



# BUSINESS AND SUSTAINABILITY REPORT





# **BUSINESS AND SUSTAINABILITY REPORT**



**PUMA  
2012**

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2012**



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“OUR MISSION IS TO BECOME  
**THE MOST DESIRABLE  
AND SUSTAINABLE  
SPORTLIFESTYLE COMPANY  
IN THE WORLD.**”

- Franz Koch



# TO OUR SHAREHOLDERS

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# 1

CHAPTER



# FOREWORD

## LETTER FROM YOUR CEO, FRANZ KOCH

### DEAR SHAREHOLDERS AND FRIENDS OF PUMA,

2012 was an exceptional year for PUMA in many ways. First of all, I am happy to see that we finished the year with a satisfactory sales growth rate. PUMA's full year consolidated sales rose by almost 9 percent in Euro terms which enabled us to achieve the record sales mark just short of 3.3 billion Euros. In the light of the continuously challenging business environment, especially in Europe, we are pleased with that sales performance. So let's delve into some of the highlights from an eventful sports year that fuelled PUMA's sales growth.

### “USAIN BOLT - THE BIGGEST STORY OF THE GAMES”

The success of our Running category was highlighted by the Olympic Games: The outstanding athletic performances of The Fastest Man on Earth, Usain Bolt, who finished his second successive Olympics with three gold medals, was undoubtedly the biggest story of the Games. In the World of Football we once again underlined our ambition to be the clear Number 3 brand. PUMA partnered “Squadra Azzurra” from Italy had an excellent tournament at the 2012 Euro Cup reaching the final.

Our successful season in Formula 1 was crowned by PUMA sponsored Ferrari driver Fernando Alonso. With 278 points in the drivers' standings the Spaniard belonged to the dominating F1 drivers again falling just short of his third Formula One title. Our Golf category contained many highlights throughout 2012, making the past year a great success for COBRA PUMA GOLF. Ian Poulter was the undisputed player of the prestigious Ryder Cup, and our iconic brand ambassador Rickie Fowler won his first PGA Tour title in May at the Wells Fargo Championship, cementing him as one of the top players of the world.

In our Sailing category, our PUMA Ocean Racing team forged an amazing comeback at the around-the-world Volvo Ocean Race 2011-12, finishing in the third place at the beginning of July. In our Lifestyle business, we did not only successfully introduce the evolution of our PUMA Social Campaign TEAMMATES, but also continued to fuse the influences of Sport and Fashion with some of the world's leading design houses such as Alexander McQueen

and Mihara. We will continue to rejuvenate our Lifestyle category throughout 2013, connecting with a more youthful audience and shifting the focus from brand- to more product-oriented marketing campaigns.

In the area of sustainability we continue on our pioneering path. After a sneak peek into our first collection of biodegradable and recyclable products last October, our PUMA InCycle collection hit the stores at the beginning of this year. All these product and marketing initiatives are aimed at increasing PUMA's brand desirability to make further strides on our mission to become the most desirable and sustainable Sportlifestyle company in the world.

### “PUMA'S TRANSFORMATION AND COST REDUCTION PROGRAM IS ALREADY DELIVERING RESULTS”

2012 was also an exceptionally busy year as we continued with the implementation of our Transformation and Cost Reduction Program. I am pleased to see that the program is already delivering its first results. The program entails the set up of a new business model in Europe. To reduce complexity and further harmonize structures, we have lowered the number of reporting entities from 23 countries to seven areas. The newly created Supply Chain Management function is fully up and running and has created new tools to manage supply and demand more efficiently on a regional level, delivering immediate results.

### “ANNUAL BOTTOM LINE UNDER PRESSURE”

While our sales performance in 2012 met our expectations, our annual bottom line results, however, took a major hit. PUMA's lower profitability resulted mainly from increased pressure on our margins after we had to reduce inventory levels through discounting on our products in the second half of the year particularly. Furthermore, costs rose as we continued to make strategic investments into the growth drivers of our business such as Research, Design and Development, Marketing, our supply chain and IT systems as well as the expansion of our retail operations. In addition, the scope of the one-time expenses

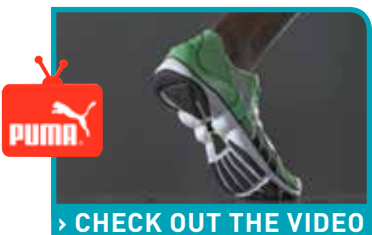


that we had envisaged in the third quarter of last year increased due to the arbitral award in December related to our trademark rights in Spain, the restructuring of our distribution set-up and operations in Greece, Cyprus and Bulgaria as well as the extended streamlining of our endorsement portfolio.

In October last year, we decided to complement our Transformation with a short-term cost reduction program to shape a robust platform for sustainable, profitable growth. This program is necessary to realign our cost structure with market realities. It will make us more competitive and powerful for the future and will enable us to return to profitable growth. One of the key elements of this program is the closure of unprofitable stores mainly in mature markets while we continue to selectively open new profitable stores, primarily in emerging markets. By the end of this year, we expect to operate 540 stores compared with 590 stores at the end of 2012.

To reduce costs further, we have also assessed our sponsorship portfolio and we decided to terminate endorsement contracts that are no longer part of PUMA's core categories or strategic growth plans. Within this context, we have decided to focus our activities in the Sailing category on endorsing the America's Cup and ORACLE TEAM USA for this year. Beyond 2013, PUMA will cease the production of sailing products. We have also decided to exit all Rugby activities across Europe.

## SHARPENING PUMA'S BRAND PROFILE



While we will stay true to our Sportlifestyle positioning as a brand, we want to strengthen each of our divisions through more distinct approaches in terms of product, merchandising, marketing and distribution. Through the establishment of our Nature of Performance platform spanning across all our Performance categories as well as the evolution of PUMA Social in Lifestyle, we are establishing sharper, con-



**FRANZ KOCH**  
Chief Executive Officer  
of PUMA SE

sumer focused value propositions, which will make us more relevant and competitive in each segment.

It will take some time for all of these measures to bear fruit but we are on the right path. We have every reason to believe in the huge potential of the PUMA brand, as we have taken decisive actions to overcome the challenging market issues we are currently facing. Fuelled by the repositioning of our brand and a revamped innovation pipeline, and supported by our brand ambassadors such as Marco Reus, Rickie Fowler and Professor Green, I am very confident that we will gradually increase brand heat and re-connect with our youthful target consumers.

