUTIVE DIRECTOR, SUSTAINABLE APPAREL COALITION:

PUMA has been an active member of the Sustainable Apparel Coalition (SAC) for the past decade and remains committed to partnering with intent and collaboration to drive collective action and positive change. Since joining the SAC, PUMA has rolled out our Higg Index tools, integrating them into their day-to-day business, demonstrating the kind of leadership needed to tackle the climate crisis and addressing social justice across our industry. Leveraging the Higg Facility Environmental Module (FEM), the company has scaled the use of the tool across all its strategic suppliers. PUMA has also participated in the Higg Brand and Retailer module (BRM) and in 2021 was among the first companies to get its score externally verified. It is also one of the brands to have piloted an environmental product label based on the Higg Material Sustainability Index (MSI). The SAC is proud of PUMA's achievements and leadership within the industry and looks forward to continuing to support them on their journey, as we work towards an inclusive, equitable and sustainable future for people and the planet.

SOCIAL ASPECTS

Our highlights in 2021 included:

- Zero fatal accidents at PUMA and its direct suppliers for the fourth year in a row
- Capturing 13,557 workers' feedback from 8 countries concerning their satisfaction with management via a mobile APP survey, worker hotline promotion activities covered 34,009 workers – PUMA hotline received 223 cases, 121% increase compared to 101 cases in 2020, 99.6% are resolved, 3rd party platforms 3,132 cases, 207% increase compared to 1021 cases in 2020
- Accelerated pace towards shared industry compliance-assessment tools; increase in the percentage of converted external compliance reports from 54% to 59%.
- 508 audit reports from 477 factories despite travel restrictions and partial lockdowns
- Closer engagement with suppliers through open dialog including annual COVID survey and frequent webinars
- Benchmarked 46 Core T1 suppliers' wage level through the Fair Labor Association's Fair Compensation Dashboard, aligned on approaches to close wage gaps

HUMAN RIGHTS

Relates to United Nations Sustainable Development Goals 3, 5, 8 and 10

Target Description:
- Train 100,000 direct and indirect staff on women's empowerment
- Map subcontractors and T2 suppliers
- 25,000 hours of community engagement globally per year

KPIs:
- Percentage of worker complaints resolved
- Number of factories with an A, B+, B-, C or D grade
- Number of T2 suppliers and subcontractors included in our risk mapping
- Number of zero-tolerance issues prevailing at year end
- Number of employee hours spent on community engagement (KPI shared with HR)
- Number of workers trained on women's empowerment

PUMA's sustainability policies are aligned with the United Nations' Declaration of Human Rights, the UN Guiding Principles for Business and Human Rights, the International Labour Organization's Core Labour Conventions, and the ten principles of the United Nations Global Compact. Observing Human Rights was part of our first Code of Conduct developed in 1993 and has guided our business ethics ever since. It has been the long-standing practice of PUMA to continuously and rigorously monitor our supply chain and conduct Human Rights due diligence on all our suppliers globally, including those in major production hubs such as Vietnam, Bangladesh and China.

2021 was still heavily impacted by the COVID-19 pandemic, although the impacts varied from country to country. We continued our focus on the following to safeguard our supplier business and workers' employment and income.

1. Order and Production Management

- Minimizing order cancellations; 0.40% of orders were canceled in 2021.
- The cancelled orders were not yet in production, we compensated for raw material costs.
- Agreeing on order delays with our customers during the difficult lockdown period.
- Through our dialog with suppliers, we have been able to accommodate order placement to facilitate more flexibility along the supply chain, thus we did not extend our production lead time to the same extent as 2020.

2. Financing and Payments

- While the absolute financed volume of our FOREVER BETTER Vendor Financing Program increased by 9.4% compared to last year to €534 million in 2021, the financed ratio (= financed volume vs. invoice volume) fell from 28% to 24% due to the increased annual invoice volume.
- Payment terms for our suppliers remained stable.
- Paying for all orders in full and on time.
- No late-delivery penalties.

3. Guidance and Monitoring

Throughout the whole lock-down period, PUMA kept in close communication with the suppliers, and provided them comprehensive guidance including legal decisions, local government and Better Work guidance, and good practices from some suppliers.

From our survey, 36% of factories in Vietnam answered that their workers' payment was impacted, followed by Turkey with 7%. We followed up with these suppliers and verified that workers have received their payment as per local legislation. In Vietnam our team provided comprehensive guidance to suppliers on re-opening and monitoring the COVID situation throughout the whole lockdown period.

Globally, workers' layoff rate decreased from 1% to 0.05% (2020 vs. 2021), all workers were paid severance payment.

↗ T.02 ORDER CANCELLATIONS DUE TO COVID-19

Cancellations (%)	FTW	APP	ACC	Total
Full Year 2020	0.43%	0.34%	0.10%	0.35%
Full Year 2021	0.84%	0.09%	0.01%	0.40%

RESPONSIBLE PURCHASING PRACTICE POLICY

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 this PUMA Responsible Sourcing Policy is to reduce potential negative impacts.

PUMA's responsible purchasing practice was developed in 2019, to create a framework for guiding decisions and maintaining consistency through key principles:

i. Only working with suppliers who have signed a Manufacturing Agreement.

ii. Payments to suppliers are made on time and in full. We only deduct payments and impose penalties when it is lawful to do so.

iii. Price paid for product to include reasonable labor costs, such as overtime premium payments, social insurance payments.

iv. Open Production Capacity must be declared by the supplier based on standard work weeks as per the law of the relevant production country.

v. Seasonal production plans are allocated considering the negotiated capacity with the supplier.

vi. Sufficient production lead time must be provided.

vii. Suppliers may not subcontract production without authorization from PUMA. All subcontracting units should respect our Code of Conduct.

In 2021, 143 PUMA colleagues from development, sourcing, 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 will ask strategic T1 suppliers to participate in the Better Buying survey (collecting core suppliers' feedback on the implementation status of PUMA responsible purchasing practices), further training and discussions on the results with sourcing team members will also take place.

FOREVER BETTER VENDOR FINANCING PROGRAM

We use our PUMA Forever Better Vendor Financing Program to incentivize suppliers, with a better scoring in our social and environmental compliance audits with lower interest rates.

The program, founded in 2016, allows suppliers with a good or very compliance rating to benefit from PUMA's high credit rating and preferred interest rates.

The program runs in partnership with IFC, BNP Paribas, HSBC and Standard Chartered Bank.

At the end of 2021, 62 vendors are registered users (57 at end of 2020) and the financed volumes in the full year 2021 was €534 m (+ € 46 m compared to 2020).

HUMAN RIGHTS RISK ASSESSMENT

In previous years we had conducted Human Rights risk assessments at the corporate and the supply chain level and communicated the results in our 2016 and 2017 Annual Reports. In 2021 we commissioned and completed a Human Rights risk assessment focusing on forced labor management in the supply chain. The most salient risks to Human Rights are forced or bonded labor in our supply chain and, at the farm level, child labor.

SUPPLY CHAIN FORCED LABOUR MANAGEMENT APPROACH REVIEW

In 2021 supply chain services company ELEVATE supported PUMA by conducting an evaluation of its Human Rights risk assessment approach, with specific focus on forced labor. The evaluation framework utilized has drawn on the expectations of the UN Guiding Principles for Business and Human Rights (UNGPs) with 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 "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered themself voluntarily". ELEVATE has also utilized ILO's 11 indicators of forced labor in this analysis.

Policy Commitment and Embedding

As a result of the assessment, PUMA scores highly regarding policy commitment and internal alignment. ELEVATE recommended strengthening existing human rights-related policies to explicitly reference the ILO Forced Labor Convention, and all eleven forced labor indicators. We are in the process of developing a Human Rights policy which will include this as a specific element. We are also developing Human Rights eLearning to provide further guidance materials for internal teams on mitigating risks. In 2022 we plan to publish the policy and train our suppliers accordingly.

Forced Labor Due Diligence Procedures and Processes

As a response to the ELEVATE recommendation, we refreshed our risk assessment for supply chain and published it in this report. This includes both risk exposure and business leverage insights to prioritize suppliers.

PUMA reviewed the severity grading of audit findings linked to the forced labor indication, which will then also increase escalation and prioritized investigation, and remediation processes. We revised our social handbook and trained our suppliers and sourcing colleagues respectively.

At the end of 2021 PUMA also adopted the ELEVATE intelligence or "EiQ": a comprehensive suite of supply chain analytics, to:

- Assess our supply chain risks by geography, commodity and issue.
- Complete a risk assessment for suppliers, factories and sites.
- Manage risks that are material for each supplier, factory or site.

In our revised handbooks, we request our vendors to conduct due diligence. We will facilitate our supplier training in due diligence through the International Training Center (ITC) platform of the International Labor Organization (ILO).

To increase transparency, we now 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.

While the PUMA hotline is accessible to Civil Society Organizations (CSOs) and external stakeholders, we will review our stakeholder engagement methodology, especially CSO stakeholders representing vulnerable groups: women, children & migrant workers.

Stakeholder outreach, we will translate our updated handbooks and create videos for suppliers in different languages.

We will conduct regular reviews of the grievance mechanisms available to stakeholders, in line with the UN Guiding Principles (UNGP) effectiveness criteria. We also review how stakeholder groups that are likely to use the grievance mechanism are engaged in the performance of the mechanism.

RUBBER MAPPING

An example of our supply chain due diligence efforts at farm level is the rubber mapping project in collaboration with the Fair Labor Association. In 2019, the Fair Labor Association partnered with the International Organization for Migration and three global footwear and three major sporting goods companies including PUMA, which source shoes and sporting goods from Vietnam, on a project to map natural rubber. The project report was published in 2021: Natural Rubber Supply Chain Mapping in Vietnam | Fair Labor Association

The project had two primary objectives:

1. Map the natural rubber value chain in Vietnam to understand supply chain structure, worker demographics, the process of recruiting workers, and working conditions across the tiers of the natural rubber supply chain.

2. Inform participating companies about supply chain mapping through an action-based learning approach to help companies identify gaps in the internal supply chain management systems and understand internal and external practices that can streamline mapping in the future.

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 addressing 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 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.

WORKERS SURVEY 2020 & 2021

In 2020 PUMA launched the Worker Survey Program with 17,551 workers from 20 suppliers, in China and Vietnam, through the APP-based technology Microbenefit. In 2021 the program was extended to 48 suppliers and 13,557 workers from all our major sourcing countries. Overall workers' satisfaction increased by 6% compared to 2020 (average score in 2020: 3.93; average score in 2021: 4.17; workers score each survey question from 0-the least satisfied- to 5-the most satisfied).

In China we see increased workers satisfaction on Fair Compensation, Health and Safety and Working Hours, only the rating of Stress Management declined slightly (-0.02) compared with 2020.

However, in Vietnam due to the adverse impact of the COVID lockdowns, and the increased number of factories in this survey, the overall satisfaction dropped: Fair Compensation (-0.54) dropped the most. The reduction of working hours caused by the lockdown is very likely to be the main reason for this. Grievance

Mechanism (-0.38) dropped compared with 2020. We will engage with the factories to provide training to raise workers' awareness and confidence on factories' grievance channels.

We had one-on-one communication with all participating factories to understand their challenges and agreed on key priorities to improve in the coming year.

WOMEN'S EMPOWERMENT

On international women's day, Guy Rider, the Director General of the International Labour Organization said: "Humanity can only be at its best when gender equality becomes a reality for all, everywhere. We must and will make it happen."

Training women on their rights and empowering them to advance their careers further is key to achieving gender equality, where both men and women have equal power and opportunities for education, healthcare, economic participation and personal development.

PUMA initiatives support suppliers in reviewing existing policies and practices or establishing new ones to realize women's empowerment.

Already today, 59% of workers producing PUMA goods are women and 54% of factory managerial positions at our Core Tier 1 suppliers are filled with women.

We believe that collaboration among the industry and with NGO experts in women's empowerment is key to avoid duplication and provide the right expertise.

PUMA cooperated with **International Center for Research on Women (ICRW)** to run a Gender Equity Project in Indonesia, Vietnam, India and Bangladesh. In 2021 a total of 9 PUMA factories used the Gender Equity Self – Diagnostic Tool to understand the condition of gender equity. By using this tool, suppliers can determine where there are opportunities to enhance gender integration through their policies and practices and then improve gender equity within their factories. They can identify actions they can take to open and strengthen women's pathways to leadership and operations. In 2022 we will follow up with actions taken by these 9 factories. As of now, PUMA together with ICRW and other brands are still working on the development of the tools and a scale up plan.

In 2021 we conducted a pilot: The video from **Better Work** Course related to Sexual Harassment Prevention was uploaded to the MicroBenefit Platform from late 2021 in Vietnam. 175 employees in 6 factories finished the training online.

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, topics are listed below) and successfully passing the technical exams with the ITC-ILO and learning about effective training methodologies both for online and face-to-face delivery, 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. 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 4 factories in China, Bangladesh, Vietnam and Indonesia.

PUMA extended women's empowerment outreach beyond factory female workers and in 2021, we signed a long-term agreement with Women Win, an organization which empowers girls and women around the world through sports.

Through the partnership with Women Win, we aim to increase the visibility of female athletes and sports role models and support initiatives that tear down obstacles to girls' and women's access to sports.

Through projects supported directly by PUMA, Women Win will reach 5,000 girls and women. Furthermore, as a core funding partner, we will contribute towards Women Win reaching another 1 million girls and women by the end of 2023.

For women and girls, sport is a powerful tool to challenge gender norms and stereotypes, to regain ownership of their bodies, to experience joy, freedom and pleasure. Giving girls and women access to sports can create opportunities for them to team up, speak out and get active – in sports and in their communities – which in turn can create more equal societies.

Picture by Soccer Without Borders

COMMUNITY ENGAGEMENT

Our goal is to reach a total number of hours spent on community engagement equal to our annual average times 1.5 FTE (full-time equivalent). We encouraged all our employees around the world to participate and record projects and employee engagement on an online platform.

Our Community Engagement Program has continued to create positive impact locally by supporting social, health and environmental causes, and we were able to donate 39,000 community hours in 2021.

For more information on our community engagement program, please visit the P&O section of this report.

SOCIAL COMPLIANCE

Compliance with our Vendor Code of Conduct remains the foundation of our human rights' due diligence process. Since 1999 all direct PUMA suppliers have been frequently audited for compliance with ILO Core Labour Standards, internationally accepted Health and Safety provisions, and basic environmental standards. In recent years we have also included our most relevant material and component suppliers in our audit program. Our Social Monitoring Program has been accredited by the Fair Labor Association since 2007 and was re-accredited most recently in 2019.

Each year, we collect between 300 and 500 audit or assessment reports issued by PUMA's Compliance team, the ILO Better Work Program, our industry peers, or independent experts accredited by the Social and Labour Convergence Program (SLCP). To avoid duplication and prevent auditing fatigue, in 2021, we increased the percentage of shared assessments to 59% from 54% in 2020. As part of our commitment to the Industry Summit and the Social and Labor Convergence Program (SLCP), we will further increase our adoption of SLCP-based assessments to at least 50% in 2022. We believe that SLCP is an ideal tool for building long-term relationships with suppliers. We support them to own their social and labor data. This year we have added three warehouses into the audit program.

We employ a team of compliance experts spread across all our major sourcing regions. They regularly visit and audit our core manufacturing partners. We also work with external compliance auditors and with the International Labor Organization's Better Work Program. Each PUMA supplier factory must undergo one mandatory compliance audit per year and all issues identified need to be remedied as part of a corrective-action plan.

Despite travel restrictions and partial lockdowns, in 2021 we were able to collect 508 audit reports from 477 factories. 73.7% PUMA audits included a trade union representative or workers representative during audit opening and closing meeting. All workers interviews are conducted on site during the audit (no offsite interview).

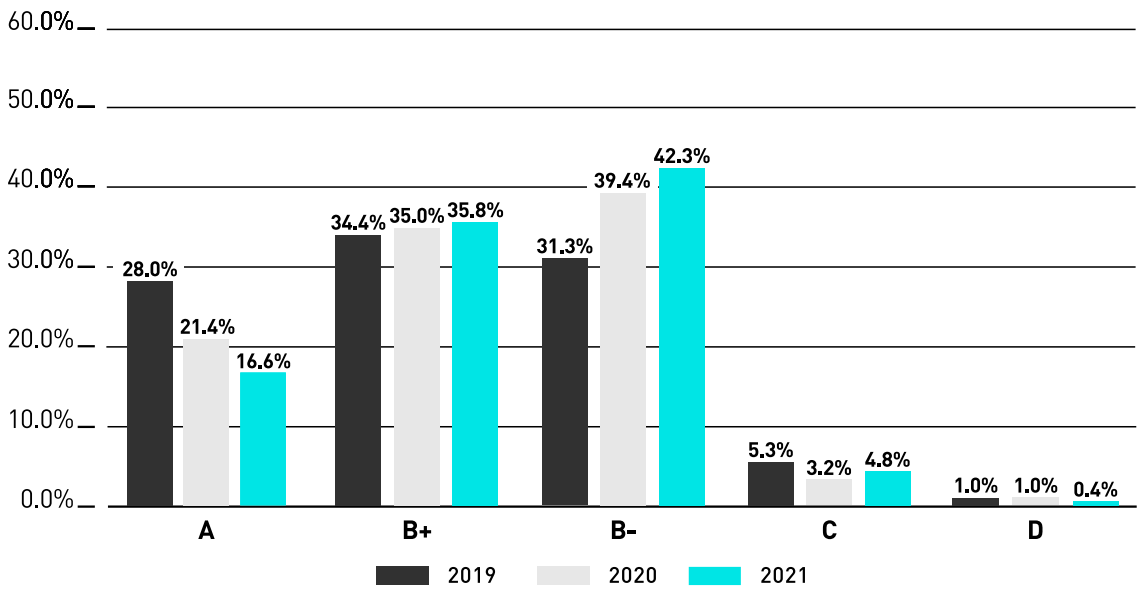
4.6% of our T1 factories and 8.5% of T2 failed to meet our requirements in 2021. If the company in question was an active PUMA supplier, we worked together to improve the situation. A pass grade was awarded to 100% of companies subjected to a second audit. Six factories did not manage to sufficiently improve their performance and were consequently removed from our active supplier factory base.

↗ T.03 AUDIT RESULTS 2018-2021

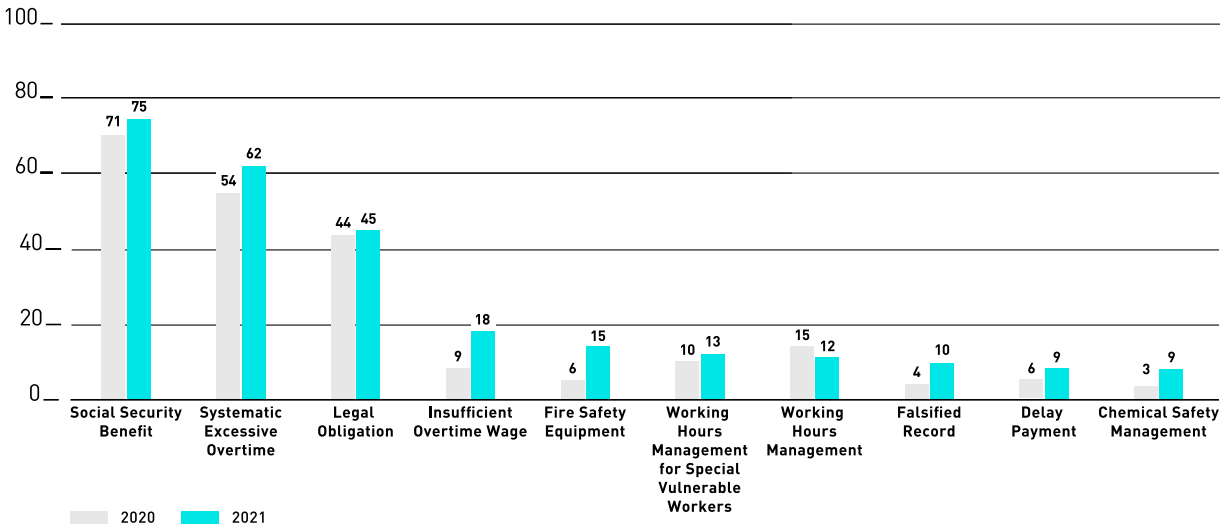
	2021			2020		2019		2018	
Number of factories audited	**T1**	**T2**	**Warehouse**	**T1**	**T2**	**T1**	**T2**	**T1**	**T2**
A (Pass)	75	6		82	5	107	10	82	15
B+ (Pass)	144	23	2	116	26	126	17	148	29
B- (Pass)	155	46	1	125	35	121	10	128	42
C (Fail)	16	7		11	2	19	2	17	7
D (Fail)	2			4		4	0	5	0
Total	392	82	3	338	68	377	39	380	93
Total number of factories	477			406		418		473	
Pass/Fail (%)	95/5	91/9	100	96/4	97/3	94/6	95/5	94/6	91/9

Compared with 2019 and 2020, the number of A rated factories decreased in 2021 mainly because systematic excessive working hours have been addressed as a critical issue and the extensive nature of the SLCP verified data set has helped to identify additional findings for remediation. Nevertheless, the percentage of passed audits remained above 90%.

↗ G.07 AUDIT RESULTS 2019-2021



↗ G.08 NUMBER OF MOST FREQUENT FINDINGS (EXCLUDING CONVERTED REPORTS) 2020-2021



Some factories have non-conformity on social security benefit and legal obligations, such as missing required sub-licenses. 95% of workers are covered under social security among all our Core T1 suppliers.

Systemic overtime has remained a challenge for both years and we plan to conduct working hours management training to all T1 suppliers in 2022 and conduct a root cause analysis workshop with selected Core T1 suppliers to explore opportunities for improvement and engage with sourcing team to follow up on improvement.

There were 8 records identified in 2021 about risk of Freedom of Association breach, mainly related to the election process of union or worker representation committees. 6 of these have been rectified and 2 remain open. We will continue our engagement with the factory management to close these cases.

There was 1 violation identified in 2021 with the Better Work report regarding factory management's behavior. The issue was remediated.

PUMA is committed to respecting women's rights as per the Convention on the Elimination of Discrimination Against Women and expect suppliers to commit to and respect women's rights. In this context we carefully monitor working conditions for pregnant women. 16 audit findings related to pregnant workers, mainly about insufficient breaks, 2 of them are closed and 14 are still under follow-up at the date of reporting. Pregnant women were not found restrained to bathroom breaks from 2021 assessment.

There was no violation found on forced overtime and restricted freedom of movement or retaining workers' passports or other identity/personal documents. 21 violations were identified on delayed payment, 6 of them are closed and we are still following up the 13 pending findings, for the remaining 2 open findings, the factories were inactivated.

17% of corrective actions pertaining to wages and/or overtime were implemented, and these issues were resolved within 2021. We noticed improvements in occupational health and safety, risk management and transparency. Reducing overtime and increasing social security coverage remains a focus of our efforts.

Beyond auditing, we track social key performance indicators such as average payments vs. minimum wage payments, overtime hours or coverage by collective bargaining agreements. This data is discussed under the Fair Income target.

SUPPLIER TRAINING

Beyond auditing we increased our engagement through capacity building activities:

Meeting	Topics	Number of factories	Number of participants
Supplier Virtual Meetings	Sustainability updates, best practices sharing, etc.	Approx. 466 per round (3 rounds)	Approx. 1,083 per round (3 rounds)
Code of Ethics		459	1,029
Responsible Sourcing Policy		492	143 internal sourcing 1,145 factory participants
OHS Risk Assessment	Guiding Core T2 suppliers on what and how to do OHS Risk Assessment	94	249

GRIEVANCE CHANNELS

We operate multiple worker voice channels. If workers are not satisfied with the responses offered by factories via their respective internal grievance system, we encourage the use of the PUMA Hotline to raise complaints or request consultations. Phone numbers and email addresses for this hotline are published on our Code of Conduct posters displayed at **every factory globally**. We also use WeChat, Zalo, Facebook and other social media to connect with workers and have established more formalized compliance and human resources apps at selected core suppliers.

