

The central objective of PUMA's corporate strategy is to become the most desirable Sportlifestyle brand in the world. To accomplish this goal, PUMA aims to achieve desirability by combining design and innovation, a clear distribution channel strategy, and brand building marketing initiatives.

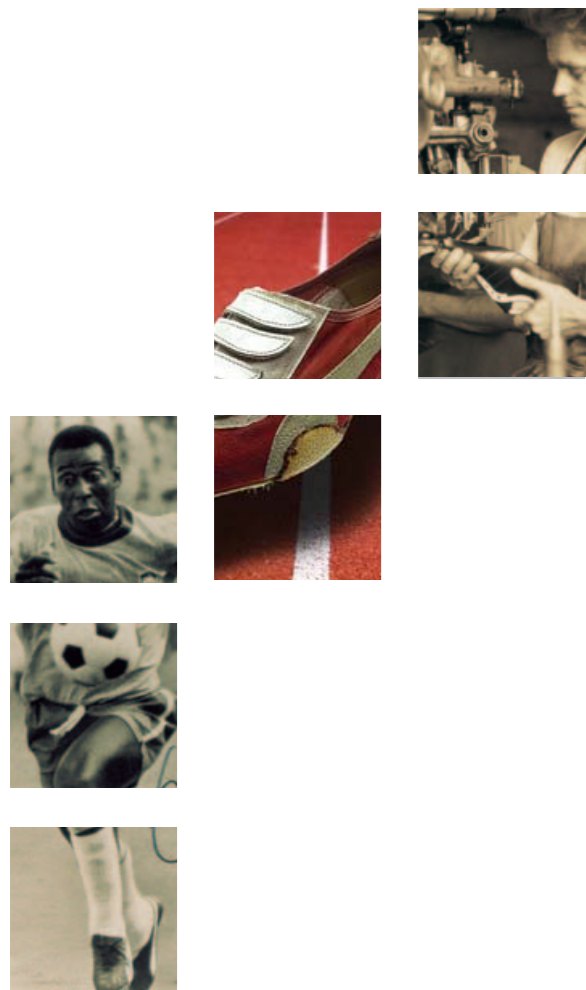
Innovation has been a constant throughout PUMA's history and a cornerstone of PUMA's growth over the past several years. By incorporating diverse sport and lifestyle influences into our products and by always asking ourselves how can we do things differently, we have forged a unique look and aesthetic identity. And to help ensure that PUMA continues to develop fresh and exciting product, we have adopted an organizational structure that is geared towards recognizing and incubating ideas throughout the company. The result should always be truly innovative product that reflects our long tradition of top performance combined with distinctive and unique PUMA signature design.

PUMA's distribution is equally important in contributing to brand desirability by making sure the right products get to their targeted consumers in the proper channels. Our distribution system also works together with product lifecycle management that enables us to control brand visibility and extend PUMA's market potential.

Desirability is further enhanced by marketing that develops the brand as an icon at the epicenter of sportlifestyle, creating sustainable brand equity.

PUMA supports these efforts with a continuous drive to improve operational efficiency. Our decentralized organization allows for the placement of our competencies in locations where they will be most effective and enables PUMA to realize speed and efficiency throughout the supply chain, and ultimately to better service both our wholesale customers and our end consumers.

MOMENTUM 2004 SUSTAINABILITYREPORT



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Dear Stakeholder,

Questions about ethics in business as well as the social and environmental impacts of a company's actions are considered more and more vital for the success of a company in the long term.

The concept of sustainable development - the term sustainable stands for an economically successful and ethically responsible society as well as an intact environment - highlights the need to focus equally on social, environmental and financial aspects in our day-to-day business.

More than fifty years ago we decided to use the jumping cat as our logo. Today this animal needs more respect and sustainable protection than ever. We understand the protection of the environment, both production- and product-related, as well as the fair treatment of our suppliers and their employees as necessities on our way to sustainability alongside others.

Sustainability-oriented customers, organizations and financial analysts are increasingly asking us what we are doing in our daily business to ensure that the aspects of sustainable development are covered. These questions are certainly appropriate.

With this new report you will find our answers covering social and environmental aspects. From our product-related report "Insights" (2001) to our first sustainability report "Perspective" (2003) we have gone a long way to issue this third report: "Momentum". We have chosen the title "Momentum" because it shows our movement towards increased social and environmental care. This action has included, for example, the phasing out of harmful substances and auditing and reauditing nearly all our suppliers worldwide for their social, environmental, and health and safety performance. Based on our previous audit experience, we reworked the audit methodology and our internal rating system to include some aspects previously not covered. In January 2004 PUMA joined the Fair Labor Association as a graduating member in order to provide independent and external monitoring activities. We invited our stakeholders to two annual multi-stakeholder conferences and issued a new company-wide Code of Ethics to supplement our existing Code of Conduct.

On the other hand our efforts have by no means reached an end. While we work in close cooperation with the vast majority of our suppliers to implement our Code of Conduct, we also have to be honest to ourselves and to our stakeholders. Not all issues have been solved in the way they should have been. But we also recognize an increasing awareness of improving environmental & social standards at our points of production worldwide.

Times have changed rapidly. Unlike in the past, multinational companies can no longer get away easily with ignoring basic standards for business reasons. PUMA welcomes and supports this development.

We are fully aware that sustainable development implies continuous improvement, and the ongoing dialogue with our stakeholders helps us to identify the areas in which our next efforts should be directed.

This report has been prepared in accordance with the 2002 GRI (Global Reporting Initiative) guidelines. It represents a balanced and reasonable presentation of our organization's economic, environmental, and social performance. In our opinion this is the most complete and demanding set of non-financial reporting guidelines. We are proud that PUMA is the first company in the sporting goods sector to prepare a report in accordance with the GRI guidelines.

Finally PUMA would like to thank our key stakeholders for their valuable and professional feedback and input and IMUG* for their independent commentary statement.

Jochen Zeitz
Chairman and CEO, PUMA AG



* Institut für Markt, Umwelt und Gesellschaft

“The product of the mass and velocity of a moving body determines the momentum, an impelling force.” The PUMA AG Sustainability Report 2005 wants to show how we have gathered momentum in the field of Corporate Social Responsibility (CSR).

“One way to keep momentum going is to have constantly greater goals.”

MICHAEL KORDA (EDITOR SIMON & SHUSTER), 1919

Proactively adapting to the challenges of a rapidly changing globalized world, PUMA and its suppliers form, in a figurative

sense, the mass that is driven by velocity. Together we strive for rapid innovation in every sense - social, ecological and economical.

In its bid to be the most desirable Sportlifestyle company, PUMA affirms its corporate values of passion, self-belief, entrepreneurship and openness in its strong sense of social and environmental accountability. Likewise the S.A.F.E. concept builds on the principles of transparency, dialogue, evaluation, social accountability, and sustainability.

The S.A.F.E. concept encompasses issues of human rights, product safety and ecological concerns, and dictates a set of internal standards in effect throughout the supply chain. These standards apply equally to our first-tier suppliers, subcontractors and licensees.

The present report, covering the year 2004, shall give the reader an impression of the means and provisions PUMA uses to fulfil its high standards. Starting with general statements about our policy, we will continue with a presentation of our corporate profile, giving the reader an overview of the brand mission, products, as well as financial facts and figures. After further defining the S.A.F.E. concept, we will then describe our process of stakeholder dialogue. At that point we will introduce Charity Cat, an employee community involvement initiative, and outline our ideas for the future.

We would also like to invite the reader to provide us with comments on this report, either by sending us the attached feedback sheet, or by completing the online questionnaire available in the CSR section of our website <http://about.puma.com>.

A Preface

Sport is a microcosm of life - all principles applying to sport are also of significance for life and society as a whole. We cannot commit fouls in a football game without risking a yellow card, and we cannot throw a boomerang without expecting it to come back. Taking the possible consequences of our behaviour into consideration is what sustainable development as well as sportsmanship is all about. PUMA AG as a sports and lifestyle

company does not only promote the will to win, but also fair play. PUMA AG as a global player not only strives towards immediate economic success, but also toward ensuring its position on the global market on a long-term basis. Human rights and sustainable development are thus not foreign words for PUMA AG but represent a fundamental part of its corporate policy.

Environmental Policy

Each human being is in direct contact with his environment. As such, environmental protection is enormously important to PUMA and also poses challenges ahead. Our aim is not only to make environmentally compatible production of our sporting goods

transparent to our partners and stakeholders, but also to continuously improve our standards. There are four main challenges facing PUMA now:

Fully integrate Environmental Policy into Corporate Strategy

A long-term economic perspective very much depends on our ability to foster the protection of the environment and sustainable development as important parts of our corporate strategy. Eliminating the content of harmful substances in PUMA

products and production, as well as controlling the release of environmentally relevant substances into water, air and soil, are core components in achieving this goal.

Find Win-Win Solutions for both Financial and Environmental Interests

Enforcing the highest environmental standards, both product- and production-related, benefits PUMA economically by keeping PUMA consumers loyal and by generating new PUMA consumers.

Furthermore, the recycling of waste materials as well as using sustainable energy sources can create immediate financial benefits, for example through lower cost of waste disposal.

Better Articulate the Environmental Policy to different levels of PUMA's Organization and Suppliers

Sustainable development cannot be achieved by an individual department or brand acting alone. It requires all the individuals and stakeholders involved to serve a common goal. After clearly

articulating our environmental policy, we must also work together to fulfil our standards. By creating strategic partnerships with our suppliers, we help each other achieve this aim together.

Strive for Continuous Improvement

The protection of the environment is an ongoing process. Continuous improvements are required to live up to our

environmental accountability to consumers, suppliers, employees and the generations to come.

Social Policy

PUMA and its Principles

As a global brand PUMA acknowledges its responsibility towards its customers, employees, business partners and shareholders - in short, its stakeholders.

Manufacturing in almost 50 countries across the world, the implementation and observation of workplace standards as defined by the ILO (International Labor Organization) forms

a core element of our social policy. As the foundation of our S.A.F.E. concept we developed a Code of Conduct as early as 1993.

Following recent developments in the field of corporate social responsibility and after several severe corporate scandals pertaining to corporate governance, as well as with reference to the 10 principles of the UN Global Compact, we have added a Code of Ethics to complement our existing workplace Code of Conduct.

Code of Conduct

PUMA's code forms an essential part of all business contracts and is available in more than 30 languages. It is displayed in every

partner factory across the world so that workers are informed about their rights.

Business Code of Ethics

After evaluating the need for a written corporate policy against bribery and corruption PUMA created the PUMA Code of Ethics last year. This Business Code of Ethics sets out in writing PUMA's

commitment to ethical, individual and corporate behaviour. It lists our most important principles and contains guidelines for the interaction with all our stakeholders.



Brand Mission and Corporate Strategy

Founded in Herzogenaurach, Germany, in 1948, PUMA is one of the world's largest providers of athletic footwear, apparel and accessories. Embodied by cutting-edge design, innovative marketing concepts, unique athletes and teams and a management that is dedicated to constant innovation and change, the central objective of PUMA's corporate strategy is to become the most desirable Sportlifestyle company.

To accomplish this goal, PUMA aims to achieve desirability by combining design and innovation, a clear distribution channel strategy, and brand-building marketing initiatives. Innovation has been a constant throughout PUMA's history and a cornerstone of PUMA's growth over the past several years. By incorporating diverse sport and lifestyle influences into our products and by always asking ourselves how we can do things differently, we have forged a unique look and aesthetic identity. To help ensure that PUMA continues to develop fresh and exciting product, we adopted an organizational structure that is geared towards recognizing and incubating ideas throughout the company. The result should always be truly innovative products that reflect our long tradition of top performance combined with a distinctive and unique PUMA design. PUMA's distribution is equally important in contributing to brand desirability by making sure the right products get to their targeted consumers in the proper channels. Our distribution system also works together with product lifecycle management that enables us to control brand visibility and extend PUMA's market potential.

Products



The course was set for lasting future success as early as 1993; in subsequent years, the strategic development of the brand was implemented by means of systematic corporate planning. In 1993 PUMA CEO Jochen Zeitz introduced a three-phase business plan. In Phase I and II a solid financial footing was established and brand equity was improved. After successfully completing the objectives of Phase I and II, reaching 1 billion Euros in branded sales ahead of schedule, PUMA in 2002 initiated Phase III. The goal of Phase III is to further explore the potential of the PUMA brand by generating desirable and profitable growth.

Phase III was completed on year ahead of schedule in 2005. Plans for Phase IV were announced in July 2005. Following a clear set of guiding principles: Desirability, Sustainability, Product Lifecycle Management, Corporate Values, Organizational Excellence and Value Creation. PUMA will focus on three areas: Category Expansion, Regional Expansion and Non-PUMA Brand Expansion.

However, PUMA also strongly believes that financial success is hinged on the ability to contribute positively to the environment in which the company operates. By investing in relationships and surroundings PUMA is paving the way for long-term growth. As PUMA has demonstrated in the past, its goals are not governed exclusively by financial considerations.

PUMA's unique industry perspective delivers the unexpected in Sportlifestyle footwear, apparel and accessories, through technical innovation and revolutionary design. With clear product and market segmentation, PUMA is able to appeal equally to athletes as well as lifestyle consumers.

Over the years, PUMA has stayed true to its four cornerstones: heritage, sport, technological innovation, and design. The brand brings distinctive designs and a global outlook to each product range by blending influences of sport, lifestyle and fashion. This fusion is known as "Sportlifestyle". PUMA views sport as a philosophy on life - one that emphasizes fitness, wellness and simply living an active life. Since sport can be different things to different people, PUMA approaches it in a greater-lifestyle context, while not compromising performance. This is exactly what the brand means when it speaks of "Sportlifestyle".

Employees

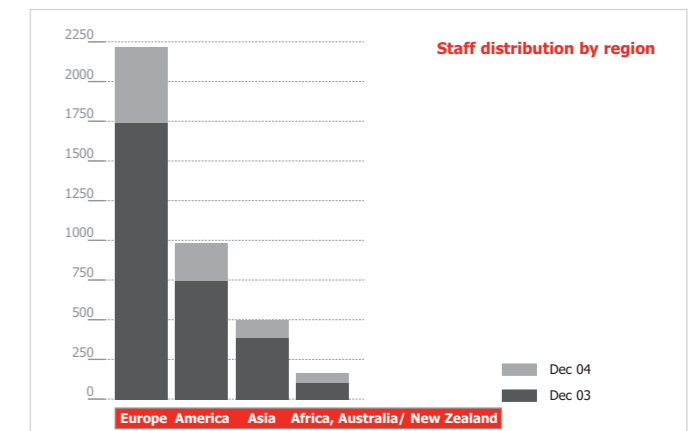
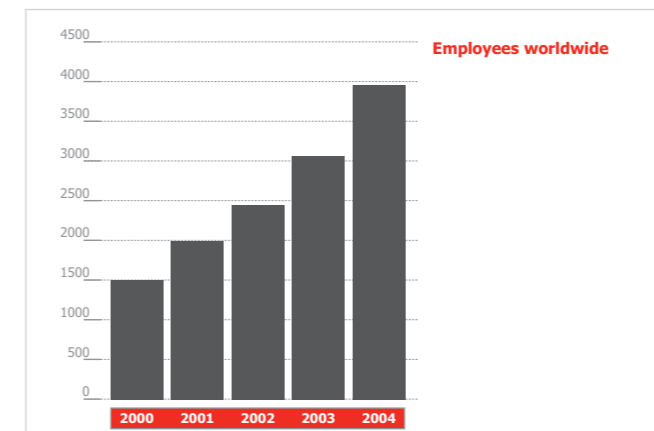
For a Sportlifestyle company such as PUMA with its multi-cultural workforce - even in Germany there are employees with 22 different nationalities - it is vitally important to follow the principles of equal opportunity, respect and tolerance and prohibit discrimination on the grounds of religion, ethnicity or lifestyle. PUMA has a special company policy to support the employment of handicapped persons and an ombudsman is elected regularly at our head office to represent disabled employees.



Labor/Management Relations

In several countries (e.g. Germany, Austria, France and the UK) 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 two members

to the supervisory board. In 2004 employee turnover at our head office was 5.3% and the female:male ratio was 52.5% to 47.5%, while 14% of our management team are women.



Training & Education

The importance of lifelong learning and investment in people is vital for a powerful and efficient workforce. Training budgets are available for all categories of employees. The average amount of money per employee spent on training adds up to € 400 per year.

PUMA's goal is to recognize and promote the performance and achievement potential of each employee. To this end, supervisors hold periodic performance appraisal meetings with employees to evaluate work performance and set goals for the future. The PUMA performance appraisal meeting also forms the basis for determining suitable individual training needs and activities.