### "MY HEARTFELT THANKS GOES TO MY TEAM"

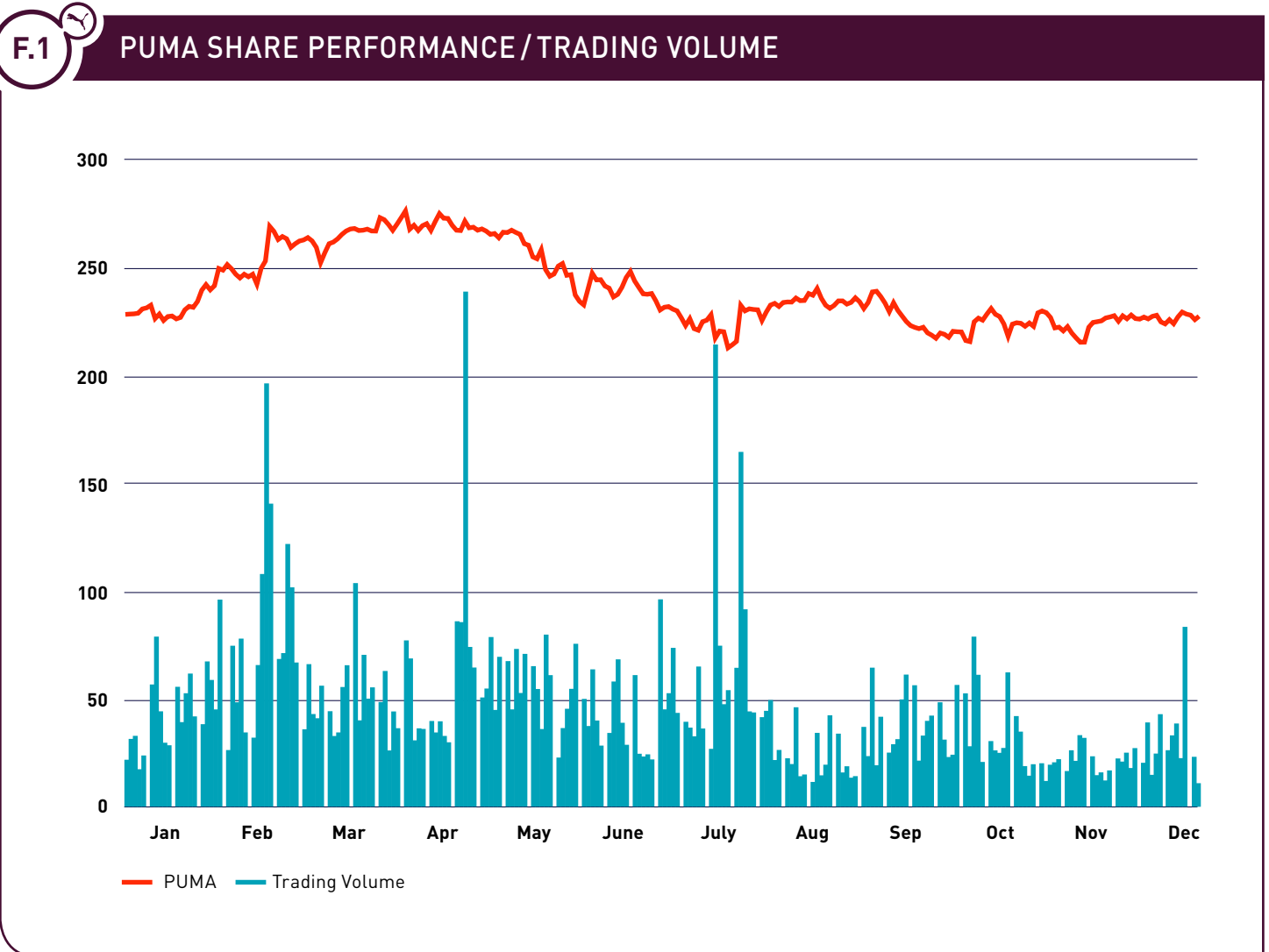
I have to say that the close to two years as PUMA's CEO were as exciting as they were challenging. Despite the fact that we had a tough year in 2012, especially in Europe, which forced us to react immediately by implementing a major restructuring program, I am proud of what we as a team have achieved during my tenure. So I would really like to express my heartfelt thanks to my team, my brilliant colleagues here at PUMA and to everyone, who provided me with constant support throughout these last two years. Together we have laid the foundation, so that PUMA's management can continue with the implementation of the Transformation Program to exploit the full potential of the brand in the long run.

Before leaving the company at the end of March 2013, I would like to thank you, our shareholders, for your continued support and belief in the PUMA brand. It was a pleasure and an honor to be at the helm of this amazing company and I do hope that our paths will cross again in the future.

YOURS   
FRANZ KOCH

# THE PUMA SHARE

Despite being buffeted by stark headlines throughout 2012, worldwide equity markets were for the most part able to deliver excellent annual performances. Whereas the Dow Jones finished the year up around four percent, German equity indices recorded substantial gains throughout 2012. The main reasons for these ascents included the agreement between economists and politicians that the Euro was to be saved at almost any price and also the continuing historic lows of interest rates. The two most important German indices rose markedly in 2012. The DAX finished the year at 7,612 points, an increase of 29.1% versus the previous year, and the MDAX closed up 34.7% at 11,914 points.