The third-party platforms are accessible at 71 strategic suppliers, representing more than 60% of our sourcing volume, to 147,341 workers. In 2021 we received 3,132 workers' feedbacks through the MicroBenefits and the WOVO platforms in China, Indonesia, Pakistan, Philippines and Vietnam, and the Amader Kotha Helpline in Bangladesh, which is a 207% increase compared to 2020. Among these thousands of feedbacks, 39 cases were escalated to PUMA as the factory did not respond within the agreed timeline. PUMA engaged with factory management to address the workers' concerns. All the other concerns not escalated to PUMA were handled and resolved directly by the factory management.

To promote the PUMA Hotline, in 2021 we developed a video translated into nine languages to cover our major sourcing countries. We used MicroBenefits and WOVO platforms to reach 34,009 workers. After a worker watches the video related to the PUMA Hotline and then they complete a quiz to test their knowledge; this worker is then eligible for a lucky draw to win a prize offered by PUMA. According to the quiz, 99% of workers know the PUMA Hotline, and 84% workers in China could remember our 11-hotline phone number.

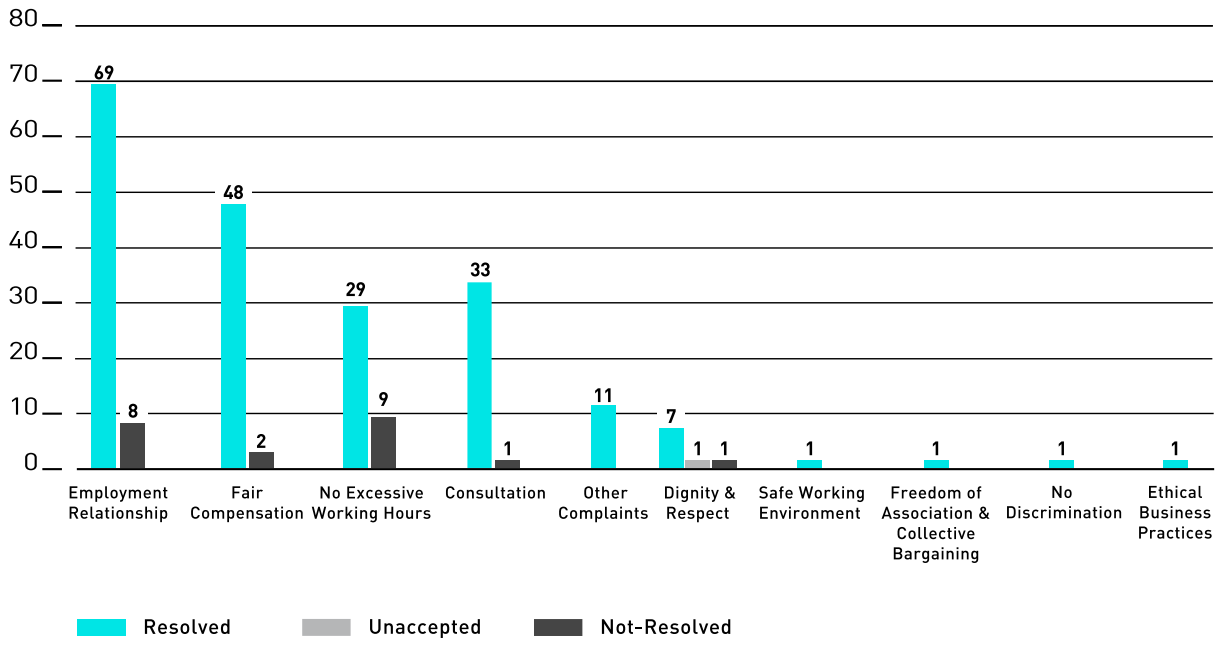
223 workers' concerns were raised through PUMA's Hotline across eight countries, 121% more than 2020. Our team resolved 99% of them.

We also received six third-party complaints from external organizations related to PUMA's manufacturing partners. They focused on freedom of association and fair compensation. Two complaints about freedom of association were resolved in 2021, the union representatives were either reinstated or compensated in agreement with the unions involved. Four are still under follow-up.

↗ T.04 WORKERS' COMPLAINTS 2018 – 2021

Workers' complaints	**2021**	**2020**	**2019**	**2018**
Total received – external channels (3rd party platforms)	**3,132**	**1,021**		
Total received – PUMA Hotline	223	101	70	55
Total confirmed	3,165	984	61	44
Total Received - PUMA Hotline & escalated to PUMA via 3rd party platforms	262	127		
Resolved - PUMA Hotline & escalated to PUMA via 3rd party platforms	261	126	61	44
Not resolved - PUMA Hotline & escalated to PUMA via 3rd party platforms	1	1	0	0
Resolved (%)	**99.6%**	**99.2%**	**100%**	**100%**

↗ G.09 NUMBER OF MOST FREQUENT GRIEVANCES RAISED IN 2021



Through PUMA own Hotline, "Employment Relationship" and "Fair Compensation" are the most frequent concerns raised by workers in 2021. We maintain our focus on resolving the pending issue raised in 2021.

CAMBODIA

In early 2021 we received three complaints from one of the local unions in Cambodia. The allegation was about factories' potential breach of Freedom of Association. While we worked to find the best solution related to these concerns, PUMA partnered with Better Factory Cambodia to provide a customized workshop to factory management, shop stewards and union representatives. 109 participants from 20 factories attended the training.

The training covered

- Rights and obligations of employer, unions and worker representatives and workplace relations.
- Employment contract termination: Resignation, dismissal, retrenchment as per the Cambodian labour law, and policies & procedures.
- Compensation in case of employment contract termination.

The end line survey shows that factories have increased their awareness by 21% / 16% / 11% respectively on resignation/retrenchment/termination process and scenario.

↗ CASE STUDIES

Cambodia
In early January of 2021, we received a letter from one of the local trade unions, to seek brand intervention to rectify violations of a worker's right at a Cambodia factory producing for PUMA. We immediately contacted the trade union, factory management and the ILO Better Factories Program (BFC) to understand the situation better. PUMA as brand played a vital role in organizing several meetings with the factory and the union for dialog. The factory became gradually more aware of Freedom of Association. After 8 months of efforts, this case came to a successful resolution: the union was officially registered at the factory, and the factory had meetings with the trade union to reach a mutual agreement to resolve issues related to workers rights.

Indonesia
In August 2021 PUMA received a concern from a trade union related to a subcontractor of one of PUMA Footwear's suppliers. The allegation related to the employment termination of five union representatives due to decreased orders. We took immediate actions to engage with both the Footwear supplier and the subcontractor, the subcontractor agreed to reinstate the union leaders.

All issues identified during our auditing and hotline activities are classified as zero-tolerance issues (such as child labor or forced labor), critical issues or other issues.

As the name implies, zero-tolerance issues lead to the immediate failure of an audit. If these issues are reported for a new factory, the factory will not be allowed to produce PUMA goods. Established suppliers must remedy all zero-tolerance issues immediately by conducting a root-cause analysis and implementing preventive measures to avoid the issue from recurring in the future. As a last resort, business relationships will be terminated if the factory fails to cooperate. Other issues are also followed up by our Compliance team.

During 2021 we identified and were able to remedy four zero-tolerance issues (workers' compensation below legal requirement).

↗ T.05 ZERO TOLERANCE ISSUES (ZTIS) FOR THE LAST THREE YEARS

Country	2021	2020	2019
Bangladesh	2	4	0
Cambodia	2	0	0
China		0	1
Indonesia		0	1
Vietnam		0	1
Total	**4**	**4**	**3**

“PUMA has demonstrated a strong and consistent commitment to worker’s rights through their longtime partnership with Fair Labor Association. An FLA accredited company since 2007, PUMA is an established social compliance leader, developing sustainable approaches and implementing robust systems designed to protect workers in their global supply chain.”

SHARON WAXMAN
President & CEO, Fair Labor Association

FAIR INCOME

Target description:

- Carry out fair wage assessments including mapping of a specific wage ladder for top five sourcing countries to help improve their wage levels and practices
- Ensure bank transfer payment to workers by all core suppliers by 2022
- Ensure effective and freely elected worker representation at all Core T1 suppliers through collaboration with other brands

Relates to United Nations Sustainable Development Goals 1, 2 and 10

KPIs:

- Percentage of average wages compared to minimum wage
- Percentage of workers with permanent contracts
- Percentage of workers with social insurance coverage
- Percentage of workers paid via bank transfer
- Percentage of factories with freely elected worker representation
- Percentage of factories with collective bargaining agreements
- Number of countries with fair wage assessments over the last five years

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):

https://www.fairlabor.org/our-work/labor-standards

The Fair Wage Network conducts wage assessments and evaluates the wage systems of selected factories across 12 dimensions, focusing on five major areas: legal compliance, wage levels, wage adjustments, pay systems and social dialog and communication.

https://fair-wage.com/12-dimensions/

As part of our efforts to ensure fair wage practices at the factories of our suppliers, we have defined the full payment of at least the minimum wage as a zero-tolerance issue. This means that to be taken on as or to remain active PUMA suppliers, companies must pay minimum wages in full compliance with local regulations. Provisions around payment of overtime hours and social insurance are also clearly articulated in the PUMA Code of Conduct and are scrutinized regularly based on our Compliance Audit Program.

FAIR WAGE ASSESSMENT

For other dimensions of fair wages, we asked the Fair Wage Network (FWN) to conduct formal fair wage assessments at our core suppliers based in Bangladesh (2018), Cambodia (2019) and Indonesia (2021).

During 2021 we purchased a license to the living wage database of the Fair Wage Network.

PUMA together with Fair Wage Network conducted a fair wage assessment in 3 factories in Indonesia, one Footwear supplier scored 299/400, which means the factory received a Fair Wage Certificate. Among the 12 dimensions of Fair Wage, the factory achieved a 'FAIR' score in 8 dimensions: wage and overtime payment, communication, and social dialog, for example.

In 2021 we asked the FWN to reconduct fair wage assessments among the same key suppliers in Bangladesh and Cambodia. It was positive that a number of factories had continued to strengthen some institutional elements such as wage grids and schemes relating pay to performance.

At the same time, similar developments were not always reported on social dialog, with workers' representatives not always involved in wage discussions, and with collective agreements being rarely signed at factory level, something that gives valuable information for follow-up and remediation in these specific factories but also for our 10FOR25 goals to ensure our Core T1 factories should have freely elected workers representatives.

Overall, workers' satisfaction with wages and working conditions was found to be relatively good, with almost all workers being either 'fully' or 'partly' satisfied with their wages and working conditions.

The performance of 4 factories (3 Apparel factories, 2 in Bangladesh, 1 in Cambodia, 1 Footwear factory in Indonesia), including on the living wage front, were particularly outstanding so they were granted the Fair Wage certification. The other remaining factories in the 3 countries are asked to engage in a remediation process for improving their performance in the wage areas that were found to be less strong.

FAIR COMPENSATION DASHBOARD

At PUMA we have been collecting wage data annually from our Core T1 factories for several years. We use these data to report S-KPIs (table T.07). In 2021 we took the next step and uploaded the 2020 wage data of 46 strategic T1 suppliers into the Fair Labor Association (FLA) Fair Compensation Dashboard* for comparison with our industry peers and, where available, against living wage estimates of the Global Living Wage Coalition (GLWC)***. For this purpose, the Anker Methodology** was used to calculate workers wages and the gap to a living wage.

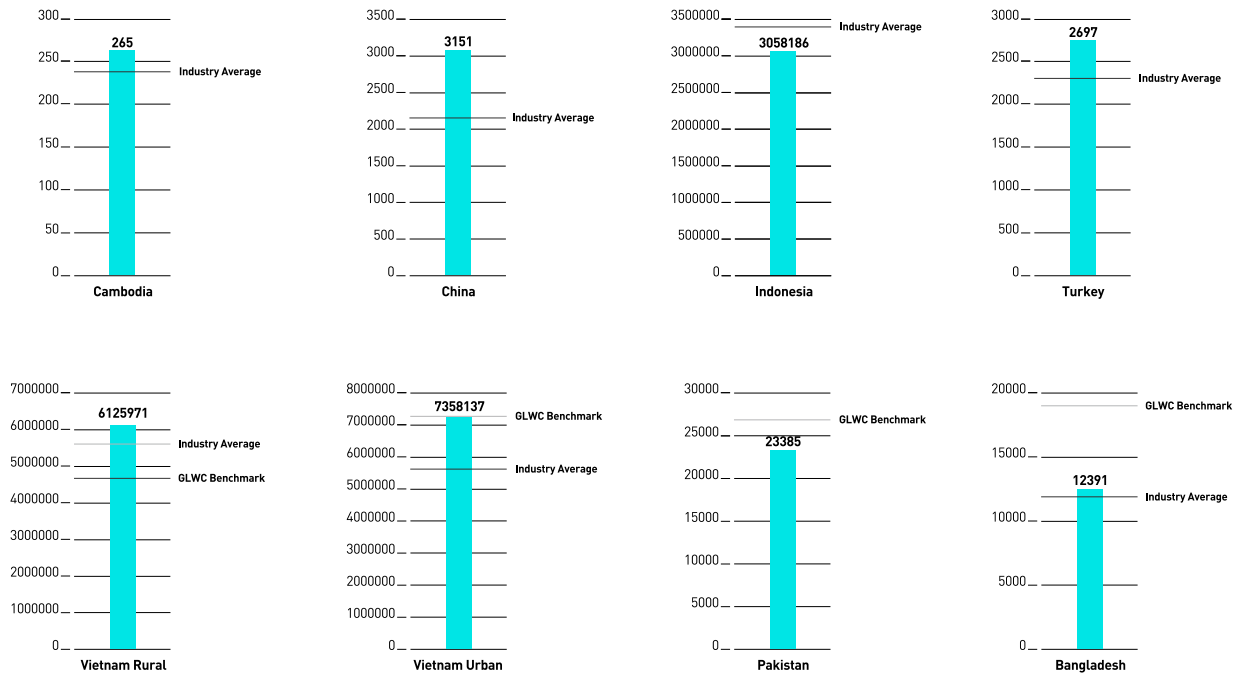
Graph G.10 below indicates the results of our benchmarking for 46 Core T1 factories, in local currency, covering 2020. These data cover approximately 71% of PUMA's global production volume.

* Industry average wage data from FLA Fair Compensation Dashboard from November 2019 and October 2020. Users of the FLA's Fair Compensation Dashboard have access to live average net wage calculations based on all wage data uploaded per country and year. Averages are adjusted as wage data is uploaded into the dashboard.

** **Anker's living wage methodology:** Net Wage = Basic (Contracted) Wage + Cash Benefits + In-Kind Benefits – Mandatory Taxes and Legal Deductions. Payment of overtime is excluded.

*** https://globallivingwage.org/

↗ G.10 FLA FAIR COMPENSATION DASHBOARD



We can see that our strategic suppliers in China, Vietnam, Bangladesh, Cambodia and Turkey pay clearly above the FLA's industry average. For rural areas in Vietnam, the average salaries also exceed the living wage set by the Global Living Wages Coalition.

On the other hand, we also see that our suppliers in Indonesia are falling short of the average industry payments, and that the payments in Bangladesh, despite being above industry average, fall well short of the Global Living Wage Coalition Benchmark. Our suppliers in Pakistan reach 83% of the Global Living Wage Coalition Benchmark. In Indonesia, China and Turkey country-level GLWC benchmarks were not available in 2020.

In 2022 we will start fair wage assessments or remediation with low performance factories in Bangladesh, Cambodia, Pakistan, Indonesia and Vietnam (Urban).

RECRUITMENT FEES

PUMA signed the Fair Labor Association /American Apparel and Footwear Association Commitment to Responsible Recruitment in 2018.

Since then we have actively engaged with suppliers, industry peers and with the United Nation's International Organization for Migration with the objective of ensuring that the labor rights of foreign and migrant workers are upheld in our supply chain. Through the efforts of multi-stakeholder engagements, factories paid back 42% of previously paid recruitment fees to 193 foreign migrant workers; we aim for the remaining 58% of payment to be covered in 2022.

↗ T.06 FAIR INCOME TARGET STATUS

Sub-targets	2021	Baseline 2020	Target 2025
Digital payment (% of Core T1 and T2 suppliers)	96.7%	90%	100%
% of workers that are receiving wage payments digitally	98.2%		
Percentage of Core T1 supplier facilities that have trade unions or freely elected worker representation (Core T1)	35.4%	33%	100%
Fair wage assessments (mapping of a specific wage ladder for top five sourcing countries)	3 out of 5	2 out of 5	5 out of 5

↗ CASE STUDY

Getting the full sustainability picture: Fair wage assessments by the Fair Wage Network (FWN)
Beyond the close cooperation with the FLA, fair wage assessments carried out by the FWN represent a way to get the full picture in terms of wage practices: on the payment of wages, in full (without under-payments) and without delays but also on pay systems, on wage levels (compared to the legal minimum wage, compared to living wage benchmarks, compared to market rates) and also on wage adjustment mechanisms to ensure that wages are adjusted on a regular basis, notably through social dialog with workers' representatives.

Our lessons learned from these wage assessments are that it was difficult in a factory in Indonesia to dissociate the payment of a living wage from the need to reduce the number of overtime hours, as workers should not be in a position to systematically accept OT hours to be able to cover their family basic needs. Systemic overtime has remained a challenge in recent years, and we plan to conduct working hours management training to all T1 suppliers in 2022 and conduct a root cause analysis workshop with selected Core T1 suppliers to explore opportunities for improvement and engage with sourcing teams to follow up on improvement. Another example in Bangladesh showed that an important lever to pay wages up to a living wage was to somehow relate wages more closely to skills and to professional experience. In 2022 we will start fair wage assessment or remediation with low performance factories in Bangladesh, Cambodia, Vietnam (Urban) and Indonesia.

PUMA case study – Fair (fair-wage.com)

Table T.07 confirms that most of our core suppliers pay basic wages that exceed minimum wage significantly, 14.5% on average. When adding overtime and bonus payment, this figure increases to 80.2%, a strong increase compared to 2020. Social insurance coverage decreased slightly due to some factories not being legally obliged to pay workers' social security if their attendance was less than 14 days during the lockdown period. Notably, the percentage of workers being covered by a collective bargaining agreement also increased significantly from 26.9% in 2020 to 37.2% in 2021.

↗ T.07 SOCIAL KPIS PUMA CORE SUPPLIERS 2018-2021*

2020	SOUTH ASIA			SOUTHEAST ASIA					EMEA	2021	2020	2019	2018
KPI	Bangladesh	India	Pakistan	China	Cambodia	Indonesia	Philippines	Vietnam	Turkey	Average	Average	Average	Average
Gross wage paid above minimum wage excluding overtime and bonuses (%)	17.1	NA	33.4	8.9	5.7	3.0	NA	31.1	2.5	14.5	13.0	17.6	20.9
Gross wage paid above minimum wage including overtime and bonuses (%)	69.3	NA	40.0	202.0	69.5	36.3	NA	111.1	33.2	80.2	54.7	73.1	83.7
Workers covered by social insurance (%)	100.0	NA	100.0	78.1	99.4	92.9	NA	95.1	100.0	95.1	95.6	93.6	95.3
Overtime (hours per week)	13.6	NA	0.3	18.0	6.6	6.4	NA	6.5	6.9	8.3	5.4	7.1	6.1
Workers covered by a collective bargaining agreement (%)	0.0	NA	0.0	90.5	39.6	30.9	NA	99.2	0.0	37.2	26.9	25.4	26.7
Female workers (%)	38.2	NA	9.0	63.3	84.3	88.3	NA	77.6	56.0	59.5	58.8	59.4	56.0
Permanent workers (%)	100.0	NA	100.0	36.0	52.3	99.4	NA	41.1	100.0	75.5	74.4	69.1	68.0
Annual turnover rate (%)	36.6	NA	18.6	53.4	47.8	21.6	NA	32.7	27.3	34.0	29.9	38.2	36.8
Injury rate (%)	0.5	NA	0.0	0.3	0.3	0.2	NA	0.1	0.4	0.3	0.4	0.5	0.6
Number of suppliers	9	NA	2	21	5	5	NA	20	1	63	58	59	50

*Data received from 63 PUMA core suppliers representing 77.36% of 2021 production volume and 80.22% production value; reporting period for data collection: November 2020 – October 2021

HEALTH AND SAFETY

Target description:
- Zero fatal accidents
- Reduce accident rate to 0.5 at PUMA and at suppliers
- Building safety operational in high-risk countries

Relates to United Nations Sustainable Development Goal 3

Examples of the 10FOR25 action plan:
- Expand building safety projects to include Indonesia
- Ensure professional risk assessments are conducted regularly

KPIs:
- Number of fatal accidents at Tier 1 and Core Tier 2 factories
- Average injury rate at PUMA (reported in the Our People section)
- Average injury rate at Core Tier 1 suppliers
- Number of factories subject to our Building Safety Assessment Program

Ensuring safe working conditions for our own employees and hundreds of thousands of indirect employees at our manufacturing partners is an ethical imperative but also makes good business sense. In 2015 we set a target of zero fatal accidents and aimed to reduce the number of work-related accidents. In 2021 we revised our suppliers OHS handbook, requiring them to conduct an OHS risk assessment. We also published the PUMA OHS policy and rolled out an online training course for our own employees.

Apart from our ongoing auditing program that includes occupational health and safety assessments, we implement our Building Safety Assessment Program in countries where we identified risks. We also set up professional risk assessments at all our major manufacturing partners.

SUPPLIER TRAINING ON OHS RISK ASSESSMENT

In 2021, OHS Risk Assessment Training was conducted with 249 participants from 94 T2 factories, focusing on the importance of OHS risk assessments, main elements of such an assessment, and PUMA's expectation on OHS management in general.

Following the training, our suppliers conducted their own risk assessment. We see the need to further increase their knowledge and understanding. Therefore, we updated our OHS Handbook to provide guidance on processes and tools for OHS risk assessment to the factory management and OHS person in charge. We will support our Core T2 suppliers to setup respective policies and procedures, as this has been the area where most need for improvment was indentified.

BUILDING SAFETY ASSESSMENTS

From 2015 onwards, our Building Safety Assessment Program covered the following countries:

↗ T.08 BUILDING SAFETY ASSESSMENT PROGRAM

Country	No. of factories	Comments
Bangladesh	22	Part of our ongoing membership of the Bangladesh Accord
India	6	In partnership with Asia Inspection and Elevate
Indonesia	4	In partnership with Asia Inspection
Pakistan	7	In partnership with Elevate

A safe workplace is a top priority at PUMA. Bearing in mind that we continuously carry out building safety inspections among high-risk factories in our supply chain, in 2021 we were able to conduct the structural/fire/electrical safety inspection with three suppliers from Pakistan and India. Two of them have been assessed in the past. We saw improvements in electricity safety, however structural safety findings increased due to the extended audit scope. Going forward we will follow up with these factories in their remediation.

None of our suppliers have been involved in any structural building safety incidents or factory fires since 2015.

We are happy to report that we recorded zero fatal accidents at our suppliers for 2018, 2019, 2020 and 2021, as well as slightly reduced accident rates at our core suppliers.

↗ T.09 INJURY RATES AT CORE SUPPLIERS

Country	Injury rate 2021	Injury rate 2020	Injury rate 2019	Injury rate 2018
Bangladesh	0.5	0.4	0.3	0.3
Cambodia	0.3	0.2	0.5	3.2
China	0.3	0.6	0.5	0.5
Indonesia	0.2	0.2	0.2	0.3
Vietnam	0.1	0.2	0.3	0.3
Average	**0.3**	**0.4**	**0.5**	**0.6**
Fatal accidents	**0**	**0**	**0**	**0**

* Average of the 5 countries included in this table. Global average injury rate for PUMA's core suppliers in 2021 was 0.3

As we believe that the health and safety of the people working for PUMA and in PUMA production always come first, we will continue to work with our own entities and suppliers to avoid infections and accidents.

For more information on PUMA's own Health and Safety efforts, please refer to the Our People section.