In addition to on-the job training, PUMA provides employees with skills upgrade training, for example enhanced communication, presentation and intercultural skills. Moreover, PUMA offers the opportunity to take part in language classes and product training.

We encourage our employees to expand their qualifications and knowledge through tuition assistance for "job-related" or "job-relevant" external courses.

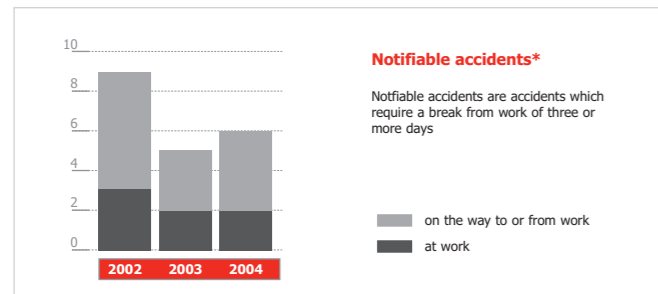
The basis for success within a highly competitive world is to invest in motivated and talented employees. Therefore, PUMA employs apprentices, interns and trainees.

Health & Safety

Within the PUMA group, company physicians and specialists for job safety advise and support the management in planning, executing and maintaining industrial premises as well as design of workplaces.

Worldwide, we encourage our employees to follow a healthy way of living and therefore offer a variety of programmes. They are defined according to cultural and national circumstances. In our headquarters in Germany for example employees have access to a gym and are offered wholesome meals in the canteen. A physical therapist ensures the correct handling of equipment and offers courses to enhance back strength.

Furthermore, a formal health & safety committee including a



*at German Operations



company physician and a health & safety engineer is operating. Health checks are offered by the company physician, accidents are registered, regular meetings are held by the committee and targets are set and monitored. As such, PUMA follows the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases as provided by German Law.

Standard procedures exist in most countries to record and report occupational accidents and diseases. There has been no case of any registered occupational disease at PUMA during the last 10 years.

The importance of occupational health and safety to PUMA reflects in the relevant paragraph of our Code of Conduct. PUMA ensures a high focus on health and safety standards at PUMA's suppliers by the supplier audits included in the PUMA S.A.F.E. concept. Auditors request high standards at the point of production and support factories in developing their own health and safety management systems.

For example, the S.A.F.E. team requires suppliers to install their own health and safety committees (ideally with worker participation) and encourages factories to equip sewing machines with needle guards. With training and a small investment, the apparel factories can prevent the majority of needle injuries.



Needle guard

Corporate Governance

PUMA AG is a publicly listed corporation with a registered head office in Herzogenaurach, Germany. At the end of 2004 there were approximately 16.062 Mio. shares outstanding, all of which were freely floated. (In May 2005 "Mayfair Vermögensverwaltungsgesellschaft mbH" has acquired a total of 16.91% shareholding in PUMA AG Rudolf Dassler Sport.) Annual shareholder meetings are held at the head office, where shareholders have the opportunity to ask questions to the board of directors and make suggestions. PUMA follows the German Corporate Governance Code with two deviations which are published on PUMA's website <http://about.puma.com/>.

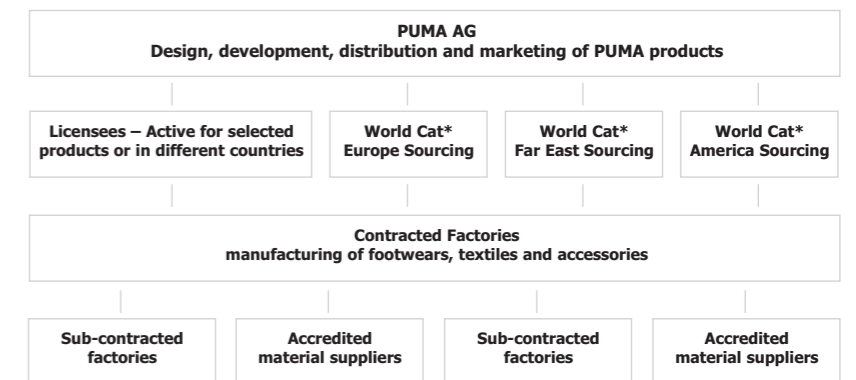
The German Corporate Governance Code (DCGK) sets the significant legal regulations and recommendations for the guidance and monitoring of German companies listed on the stock exchange and includes standards governing responsible corporate management.

PUMA's supervisory board is composed of six non-executive members. Two members are employees' representatives. 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.

The Board of Management and the supervisory board have made the required declaration concerning the recommendations issued by the Government Commission in the German Corporate Governance Code pursuant to Section 161 AktG, and made it permanently available to the shareholders on the company's homepage (www.puma.com).

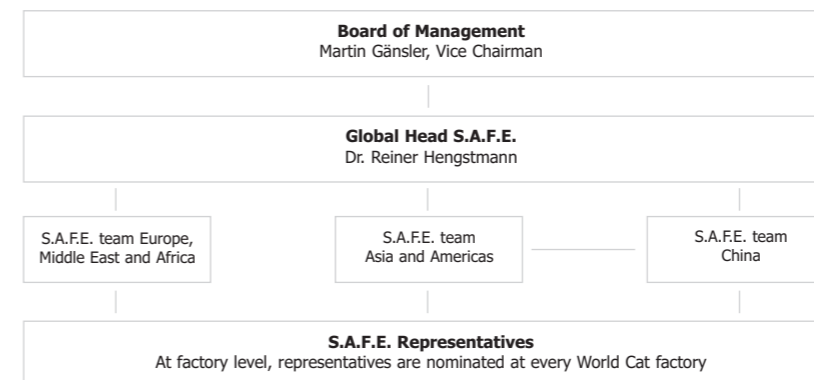
PUMA's Sourcing Structure

PUMA AG acts as the parent company for the sourcing organizations World Cat Europe (Germany), World Cat Far East (Hong Kong) and World Cat America (USA). PUMA also holds licensee contracts for selected products and countries, for which it earns royalty income. Sourcing is generally carried out by the World Cat Organizations, however licensees also place direct orders to selected, audited and accredited supplier factories. World Cat 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.



*World Cat is a 100% PUMA subsidiary

The board of management is regularly updated regarding the latest developments in social and environmental affairs as the graph below indicates.



Financial Facts & Figures

Consolidated Balance Sheet Structure	2004		2003		+/- %
	€ million	%	€ million	%	
Cash and cash equivalents	369.3	39.7%	190.6	27.2%	93.8%
Inventories	201.1	21.6%	196.2	28.0%	2.5%
Accounts receivables	189.6	20.4%	175.6	25.1%	8.0%
Other short-term assets	0.3	0.0%	1.9	0.3%	-85.6%
Total current assets	760.3	81.8%	564.3	80.6%	34.7%
Deferred income taxes	51.6	5.6%	36.5	5.2%	41.6%
Long-term assets	117.7	12.7%	99.4	14.2%	18.4%
Total assets	929.6	100.0%	700.1	100.0%	32.8%
Bank borrowings	12.9	1.4%	16.8	2.4%	-23.0%
Other liabilities	269.8	29.0%	204.8	29.3%	31.8%
Total current liabilities	282.8	30.4%	221.6	31.7%	27.6%
Pension	21.2	2.3%	18.5	2.6%	14.2%
Tax provision	33.7	3.6%	27.1	3.9%	24.5%
Other provisions	53.8	5.8%	49.0	7.0%	9.8%
Provisions	108.7	11.7%	94.6	13.5%	14.9%
Long-term interest bearing borrowings and minorities	2.4	0.3%	0.8	0.1%	196.0%
Shareholders' equity	535.8	57.6%	383.0	54.7%	39.9%
Total liabilities and shareholders' equity	929.6	100.0%	700.1	100.0%	32.8%
Working capital	148.4		155.7		-4.7%
- in % of sales	9.7%		12.2%		

Brand Sales	2004			2003			+/- %
	Worldwide	Licensee	PUMA Group	Worldwide	Licensee	PUMA Group	
	€ million %	€ million %	€ million %	€ million %	€ million %	€ million %	
- by regions							
Europe	1,150.5	57.1%	148.3	30.5%	1,002.2	65.5%	19.8%
America	357.8	17.7%	55.2	11.3%	302.6	19.8%	21.1%
Asia/Pacific Rim	458.8	22.8%	277.8	57.1%	181.0	11.8%	15.9%
Africa/Middle East	49.5	2.5%	4.9	1.0%	44.5	2.9%	43.9%
Total	2,016.6	100.0%	486.2	100.0%	1,530.3	100.0%	19.2%
- by segments							
Footwear	1,127.1	55.9%	115.6	23.8%	1,011.4	66.1%	14.8%
Apparel	710.4	35.2%	294.3	60.5%	416.0	27.2%	22.4%
Accessories	179.2	8.9%	76.3	15.7%	102.9	6.7%	38.4%
Total	2,016.6	100.0%	486.2	100.0%	1,530.3	100.0%	19.2%

Rounding differences may be observed in percentage and numerical values expressed in millions of Euro since the underline calculations are always based on thousands of Euro.

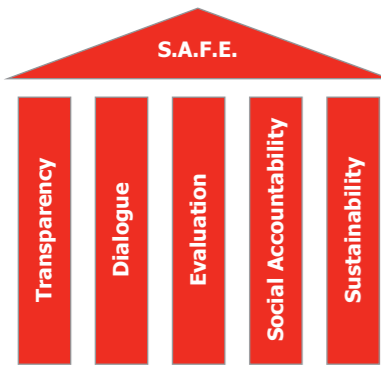
Business Phase	2004	2003
	€ million	€ million
Sales		
Brand sales ¹⁾	2,016.6	1,691.5
- Change in %	19.2%	22.6%
Consolidated sales	1,530.3	1,274.0
- Change in %	20.1%	40.0%
- Footwear	1,011.4	859.3
- Apparel	416.0	337.0
- Accessories	102.9	77.7
Result of operations		
Gross profit	794.0	620.0
- Gross profit margin	51.9%	48.7%
License and commission income	43.7	40.3
Operating result / EBIT	365.0	263.2
- EBIT Marge	23.9%	20.7%
Result before taxes on income / EBT	370.7	264.1
- EBT Marge (Return on sales before tax)	24.2%	20.7%
Consolidated group profit	257.3	179.3
- Marge (Return on sales after tax)	16.8%	14.1%
Expenses		
General and administrative expenses	109.4	91.8
Advertising and selling cost	186.5	158.7
Personnel expenses	157.5	126.6
Balance sheet composition and ratios		
Total assets	929.6	700.1
- Equity ratio	57.6%	54.7%
Net working capital	148.4	155.7
- thereof: inventories	201.1	196.2
Cashflow		
Free cashflow	256.6	107.4
Net cash position	356.4	173.8
Investment (incl. Acquisitions)	43.1	57.3
Additional information		
Orders on hand on Dec. 31	822.6	722.0
Number of employees on Dec. 31	3,910	3,189
Number of employees on yearly average	3,475	2,826
PUMA share		
Price of the PUMA share on Dec. 31	202.30	140.00
Earnings per share (in €)	16.06	11.26
Average outstanding shares (in million)	16.025	15.932
Number of shares on Dec. 31 (in million)	16.062	16.059

1) including sales of licensees

Personnel Expenses	2004	2003
	€ million	€ million
Wages and salaries	124.4	100.2
Social expenditure	18.8	14.8
Expenses for pension schemes and other personnel expenses	14.3	11.6
Total	157.5	126.6

Taxes on Income	2004	2003
	€ million	€ million
Current income taxes		
Germany	33.7	26.7
Other countries	78.7	59.1
	112.4	85.8
Deferred taxes	-0.7	-1.6
	111.7	84.2

Pillars of Responsibility



Encompassing issues of human rights, product safety and ecological concerns, the S.A.F.E. concept is articulated as a set of internal standards in effect throughout the supply chain. In keeping with the adage that "responsibility starts at home", these standards are primarily upheld by the S.A.F.E. Audit Team, a group that monitors partner manufacturers and works with the rest of the company in promoting the S.A.F.E. concept. Recognizing the growing importance of corporate responsibility, we recently expanded the S.A.F.E. team in the Far East by an additional two persons, along with movements of some staff into the core sourcing structure. These movements facilitated further integration of the S.A.F.E. concept into key business processes and reflect the growing importance of the Far East as a worldwide sourcing region.

Transparency

Reporting

In order to demonstrate our accountability to our stakeholders, PUMA published two non-financial reports over the last years. Using the guidelines set by the Global Reporting Initiative (GRI), the latest report „Perspective“ has earned considerable commendation. In 2004 more detailed information was collected, for example on the usage of Volatile Organic Compounds (VOC), as expanded regular monitoring of environmental and product content

took effect. Given that monitoring is inherently an ongoing process, we continue to strive in meeting all the Core Indicators set by GRI in this incarnation of the report.



External Monitoring

To ensure that social and environmental compliance become key components of our business, we opened our operations to external monitoring in 2004 through membership in the Fair Labor Association (FLA). The FLA is a non-profit organization that catalyzes the efforts of companies, non-governmental organizations, colleges & universities in monitoring international labor standards. The FLA conducts random, unannounced external monitoring of up to 5% of a brand's suppliers. Through the FLA, our commitment and implementation of the S.A.F.E. concept was evaluated (see the special chapter on FLA audits, page 33), the results of which have been used to improve our own internal audit process.

2004 was an Olympic year, and PUMA was called upon by NGOs to prove its transparency regarding the human rights and environmental impact of its sourcing practices. The report Play Fair at the Olympics, a joint report by UK-based NGO Oxfam, Global Unions and the International Clean Clothes Campaign focused on labor issues for suppliers of the Olympic Games. We took these comments, sometimes critical, seriously. All issues concerning PUMA had been investigated and acted upon, the results of which were relayed to interested parties. We promptly addressed each inquiry sent in by all stakeholders including NGOs, suppliers, and other partners.

Communications

Internal transparency was also assured through increased publication of the S.A.F.E. News, the internal PUMA newsletter addressing environmental and social compliance issues, to quarterly frequency. The circulation of S.A.F.E. News was also expanded

ed to licensees to ensure that our key business partners are in step with our corporate responsibility. Our recent growth has presented a unique challenge as more people joined the organization, making it imperative to intensify internal communications.

Product

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. We have added SGS and Bureau Veritas to our list of global institutions that test for restricted substances.

Dialogue

In 2004, we proactively sought venues for dialogue with stakeholders. We focused on stakeholders who we believe to be credible experts in their field of interest and who are most relevant to PUMA. In particular, we initiated major engagements throughout the year by bringing together key players in social and environmental compliance within our own structure and with external stakeholders. Increased participation by parties that normally wouldn't have had the chance to constructively interact, such as non-governmental organizations (NGOs) and factory managers, marked these dialogues. This inclusiveness and openness has become the standard in all stakeholder engagements that we organize.

In April 2004, PUMA became the first sporting goods company to meet with the organizers of the Play Fair at the Olympics Campaign to share the results of internal investigations as well as to discuss areas for cooperation and improvement. This round-table discussion was a milestone in PUMA's efforts toward harmonious and productive engagement with its stakeholders. Convened by the Fair Labor Association (FLA), topics discussed included steps in increasing S.A.F.E. interview accuracy and worker comfort, the roles of worker committees vs. unions, ensuring that the former do not undermine the establishment of the latter, the possibility of signing an Ethical Purchasing Standards declaration, and the continued use of the FLA as a sectoral solution to workers issues.

In 2004, the S.A.F.E. team held its annual review meeting which was attended by all the brand's Branch Managers and Sourcing Directors. Notably, the FLA and the Hong Kong Christian Industrial Committee (HKCIC) were present to discuss further introduce to S.A.F.E. sourcing practices such as the continuation of trainings and the institution of supplier feedback measures for internal S.A.F.E. audits. We planned increased dialogue between workers and factory management along with production-related environmental monitoring with a special focus on China.

Following our first multi-stakeholder meeting in November 2003, we arranged a second multi-stakeholder meeting at the Banz monastery in Bad Staffelstein, Germany, in late 2004. As with the 2003 meeting, these proceedings were moderated by the German Network of Business Ethics, DNWE. Major suppliers from Asia were in attendance, as well as NGOs like the Clean Clothes Campaign, the HKCIC, Oxfam, the International Textile and Leather Union, the FLA and the International Labor Organization. PUMA Vice Chairman Martin Gänzler and sourcing organizations World Cat Far East and World Cat Europe also participated.

