

Sustainability Report
perspective



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Mission

PUMA aims to integrate the principle of sustainability into all its activities.

The main losers in today's very unequal world are not those who are too exposed to globalization, but those who have been left out.

Kofi Annan

Executive Statement

With the jumping PUMA on our logo, we understand that the protection of the environment, both product- and production-related, as well as the fair treatment of our suppliers and their employees are necessities on our way to sustainability.

To implement our ethical and environmental values into our business strategy we have developed the **Social Accountability and Fundamental Environmental Standards (S.A.F.E.)** Concept. This concept is based on the pillars of transparency, dialogue, sustainability, social accountability and evaluation. Every supplier is legally bound to follow the strict social and environmental standards detailed in our S.A.F.E. Manual. To keep up with recent scientific developments, this manual was revised in 2002.

Financially the years 2002 and (so far) 2003 have been outstanding for PUMA. In a very difficult market, our solid financial results helped to substantially increase PUMA's share price (by 91% in 2002). Concurrent with our financial performance, our S.A.F.E. Team conducted 381 supplier audits worldwide during the reporting period. 33 factories had to be removed from PUMA's supplier list after they did not respond to several requests to implement the corrective actions suggested by our S.A.F.E. Team. The decision to terminate the business relationship with those factories was certainly not easy, particularly as most of those factories maintained a high standard of product quality. It was, however, a necessary step to ensure the credibility of our social and environmental standards.

We have chosen the rainbow as a symbol for this report, because it is composed of seven individual colors. They stand for PUMA's different efforts in the field of sustainable development. These individual colors, mixed together, will result in the white light, which stands for PUMA's common goal, the integration of the principles of sustainability into all our activities. This white light should also be seen as a sign of moving forward, as progress can only be ensured when all seven colors are mixed in the right proportions, by all parties.

For the preparation of this report, the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines have proven to be invaluable. To avoid overlaps with our Annual Financial Report, but also to keep this report concise and clear, we have concentrated on the issues most relevant to PUMA AG's environmental and social performance. Readers who are interested in additional information are invited to contact us directly at the addresses given on page 43, use the feedback sheet attached to this report or send us a comment via our website puma.com.

Within this report, we did not limit our focus to businesses or sites directly run by PUMA AG, but tried, wherever possible, to include data from our partner factories all over the world. The reporting period covers January 2002 to July 2003.

We were happy to note that PUMA's first report *Insights (2002)* received mainly positive feedback from various stakeholders. We would particularly like to thank the European Business Ethics Network Deutschland e.V. for the award presented to PUMA in 2002 for the development and implementation of the PUMA S.A.F.E. Concept. This award shows us that we are on the right track and one step closer to integrating sustainability into our activities. It will encourage us to strengthen our efforts in this respect.

We at PUMA strongly believe that our financial success and this award did not happen by chance in the same year. On the contrary, in our opinion there is a strong link between the financial success of our company and the observance of strict environmental and social standards. These standards guarantee that employees engaged in the production of PUMA goods are motivated by working in an atmosphere of mutual respect and understanding.



Jochen Zeitz

Environmental Policy

People involved in sports are in direct contact with their environment. As such, environmental protection is of enormous importance to PUMA. It is our aim not only to make the environmentally compatible production of our sporting goods transparent to our partners and stakeholders but also to continuously improve it. We are ecologically and socially accountable to the environment, our suppliers, manufacturers, employees, customers and – especially – the generations to come.

Social Policy

As a global enterprise, PUMA recognizes its responsibility towards the creation of humane working conditions for all employees working directly or indirectly for us.

The observance of human rights at our global production sites is one of our fundamental requirements. Partnerships with our manufacturers are based on mutual cooperation – in turn we expect them to pass on this cooperative stance to their employees. Success and jointly formulated targets can only be achieved on the basis of trust and reliability. Such goals cannot, and must not, be realized on the grounds of exploitative activities such as child labor, forced overtime, or unhealthy and unsafe working conditions.

The most important principle of PUMA's social policy is also our most substantial instrument of control: The Code of Conduct. Our Code of Conduct is currently available in 32 languages and is displayed and accessible at all our production sites worldwide:



PUMA AG

Würzburger Str. 13, D-91074 Herzogenaurach

CODE OF CONDUCT

We at PUMA AG declare our strict adherence to the respect of Human Rights. As such, we share with our partners a commitment to high ethical standards and guarantee the following Code of Conduct :

- **No employment of minors. For this purpose, we consider a minor as one who is below 15 years of age, or the minimum age mandated by the applicable law, or the age for completing compulsory education, whichever of the three is higher.**
- **A workplace that promotes the health and safety of the workers as well as the protection and preservation of the environment.**
- **A normal workweek according to local labor law, up to a maximum of 48 hours, with a limit of 12 extra/overtime hours, including one day off for every seven days worked, as well as overtime compensation policies that are in accordance with local law.**
- **Compensation that is respectful of basic needs and all benefits mandated by law.**
- **Respect and equality, regardless of race, creed, age, sex, social origin, political views, sexual orientation, or position.**
- **A work place where there is dignity and respect, free from any form of forced labor, harassment, abuse or corporal punishment.**
- **Freedom of association and the right to join unions or other work or industry related associations as well as the right to collective bargaining in accordance with local law.**

For details, ask for a full text version of PUMA's S.A.F.E.-Manual, submitted to us by PUMA AG. Alternatively please speak to your work representative.

Brand Mission and Corporate Strategy

Brand

In 2002, we took significant steps towards our goal of being the most desirable sportlifestyle brand in the world by fusing the creative influences from the world of sport, lifestyle and fashion. To achieve this, our brand template emphasizes PUMA's distinctiveness, individualism, spontaneity, internationalism and sporting heritage. An important part of our brand strategy rests on keeping a vigilant watch over our distribution channels and ensuring that we maintain the high level of desirability necessary for sustainable growth. Concurrently, in areas where licensee growth is desired, we will monitor and provide solid guidance to make certain that the brand's objectives and direction are maintained.

Corporate

At the heart of our company strategy is our focus on becoming a more flexible and efficient organization that is fit to thrive in an increasingly dynamic and fast-paced industry. To this end, over the course of the past few years, we have decentralized our structure and worked towards creating the first truly virtualized sports company.

To help manage our matrix organizational structure, we have created the Group Executive Committee, which incorporates brand management, product, finance, growth management, legal and organizational structure into one core body. The resulting cross-functional communication further enhances PUMA's corporate agility. Implementing this nimble structure will enable PUMA to realize efficiencies in areas such as product lifecycle, management and sourcing. The end result should help reduce lead times and costs, while concurrently fostering improvements in quality. These advances are part of a constantly evolving process in which our corporate strategy and structure help us to achieve a competitive advantage.

Complementing the Board of Management, consisting of Jochen Zeitz, Martin Gänsler and Ulrich Heyd, are the additional members of the Group Executive Committee: Antonio Bertone (Brand Management), Peter Mahrer (Central European and International Sales), Dieter Bock (Finance) and Klaus Bauer (Structure and Culture).

Products

PUMA is represented in the market under four product categories: footwear, apparel, accessories and product licenses.

Within Phase III of PUMA's growth plan, our preliminary growth drivers are anticipated to be the apparel and footwear segments.

With the adoption of new technologies, designs, forms and materials, we are trying to create a new product offering that is as unique and distinctive as the PUMA brand.

We expect the apparel category to achieve stronger growth than the footwear sector during 2003, in line with our long-term goal for apparel to reach 40% of sales.

During 2003, PUMA has announced two more licensing agreements for the European market: Schiesser Lifestyle GmbH has been granted the license for PUMA Bodywear and Le Bonitas S.p.A. obtained the license for PUMA Swimwear.

While we will continue to selectively explore new fields of business, PUMA currently covers the essential licensing segments planned to-date and will concentrate on strengthening our licensing business internationally.

Corporate Governance

PUMA AG is a publicly listed corporation with a registered head office in Herzogenaurach, Germany. At present there are approximately 15.85 million shares outstanding, all of which are freely floated.

Shareholders are invited to the annual shareholder meetings, where they have the option to publicly express their opinions, ask questions to the board of management and exercise their voting rights.

PUMA follows the German Corporate Governance Code with two deviations which are published on PUMA's website <http://about.puma.com/>.