ENVIRONMENT

The purpose of our environmental efforts is to ensure that PUMA and its suppliers are in full environmental compliance and any negative impact on the environment is minimized.

We frequently conduct efficiency audits at our own entities. Compulsory in the European Union, these audits help us identify energy saving opportunities at our offices, stores and warehouses and roll them out on a global basis.

As far as our suppliers are concerned, our PUMA compliance audits (detailed in the Human Rights section) contain a dedicated section on environmental and chemical compliance. For example, during each audit we inspect environmental permits, waste management and effluent treatment plants.

PUMA has moved from individual brand environmental audits to the use of industry-wide tools, such as the Higg Index Facility Environmental Module (FEM) 3.0. PUMA requires an annual external verification of the self-assessment FEM modules. This external verification may be completed by approved verifiers from PUMA's internal team, other credited brands, or third-party organizations on the approved list from SAC. 100% of verifications are announced.

↗ T.10 NUMBER OF FACTORIES WITH FACILITY ENVIRONMENT MODULE (FEM) VERIFIED SCORE

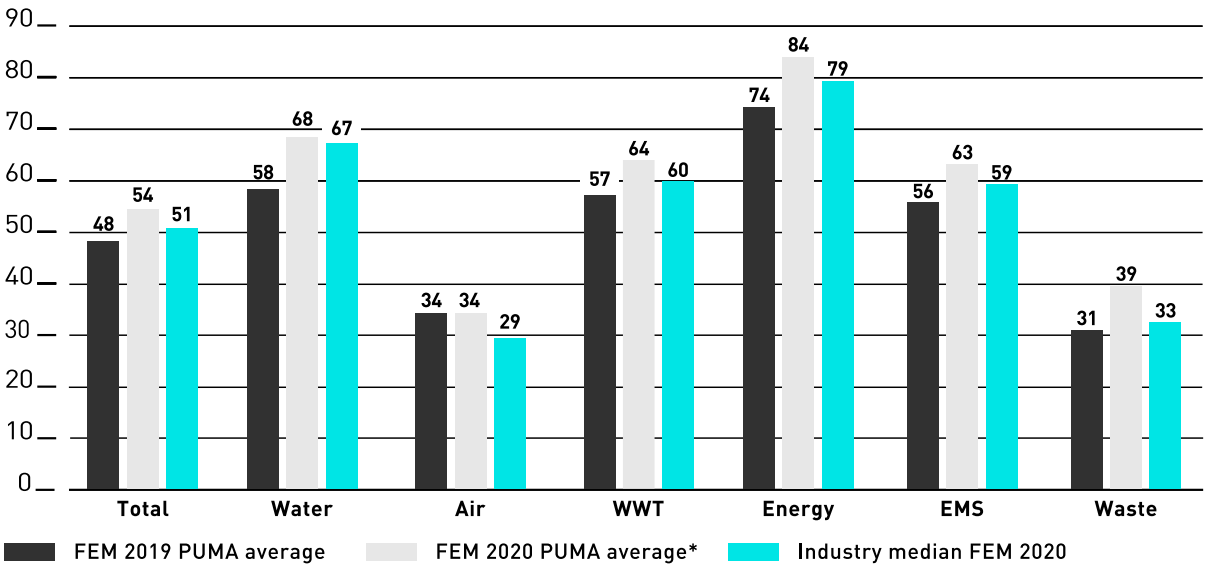
	2021		
	Core T1	**Core T2**	**Core L&P***
A	5	3	1
B+	21	23	5
B-	27	24	4
C	12	17	1
D		2	1
Total	65	69	12
Number of factories		146	

*L&P: Label and Packaging

PUMA's Environmental Performance Rating System is based on the ratings developed from the factories' Higg FEM scores verified by SAC approved verifiers: A, B+, B-, C and D. The minimum passing grade from the environmental perspective is 40% (i.e., only A, B+ and B- ratings are passable) and C and D are failure ratings. This rating system was presented during suppliers and sourcing team meetings in 2020 and will be implemented gradually from 2022. Our environmental handbook has been updated accordingly. This rating system will be included in our vendor supplier scorecard along with social and chemical ratings in the future.

Further data on the environmental performance of PUMA and our suppliers can be found in the Climate and Environmental KPI sections.

↗ G.11 AGGREGATED VERIFIED FEM SCORE FOR PUMA FACTORIES BENCHMARKED WITH INDUSTRY



* FEM 2020 PUMA average: 146 factories

Industry median FEM (4409 factories): filter used industry sector (Apparel, Footwear, Accessories includes handbags, jewelry, belts and similar products) and Facility Type (Final Product Assembly, Printing, Product Dyeing and Laundering, Material Production including textile, rubber, foam, insulation, pliable materials)

The Higg FEM assesses:

- Environmental Management Systems
  - Energy Use and Greenhouse Gas Emissions
  - Water Use
  - Wastewater
  - Emissions to Air (if applicable)
  - Waste Management
- Chemical Management (FEM chemical module is explained under the Chemical section of this report)

In 2020 and 2021 we communicated to our core factories our expectation to improve their score by 10 points and use our new grading system. In 2021 we facilitated a training session conducted by SAC certified trainers. This training was compulsory to attend for low performance factories and for those not familiar with this industry tool. We then monitored closely to make sure the factories would complete the verification of their self-assessment timely.

We saw the positive impact of cleaner production and renewable energy projects, wastewater treatment training and chemical management training on the scores of factories that joined these programs.

Overall, our core factories have a score above 60% on wastewater, water, energy and environment management system. This has been aligned with our focus and work for many years. The highest score increase was observed in the area of target and improvement plan setting.

We see topics such as chemicals, air and waste as a key focus. In 2021 we conducted a risk assessment for chemicals and waste and identified actions to be taken in the coming years. As a founding signatory of ZDHC, we follow up closely on the development and the progress of ZDHC air emission standards and guidelines and will apply these in the supply chain as applicable, once details are available.

SUPPLIER TRAINING

Meeting	Topics	Number of factories	Number of participants
Supplier virtual meetings	Sustainability updates, best practices sharing, etc.	Approx. 466 per round (3 rounds)	Approx. 1,083 per round (3 rounds)
Higg FEM training	For core factories to understand how to complete the Higg FEM module correctly	103	192
Wastewater training	For suppliers who were not fully compliant, focus on remediation	18	18
Enablon eKPI collection training	For core factories how to correctly fill in the operation data	105	251
GRS/RCS training	Guiding suppliers who produce products with recycled content for PUMA on how to apply relevant certificates		278

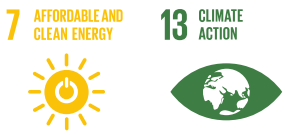
CLIMATE

Target description:
Existing science-based CO_2 emission target:

- Reduce greenhouse gas emissions from PUMA's own entities (Scope 1 and 2) by 35% compared to the 2017 baseline (absolute reduction)
- Reduce emissions from PUMA's supply chain (Scope 3: purchased goods and services) by 60% relative to sales

Additional 10FOR25 targets
- Align PUMA's CO_2 emission target with a 1.5-degree scenario (that is, what is required to limit global warming to 1.5 degrees)
- Move 100% of PUMA's own entities to renewable electricity
- Expand the use of renewable energy at PUMA's core suppliers to 25%

Relates to United Nations Sustainable Development Goals 7 and 13



Examples of the 10FOR25 action plan:
- Work with industry peers on climate action through the Fashion Industry Charter for Climate Action and the Fashion Pact
- Join industry-level energy efficiency programs for suppliers in our top five sourcing regions
- Join industry-level programs for renewable energy in our top five sourcing regions
- Replace all coal-fired boilers at PUMA's core suppliers
- Reduce emissions from the transport of goods by transitioning to more carbon-efficient modes of transport
- Gradually transition to materials with a lower carbon footprint such as recycled polyester
- Switch all PUMA offices, stores, and warehouses to renewable electricity tariffs or renewable energy attribute certificates
- Gradually move PUMA's fleet vehicles to alternative engines (electric, or hydrogen)

KPIs:
- Direct CO_2 emissions from own entities (Scope 1*)
- Indirect CO_2 emissions from own entities (Scope 2*)
- Indirect CO_2 emissions from manufacturing, business travel and transport of goods (Scope 3*)
- Percentage of core suppliers covered by energy efficiency programs
- Percentage of core suppliers covered by renewable energy programs
- Percentage of core suppliers with coal-fired boilers (Tier 1 and Tier 2)

* The GHG Protocol Corporate Standard classifies a company's GHG emissions into three "scopes" as below.

Scope 1: Direct GHG emissions occur from sources that are owned or controlled by the company (offices, stores, warehouses) e.g., office building heating, car fleet emissions.

Scope 2: Indirect GHG emissions from the generation of purchased electricity, steam, and heating/cooling consumed by the company.

Scope 3: All other indirect emissions not covered in scope 2, such as extraction and production of purchased materials; transportation of purchased fuels; and use of sold products and services, business travel, employee commuting etc.

During the UN Climate Conference in Paris in 2015, PUMA agreed to set a science-based CO_2 emissions target. In 2018, PUMA co-founded the Fashion Industry Charter for Climate Action, an industry-wide coalition which aims to align the fashion industry's emissions with the targets included in the Paris Agreement.

One year later, PUMA agreed and published its science-based emission target (SBT) with the SBT Coalition and joined the Fashion Pact, which also includes a climate action commitment.

We combined our SBT agreement with an increased effort to support the use of renewable electricity by purchasing RECs for countries where PUMA has a major presence and renewable electricity cannot be purchased directly. We purchased RECs worth 50% of PUMA's emissions from electricity for 2018 retroactively and increased that figure to 74% in 2019 and to 100% in 2020 as well as 2021.

In this way, we managed to reduce our combined Scope 1 and 2 emissions significantly, despite an increased business volume. Compared to our baseline 2017 our combined Scope 1 and 2 emissions were reduced 88% (market-based). Taking our RECs purchase into account, we already have exceeded our science-based emissions target of 35% for Scope 1 and 2 emissions. We also exceeded the absolute 50% reduction required to align our target with a 1.5-degree scenario.

PUMA CEO Bjørn Gulden at the UN Climate Conference COP 26 in Glasgow

After having achieved 100% renewable electricity for the offices, stores and warehouses under our control, we continued to source only green electricity in 2021 through renewable energy tariffs and the purchase of renewable energy attribute certificates (RECs).

To further reduce our Scope 1 emissions, which can be attributed largely to the vehicles in our fleet, we increased the number of zero or low emission cars globally to 108, or 15% of our global PUMA car fleet. For the future we plan to increase the number of cars with alternative engines by 10% each year.

During the UN Climate Conference in Glasgow, PUMA CEO Bjørn Gulden confirmed PUMA's commitment to the new targets of the Fashion Industry Charter for Climate Action, released on the 5th of November 2021. UNITED NATIONS (unfccc.int)

Over the coming years we will aim to replace the RECs certificates with renewable energy tariffs and/or power purchase agreements where possible, and, as mentioned above, expand the percentage of cars equipped with alternative engines by 10% each year.

For our Scope 3 emissions, we decided to focus on purchased goods and services, since this is also the category in which most of our indirect emissions are created. In addition, we set a target to reduce emissions from the transport of goods by 20% relative to the volume transported, mainly through reducing our air-freight ratio by 5% each year on a 2019 baseline.

To reduce the emissions from the production of our PUMA goods, we worked with our suppliers on several programs ranging from energy efficiency to installing on-site solar photovoltaic power plants to generate renewable energy.

PUMA CDP SCORE

The Carbon Disclosure Project (CDP) is an investor-led coalition that ranks global companies and cities for their climate strategies and disclosure. PUMA has been a long-term participant with the CDP and we make our answers to the CDP questionnaire publicly available via the CDP website. In 2021, for the first time in our PUMA history, we received an A- score for our climate disclosure with CDP for the reporting year 2020, as well as a supply chain score of A.

↗ PUMA CDP CLIMATE SCORES

↗ 2021 CDP INDUSTRY AND GEOGRAPHICAL AVERAGE

Textiles & fabric goods | Europe | Global Average

PUMA's rating is better than the average performance of the sector (textile and fabric goods) with an average rating of C. The overall global average rating stands at B-.

Our improvement in the CDP rating came as recognition of various climate actions initiated during 2020 and 2021. This includes various emission reduction initiatives undertaken, including a detailed climate action roadmap, expansion of cleaner production projects in key sourcing countries, feasibility studies for onsite renewable energy opportunities and subsequent adoption of renewable energy by some of the PUMA core suppliers. Furthermore, we also received higher ratings in our improved governance system for climate action, risk disclosure and reduction in Scope 1 and 2 emissions.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)

The Taskforce for Climate Related Financial Disclosures (TCFD) is an international financial initiative, aiming for more transparency between companies and investors on climate- related topics. At PUMA, we have mapped our existing climate disclosures against the TCFD recommendations, and provided a summary in table T.11 below.

↗ T.11 TCFD CROSS-REFERENCE TABLE

Thematic area	Recommanded disclosures	Source of information in PUMA reporting	Focus in 2021
Governance			
	a) Describe the board's oversight of climate-related risks and opportunities.	AR p. 40-41 CDP C1.1	Created supervisory board sustainability committee.
Disclose the organization's governance around climate-related risks and opportunities.	b) Describe management's role in assessing and managing climate-related risks and opportunities.	AR p. 40-41 CDP C1.2	Started regular updates to board of management.
Strategy			
	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	CDP C2	
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	AR p. 75 CDP C2.3 CDP C2.4 AR p. 80	Climate-related risks and opportunities are part of the PUMA corporate risk assessment process and published in detail in our answer to the Carbon Disclosure Project. The consideration of the resilience of the organization's strategy for well-below 2 °C scenario is part of our existing science-based target.

Risk Management			
Disclose how the organization identifies, assesses, and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	AR p. 42-43 CDP C2.2	
	b) Describe the organization's processes for managing climate-related risks	AR p. 42-43, 75 CDP C2.2	
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	AR p. 42-43	Climate-related risks are part of the PUMA corporate risk assessment process and are managed as part of our climate targets and climate-action program.
Metrics and Targets			
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	AR p. 79-86 CDP C6, C10	
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risk	AR p. 79-86 CDP C6, C10	
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	AR p. 70-72 CDP C4.1, C4.2	PUMA has precise metrics and targets concerning its greenhouse gas emissions. In 2022, PUMA is working on aligning its science-based target with a 1.5 °C scenario.

CLIMATE ROADMAP AND RISK ASSESSMENT

In 2021 we developed a climate roadmap and conducted a risk assessment using our risk assessment methodology.

We see a regulatory landscape with unfavorable policies for renewables in some countries as a high risk. Furthermore, unstable business in our industry overall can restrain suppliers from investing in technologies and upgrading their facilities with low carbon machinery.

Below are key focus areas for the coming years. Some actions have been taken in 2021 and are reported in this report.

- **Raise awareness:** We see the need to increase internal awareness and thus are developing eLearning on climate action for our staff. We have already started to train 50 sourcing leaders. We will continue to conduct further basic GHG accounting to suppliers.
- **Knowledge of impact:** We conduct Life Cycle assessment of our top 5 products, 3 LCA results are reported under the product section of this report. We selected some core suppliers to set up science-based targets and developed climate target tools for the remaining core suppliers.
- **Internal action:** We translated Higg FEM into a PUMA grading system to include our supplier environmental performance in our vendor score card used by our sourcing leaders. We will strengthen climate data collection by increasing the frequency. We will maintain our focus on increasing the use of recycled material in our products and explore opportunities to use more biosynthetics. We aligned Scope 3 calculation with the GHG protocol. We will align our science-based targets with a 1.5-degree scenario. We will enroll more factories in cleaner production programs and renewable energy programs.
- **Collaboration and partnership:** We will keep our active engagement in the Fashion Charter to drive climate action and influence policy makers for our suppliers to source renewable energy.

SUPPLIER TRAINING

In 2021, PUMA joined hands with other brands and key suppliers under the UN led "Fashion Industry Charter for Climate Action" to develop a standard training program on climate action for Apparel and Footwear suppliers in Asia, in partnership with the German Development Agency, GIZ. This online training program provides foundational knowledge to suppliers on global decarbonization efforts, GHG emissions accounting, climate target setting methodology and solutions to reduce emissions and achieve these targets. The training is available in English and other local languages such as Khmer, Mandarin, Bengali and Vietnamese. We encouraged our suppliers to participate in this self-paced online training course available free of cost.

We also nominated 36 participants from 13 core suppliers in Vietnam, Cambodia, Bangladesh and Pakistan to join a tutor-assisted training program by GIZ; 92% of participants obtained a certificate with an average score of 72% with the final exam.

In addition to the above 34 participants for the tutor-guided course, so far 30 participants from 25 supplier factories have completed the course and attempted the final exam. 86% of the participants have successfully passed the exam and obtained the certificate from GIZ, with an average score of 75%.

We developed a training module with the objective of creating awareness among PUMA sourcing colleagues so that we can integrate climate change into business discussions with suppliers. 50 of our sourcing colleagues learned the basics of climate change, international agreements, PUMA's climate change targets and roadmap, and suppliers' target-setting. Refresh training will be conducted in 2022.

During 2021 we developed two training modules for our core suppliers to drive forward climate target-setting. One module focuses on the group of suppliers which need to establish science-based targets, and the other one targets the group of suppliers which need to establish climate targets based on a simplified tool developed in-house. To identify each group, we conducted a readiness level mapping of Core T1 and T2 suppliers with a survey based on the following criteria:

- The supplier works with other brands with commitments to climate change similar to ours.
- The supplier already has ambitious climate change targets (but not SBT).
- The supplier participated/participates in a cleaner production program.

In line with the survey outcome, we identified 10 T1 suppliers which contribute towards 60% of business volume and 23 T2 suppliers, which account for 51% business volume to join our climate action programs in 2022.

Furthermore, to improve the awareness level of employees, we have developed a foundational eLearning training module for all employees. This module is in the final stage of development and is expected to be rolled out in the first half of 2022.

Our core suppliers are involved in different climate action programs (details in the table T.12 below). Overall achievements are:

- Greenhouse gas reduction: 72,745 tCO_2e per year
- Renewable energy: 66 MW (including renewable energy procurement through Direct Purchase Agreement and off-site wind power)
- Water saving: 2,424,800 m^3 per year
- Energy saving: 156,160 MWh per year

↗ T.12 SUPPLIER CLIMATE ACTION PROGRAMS

Cleaner Production / Coal phase out programs

Country	Program/Partner	Scope	Number of factories	% Sourcing volume (globally)
China-Taiwan	Clean-by-Design(CbD)/aii	Energy and water efficiency	T2: 4	**2021** Tier 1 – 51% Tier 2 – 63% **Enrolled in 2022** Tier 1 – 69% Tier 2 – 71%
	Low Carbon Manufacturing Program (LCMP)/WWF	Energy and water efficiency	T1: 10	
Bangladesh	Partnership for Cleaner Textile (PaCT)/IFC	Energy and water efficiency	T1: 7 T2: 3	
Vietnam, Cambodia	Clean-by-Design(CbD)/aii, FABRIC/GIZ	Energy and water efficiency, Coal phase out	T1: 6 T2: 9	
	Vietnam Improvement Program (VIP)/IFC	Energy and water efficiency	T1: 4 T2: 6	
Mexico	Sustainable energy for all	Energy efficiency	T1: 2*	
Total			**T1: 43** **T2: 27**	

* Non-core factories

Renewable energy programs

Country	Program/Partner	Scope	Number of factories	% Sourcing volume (globally)
Vietnam, Cambodia	Project Development Program (PDP)/ GIZ	Rooftop Solar	T1: 6 T2: 1	**2021** Tier 1 – 48% Tier 2 – 18% **Enrolled in 2022** Tier 1 – 69% Tier 2 – 70%
	Self-initiative by factories	Rooftop Solar	T1: 3 T2: 2	
China-Taiwan	Self-initiative by factories	Rooftop Solar, Offsite wind	T1: 4 T2: 6	
Bangladesh	Partnership for Cleaner Textile (PaCT)/IFC	Rooftop Solar	T1: 2 T2: 3	
	Self-initiative by factories	Rooftop Solar	T1: 1	
	Project Development Program (PDP)/ GIZ	Rooftop Solar	T1: 3	
Pakistan	Project Development Program (PDP)/ GIZ	Rooftop Solar	T1: 2	
Total			**T1: 21** **T2: 12**	

↗ CASE STUDY

In Bangladesh, DBL Group's sustainability is based on five pillars: People, Process, Product, Community and Environment. Environment is a high priority for DBL Group, and they work to decrease carbon footprint, water consumption and waste from their manufacturing processes. DBL used 10,730 tons of recycled cotton in 2021. By increasing renewable energy use, it reduced its CO_2 emissions by 1,934 tons per year. DBL collects water from rainwater, this water is used as process water for dyeing, finishing, printing and washing, saving 100,850 cubic meters of groundwater up to 2021.

In Turkey, SLN is a founding signatory of the UNFCCC Fashion Industry Charter for Climate Action since 2018 as the first manufacturer. In January 2021 all SLN facilities started to use I REC certified clean and renewable electricity. The market-based carbon emissions from the electricity consumption of all SLN facilities is therefore 0 (zero) as of January 2021.

↗ PUMA CLIMATE ACTION PROGRAM

In a time when the global COVID pandemic has wreaked havoc in the fashion sector, the climate crisis has only become more urgent and serious. The support and visible commitment demonstrated by PUMA's CEO, Björn Gulden's participation in the Charter's event at COP 26 in Glasgow, therefore sent a strong and positive signal of commitment that also helped the wider fashion sector to join hands in moving faster into a climate smart future. Stefan Seidel, PUMA's Head of Corporate Sustainability, has also competently and with great passion guided the Charter's work in his role as co-chair of the Fashion Charters steering committee. PUMA is one of many leading fashion companies that have now made an ambitious, and necessary, commitment to align its operations with the Paris Agreement goal to keep global warming below 1.5 degrees C. The eyes of the world will now look to PUMA and is peers in the Fashion Charter to continue to show leadership and make good on those commitments. UNFCCC is looking forward to continuing working with one of the truly leading fashion brands in the area of real climate action.