This dialogue highlighted work planned for 2005 and beyond as we shared our strategies leading up to the 2008 Beijing Olympics. Using the Objectives, Strategies, Activities and Measures (OSAM)

framework, the following objectives were deliberated:

- Improvement of health and safety and labor issues in factories
- Increase the involvement of workers in labor issues
- Decrease excessive overtime work
- Improve cooperation with and support of suppliers and encourage them to form CSR partnerships
- Raise awareness and enhance in-house support for S.A.F.E.
- Continue and enhance stakeholder engagement and cooperation
- Increase percentage of A- and B-graded factories and eliminate of C-level factories

In order to effectively achieve these goals, the need to multiply the efforts of the S.A.F.E. team through more pro-active dialogue and activities with NGOs and other interested third parties was recognized. Here, the FLA proved to be an instrumental channel as new partners in compliance monitoring were identified and sought out.

As the dialogue became wider and deeper in scope, momentum was gathered through the participation of the S.A.F.E. team in various CSR conferences. These conferences are viewed not only as a venue to present our progress in achieving sustainable compliance, but these were also viewed as venues for further dialogue and learning. Furthermore, PUMA is a member in the following groups and associations:

- World Federation of the Sporting Goods Industries (WFSGI) - Committee on Environment and Social Issues
The committee's mission statement is to coordinate the activities of the environmental problems related to the industry around the world, to promote WFSGI standards on the ecology within the industry and to gather all information with respects to the ecology regulations affecting the industry
- Local Chamber of Industry and Commerce, Nuremberg, Germany
- The German Round Table on Codes of Conduct - a discussion group between the GTZ (Gesellschaft für Technische Zusammenarbeit), the BMZ (Federal Department of Economic Cooperation and Development), NGOs, unions and companies
- FLA (Fair Labor Association) - as a member of the FLA, PUMA (with its suppliers) is subjected to regular independent and unannounced monitoring visits

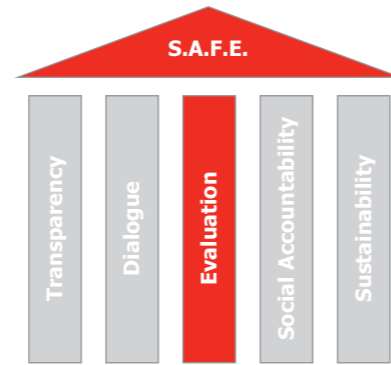


Evaluation

Internal Monitoring Performance

Our growth in the past year was coupled with the widening of the supplier base across Footwear, Apparel and Accessories by 29% in aggregate. In total, there were 337 audits conducted in 2004 compared to 263 the previous year. Of these, 171 were re-audits of factories that have long been part of our active factory list. A separate chapter provides an in-depth look at the results of our internal audits. Our internal S.A.F.E. database contains information on all authorized PUMA suppliers. Starting from 2002, all S.A.F.E.-audit reports are archived electronically in this database which is regularly updated and evaluated. New techniques in social concerns and stricter standards for environmental concerns emerged since 2002, and these changes were introduced into the S.A.F.E. manual, which is distributed to all direct suppliers and licensees.

The S.A.F.E. manual is not merely a book of standards, but also an educational tool to help factories meet international health & safety, labor, and environmental standards. Essentially, this means that this year factories have had to comply with stricter standards than in previous years.



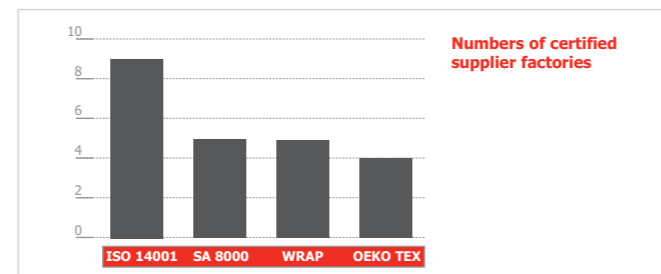
External Monitoring

Our commitment to social and environmental compliance was evaluated this year with mostly positive results. Labor issues were highlighted in reports produced by Oxfam et al. (see Transparency), but also by the National Labor Committee & China Labor Watch, as well as by the Workers' Rights Consortium (WRC). The target factories in these reports, Pou Yuen in China for the former and Lian Thai in Thailand for the latter, were alleged to be noncompliant in several areas including minimum wage, excessive overtime hours, exposure to dangerous chemicals, inadequate food and no freedom of association. All cases were investigated in detail by the S.A.F.E. team. As a learning experience, Pou Yuen has since become more proactive in discussing NGO expectations as indicated by their participation in the Stakeholder Dialogue held in Banz.

With our membership in the FLA, PUMA's own S.A.F.E. system came under review. Independent monitors arranged by the FLA visit factories and assess not only factory compliance but PUMA's own monitoring and remediation processes and results. A separate chapter looks in-depth at developments in this area.

Furthermore, some of our supplier factories have also achieved external certifications for social or environmental management systems, such as ISO 14001, SA 8000, WRAP (Worldwide Responsible Apparel Production) or Oekotex certificates (see chart).

In the area of product safety, Greenpeace included PUMA footwear and perfume in a ranking study that aims to assess the harmful chemical content of everyday objects. We have upheld commitments to remove harmful chemicals from our footwear and perfume ranges, thus earning an amber rating from this non-profit organization.



For Lian Thai, we received allegations of homework. This is a system by which workers take home production and thus become ineligible for protection. We also heard about unilateral changes of company rules that seriously hurt health benefits and other rights. The WRC, the university/college counterpart of the FLA, brought the Lian Thai case to PUMA's attention after not obtaining satisfactory results with another brand to which the factory also supplies. We conducted our own investigation and negotiated twice with factory management to address key issues of freedom of association, collective bargaining, health benefits and policies, and contractual procedure. In cooperation with other key stakeholders, we are still working to bring about improvements in this factory. All suppliers that have been flagged by our external partners are currently employing this degree of remediation.

Social Accountability

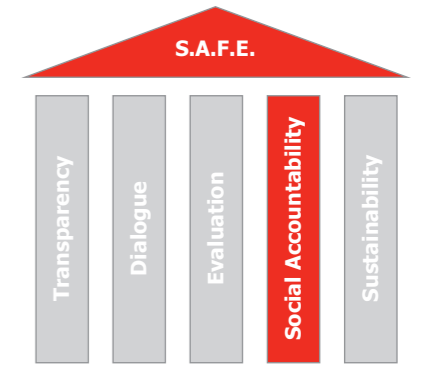
Social accountability implies that we shoulder the responsibility for all our direct and indirect employees working in our contracted supplier factories. In detail this means that existing rules and regulations, conventions and laws must be strictly followed, for example the ILO core conventions 29 (Forced Labor), 87 (Freedom of Association and the Right to Organize), 98 (Right to Organize and Collective Bargaining), 100 (Equal Remuneration), 105 (Abolition of Forced Labor), 111 (Discrimination), 138 (Minimum Age), 182 (Worst Forms of Child Labor). 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 based on the conventions of the International Labour Organization (ILO).

The S.A.F.E. audits serve as the main intervention tool in assessing supplier compliance to social standards. The audits mainly follow ILO guidelines and the SA 8000 standard (developed by the NGO Social Accountability International). In the area of health and safety, we work towards the strict observance of international standards.

Our policy has been to work with all our factories through focused remediation instead of simply dropping them from our active lists. Currently, only factories that obtain D ratings after the initial audits are automatically dropped. However factories caught flagrantly or repeatedly violating our standards and are uncooperative are summarily dropped.

This effort to work with factories, workers and external stakeholders means that the S.A.F.E. team should not only act as auditors but also as facilitators for the healthy exchange of ideas

and also as technical consultants. Given the limitations of the S.A.F.E. team, a major step was taken to multiply our effort by engaging with external auditors from various partner organizations such as the FLA and other interested third parties.



However, it was noted that in some cases the root causes of enduring problem areas tend to remain despite ongoing discussions between S.A.F.E. team members, the internal sourcing department and factory management. Hence we have realized that while monitoring is an important component to measure compliance, preventive and continuing remediation measures are important sustainable means of ensuring supplier compliance to our standards.

With this in mind, we sought participation in industry-level projects that addressed so-called soft concerns such as, for example, freedom of association. In particular, we expressed support for the German Code of Conduct Round Table joint project on improving worker – management dialogue, which will be further concretized in 2005. PUMA also started participation in two FLA projects - Hours of Work Project, which seeks to understand the roots of excessive overtime, and the Sustainable Compliance Project which focuses specifically on China.

Sustainability

The concept of sustainability can be viewed both as a process and as an end in itself. To achieve sustainable development, one must implement responsive and comprehensive systems and processes that constantly strive towards this ultimate goal. To keep momentum going, appropriate structures must be in place. The identification of interim goals in our areas of corporate responsibility must accurately reflect the situation in our markets, our suppliers and within our own sphere of influence.

As a key mechanism in ensuring the sustainability of the S.A.F.E. improvement process, we have designated at all suppliers a Compliance Officer/Representative. This person serves as the main point of contact in the factory and is the primary advocate for the S.A.F.E. concept. These demands require a person that has the requisite influence within the organization to carry out changes in process and goals.

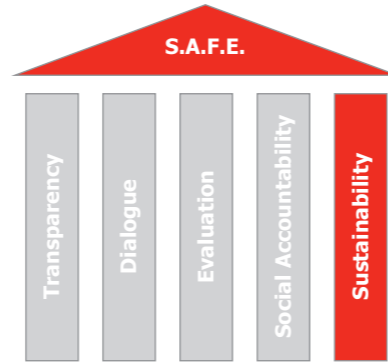
With sustainability as an end in itself, we initiated several projects to ensure that our products have negligible environmental and health impact. We eliminated all PVC from our products. We also joined the industry-wide call against restricted substances through the RSL Steering Group, an initiative of several global acting brands. New product safety standards in Europe, the Americas, and Asia are promptly communicated throughout the supply chain.

Factories in the Far East also committed to a waste management project. This is significant because some countries in the region have yet to fully develop advanced local waste disposal practices. We encourage suppliers with high environmental impacts such as dye-houses, for example, to obtain ISO 14001 certification (internationally accepted environmental management certification scheme). But more importantly we look at how well the factory maintains its commitment to sustainable development through continuous improvement.

Taking sustainability to heart not only involves a few reference projects, but also the inculcation of ecological issues throughout the brand and the supply chain. We began collecting environmental data from our production partners in 2004. As we gain the capability to track our environmental performance, we hope to better understand our environmental footprint at the production side.

Our suppliers need models that have succeeded in some aspects of sustainability at their level and within their local context. Seeking out these model factories has been a major task for S.A.F.E. this year, particularly in our major sourcing areas. Suppliers that employ best practices in all areas of corporate responsibility are virtually nonexistent. Therefore, model factories are assessed on only particular areas, such as environmental management, health and safety or chemical handling.

Sustainable development can only be achieved in a learning environment for all PUMA's stakeholders. It is imperative that capacity building is a sharing of experience among our suppliers. In the area of training, admittedly we have not been very active in meeting the *preventive* needs of workers and factories. However, with the increased breadth of our network, it is targeted that a comprehensive training program would be in effect in 2005 to include social standards training, health and safety aspects and worker-management dialogue.

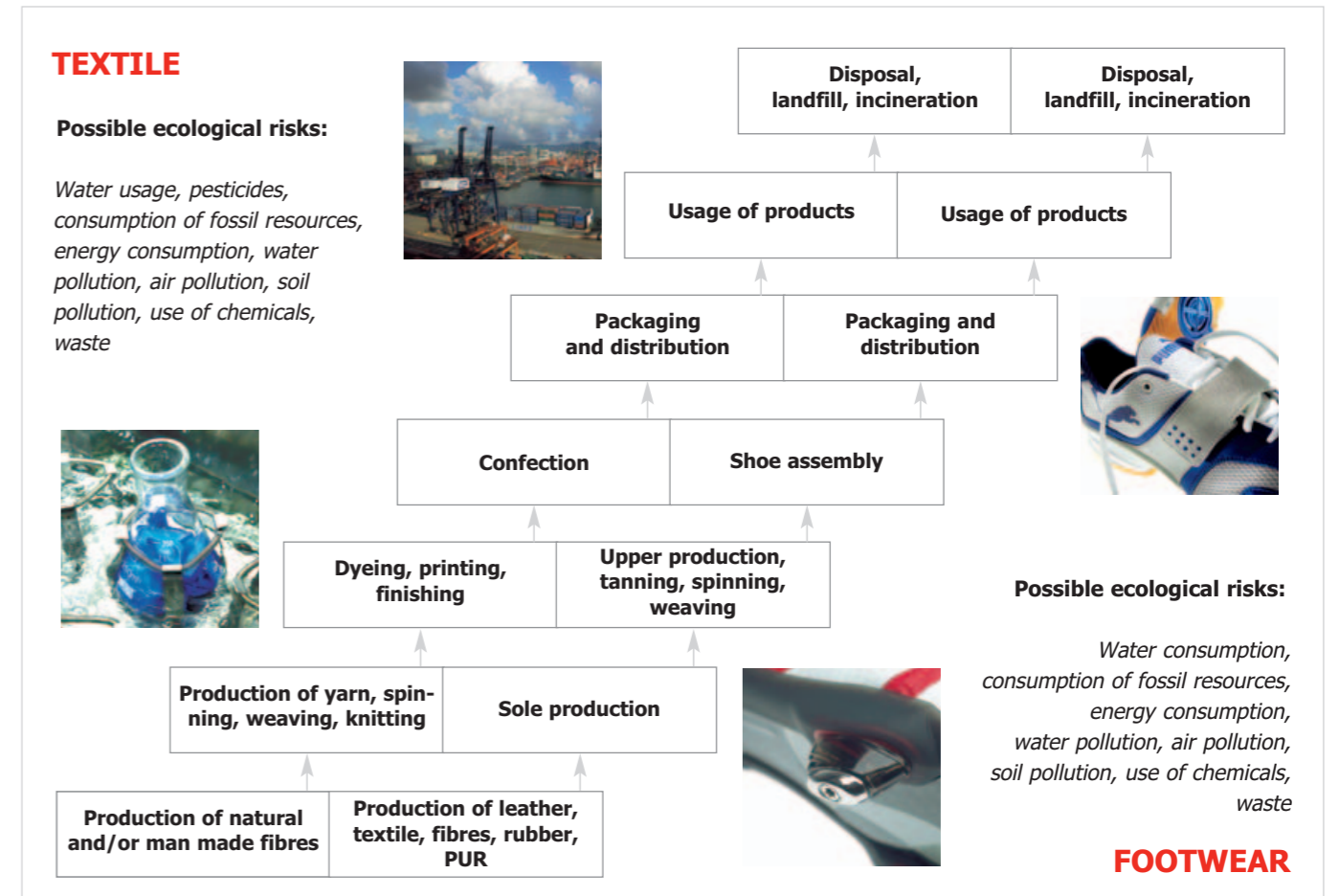


S.A.F.E., Products and the Environment

PUMA's core business is in providing high quality products. Therefore, it is our responsibility that our products, no matter where they are produced, will always have the same quality and will be produced with minimum pollution of the global environment. Due to the fast development of new products and the use of different materials to fulfill customer requirements, and following the precautionary principle, we must be careful that the use of these materials has marginal impact on the environment as well as the human being himself.

In countries like China production capacity is rapidly growing. It is essential that this economic growth is accompanied by suitable infrastructural development including mechanisms to ensure the protection of the environment. The section about environmental protection in our internal S.A.F.E. manual is regularly updated and distributed to our contracted factories. By frequently updating our partners regarding the latest developments with respect to environmental issues, we ensure compliance with all legal requirements and emphasize our long term commitment for sustainable development.

