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19th January 2012

Playfair Alliance
C/- Oxfam Australia
132 Leicester Street, Carlton
Victoria 3053
AUSTRALIA

Attn: Ms. Alexia Huxley - Acting Executive Director

Dear Playfair,

Puma SE Response to Suggested Public Reporting Steps for the Indonesian FOA Protocol

On behalf of Puma SE we would like to thank you for your letter of 20th December 2011, marked for the attention of Mr. Franz Koch, our CEO.

We thank you for your patience for our response, given that most of the key staff involved in Indonesia have been out either for Christmas or Chinese New Year holidays. We responded to each of the points that have been raised on suggested public reporting steps for the Indonesian FOA Protocol.

We would welcome further discussions on the relevant external reporting of the FOA Protocol, once the scope and operation of the National Protocol Committee has been agreed locally with the Indonesian unions and suppliers.

Sincerely,
For and on behalf of PUMA SE,

Dr. Reiner Hengstmann
Global Director SAFE Supply Chain

Cc: Franz Koch, CEO, PUMA SE
Charmaine Nuguid-Anden, Team Head, PUMA.Safe Humanity
Farid Nurjaman, Strategic Compliance Officer, PUMA.Safe Humanity

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STEFANO CAROTI
ANTONIO BERTONE
REINER SEIZ



Puma SE Response to Suggested Public Reporting Steps for the Indonesian FOA Protocol

REPORTING STEPS ON PROTOCOL IMPLEMENTATION

1. Sign the Protocol

(the version in the original Protocol language, Bahasa Indonesian)

When: immediately

Though at the time we did not have a locally-based team, we strove to participate in the discussions and negotiations around the protocol. We have signed to the original FoA Protocol during the workshop in Jakarta last June 7, 2011.

2. Provide a copy of the signed Protocol to the Indonesian trade unions and the Play Fair Alliance

When the FOA Protocol Supervision and Dispute Settlement Committee (National Protocol Committee) is set up, signed copies of the Protocol will also be shared with the members of the Committee.

When: immediately upon signing

We believe that the representatives of the Play Fair alliance have kept the original signed copies of the FoA Protocol after June 7, 2011. The World Federation of Sporting Goods Industries (WFSGI) also have copies and have taken on the role of repository for other sports goods companies that maybe interested in signing the protocol. Once the National Protocol Committee is set up, we believe it would just be a simple matter to share all pertinent documentation.

3. Provide a copy of Protocol as signed by *suppliers* to the Indonesian trade unions, the Play Fair Alliance and the National Protocol Committee (It is expected that all supplier factories in Indonesia will sign the Protocol.)

Brands to provide updates as suppliers sign onto the Protocol. This includes providing a copy of the Protocol as signed by each supplier management to Play Fair, the National Protocol Committee and Indonesian unions who have signed.

In order to assess progress made towards implementation of the Protocol across the whole supply chain in Indonesia brands need to disclose names and addresses of all supplier factories.

How often: Immediately upon suppliers signing

In September 2011, we invited our suppliers in Indonesia, including prospective and lower tier suppliers, to a Roundtable workshop to raise awareness of the FoA Protocol. We only have a handful of direct suppliers in Indonesia, and the most significant would be PT Nikomas which had already signed for all its facilities in the June 7 workshop. These suppliers have indicated a positive response to the FoA Protocol, and had expressed willingness to sign.

We continue to engage with the local Core Team on the implementation of the signing with our respective suppliers. However, in the latter part of 2011, PUMA.Safe underwent a major internal restructuring which shifted team members that had formerly been responsible for Indonesia to other duties or leaving Puma, and as such we had not been as active in the local Core Team discussions during this period. We have recently been able to recruit a local team member that will allow us to more proactively participate in the local Core Team and follow up the signing and implementation of the Protocol among our suppliers. We believe that a simplified mechanism has been suggested by the local Core Team and we believe that this would allow for the efficient roll-out of the Protocol starting beginning March 2012 for all the signatory brands.

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4. Include the implementation of the Protocol into contracts with suppliers.

Report to the National Protocol Committee, Indonesian unions and Play Fair on how the Protocol has been incorporated into contracts/agreements with suppliers. Brands should provide quarterly updates about any renewed contracts to report on this step.

How often: Quarterly

Upon entering a business relationship with Puma, contract manufacturers sign a Manufacturing Agreement and a number of key documents that lays out all our business, legal and ethical requirements. These are standardized and apply globally, with specific clauses and documents that require manufacturers to comply with PUMA. Safe Code of Conduct and Manuals of Standards, wherein respect for Freedom of Association and Collective Bargaining is one of the key tenets.

We had recently updated the language of our Manual of Social Standards to more explicitly point out our requirements in various areas, including Freedom of Association. We also believe that the FoA Protocol is a significant achievement in this area, and is in fact a best practice standard that unfortunately is not yet globally applicable as a minimum contractual requirement. As such we believe that the revisions in our Manual of Social Standards are enough guidance for factories in general. The provision of copies of the Protocol and awareness raising activities for suppliers and our Sourcing teams which we had initiated last September and plan to continue are what we believe to be crucial in ensuring implementation of the Protocol with suppliers.

5. Report on number of suppliers who have a Collective Bargaining Agreement on the basis of, or stronger than, the provisions of the Protocol

Parties are obliged to negotiate a CBA within six months of signing. Where there is already a CBA in place in supplier factories, brands can report on any new CBAs that are negotiated and whether they are as strong as the provisions in the Protocol. Play Fair, the National Protocol Committee and Indonesian Unions should be updated about new CBA's every 3 months.

How often: Quarterly

We are open to discuss a transparent mechanism of reporting, which we believe will be discussed again in the next local meetings on the formation of the National Protocol Committee. Though the Brands are the signatories to the National committee and do have a reporting role, once the suppliers have signed into the Protocol the supplier factories should be able to self-report as these CBAs are a joint effort between contract manufacturers and their own unions or bipartite committees.

6. Report on engagement in the National Protocol Committee and support for FOA Protocol committees at the factory level.

Include information about meetings attended – issues resolved at the National Protocol Committee meetings. This should include how the brand has participated in resolving violations of the Protocol. This step will be reported on once the National Protocol Committee and associated Standard Operating Procedure has been established. Brands should report on how they have supported the establishment and running of FOA Protocol Committees at the supplier factory level and how they are supporting factory level dispute resolution processes.

How often: Every six months

Given our new local team placed in Indonesia, PUMA is now better placed to play an active role in the formation of the National FoA Protocol Committee and its Standard Operating Procedure (SOP). We have confirmed that we will be attending the first meeting with the Indonesian trade union groups in February 2012 and we look forward to working with the rest of the local Core Team.

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