PUMA's supervisory board is composed of nine members. Three members are employees' representatives and independent non-executive members. The supervisory board oversees the board of management and is responsible for appointments or dismissals of its executives. The board of management in turn provides the supervisory board with up-to-date information on the implementation of the corporate strategy and targets.

Board of Management

Jochen Zeitz

Nuremberg, Germany
 Chief Executive Officer
 (Marketing, Sales, Finance, Administration,
 Human Resources)

Member of other Supervisory Boards or similar boards:

- Deutsche Bank AG
- Falke KG
- Harley Davidson Europe

Martin Gänsler

Gersthofen
 Chief Product Officer
 (Research, Development, Design and Sourcing,
 Environmental & Social Affairs)

Ulrich Heyd

Nuremberg, Germany
 Chief Legal Officer
 (Legal Affairs and Industrial Property Rights)

Supervisory Board

Werner Hofer (Chairman)

Hamburg, Germany
 Lawyer

Thore Ohlsson (Deputy Chairman)

Falsterbo, Sweden
 President of Elimexo AB, Falsterbo/Sweden

James Douglas Packer

Bellevue Hill, Australia
 Chairman of Publishing and Broadcasting Limited,
 Sydney/Australia

Arnon Milchan

Herzeliya, Israel
 Producer

David Matalon

Beverly Hills, U.S.A.
 President and CEO of New Regency Productions, Inc.,
 Los Angeles/U.S.A.

Peter Chernin

Los Angeles, U.S.A.
 President and Managing Director of News Corporation Ltd.,
 New York, U.S.A. / Sydney, Australia

Katharina Wojaczek (Employees' Representative)

Aurachtal-Falkendorf, Germany
 Works council chairperson

Erwin Hilde (Employees' Representative)

Herzogenaurach, Germany
 Head of Service and Order Processing Department

Melanie Seiler (Employees' Representative)

Lonnerstadt, Germany
 Administrative Assistant

Employees

PUMA's employees are the key to the organization's success. The number of employees rose from 2.012 in 2001 to 2.387 in 2002, an increase of 18.6%. The June 2003 figure of 2.815 employees further illustrates PUMA's growth trajectory.

Staff Distribution by Region:

Europe:	1757.7
Americas:	552.5
Asia:	377.0
Africa, Australia & New Zealand:	128.0

(Source: PUMA Head Count June 2003)

PUMA operates its own apprenticeship program, which included fifteen apprentices and 30 student trainees in June 2003. The cultural diversity of our workforce can be seen at our head office in Herzogenaurach, where we have employees originating from 19 different countries. The female:male ratio at our head office is 52% to 48%, while 14% of our management team are women. Roughly 7% of all employees in Herzogenaurach work on part-time contracts.

PUMA recognizes the importance of lifelong learning and investment in people. As such, training budgets are available for all categories of employees. In the year 2002 the average budget spent on training for the German operations amounted to €420 per employee.

In several countries (Germany, Austria, France and the UK, for example) our employees are represented by workers' councils or workers' representatives. In accordance with German law, the workers' council has the right of co-determination and sends three members to the supervisory board.

Health & Safety

A formal health and safety committee is operating at PUMA's main office in accordance with the relevant legislation. During 2002, in Germany the number of occupational accidents was limited to two cases, while six accidents happened on the way to or from work and one accident occurred during occupational sports.

A similar high focus on health and safety standards at PUMA's suppliers is ensured by the supplier audits included in the PUMA S.A.F.E. Concept.

Anti-corruption policy

We are currently in the process of evaluating the need for a written corporate policy against bribery and corruption.

PUMA's Sourcing Structure



PUMA acts as a holding company for the sourcing organizations World Cat Europe (Germany), World Cat Far East (Hong Kong) and World Cat America (USA). It also holds licensee contracts for selected products and countries, for which it earns royalty income. In the year 2002 the Swedish company Tretorn was integrated.

As shown here, sourcing is carried out by the World Cat Organizations, however licensees also place direct orders to selected, audited and accredited supplier factories. PUMA has outsourced production to independent supplier factories. These are mainly located in Europe and the Far East, but also in North and South America, Africa and the Middle East.



WORLDWIDE:
381 Audits
(January 2002 till July 2003)

Financial Facts & Figures:

	2002	2001	Deviation
Number of employees:	2387 (Dec. 2002)	2012 (Dec 2001)	+18.6%
Net sales:	909.8 M-€	598.1 M-€	+52.1%
Cost of sales (goods, materials and services purchased):	-512.9 M-€	-347.5 M-€	+47.6%
Total capitalization:			
Net-Debt:	Cashposition	8 M-€	
Equity:	252.2 M-€	176.7 M-€	+42.7%
Turn over by region:			
Europe:	634.5 M-€	399.8 M-€	+58.7%
Americas:	208.7 M-€	142.2 M-€	+46.8%
Asia:	47.4 M-€	45.3 M-€	+4.6%
Africa / Middle East:	19.2 M-€	10.9 M-€	+76.1%
Turn over by product segment:			
Footwear:	613.0 M-€	384.1 M-€	+59.6%
Apparel:	238.4 M-€	169.5 M-€	+40.6%
Accessories:	58.3 M-€	44.5 M-€	+31.0%
Profit:			
Gross profit:	396.9 M-€	250.6 M-€	+58.4%
Pretax profit:	124.4 M-€	57.4 M-€	+115.6%
Net Earnings:	84.9 M-€	39.7 M-€	+113.8%

	2002	2001	Deviation
Retained earnings:	126.5 M-€	86.9 M-€	+45.6%
Earnings per share:	5.44 €	2.58 €	+110.9%
Diluted earnings per share:	5.34 €	2.58 €	+107.0%
Income tax:			
Germany (headquarter)	20.7 M-€	4.0 M-€	
Other countries	23.8 M-€	3.6 M-€	
Deferred taxes	- 4.7 M-€	9.7 M-€	
Effective tax expense	39.8 M-€	17.3 M-€	+130.1%
Personal expenses:			
Wages and salaries:	78.4 M-€	65.7 M-€	+19.3%
Social security contribution:	12.1 M-€	8.9 M-€	+35.9%
Expenses for pension plan and other personal expenses:	12.4 M-€	6.6 M-€	+87.8%
Total personal expenses:	102.9 M-€	81.2 M-€	+26.7%
Interest expense and dividends:			
Interest on dept and borrowings:	2.5 M-€	3.6 M-€	-30.6%
Dividends per share:	0.55 €	0.30 €	+83.3%

“The rules of the game”

PUMA's published standards are not just hot air. We have a strong commitment to sustainable development.



Transparency

Transparency

PUMA's aim is to offer our customers high-quality products which are free of substances harmful to people or the environment. Prior to production, PUMA employs independent institutes to test the quality and ecological compatibility of its products. With the help of our environmental and social standards, as well as the publication of sustainability reports, we guarantee the transparency required for a platform of multilateral trust and cooperation between our suppliers, manufacturers, customers and other involved stakeholders.

Too much commendation is often the cause for ruin, criticism the cause for changes.

Anonymous

Reporting

We started in 2002 with our environmental and social report *Insights*. This report was our first attempt to improve the transparency of PUMA's activities.

We decided that we will continue our sustainability reporting on an annual basis, because the on-going globalization discussion is constantly evolving and influencing social and environmental issues related to PUMA's business.

Our aim is not only to share positive examples and experiences, but also to include the critical feedback that we receive. Such critical voices are of great benefit.

We also know that we are in an on-going process of developing our standards, implementing them in the factories and learning from our experiences worldwide. It would give a false picture to publish only the positive side of things. Based on our philosophy of openness and transparency we intend to report both our improvements as well as fields where further action needs to be taken.

One example, where critical voices have been raised, was the case of the former PUMA supplier Matamoros Garments, Mexico

On January 13, 2003, a strike occurred at Matamoros Garments, a former supplier of apparel to PUMA's sourcing organisation World Cat America. During and after the strike allegations were made about violations of the PUMA Code of Conduct within the factory and non-payment of wages.

The strike was supported by the Centro Apoyo de Trabajador (CAT), a workers' organization, which aimed to install independent labor unions in Mexico. The CAT informed large NGO's such as United Students Against Sweatshops and the Clean Clothes Campaign, which launched a campaign against PUMA via the Internet. Consequently numerous protest letters, faxes and emails reached PUMA, including a protest letter signed by 17 members of the US Congress.