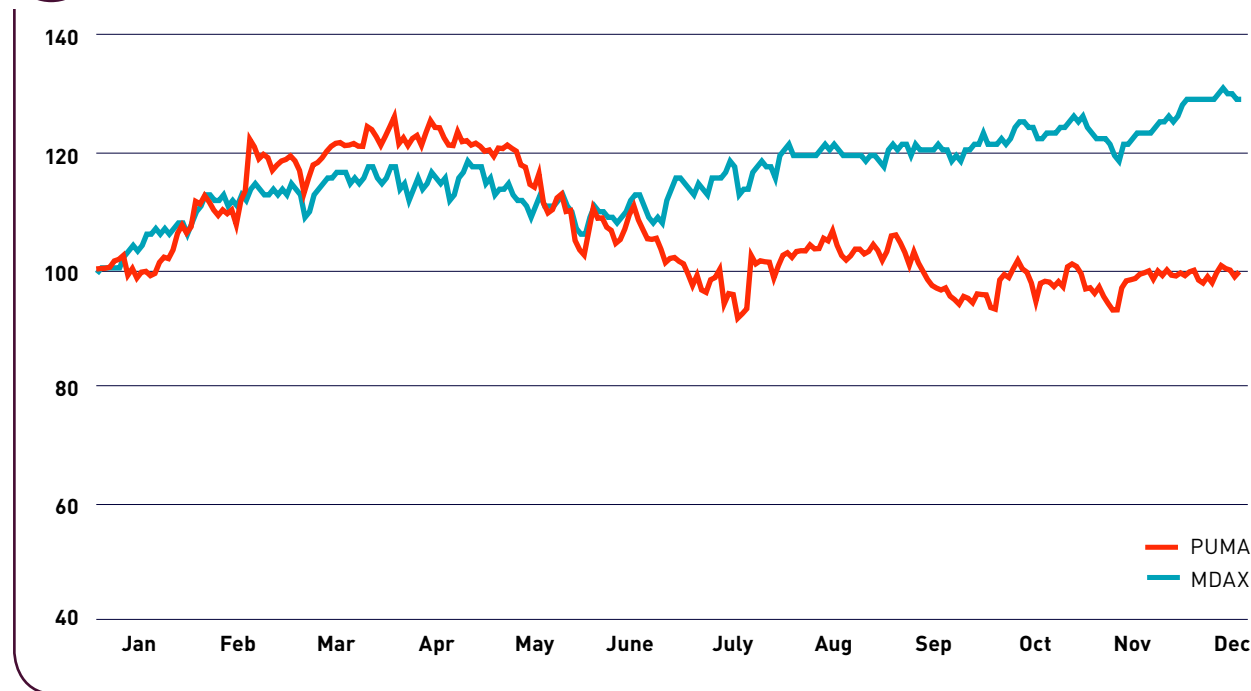
The PUMA share, listed in the MDAX, stayed constant compared to the previous year. The price of PUMA shares moved between a low of € 210.10 on the 23rd of July 2012, and a high of € 274.00 on the 3rd of April 2012. The average daily volume of shares traded was equal to 24,738, compared with 39,973 shares per day in the previous year. At the end of the year, PUMA's share price was almost unchanged at € 224.85 when compared to € 225.00 at the end of 2011. PUMA's market capitalization therefore remained constant at € 3.4 billion.

T.1 KEY DATA PER SHARE	
End of year price	€ 224.85
Highest price listed	€ 274.00
Lowest price listed	€ 210.10
Daily trading volume (Ø)	amount 24,739
Earnings per share	€ 4.69
Gross cashflow per share	€ 21.89
Free cashflow (before acquisitions) per share	€ 5.58
Shareholder's equity per share	€ 106.73
Dividend per share	€ 0.50

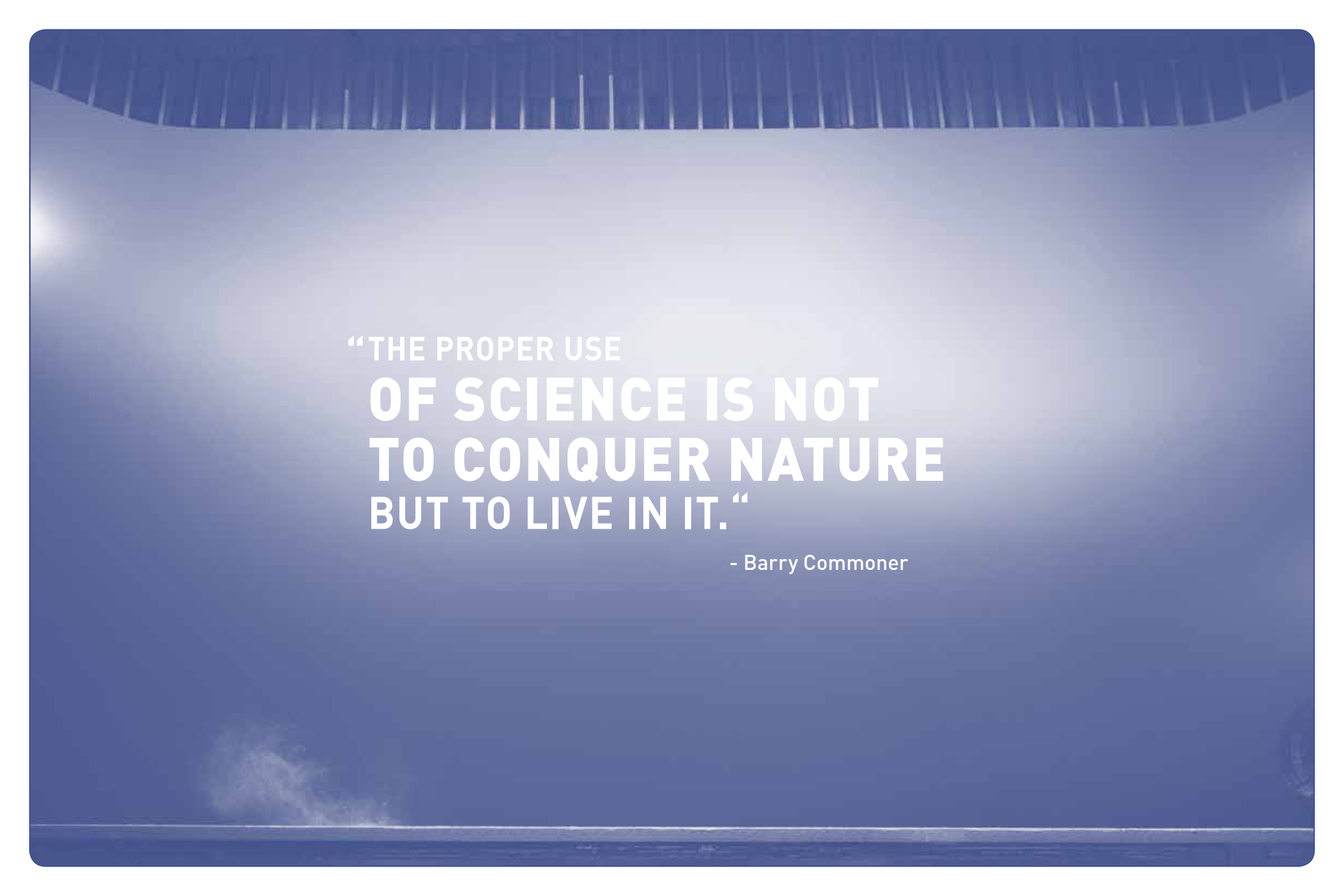
2012	2011	2010	2009*	2008
224.85	225.00	248.00	231.84	140.30
274.00	252.85	263.75	240.74	273.26
210.10	197.30	201.50	103.04	112.78
24,739	39,973	32,045	38,996	57,310
4.69	15.36	13.45	5.28	15.15
21.89	25.47	23.84	18.47	25.46
5.58	4.07	8.35	16.52	7.21
106.73	107.14	92.24	75.14	78.05
0.50	2.00	1.80	1.80	2.75

\* Adjusted comparable figures according to IAS 8, see chapter 3 in the notes to the consolidated financial statements as of December 31, 2010.