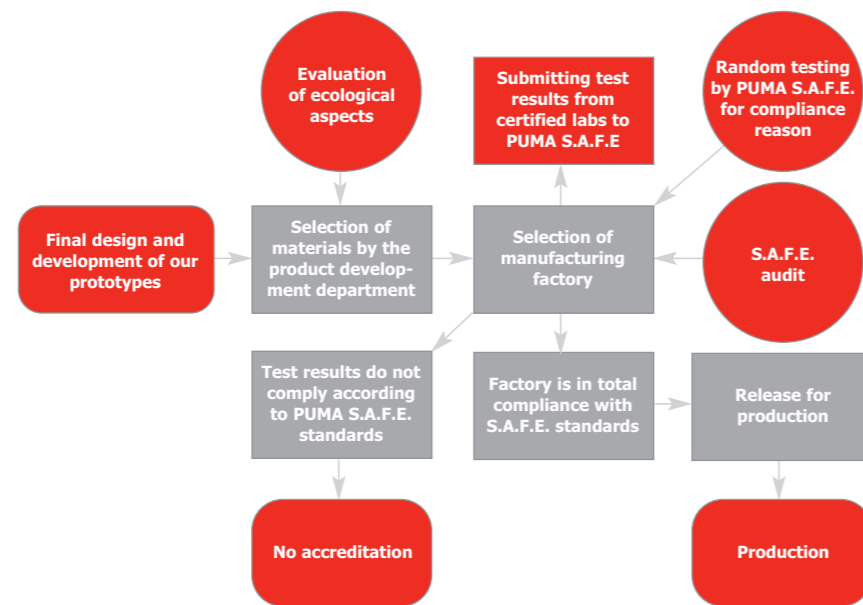
Through the development and the use of innovative materials we hope to achieve sustainability improvements throughout the product life cycle. For example, the manufacturing of pure white cotton, inclusive of farming and the whole cleaning process, involves a substantial amount of chemicals like pesticides and fertilizers as well as a large amount of water (manufacturing one kilogram of pure white cotton requires 3000 litres of water). We started using organic cotton in our Mahanuala product line in 2004. Organic cotton, sometimes called green cotton, is raised without the use of pesticides, defoliants and fertilizers. Roughly 30,000 PUMA items were produced and sold solely from organic cotton in 2004. The further development of our organic cotton project will, however, also depend on consumer demand. To make sure that our globally produced items are free of harmful substances, PUMA's S.A.F.E. influence has to start early in the product life cycle. Before the final material is chosen for production, the corresponding designer, developer and line manager discuss with the S.A.F.E. team product-related ecological issues. Packaging materials, which potentially contribute to waste problems, are also discussed.



When a final agreement between all involved parties is reached, PUMA contracted factories are advised to produce the first product samples following the S.A.F.E. standards. To verify compliance with these standards, factories submit test results covering restricted substances. Furthermore, S.A.F.E. arranges frequent tests at renowned international testing labs such as SGS International or Bureau Veritas to double-check compliance with our restricted substance list. Only when all materials comply with the PUMA S.A.F.E. standards, final production will commence.

In 2004 S.A.F.E. carried out approximately 4,000 tests for different parameters in various materials with a standard margin of error of less than 5%. In case of a failure, S.A.F.E. reacts immediately by locating the problem and looking for ways to solve it.

Based on the experience during the past years, major problems with harmful substances like toxic Arylcompounds, which can be created in the production process of Azodyes (used for textiles), became less important as steps were taken in conjunction with efforts by the chemicals industry to solve this problem. Finally our product related environmental performance and restricted



substance policy were discussed in meetings with experts from Greenpeace and the German consumer magazine Öko-Test. By engaging with external stakeholders also in this field, we aim to identify possible weaknesses of our internal systems and look at options on how we can further improve our existing standard.

Environmental Management at PUMA's Main Office in Herzogenaurach

Although PUMA has completely outsourced production, some environmental aspects are also taken into consideration at our head office in Germany.



With the construction of a new building in 2004, solar panels to collect energy for heating water for bathrooms and showers.

Furthermore, we use energy efficient lighting systems. These include applying energy saving lamps as well as motion detectors which switch off lighting when not needed. Materials with high insulation resistance ensure minimal loss of thermal energy. In this respect, existing buildings were recently refitted with efficient insulation materials.

To save water, all new toilets have been equipped with water stop buttons and all surface water collected from the building feeds back to the natural water cycle.

Waste from our German office is separated by type, including paper, organic waste, glass and other waste. Paper, glass and organic waste are completely recycled.

Production Related Environmental Issues

Periodic audits are done by the S.A.F.E. teams in the factories ensure that production-related environmental issues are considered equally important to product-related questions. The use of chemicals containing harmful substances is limited in the production process and ways to eliminate such substances are constantly sought. Among the programs successfully carried out by PUMA are the elimination of toluene component in all footwear

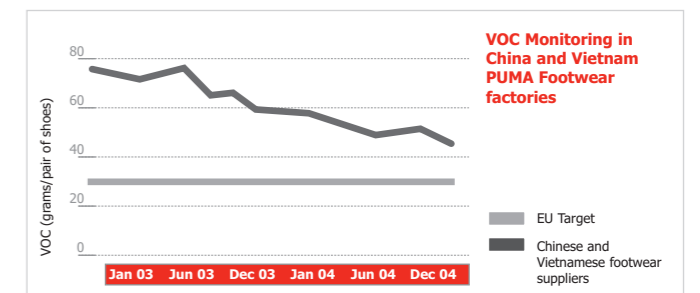
Reduction of VOC in Footwear

The use of VOC, or volatile organic compounds, is common in footwear production. This includes primers, paints, cleaners, adhesives or cements, and solvents in general which have a wide range of health effects. Besides being harmful to human health, the presence of VOC's in the air can lead to respiratory diseases through the creation of ozone.

Therefore PUMA aims to reduce the VOC-content in contracted footwear factories through a special program. Following the EU target for 2007 we strive to bring VOC consumption down to an acceptable level of 25 grams per pair of shoes. From the January 2003 value of 72 grams per pair, the VOC level already dropped to 48 grams per pair in December 2004, an improvement of 33%. Continuous efforts are made through the use of water-based adhesive in applicable processes. Factories started to use hot melt adhesives in processes where it can replace VOC based adhesives.

chemicals and the PVC-free PUMA product program. PUMA's awareness of the negative environmental impact of using PVC led us to act promptly by eliminating it from our products.

Adequate ventilation in the production floor ensures that workers are safe from chemical vapor. Factories are required to measure and comply with legal requirements for all airborne contaminants. Tests are usually conducted by local authorities or accredited local laboratories.



Solid Waste Reduction

S.A.F.E. encourages its contracted factories to have a sound solid waste management program. During every audit, auditors check the factories and, if necessary, support them in finding solutions toward reduction, segregation, reuse and recycling of waste. Solid waste management does not end inside the factory premises and proper disposal routes need to be ensured.

Our goal for the future is a combination of reducing waste in the factories and avoiding toxic substances in general. While following this goal we encourage factories to implement their own waste management system that includes the recycling and reuse of waste. To date 73% of our suppliers segregate waste for recycling purposes, a slight increase since 2003, when we had reported a figure of 70%. The reduction of hazardous production waste and its final elimination is among our long-term goals for the future.

One example for recycling was realized in Ho Chi Minh City (HCMC), Vietnam. PUMA participated in a project initiated by HCMC Student Assistance Center, an organization for disadvantaged students in cooperation with Saigon Paper, a paper manufacturing company in Vietnam. The program aimed to help finance studies of poor but deserving students by arranging waste paper collections from participating companies, and selling to Saigon Paper. World Cat Vietnam Branch launched this project in June 2004 with seven footwear suppliers for PUMA. Moreover, with this program, PUMA and its partners were able to find the best way to dispose paper waste. For the year 2005 and beyond, PUMA is planning a larger scale project in China that aims to cooperate with local government agencies and local footwear factories in the area of waste reduction, recycling, and energy conservation.

Efficient Utilization of Energy and Reduction of Greenhouse Gases Emission

Because PUMA out-sources its entire production to different suppliers around the globe, it is a great challenge to monitor the total energy use and greenhouse gases generated during the production of PUMA products. Although PUMA has some control over quality and part of production, control over the overall operation of every factory is rather limited.

Nevertheless, PUMA encourages all of its suppliers to cooperate in the proper care of the environment. Besides, every PUMA factory is deemed responsible in complying with energy conservation and reduction of greenhouse gases emission. All PUMA suppliers, as energy consumers and green house gas generators, have the obligation to conform with this UN convention.

Reducing Greenhouse Gases Emission

Greenhouse gases constitute carbon dioxide, methane, nitrogen oxides, water vapor and other pollutants in the atmosphere. The most predominant of these gases is carbon dioxide, which is mainly produced by burning fossil fuels like oil to produce electricity or to run motor vehicles. In the Kyoto Protocol it was agreed to reduce emission of greenhouse gases to the atmosphere to at least 5% under the 1990 levels by the period 2008 - 2012.

In line with the PUMA S.A.F.E. manual, PUMA does not allow the use of CFC, halogenated fluorocarbons. These chemicals are known to significantly damage the ozone layer.

Another critical aspect of energy consumption and greenhouse emissions is traffic. To eliminate unnecessary traveling, PUMA has installed video conferencing facilities in all major PUMA offices

worldwide. As of today, there are 19 conference rooms fitted with video conference equipment. Furthermore, in 2004 we measured for the first time our transportation means to get a clear picture in this respect.

Transport Data 2004	Percentage %
Landfreight	10,00
Airfreight	1,34
Sea-/Airfreight	0,67
Seafreight	87,99
Total	100,00

The table above indicates that our airfreight rate represents less than 2% of the total freight. However our aim will be to further reduce the percentage of airfreight as this way of transport is neither environmentally friendly nor economically efficient.



Model Supplier Factory Data

To better understand the environmental impacts of our supplier factories, we collected environmental data for one apparel factory:

Name of Supplier	Erenko Tekstil
Address	Corlu, Turkey
Workforce	200 - 250
Production Capacity	450,000 pieces per month
Certification	ISO 14001, November 2003 to November 2006

In the year 2004 4,301 MWH of electrical energy and 2,266 MWH of energy from natural gas were used for the total energy consumption at Erenko. Broken down to one product this equals to 1.2 KWH / product and 0.28 KG CO₂ per product (including dyeing process and assuming electricity generation is from oil).

Energy Conservation Programs

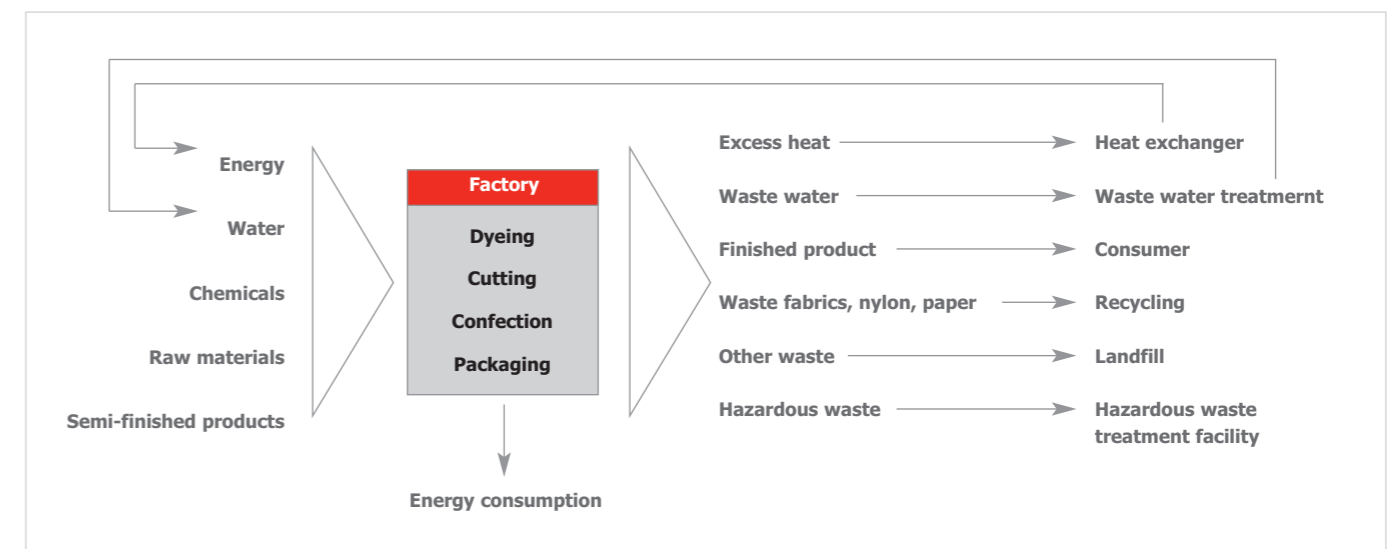
1. Energy recovery from process waste water (See graph below). Process water is pre-heated through a heat exchanger in wastewater sump.
2. Heat exchanger installed in gas chimney to maximize energy recovery.
3. Thorough and periodic maintenance of insulation system of steam, condensate and hot water lines and fittings insuring no heat is lost to the environment.

Carbon Dioxide Emission (per year)

1. Electricity - 1,091,846 KG - 0.20KG/piece of product
 2. Natural Gas - 140,694 KG - 0.08KG/piece of product
- Note: Assuming electricity generation is from oil.*

Other Environmental Data

1. 100% recycling of wastewater (390,360 m³ / year)
2. 100% recycling of solid waste:
 - Nylon 7.56 metric tons
 - Paper 10.32 metric tons
 - Fabric 29.76 metric tons
3. Hazardous waste disposal through Government Hazardous Destruction Factory (İZAYDAS) covering used batteries, broken fluorescent bulbs, toner and waste sludge.
4. Factory free of restricted substances like asbestos, PCBs, mercury, CFCs and other Halon compounds.



To further intensify our understanding of the production-related environmental performance of our suppliers, comparable environmental data will be collected at larger factories as part of our rou-

tine S.A.F.E. audits. In a second step, best practice examples will be communicated throughout our supplier base to achieve sustainable improvements where feasible.

S.A.F.E. and Social Compliance

SAFE Monitoring: Process and Performance

Building a relationship based on trust, integrity and expertise with our partners underpins the SAFE audit and monitoring process. SAFE conducts audits with potential suppliers prior to commencing a business relationship. PUMA uses a 4-rank grading system for its SAFE audit, with a factory successfully passing with a score of 85% or more. A factory may be included in our active list despite the results of the audit depending on the supplier's willingness to improve on the deficiencies found as well as the overall health of the business relationship. The ranking system is described as follows:

A - Very good performance. The factory complies with nearly all the required environmental and social standards. These factories are subject to routine audits every other year. These factories have the potential for model/best practice processes in specific areas such as waste management or worker representation.

B - Good to satisfactory performance. Possible non-compliance issues of minor importance that can be easily rectified. A follow-up audit is to be carried out annually.

C - Non-compliant. Serious non-compliance issues regarding environmental and/or social standards were detected during the audit and must be rectified. Depending on the commitment of the supplier and key sourcing staff, a second audit will be scheduled to assess whether there will be continuing cooperation with the factory. Further inaction with corrective measures will result in the termination of the business relationship.

D - Non-compliant, failed. Business relationship does not commence.

PUMA's growth in the past year brought about an overall 28.6% expansion of the supplier base across Footwear, Apparel and Accessories. In total, there were 337 audits conducted in 2004 compared to 263 the previous year covering 37 out of 47 countries all over the world. Of these audits in 2004, 171 were re-audits. Direct suppliers made up 55% of active factories covered in 2004, with licensee or subsidiary factories making up the balance. The SAFE audits screened out 49 factories whose social and environmental performance was highly deficient. These factories were either made inactive or the business relationship never commenced. These represent 69% of all factories made inactive in 2004, indicating that social and environmental performance is as much a key parameter as other business metrics such as delivery time, price, service and quality.

Nevertheless, some of these factories have communicated the desire to improve, so doors remain open. In keeping with our thrust to help our suppliers achieve their social and environmental responsibility, 17 factories (6 direct suppliers, 11 licensees) were given re-audits that were highly remedial in nature with eleven suppliers achieving a satisfactory B rating after an initial D or C rating.

The breakdown below clearly indicates that our regional supplier concentration is mostly in the Far East.

Total Audit Distribution by Region

		Total	Europe	Asia	Americas	Africa
2004	A	45	15	16	9	5
	B	207	38	151	8	10
	C	51	10	37	0	4
	D	34	3	31	0	0
Total		337	66	235	17	19
Percentage			19.58%	69.73%	5.04%	5.64%

These audits covered the majority of our total active supply chain (349 active factories), excluding dropped D-factories and factories that scored an "A" the previous year as well as those that were only used for one season or were located in low risk countries such as Italy or Japan, which were mostly licensee factories.