Transparency

A PUMA investigation was carried out at Matamoros to clarify the issue. The result of the investigation, which included meetings with workers, management and the CAT did not support the alleged violations, but showed a conflict within the factory between the existing workers union (CTM) and the CAT who wanted to form a new, and independent union (Sitemag). It became clear that the reason for the delay in the payment of wages was the unstable financial situation of Matamoros Garments, which was caused by the bankruptcy of a major customer.

PUMA disclosed the results of the investigation and made it clear that it will neither interfere in the fight between the two labor unions, nor keep an independent factory afloat financially.

PUMA engaged in an active dialogue with the Clean Clothes Campaign (CCC) and attended meetings and a press conference initiated by the CCC. Furthermore, PUMA consulted with the German Network of Business Ethics, an organization composed of academics and the business sector. Only when the formation of the new union Sitemag was officially denied by the local labor authorities, and the factory had closed due to its financial problems, did the focus of the NGOs shift from targeting PUMA towards action against the local labor authorities and politicians.

PUMA has committed itself to continue the business relationship with Matamoros Garments, as soon as the factory has fully re-established itself as a functioning business unit.

Suppliers

We expect the same transparency that we provide to our stakeholders from our own business partners worldwide. As described under the chapter *Evaluation* we carry out supplier audits at all direct PUMA suppliers. As such, we aim to implement strategic partnerships with our manufacturers in which transparency and openness are essential factors.

Products

Another aspect of transparency is apparent in the area of our products. To ensure our products are free of any substances harmful to human health as well as to the environment we use independent testing institutes and laboratories. For example, Intertek Testing Services (Hong Kong and Taiwan), Porst & Partner (Germany) and TÜV Rheinland-Brandenburg (Germany) are responsible for independent testing of materials used for PUMA products worldwide. Our product information and labeling policy, as detailed in the PUMA Corporate Identity Guideline, ensures that all legal aspects of product labeling are observed.

Consumers

PUMA's consumer privacy policy guarantees that no customer data is collected, stored, used or distributed by PUMA AG without the prior agreement of the consumer.

In general, the retail sector is our main distribution channel. In most cases, we do not have direct contact to the consumer. For the limited cases when our products are sold in PUMA concept stores or outlets, as well as through telephone or internet sales, it is our strict policy not to distribute private consumer data to any third parties. All employees in our retail, internet and telephone sales teams are instructed to follow this policy.

Dialogue

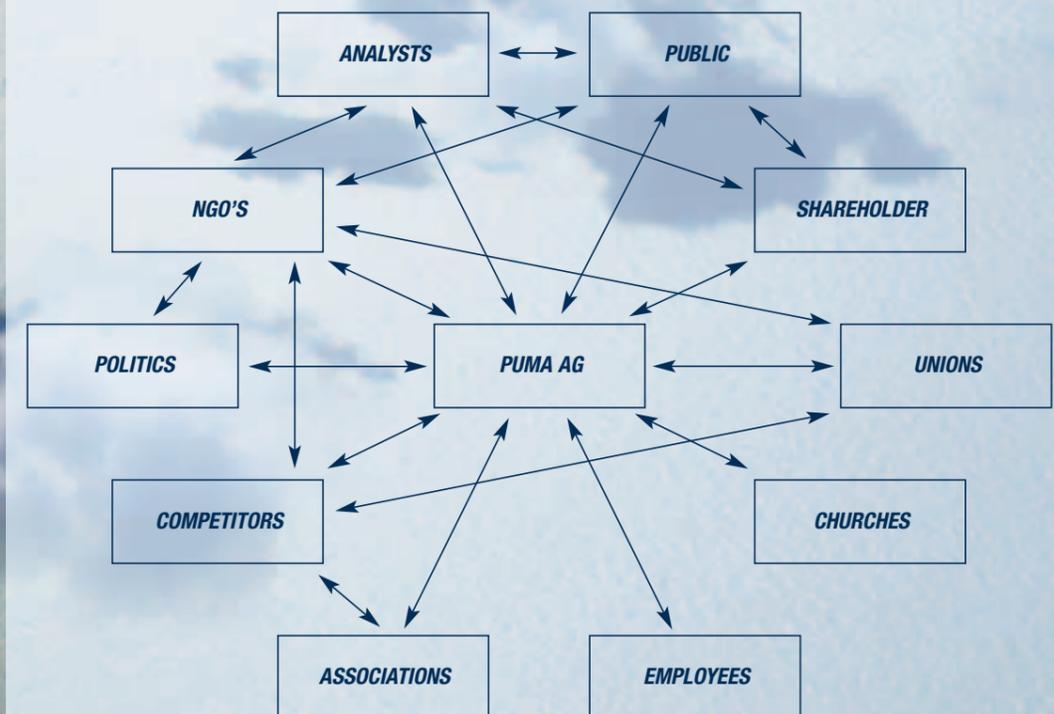
Questions and problems regarding environmental and social matters are best resolved within a team, by way of constructive dialogue. Our commitment is not only a constant exchange of opinions with our partners, but also with stakeholders, shareholders, government officials, universities, industry bodies and Non-Governmental Organizations (NGOs). Such wide-ranging consultation enables us to seek solutions that are valuable to all sides. As a consequence, this dialogue not only leads us towards sustainability, but also towards the constant improvements of our products.

**The road to success is long –
those willing to follow should proceed until the end.**

Anonymus

Stakeholders

As an internationally operating brand PUMA holds the focus of various interest groups and parties. Our aim is to maintain a constant dialogue with all these stakeholders. The purpose of this dialogue goes far beyond simply communicating our efforts in the field of sustainability. On the contrary, we would rather use our stakeholder dialogue for constructive feedback on how others see us and where to set our future targets and priorities.



The figure above displays the multiple links between PUMA and its stakeholders, as well as the interaction between some of those groups.

Dialogue

Contacts

In the year 2002, most communication was with several Non-Governmental Organizations (NGOs) such as the German Clean Clothes Campaign, Hong Kong Christian Industrial Committee, Global Standards Vietnam, and various religious groups.

In addition to this we have met several activists involved in the issue of globalization and social compliance, and had a leading role in congresses such as the globalization congress arranged by the Petra Kelly Foundation and the 'Fit for Fair' congress arranged by the Clean Clothes Campaign. We also shared our experiences at local Agenda 21 group meetings and met with trade unions as well as women's interest groups.

PUMA is an active member of the steering committee of the World Federation of the Sporting Goods Industry (WFSGI) working groups, focusing on environmental as well as social affairs. The aim of these two working groups is to develop sustainable solutions for the sporting goods industry and its partners. PUMA is also a member of the foreign trade organization of the German Retailers Association. From January 2004 onwards, PUMA will become a full member of the Fair Labor Association (FLA). The Fair Labor Association is a non-profit organization combining the efforts of industry, Non-Governmental Organizations (NGOs), colleges and universities to promote adherence to international labor standards and improve working conditions worldwide.

We have cooperated and still cooperate, with analysts evaluating the environmental and social performance of companies. In-house training sessions were recently held at PUMA and World Cat offices worldwide to improve the internal communication regarding our S.A.F.E. Concept.

Worker Statement

LIAO HONG YAN, Female, 20 years old, working at the assembly section of a footwear factory in China

"In latest years, our supervisors' attitudes improved a lot, they will not blame or fine us if we do something wrong or slow, they always intend to teach us how to do our job correctly and faster. We are rewarded even we just make a minor achievement. In the year 2000, our factory replaced the big fans with local exhaust systems at the cementing process, the glues have also been replaced with water based ones last year. You smell, the air quality is very good now, but workers are still required to wear masks all the time."

Stakeholder Statement

Prof. Dr. Andreas Georg Scherer, University of Zürich

"PUMA is taking responsibility for humane working conditions and compliance to social and environmental standards in the company's supply chain. This is an immense task given the fact that PUMA sources from over 300 independent suppliers and manufacturers in more than 40 countries. PUMA has committed itself not only to a well defined code of conduct but was able to implement this code in operational terms so that the status quo and the steps towards improvement in all production facilities can be monitored with the help of the S.A.F.E. Auditing Process. In addition, PUMA has created an atmosphere of mutual trust and cooperative relationships to its suppliers, manufacturers, employees and NGOs. This is an important precondition for the multi-layered learning processes that are necessary to further improve processes and products. Only when concerns are taken serious and voices from various stakeholders are heard constructive solutions to the complex problems of a globalized world can be delivered. It is appropriate to consider PUMA's activities a good example of how a multinational company can engage in partnerships with local businesses, NGOs and stakeholder groups to contribute to the sustainable improvement of working and environmental conditions worldwide."