## F.2 SHARE DEVELOPMENT - REBASED



The PUMA share has been registered for the regulated market (formerly official trading) on German stock exchanges since 1986. It is listed in the Prime Standard Segment and the Mid-Cap Index MDAX of the German Stock Exchange [Deutsche Börse]. Moreover, membership in the Dow Jones World / STOXX Sustainability indices and the FTSE-4Good index was once again confirmed.



“THE PROPER USE  
**OF SCIENCE IS NOT  
TO CONQUER NATURE  
BUT TO LIVE IN IT.**”

- Barry Commoner



# PUMAVision

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# 2 CHAPTER





Fair  
Honest  
Positive  
Creative

*“We do not inherit  
the earth from  
our ancestors.  
We borrow it from  
our children.”*

– Antoine de Saint-Exupéryw

# PUMAVision

## SUSTAINABILITY AT PUMA

As a leading Sportlifestyle company we have the opportunity, and the responsibility, to contribute to a better world, now and for the generations to come. Our sustainability concept, PUMAVision, along with our 4Keys – Fair, Honest, Positive and Creative – guides us on our way to put this vision of a better world into practice.

Through our PUMAVision program **PUMA. Safe** we continuously strive to improve the social, working and environmental conditions both at our supplier factories around the world and within PUMA’s own operations. And we develop and produce an increasing amount of more sustainable products to continue minimizing both our own and our consumers’ environmental footprints.

We enhance, unleash and foster creativity within the artist world and film industry through **PUMA.Creative** as we as a design-driven company think that creativity is indispensable in this world and brings about a power to change things for the better.

PUMA.Peace is an initiative that uses an array of programs to foster a more peaceful world than the one we know today. **PUMA.**

**Peace** makes sports equipment donations as we think that sports has the power to overcome hostile boundaries, bringing people together in peace. We also engage in educational and marketing campaigns to raise peace awareness.

However, while we do a lot, we know we are not perfect. We have achieved numerous milestones during the past years on our mission to become the most desirable and sustainable Sportlifestyle company in the world. But we are not there yet. We have a lot of work in front of us to make our supplier factories more decent places to work and to continue mitigating PUMA’s environmental footprint, developing more sustainable products and engaging our consumers into our sustainability initiatives.

## SUSTAINABILITY SCORECARD 2015

The PUMA Sustainability Scorecard 2015, which was announced in 2009 and has 2010 as a baseline year, highlights the key sustainability targets for PUMA. It not only highlights a 25 percent reduction target for main environmental key performance indicators such as CO<sub>2</sub>, water and waste by



[› CHECK OUT THE VIDEO](#)

2015, but also emphasizes our focus on environmental accounting through our Environmental Profit & Loss Account, a waste reduction through biodegradable and recyclable products, an ambitious target to have 50 percent of all international collections meet our PUMA Sustainability Index and, perhaps most importantly, 90 percent of our products will be delivered by supplier factories that achieved a good or very good result within our auditing program for social, labor and basic environmental standards.

A progress update on the implementation of our Sustainability Scorecard targets is given throughout the PUMAVision chapter for individual targets.

During the year 2012 we worked on updating our Sustainability Scorecard to include further social and corporate governance targets. For more information, please refer to the Outlook section.

[› please click here](#)