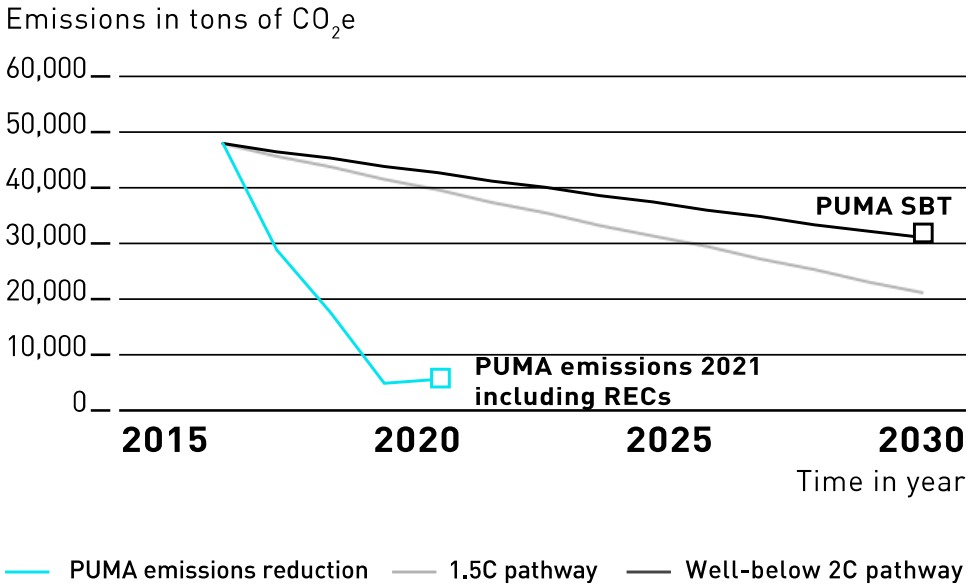
NICLAS SVENNINGSEN

Manager, Global Climate Action, United Nations Climate Change

↗ T.13 SCOPE 1 AND SCOPE 2 CO_2E EMISSIONS FROM PUMA

CO_2e emissions[1-4] (absolute figures)	2021	2020	2019	2018	2017	% Change 2020/2021	% Change 2017/2020
Scope 1 – direct CO_2e emissions fossil fuels	**4,046**	**4,179**	6,326	6,918	7,678	-3%	-47%
Vehicle fleet	2,008	1,985	3,618	4,073	4,134	1%	-51%
Heating	2,039	2,194	2,708	2,845	3,545	-7%	-42%
Scope 2 – indirect CO_2e emissions (location-based)	**32,545**	**29,839**	40,986	43,366	40,029	9%	-19%
Scope 2 – indirect CO_2e emissions (market-based)	**1,458**	**1,078**	11,533	22,128	40,029	35%	-96%
Electricity (location-based)	31,087	28,761	39,282	42,145	38,914	8%	-20%
Electricity (market-based)	0	0	9,828	20,907	38,914	-	-100%
District Heating	1,458	1,078	1,705	1,221	1,115	35%	31%
Total Scope 1 and 2 (location-based)	**36,591**	**34,018**	47,312	50,284	47,707	8%	-23%
Total Scope 1 and 2 (market-based)	**5,504**	**5,257**	17,858	29,046	47,707	5%	-88%
Scope 1 and 2 relative to sales (t CO_2e per € million sales) (location-based)	5.4	6.5	8.6	10.8	11.5	-17%	-53%
Scope 1 and 2 relative to sales (t CO_2e per € million sales) (market-based)	0.8	1.0	3.2	6.2	11.5	-19%	-93%

↗ G.12 AGREED EMISSION TARGETS (SCOPE 1 AND 2*) (T CO_2E) 2021



PUMA emissions reduction — 1.5C pathway — Well-below 2C pathway

* Including renewable energy attribute certificates

As indicated in T12 and G12, PUMAs own emissions from Scope 1 and 2 (market based) have been reduced by 88% between our baseline year 2017 and 2021. Therefore, we already exceeded our Science Based Target of 35% reduction until 2030. The reduction is mainly due to purchasing renewable electricity where available, and renewable energy attribute certificates where no renewable energy tariffs are available.

↗ T.14 PUMA'S SCOPE 3 CO_2E EMISSIONS FROM SELECTED VALUE CHAIN ACTIVITIES

CO_2e emissions[1-4] (absolute figures)	2021	2020	2019	2018	2017	% Change 2020/2021	% Change 2017/2020
Scope 3 – indirect CO_2e emissions from corporate value chain	**264,005**	**211,108**	**250,240**	**222,315**	**208,525**	**25%**	**27%**
Purchased goods and services – Tier 1 suppliers	150,509	113,561	123,769	126,590	123,061	33%	22%
Fuel- and energy-related activities*	3,136	2,855				10%	
Upstream transportation and distribution	106,983	91,775	107,744	80,143	71,070	17%	51%
Inbound	85,622	67,842	98,386	74,182	64,076	26%	34%
Outbound**	21,361	23,933	9,358	5,961	6,994	-11%	205%
Business travel (rail and air)	2,482	1,751	18,727	15,582	14,394	42%	-83%
Upstream leased assets*	895	1,166				-23%	
Total Scope 1-3 (market-based)	**269,509**	**216,365**	**268,098**	**251,361**	**256,232**	**25%**	**5%**
Annual sales PUMA (in € million)	6,805	5,234	5,502	4,648	4,136	30%	65%
Total Scope 1-3 relative to sales (t CO_2e per € million sales) (market-based)	39.6	41.3	48.7	54.1	62.0	-4%	-36%
Total Scope 3 relative to sales (t CO_2e per € million sales)	38.8	40.3	45.5	47.8	50.4	-4%	-23%

* Emissions from the respective Scope 3 categories were reported under Scope 1 and 2 before 2020.

** In 2020 upstream outbound values were adjusted to fully cover e-commerce business and exclude B2B express volumes.

1. PUMA's greenhouse gas reporting is in line with the GHG Protocol International Accounting Standard.
2. Methodological changes over the last three years have influenced results. In 2020 updated emission factors were applied and the consolidated structure changed due to full alignment with the GHG Protocol.
3. The consolidation scope follows the operational control approach, including PUMA-owned or operated offices, warehouses, stores and own industrial sites (Argentina).
4. Outsourced Tier 1 production is accounted for in the Scope 3 emissions under purchased goods and services, covering CO_2 emissions from all three product divisions (Accessories, Apparel and Footwear).
5. PUMA applied emission factors from internationally recognized sources, such as the International Energy Agency (IEA) (2019) and DEFRA Conversion Factors (2020). For some Scope 3 emissions, emission factors are based on supplier and industry-specific emission factors.
6. For sea freight transportation, PUMA follows the recommendation and new methodology of the Clean Cargo Working Group that has transitioned from the use of tank-to-wheel (TTW) CO_2 to well-to-wheel (WTW) CO_2-equivalent emission factors for all fuels.

SCOPE 3 EMISSIONS BEYOND TIER 1 MANUFACTURING

Scope 3 emissions come from PUMA's indirect business activities, mainly in the supply chain.

In previous years we reported our Scope 3 emissions for the production of PUMA goods by our suppliers only at Tier 1 supplier level in our Annual Report. In addition, we also used the PUMA EP&L calculations and results for our science-based CO_2 target setting and tracking.

In 2021 we engaged lifecycle expert company Sphera to conduct a comprehensive assessment of our supply chain emissions beyond Tier 1 manufacturing, including Tier 2 manufacturing of fabrics and components as well as material production. With this data we aim to set a new baseline for our most important Scope 3 category 1, "purchased goods and services".

We can therefore see in the table below that our absolute emissions from the purchased goods and services category have decreased by 12% from 2017 to 2021 while our business has grown by 65%. Due to efficiency improvements and the use of renewable electricity at factory level, as well as the usage of more sustainable materials, our emissions relative to sales have decreased by 46% in the same period, in line with our Science based target of 60% reduction relative to sales until 2030.

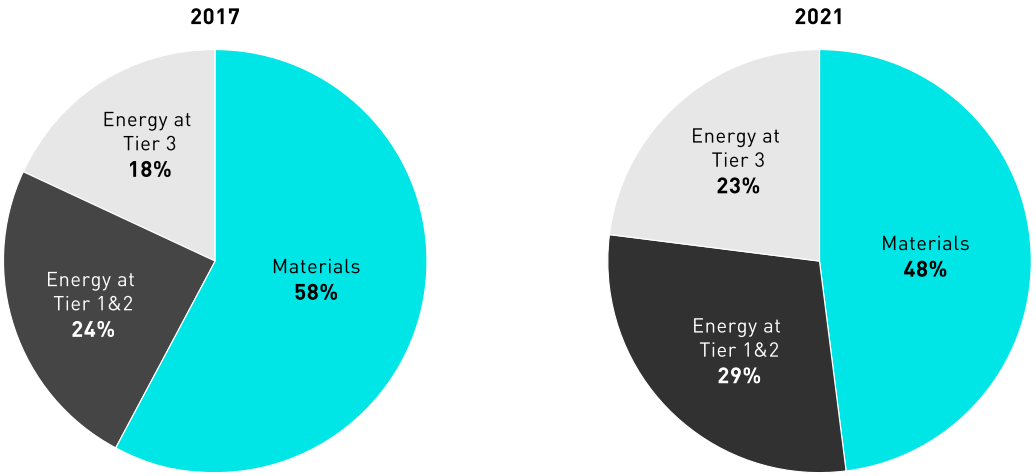
↗ T.15 PUMA'S SCOPE 3 CATEGORY-1 CO_2E EMISSIONS FROM SELECTED VALUE CHAIN ACTIVITIES

Scope 3 Emissions (Category -1)	2017 (Baseline)	2020	2021	% Change 2017/2021
Absolute GHG emissions (t CO_2 eq)	**1,409,265**	**1,389,335**	**1,242,468**	**-12%**
Annual sales turnover (€ m)	4,136	5,234	6,805	65%
GHG intensity (tCO_2e/€ m turnover)	**341**	**265**	**183**	**-46%**

Note:
Scope 3 category 1 estimation includes GHG emissions associated with goods and services purchased by PUMA from its suppliers related to PUMA products and associated packaging. This excludes emissions associated with other goods and services acquired by PUMA offices, stores and warehouses.

Scope 3 category-1 emissions mainly originate from two sources; the raw materials and the energy consumed by our Core T1, T2, T3 (production of raw material) suppliers to produce finished materials and components, as well as finished goods. The breakdown of total GHG emissions by sources is presented below.

↗ G.13 SCOPE 3 EMISSION - CATEGORY 1



We are currently working with the Sphera team to also quantify the GHG emissions for the years 2018 and 2019 as well as additional Scope 3 categories.

ENERGY USE COMING FROM RENEWABLE SOURCES IN THE SUPPLY CHAIN (E.G. AT MANUFACTURING AND PROCESSING FACILITIES, FIBRE PRODUCTION LEVEL)

The share of renewable electricity sourcing by Tier-1 and Tier-2 suppliers has increased from 0.35% in 2017 to 4.3% in 2021, which marks a 1673% jump in renewable electricity sourcing. Looking at the tiers in the value chain the share of renewable electricity has increased from 0.18% in 2017 to 4.8% in 2021 by T1 suppliers, while it has increased from 0.74% to 3.1% for T2 suppliers during the same period.

↗ T.16 SHARE OF RENEWABLE ELECTRICITY AS COMPARED TO GRID ELECTRICITY

	2017	2020	2021	% Change 2017/2021
Total Renewable Electricity (kWh)	817,644	3,588,937	14,494,042	1673%
Total Grid Electricity (kWh)	234,323,351	252,665,750	324,910,084	39%
Share of Renewable Electricity	0.35%	1.40%	4.3%	1128%
Core T-1 Renewable Electricity (kWh)	298,283	1,999,458	11,149,103	3638%
Core T-1 Grid Electricity (kWh)	164,904,224	169,593,745	218,804,548	33%
Share of Renewable Electricity (Core T-1)	0.18%	1.17%	4.8%	2585%
Core T-1 Renewable Electricity (kWh)	519,361	1,589,479	3,344,939	544%
Core T-2 Grid Electricity (kWh)	69,419,127	83,072,005	106,105,536	53%
Share of Renewable Electricity (Core T-2)	0.74%	1.88%	3.1%	312%

Note:
The total electricity does not include captive electricity generation from fossil fuels such as natural gas, diesel etc.

The renewable energy includes iREC certificates purchased by core leather, polyurethane, textile factories in 2021, but excludes renewable energy sourced by the Tier 2 core factories e.g., packaging & labelling, trims, footwear bottom and knitted upper

CARBON FOOTPRINT IN THE SUPPLY CHAIN

↗ T.17 CARBON FOOTPRINT IN THE SUPPLY CHAIN (E.G., AT MANUFACTURING AND PROCESSING FACILITIES, TEXTILE PRODUCTION)

Scope 3 Emissions (category-1)	2017	2020	2021	% Change 2017/2021
Absolute GHG Emissions from Tier 1 and Tier 2 suppliers (t CO_2e)	**345,361**	**297,573**	**358,404**	**4%**
Annual sales turnover (€ m)	4,136	5,234	6,805	65%
GHG Intensity (tCO_2e/ turnover in millions)	83.5	56.8	52.7	-37%
Absolute GHG emissions from Tier 3 suppliers (t CO_2e)	**252,251**	**223,909**	**284,215**	**13%**
GHG Intensity (tCO_2e/ turnover in millions)	61.0	42.8	41.8	-32%

Note:
T1 & T2 emissions are estimated based on actual energy consumption collected from Core T1 and T2 factories and extrapolated to cover all T1 and T2 supplier factories.

T3 emissions are estimated by Sphera by using its GaBi database

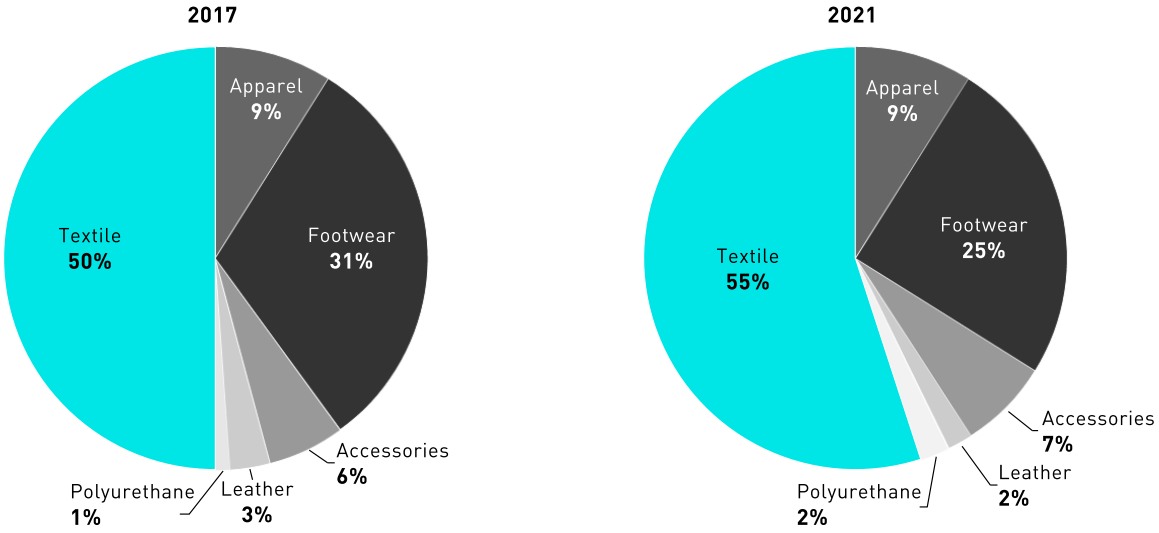
With a closer look at the emissions from our supply chain, we see that absolute GHG emissions from T-1 and T-2 suppliers have been increasing by 4%, while the GHG intensity relative to the sale turnover has declined by 37% from 2017 to 2021.

Absolute GHG emissions from T-3 suppliers increased by 13%, while the GHG intensity relative to sales turnover declined by 32% from 2017 to 2021. This is mainly achieved through better material selection by gradually switching to more sustainable materials and probably due to better material efficiency. Starting in 2022, we plan to closely track the material efficiency of our products.

We see opportunities to further scale up cleaner production and renewable energy programs to more T1 and T2 suppliers, and also to launch them at some of the spinners (T3).

Drilling down into product divisions, the absolute emissions are reduced at the leather tanneries by 33%, followed by Footwear T1 factories by 14%. Whereas the emissions from synthetic leather and Textile T2 factories is increasing by 214% and 15% respectively. The increase in emissions from synthetic leather factories and decrease in emissions from leather tanneries is mainly due to the increasing replacement of leather with synthetic leather. The GHG contribution by product divisions is presented below.

↗ G.14 GHG CONTRIBUTION 2017 AND 2021 SUPPLY CHAIN



Note:
T1: Apparel, Footwear & Accessories factories

T2: Leather, textile, polyurethane factories

CARBON FOOTPRINT AT MATERIAL LEVEL

Absolute GHG emissions from raw material consumption are decreasing by 26% as the total material consumption itself is increasing by 19%, while the GHG intensity of materials is reducing by 55% since 2017. This is achieved due to our continuous endeavours to shift towards more sustainable materials, for example. More sustainable cotton and polyester increased from 40% and 47% respectively in 2017 to 99% and 80% respectively in 2021.

↗ T.18 CARBON FOOTPRINT AT A RAW MATERIAL LEVEL

	2017	2020	2021	% Change 2017/2021
Total raw materials (T)	158,509	195,039	187,996	19%
GHG emissions from materials (tCO_2e)	**811,654**	**867,853**	**599,849**	**-26%**
Annual sales turnover (Mio €)	4,136	5,234	6,805	65%
GHG intensity (tCO_2e/turnover in millions)	**196.2**	**165.8**	**88.1**	**-55%**

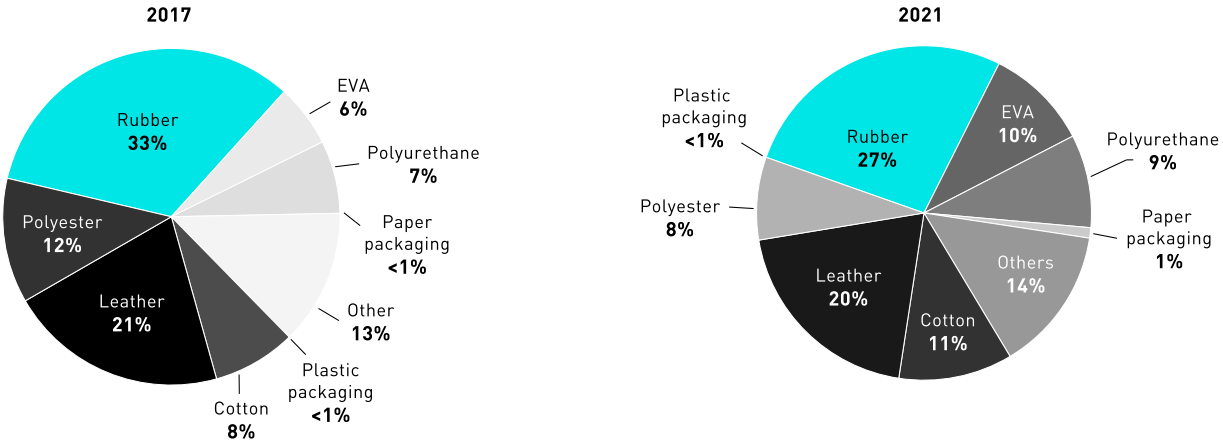
Assumptions: During the Scope 3 assessment, it was observed that the material data collection has improved over time and recently we are able to comprehensively collect material data. For example, for 2017 material data was not available for all type of materials and some material data were incomplete. In the absence of comprehensive raw material data for 2017, material data is extrapolated from 2020. Furthermore, we observed that the polyester consumption data for Footwear was exceptionally high for 2020 and possibly erroneously overestimated. Therefore the polyester data for Footwear for 2017 and 2020 are extrapolated from 2019 data.

A breakdown analysis as shown in the chart below indicates that rubber contributes the most, followed by leather and polyester. The emissions share of polyesters has reduced from 12% in 2017 to 8% in 2021 and that of leather has reduced from 21% to 20%, whereas the share of rubber has decreased from 33% to 27%. Hence it confirms that our focus on increasing the usage of recycled polyester and offering recycled alternatives to conventional rubber and leather, as defined in our 10FOR25 targets, will help to reduce greenhouse gas emissions.

We started collecting data for transit plastic packaging from 2021, and 100% are recycled.

Downstream impacts are not covered in category 1 (purchased goods and services) and will be reported in our 2022 annual report.

↗ G.15 GHG CONTRIBUTION BY MATERIAL (2017- 2021)



Note:
Others include viscose, acrylic, linen, lycra, metals, adhesives etc.

Leather is natural leather while polyurethane is imitation leather, also known as synthetic leather.

CHEMICALS

Target description:

- 100% of all PUMA products are safe to use
- Maintain RSL compliance rate above 90%
- Reduce organic solvent usage to under 10 gr/pair

Relates to Sustainable United Nations Development Goals 3 and 6

KPIs:

- Percentage of RSL compliance rate per product division
- Percentage of core suppliers with chemicals inventory and MRSL conformance report (ZDHC Incheck reports)
- Suppliers' chemical performance (verified FEM scores under chemical management section)
- VOCs used in footwear production (VOC index for shoes)

PUMA follows the precautionary principle and takes measures to prevent harm to human health and the environment from its products and operations.

All the materials used in PUMA products are subject to our Restricted Substance List (RSL) Testing Program to ensure compliance with global chemicals regulations. Rather than applying internal testing standards, for our tests, we rely on the AFIRM Group's Product RSL and on the Manufacturing RSL developed by the Zero Discharge of Hazardous Chemicals Foundation (ZDHC).

In 2021 we changed our target from less than 1% RSL failure rate to maintain the RSL compliance rate above 90%, to allow for increased new material development and innovation, where each material is tested, and hence more failures can happen. In any case, no material with a failed RSL test can be used for PUMA products until the failure has been corrected and the material has successfully passed the test. In this way we mitigate the risk of product-level RSL failures. We will still track our RSL failure rates to identify improvement opportunities and prevent such failures from occurring in the future.

At the manufacturing level, as part of our Zero Discharge of Hazardous Chemicals commitment we continued to ban the intentional use of priority chemical groups classified as particularly hazardous under ZDHC standards. This phase-out was supported by the widespread use of bluesign® and OEKO-TEX®-certified materials. While the use of most of these chemical groups was never intentional, poly-fluorinated and per-fluorinated chemicals (PFCs) were used until 2017 for water repellent finishes on Apparel and Footwear products. In 2021 we re-started to use Gore-Tex bluesign®-certified membranes and finishes which are either completely PFC-free or free from PFCs of environmental concern. In February 2017 Gore announced the "Goal and Roadmap for Eliminating PFCs of Environmental Concern (PFCEC)" from the lifecycle of its consumer fabrics products following discussions with Greenpeace. Gore Fabrics Division is still fully committed to the PFCEC-free goals for its consumer products and is now on track to transition the vast majority of its portfolio by the end of 2025.

Our phase-out of hazardous substances is also reflected in the results of wastewater tests performed by our wet-processing suppliers. The tests show compliance levels of over 93% for the 14 MRSL parameters listed in the ZDHC MRSL. Most parameters show compliance rates of 100% or close to 100%. Some MRSL chemicals were still found in certain samples because we share production lines with other brands and retailers.

There is a total of 179 ZDHC Gateway accounts connected with PUMA. 34 are Core T1 and 65 Core T2 factories and the remaining are non-core factories. These factories are part of different ZDHC programs, depending on what applies to them: InCheck reports for MRSL conformance, ClearStream reports for wastewater conformance and the Supplier To Zero program for chemical management.

CHEMICAL RISK ASSESSMENT AND NEXT STEPS

In 2021 we conducted a risk assessment using our risk assessment methodology.

We used the Higg FEM chemical management 2020 score with our core suppliers and engaged with AFIRM and the ZDHC foundation to review our risk assessment.

We see a high risk for upcoming regulatory requirements. We will keep our engagement with AFIRM and FESI as the platforms to engage with policy makers in different regions and countries, such as the EU and US.

PUMA has had a long-lasting program to ensure compliance with industry standards, we also updated our chemical handbook and increased the number of supplier trainings in 2021. These are the reasons why we see a low risk to factory workers' and communities' health and medium risk of product claim.

We will keep using the China IPE database to screen any environmental violations by factories located in China producing PUMA products or materials. We will keep monitoring the compliance with the ZDHC wastewater guideline, ZDHC MRSL and AFIRM RSL. We developed a tailored-made program for factories with lower RSL compliance rate, to improve their efficiency for materials to pass tests and optimize their testing procedure.