Results

As a result of the stakeholder dialogue described above we have decided to:

– Intensify the dialogue with NGOs

Our experience has shown that our open and active approach was generally welcomed by the NGOs. However, a need for further and regular contact meetings was identified to maintain a steady discussion and to target sustainable solutions that are suitable for both sides.

– Organize external trainings for workers by NGOs

One point of criticism that often came up in discussions with stakeholders was the lack of independence within our social and environmental management system. Hence we have decided to use independent organizations to train our suppliers' workers in health and safety and, at a later stage, also in labor issues. For this purpose we have identified the Hong Kong Christian Industrial Committee, a Chinese NGO with links to the Clean Clothes Campaign, and Global Standards Vietnam, an independent organization specializing in social issues, as ideal partners. The first training for workers will be conducted in China in August 2003.

– Start a joint project with the CCC

At the 'Fit for Fair' congress in Cologne, PUMA announced its engagement in a joint project with the Clean Clothes Campaign (CCC). While first talks targeted the external verification of PUMA's S.A.F.E. Auditing System, the CCC has most recently moved their attention towards the field of workers' remuneration. PUMA remains open to projects in both areas.

– CoC Round Table discussion

PUMA decided to join the CoC Round Table Discussion, which has been established by the German Government's Federal Ministry for Economic Cooperation and Development (BMZ). They are working in cooperation with Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (GTZ), which is a government-owned corporation for international cooperation. "The aim of the Round Table is the monitoring and verification of Codes of Conduct based on concrete examples; by sharing experience it aims to identify effective approaches to implementation and monitoring." (Source: www.coc-runder-tisch.de)

Social Accountability

The observance of human rights forms an essential part of social accountability. PUMA places the highest of demands on our global production sites. All activities must comply with enacted regulations and be carried out in a manner that does not present health risks. In close cooperation with its manufacturers, PUMA aims to guarantee a socially responsible workplace. The social standards that have been laid down in our Code of Conduct contain the most important social principles and are based on the conventions of the International Labour Organization (ILO).

Everyone is responsible to everyone for everything.

Fjodor Dostojewski

Social accountability means that PUMA shoulders the full responsibility for all our direct and indirect employees. What does the term 'responsibility' imply in detail for PUMA?

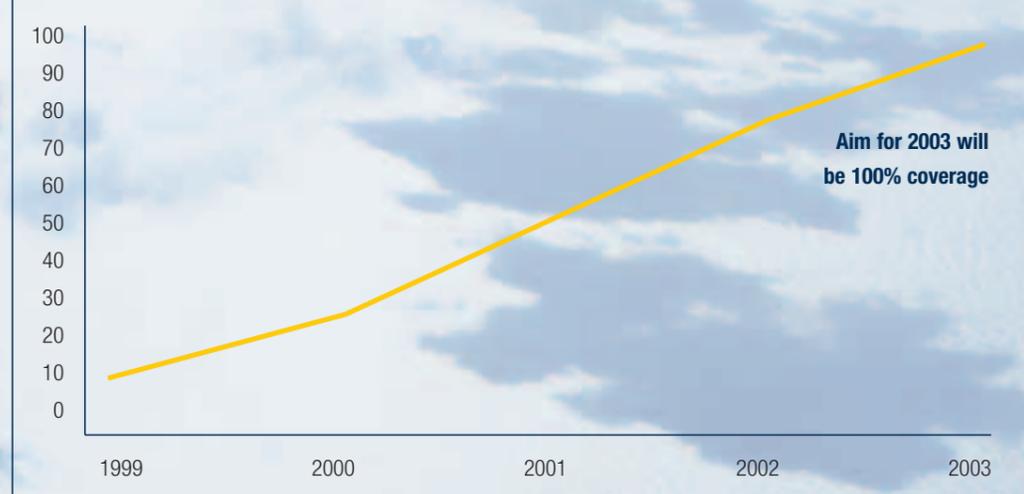
For all employees involved in the production of PUMA goods existing rules and regulations, conventions and laws have to be strictly followed, for example the ILO core conventions 87 (freedom of association), 98 (right to organize), 29 & 105 (forced labor), 100 (equal remuneration), 111 (discrimination) and 138 & 182 (child labor).

Our audits mainly follow international standards, such as the ILO's guidelines and the internationally accepted SA 8000 standard, which was developed by Social Accountability New York, a non-profit organisation. In the area of health and safety PUMA makes sure that international health and safety standards are observed.

PUMA's responsibility is not only in the issuing of a Code of Conduct or annual visits to supplier factories by our S.A.F.E. Auditors, but in acting as a consultant to our suppliers. We recognize that only by acting as a team can we create a win-win-win situation for the factory, workers and the brand. This does not mean that our strict environmental and social standards are optional. We strive for continuous improvements at our suppliers' factories.

In the year 2002 we organized S.A.F.E. Training for our direct employees and also the middle management of vendors and material suppliers (approximately 150) in the Far East. The same training sessions are planned in Europe and the Americas in 2003 (see chart next page).

Increase of the training for PUMA / World Cat staff and factory management (in %)



Furthermore, worker training conducted by NGOs is planned for the year 2003 and beyond.

To ensure that our principles are deeply rooted at our global manufacturing partners and to intensify and optimize the communication flow with the S.A.F.E. Team, we advised our partners to nominate S.A.F.E. Representatives within their factories. By doing so we expect to increase multilateral dialogue and influence the social and environmental management systems in the individual factory. This procedure guarantees that updated standards will always be implemented at the right place at the right time.

S.A.F.E. Team ↔ **S.A.F.E. Representatives**

The regular publication of a S.A.F.E. Newsletter by our internal information management team is another way we are prioritizing environmental and social affairs. This tool will also be used to keep the S.A.F.E. Representatives updated on a regular basis.

Sustainability

It is the integration of the three pillars of environmental, social and economic performance of an enterprise that shows the broader picture. Sustainability is more than the protection of the environment or the monitoring of social standards. We understand it as a social vision that links the actions of the present with the options for future generations.

***We are all passengers aboard one ship, earth,
and we must not allow it to be wrecked.
There will be no second Noah's Ark.***

Mickail Gorbachev

Environment – product-related

We have maintained our product-related environmental standards which include restrictions on substances such as Heavy Metals, Azo-Dyes, Disperse Dyes, Chlorophenols, Formaldehyde and Organotin compounds.

PUMA chooses to apply the precautionary principle as defined by the United Nations Rio Declaration of 1992, which states that a "precautionary approach shall be applied" where there are "threats of serious or irreversible damage" and "lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation". For example, the use of Organotin compounds is suspected to have a negative influence on the hormone system of certain animals. PUMA has arranged a meeting with the association of the chemical industry as well as our competitors to reach a workable solution and establish limit values for PUMA products – even though no legal restrictions exist for these substances.

Another special focus in the area of product-related environmental protection is on the phasing out of PVC for our entire product range. Softeners contained in PVC products have the potential to harm human health and the incineration of PVC, which is the preferred disposal method in many countries, can lead to the creation of toxic Polychlorinated Dibenzo-p-Dioxins and Dibenzofurans.

To date we can say that 98-99% of our products are already PVC-free. We are on track to reach our set target to be 100% PVC-free in Autumn/Winter 2003.

Environment – production-related

With the revision of our S.A.F.E. Manual in May 2002 we increased the priority of production-related environmental protection within our S.A.F.E. Concept.

We included a new section on waste management and recycling. With this new section PUMA's supplier factories not only have to account for the storage, sorting and disposal of their waste while working with PUMA, but are also encouraged to minimize, reuse and recycle their garbage.

To date approximately 70% of our suppliers sort their waste for reuse or recycling purposes.

The main recycling applications are the reuse of textile-fabric waste for other purposes such as filling material in cushions, the recycling of plastic cones used to hold the yarn at embroidery machines, or the recycling of paper and cardboard.