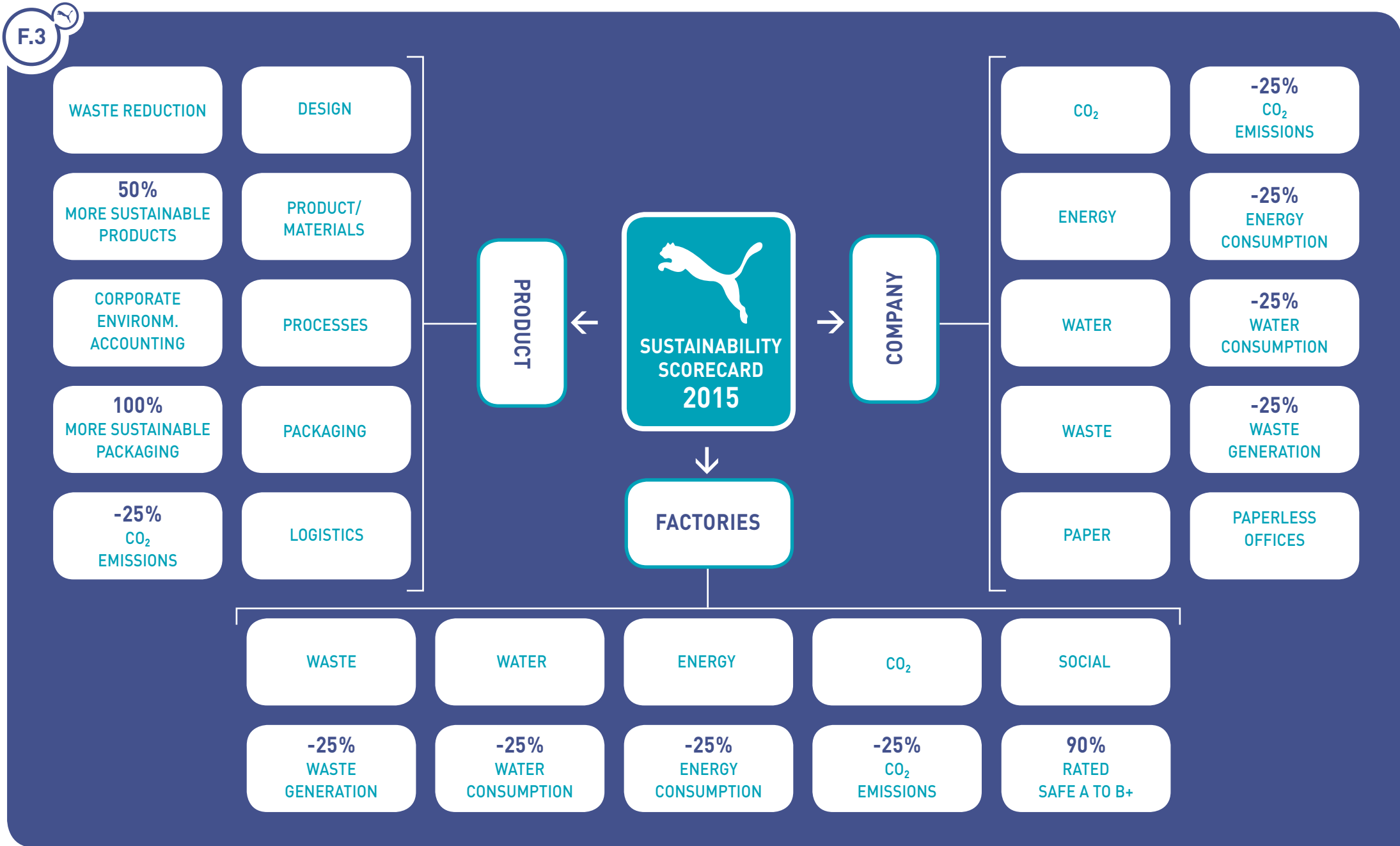


Figure 3: PUMA Sustainability Scorecard 2015

# STAKEHOLDER ENGAGEMENT

## HOW WE ENGAGED WITH THE OUTSIDE WORLD IN 2012

PUMA's stakeholders include businesses, non-governmental organizations, international agencies, foundations, customers, academics, consumers and many others. It is crucial for us to engage with these groups to understand their needs and expectations. Our success depends on their respect and trust, on their acceptance of what we do, and ultimately on our credibility. Our Sustainability Advisory Board met twice in 2012 to guide us on the future strategy of our sustainability program and provide feedback on individual projects. To address issues that we identified as being the most critical, we formed partnerships with our industry peers and external stakeholders. Through both these partnerships and our own initiatives, we support projects that build up and strengthen our suppliers' ability to act more responsibly towards their workers and the environment.

## EMPOWERING WORKERS

As an even more important step, we seek to provide channels for those who are often voiceless such as our factory workers. By getting them involved we can empower them. Factory workers are given options to raise concerns either directly with us or through stakeholder groups committed to construc-

tive engagement and improvement. We support initiatives designed to enhance employment relations within our supply chain operations as well as initiatives designed to help our suppliers improve their energy efficiency or reduce the amount of hazardous substances they release with their wastewater.

Our main stakeholder engagements in 2012 included the global initiative Better Work, notably Better Factories Cambodia and Vietnam, the Fair Labor Association, the Fair Wage Network, the German Development Corporation DEG, the Zero discharge of Hazardous Chemicals Group, The German Council for Sustainable Development, the Sustainable Apparel Coalition, the Environmental Protection and Encouragement Agency as well as civil society organizations such as the Asian Floor Wage Campaign, the Clean Clothes Campaign, Greenpeace, and the Institute of Public and Environmental Affairs in China.

PUMA deepened its engagement with the Better Work program of the International Labour Organization (ILO) by becoming a Buyer Partner. Through this program, PUMA will be involved both in decision-making processes within Better Work and in governance decisions.

Together with Better Factories Cambodia/Better Work Vietnam, PUMA developed tai-



*Workers in a PUMA footwear supplier factory in Vietnam.*

lor made capacity building programs and continued the Human Resource Management Systems Program it began in 2006 in China, in collaboration with other brands.

## COLLABORATION WITH PEERS

Through the Sustainable Compliance Initiative of the **Fair Labor Association**, PUMA collaborates with industry peers to reduce

audit fatigue by exploring universal social assessment tools and systems that examine root causes and go beyond checklist auditing.

In Cambodia, PUMA became active through **Better Factories Cambodia** in the fields of public affairs, especially after the shooting incident at one of our factories in February 2012 [▶ please click here](#).



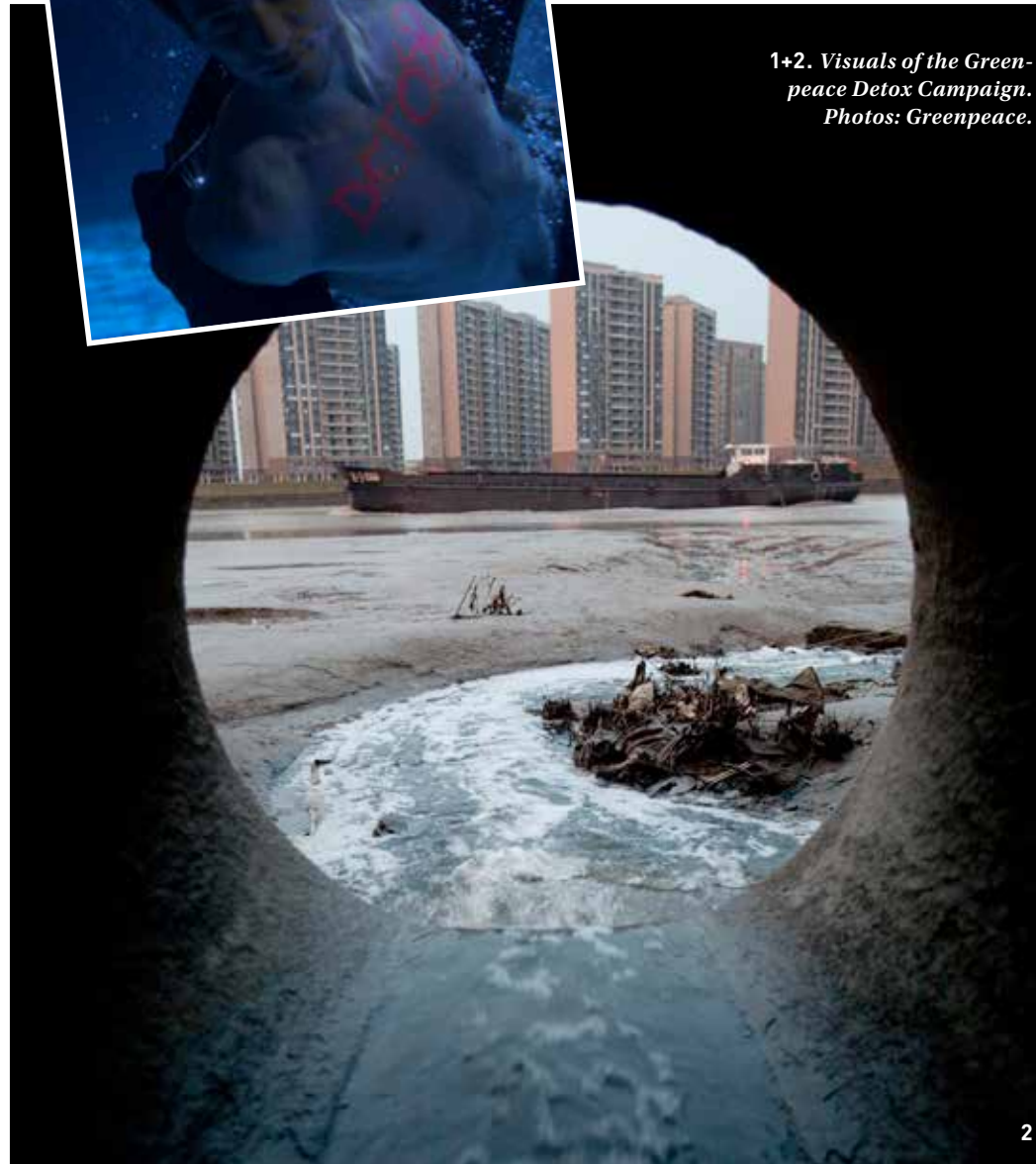
Prior to this, we were working with local stakeholders such as local government bodies to identify areas of improvement for growing industries like footwear to better adopt compliance standards. PUMA engaged with the Garment Manufacturing Association of Cambodia, other buyers as well as other multi-stakeholder groups such as the America Apparel and Footwear Association (AAFA) to address issues affecting our suppliers in Cambodia.