FEM CHEMICAL MODULE

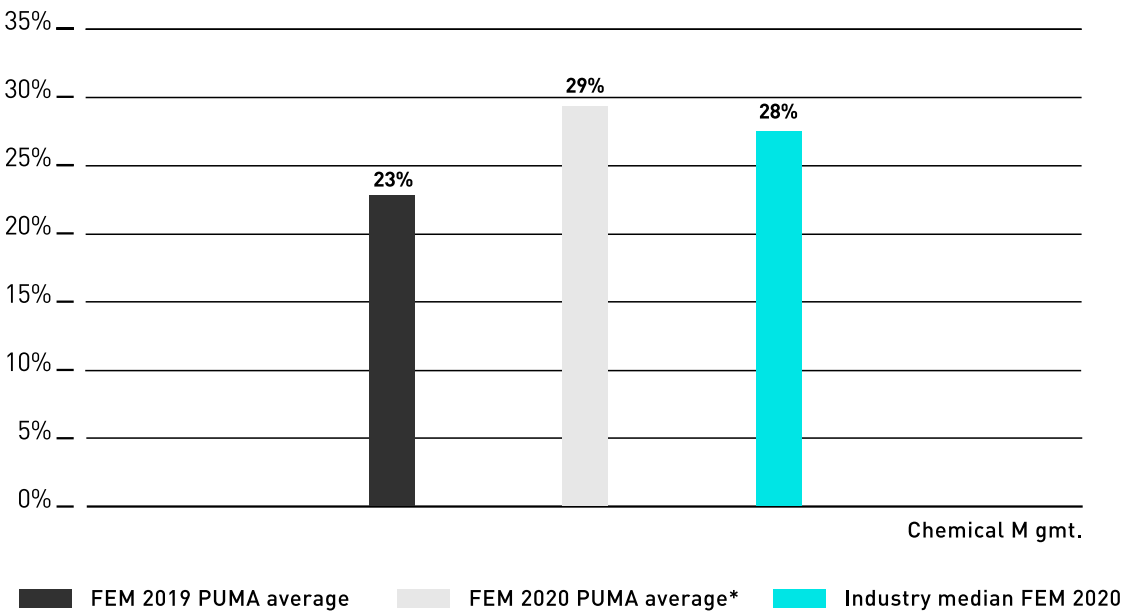
PUMA has moved from individual brand chemical and environmental audits to the use of industry-wide tools, such as the Higg Index Facility Environmental Module (FEM) 3.0. PUMA requires an annual external verification of the self-assessment FEM modules (verification visits are announced). This external verification may be completed by approved verifiers from PUMA's internal team or other brands, or third-party organizations on the approved list from SAC. The FEM Chemical Management Section measures factory performance from inventory and purchasing, to production, storage and waste. PUMA's Chemical Performance Rating System is based on the ratings developed from the factories' verified Higg FEM scores under Chemical Management Section as verified by SAC approved verifiers: A, B+, B-, C and D.

This rating system was presented during suppliers and sourcing team meetings in 2021 and will be implemented gradually from 2022. Our chemical handbook has been updated accordingly. This rating system will be included in vendor supplier score cards along with social and environmental ratings in the future.

AGGREGATED VERIFIED FEM SCORE FOR PUMA FACTORIES BENCHMARKED WITH INDUSTRY

The table below shows the aggregated verified FEM2020 chemical module scores (median) for PUMA core factories with industry benchmarking. Compared to the industry, the verified FEM score overall for our factories is higher than the industry score.

↗ G.16 VERIFIED FEM SCORE % - CHEMICAL MANAGEMENT



* FEM 2020 PUMA average: 146 factories

Industry median FEM 2020 (4409 factories): filter used industry sector (Apparel, Footwear, Accessories includes handbags, jewelry, belts, and similar products) and Facility Type (Final Product Assembly, Printing, Product Dyeing and Laundering, Material Production including textile, rubber, foam, insulation, pliable materials)

In 2021 PUMA also facilitated our core factories to participate in the ZDHC Supplier To Zero program, which contains a chemical management checklist to help factories identify opportunities to improve their chemical performance. A total of 50 Core T1 and Core T2 factories have completed the ZDHC Supplier To Zero assessment: 48 are at foundational level while 2 are at progressive level. PUMA will continue reviewing progress and map good practice to share with our suppliers. In addition, we have conducted a good practice sharing session in chemical management at a suppliers' meeting.

In 2022 we will continue to engage with our PUMA Core T1 & T2 factories in capacity building activities and projects in chemical management. Our target is to improve each factory's verified FEM score for the chemical module to above 40%. We will continue together with industry expert groups like ZDHC and AFIRM to organize training webinars and to develop training videos in local languages. Supported by organizations such as GIZ (The Deutsche Gesellschaft für Internationale Zusammenarbeit – German Corporation for International Cooperation), and chemical experts, we will deliver more practical training and one-on-one coaching sessions. In 2022 PUMA will join the PIE (Program for Improvement of Environmental performance of factories) of GIZ in countries such as Vietnam, Pakistan and Bangladesh. PUMA will partner with other external consultants in China.

SUPPLIER TRAINING

To help our suppliers better understand the requirements set by PUMA and the industry, we trained suppliers in standards, guidelines and tools, as well as methodology for nonconformance investigation and remediation. Case studies of conventional parameter failures have been used in the training.

In 2021, chemical management training sessions covered MRSL, factory chemical management (FEM), RSL, Wastewater and corrective actions for non-conformance. A total of 17 training sessions were conducted in 6 different languages. More than 470 factories and 1,400 participants were invited. More than 80% of participants were satisfied with the training arrangement and content.

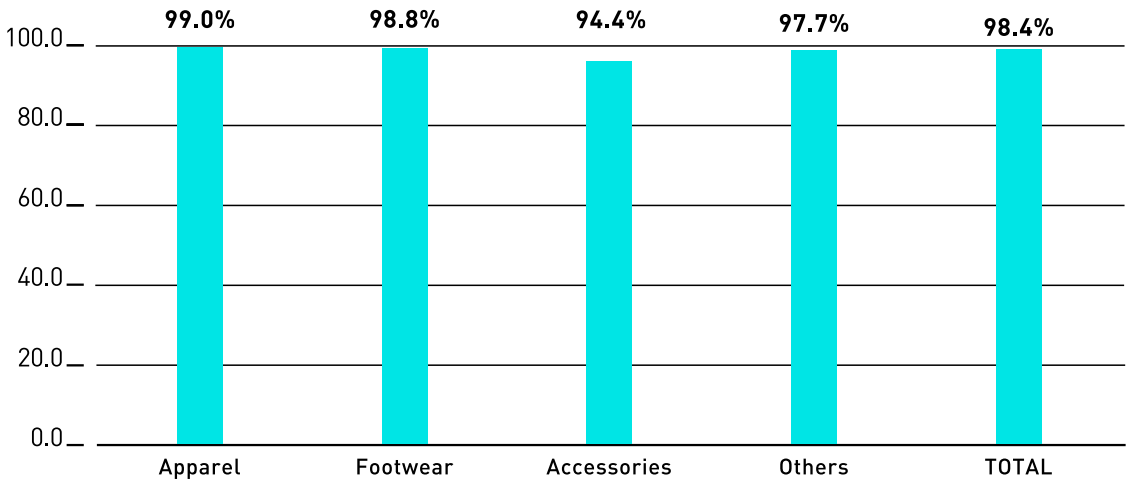
Here are training sessions that have been organized in 2021:

Virtual training	Topics	Number of factories	Number of participants
Industry chemical management standards, guidelines and platforms (Jointly organized with ZDHC) Conducted in 2 different languages	Chemical inventory and InCheck Report, Supplier To Zero (Chemical Management), Wastewater ClearStream Report, ZDHC Gateway, Conformance improvement with case study	Approx. 132	Approx. 430
RSL (Jointly organized with ZDHC and accredited third-party laboratory) Conducted in 6 different languages	RSL standard and testing matrix update and implementation	Approx. 118	Approx. 375

RSL

Since 2019 we have increased the number of RSL tests from 6,605 to 8,184 with the overall RSL compliance rate maintained at above 98%. When materials fail an RSL test, they cannot be used for PUMA products until the failure has been corrected and they successfully pass the test. In this way we mitigate the risk of product-level RSL failures.

↗ G.17 2021 RSL COMPLIANCE RATE BY DIVISION (%)



↗ T.19 RSL TEST STATISTICS 2019-2021

	2021		2020		2019	
Product Division	**No. of test reports**	**Compliance rate (%)**	**No. of test reports**	**Compliance rate (%)**	**No. of test reports**	**Compliance rate (%)**
Footwear	5,847	98.8	5,117	99.3	4,668	99.2
Apparel	1,467	99.0	1,318	98.9	1,239	99.1
Accessories	737	94.4	878	96.8	639	96.2
Others	133	97.7	152	91.4	59	100.0
Total	**8,184**	**98.4**	**7,465**	**98.8**	**6,605**	**98.9**

RANDOM TESTING

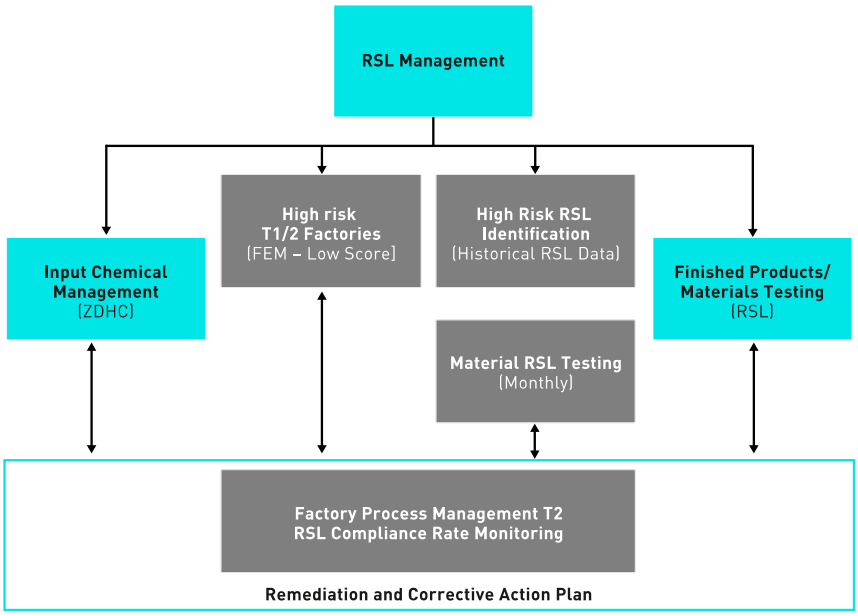
Every year, PUMA performs random RSL testing for high-risk materials on finished products. In 2021 we tested 160 materials from 23 finished products from Footwear, Apparel, and Accessories from different suppliers in different sourcing regions. The pass rate was 96.9%.

In case of RSL failures, we check all products met all legal requirements in the selling countries. We also ask factories' management to trace the concerned material to segregate it, so it is not used for production. To prevent further test failure, we work with our T1 factories to increase material test frequency for high-risk test failure before product manufacturing, and to improve the manufacturing process at T2 factories.

RSL ZERO FAILURE RATE PROGRAM

This program has been formulated based on the industry standards and PUMA requirements, focusing on input, process and output as defined in chemical management. Through this program we monitor closely the factory chemical management system (based on SAC FEM and ZDHC Supplier To Zero) and materials test protocol (especially for material with a high risk of RSL test failure). Factory materials' testing process is then reviewed and optimized.

↗ G.18 PROCESS OVERVIEW



In 2021 the program was piloted with 7 suppliers (5 Footwear and 2 Accessories). In 2022 we will keep monitoring the performance of these 7 suppliers and expand the program to more suppliers.

MRSL

In addition to testing materials and products via the RSL from the AFIRM Group, we also adopted the ZDHC Manufacturing RSL at supplier level.

GoBlu International has created an easy-to-use app (BHive) for chemical management in the supply chain. This app uses OCR technology which allows manufacturing facilities to take smart phone photos of chemical product labels, in order to generate a full and accurate chemical inventory. Within seconds, it identifies which chemical products meet MRSL requirements adopted by many brands/retailers. Facilities management can then see which chemicals they should keep using and which they should phase out — all at a glance.

During 2020 we successfully piloted BHive. As of end of 2021, 66 of our core factories used either BHive, CleanChain or E3 tools to track MRSL compliance.

Out of 146 core factories, 18 factories do not use chemical and/or water during the manufacturing process.

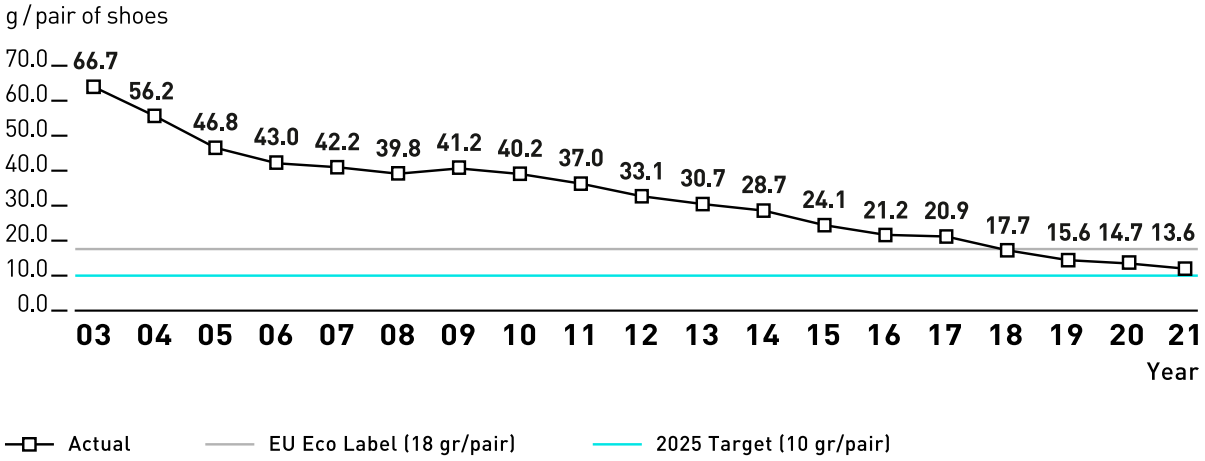
This means that 55% of T1 factories and 44% of T2 factories within the scope of our MRSL program have an Incheck report. We will follow up and support those factories to improve their MRSL conformance rate.

In 2022 we will focus on the remaining core factories. We will map if they use CleanChain or E3 tools to track their MRSL compliance, and if not, we will request them to use BHive by Goblu. We will also start launching this tool with non-Core T2 factories with wet processes.

VOLATILE ORGANIC COMPOUNDS

With the help of our Footwear suppliers, we managed to further reduce the volatile organic compounds (VOCs) in grams per pair of shoes to 13.6 grams in line with our target for 2025. This reduction was a direct result of our long-standing VOC Program, which saw the first targets achieved as early as 2003. We are confident that the increase in use of hotmelt or water-based adhesives, and less VOC content in the products of major adhesive suppliers will help us achieve our VOC target of below 10gr/pair by 2025.

↗ G.19 VOC INDEX DEVELOPMENT OVER TIME*



* Since 2019 figure-based for core suppliers in alignment with the general reporting scope

WATER AND AIR

Target description:

- Industry good practice for effluent treatment is met by 90% of core PUMA suppliers with wet-processing facilities
- Industry good practice for air emissions is met by 90% of core PUMA suppliers with significant emissions
- Reduce water consumption at PUMA core suppliers per pair or piece by 15% (based on 2020 baseline)

Relates to United Nations Sustainable Development Goals 6, 14 and 15

Examples of the 10FOR25 action plan:

- Ensure regular wastewater testing at relevant suppliers
- Ensure regular air-quality assessments at relevant suppliers
- Support the development of an industry-wide air quality standard

KPIs:

- Percentage of core suppliers meeting good practice standards for wastewater
- Percentage of core suppliers meeting good practice standards for air emissions
- Percentage of water saved per pair/piece

WATER ROADMAP AND RISK ASSESSMENT

In 2021 we developed a water roadmap and conducted a risk assessment using our risk assessment methodology.

Water risk across PUMA supply chains was assessed referring to the WWF water stewardship criteria: Basin Risk and Operational Risk. Basin Risk was analyzed by the WWF Water Risk Filter. The Operational Risk was based on the water management in Higg FEM water management 2020 by our core suppliers. Those scoring under 50% were ranked with a high level of operational risk.

According to the analysis from WRI Aqueduct and WWF Water Risk Filter, some of our core suppliers in China, Vietnam and Bangladesh have some risks such as flooding, poor water quality or water depletion.

Below are key focus areas for the coming years. Some actions were taken in 2021 and are reported in this report.

- **Raise awareness:** We see the need to increase internal awareness and thus will develop an eLearning on water for our staff.
- **Knowledge of impact:** We conduct a Life Cycle assessment of our top 5 products. 3 LCA results are reported under the product section of this report, 2 LCAs are still being finalized. PUMA also adopted the ELEVATE intelligence or "EiQ", a comprehensive suite of supply chain analytics, to:
  - Assess our supply chain risks by geography, commodity and issue.
  - Complete a risk assessment for suppliers, factories and sites.
  - Manage risks that are material for each supplier, factory or site.

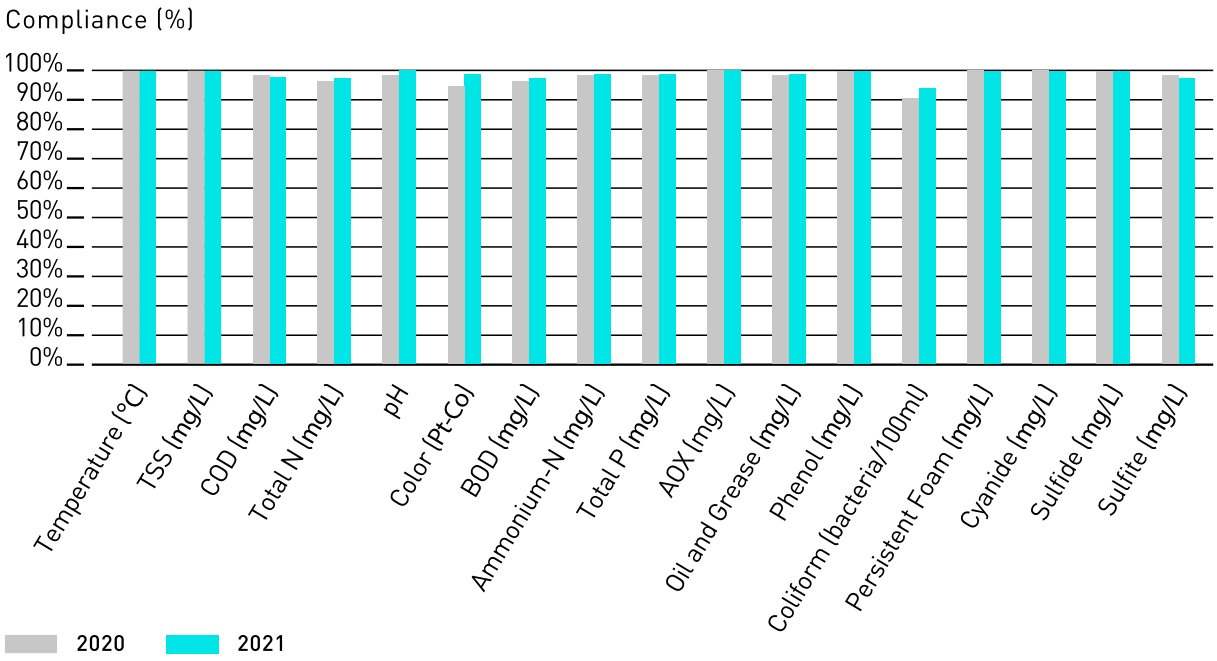
We will prioritize core suppliers for further action by using the Water Risk Analysis tool.

- **Internal action:** We translated Higg FEM into a PUMA grading system to include our supplier environmental performance in the future in our vendor score card used by our sourcing leaders. We will strengthen water data collection by increasing the frequency. We will maintain our focus on increasing the use of recycled material in our products. We will continue to enroll more factories in cleaner production programs to improve their water efficiency. We asked our core suppliers to set their own water reduction targets.
- **Collaboration and partnership:** We will map further water governance in our key sourcing countries and conduct local key stakeholder mapping to explore opportunities for a collaborative approach.

Since 2015 we have increased the number of wastewater tests from 33 to 117 suppliers and 207 test reports, covering approximately 98% of our core wet-processing facilities.

The test results confirm that priority hazardous chemicals have been phased out as planned. Regarding the conventional wastewater parameters that apply only to suppliers which discharge their wastewater directly into natural water bodies. In 2021, test results show over 90% compliance with the ZDHC Wastewater Guidelines (foundational level). Seven parameters hit a 100% compliance level. This means we have achieved our wastewater target for 10FOR25 cycle. PUMA has continued to adopt the ZDHC ClearStream report for wastewater testing. For 2021, 113 out of 117 suppliers have a ZDHC ClearStream report.

↗ G.20 SUPPLIER PERFORMANCE TO ZDHC WASTEWATER QUALITY GUIDELINE – CONVENTIONAL PARAMETERS

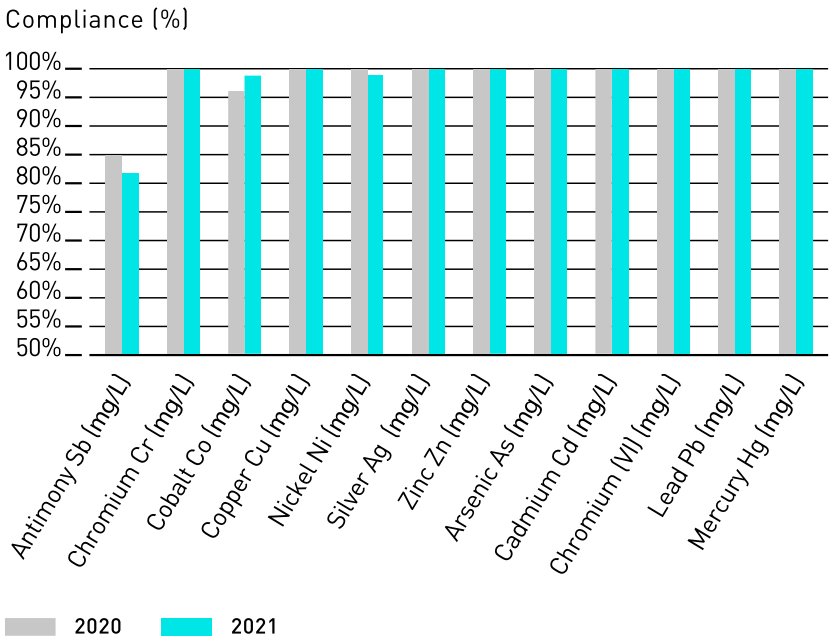


In terms of heavy metals and the chemical parameters regulated in the ZDHC MRSL, the suppliers we tested were able to keep their high compliance rates above 90% for each parameter. The only exemption is antimony. As suggested by ZDHC, antimony was tested for reference only, considering the exemption of polyester manufacturing during which antimony is used as a catalyst. PUMA closely follows up the development progress with the ZDHC Task Team and the supply chain for better alternatives.

When a wastewater test fails, we support factories to conduct a wastewater and sludge root cause analysis and create corrective actions, using the industry standard template. In 2021 we received 4 action plans. We will follow up on their implementation through wastewater testing in 2022. In 2021 we conducted good practice sharing during the capacity building training to support factories to improve.

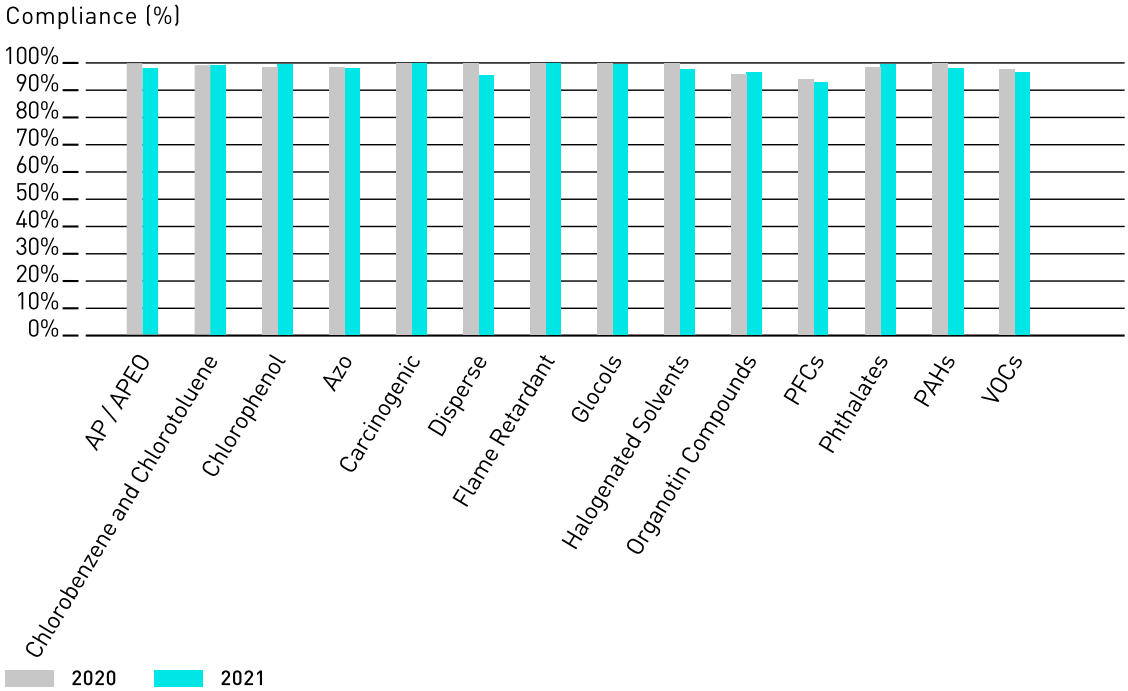
87 out of 117 factories are 100% compliant for all parameters as per ZDHC Wastewater Guidelines. Those that are not compliant are requested to improve.