Other production-related sections of the S.A.F.E. Manual cover: Ozone-depleting substances, which are generally excluded from production of PUMA goods; the necessity for proper treatment of wastewater before any discharge into the aquatic environment; and regulations for the storage of liquid substances that may harm the environment.

In footwear production we concentrated on the minimization of the use of Volatile Organic Compounds (VOC's). VOC's are to be found in glues and in solvents, which are often used for cleaning purposes. VOC's pose a health risk to the people working with them and have the potential to harm the environment.

Example: (currently under discussion, to be implemented 2003 / 2004)

By reducing the amount of VOC's in the cementing process of thermal rubber counters (the part inside the shoe that stabilizes its back) from 9.6 g per pair down to 2 g per pair, we could save several tons of VOC's per year. This target will be achieved by applying another cementing process. We believe that this is a very good example of both protecting the environment and caring for our workers' health. At the same time our partner factories will be able to save money once spent on purchasing these VOC's.

While it has proven difficult to replace VOC's in one easy step for some applications, without risking the deterioration of product quality (for example the cementing of the soles of soccer boots), our tests were successful in other areas. For example, for selected factories in the Far East, investigations have shown that in the reporting period October 2002 to March 2003 VOC use could be reduced by up to 38%. The individual departments of all our major footwear suppliers have been asked to record in detail their consumption of VOC's from 2003 onwards. This practice will enable us to find further reduction opportunities and to report the progress made in more detailed and quantitative terms in the future. PUMA's aim is to reach the limit value of 25 grams VOC's per pair of shoes in the future.

PUMA encourages its suppliers to implement environmental management systems. To give an incentive in this respect, companies which hold ISO 14000 (international) or EMAS (European) certificates will be exempt from the environmental section of the PUMA S.A.F.E. Audit, but will still receive the maximum rating for this section.

Sustainability

Limitations

PUMA's sourcing structure, as described under *Corporate Profile*, makes it very difficult to quote precise figures regarding energy consumption or waste creation during the production of our goods. This is the result of the fact that many of our partner factories supply a variety of products to more than one customer and have rapidly changing capacities. Despite this limitation, it would have been possible to include accurate figures for PUMA's offices in Germany, Hong Kong and the USA, but these numbers would not reflect the true environmental footprint of our business activities and could be seen as misleading. Nevertheless we are aware of our responsibility towards the protection of the environment both at our own offices and at our suppliers' factories.

In a first attempt to measure and increase the environmental performance of our partner factories we included a brief environmental section into our S.A.F.E. Audits. In line with the most important environmental impacts identified by us (see above), this section covers the management and recycling of waste, investigates the discharges and treatment of waste water, asks about air quality and guides and controls the handling and storage of chemicals.

Our suppliers are encouraged to implement their own formal or informal environmental, social as well as health & safety management systems, and our S.A.F.E. Team offers guidance and training to succeed in doing so.

One of our targets for the future in the area of production related environmental issues will be to investigate the use of resources such as raw materials, water, energy, the creation of waste and waste water etc. for one specific example for each product range.

Social

The main tool to ensure that our stringent social standards are upheld is the S.A.F.E. Audit. Regular audits are conducted at all of PUMA's direct suppliers and licensees to ensure that the requirements of our Code of Conduct and our S.A.F.E. Manual are met. The S.A.F.E. Audits usually take place prior to production and involve standard questionnaires on social, environmental, health and safety issues; a review of relevant business documents such as payrolls, time records or personal files; a complete factory walk-through as well as interviews with randomly selected workers in a friendly atmosphere and in the absence of the factory management. Union representatives are invited to participate in this procedure where possible.

By carrying out audits at all our direct suppliers, as well as documenting the audit results, we hold our manufacturers accountable for their social performance and at the same time evaluate the social footprint of PUMA.

Audits

A factory will pass a S.A.F.E. Audit if the ranking result of the audit evaluation amounts to 75% or more according to the S.A.F.E. Standards which have been developed based on SA 8000 and ILO regulations. Whenever non-compliance issues are detected in these factories, they are thoroughly discussed with the local representatives and documented in a Corrective Action Plan. The Corrective Action Plan serves as an instrument for documenting conditions that need to improve and also includes a target schedule for implementing these improvements.

Depending on the result of this first visit and the following classification of the factory, re-audits are scheduled after a period of several weeks (C-Factory), one year (B-Factory) or two years (A-Factory). In addition, all PUMA staff working at the factories (for example technicians, quality controllers, etc.) are obliged to follow up and control the improvements made based on the Corrective Action Plan. Any necessary support will be provided by the S.A.F.E. Team.

The roots of our business philosophy are strategic partnerships with the factories in our supply chain. This means that we are committed to follow our part in these partnerships. At the same time we expect our suppliers to contribute by observing our standards. Hence, as a last resort, we will cut off factories from production which are not willing to improve after non-compliance issues have been detected.

Factories are categorized as follows after having passed the S.A.F.E. Audit:

- A** PUMA assesses the category A factory as upholding a very high standard. All required S.A.F.E. Environmental and Social Standards are comprehensively complied with. These factories are subject to routine audits every two years.
- B** PUMA assesses the category B factory as upholding a good to satisfactory standard. Possible non-compliance issues that are of minor importance can be rectified. A follow-up audit will be carried out within one year.
- C** PUMA assesses the category C factory as one maintaining a low standard. One or more serious non-compliance issues (or a number of smaller non-compliance issues) relating to environmental and social standards have been detected during the audit. These non-compliance issues must be rectified immediately, i.e. during the on-going audit or within a period of eight weeks. A second audit will then be carried out, resulting in either a de-listing of the factory from the suppliers list or continued cooperation with the factory, depending on the second audit's results. If no substantial improvements have been realized, the business relationship between PUMA and the factory in question will immediately be terminated. The intention of our audits, however, even in the event of a C-rating, is not to follow a "cut-and-run" policy. Since we regard ourselves as being consultants for our supplier factories we offer them our support at any time. The termination of the business relationship is only seen as a last resort.

Only factories, which have been included in PUMA's auditing program, are entitled to manufacturing PUMA products. This procedure has already been implemented for World Cat factories and will be implemented for licensees soon.

Evaluation

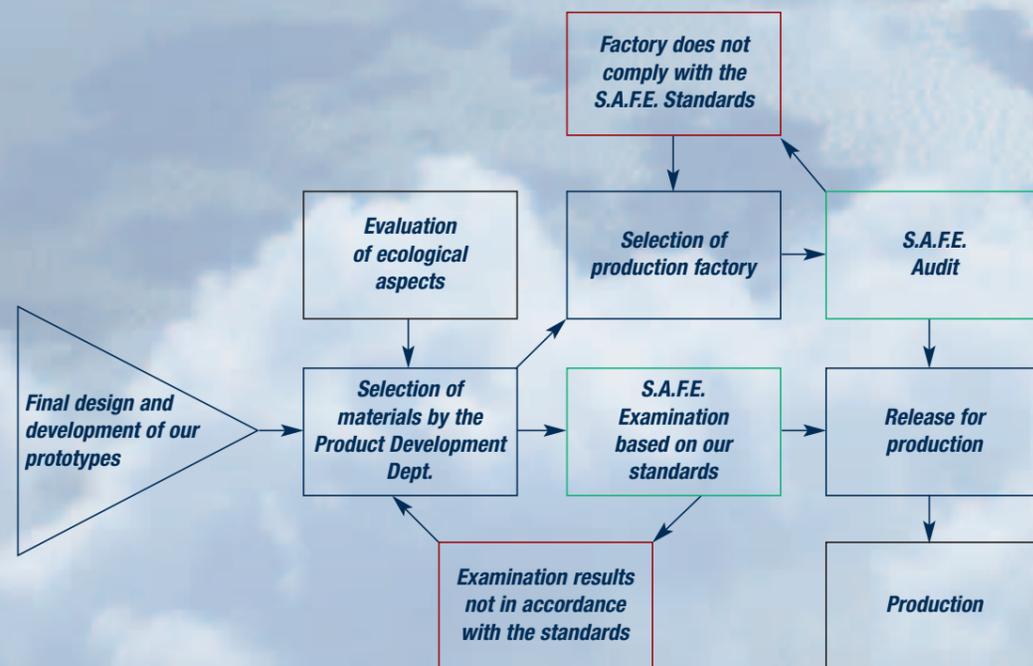
The S.A.F.E. Team's job is to ensure that our environmental and social standards are enforced. Its tasks comprise of the control and monitoring of the environmental and social standards defined by PUMA on the basis of national and international laws. Where there are no obligatory limit values, self-imposed values will be laid down in cooperation with independent auditors. In light of this, the S.A.F.E. Team is more than just a monitoring body – it is also a consulting team.