Breakdown of Factories by Country, Far East Sourcing Area

Country	Product Category	2004										Total					
		World Cat					Licensee										
		A	B	C	D	T	A	B	C	D	T						
Bangladesh	Apparel	3	2			5									5		
	Accessories						1							1	1		
Cambodia	Apparel		4			4		1						1	5		
China	Accessories		13	3		16	1	11	9	1	22				38		
	Apparel	2	15	1		18	1	27	8	1	37				55		
India	Footwear	1	3	2		6		6	1		7				13		
	Accessories							4			4				4		
	Apparel						1	2			3				3		
Indonesia	Footwear						1				1				1		
	Accessories							3			3				3		
	Apparel		2			2		2			2				4		
Japan	Footwear																
	Apparel							1			1				1		
Laos PDR	Accessories							3			3				3		
	Apparel		2			2									2		
Malaysia	Accessories		1			1		1			2				2		
	Apparel	4	4			8		2			2				10		
Pakistan	Footwear								1		1				1		
	Apparel	1	3			4									4		
Philippines	Accessories		1			1									1		
	Apparel							3	3		6				6		
	Footwear																
Singapore	Apparel	1				1									1		
Taiwan	Apparel							2			2				2		
	Accessories	1	7			8		3			3				11		
Thailand	Apparel	3	8			11		5			5				16		
	Accessories		1			1		2			2				3		
Vietnam	Footwear							1	1		2				2		
	Apparel		5			5		1			1				6		
	Accessories		1			1		1			1				2		
	Footwear	1	8			9									9		
Total							17	80	6	0	103	5	81	23	2	111	214

Breakdown of Factories by Country, Region Europe

Country	Product Category	2004										Total			
		World Cat					Licensee								
		A	B	C	D	T	A	B	C	D	T				
Bulgaria	Apparel	3	2			5									5
	Accessories														
Czech Republic	Footwear		1			1									1
	Apparel														
	Accessories														
Greece	Footwear		1			1									1
	Apparel	1				1	1	1					2		3
	Accessories														
Ireland	Footwear														
	Apparel	1				1									1
	Accessories														
Italy	Footwear														
	Apparel	6	7			13									13
	Accessories	1				1									1
Poland	Footwear														
	Apparel		2			2		1					1		3
	Accessories														
Portugal	Footwear														
	Apparel	7	7			14	2	3					5		19
	Accessories			1		1									1
Romania	Footwear														
	Apparel	1	1			2	1						1		3
	Accessories														
Slovakia	Footwear														
	Apparel		3			3									3
	Accessories														
Spain	Footwear		2			2									2
	Apparel							2					2		2
	Accessories														
Turkey	Footwear	1				1									1
	Apparel	14	15			29	3	3					6		35
	Accessories														
UK	Footwear														
	Apparel														
	Accessories	1				1									1
Ukraine	Footwear														
	Apparel														
	Accessories			2		2									2
Total	Footwear		1			1									1
		36	42	3		81	7	10					17		98

Breakdown of Factories by Country, Region Americas

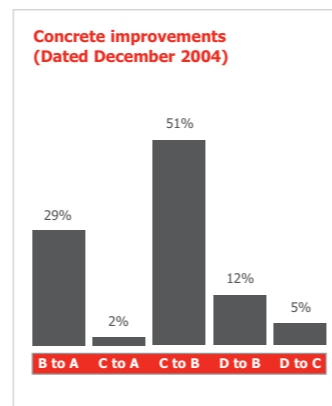
Country	Product Category	2004										Total			
		World Cat					Licensee								
		A	B	C	D	T	A	B	C	D	T				
Argentina	Apparel											3			3
	Accessories														
Brazil	Footwear														
	Apparel														
	Accessories														
Canada	Footwear														
	Apparel	1													1
	Accessories														
Chile	Footwear														
	Apparel														
	Accessories														
Colombia	Footwear														
	Apparel														
	Accessories	1													1
El Salvador	Footwear														
	Apparel	1	1												2
	Accessories														
Ecuador	Footwear														
	Apparel														
	Accessories														
Mexico	Footwear														
	Apparel		2												2
	Accessories														
Paraguay	Footwear														
	Apparel														
	Accessories														
Venezuela	Footwear														
	Apparel														
	Accessories														
USA	Footwear														
	Apparel														
	Accessories														
Total	Footwear														
		3	3	0	0	6	9	5	0	0	14				20

Breakdown of Factories by Country, Region Africa												
Country	Product Category	2004										Total
		World Cat					Licensee					
		A	B	C	D	T	A	B	C	D	T	
Egypt	Apparel								1			1
	Accessories											
	Footwear											
Lesotho	Apparel											
	Accessories											
	Footwear							1			1	1
South Africa	Apparel						1	4			5	5
	Accessories											
	Footwear							1			1	1
Tunisia	Apparel	1	4	1		6						6
	Accessories											
	Footwear											
Morocco	Apparel							3			3	3
	Accessories											
	Footwear											
Total		1	4	1		6	1	9	1		11	17

General Improvements

New techniques in social ratings and stricter standards for environmental concerns have been introduced into the S.A.F.E. manual since 2002. We distributed this manual then to all direct suppliers and licensees. We consider the S.A.F.E. manual not merely as a book of standards, but also a consulting tool to help factories in meeting international health & safety, labor, and environmental standards. This means that this year factories have to comply with stricter standards than with those set in previous years. For example, we now apply severe deductions in the audit rating system for violations against minimum wage provisions. In terms of progress, it is clear that B rated factories grew all over the globe, making up 67% of our active supplier base in 2004. In general, 66% of re-audited factories maintained their initial

ratings, with a quarter of suppliers achieving better rankings. Of those with improved ratings 63% earned B ratings, and 31% achieved an A rating. However, 9% of suppliers, driven by stricter standards for environment, as well as equal negligence in health & safety and social concerns, saw decreased ratings.



Shortcomings

In total, B-rated factories grew by 30%, followed by C-rated factories at 6% and then A-rated factories at 4.7%. Of the regional groups Africa, the Americas and Europe eliminated all D-rated factories. The Africa increased its A-rated factories five-fold, while the Americas increased by 80% (noting however that there were only four active factories in 2003). The Far East retained its number of A rating factories.

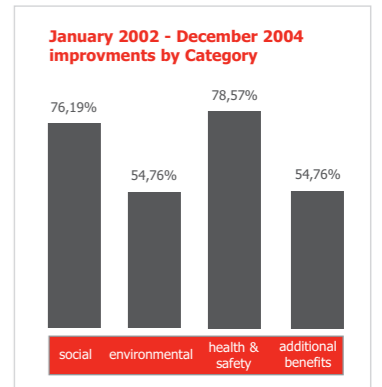
Comparative Growth per Region 2003 vs. 2004

	Total	Europe	Asia	Americas	Africa
A	4%	-31%	0	80%	500%
B	30%	40%	20%	300%	100%
C	6%	-9%	2%	0	300%

Reflecting the challenges of ethical sourcing amidst rapid expansion, several potential suppliers (mostly in the Far East) received D ratings. It is important to note that PUMA's expanding sense of responsibility demanded the exploration of constructive engagement with these factories. Only uncooperative potential suppliers were dropped.

No supplier situation is entirely perfect and some factories have greater strengths and weaknesses in some areas as opposed to others. Overall, improvements were mostly in health & safety and labor issues.

In our previous report, 18 specific non-conformance areas in health & safety and labor issues were drawn from our S.A.F.E. standards and identified as the main reasons behind non-compliance of C-rated factories. Expanding on this method, 25 specific non-conformance areas were identified based on the growing importance of procedural and environmental issues. Noting that there is no perfect factory, these areas were used to screen the most prevalent issues.



Major Non-Conformance Areas

- Excessive Overtime - work beyond legal OT limits/standards
- Rest Day - frequent work on designated rest day
- Minimum Wage - includes minimum wage guarantee for piece-rate workers
- Overtime Pay - computation of OT pay
- Benefits - social insurance, maternity benefits, other legal benefits
- Fire Safety - fire extinguishers, fire exits and signs, etc.
- Housekeeping - general cleanliness
- Personal Protective Equipment - PPE availability and instruction
- Ventilation - air quality
- Electrical - electrical wiring & signs, etc.
- Environment - waste management
- Wage Delay - unreasonable delay in payment
- Salary Computation - standards of computation
- Penalties - restrictions, discipline, etc.
- Health - clinic/first aid-related
- Organization - representation, suggestions and complaints, etc.

Others

- Metal Detector/Broken Needle Record - incomplete/nonexistent
- Payslip - incomplete/nonexistent
- Contract/Evaluation/Discrimination/Documentation - provision of contracts, contents; procedures for recruitment, promotion and non-discrimination
- Drinking Water/Dining - potability, availability
- Chemicals - handling and storage, Material Safety Data Sheets
- Toilets - privacy/adequacy
- Machine Safety - daily maintenance, guards
- Code of Conduct/Factory policies - displayed, orientation to workers
- Young Labor - young labor legal requirements

On a regional basis, there may be differences between same rank active factories that can be attributed to the differences in culture, the legislative and regulatory environment as well as management systems.

Stricter standards resulted in higher incidence of failure areas across the board. Nevertheless, there were obvious areas of improvement such as the use of personal protective equipment and electrical safety in Europe/Africa. The Far East has improved with regard to organization (freedom of association), overtime, rest days, and health.

Active B-rated factories in the Americas have eliminated failures related to benefits, young labor, overtime pay, salary computation and wage delay. Both the B-rated factories in Americas and the Far East have eliminated minimum wage issues from their areas of improvement.

The Americas is the only region with no active C- or D-rated factories. In Europe and Africa there are only few C-rated factories left, which were given the options of improving or else facing elimination from our supplier base. Notably the problem of excessive overtime was not found in these factories. Problems focused more on technical health and safety issues as well as procedural issues, for example incomplete personnel files. In the Far East, in line with being the largest sourcing region, a number of C and some isolated D factories were noted with a variety of shortcomings (see table on page 29). Those willing to improve were given a chance, while a large number of potential licensee factories were ultimately screened out. We are proud to say that child

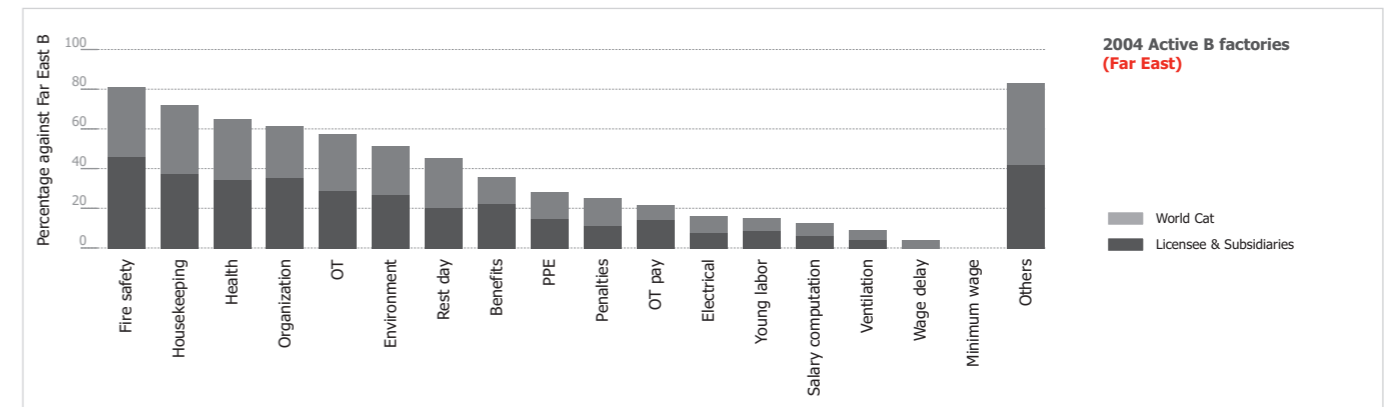
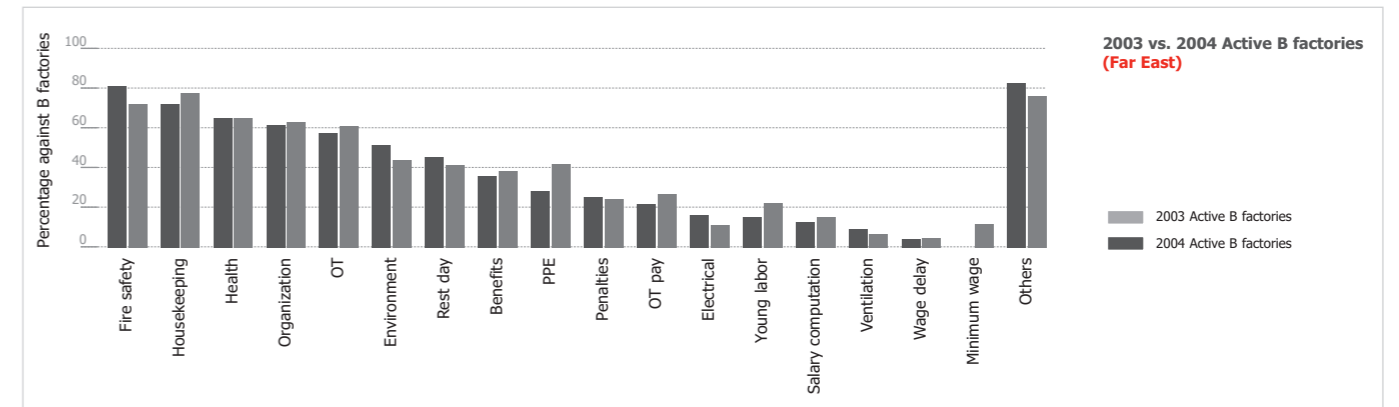
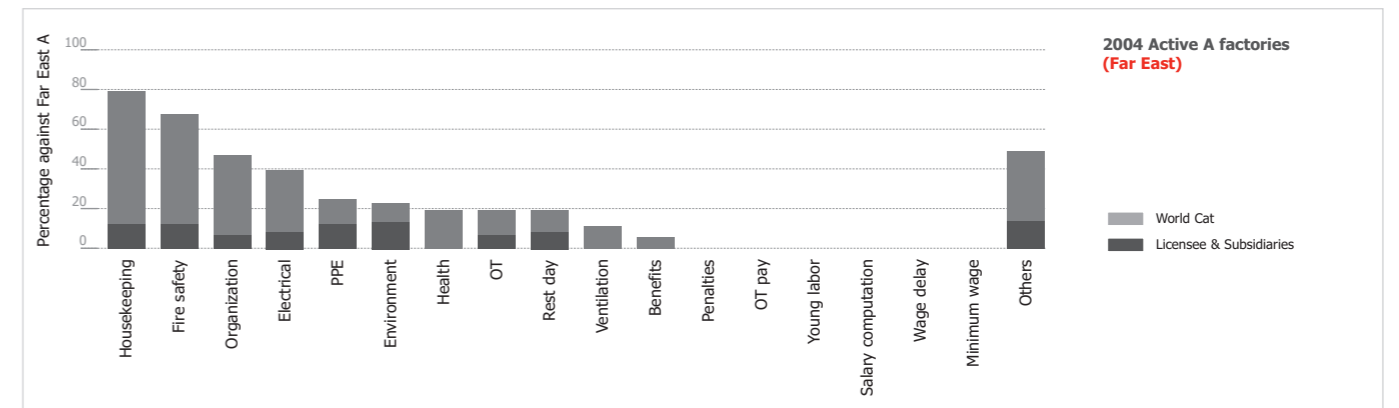
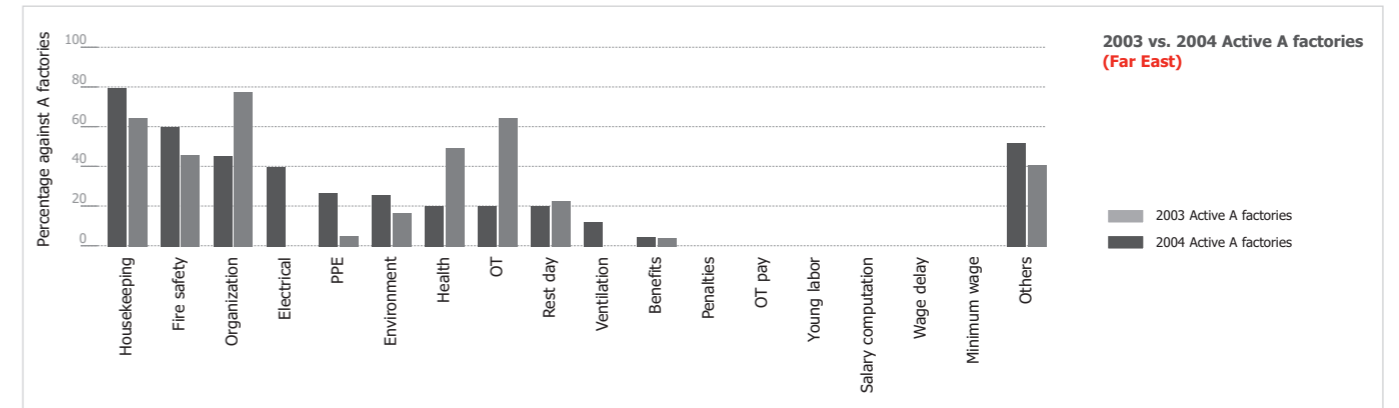
labor has been successfully eliminated from all our suppliers, including those rated C or D.