↗ G.21 SUPPLIER PERFORMANCE TO ZDHC WASTEWATER QUALITY GUIDELINE – HEAVY METALS



* Antimony is exempt for mills that produce or dye polyester fabric.

↗ G.22 SUPPLIER PERFORMANCE TO ZDHC WASTEWATER QUALITY GUIDELINE – RESTRICTED CHEMICALS



SUPPLIER TRAINING

To help our suppliers better understand the requirements set by PUMA and the industry, we trained suppliers in standards, guidelines and tools, as well as methodology for nonconformance investigation and remediation. Case studies of conventional parameter failures have been used in the training.

Here are 2021 training sessions that have been organized:

Virtual Training	Topics	Number of factories	Number of participants
MRSL and Wastewater (Jointly organized with ZDHC and accredited third-party laboratory) Conducted in 5 different languages	MRSL standard and wastewater guideline update and implementation (use of industry platform and reporting)	Approx. 86	Approx. 268
Root Cause Analysis and Corrective Actions (Jointly organized with ZDHC and accredited third-party laboratory) Conducted in 3 different languages	Non-conformance investigation and remediation for MRSL, RSL and wastewater conformance	Approx. 136	Approx. 330

In addition, we also encouraged the suppliers' chemical management teams to attend in-depth training courses under ZDHC Academy as conducted by ZDHC approved service providers. These have been developed by industry experts and can be available in local languages. Examples of the training courses that have been attended by PUMA suppliers were ZDHC Top 10 Issues & best practices and the newly launched Chemical Management System (CMS) and Technical Industry Guide (TIG) training in 2021.

We see water savings of 2,424,800 m^3 per year as a result of our core suppliers enrolled in a cleaner production program, which includes water efficiency action. Our Core Tier 1 suppliers have been able to reduce the amount of water per piece of apparel significantly by 44%, due to actions taken by our core factories in water efficiency through the Cleaner Production Program. We will now focus on our core footwear suppliers.

For data on water consumption, please refer to the Environmental Key Performance Indicator Section of this report.

The publication of the ZDHC Air Emission Guidelines was not finalized in 2021, so we decided to internally monitor our core supply chain's performance regarding air emissions. We designed a set of questionnaires to gather the relevant air emission compliance information on top of our online Enablon data collection campaign for our core factories (T1 and T2). The result shows that 100% of the core factories sampled were compliant with the local regulation for air emission in 2021.

2021 PUMA CDP WATER SCORE: B-

PUMA's CDP water score improved from C in 2020 to B- in 2021. Besides our consistent improvement on supply chain water efficiency, we clearly set up the water target to 15% water efficiency (water consumption reduction per unit of products manufactured) in 2025 compared to the baseline 2020.

PLASTIC AND THE OCEANS

Target description:

- Support initiative and scientific research on microfibers, work with core suppliers to reduce microfiber release
- Research biodegradable polyester for use in PUMA products
- Eliminate plastic bags from PUMA stores and review the impact of hangers and fixtures

Relates to United Nations Sustainable Development Goals 3, 14 and 15

KPIs:

- Tons of plastic bags used in PUMA stores
- Percentage of PUMA offices that have eliminated single-use plastic
- Percentage of plastic packaging recycled

↗ T.20 ELIMINATION OF SINGLE USE PLASTICS

Sub-targets	2020	2021	Target 2025
Plastic consumer shopping bags (stores, tons)	400	190	0
Plastic consumer shopping bags recycled content (%)	80%	80%	Zero plastic bags
Plastic hangers used in stores (stores, tons)	112	134	Switch to recycled content or wood
Plastic hangers with 100% recycled content (%)	51%	97%	100%
Primary product plastic packaging (tons)	245	4.7	Zero plastic packaging
Plastic transit packaging (factory to warehouse) * (tons)		557.7	Switch to recycled content or paper
Plastic transit packaging recycled content (%) *		100%	100%
Offices that have eliminated single-use plastic cups and cutlery (%)	0%	88%	100%

* We started to collect transit packaging (from factory to warehouse) data since 2021

Plastic pollution of our oceans is one of the most urgent challenges to sustainability of our time. As a company that uses polymers for most of its products, we have a special responsibility to work on this issue. Avoiding plastic pollution is also one of the three pillars of the Fashion Pact, of which PUMA is a founding member. Also, several countries and regions have formed initiatives to ban certain types of single-use plastics or plastic bags.

Therefore we have added Plastics and Oceans to our 10FOR25 sustainability strategy as well as our sustainability bonus targets.

Plastic shopping bags and single-use plastics aggravate the problem of plastic pollution significantly. By eliminating them from our stores and office environment we can set a positive example for our consumers and colleagues and at the same time reduce our use of plastics by several hundred tons per year.

In recent years we switched our shopping bags to FSC-certified paper bags or polyethylene bags with 80% recycled content. During 2020 our Retail division devised a detailed plan to completely phase out plastic bags from our global stores.

Our stores ordered 430 tons of polyethylene bags in 2019 and 400 tons in 2020. In 2021 our stores ordered 189 tons. By 2023 at the latest, we will replace all polyethylene bags for consumers with paper bags or durable multi-use bags for sale.

At the same time, we switched other plastic items in our retail stores, such as hangers and shoe fixtures, to recycled polymers or FSC certified wood. We also started working on more environmentally friendly solutions for our B2B product packaging for Apparel and Accessories, which is also based on polyethylene bags. As a result of these efforts, we switched our transit packaging B2B plastic bags to 100% recycled content. In addition we are also piloting transit bags made from paper in the USA.

During 2021 we also switched most plastic primary packaging B2C to paper (we reported 245 tons of plastic primary packaging used in 2020). At our offices we have challenged our catering partners and employees to avoid single-use plastics such as coffee cups, lids, stirring sticks, cutlery or straws. In 2021, 88% of our offices globally have already eliminated single use plastic cups and cutlery.

MICROFIBERS

PUMA joined TMC (The Microfibre Consortium) to understand and address the environmental concerns for fibre fragments (microfibre) as generated from natural and synthetic clothing during manufacturing and the consumer use phase in the industry.

Microfibers originating from synthetic fibers can have an environmental impact and are a challenge for the industry. With this, PUMA has put more focus on testing synthetic materials, such as polyester. In 2021 we conducted 17 shedding tests (with 12 polyester 100%, 5 blended compositions) per TMC test method. In view of the test results analytics from TMC on 100% polyester, the average on filter mass change from PUMA fabrics was less than compared with that of the overall database average (PUMA = 0.0029g vs Overall = 0.0033g). This means that PUMA tested fabrics released less microfibers in mass compared to those tested fabrics from the TMC Microfibre Data Portal.

As feedback from TMC, we understand that analysis of the shedding data is complex and is to be on-going. At present there is no clear trend with the signatory's data across the members from TMC in terms of yarn type or structure type. More data entries have been a call-out from TMC. PUMA will continue to participate and support the industry in the shedding study.

PUMA's representative worked in the TMC task team with other industry representatives to develop a guideline: "Control of fiber fragmentation, within textile manufacturing wastewater". The final draft is awaiting open consultation by different stakeholders, such as the ZDHC Foundation, prior to public release. PUMA will review the official version of the guideline upon release. PUMA has also participated in the development of a biodegradability report on the available test methods and claims. This could support alignment within the industry.

In September 2021 TMC released the 2030 roadmap. It has laid down its committee with clear accountable outputs - enabling signatories from across the industry to take meaningful, science-based, coordinated action on fiber fragmentation from natural and synthetic textiles. PUMA will continue to support the TMC roadmap and commitment, including building understanding by contributing to research data on fiber

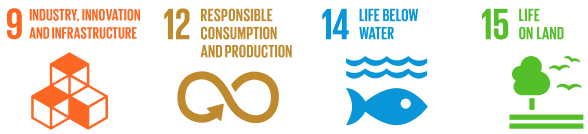
fragmentation, reducing fiber fragmentation by adopting mitigation actions once practically available from the industry, drive progress by participating in Task Teams and scaling global uptake.

CIRCULARITY

Target description:

- Set up or join product takeback schemes in major markets
- Reduce production waste to landfills by at least 50% (shared target)
- Develop recycled materials as alternatives to leather, rubber, cotton and polyurethane (shared targets)

Relates to United Nations Sustainable Development Goals 9, 12, 14 and 15



KPIs:

- Percentage of major markets with takeback scheme
- Amount of waste sent to landfills
- Percentage of recycled polyester, cotton, leather, rubber and polyurethane

In 2021 we launched our PUMA Circular Lab and announced as first concrete project the RE:SUEDE, an experiment for a biodegradable shoe, made with chrome-free Zeology leather, hemp, cotton and biodegradable TPE sole, which will launch in 2022 with a first batch of 500 pairs.

PUMA® - No Time for Waste: PUMA pilots testing for biodegradable RE:SUEDE version of its most iconic sneaker

RE:SUEDE

RE.GEN collection

PUMA's exploration of the issue of circularity dates back to 2011 when we partnered with Cradle-to-Cradle co-founder Michael Braungart. Our rich history as the first company in our industry to develop a Cradle-to-Cradle-certified collection – our InCycle collection launched in 2013 – led us to put circularity back on the agenda with our 10FOR25 sustainability strategy.

We are aware that the linear business model currently applied in our industry is far from the ideal concept of a circular economy. Rethinking the way we produce and moving towards a more circular business model is one of the priorities of our sustainability strategy.

Therefore we have set circularity targets for PUMA, for example, scaling up the use of recycled polyester and cotton and using recycled alternatives to leather, rubber and polyurethane (PU), the materials we use most frequently after cotton and polyester.

We have also started to encourage our suppliers to reuse and recycle the fabric waste they are creating for production, either through applications outside of our industry or ideally, by recycling offcuts into new polyester or cotton yarns.

At the end of 2021 our material toolboxes included recycled options for all the above materials and nylon. For recycling and recycled PU, we have started a research project with chemical company Covestro and shared first insights during our stakeholder dialog in 2021. Our Circularity Strategy was one of the two main topics discussed during our stakeholder dialog.

During 2021, building on our training with Circle Economy, we rolled out an e-learning tool on Circularity for the global PUMA colleagues. Based on the PUMA identity and our material toolboxes we identified circular design approaches around the longevity and cyclability of our products. The e-learning focuses ont our new Circularity Policy, as well as our circular design guidelines.

Regarding Apparel products, we developed a textile-to-textile recycling opportunity with partners in Europe. The initiative enables the recycling of unsellable polyester items (for example due to expired licensing contracts) through an innovative chemical recycling process into new textile items.

To communicate our use of recycled materials, we continued our First Mile collection made from recycled plastic bottles and expanded the concept into all our Business Units. In 2021 we also launched our Re.Gen collection made from recycled cotton, recycled leather straps and recycled polyester.

The use of recycled cotton for our Apparel products increased from 0.6% in 2020 to 2.3% in 2021, and for Footwear it increased from 0.5% to 4%.

The use of recycled polyester increased for all product divisions from 14% in 2020 to 43% in 2021.

More than 60% of pre-consumer waste is either reused or recycled by our Core T1 and T2 suppliers as of 2021, with only 4% of waste ending up in landfills for Apparel suppliers and 14% for Footwear suppliers.

Volume of recycled leather, from production waste	1.2 tons
Volume of recycled cotton, from production waste	1,147 tons
Volume of recycled polyester, from post-consumer waste	16,799 tons
Volume of recycled nylon, from post-consumer waste	159 tons

	Core T1*	**Core T2****
Quantity of pre-consumer waste generated annually	43,459 tons	78,210 tons
% of pre-consumer waste sent to reuse or recycling	62.4%	79.4%
% of textiles and fabric destroyed (sent to incineration)	7%	0.4%

* Includes Core Tier 1 suppliers, apparel, footwear, and accessory (62 factories), not including Cobra

** Includes Core Tier 2 suppliers, leather, synthetic and textile (43 factories)

TAKEBACK SCHEME PILOT

To demonstrate our responsibility as a producer and to secure options for more circular material streams in the future, we also have set the target to offer takeback schemes in all our major markets by 2025.

In our efforts to extend the lifespan of our products and re-integrate used materials into our production, we operate a project group headed by our Retail division.

Since September 2019, PUMA customers in Hong Kong have the possibility to put their used sportswear to good use and support disadvantaged communities across the world, as the sports company teams up with non-profit organization Crossroads Foundation. Hong Kong customers can donate used garments of all brands at PUMA recycling bins, which have been set up in 4 selected stores. For every bag of clothing that is donated, customers receive a 20% discount voucher for their next purchase. 130 kg and 104 kg of garments were donated to the Cross Foundation in 2020 and 2021 respectively.

PUMA SWOP Shops opened from July 9 to 11, 2021 and from July 15 to 17, 2021 in Hong Kong to promote "recycle and reuse", earth lovers and fashionistas were invited to grant their sport style garment a second life by donating them at PUMA SWOP SHOP, while swapping for the same number of clothes items or accessories. 555 kg of garments were donated to the Cross Foundation.

During 2021 we developed a take back scheme for Ecom, complementing our existing takeback pilot scheme in Hong Kong. Our colleagues at PUMA North America continued to work with Soles for Souls and collected 522kg of used shoes, an initiative where shoes can be donated for reuse in support of a charitable cause.

Soles 4 Souls takeback bin in the USA

WASTE ROADMAP AND RISK ASSESSMENT

In 2021 we developed a waste reduction roadmap and conducted a risk assessment.

The waste data published in our report cover both material waste and factory & office operation waste: cardboard, paper, plastic, light bulbs etc., to ensure a comprehensive scope to cover the waste generated on production sites. We see plastic, chemical, oil lubricant waste and e-waste as high risk. To prioritize these risks, we engaged with other brands and INSEE (a cement company that offers waste treatment services using co-processing technology in Vietnam, Cambodia, Bangladesh & Indonesia). To prioritize our actions we analyzed waste data collected in 2020 and the Higg FEM waste management score of our core factories.

Below are key focus areas for the coming years. Some actions were taken in 2021 and are reported in this report.

- **Raise awareness:** We will engage our suppliers in FEM waste management training with peer learning sessions.
- **Knowledge of impact:** We conduct a Life Cycle assessment of our Top 5 products, including end of life. 3 LCA results are reported under the product section of this report.
- **Internal action:** We translated Higg FEM into a PUMA grading system to include our supplier environmental performance in future in our vendor score card used by our sourcing leaders. We improved waste data collected in 2021 and will increase the data collection frequency. We require our core supplier to set up waste reduction targets. We will maintain our focus on increasing the use of recycled material in our products.
- **Collaboration and partnership:** We will map further waste governance in our key sourcing countries and conduct local key stakeholder mapping to explore opportunities for a collaborative approach.

PRODUCTS

Target description:

- 90% of PUMA Apparel and Accessories products contain >50% more sustainable materials
- 90% of our Footwear contains at least one more sustainable component
- Increase use of recycled polyester (Apparel and Accessories) to 75% by 2025 (shared target)

Relates to United Nations Sustainable Development Goal 12

KPIs:

- Percentage of Apparel and Accessories with 50% more sustainable material
- Percentage of Footwear with at least one more sustainable component
- Percentage of recycled polyester used in Apparel and Accessories

The PUMA Environmental Profit and Loss Account (EP&L) attributes more than 50% of our environmental impact to material and raw material production. Against this background we have decided to prioritize the large-scale use of more sustainable raw materials. In our 10FOR25 strategy we have set 100% targets for more sustainable raw materials such as cotton, polyester, leather and cardboard.

In addition to measuring the use of more sustainable materials, we now also determine the percentage of more sustainable products, that is, products made with a significant proportion of more sustainable materials. As defined in our PUMA Sustainability Index, or S-Index, more sustainable Apparel or Accessories products contain at least 50% more sustainable materials by weight. For Footwear we currently measure sustainability by including one or more main components made from more sustainable materials.

During 2021 we developed and rolled out an E-Learning toolkit on more sustainable products and our PUMA S-Index for the PUMA family. The training allows designers, developers and product managers to understand which materials qualify as more sustainable, how the PUMA S-Index is calculated, and which certifications need to be in place to externally communicate on product level. The training was completed by over 1,000 PUMA colleagues in 2021.

↗ G.23 PUMA FOREVER BETTER PYRAMID

↗ T.21 MORE SUSTAINABLE PRODUCTS

Product Category	Styles 2021	Volume 2021	Volume 2020	Target 2025
Apparel with at least 50% more sustainable material	67%	79% *	81%	90%
Accessories with at least 50% more sustainable material	30%	60%*	47%	90%
Footwear with at least one more sustainable component	52%	46%	24%	90%
TOTAL	58%	64%		90%
Number of Vegan Styles	29 styles		16 styles	

* In 2021 we implemented a calculation of 50% more sustainable material by weight, which is stricter than the calculation used in 2020.

Our long-term efforts to scale up more sustainable materials in partnership with our material suppliers have helped us to increase the use of more sustainable material. With 99% more sustainable cotton, 80% polyester, 99.9% leather, 100% certified accross all product divisions (Apparel, Footwear and Accessories), we are coming close to achieving our targets of 100% more sustainable materials for all these categories.

In 2021 we used 94% more sustainable cotton and 37% more sustainable polyester for our Footwear, which is a significant increase compared with 2020. This explains why the volume of more sustainable Footwear products has almost doubled since 2020.

To respond to an increased demand of our consumers, in 2021 we also offered 29 vegan certified styles, after 16 styles in 2020.

In 2021 we successfully launched multiple more sustainable collections such the EXHALE yoga collection co-created with Cara Delevingne which uses recycled polyester and natural dyes, and offsets the carbon footprint and the RE.GEN collection made from regenerated materials from our own industry waste. Other highlights include our new BETTER FOAM in Footwear, a material partly made from sugarcane. We also officially announced the launch of the RE:SUEDE, an experimental version of our most iconic sneaker, the SUEDE, to test for a biodegradable product and expanded our PUMA x FIRST MILE collection with products made from recycled polyester to further business units.

PUMA Exhale collection

PRODUCT LIFE CYCLE ASSESSMENT

In light of enhancing the sustainability performance of our products, we have decided to undertake Life Cycle Assessments (LCA) of our top product portfolios. Outcomes of an LCA act as a quantifiable measure of our efforts towards a safer, cleaner and more sustainable value chain. LCAs also encourage innovation.

This year we have completed a screening LCA study for three of our best selling products (Footwear products such as Lifestyle shoes, performance shoes and Apparel products such as Cotton Pants) to map their environmental footprint on greenhouse gases and water consumption across their entire value chains (cradle to grave) as per ISO 14040 and 14044 standards.

Sphera, a leading consulting organization in the LCA domain, has conducted these Life Cycle Assessments, including all elements of these product life cycles, from the overall manufacturing including supply of material and energy carriers to the end of life. The data and methodology was peer-reviewed by an external expert.

The products studied are:

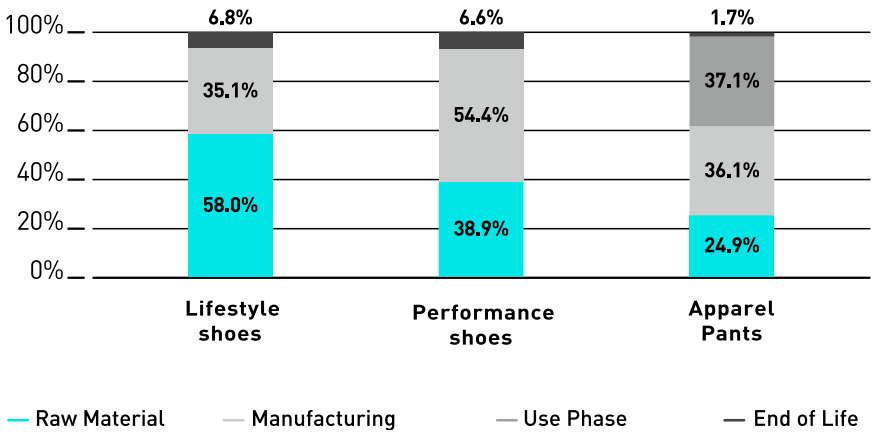
Performance shoes - Velocity Nitro net weight 0.72 kg

Lifestyle shoes - Future Rider Play on net weight 0.78 kg

Apparel pants - Modern Basic Pants (66% BCI cotton/34% polyester) with 30 wash cycles net weight 0.68 kg

Results of the analysis can be summarized as follows:

↗ G.24 BREAKUP OF GWP IMPACT



For performance shoes the global warming potential (GWP) (kg CO_2e) has been influenced by materials which include base material, midsole, outsole, etc. (38.9%) and manufacturing energy (54.4%). While for lifestyle shoes, global warming potential (kg CO_2e) has been influenced by materials by 58% and manufacturing energy by 35.1%. The lifestyle shoes are made of leather, which explains why the global warming potential for material is 58%. Leather in the lifestyle shoes has a higher contribution than other materials. EVA, polyester, hotmelt glue and glue adhesives have high contributions in both Footwear styles.

Energy impact is lower in the case of lifestyle shoes (3.3 kg CO_2), whereas performance shoes have a higher impact (4.14 kg CO_2) mainly because the data is considered for the whole factory that produces the performance shoes (not specifically for the product as such). We see opportunities to improve manufacturing energy efficiency in the factory in question.

Materials, adhesive and water used for production as well as packaging all together have a significant global warming potential for both Footwear styles (38.9% for performance shoes and 58% for lifestyle shoes).

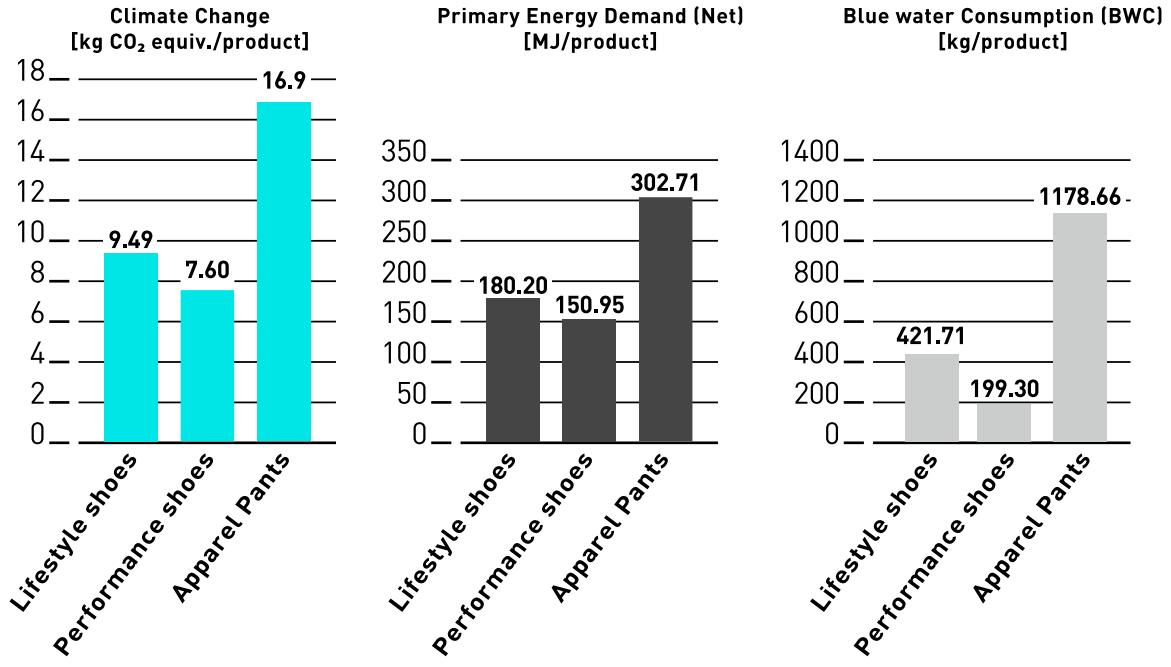
For Apparel pants, global warming potential (kg CO_2e) has been influenced by cotton farming (11%), yarn spinning (34%), dyeing and finishing (44%) and use stage (37%). Primary energy* demand has major contributions from cotton farming (23%), yarn spinning (37%), dyeing and fabric finishing (28%) and use stage (35%). Blue water** consumption has higher contributions from cotton (91%) than other materials such as polyester, chemicals (13%), electricity and fuel (4%).