***One is not only responsible for what one does,
but also for what one does not do.***

Laotse

Integration into our processes

The evaluation of PUMA's stringent social and environmental standards forms an essential part of the S.A.F.E. Concept. Hence it needs to be closely integrated into the development and manufacturing process.



Product Design & Development

Even at the product design and development stage the S.A.F.E. Concept plays an active role. PUMA designers and developers are trained by the S.A.F.E. Team in this respect. Each new material used is subject to external laboratory analysis to determine the presence of any of the "restricted substances" listed in our S.A.F.E. Manual. This list, which has been prepared based on the Eco-Tex regulations as well as self-defined limit values, covers substances harmful to human health or the environment and is permanently updated to cover new scientific developments. Random samples are also taken out of our regular production and analyzed.

In the year 2002 approximately 950 lab tests were conducted for apparel, footwear and accessories. Whilst approximately 98% were negative (i.e. no harmful substances were detected), around 2% of the test results proved positive. For these cases the cause of contamination was investigated and measures were taken to remove the substances immediately and/or to find alternative materials.

Selection of production facilities

Further on in the product life cycle the selection of the production facilities takes place. In this phase, a S.A.F.E. Audit again takes place to ensure all direct PUMA supplier factories comply with our strict environmental and social standards.

New Developments

For the purpose of new developments, a special computerized S.A.F.E. database was implemented in 2002. This database contains basic information, the so-called guidance documents on rules and regulations of the relevant country, as well as audit information for all PUMA supplier factories worldwide.

In the year 2002 we included for the first time the suppliers of our licensees within our auditing scheme. By doing so, the PUMA licensees are free to mandate PUMA's internal S.A.F.E. Auditors or external auditing companies to carry out the required social and environmental compliance evaluation.

Based on this regulation the majority of our licensee factories have been audited and approved by PUMA's S.A.F.E. Team.

Number of S.A.F.E. Audits at World Cat and Licensees (from January 2002 till July 2003)

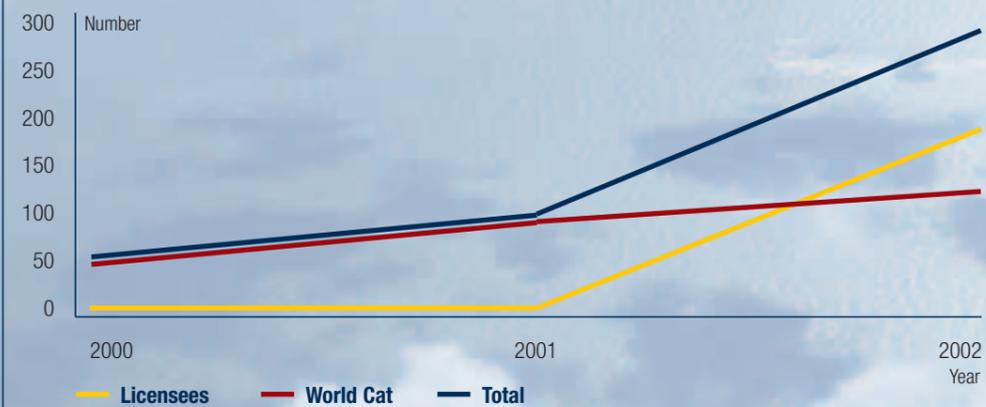
Licensee Audits (Re-Audits)	182 (13)	World Cat Audits (Re-Audits)	199 (25)
Audits (Re-Audits) total		381 (38)	

Evaluation

Results

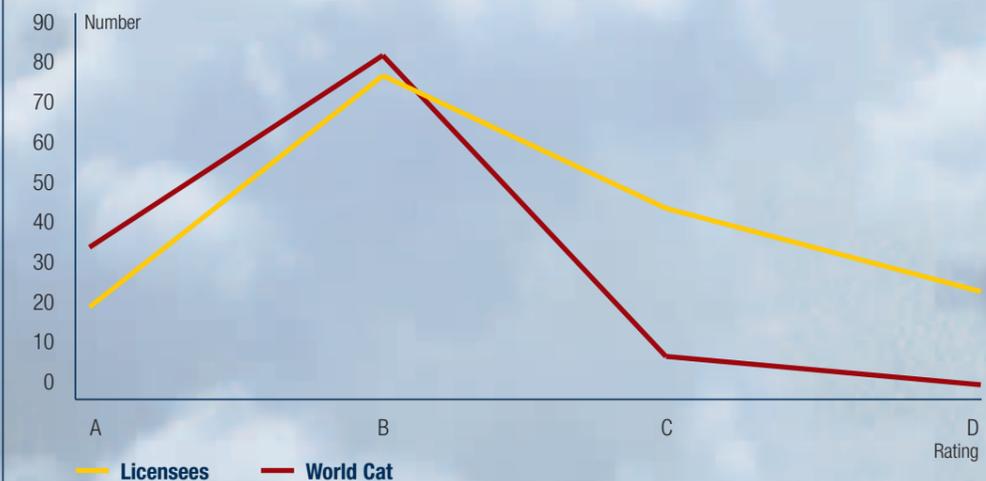
During our reporting period a total number of 381 S.A.F.E. Audits were conducted in 41 countries. For the first time, not only direct suppliers of PUMA AG, but also the suppliers of PUMA's licensees were included in the auditing process. At the end of the year 2002 we achieved a full first audit coverage of all direct PUMA suppliers and licensee factories. For a further breakdown please refer to the figures below:

Development of the number of audits at World Cat and Licensees



The majority of factories visited successfully passed the S.A.F.E. Audit.

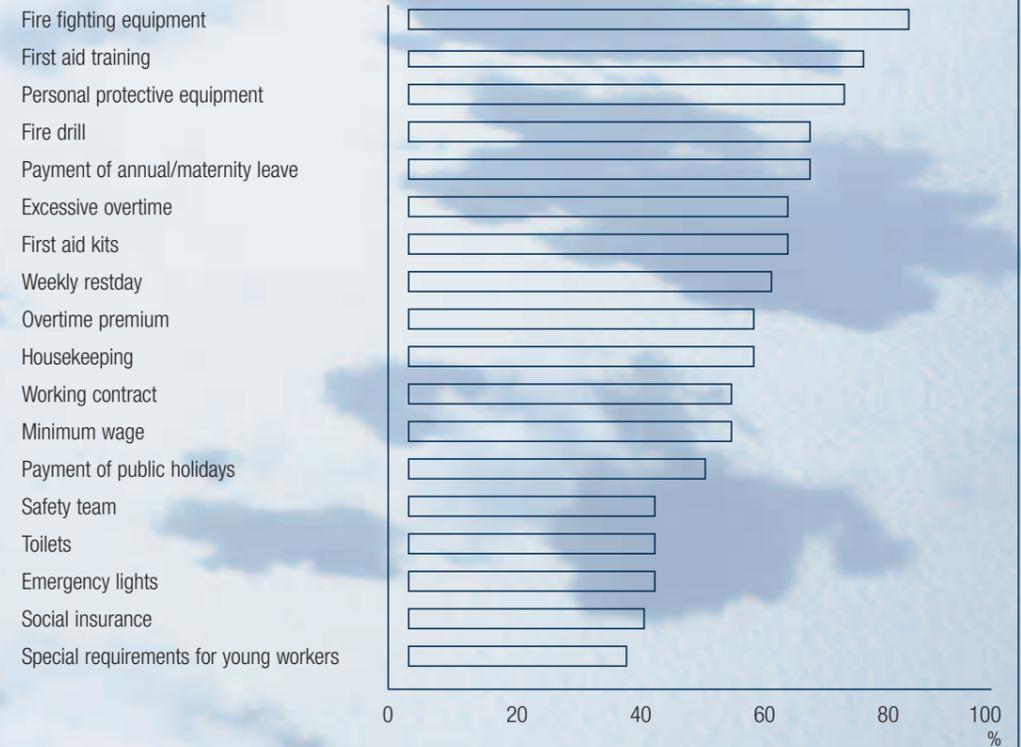
Number of successful audits at World Cat and Licensees by Categories



Shortcomings

When looking at the number of C-rated factories it becomes apparent that there have been some factories that did not comply with our standards.