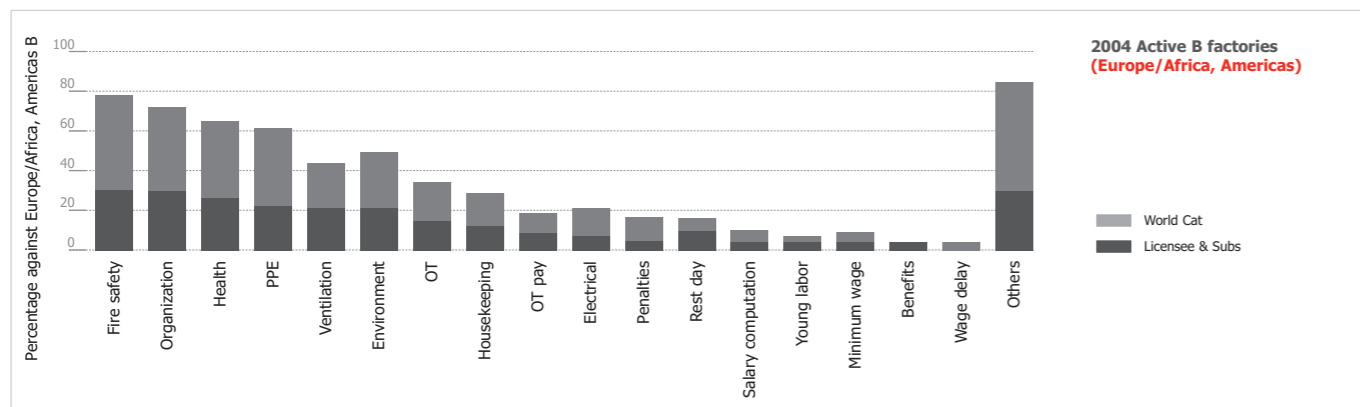
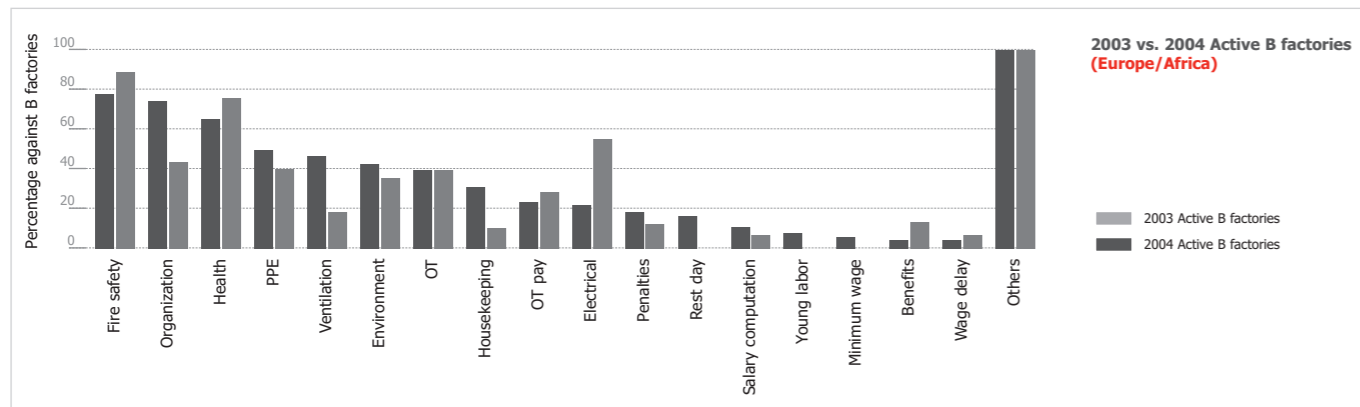
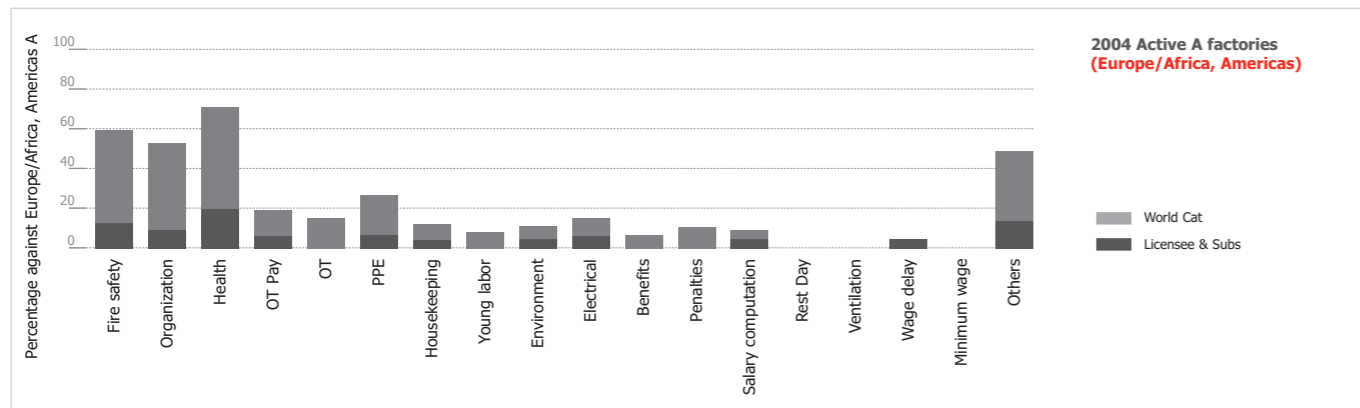
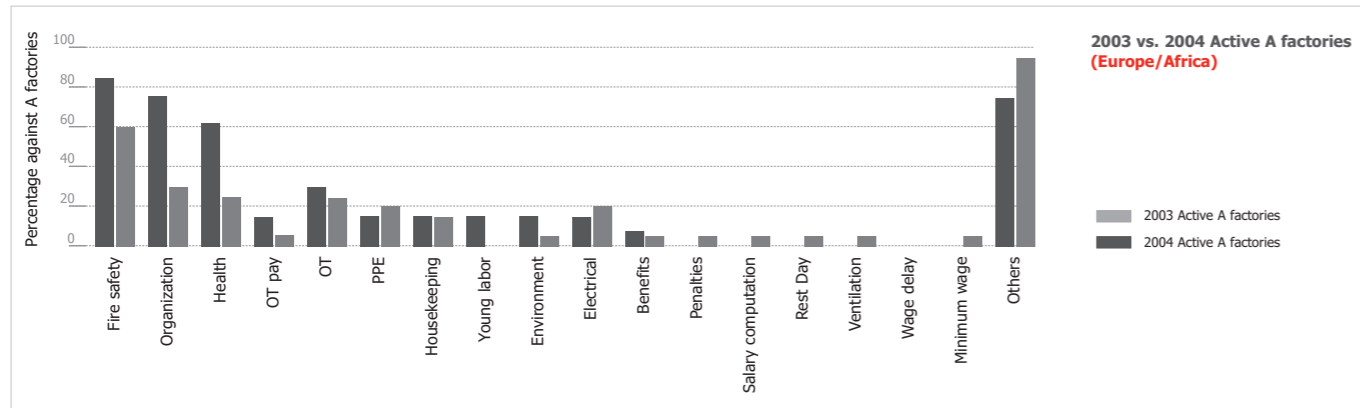
The importance of control over direct suppliers and the impact on social and environmental compliance are obvious, given the greater number of A-rated World Cat factories across all regions. Reflecting the shift of the global fashion industry to Far East sourcing, licensee suppliers in the Far East comprise almost half of all B factories, compared to less than 30% of B factories for the other regions. World Cat and licensee suppliers across all regions are comparable in terms of areas of non-compliance.

Across the globe fire safety and other health and safety provisions as well as freedom of association are areas where further improvements are desirable. However, other key issues vary across the regions, stressing that remedial measures cannot simply be universally applied across the world. This shows that PUMA's responsibility is not only providing information on the latest standards, but also identifying with suppliers and other stakeholders the key systemic issues that underpin the ratings our suppliers earn.

It is clear that these issues provide the framework for the rest of the work that PUMA will undergo in the coming years. This involves not only intensified monitoring activities, but also the need to develop participatory solutions among suppliers as well as other stakeholders such as welfare bodies, local governments and NGOs. These activities are part of targets planned for 2005 to 2008.

Areas identified for Improvement





FLA Audits in PUMA contracted Factories

As a step forward in the monitoring process of its contract factories and to show its desire for transparency, PUMA joined the Fair Labor Association (FLA) as a graduating member in January 2004. (Being a graduating member means that PUMA has committed to implement the FLA standards within a period of two years.) By joining the FLA, PUMA became a part of an alliance of different brands and universities that are all committed to a rigid program of implementing of the FLA Code of Conduct, monitoring factories in compliance with the code, and organizing a remediation process for the non-compliance issues. With the FLA PUMA has found a system which ideally compliments our internal monitoring efforts by providing independent and external verification of our S.A.F.E. system. Membership in the FLA stipulates that up to 5% of PUMA's contracted factories are audited each year by independent and external FLA accredited monitors. These audits are conducted unannounced.

In 2004, FLA conducted audits at nine factories producing for PUMA. Six of these factories are also producing for other brands that are members of the FLA. Four of these factories are located in China, and one each is located in Indonesia, Vietnam, Thailand, Turkey and Bangladesh. Six factories are involved in apparel production and one each produces footwear, bags and gloves. These nine facilities employ a total of about 8,200 workers. (In total roughly 190,000 employees are working for our contracted supplier factories).

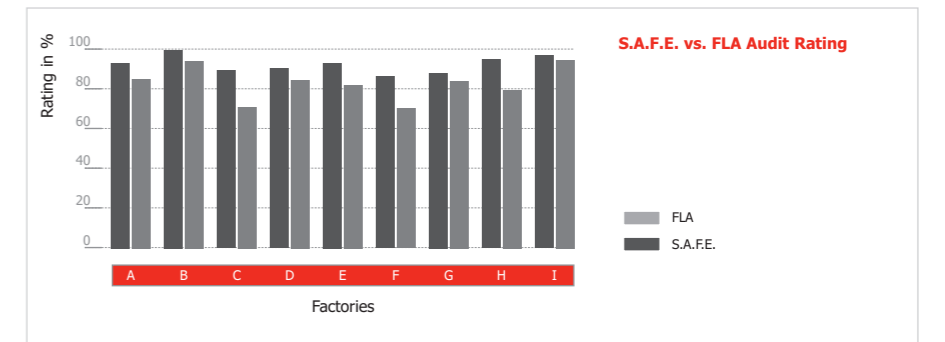
The S.A.F.E. audits dealt mainly with actual non-compliance issues inside the factory premises. However the FLA audits were much wider in scope and went beyond the confines of the factory to identify risk areas. The FLA included, for example, local stakeholder groups in their investigation.

The FLA audits do not use a rating system. Taking the FLA findings as a basis, we rated the factories based on PUMA's system to find out how the ratings would differ from those of the S.A.F.E. audit. In general, the consequent ratings from the findings by the FLA were lower than those by the S.A.F.E. audit. Though three FLA ratings were close to the S.A.F.E. rating, six others were very much lower, which indicates that there were either substantive or other issues not identified during the S.A.F.E. audit.

Thus, the audits by the FLA provided a new perspective to the PUMA S.A.F.E. audit. As a result, new and more issues, for example regarding the application of local labor law, have been identified in the subsequent S.A.F.E. audits. As of now we cannot claim that the S.A.F.E. audit has eliminated all issues of non-

Comparison of Audit Rating and Classification (SAFE vs. FLA audits)

Factory	SAFE Audit		FLA Audit	
	Rating	Class	Rating	Class
Indonesia	93.76	B	85.28	B
Turkey	99.44	A	95.60	A
China I	91.34	B	70.47	D
Bangladesh	93.31	B	85.09	B
China II	94.80	B	83.22	C
Thailand	88.52	B	73.31	D
Vietnam	91.82	B	85.66	B
China III	94.42	B	79.04	C
China IV	97.05	A	95.98	A



compliance, but a steady improvement of awareness on social compliance by the factories has been recognized.

As one aspect of PUMA's membership in the FLA and in line with our S.A.F.E. principle of transparency, PUMA has decided to make its full list of suppliers available to the public via the FLA. Should you be interested in obtaining the list, please contact the Fair Labor Association directly at www.fairlabor.org.



Criticism, Questions, Engagements

In meeting society's demands for corporate responsibility, it is clear that business in general does not have all the answers. In truth there is a cacophony of voices, including those that presume that corporate social responsibility is nothing more than a fad. In PUMA we do not think this is the case - our stakeholders are a permanent feature of our business. By seeking dialogue, we build a learning environment between the company and those that can help us become a better corporate citizen. With the open sharing of ideas and experience, we hope to find the sage wisdom that would indicate we are succeeding in our push towards sustainability.

Leading voices in CSR attended our stakeholder dialogues and were given a set of questions to express their impression of our performance and our sense of accountability. Most importantly, this exercise helped us gauge the expectations of our stakeholders. These opinions are not the only ones that carry weight with our actions, and given the importance of the health of our relationships with all our stakeholders we strive to create more venues for dialogue. It is also clear that apart from the greater frequency of dialogue, there needs to be more sectors invited. What is also clear is that we need to articulate our actions and intentions not on a grander scale per se, but indeed with greater clarity, humility and wider scope.

PUMA: How would you rate the comprehensiveness of PUMA's policies on Ethics? Sustainability? Social Responsibility? Community Responsibility? Environmental activities?

VAN DER NAALD: Greenpeace has focused in this last year on chemicals policies of consumer goods manufacturers. PUMA has a clear policy on chemicals and a management system in place to implement its policy. When confronted with inconsistencies between policy and practice, PUMA was able to respond quickly and in most cases adequately.

LÖHR: I think that PUMA's activities in business ethics are, in general, one of the most outstanding examples for the global search for good corporate behavior. It is not just lip service or a marketing gimmick, but a very serious effort to develop the company's responsibility profile steadily into a benchmark for the sportswear industry, and beyond. Alas, it should be absolutely clear that these efforts on ethics and sustainability have always to be understood as a continuing process, which at PUMA neither has reached its final positioning, nor covers all the ethical responsibilities yet which are addressed by critics. Thus, PUMA is undoubtedly on a very good way, and probably an ethical leader compared with their competitors. But it is also clear that many

The organisations and persons represented in this dialogue:



WYTZE VAN DER NAALD
(Greenpeace)



AURET VAN HEERDEN
(Fair Labor Association)



INEKE ZELDENRUST
(Clean Clothes Campaign)



ALBERT LÖHR
(Chairman German Network Business Ethics)

questions are still open, for addressing as well as for solutions, in detail as well as on the conceptual level. What makes PUMA so interesting however from the business ethics perspective, is the permanent pro-active search for improvement, and that will mark a difference in ratings as long as PUMA is engaged in the process.

PUMA: As a multinational company, do you think that PUMA is a globally balanced corporate citizen? Where are in your opinion our strengths and weaknesses, in case there are any?

VAN HEERDEN: Do you mean evenly distributed in terms of presence, or balanced in terms of issues and priorities? To assess

this, I guess one would have to ask stakeholders from different continents... From a European perspective, PUMA is well-connected with the European NGOs and other stakeholders and these relationships represent, in my view, one of PUMA's strengths.

ZELDENRUST: Given the enormous problems still out there for workers in this industry we'd hesitate to give any company this description. For us, what's important is that companies should actively engage in efforts to improve workers rights to the point where international standards are truly respected. PUMA is indeed making an effort, which is appreciated, but we believe it can and should do more - especially on key issues like wages, and freedom of association.

PUMA: Who do you think are PUMA's primary stakeholders (in terms of who you perceive the company pays most attention to)?

ZELDENRUST: Pays or should pay? For us, the workers are the most important stakeholders. We want to underline that not all stakeholders are equal, and there's a need to differentiate between those directly affected by actions of a company, e.g. workers or inhabitants of communities, and those who are not directly affected but for some reason are engaged in the debates.

LÖHR: As from my perception, PUMA takes into account the stakes of their customers, capital owners, suppliers, employees, and NGOs like CCC. This is probably a very reasonable hierarchy for the strategy of a brand name company like PUMA. However, in certain cases, these ranking may vary. And, it is very interesting that governments do not come across the mind at first glance.

PUMA: Are you aware of PUMA's programs/activities in the fields of environmental and social issues?

ZELDENRUST: On the social issues, yes.

VAN HEERDEN: Yes. I think though that there is a greater awareness of PUMA's social activities than their environmental activities (although these are interlinked). I am not sure how much awareness exists at the consumer level however and it may be useful for PUMA to test that.

LÖHR: Yes, PUMA is very well communicating with DNWE on the standard S.A.F.E, their monitoring and training programme, and on the development of their CSR strategy based on the strategic aims.

PUMA: Do you think that these programs/activities meet the minimum expectations of PUMA's primary stakeholders? Do you

think that PUMA's efforts go beyond the expectations of primary stakeholders?