PUMA was taking an active part in the 2012 **Workers' Tribunal** in Cambodia arranged by the Asian Floor Wage Campaign together with the Clean Clothes Campaign on better working conditions in the apparel and footwear industry, in an effort to better understand the underlying problems of the many labor issues faced in Cambodia the past two years.

In Vietnam, PUMA cooperated with the German Development Cooperation (DEG) in a public private partnership to ensure environmental compliance and promote environmental efficiency at our Vietnamese suppliers throughout all supply chain levels.

## ELIMINATING DISCHARGE OF CHEMICALS INTO OPEN WATERS

In 2011/12, Greenpeace launched its Detox campaign focusing on the discharge of harmful substances into open waters by the textile industry in China. As a result of



1+2. Visuals of the Greenpeace Detox Campaign.  
Photos: Greenpeace.

the campaign, major apparel and footwear brands, including PUMA, made a commitment to create a joint [Roadmap](#) for eliminating the discharge of hazardous chemicals by 2020, and they formed the Zero discharge of Hazardous Chemicals Group [please click here](#).

In 2011, PUMA joined the Sustainable Apparel Coalition (SAC), a multi-stakeholder organization consisting of numerous brands and entities. In 2012, the SAC released the Higg Index, which is used to evaluate the environmental performance of brands, materials, products and facilities in the apparel industry. We were involved in expanding the scope of work to incorporate footwear as a new product category, to measure social performance impacts and to use the index for footwear [please click here](#).

Through the German Council for Sustainable Development, PUMA contributed to an initiative for gathering ideas on how eco-system services can be valued for a business and internalized. This initiative was inspired by the release of the PUMA EP&L 2011.

PUMA actively communicated its work on Social and Environmental activities in numerous national and international forums to encourage others and continued to engage with stakeholders via a consumer survey on sustainability.

### AWARDS AND RECOGNITIONS 2012

Like in previous years, PUMA worked together with a number of analysts in the fields of sustainability and socially responsible investment. By doing so, PUMA remained listed on the FTSE4Good and the DOW JONES Sustainability Index, besides winning several awards and recognitions.

Participation in industry rankings, sustainability awards and research by the socially responsible investment community allows us, at PUMA, to better understand what external experts think of our sustainability program and in what areas we should continue our efforts for improvement.

### Deutsche Public Relations Gesellschaft e.V.

German Image Award 2012, PUMA SE Communications Director Ulf Santjer, Chairman Jochen Zeitz and CEO Franz Koch receive the German Image Award in October 2012.



oekom research AG, Prime Status

### Guardian Sustainable Business Awards 2012, Biodiversity



(sponsored by Friends of the Earth), Gewinner: PUMA, The PUMA Environmental Profit and Loss Account (EP&L)

Guardian Sustainable Business Awards 2012

Overall Winner 2012: PUMA, The PUMA Environmental Profit and Loss Account (EP&L)

### Robeco SAM Sustainability Assessments, Silver Status



### FTSE4Good, Member



### EIRIS Sustainability Report



April 2012, EIRIS Sustainability Ratings, Winner

### Dow Jones Sustainability Index 2012, Member



# PEOPLE@PUMA

## EMPLOYER BRANDING

To enhance PUMA's attraction as an employer of choice we defined a strategy combining a number of measures to attract recruits and assure current employees' commitment to PUMA's culture and values. The aim of this long-term strategy is to manage the awareness and perceptions of employees, potential employees and related stakeholders. Effective employer branding creates a competitive advantage, helping employees embrace company values and contributing to employee retention. Employer rankings revealed concrete results, once again listing PUMA among the top companies as being a player who improved its position on preceding years.

Our employer branding strategy had a company-wide rollout to ensure global consistency in PUMA's footprint as an employer. The overall concept merges a number of aligned communication tools. Our main objective in 2012 was to take first steps to establish an authentic and cohesive image of the PUMA brand and to give an idea of what it is like to work for PUMA. The concept started off with the movie project 'PUMA around the world', an exciting journey taking four students to

*Video shooting and interview at the PUMA office in Boston.*



*Attracting the best and most talented employees as well as developing and retaining our current employees are our major goals in PUMA Human Resources. Therefore, we focused our activities in 2012 on further optimizing a working atmosphere that is characterized by mutual respect and appreciation for each individual and encourages to deliver great performance.*

*Video shooting and interview at the PUMA office in Barcelona.*

twelve PUMA destinations worldwide for them to experience how people from different cultures live and work, guided by our corporate principles. The seven-week trip culminated in an international career video offering insight on job opportunities and the working atmosphere at PUMA worldwide. Twelve additional location movies present the day-to-day life in local offices. In each of these short movies, PUMA employees describe what working for PUMA means to them.

› Check it out here:



*The design of PUMA's new job postings.*

PUMA's corporate website is the first point of contact for potential job applicants to get information about PUMA and learn about vacancies. In 2012 we therefore developed a concept for our website that will go live in 2013. The new interactive design and content enhances usability and provides up-to-date information for different target groups.