Main reasons for non-conformance of the S.A.F.E. Standards (in %)



As mentioned before, our S.A.F.E. Team is working closely with these factories on the basis of corrective action plans and re-audits to make sure that the non-conformance issues are resolved.

Re-Audits

On the other hand we were happy to note that during the re-audits conducted in 2002 74% of factories showed significant improvements in their S.A.F.E. Ratings. The remaining 26% either already observed a good standard at the first audit, received an extension for their corrective action plans, or have been removed from our supplier list. This encouraging result shows that we are one step closer to the ultimate goal of the S.A.F.E. Team – to help PUMA's suppliers to develop and implement their own social and environmental management systems. In combination with similar efforts from other brands and industry associations it is also hoped that the export of PUMA's social and environmental standards will have a positive impact within the communities and countries in which our manufacturers operate.

S.A.F.E. Structure

PUMA's commitment to environmental and social responsibility is apparent throughout the different departments and functions within PUMA AG. The name S.A.F.E. and the regulations behind it have become essential parts of PUMA's daily business. The S.A.F.E. Team coordinates the development and communication of our environmental and social standards, and monitors implementation by our suppliers. The organizational structure of our S.A.F.E. Team is displayed below:



Our S.A.F.E. Team currently comprises seven members with different nationalities and career paths as varied as law, engineering, science, accountancy and environmental engineering. Regular meetings with members of the board as well as internal S.A.F.E. Meetings guarantee the communication of experiences and expertise. Internal training sessions and the quarterly newsletter, S.A.F.E. News, keep PUMA's employees up-to-date with the most recent developments in the area of environmental and social affairs. The basic principles laid down in our Code of Conduct are explained in more detail within our S.A.F.E. Manual. This document, which was revised in June 2002, is handed out to all suppliers prior to production and forms a part of the business contract between PUMA and its manufacturers. Furthermore, the suppliers must sign the so-called 'Declaration of Principles'. This document stipulates that our manufacturers are obliged to pass the standards provided in our S.A.F.E. Manual on to all their sub-suppliers. However, the written confirmation of compliance with our standards by way of contract conclusion does not stop PUMA from conducting social audits at our global manufacturers' factories to ensure such compliance.

The S.A.F.E. audits including corrective action plans and re-audits complete the S.A.F.E. Concept in combination with internal and supplier training.

The evolution of the S.A.F.E. Concept as an ongoing process



Focus and Limitations

Due to our international sourcing structure, and as a result of the stakeholder dialogue as described under section *Dialogue*, we have identified the main areas of concern for the S.A.F.E. Team. They are: the observance of human rights and the fair treatment of all employees involved in our production process, the adherence to basic environmental standards during production, and the insurance that no harmful substances are to be found within any PUMA product.

The life cycle for textiles and footwear (textile and footwear chain) and the influence of S.A.F.E.



Awards and Critical Voices

Award

We are pleased to report that in the year 2002 PUMA has been awarded a prize from the European Business Ethics Network Deutschland e. V.

In their laudations Prof. Dr. Steinmann and Dr. Löhr particularly emphasized PUMA's strategy of auditing all suppliers for compliance with the S.A.F.E. Manual's social and environmental standards. They felt that working in partnership with our suppliers, and also eliminating those suppliers who are not willing to cooperate, sets a positive example in the field of corporate social responsibility and also acts as a catalyst for long-term improvements among suppliers.

The award is endowed with € 10,000. Together with an additional donation of € 6,000 by PUMA AG the money was used to build a house for an S.O.S. children's village in Pakistan.

Critical Voices

During the year 2002 the public debate on manufacturing conditions in the sporting goods industry has been on-going. A conference organized by the Clean Clothes Campaign (CCC) in May received much attention from local and national media.

At this conference, PUMA announced – in line with its policy of open dialogue with all interested stakeholders – its willingness to start a joint project with the Clean Clothes Campaign. The first results from this project are expected in 2003, when the workers of PUMA's Chinese footwear suppliers will attend a training session held by the Christian Industrial Committee, an NGO linked to the CCC.

Non-Governmental Organizations have repeatedly criticized internal auditing processes as being less transparent and credible than external audits.

While the effectiveness of PUMA's internal audit program has been proven by the fact that 33 World Cat factories were removed from the supplier list as a direct consequence of negative audit results, we understand, that additional external audits, as requested by some stakeholders, will add value to the credibility and transparency of our S.A.F.E. Program. After having completed the initial phase of internal audits at all our manufacturers, we are now in the process of evaluating how additional external audits could best supplement our internal efforts.

The solution will be for PUMA AG to become a member of the Fair Labor Association (FLA), as they arrange third party audits for a percentage of supplier factories. PUMA will become a member of the FLA from 2004 onwards.



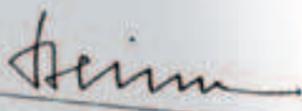
Preis für Unternehmensethik

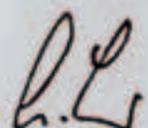
Das Deutsche Netzwerk Wirtschaftsethik - European Business Ethics Network - Deutschland e. V. verleiht den Preis für Unternehmensethik 2002 an die Firma

Puma AG

in Anerkennung ihrer beispielhaften Bemühungen bei der Gestaltung und Umsetzung ihrer Sozial- und Umweltstandards (S.A.F.E. - Social Accountability & Fundamental Environmental Standards).

Herzogenaurach, den 24. Juni 2002


Prof. Dr. Dr. h. c. mult. Horst Steinmann
Deutsches Netzwerk Wirtschaftsethik
Vorsitzender des Preiskomitees


Dr. Albert Löhr
Deutsches Netzwerk Wirtschaftsethik
Erster Vorsitzender

Social

Issue : **Auditing – direct suppliers**
Situation 2001: 95% of all direct suppliers audited
Current Situation: 100% of all direct suppliers audited
Target Situation: 100% of all direct suppliers audited
Comment: Auditing on-going as new suppliers emerge
Fulfilled as of/by: Target fulfilled

Issue : **Auditing – licensee suppliers**
Situation 2001: Preparations have started
Current Situation: 100% of all licensee suppliers audited
Target Situation: 100% of all licensee suppliers audited
Comment: Auditing on-going as new suppliers emerge
Fulfilled as of/by: Target fulfilled

Issue : **S.A.F.E. Standards distributed to all manufacturers, licensees and sub-suppliers**
Situation 2001: 95% of all partners are in possession of the S.A.F.E. Manual
Current Situation: 100% of all partners are in possession of the S.A.F.E. Manual
Target Situation: 100% of all partners are in possession of the S.A.F.E. Manual
Comment: Manual now forms integral part of contractual relationship with partners
Fulfilled as of/by: Target fulfilled

Issue : **Code of Conduct distributed to all manufacturers**
Situation 2001: Code of Conduct currently being distributed to all partners
Current Situation: Code of Conduct poster is displayed and accessible at 95% of all manufactures
Target Situation: Poster displayed and accessible at 100% of all manufacturers
Comment: Code of Conduct has been revised, updated version is currently distributed
Fulfilled as of/by: Old Target fulfilled, updated version of Code of Conduct to be distributed by end of 2003

Issue : **Social standards based on SA 8000**
Situation 2001: Initial procedures for the implementation of SA 8000 standards have begun
Current Situation: Implementation continues
Target Situation: Compliance with SA 8000
Comment: Process on-going; however, audits based on SA 8000 actually not being planned
Fulfilled as of/by: Currently not foreseeable

Issue : **Supplier training**
Situation 2001: Implementation of manufacturer training on social standards had begun
Current Situation: Training measures completed for Far East in early 2003
Target Situation: Knowledge of all social standards of PUMA AG
Comment: Training measures on-going for Europe and America
Fulfilled as of/by: On-going process

Issue : **Re-auditing**
Situation 2001: Selected re-audits had begun, based on S.A.F.E. Rating
Current Situation: Re-audits currently carried out
Target Situation: All factories to be re- audited as required per rating
Comment: On-going process
Fulfilled as of/by: On-going process