Footwear products usually don't require extensive cleaning during their lifetime, and hence the impact of the use phase is negligible. Therefore the GHG emission of use phase from Footwear is not considered[1]. However, for Apparel products about ~37% GWP impact lies in the use phase where washing and drying are required and result in respective emissions from energy consumption.

End of life phase includes reuse, recycling, incineration and landfilling based on European scenarios, which contributes to about 2-7% in global warming potential (GWP) impacts.

[1] Source : Quantis "Draft product environmental footprint category rules (PEFCR), Apparel and Footwear"

↗ G.25 3 PRODUCTS ENVIRONMENTAL FOOTPRINT



Apparel and Footwear products supply chain is quite complex and vast, which involves multiple stages such as cultivation, processing, finishing, assembly, distribution, use and end of life. The LCA study is used as a lens to understand the value chain environmental impacts of our products.

PUMA now intends to use the outcomes of the study to increase internal awareness and improve the Product Environmental Footprint by increasing the use of more sustainable materials (recycled or biosynthetic), improving resource efficiency, optimizing energy use, promoting renewable energy in the value chain, and enhancing circularity of our products.

MATERIAL ORIGIN

Mapping and assessing risk and impact practices in the lower tiers of the supply chain identify opportunities for improvement to be better integrated at the strategic level.

We have required our suppliers to source more sustainable cotton, grown in farms which are licensed or certified as having good farming and Human Rights standards, or recycled cotton. More than 90% of the cotton comes from the USA, Australia, India and Brazil.

In parallel, we work on improving the traceability of the leather we use via the traceability system of the Leather Working Group. The leather used in PUMA Footwear comes from the USA (47%), Argentina (15%), Australia (15%), Italy (8%), Brazil (2%), Uruguay (0.4%) and Paraguay (0.3%).

* Primary energy is the energy that is harvested directly from natural resources: coal, oil, natural gas and uranium.

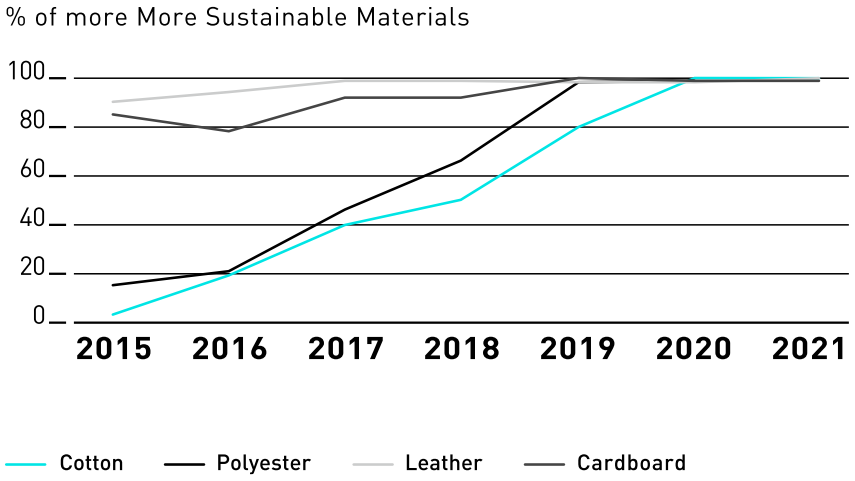
** Blue water is water that has been sourced from surface or groundwater resources and is either evaporated or incorporated into a product.

We monitor our LWG (Leather Working Group) medal rated tanneries' traceability performance. Most suede tanneries work with agents and intermediaries along with direct tanneries to guarantee a stable sourcing supply, suede being a byproduct of the full grain business. This creates a challenge to have full traceability. This explains why our suede leather LWG tanneries have a lower traceability performance than full grain LWG tanneries. We nevertheless aim to increase all our LWG medal rated tanneries' traceability performance over time.

We also keep track of the origin of the down and recycled polyester used in PUMA products. 97% of the down used in our products comes from China, 3% from Vietnam. 90% of our recycled polyester comes from Vietnam, China, Taiwan (China) and Korea.

MATERIAL CONSUMPTION DATA

↗ G.26 MORE SUSTAINABLE MATERIALS DEVELOPMENT



Cotton & polyester including Apparel and Accessories material (excluding trims)

As in previous years, a significant percentage of our more sustainable materials can be attributed to cotton from the Better Cotton Initiative, bluesign® and/or OEKO-TEX®-certified polyester, and Leather Working Group (LWG)-certified tanneries. In addition, we only use down feathers certified by the Responsible Down Standard, and 38% of our viscose is made by the world's leading viscose suppliers with proven track record on sustainability. Therefore more than 67% of our Apparel, 30% of Accessories and 52% of Footwear products are already classified as more sustainable products, in line with the definition in our PUMA Sustainability Index.

Coverage and calculation are more complex for Footwear because all our shoes are made from several components. As main materials we use polyester, polyurethane, rubber, leather and nylon. In line with our earlier targets, we have achieved 99.9% coverage of LWG-certified leather. For the other materials, in 2021 our sourcing teams worked to find more sustainable solutions that are also cost-efficient. For example, we now are using recycled materials for all our counters and many of our linings and have replaced the polyester-based backing of most polyurethane (PU) materials, which we use as an alternative to leather, with recycled polyester.

In 2021 we started reporting our material data including trims, such as threads, zippers, ribbons, interlining, etc. We see opportunities to increase the use of more sustainable material in trims in 2022, along with fabrics/materials. This explains why the percentage of more sustainable cotton for Apparel seems to decrease compared with 2020, but the use of more sustainable cotton in volume increased by around 45%. In our effort to improve our material data quality, this year we included material data for headwear (in addition to trims) under accessories. Fabric (99% of total volume) is made of more sustainable cotton, while trims are made with conventional cotton (1% of total volume). We used dope dye technology for the lining of our bags. Dope dye technology eliminates the need for the yarn dyeing process. In 2021 we conducted a Life Cycle Assessment on dope dyed polyester (as per international standards ISO 14040 and ISO14044) through a third party for the dyeing and finishing process, and we found: Energy saving: 29.69%, Water saving: 13.84%, Chemical use saving: 34.41%.

↗ T.22 COMPARISON BETWEEN POLYESTER FABRIC, REGULAR DYED AND POLYESTER FABRIC DOPE DYED, AVERAGE

	GHG difference (%)	Water Consumption difference (%)	Cumulative Energy Demand difference (%)
Raw material	-0.72%	-0.72%	-0.72%
Yarn processing	-19.51%	-0.58%	-11.66%
Weaving process	-0.72%	-0.72%	-0.72%
Dyeing and finishing process	**-29.37%**	**-13.84%**	**-29.69%**
Finishing process	0.00%	0.00%	0.00%
Final fabric packaging	0.00%	0.00%	0.00%
Final fabric transportation	0.00%	0.00%	0.00%
Total	-9.22%	-3.67%	-6.89%

In 2021 we used 94% more sustainable cotton and 37% more sustainable polyester for our Footwear, which is a significant increase compared with 2020, which explained why the volume of Footwear products with more sustainable material doubled.

In 2021 we included outer cardboard data into the Paper & Cardboard section below. Our focus remains on increasing Paper & Cardboard FSC certified or recycled.

We hardly used wool throughout 2021, thus we have not yet initiated responsible wool standards, but we still aim to reach 100% certified wool in 2025.

↗ T.23 DEVELOPMENT OF MORE SUSTAINABLE MATERIAL USAGE*

	Apparel	Accessories	Footwear	Total
Cotton				
Conventional	1%	0.7%	6%	1.2%
Recycled	2.3%		4%	2.3%
Better Cotton	96.7%	99.3%	90%	96.4%
Polyester				
Conventional	1%		63%	20%
Dope dye		23%		2%
Recycled	55%	6%	32%	43%
Bluesign	21%	28%		15%
Oekotex	22%	42%	5%	19%
Manmade Cellulosics				
Green-shirt rated fiber producers**	38%			38%
Conventional	62%			62%
Polyamide (nylon)				
Conventional	15.3%	85.5%	97.4%	74.1%
Bluesign	60.3%		2.5%	18.4%
Recycled	24.4%	14.5%	0.1%	7.5%
Leather				
Conventional				0.1%
LWG medal rated tannery			99.9%	99.9%
Recycled			0.03%	0.03%
Rubber				
Synthetic			69%	69%
Natural			31%	31%
PU				
Conventional	100%	100%	99%	99%
Water-based			1%	1%

	Apparel	Accessories	Footwear	Total
Down				
Certified RDS	100%			100%

* Figures including trims and excluding licensee production

** Green shirt rated fiber producers, as set by the annual Canopy Hot Button report, encourage existing fiber suppliers to commit to CanopyStyle and a Canopy Audit (https://hotbutton.canopyplanet.org/).

↗ T.24 MORE SUSTAINABLE MATERIAL USAGE PER PRODUCT DIVISION

	2021*	2020	2019	2025 target
Apparel				
More sustainable cotton	99%	100%	82%	100%
More sustainable polyester	99%	99.5%	98%	100%
Accessories				
More sustainable cotton	99%	100%		100%
More sustainable polyester	100%	100%	100%	100%
Footwear				
More sustainable cotton	94%	0.18%		100%
More sustainable polyester	37%	12.1%	6%	100%
More sustainable leather	99.9%	97.9%		NA
More sustainable PU	1%			NA
L&P paper/cardboard products				
Recycled and/or FSC certified	88%**	99%	98.9%	100%

* 2021 figures including trims and excluding licensee production – 2020 figures excluding trims and licensee production

** Including outer cardboard boxes, which were excluded in previous years.

↗ T.25 NUMBER OF FACTORIES CERTIFIED

Number of factories certified	GRS/RCS	GOTS	OCS	RDS	LWG
Apparel & Accessories T1 & T2	63	21	6	6	NA
Footwear T1 & T2	15			NA	NA
Leather Tanneries					27 gold 2 silver

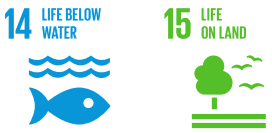
We are working to complete the GRS/RCS certification of our T1 Footwear factories and Footwear T2 manufacturers of insole, outsole or midsole.

BIODIVERSITY

Target description:

- Support the industry in setting a science-based target for biodiversity
- 100% cotton, leather and down procured from certified sources (shared target)
- Zero use of exotic skins and hides

Relates to United Nations Sustainable Development Goals 14 and 15



↗ T.26 SUSTAINABLY SOURCED NATURAL MATERIALS*

Sub-targets	2021*	2020	Target 2025
Science Based Target (SBT)	Not started	Joined Fashion Pact activities on biodiversity	SBT set
Cotton (BCI** and/or recycled)	99%	100%	100%
Leather (LWG-certified tanneries)	99.9%	98%	100%
Down (RDS-certified)	100%	100%	100%
Sustainably sourced viscose / MMCF	38%	100%	100%
Cardboard and paper (FSC and/or recycled)	88%***	99% (product packaging supply chain)	100%
Number of vegan styles	29	16	NA

* Including trims and excluding licensee production

** Better Cotton Initiative (BCI) principle: Biodiversity and Land Use is one of the seven Better Cotton Principles and Criteria. Management practices address identifying and mapping biodiversity resources, identifying and restoring degraded areas, enhancing populations of beneficial insects, ensuring crop rotation and protecting riparian areas. https://bettercotton.org/wp-content/uploads/2019/06/Better-Cotton-Principles-Criteria-V2.1.pdf

*** Including outer cardboard

Scientific reports point to the fact that the loss of biodiversity has increased over the last decade. Once extinct, species can never be brought back and are lost forever. Not only because our logo features a wild animal, but we have also decided to dedicate one of our 10FOR25 targets to biodiversity.

PUMA is a signatory of the Fashion Pact, a global coalition of companies in the fashion and textile industry (ready-to-wear, sport, lifestyle and luxury) including their suppliers and distributors, all committed to a common core of key environmental goals in three areas: stopping global warming, restoring biodiversity and protecting the oceans.

Our biodiversity blueprints are described below:

Biodiversity loss and climate change are interdependent and mutually reinforcing. For example, protecting forests could help reduce greenhouse gas emissions. In turn, the rise of global temperatures increases the risk of species extinction. In 2019 PUMA published its science-based emission target (SBT) with the SBT

Coalition and joined the Fashion Pact. PUMA climate action and progress are reported in the Climate section of this report.

Most of the negative impact on biodiversity comes from three stages in the value chain: raw material production, material preparation and processing, and end of life.

To mitigate the risk of biodiversity loss due to the production process, we address environmental pollution risk through our targets and suppliers' program on Climate, Chemicals, Water and Air.

In 2021 we developed roadmaps for water and waste, which can be found in Water and Air, Plastic and Ocean sections of this report.

100% of our transit packaging is made of recycled plastic, we work on eliminating plastic product primary packaging and plastic shopping bags. Our targets and progress are described in the Plastic and Ocean section of this report.

We use approximately 50,000 tons of cotton and 4,300 tons of leather per year for our products. Both cotton farming and cattle ranching require extensive land use and have been cited to reduce biodiversity. 99% of cotton used in PUMA products are BCI or recycled. 99% of the leather used in our footwears are sourced from LWG rated tanneries. Leather traceability is a first step towards reduced deforestation. We monitor our LWG (Leather Working Group) medal rated tanneries' traceability performance.

In addition, our annual paper and cardboard consumption amounts to 19,500 tons (shoebox, hangtags and outer cardboard). As of end of 2021, 88% are FSC certified or recycled. In 2021 we engaged with Canopy, a Canadian non-profit organization with a mission to protect the world's forests, species and climate, and to help advance indigenous communities' rights. They helped us to develop our policy on forest protection. We engaged in Canopy's initiatives: CanopyStyle and Pack4good; through these initiatives we started investigating into next generation raw materials with a focus on biobased material, such as wheat, as a partial substitute for paper in our shopping paper bags.

In addition, in 2020 we mapped out our viscose supply chain with the goal of procuring 100% of our viscose from suppliers committed to reducing the risk of sourcing from ancient and endangered forests. In June, PUMA formally joined the CanopyStyle initiative to support this goal. In 2021, 38% of viscose was sourced from Canopy's 2021 Hot Button Report green-shirt rated suppliers; we prioritized sourcing new fabrics containing viscose to replace polyester in our Apparel products. To implement our new strategy, we used not only fabrics from green-shirt rated viscose, but also old carry-over fabrics developed over the past 5-10 years. The volume of viscose used in 2021 is 4 times higher than in 2020. In 2022 we aim at only sourcing green-shirt rated viscose as per our Biodiversity and Forest protection policy launched in April 2021 and also to prefer viscose made from recycled textiles.

We hardly used wool throughout 2021, thus we have not yet initiated Responsible Wool Standards, but we still aim to reach 100% certified wool in 2025.

POLICIES

In 2021 we published the PUMA biodiversity policy and animal welfare policy, to create a framework on our approach related to biodiversity and animal welfare. These policies are published on our website.

As part of the Fashion Pact, we commit to support the development of science-based targets on biodiversity.

To help the protection of endangered forests and species, PUMA commits not to use any wood or wood-derived fabrics made from ancient and endangered forests.

- PUMA engages as a supporting partner of the CanopyStyle Initiative, aiming to source our viscose only from green-shirt rated suppliers.
- We commit to sourcing the leather used in PUMA products only from manufacturers who implement industry good practice standards of environmental management and traceability, such as the leather working group.
- We commit to sourcing all our paper and paper-based packaging from recycled sources and/or Forest Stewardship Council certified sources. PUMA is engaging as a partner of Canopy's Pack4Good initiative to collectively reduce any risk of sourcing from ancient and endangered forests by 2022 and promoting next generation solutions.

At PUMA we care for the welfare of animals. We do not accept the use of animal products which originate from animals which have been inhumanely treated. Therefore we aim at implementing high welfare and traceability standards. PUMA consults on a regular basis with animal protection organizations to review our policy and actions.

"We are delighted to have PUMA as part of our CanopyStyle and Pack4Good initiatives to end sourcing from ancient and endangered forests. Keeping forests standing is 30% of the climate solution, and PUMA – a company named after a majestic forest creature – is showing leadership on their behalf. We look forward to working with the PUMA team to get them to 100% green shirts, accelerate production of circular alternatives and secure ambitious levels of forest conservation."

NICOLE RYCROFT
Canopy's Founder and Executive Director, Canopy

ENVIRONMENTAL KEY PERFORMANCE DATA

During 2021 we revisited the methodology of our PUMA Environmental Profit and Loss Account, or EP&L.

The methodology, which was developed in 2011 by PWC and Truecost, and later further refined by Kering with the help of PWC, mainly relies on material input and spend data.

During our review, we realized that many savings made by our Tier 1 and Tier 2 suppliers had not been captured by the EP&L methodology, and for some of our major materials used, such as BCI Cotton, no specific EP&L emission factors have been developed.

Therefore we decided to pause the publication of our EP&L for 2021 and rework the methodology to more accurately reflect our environmental performance in the future.

As in previous years, we are reporting the underlying datasets as Environmental Key Performance Indicators in this chapter.

↗ T.27 E-KPIS PAPER [1-3]

Paper	2021	2020	2019	2018	2017	% Change 2020/2021	% Change 2017/2021
PUMA own entities							
Paper and cardboard consumption (tons)*	4,152	2,638	2,281	2,292	2,756	57%	51%
Certified or recycled paper and cardboard consumption (tons)	3,306	1,848	1,818	1,120	2,025	79%	63%
Percentage of certified or recycled paper and cardboard consumption (%)	79.6%	70%	80%	49%	74%		
PUMA production							
Paper and cardboard consumption from PUMA production (shoe boxes, hangtags) (tons)	19,670**	18,538	14,863	13,607	14,129	25%	31%
Percentage of certified or recycled paper and cardboard consumption from PUMA production (%)	88%**	99%	100%	98%	n/a		

* Including paper bags, office paper and cardboard consumption of offices, warehouses and stores

** Including outer cardboard boxes

1. Figures include PUMA-owned or operated offices, warehouses and stores. Includes our own production sites in Argentina. All other production is outsourced to independent supplier factories, some warehouse operations are outsourced to independent logistic providers. Franchised stores are excluded.
2. Data includes extrapolations or estimates where no real data could be provided.
3. Methodological changes over the last three years have influenced results.

↗ T.28 E-KPIS PUMA AND TIER 1 & TIER 2 PRODUCTION – ENERGY [1-3]

Energy	2021	2020	2019	2018	2017	% Change 2020/2021	% Change 2017/2021
PUMA own entities							
Non-renewable electricity consumption (MWh)	0	0	12,683	29,766	52,508	-	-100%
Electricity consumption from renewable sources (green tariffs and on-site photovoltaics) (MWh)	13,749	10,839	11,547	11,695	11,611	27%	18%
Electricity consumption guaranteed with EACs (MWh)	54,117	50,526	37,269	25,051	0	7%	n/a
Total electricity consumption (MWh)	67,866	61,365	61,499	66,512	64,119	11%	6%
Percentage of renewable electricity consumption (excluding EACs) (%)	20%	18%	16%	15%	18%		
Percentage of renewable electricity consumption (including EACs) (%)	100%	100%	79%	55%	18%		
Energy from non-renewable fuels (oil, natural gas, etc.) (MWh)	10,006	10,739	10,975	11,724	14,430	-7%	-31%
Energy from district heating (MWh)	10,795	6,247	7,915	5,734	5,155	73%	109%
Total energy consumption (MWh)	88,666	78,350	80,389	83,970	83,704	13%	6%
PUMA production (Tier 1)*							
Non-renewable energy consumption (MWh)	331,199	221,641	246,160	195,866	194,881	52%	67%
Renewable energy consumption (MWh)	17,763	3013			294	492%	5950%
Percentage of renewable energy consumption (%)	5%	1%			0.1%	400%	4900%
PUMA production (Core Tier 2)**							
Non-renewable energy consumption (MWh)	795,673	607,310			586,986	31%	36%
Renewable energy consumption (MWh)	39,317	3,393			524	1059%	7399%
Percentage of renewable energy consumption (%)	5%	0.6%			0.1%	233%	4900%

* Includes Tier 1 suppliers, Apparel, Footwear and Accessories (181 factories)

** Includes Core Tier 2 suppliers, leather, synthetic and textile (43 factories)

1. Figures include PUMA-owned or operated offices, warehouses and stores. Includes our own production sites in Argentina. All other production is outsourced to independent supplier factories, some warehouse operations are outsourced to independent logistic providers. Franchised stores are excluded.
2. Data includes extrapolations or estimates where no real data could be provided.
3. Methodological changes over the last three years have influenced results.

↗ T.29 E-KPIS PUMA AND TIER 1 & TIER 2 PRODUCTION - WASTE & WATER [1-3]

Waste & Water	2021	2020	2019	2018	2017	% Change 2020/2021	% Change 2017/2021
PUMA own entities							
Total waste (tons)	**5,215**	**3,949***	**3,644***	**4,877**	**5,293**	**32%**	**-1%**
Recycled waste PUMA own entities (tons)	2,220	1,436*	1,603*	2,282	3,419	55%	-35%
Recycled waste PUMA own entities (%)	43%	36%	44%	47%	65%		
Water PUMA own entities (m^3)	116,829	96,569	89,676	95,291	106,397	21%	10%
**PUMA production (Tier 1) ** **							
Total waste (tons)	33,806	23,498	24,205	16,682	14,686	44%	130%
Percentage production waste to landfill (%)	10%	9%				11%	
Water consumption (k m^3)	2,706	2,332	2,572	2,030	2,149	16%	26%
PUMA production (Core Tier 2) * **							
Total waste (tons)	8,689	5,968				46%	
Percentage production waste to landfill (%)	9%	18%				50%	
Water consumption (k m^3)	5,769	4,796				20%	

* Waste data for PUMA's own entities in 2019 and 2020 restated due to an underreporting in those years.

** Includes Tier 1 suppliers, Apparel, Footwear and Accessories (181 factories)

*** Includes Core Tier 2 suppliers, leather, synthetic and textile (43 factories)

1 Figures include PUMA-owned or operated offices, warehouses and stores. Includes own production sites in Argentina. All other production is outsourced to independent supplier factories, some warehouse operations are outsourced to independent logistic providers. Franchised stores are excluded.

2 Data includes extrapolations or estimations where no real data could be provided.

3 Methodological changes over the last three years have influenced results.

As we can see from T.29, our own waste creation and water consumption increased, over the last years. This increase can partially be attributed to our increased sales volume, as waste creation in our stores in directly linked to sales turnover, with the main waste created from shoeboxes or apparel packaging. We will take those increases as an opportunity to focus on our own entities waste and water performance as well within the next three years.