## NEW JOB POSTINGS

Another aspect of our global employer branding strategy is the redesign of job postings. The new graffiti layout is designed to render PUMA's dynamic culture and to stand out compared to traditional versions. The slogan 'JOY'N US' is a pun, combining the statement of the unique PUMA culture 'to find JOY in everything we do' with the invitation 'to join' our company. Visuals of real-life PUMA employees illustrate this authentically.

Since 2012, PUMA's job postings have been published globally, and we consider this a major step for harmonizing PUMA's general perception as an employer.

PUMA HR in 2012 entered the terrain of Social Media, too. We had come to realize that the ever-changing online culture and the rapidly increasing use of social media in commerce and business require employers to react quickly and to embrace this whole new toolset of opportunities and challenges.



*JOY@Work.*

Things got underway with the creation of a PUMA Career profile on the well-known networks Kununu, LinkedIn and Xing. The centerpiece, however, is a brand-new PUMA HR Twitter channel launched in November. On Twitter, we will feature not only job offers but also general information related to applications as well as and details about upcoming events such as trade shows. We are very excited to use these communication tools to engage with people from all over the world. [▶ please click here](#)



### TALENT MANAGEMENT

PUMA's talent management strategy thrives on a sustainable concept consisting of early talent identification and development to support the growth objective we set in our global business plan. We attract the best talent from around the globe, leveraging each individual by effective assignment and promotion planning to build a performance-driven organization that rewards and retains the best talent.

### TRAINING AND DEVELOPMENT

Whether an introductory seminar or specialized coaching, all training courses are developed on the basis of our very own key competencies. In the past year, existing training courses were optimized and extended to meet our employees' requirements throughout their entire professional development.

Several regions continued the global trend to further extend the development opportunities for employees during the past years. New trainings offers for all employees as well as the role out of the International Leadership Programm, led to a total number of 7408 trained employees in 2012, excluding all safety related trainings. Another new training element initiated in 2012 is the PUMA Afterwork Leader series of lectures. Notable persons from sports, business, science and non-profit organizations provide interesting concepts and approaches in terms of leadership. The first lecture's topic, 'Leading Innovations',

was presented by Professor Malte Brettel. He focused on the question "how to run an entrepreneurial department successfully as an executive in a competitive environment." In early 2013 we will welcome Ken Read, the Volvo Ocean Racing team skipper of the PUMA boat Mar Mostro. He will speak about his own experience of leading in extreme adversity and in tough times – a valuable insight and experience in the current economic environment. The PUMA Afterwork Leader series will continue in 2013 with other notable speakers.



### COMPETENCY & PERFORMANCE MANAGEMENT

We believe that every single employee plays an important role in PUMA's success and accomplishments. To ensure that our employees always meet the competencies required for their positions and are perfectly equipped for helping achieve our business goals, each employee undergoes a performance management process. The annual appraisal interview consists of feedback against busi-

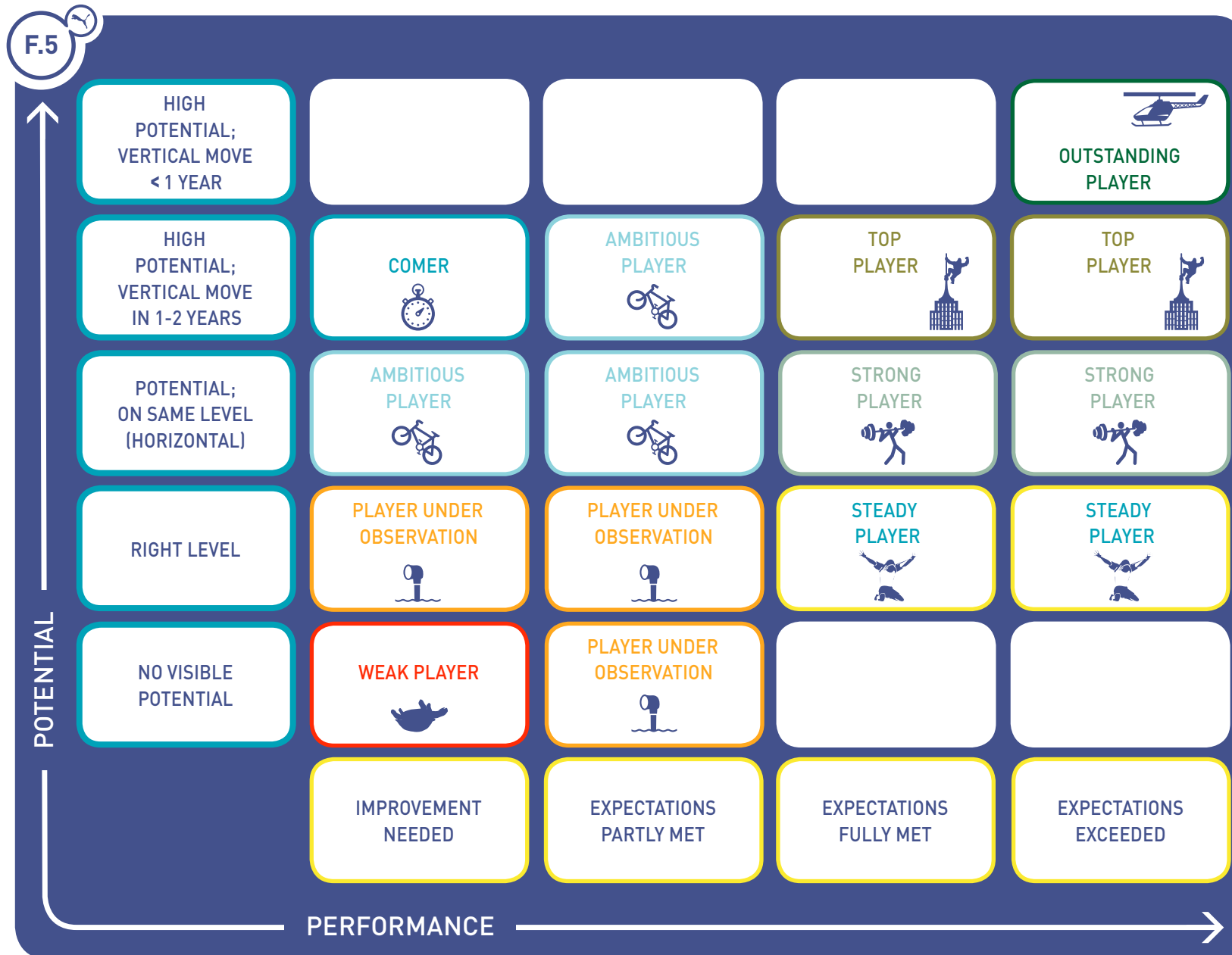
ness, personal and sustainability objectives on the one hand and coaching by managers on the other. Being interconnected with our training catalog, this system helps suggest further employee development measures. In 2012, our internal performance system was rolled out to additional regions such as India and Benelux. As the system is used by 56 percent of the targeted workforce (excluding employees in Retail), we ensure consistency and standardization in our global competency and performance process. Our main objective for 2013 is to include further countries such as China and Mexico to identify and develop talent in markets with a high growth potential.