Issue : **Introduction of a formalized appeal practice**
Situation 2001: Not existing
Current Situation: Complaints directly addressed to S.A.F.E. Team
Target Situation: Third party complaint system via ombudsman
Comment: Integration in FLA or equivalent system
Fulfilled as of/by: On-going projects

Issue : **Training measures at factory level**
Situation 2001: Started (middle management)
Current Situation: On-going process
Target Situation: All factory management staff will be aware of PUMA's S.A.F.E. Standards
Comment: Training contents will be frequently updated based on new amendments and laws
Fulfilled as of/by: On-going projects

Issue : **External Audits**
Situation 2001: Not existing
Current Situation: Selected factories have been audited externally by ITS Hong Kong
Target Situation: Decision on external auditing to be finalized within 2003
Comment: External audits will be organized by FLA. External audit project with CCC currently in discussion.
Fulfilled as of/by: On-going projects

Environmental

Issue : **Application of Toluene as solvent**
Situation 2001: Toluene was in use
Current Situation: Target fulfilled
Target Situation: No further action required
Comment: Toluene has been replaced by other, less harmful solvents
Fulfilled as of/by: Target fulfilled

Issue : **Application of solvent-based adhesives**
Situation 2001: Problems with finding an effective substitution in soccer boots
Current Situation: Problems still persisting, more research to be done
Target Situation: Complete substitution of solvent-based adhesives with water-based adhesives
Comment: Application of water-based adhesives already successful for some applications
Fulfilled as of/by: On-going projects; time for more investigation needed

Issue : **Solvent application in general, reducing the VOC (Volatile Organic Carbon) index**
Situation 2001: Use of high amounts of VOC for different production processes. Application of solvents in various production processes with varying negative impacts on the environment and workplace conditions
Current Situation: Measures to reduce VOC index in all footwear departments have been implemented. All manufacturers' awareness of this problem raised during S.A.F.E. Audits
Target Situation: Reduction of VOC index in several operation units by changing from solvent-based to solvent-free systems. Target will be 25 g VOC/pair of shoes. Increased safety measures taken by all manufacturers, with workers now either protected by proper masks or a special ventilation system.
Comment: Mobile on-site analysis planned, but not yet applied
Fulfilled as of/by: On-going projects

Issue : **Noise level at supplier factories**
Situation 2001: Partially increased noise level during production with negative effects on working conditions
Current Situation: Inclusion of noise measurements within the S.A.F.E. Audits
Target Situation: Reduction of noise level to a minimum; where this is not feasible availability of ear protection
Comment: At above 85dB ear protection is available at our manufacturing partners
Fulfilled as of/by: Target fulfilled, monitoring on-going

Issue : **PVC-free project**
Situation 2001: Application of PVC in various product areas
Current Situation: 98-99% of our products are already PVC-free
Target Situation: 100 % of our products PVC-Free
Comment: On track to reach target
Fulfilled as of/by: Target will be fulfilled by Autumn/ Winter Collection 2003

Issue : **Collection of all relevant environmental data for model factories**
Situation 2001: New target
Current Situation: Data only available for solvent use
Target Situation: Complete data available for model factories
Comment: Data available by end of 2003, on-going project for the future

Issue : **ISO 14000 Certification**
Situation 2001: Not existing
Current Situation: Encouraging factories to apply; already some factories do have ISO 14000
Target Situation: Formal or informal environmental management system at all factories
Comment: Support will be offered during S.A.F.E. Audits
Fulfilled as of/by: On-going process

January 2002

- New, self-developed software is implemented to start a virtual S.A.F.E. Database
- Audits of licensee factories begin

May 2002

- Updated version of PUMA's S.A.F.E. Manual is issued
- PUMA announces project with Clean Clothes Campaign

June 2002

- PUMA wins the European Business Ethics Network Deutschland e. V. award

November 2002

- New version of Code of Conduct is issued to include statement on forced labor
(this had been included in our S.A.F.E. Manual, but not comprehensively in the CoC)

December 2002

- A total of 240 S.A.F.E. Audits are carried out in 2002
- 85% of in-house staff, as well as external factory management, received training
- Five presentations are given to external parties (Universities, congresses, study groups, NGOs).

The aim of this sustainability report is to communicate to the public, our shareholders and stakeholders PUMA's philosophy in the area of social and environmental affairs and sustainable development, and how we face the corresponding issues on a day-to-day basis.

We are aware of our responsibility as a global player acting in the international arena. This responsibility includes not only our direct employees in our offices and retail stores, but also the many workers who manufacture our products worldwide, independent of their national and cultural origins. PUMA's aim is to create strategic partnerships with our manufacturing companies. This, we believe is the way to achieve success. We stand by it.

We intentionally subtitled this report 'sustainability', since the idea of sustainability has always been integrated into the main aspects of our daily business. This vision is also upheld at our worldwide points of production and will guide our future strategic business decisions.

We know that the road leading to our target is very long. However, each step brings us closer to reaching our ultimate goal. We have already achieved a lot, but we are aware that more progress can be made. This will be our incentive and encourage us to continue following this road.

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Environmental Performance Indicators				
EN 1	Total materials use	Not reported*		
EN 2	Percentage of materials used that are waste	Not reported*		
EN 3	Direct energy use segmented by primary sources	Not reported*		
EN 4	Indirect energy use	Not reported*		
EN 5	Total water use	Not reported*		
EN 6	Land owned, leased, or managed in biodiversity-rich habitats	Not reported*		
EN7	Description of the major impacts on biodiversity in terrestrial, freshwater, and marine environments	Not reported*		
EN8	Greenhouse gas emissions	Not reported*		
EN9	Use and emissions of ozone depleting substances	Not applicable		
EN10	Other air emissions	Not reported*		
EN11	Total amount of waste by type and destination	Not reported*		
EN12	Significant discharges to water by type	Sustainability	24-26	
EN13	Significant spills of chemicals, oils and fuels	Sustainability	24-26	
EN14	Significant environmental impacts of products and services	Sustainability	24-26	
EN15	Product reuse and recycling	Not reported*		
EN16	Fines for non-compliance with standards and regulations	Not applicable		
EN33	Environmental performance of suppliers	Sustainability	24-26	

* For an explanation why those indicators are not included in the report, please refer to *Sustainability*, page 26.

Social performance indicators: Labor practices and decent work			Page
LA1	Break down of workforce by region, employment type	Corporate Profile	11
LA2	Net employment creation and average turnover by region	Corporate Profile	11
LA3	Percentage of employees represented by employee representatives by region	Corporate Profile	11
LA4	Policy and procedures involving information, consultation and negotiation with employees over changes	Corporate Profile	11
LA5	Practices on recording and notification of occupational accidents and diseases	Corporate Profile	11
LA6	Description of health & safety committees	Corporate Profile	11
LA7	Standard injury, lost days and absentee rates	Corporate Profile	11
LA8	Description of policies and programs on HIV	Not reported	
LA9	Average hours of training per employee	Corporate Profile	11
LA10	Equal opportunities policy	Code of Conduct, Corporate Profile	7, 11
LA11	Composition of senior management	Corporate Profile	10-11
Social performance indicators: Human Rights			
HR1	Description of policies, guidelines, corporate structure with regard to human rights	Policy Statements, S.A.F.E. Concept	6-7, 32-34
HR2	Evidence of consideration of human rights impacts as part of investment decisions including suppliers	Sustainability, S.A.F.E. Concept	27, 32-34
HR3	Procedures to evaluate and address human rights performance	S.A.F.E. Concept	27, 32-34
HR4	Description of global policy preventing discrimination	Policy Statements	6-7
HR5	Description of freedom of association policy	Policy Statements	6-7
HR6	Description of policy excluding child labor	Policy Statements	6-7
HR7	Description of policy to prevent forced and compulsory labor	Policy Statements	6-7
Social performance indicators: Society			
S01	Policies to manage impacts on communities	Not reported	
S02	Policies and procedures addressing bribery and corruption	Corporate Profile	11
S03	Policy for managing political lobbying and contributions	Not reported	
S04	Awards received relevant to social, ethical and environmental performance	S.A.F.E. Concept	34-35
Social performance indicators: Product Responsibility			
PR1	Description of policy for preserving customer health and safety	Transparency, Sustainability, S.A.F.E. Concept	18, 24, 32-34
PR2	Product information and labeling	Transparency	18
PR3	Consumer Privacy	Transparency	18

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