VAN HEERDEN: Yes, I think in principle the S.A.F.E. standards meet the expectation of PUMA's primary stakeholders (exception: living wage). However, the implementation of these standards needs to be further improved. To achieve sustainable compliance, PUMA needs to prioritize capacity-building programs. Engaging in capacity building would probably exceed the expectation of most of PUMA's stakeholders.

VAN DER NAALD: For Greenpeace, they do meet the minimum expectations and PUMA is showing leadership on the issue of chemicals policy and control. However, as with most other companies, PUMA is not taking leadership in promoting its vision and policy beyond its direct stakeholders, e.g. into a sector standard with competitors and governments.

LÖHR: I guess that these activities clearly meet the minimum expectations of the primary stakeholders. The efforts are appreciated highly by all parties. However, also stakeholders are aware about the problem that PUMA's activities in the social and environmental field are only on a good way yet, but not at the limit of all possibilities. There are areas like independent monitoring, which do not meet the NGO expectations yet. However, as long as there are NGOs as critics of companies, they will develop their arguments and expectations into higher qualities against PUMA. It is their business, and it is a good principle of the "watchdog function" to be never satisfied.

PUMA: Who do you think are the stakeholders that PUMA has less focused on? What do you think are their minimum expectations of PUMA?

ZELDENRUST: PUMA in a few countries has taken steps to directly work with unions and NGO's on the ground, this could be expanded. The big challenge for all of us is to involve the workers themselves more directly in activities related to code implementation.

VAN HEERDEN: PUMA has probably been less engaged with stakeholders from the environmental realm. Since pressures of environmental NGOs have been low in the past, one could conclude that minimum expectations are met.

PUMA: Which fields of engagements in your opinion need enhancement?

VAN HEERDEN: Community Relations and Social Marketing, such as addressing poverty or tsunami relief, seem less important

to PUMA. There is progress in the area of workplace concerns and ethics, particularly through emphasis on stakeholder dialogues and the FLA. I cannot share an opinion on product safety or environmental stewardship. Currently, the area of sustainable compliance could use enhancement.

VAN DER NAALD: As far as Greenpeace is concerned, PUMA is showing progress on product safety and environmental stewardship.

PUMA: Do you think that PUMA communicates its corporate citizenship activities/ direction to its global audience (i.e. NGOs, other businesses, consumers, governments) adequately?

VAN HEERDEN: Yes, I think the communication is adequate. The rather low level of communication on PUMA's CSR activities signals that PUMA does not engage in these activities because of PR but that there is true commitment. Low communication on CSR enhances the credibility.

VAN DER NAALD: It is our impression that PUMA can improve to communicate its corporate citizenship activities/direction to its global audiences.

PUMA: As you know, PUMA became a graduating member of the Fair Labor Association in 2004. Do you think, with regards to our global responsibility, this engagement will be sufficient?

VAN HEERDEN: Membership in the FLA is a good start. In addition, I think PUMA could push the agenda of the WFSGI's CSR committee in order to make progress on an industry-wide response to CSR issues (leadership!). Issues that cannot be solved by individual companies could be dealt with on an industry level (sharing of best practices). Such cooperation could heighten the leverage on suppliers and governments. Generally though, what is regarded "sufficient" can only be determined in dialogue with stakeholders.

LÖHR: It is not sufficient, but necessary for a company like PUMA to be member of some relevant movements and associations. The strength of PUMA in the ethics field has always been to push things forward practically, often with new pilot project. It is absolutely necessary to discuss and develop these activities in cooperation with some friendly organizations.

Statement from the Works Council of PUMA

In our last statement, the works council explicitly welcomed the progress in the development of the company during recent years. This development includes both that towards responsible handling of environmental resources and social minimum requirements in the production of our products, and that of PUMA's moral responsibility toward all direct and indirect employees of the company with respect to the observance of social and environmental standards.

Our desire at that time was to have audits carried out gradually, by an independent institution, at short notice. We therefore consider it an extremely positive step that PUMA joined the Fair Labor Association (FLA) at the beginning of 2004. Unannounced, external audits of our production companies as a result of joining the FLA as well as the publication of the results on the internet both clearly show the determination and transparency of the company in the area of social and environmental responsibility.

In 2004, PUMA organized a meeting bringing together different non-governmental organisations (NGOs), industrial associations, employee representatives, the Clean Clothes Campaign (CCC), the Fair Labor Association (FLA), and supplier representatives. The aim was to establish joint future projects and control mechanisms as a basis for constant, successful cooperation.

We would particularly like to mention the commitment of all employees in the area of S.A.F.E. - Social Accountability & Fundamental Environmental Standards - who have played a significant role not only in maintaining existing environmental and social standards, but also in continuously improving on these standards.

The works council of PUMA AG will continue to actively support the company on this path.

Herzogenaurach, July 4, 2005
Katharina Wojaczek

How others see PUMA:

FTSE4Good:

PUMA has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series.

Created by the independent financial index company FTSE Group, FTSE4Good is a financial index series that is designed to identify and facilitate investment in companies that meet globally recog-

nized corporate responsibility standards. Companies in the FTSE4Good Index Series are doing more to manage their social, ethical and environmental impacts, and are better positioned to capitalize on the benefits of responsible business practice.

*FTSE stands for Financial Times Stock Exchange in the United Kingdom



Kempen SNS SRI Universe:

PUMA was recently awarded membership in the Kempen SRI Universe. SRI (Socially Responsible Investment) refers to investment in companies that demonstrate responsible business conduct. Increasingly, investors have strong demands regarding a company's non-financial performance, in addition to the traditional

financial performance. These parties wish to invest exclusively in corporations that have concern for their employees, the environment and the community. The Kempen SNS Smaller Europe SRI Index (SRI Index) is the first index to track the performance of SRI smaller companies in Europe.

*SNS stands for Samenwerkende Nederlandse Spaarbanken



Storebrand:

"It is a pleasure to announce that Puma has earned "best in class" status for its leading environmental and social performance and therefore qualifies for investment in Storebrand's SRI mandates."

The Storebrand Group is a leading player in the Norwegian markets for pensions, life- and health insurance, banking and asset

management. Storebrand's symbol of excellence is awarded to the companies that have earned BEST IN CLASS status for leading environmental and social performance. Only those companies ranking in the top 30 percentile of Storebrand's CSR performance analyses are considered BEST IN CLASS. These candidates also qualify for participation in Storebrand's investment universe.



One Step Forward

In assessing the concrete areas where we wish to move ahead, it is important to review our progress in the areas already designated in previous periods. Below is the current standing of key

activities identified in 2002, as well as other items prioritized in 2004.

SOCIAL

Issue **Auditing direct suppliers**
 2002 100% of all suppliers audited
 2004 Audited 144 of 196 World Cat suppliers
Target 100% of all direct suppliers to be audited
Comment Ongoing audits required as a lot of new suppliers were added due to PUMA's growth
Fulfilled 73% fulfilled

Issue **Auditing licensee suppliers**
 2002 100% of all suppliers audited
 2004 Audited 126 of 153 licensee suppliers
Target 100% of all licensee suppliers to be audited
Comment Ongoing audits required as a lot of new suppliers were added due to PUMA growth
Fulfilled 82% fulfilled

Issue **S.A.F.E. standards distributed to all manufacturers, licensees, and sub-suppliers**
 2002 100% of all partners received copy of S.A.F.E. manual
 2004 100% of all partners received copy of S.A.F.E. manual
Current 100% of all partners received copy of S.A.F.E. manual
Target 100% of all partners to receive copy of revised S.A.F.E. manual
Comment Ongoing revision of S.A.F.E. manual to be completed by August 2005
Fulfilled 100% fulfilled

Issue **Code of Conduct distributed to all manufacturers**
 2002 Code of Conduct is displayed and accessible at 95% of all suppliers
 2004 All manufacturers received Code of Conduct (in local language)
Target All Code of Conduct posted accessibly and visible to all workers
Comment Ongoing process with new suppliers
Fulfilled 100% fulfilled

Issue **Social standards based on SA 8000**
 2002 Initial steps taken, but no audits based on SA 8000 planned
 2004 With membership in FLA, audits instead based on FLA workplace standards
Target External audit of 5% of PUMA's suppliers by FLA (see below)
Comment Target will be replaced by new FLA target
Fulfilled 1% fulfilled (5 suppliers achieved SA 8000 certification)

Issue **Supplier training**
 2002 Training in the Far East almost completed
 2004 New round of training to start in 2005
Target 100% of all targeted suppliers attend training
Comment Vietnam training conducted in May 2005
Fulfilled 20% fulfilled

Issue **Re-auditing**
 2002 Re-audits started
 2004 171 re-audits carried out in 2004
Target All factories to be re-audited
Comment Focus on factories with lower ratings
Fulfilled 80% fulfilled

Issue **Introduction of a formalized appeal practice**
 2002 Complaints directly addressed to S.A.F.E. team
 2004 FLA third party complaint mechanism can be used, most PUMA Codes of Conduct contain contact addresses of S.A.F.E. team
Target Internal and external party complaint system existing and working

Comment Ongoing process
Fulfilled 70% fulfilled

Issue **Response to complaints (new)**
 2004 Several complaints directly addressed to S.A.F.E. team, some complaints taken from external reports campaigns
Current 100% complaints responded
Target 100% complaints responded
Comment Contact information to be indicated in Code of Conduct
Fulfilled 100%

Issue **Training measures at factory staff level**
 2002 Training ongoing for management staff
 2004 Started to list target manufacturers for workers trainings
Target Improve workers awareness on S.A.F.E. standards such as H&S practices
Comment Ongoing process
Fulfilled 10% fulfilled

Issue **External audits**
 2002 Selected factories audited by ITS
 2004 Nine factories audited by FLA accredited monitors, ITS Audits for one licensee continued
Target 5% of PUMA's suppliers audited by FLA
Comment S.A.F.E. team to harmonize with monitoring practice/standards of other parties, not only the FLA
Fulfilled 50% fulfilled

SAFETY AND THE ENVIRONMENT

Issue **Safety & environmental awareness to all workers (new)**
 2004 Not all workers aware of PUMA S.A.F.E. standards
Target Provide PUMA S.A.F.E. pocket guide to workers
Comment Pocket guide to be translated into different languages
Fulfilled Guide available, distribution in 2005

Issue **VOC Index (new)**
 2002 72 gm / pair of shoe
 2004 48 gm / pair of shoe
Target 25 gm / pair of shoe
Comment Research in alternative technologies, such as hot-melt
Fulfilled 50% of targeted reduction

Issue **Application of solvent-based adhesive**
 2002 No effective technical solution available for football boots
 2004 Reduction achieved by using hot-melt technology
Target Further reduction targeted (see VOC Index)
Comment Minimized use pending research in alternative technologies
Fulfilled 50% of targeted reduction

Issue **Noise level reduction in PUMA contracted supplier factories**
 2002 Inclusion of noise measurements in S.A.F.E. audits
 2004 Noise problems eliminated in Europe and Africa
Target Focus on achieving and maintaining noise level below 85db also in Asia
Comment Support existing noise reduction programs
Fulfilled 80% of factories comply

Issue **PVC-free project**
 2002 98-99% of all products PVC-free
 2004 100% of all products PVC-free
Target 100% of all products PVC-free
Comment Target fulfilled, will not longer be reported
Fulfilled 100%

Issue **Collection of all relevant safety and environmental data for model factories**
 2002 New target
 2004 Data collected for one model factory
Target Focus on establishing data collection systems involving all targeted factories
Fulfilled 10% fulfilled

Issue **ISO 14001 Certification**
 2002 First ISO 14001 certifications of suppliers
 2004 9 suppliers certified in ISO 14001
Target ISO 14001 certification for all larger factories using dye-houses, tanneries, or other environmentally relevant operations
Comment Not relevant / efficient for small sewing operations with less than 100 employees
Fulfilled 30% compliance (estimated)

Moving Forward. PUMA Employee Community Involvement



Charity Cat was founded in 2003 as a team of roughly 20 PUMA employees who engage voluntarily in their spare time with various charitable projects.

Charity Cat's involvement is based on five principles:

- Donations are only passed on to organizations whose justified individual needs have been assessed on site.
- Donations are not limited to financial contributions but also include in-kind contributions (clothing, toys, etc.).
- PUMA employees based in the relevant countries donate their time to ensure that the donations are used only for the intended purpose.

Centrul de Plasament

Charity Cat's first project was with a Romanian orphanage, that cares for and raises about 220 children from 12-24 years.

Charity Cat invested in a renovation of the facilities including purchase of new furniture such as cabinets, chairs and tables. Sports equipment for table tennis, badminton and softball, and as well

Kicker Tournament

As part of the PUMA Jamaica-Party for the Jamaica Olympic Team, athletes and PUMA staff played against each other in a table football competition. This event was realized in cooperation with the "Barmherzigen Brüder / (Merciful Brothers)", an organi-

Godparenthoods

Another aim of Charity Cat is to provide direct and targeted help. After detailed research we have decided to use the organization Plan International to support a nine-year-old boy from Pakistan, a country in which PUMA has active suppliers. The boy is support-

Women's refuge

For our Christmas project in 2004 Charity Cat supported a local organization in need. The women's refuge in Nuremberg, a city located close to the headquarters of PUMA in Germany was identified and, in cooperation with another company, on

Planned projects for 2005

With the beginning of 2005 another godparenthood was realized with a little girl from China. This project is also run via the organization Plan International.

After the devastating Tsunami disaster in Southeast Asia, Charity Cat coordinated PUMA's employee donation efforts. Charity Cat is currently in the process of identifying a suitable sustainable project in which to channel these funds.

- Donors, both individual and commercial, are updated on the progress of projects on a regular basis and thus can participate in the activities.
- The work of Charity Cat is deliberately not used for corporate advertising.

Currently, Charity Cat funds have been drawn from private and commercial monetary and in-kind donations. Though not deliberately, children's welfare is a major theme of projects with which group has been involved.

underwear, shoes, T-Shirts and craft supplies were all donated for the summer season. With the kind help of an Italian footwear supplier 250 pairs of PUMA Dassler Boots were donated to Centrul de Plasament, and a final donation of 500 pieces of apparel like jackets, jumpers, pants and shirts were provided.

zation engaged in running workshops for handicapped persons. The revenues from over 30 teams were handed over to the "Merciful Brothers" and topped up with a donation by PUMA AG.

ed with a monthly financial contribution and Plan International sends regular reports about his life and development. At the moment ways are explored on how to make a school education possible for this child.

Christmas Evening a large number of boxes containing shoes, clothes, bags, balls and writing materials were handed over to the women and their children.

Future plans include further involvement with SOS-Kinderdorf International, an innovative NGO that builds communities of foster care households. Previously, PUMA AG had donated one house for a SOS Children's Village in Pakistan in cooperation with a supplier in Sialkot. Taking over responsibility for another house is under consideration, as the local PUMA staff available is an ideal condition for Charity Cat's involvement.

What will be next

Following the idea of perseverance and acting step-by-step over the last few years, S.A.F.E. can now look back on some important achievements. PUMA received the prize for business ethics by the German Network of Business Ethics (DNWE) in 2002, and was listed in the FTSE4Good Index in March 2005. This shows that PUMA S.A.F.E. is accepted and, moreover, respected within the international arena of CSR. However, our policies and achievements are recognized mainly on a theoretical basis. Major

At the moment, we are engaged in the following projects:

FLA: Sustainable Compliance

One of PUMA's Chinese footwear suppliers joined the FLA project on sustainable compliance. This project aims to improve the whole

Turkey: Multistakeholder Initiative

The multistakeholder initiative combines six organizations specialized in the field of social compliance: Ethical Trading Initiative, Social Accountability International, Worker Rights Consortium, Clean Clothes Campaign and the Fair Labor

Round Table on Codes of Conduct

This is a multistakeholder Initiative between the German Federal Ministry for Economic Cooperation and Development, German Companies, Unions and NGOs which seek dialogue on the intro-

Pilot project on El Salvador (planned)

The aim of this pilot project in cooperation with the CCC is an independent verification of social standards with special attention given to gender issues in El Salvador.

Focusing on workers' training in Vietnam (internal)

S.A.F.E. is designing a worker education program focused on Vietnamese labor law. Supervisor training on better management

attention of our current and future activities must focus on the practical implementation of our ideas.

With these projects we will follow up our internal aims as defined by the OSAMs in chapter 3: S.A.F.E. Concept. Bearing in mind that social aims and compliance cannot be achieved by monitoring visits alone, our attention will focus on a larger scale towards capacity building and remediation activities.

management process in the factory. The main focus lies on the improvement of sustainable compliance and increased efficiency.

Association. The organizations will work together with the following aims: maximize effectiveness and impact of involved organizations and learning how voluntary codes of labor practice contribute to better workplace conditions in global supply chains.

duction and implementation of social standards. In 2005 a pilot project to improve workers management communication will be implemented in Romania.

techniques will be held in July 2005 in order to achieve more solid longer-term results.