We continue to work with our core suppliers to reduce their environmental footprint. In 2021 we continued the cooperation with the Apparel Impact Institute's Clean by Design Program and with the International Finance Corporation's PaCT Project on resource efficiency and renewable energy in Bangladesh. We also continue to joint forces with the German Development Agency, GIZ, to conduct solar photovoltaic feasibility studies at 22 suppliers across Asia. We have developed an internal training module on climate change for our internal stakeholders (branch managers and production teams) to provide them a clearer idea about our targets and our requirement for suppliers, so that they would be able to better support us when we work with suppliers on climate change topics.

We also prepared an e-learning module for other colleagues who are interested in knowing more about our targets and our work on carbon footprint reduction. This e-learning module will be completed and made available online in 2022.

For our suppliers' engagement we created an in-house tool to guide core suppliers to set up their climate change target following different ambition levels (their own SBTs or at least as ambitious as the one PUMA set for supply chain). A training workshop that will be conducted in 2022 February to give instructions for suppliers on how to better use this target setting tool.

There is an overall trend of carbon emission reduction (within our Core Tier 1 suppliers) per pair of footwear (-32%) or piece of apparel product (-34%) since 2017, as an outcome of our core factories which joined cleaner production and renewable energy projects promoted by PUMA. During the same period, our Core Tier 1 suppliers have been able to reduce the amount of water per piece of apparel significantly by 44%, due to actions taken by our core factories in water efficiency with the cleaner production program, while water consumption at Tier 1 Footwear suppliers increased by 18%.

Apparel and Footwear suppliers reported an increase in production waste of 34% and 30% respectively since 2017. Since we launched our goals in 2020 to reduce production waste to landfill by 50% by 2025, we have worked on securing the data quality to secure our baseline. The waste data published in this report cover both material waste and factory & office operation waste: cardboard, paper, plastic, light bulbs etc., to ensure a comprehensive scope covered for the waste generated on production sites. This is an increased scope compared to the measure for capturing the waste data in 2017, which partially explains the increase. We also added 10 new core factories for Apparel, which have not yet been engaged in cleaner production programs. For Footwear we increased the number of more complicated styles, which implies that the number of components and overlays has increased. The more components and overlays we have, the more waste is generated. The list of core factories for Footwear was stable between 2020 and 2021, which explains why Footwear factories decreased their waste per pair by 3%, while Apparel factories increased their waste per piece by 15%.

Most of our Tier 1 production waste is recycled, with only 4% of waste ending up in landfills for Apparel suppliers and 14% for Footwear suppliers.

↗ T.30 FOOTWEAR E-KPI RESULTS (T1)

Summary of supplier e-KPIs		Weights				Change		
Value	**2021**	**2020**	**2019**	**2018**	**2017**	**2020-2021**	**2017-2021**	**Number of Suppliers**
Energy/pair (kWh)	1.41	1.31	1.30	1.25	1.40	8%	1%	21
CO_2/pair (kg)	0.68	0.74	0.96	0.93	1.00	-8%	-32%	21
Water/pair (l)	11.95	15.08	15.21	12.30	14.50	-21%	-18%	21
Waste/pair (g)	140.88	144.80	126.66	108.51	115.90	-3%	22%	21
Waste to landfills/pair (g)	19	24				-19%		

↗ T.31 APPAREL E-KPI RESULTS (T1)

Summary of supplier e-KPIs		Weights				Change		
Value	2021	2020	2019	2018	2017	2020-2021	2017-2021	Number of Suppliers
Energy/piece (kWh)	0.55	0.56	0.57	0.57	0.72	-1%	-24%	26
CO_2/piece (kg)	0.20	0.22	0.24	0.26	0.31	-9%	-34%	26
Water/piece (l)	4.23	4.60	4.39	4.20	7.58	-8%	-44%	26
Waste/piece (g)	62.33	54.27	56.33	46.50	44.00	15%	42%	26
Waste to landfills/piece (g)	2.4	2.6				-9%		

Since 2017 we have also been measuring average environmental key performance indicators (E-KPIs) from textile and leather manufacturing. We have included our main material suppliers in our energy and water efficiency programs and other brands also have expanded their cleaner production programs to include our shared material suppliers. Some of the CO_2 emissions reductions can be attributed to coal and oil for boilers being replaced with less polluting fuel sources such as biomass fuel.

The CO_2 emissions indicator for textile supply chain in 2021 when compared to 2017 is observed with a 3% increase, not in line with our expectations. This is mainly because of our textile strategy: 14 new core factories were added, for which we had not engaged in a cleaner production program. When we compare improvement in carbon efficiency like-for-like with the 19 suppliers which were core factories for PUMA in 2020 and 2021 we record a 7% reduction in their carbon footprints per unit of textile produced for PUMA in 2021.

↗ T.32 LEATHER E-KPI RESULTS (T2)

Summary of supplier e-KPIs		Weights				Change		
Value	2021	2020	2019	2018	2017	2020-2021	2017-2021	Number of factories
Energy/m^2 (kWh)	6.5	7.0	8.2	8.7	9.1	-8%	-29%	6
CO_2/m^2 (kg)	1.9	2.7	3.2	3.2	3.4	-30%	-44%	6
Water/m^2 (l)	60.9	68.3	74.7	90.2	91.8	-11%	-34%	6
Waste/m^2 (kg)	0.5	0.7	0.8	0.8	1.6	-32%	-70%	6

↗ T.33 TEXTILES E-KPI RESULTS (T2)

Summary of supplier e-KPIs		Weights				Change		
Value	2021	2020	2019	2018	2017	2020-2021	2017-2021	Number of factories
Energy/t (kWh)	13,393.6	13,049.1	12,636.3	13,386.80	13,679.11	3%	-2%	32
CO_2/t (t)	4.58	4.47	4.37	4.45	4.45	3%	3%	32
Water/t (m^3)	98.7	103.4	105.5	122.78	119.30	-4%	-17%	32
Waste/t (kg)	121.38	78.9	62.08	70.63	299.59	54%	-59%	32

REPORTING IN ACCORDANCE WITH THE EU TAXONOMY REGULATION

Taxonomy objectives

The Taxonomy Regulation (EU) 2020/852 (in the following "Taxonomy") entered into force on 22 June 2020. The purpose of this new regulation is to provide a definition of what constitutes a sustainable economic activity and to redirect capital flows into companies who are aligning their business models on such sustainable economic activities. The focus of the Taxonomy lies on 6 environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainability and protection of water and marine resources
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems
- Transition to a circular economy

The Taxonomy has identified eligible economic activities that substantially contribute to each of these environmental objectives. Linked to these eligible activities are technical screening criteria that define whether the activity is considered sustainable or not (aligned).

The first two Delegated Acts on the climate objectives (climate change mitigation (Annex I) and climate change adaptation (Annex II)) (in the following "Climate Delegated Act"), was published in the Official Journal on December 9, 2021 and entered into force on January 1, 2022 ((EU) 2021/2139). Further delegated acts for the remaining objectives will be published in 2022.

New disclosure requirements for non-financial undertakings

According to Articles 2 Climate Delegated Act and 8 of the Taxonomy Directive EU2020/852 any undertaking subject to the Non-Financial Reporting Directive (NFRD) must provide information on "environmentally sustainable" revenues, investments (capital expenditure) and operating expenses (opex).

According to Article 10 of the Climate Delegated Act of the Taxonomy Directive EU2020/852 from January 1, 2022 until December 31, 2022, non-financial undertakings shall only disclose the proportion of Taxonomy-*eligible* and Taxonomy *non-eligible* economic activities in their total turnover, capital and operational expenditure. Eligibility of activities implies that an activity is included in the Climate Delegated Act. Whether an activity is Taxonomy-eligible or not says nothing about the (un)sustainability of that activity. Being Taxonomy-eligible is merely an indication that a certain activity makes a substantial contribution to one of the six environmental objectives of the Taxonomy.

Taxonomy-eligibility of PUMA's sales in respect of climate change mitigation and climate change adaptation

The technical screening criteria in Annex I and Annex II of the Delegated Regulation (EU) 2021/2139 as of June 4, 2021 for the first two environmental objectives, namely climate change mitigation and climate change adaptation, do not list any business activities that are linked to the production and sale of Footwear, Apparel and Accessories. This means that PUMA's business activities related to sales are not included in the Climate Delegated Act. This is not surprising due to the fact that currently the EU has prioritized economic activities that can make the most relevant contribution to the two environmental objectives of climate adaptation and mitigation. Therefore PUMA's business activities in this regard are not considered Taxonomy-eligible (so far).

Eligible capital expenditure

PUMA understands the Taxonomy and the Delegated Act to Article 8 of the Taxonomy Directive nonetheless require non-financial undertakings with Taxonomy non-eligible sales activities to report on the part of the capital expenditure related to the purchase of output from taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions.

In this regard PUMA reviewed the so-called cross-cutting activities that are not directly related to PUMA's primary business activity and are not revenue-generating for PUMA, but still are relevant to support PUMA's sustainability efforts. Taxonomy-eligible capital expenditure could be identified in regard to "Transport" and "Real Estate Activities".

In 2021 PUMA started operations in several newly rented buildings with high requirements on energy-efficiency, such as, for example:

- Logistics center in Geiselwind, Germany
- Office building in Strasbourg, France
- Office building in Stockholm, Sweden
- Office building in Boston, USA

As part of PUMA's 10FOR25 sustainability targets, PUMA is transitioning its car fleet to more sustainable transport vehicles. Therefore in 2021 PUMA invested in the lease of a number of low or zero emission vehicles.

The total capital expenditure as defined by the taxonomy (IAS 16, 38 and IFRS 16) of the PUMA Group amounts to 449,445 TEUR for the financial year 2021. The eligible capital expenditure as definded by the taxonomy regarding "Transport" and "Real Estate Activities" amounts to 244,023 TEUR.

Eligible operational expenditure
PUMA understands the Taxonomy and the Delegated Act to Article 8 of the Taxonomy Directive including its Annexes to nonetheless require non-financial undertakings with Taxonomy non-eligible activities to report on the part of the operational expenditure related to the purchase of output from taxonomy-aligned economic activities and individual measures enabling the target activities to become low-carbon or to lead to greenhouse gas reductions.

Due to the nature of our business model, which is the design, development, marketing and sale of Footwear, Apparel and Accessories, the eligible operational expenditure is not material in the context of the first two environmental objectives of the Taxonomy, therefore we report the numerator of our taxonomy eligible operational expenditure as zero.

For the denominator, Article 2, Annex 1 Section 1.1.3.1. of the Climate Delegated Act requires reporting on the total operational expenditure derived from the categories "research and development, building renovation measures, short-term lease, maintenance and repair and any other direct expenditures related to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets". The total operational expenditure from these categories amounts to 78 TEUR for the financial year 2021.

Outlook
PUMA expects that its business activities will be defined to contribute significantly to the "Transition to a circular economy" objective. Therefore we anticipate a more detailed Taxonomy reporting for 2022.

SUMMARY AND OUTLOOK

With the start of the Forever Better platform, our sustainability journey accelerated further in 2021.

While our strategy to move the most important materials of all our products to more sustainable sources continued, for example with nearly 100% (99.9%) LWG certified leather, we also launched some exciting sustainability focused collections in 2021.

Our Exhale collection in collaboration with Cara Delevingne also uses recycled input materials. In addition, we also calculated the carbon footprint of the collection and offset all CO_2e emissions, making the collection effectively carbon-neutral.

Our Re.gen collection is inspired by the principles of circularity and maximizes the usage of recycled input materials and contains products made from recycled cotton, polyester and leather scraps.

To expand on circularity, we started our Circular Lab and announced the RE:SUEDE, an experiment for a biodegradable version of our iconic suede sneaker.

We also started working on garment-to-garment recycling and transformed 3 tons of unsellable garments into new fabrics using an innovative chemical recycling process.

Our takeback scheme in Hong Kong continued, and together with a Swop Shop event, we collected 660kg of secondhand garments. Our Soles 4 Souls program in the USA was able to collect another 522kg of footwear. The expansion of our takeback scheme to Ecom was prepared laying the foundation for further expansions in line with our 10FOR25 target to have takeback schemes ready in all major markets by 2025.

During the UN Climate Conference in Glasgow, our CEO Bjørn Gulden reiterated PUMA's full support of the UN Fashion Charter for Climate Action and the ambitious new commitments set by this industry-led coalition under the umbrella of the UN Climate Secretariat.

We live our climate commitment by using 100% renewable energy for our owned and operated offices, stores and warehouses worldwide, mainly through the purchase of renewable energy attribute certificates.

In addition, we have also started to transition our car fleet to zero emission vehicles. As of December 2021, our fleet includes 24 electric vehicles and 7 hydrogen vehicles, which make up 15% of our cars used in our home country Germany. Globally, 108 cars in our fleet are already classified as low or zero emission cars.

At the supply chain level, we continued and expanded our efforts to enroll more suppliers in cleaner production programs, feasibility studies to install rooftop solar panels and to phase out coal fired boilers, and engaged lifecycle experts from Sphera to calculate our supply chain emissions more precisely.

To reduce CO_2 emissions at material stage, we focused on increasing the usage of recycled polyester in all product divisions, 43% among polyester usage is recycled in 2021.

To support our Human Rights goals, we commissioned a risk assessment on forced labor management in our supply chain and used the results to upgrade our due diligence process by implementing stricter standards.

An important element of Human Rights is fair compensation. During 2021 our People and Organization Team (HR department) used the Living Wage Database provided by the Fair Wage Network to screen [and confirm] the payment of living wages for all PUMA staff globally.

At the supplier level we used the Fair Wage Benchmark tools of our long-term partner Fair Labor Association to assess the wage levels paid by our core suppliers in 7 major sourcing countries. While we see that our suppliers are paying above industry average in the countries, China, Cambodia, Turkey, Bangladesh and Vietnam, we also realized that in Bangladesh and Pakistan our manufacturing partners still need to improve wages.

In terms of new regulations, 2021 saw the introduction of the EU Green Taxonomy Delegated Act. As part of the EU Green Deal, this regulation will enable investors to have clarity on the sustainability of their investment portfolios. For publicly listed companies like PUMA, this means the tracking and publishing of Taxonomy aligned sales, capital expenditure and operational expenditure.

The first two topics targeted by the Taxonomy (Climate Change Mitigation and Adaptation) focus on major greenhouse gas emitting industries such as utilities, the car industry or heavy industries. The manufacturing and sale of Apparel and Footwear were excluded in this first round.

Nevertheless, we screened our owned and operated buildings and car fleet for taxonomy eligibility and share first numbers in this report. We anticipate a more detailed reporting once the other taxonomy criteria, such as circularity, are published.

Finally, we are happy to report that our long-term sustainability engagement continues to be recognized with an increasing number of awards and recognitions. Highlights during 2021 include our first ever A-rating from the Carbon Disclosure Project, a Triple A rating from MSCI, a leading rating agency for sustainability topics, our continued inclusion in the FTSE4Good and ISS Prime Rating, as well as our first inclusion in the Corporate Knights 100 most sustainable companies worldwide.

We are well aware that our sustainability journey is ongoing, and much remains to be done to transition our company on the path towards being Forever Better.

There is only one Forever. Let’s make it Better!

INDEX FOR SEPARATE COMBINED NON-FINANCIAL REPORT AND GRI CONTENT

This report constitutes a separate combined non-financial report in accordance with sections 289b to 289e and 315b, 315c in conjunction with 289c to 289e of the German Commercial Code (HGB). This consolidated combined non-financial report consists of the chapter "Sustainability", the section "Culture" in the chapter "Our People" as well as the Corporate Governance Statement in the chapter “Group Essential Information”.

The reporting period covered is January 1, 2021 to December 31, 2021. No restatements of information have been made in this report. We did recalculate the waste figures for PUMA in 2019 and 2020, which were corrected due to underreporting in those years. We have provided separate reports for PUMA SE and the PUMA Group within the “Our People” section only. Separate reporting of other sustainability data would not add any meaningful new information or value and would require significant additional resources, so we have omitted it here. Information about PUMA’s business model is set out in the Financial section of this Annual Report. We have not identified any most significant non-financial performance indicators according to §289c, section 3, number 5 of the German Commercial Code (HGB). This combined sustainability report has undergone a voluntary “limited assurance” with focus on accordance with the German CSR Implementation Act (CSR-RUG) by Deloitte.

Since 2003 PUMA’s sustainability reports are based on the guidelines of the Global Reporting Initiative (GRI), which developed detailed and widely recognized standards on sustainability reporting. This report has been prepared in accordance with the GRI Standards: Core option. This option enables us to report on the impacts related to our economic, environmental, social and governance performance. It includes topics that are material to PUMA’s business and our key stakeholders, and that constitute our sustainability targets. These targets have been systematically developed in accordance with the feedback from PUMA’s stakeholders.

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* CSR Directive Implementation Act: Index for Non-Financial Statement

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103-2	The management approach and its components	x	71-72
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305-1	Direct (Scope 1) GHG emissions	x	79
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407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	x	57, 64

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103-1	Explanation of the material topic and its boundary	x	46
103-2	The management approach and its components	x	46
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409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	x	57, 64

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103-1	Explanation of the material topic and its boundary	x	46
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412-1	Operations that have been subject to Human Rights reviews or impact assessments	x	53

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103-1	Explanation of the material topic and its boundary	x	22, 65
103-2	The management approach and its components	x	22, 65
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403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	x	23, 66

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Anti-Corruption

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103-1	Explanation of the material topic and its boundary	x	191-192
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205-2	Communication and training about anti-corruption policies and procedures	x	191-192

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MANAGEMENT APPROACH

Tax

207-1	Approach to tax	"WE PAY OUR FAIR SHARE" is the core principle the PUMA Group is taking into consideration for its global tax strategy. In this regard, PUMA fully commits to act in accordance with all international tax regulations and to fulfill any tax obligations arising from its business activities. PUMA is not following artificial structures solely to save taxes with these. Of course, taxes play a role in business decisions to know what these are and so to do the right thing, however, tax consequences are not the relevant drivers for failing a final sign off on business strategies in this regard. It is key for PUMA to pay an appropriate portion of its pre-tax profit to tax administrations in the respective countries. Paying tax is accepted as a general business principle of PUMA. An effective tax rate of around 25% over recent years confirms this. As it is a general principle for PUMA to follow tax rules and to pay applicable taxes, taxes as such are not a material issue within the sustainability approach. Consequently, PUMA does not report in detail on the GRI Standard in this regard.

DELOITTE ASSURANCE STATEMENT

LIMITED ASSURANCE REPORT OF THE INDEPENDENT PRACTITIONER REGARDING THE SEPARATE NON-FINANCIAL GROUP REPORT

Translation – German version prevails

To PUMA SE, Herzogenaurach

Our Engagement
We have performed a limited assurance engagement on the Separate Non-Financial Group Report of PUMA SE (hereinafter: "the Company") in accordance with Section 315b German Commercial Code (HGB), which was combined with the Non-Financial Report of the parent company, PUMA SE, Herzogenaurach, in accordance with Section 289b German Commercial Code (HGB) for the period from January 1 to December 31, 2021 (hereinafter: "Combined Non-Financial Report"). This Combined Non-Financial Report consists of the chapter "Sustainability", the section "Culture" in the chapter "Our People" and the sections "Compliance Management System" and "Corporate Social Responsibility" in the chapter "Corporate Governance Statement in accordance with Section 289f and Section 315d HGB" of the Annual Report 2021 of PUMA SE, Herzogenaurach.

The external documentation sources, interviews or expert opinions mentioned in the non-financial reporting are not the subject of our audit.

Responsibilities of the Executive Directors
The executive directors of the Company are responsible for the preparation of the non-financial report in accordance with §§ 315c in conjunction with 289c to 289e German Commercial Code (HGB) and Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (hereafter referred to as "EU Taxonomy Regulation") and the delegated acts adopted thereon, as well as with their own interpretation of the wording and terminology contained in the EU Taxonomy Regulation and the delegated acts adopted thereon, as is presented in section "EU-Taxonomy" of the consolidated non-financial report.

The responsibility of the Company's legal representatives includes the selection and application of appropriate methods for preparing the Combined Non-Financial Report as well as making assumptions and estimates related to individual non-financial disclosures, which are reasonable in the circumstances. In addition, the legal representatives are responsible for such internal control they have determined necessary to enable the preparation of the Combined Non-Financial Report that is free from material misstatements, whether intentional or unintentional.

Some of the wording and terminology contained in the EU Taxonomy Regulation and the delegated acts adopted thereon are still subject to considerable interpretation uncertainty and have not yet been officially clarified. Therefore, the executive directors have laid down their own interpretation of the EU Taxonomy Regulation and of the delegated acts adopted thereon in section "EU-Taxonomy" of the consolidated non-financial report. They are responsible for the selection and reasonableness of this interpretation. As there is the inherent risk that indefinite legal concepts may allow for various interpretations, evaluating the legal conformity is prone to uncertainty.

The accuracy and completeness of environmental data in the non-financial report is thus subject to inherent restrictions resulting from the way how the data was collected and calculated and from assumptions made.

Independence and Quality Assurance of the Firm
We have complied with the German professional requirements on independence and other professional rules of conduct.

Our firm applies the national statutory rules and professional announcements – particularly of the "Professional Charter for German Public Auditors and German Sworn Auditors" and of the IDW Quality Assurance Standard "Quality Assurance Requirements in Audit Practices" (IDW QS 1) promulgated by the Institut der Wirtschaftsprüfer (IDW) and does therefore maintain a comprehensive quality assurance system comprising documented regulations and measures in respect of compliance with professional rules of conduct, professional standards, as well as relevant statutory and other legal requirements.

Responsibilities of the Practitioner
Our responsibility is to express a conclusion on the non-financial report based on our work performed within our limited assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised)), adopted by the IAASB. This Standard requires that we plan and perform the assurance engagement so that we can conclude with limited assurance whether matters have come to our attention to cause us to believe that the non-financial report of the Company has not been prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the delegated acts adopted thereon, as well as with the interpretation by the executive directors presented in section "EU-Taxonomy" of the consolidated non-financial report.

The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The choice of assurance work is subject to the practitioner's professional judgment.

Within the scope of our limited assurance engagement, which was performed from January to April 2022, we conducted, amongst others, the following audit procedures and other activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Interview of the legal representatives and relevant employees that participated in the preparation of the Combined Non-Financial Report about the process of preparation, the measures on hand and precautionary measures (system) for the preparation of the Combined Non-Financial Report as well as about the information within the Combined Non-Financial Report
- Identification of the risks of material misstatement within the Combined Non-Financial Report
- Analytical evaluation of selected disclosures within the Combined Non-Financial Report
- Reconciliation of the disclosures within the Combined Non-Financial Report with the respective data within the consolidated financial statements as well as the management report
- Evaluation of the presentation of the disclosures
- Assessment of the process for identifying taxonomy-capable economic activities and the corresponding information in non-financial reporting.

As the EU Taxonomy Regulation and the delegated acts adopted thereon contain indefinite legal concepts, it is necessary that the executive directors make an interpretation. The executive directors' assessment of their interpretation's legal conformity is prone to uncertainty, which, in this respect, is also true for our assurance engagement.

Practitioner's Conclusion
Based on the work performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial report of the company for the period from January 1, to December 31, 2021 has not been prepared, in material respects, in accordance with Sections. 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the delegated acts adopted thereon, as well as with the interpretation by the executive directors presented in section "EU-Taxonomy" of the consolidated non-financial report.

We do not provide an audit opinion on the external sources of documentation, interviews or expert opinions mentioned in the non-financial reporting.

Restriction of Use and Liability
We would like to point out that the assurance engagement was carried out for the purposes of the company and the report is only intended to inform the company about the findings of the assurance engagement. Consequently, it may not be suitable for any purpose other than the above. The note is therefore not intended for third parties to make (financial) decisions based on it.

Our responsibility is solely towards the company and is also limited according to the "General Terms and Conditions for Auditors and Auditing Firms" of January 1, 2017 of the Institut der Wirtschaftsprüfer in Deutschland e.V. However, we do not accept or assume liability to third parties. Our conclusion of the assurance engagement is not modified in this respect.

Munich/Germany, April 26, 2022

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Dr. Thomas Reitmayr
German Public Auditor

Sebastian Dingel