Great works are performed not by strength but by perseverance.

SAMUEL JOHNSON

Conclusion and Outlook

One of the key concepts emerging from the maturing field of corporate social responsibility (CSR) is that responsibility is integral to the core of business - it is only in the manner by which it is expressed that it could be construed as peripheral. Corporate Social Responsibility is not only a philanthropic or charitable response, it is about building relationships with customers, staff, and shareholders based on quality, decency and solid values.

It is no longer a bonus for a company to be doing well by doing good, but it is expected for companies to do so. Amidst increasing pressure to improve the bottom line while acting as a good corporate citizen, we must be open and innovate in business practices even though immediate consequences may be unclear.

CSR is often seen as a challenge, but in PUMA we have come to welcome it as an opportunity. With this third Sustainability report we expose ourselves once again to the challenges and opportunities emerging from CSR. Throughout this report, we strive to show that CSR is not simply a promotional gimmick by highlighting the social and environmental aspects of our core operations, namely the monitoring of compliance to our Supplier Code of Conduct that covers workers rights as well as health and safety. Despite meager resources in terms of staff compared to total number of factories, we work with factory management and workers to help bring about improvements.

Following our philosophy of transparency and dialogue, we conduct stakeholder dialogues with non-governmental organizations in the spirit of good faith, thus catalyzing former adversaries into active partners. PUMA feels a sense of accountability for the materials we use in our products and has eliminated PVC as well as implemented controls on in-house pollution due to solvents. From acts of charity and employee involvement in various communities all over the world, to ventures highlighting the true character of the PUMA employee, we are committed to a course of integrity. The creation of our Code of Ethics is the current realization of this core value.

Our sense of responsibility initially grew out of the need to comply with international legal and civil society demands. As we have gained more experience, we realized that we don't just have to meet obligations. Instead we can and should also proactively direct social priorities in the environments in which we operate. Clearly, corporate accountability does not exist in a vacuum. The

phase-out of the quota system, escalating environmental demands in the growing business markets in Asia, increasing sensitivity by European and American markets to supply chain issues, and emerging standards of corporate governance and international trade relations are only some of the issues we will tackle in the coming months and years.

However, even these are defined by wider macro-economic, social and political demands such as the threat of terrorism, or poverty- and globalization-induced issues such as migrant labor and environmental degradation. As a single corporate citizen we will not solve these dilemmas on our own, but will work with the sporting goods industry, other corporate citizens and the rest of civil society to find workable solutions.

We believe that the medium-term period is crucial for the sporting goods industry as Germany hosts the Football World Cup in 2006 and Beijing hosts the Summer Olympics in 2008. These events inspire significant global interest, and likewise we have also tilted our internal spotlight to scan for challenges and opportunities that would arise. Clearly, a major concentration of our work in the coming years involves capability building in our supply chain for Social and Environmental Compliance. This comprises not only training on labor rights for workers and management, but also a more holistic approach that looks at the duties of workers and management. As labor mobility continues to affect both our corporate supply chain and local economies as a whole, it is clear that workers and managers have to work toward building a sense of community. This of course covers not only workplace issues, but also the environment in which our factories operate.

As PUMA's success grows, we will also be communicating more of our corporate accountability efforts. In particular, we hope to work with more partners that can help us more effectively and efficiently address social and environmental issues. We believe that this would help us sustain our pilot projects and develop new programs as the need arises, ensuring that the "Momentum" built prior to 2008 will continue.

Building "Momentum" is a deliberate and purposeful act, and we hope that with this report we have exhibited our good faith and corporate accountability.

The Global Reporting Initiative

The Global Reporting Initiative is a non-profit organization who developed a complete set of reporting guidelines for sustainability reports. After choosing the "Reference" approach to the 2002 guidelines of the Global Reporting Initiative for our last report Perspective, we have decided to go one step further by applying the "in Accordance" approach for the present report Momentum. "In Accordance" reporting requires covering a fixed set of indicators, while "Reference" reporting leaves it up to the organization which indicators are included in the report. The boundaries for this report Momentum are as follows:

A: We mainly focused to report about activities in our head offices regarding HR related issues.

B: We gave major attention to suppliers holding contractual relationships with PUMA when reporting about supplier auditing.

C: We concentrated on one model factory for environmental performance data.

We will continue to strive toward expanding our data collection for future reports to ensure all relevant issues are equally covered.

Financial information which had already been reported in our Annual Financial Report was only included in the form of a brief overview.

	Page	Chapter (Comment)
1. Vision and strategy		
1.1 Sustainable development, vision and strategy	3-7	Executive Statement, throughout Report
1.2 Statement of CEO	3	Executive Statement
2. Organizational Profile		
2.1 Name of Reporting Organization	8	Corporate Profile
2.2 Major products and services, including brands	8	Corporate Profile
2.3 Operational structure of organization	11	Corporate Profile
2.4 Description of major divisions, operating companies, subsidiaries and joint ventures	11	Please refer also to our Annual Financial Report, pages 66,67
2.5 Countries in which the companies' operations are located	12, 24 ff	Financial Facts and Figures, Annual Financial Report, S.A.F.E. and Social Compliance
2.6 Nature of ownership, legal form	11	
2.7 Nature of markets served	12	Financial Facts and Figures
2.8 Scale of the reporting organization	8-11, 13	Corporate Profile, please refer also to our Annual Financial Report, cover and page 88
2.9 List of stakeholders	15, 34 f	S.A.F.E. Concept - Dialogue ; Stakeholder Dialogue
2.10 Contact persons	46	Contact details, Stakeholder Feedback sheet
2.11 Reporting period	5	Introduction
2.12 Date of most recent report	3	Introduction
2.13 Boundaries of report	43	The Global Reporting Initiative
2.14 Significant changes in size, structure, ownership or products	11,13	Corporate Profile, please refer also to our Annual Financial Report, cover page
2.15 Basis for reporting on joint ventures and outsourced operations	24 ff, 40	S.A.F.E. and Social Compliance
2.16 Explanation of any re-statements of information	No restatements contained	Not applicable
2.17 Decisions not to apply GRI principles	43	The Global Reporting Initiative
2.18 Criteria/definitions used	24 ff	Annual Financial Report, page 91
2.19 Significant changes in measurement methods	15 f	S.A.F.E. and Social Compliance
2.20 Internal policies to provide assurance of the report's accuracy	45	Dialogue, Evaluation
2.21 Policy to provide independent assurance of the report's accuracy	45	Independent Commentary Statement (imug)
2.22 Sources for additional information	46	Contact Details
3. Governance Structure and Management Systems		
3.1 Governance Structure of the organization	11	Corporate Profile, Annual financial report, pages 94,95
3.2 Percentage of non-executive directors	11	Corporate Profile, Annual financial report
3.3 Process for determining expertise to board members	11	S.A.F.E. Structure and Systems
3.4 Board-level process for identification and management of risks		Annual Financial Report, pages 34/35
3.5 Linkage between executive compensation and achievement of goals		Annual Financial Report, page 90
3.6 Organizational structure	11	Corporate Profile, for more information please refer to our website about.puma.com
3.7 Mission and value statements	6-7	Policy Statements
3.8 Mechanisms for shareholders to provide recommendations	11	Corporate Profile- Corporate Governance
3.9 Basis for identification and selection of major stakeholders	15 f	S.A.F.E. Concept - Dialogue
3.10 Approaches to stakeholder consultation	15 f	S.A.F.E. Concept - Dialogue
3.11 Type of information generated by stakeholder consultation	15 f	S.A.F.E. Concept - Dialogue
3.12 Use of information resulting from stakeholder engagements	15 f	S.A.F.E. Concept - Dialogue
3.13 Precautionary Principle	19-23	S.A.F.E., products and the environment
3.14 Voluntary charters or other initiatives	33, 37	S.A.F.E. and social compliance
3.15 Principle memberships in industry and business associations	15	Dialogue
3.16 Policies and systems for managing upstream and downstream impacts	14 f, 24 f	Sustainability, S.A.F.E. and Social Compliance
3.17 Managing indirect economic, environmental and social impacts	14 f, 24 f	Sustainability, S.A.F.E. and Social Compliance
3.18 Major changes in operations	No major changes applied during reporting period	Not applicable
3.19 Programs and procedures pertaining to economic, environmental and social performance	14 ff	S.A.F.E.- Concept
3.20 Status of certification pertaining to economic, environmental and social management systems	16, 36 f	Sustainability, Targets old and new
EC1 Net Sales	12 f	Economic Performance Indicators
EC2 Geographic breakdown of markets	12	Corporate Profile
EC3 Cost of all goods, materials and services purchased	13	Corporate Profile
		Financial Facts and Figures, Annual Financial Report, Cover Page
EC4 Percentage of contracts that were paid in accordance with agreed terms	100%	

Comments on MOMENTUM 2004 Sustainability Report of PUMA AG

	Page	Chapter (Comment)
EC5 Total payroll and benefits	13	Please refer to our Annual Financial Report, cover page
EC6 Distributions to providers of capital	12	please refer also to our Annual Financial Report, page 21
EC7 Increase/decrease in retained earnings	13	Financial Facts and Figures, Annual Financial Report, cover page
EC8 Total sum of taxes paid, broken down by country	17	Financial Facts and Figures, please refer also to our Annual Financial Report, page 85
EC9 Subsidies received, broken down by country		No subsidies received
EC10 Donations, broken down by cash and in-kind donations	38	More detailed reporting will be considered for the future
Environmental Performance Indicators		
EN1 Total materials used		Not available due to lack of data systems to generate the required information, aim to report on this indicator in our next report
EN2 Percentage of used waste materials	23	S.A.F.E., products and the environment; aim to report more detailed on this indicator in our next report
EN3 Direct energy use segmented by primary sources	23	S.A.F.E., products and the environment; aim to report more detailed on this indicator in our next report
EN4 Indirect energy use	23	S.A.F.E., products and the environment; aim to report more detailed on this indicator in our next report
EN5 Total water use	23	S.A.F.E., products and the environment; aim to report more detailed on this indicator in our next report
EN6 Land owned, leased, or managed in biodiversity-rich habitats		No such land owned, leased or managed
EN7 Description of the major impacts on biodiversity in terrestrial, freshwater and marine environments	19	S.A.F.E., Products and the Environment; aim to report more detailed on this indicator in our next report
EN8 Greenhouse gas emissions	22	S.A.F.E., products and the environment, aim to report more detailed on this indicator in our next report
EN9 Use and emissions of ozone depleting substances	21, 22	S.A.F.E., products and the environment
EN10 Other air emissions	21	S.A.F.E., products and the environment (VOC-Index)
EN11 Total amount of waste by type and destination more detailed on this indicator in our next report	23	S.A.F.E., products and the environment, aim to report
EN12 Significant discharges to water by type		Not available due to lack of data systems to generate the required information, aim to report on this indicator in our next report
EN13 Significant spills of chemicals, oils and fuels		No significant spills known. Regarding this issue guidance on suppliers is contained in the PUMA S.A.F.E. Manual.
EN14 Significant environmental impacts of products and services	19	S.A.F.E., products and the environment, aim to report more detailed on this indicator in our next report
EN15 Product reuse and recycling	23	S.A.F.E., products and the environment
EN16 Fines for non-compliance with standards and regulations	No fines imposed on PUMA	Not applicable
EN33 Environmental performance of suppliers	21, 23	Production related environmental issues
Social Performance Indicators: Labor Practices and Decent Work		
LA1 Breakdown of workforce by region, employment type	9	Corporate Profile
LA2 Net employment creation and average turnover by region	9	Corporate Profile
LA3 Percentage of employees represented by employee representatives by region	9	Corporate profile; aim to report on this indicator in more details in our next report
LA4 Policy and procedures involving information, consultation and negotiation with employees over changes	9	Corporate profile
LA5 Practices on recording and notification of occupational accidents and diseases	10	Corporate Profile
LA6 Description of health and safety committees	10	Corporate Profile
LA7 Standard injury, lost days and absentee rates		Protection of proprietary information
LA8 Description of policies and programs on HIV		Not available due to lack of data systems to generate the required information, aim to report on this indicator in our next report
LA9 Average hours of training per employee	9	Corporate Profile, aim to include more detailed information on this indicator in future
LA10 Equal opportunities policy	7,9	Code of Conduct, Code of Ethics, Corporate Profile
LA11 Composition of senior management	Annual financial report	Please refer to our Annual Financial Report, page 94
Social Performance Indicators: Human Rights		
HR1 Description of policies, guidelines, corporate structure with regard to human rights	6-7, 14-18	Policy statements, S.A.F.E. Concept
HR2 Evidence of consideration of human rights impacts as part of investment decisions including suppliers	14-18	S.A.F.E. Concept
HR3 Procedures to evaluate and address human rights performance	24 ff	S.A.F.E. and social compliance
HR4 Description of global policy preventing discrimination	7	Code of Conduct, S.A.F.E. Concept
HR5 Description of freedom of association policy	7, 14 ff	Code of Conduct, S.A.F.E. Concept
HR6 Description of policy excluding child labor	7, 14 ff	Code of Conduct, S.A.F.E. Concept
HR7 Description of policy to prevent forced and compulsory labor	7, 14 ff	Code of Conduct, S.A.F.E. Concept
Social Performance Indicators: Society		
SO1 Policies to manage impacts on communities		Not available due to lack of data systems to generate the required information, aim to report on this indicator in our next report
SO2 Policies and procedures addressing bribery and corruption	7	Social Policy, Code of Ethics
SO3 Policy for managing political lobbying and contributions	7	Social Policy, Code of Ethics
SO4 Awards received relevant to social, ethical and environmental performance	37	Our Ideas for the future
Social performance indicators: Product Responsibility		
PR1 Description of policy for preserving customer health and safety	14 ff	S.A.F.E. Concept, Evaluation
PR2 Product information and labelling	19	S.A.F.E., Products and the Environment
PR3 Consumer Privacy	7	Social Policy, Code of Ethics

PUMA AG has presented a report for the third time in which it provides information about its corporate social and ecological commitment. PUMA is the first producer of sports articles to prepare its report in accordance with GRI-guidelines: this report therefore marks a milestone on the road towards transparent, standardised and credible reporting.

The report stands out in particular because of its openness and transparency. Openness in terms of both that achieved as well as goals still awaiting achievement as well as mention of deficits requiring rectification. In this regard, the company explicitly states that none of its suppliers has yet achieved excellence in all areas of sustainability. The report is also the first to present the results of the company's in-house S.A.F.E.-Audit and provides details of non-conformance areas. Another new aspect is that, towards the end, the report provides details of performance against targets. Readers are put in the picture as to the extent to which the company has performed over the year with respect to the targets it has set itself. In this sense, PUMA has created an instance of success monitoring through external observers.

PUMA's voluntary commitments fulfil an appeal frequently expressed by NGOs to monitor its suppliers not by way of a single annual audit but rather to cultivate them via long-term and sustainable learning and development processes. PUMA has entered a voluntary commitment to act as both auditor and facilitator to encourage capacity building over the long term. This approach is forward-looking since shared learning processes are the only way of genuinely raising environmental and social standards in the global supplier network. However, PUMA also points out that the external audits performed by the FLA (Fair Labour Association) applied tougher criteria than did its own S.A.F.E.-Audits. This is an area offering room for improvement.

Reporting in accordance with GRI is seen as positive. Applying these ambitious standards spotlights certain weaknesses in the social and environmental figures. As an example, there are as yet no statements made concerning world-wide energy consumption or CO₂-emissions. The company does however refer to its intention to introduce world-wide data gathering such that it will be in a position to deliver more information in its next report. The

product-related improvements with respect to environmental impacts are presented comprehensibly and may be taken as a benchmark for the industry.

The emphasis on stakeholder dialogue is apparent throughout. Both in the reports of dialogue events as well as the critical talks with various NGOs presented at the end of the report. A rare occurrence in the world of CSR reports is the inclusion of a statement by the works council, in which it issues an authentic avowal to the sustainability targets, promises active support and emphasises how essential high environmental and social standards are in all of the company's supplier organisations.

A sustainability report can be tailored to the demands of different target groups. This present report issued by PUMA AG is obviously oriented towards the expectations of critical NGOs, CSR analysts and co-workers. It is a very factual report. One could raise the question of how its core statements now need to be edited for consumption by Puma's customers.

The report's title, Momentum, provides a succinct expression of the report's intention: PUMA is proving very forcefully and soberly that it is a company on the path towards sustainable business practices. Chances and challenges are explicitly stated and it is clear that this ambitious plan will only be achieved in a process of dialogue and shared learning with critical stakeholders.



Dr. Ingo Schoenheit

Executive Board -
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Imprint

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