### SUCCESSION PLANNING

In 2012, we extended our talent management process adding a sustainable succession planning tool to ensure proper staffing of key positions in order to promote the future growth of PUMA. Our objective for 2013 is the alignment of talent management and succession planning throughout PUMA's areas, regions and headquarters as well as the alignment of processes with our performance management system, People@PUMA. Talent evaluation is one of the first steps in the talent management and succession planning lifecycle. The evaluation of talents helps us identify how to promote employees in an even more target-oriented way and how to define priorities in terms of personnel development.



Figure 4: PUMA talent management & succession planning lifecycle



### INTERNATIONAL LEADERSHIP PROGRAM

The International Leadership Program is an essential part of the global training landscape at PUMA. The program’s overall objective is to build leadership skills that support our corporate strategy among our regional and global network of executives and to incorporate PUMA’s corporate values and 4Keys – Fair, Honest, Positive and Creative – into everyday leadership.

As the feedback received from pilot groups in late 2011 was great and as there was demand in other regions, the program was rolled out to all regions in 2012 and is therefore the major reason for the increase in total training hours from 91,689 in 2011 to 99,988 in 2012. To date, 160 managers from two levels participated in the various modules covering all leadership competencies required. In feedback we received via our electronic feedback system, participants appreciated most the coaching elements, the hands-on leadership toolbox as well as the best-practice sharing with international colleagues.

Figure 5: Performance-potential-matrix used in the talent evaluation process

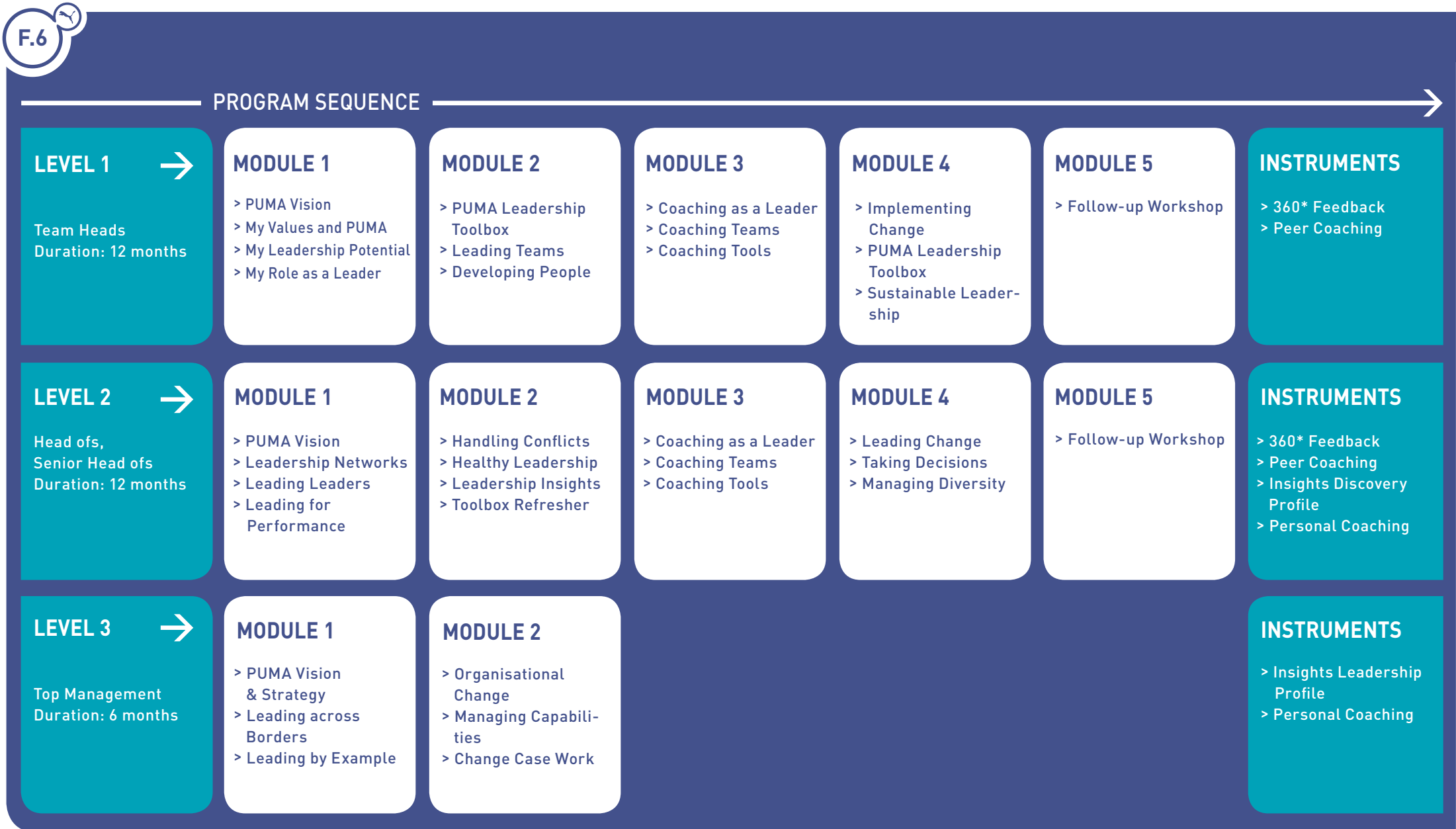


Figure 6: Overview of International Leadership Program

## RETAIL TRAINING PROGRAM PUMA UNIVERSITY

PUMA University is an extensive 'Retail Train the Trainer' program conducted in four separate weeks throughout the year. PUMA University is designed to develop nominated individuals able to deliver training to a consistent PUMA Training method at local levels. After completing their training at PUMA University, graduates will become Training Ambassadors, meaning they have an exceptionally high level of communication, coaching and training skills. Training Ambassadors can deliver training in local languages on all aspects that are a must for PUMA store staff such as service, personnel, management skills, product knowledge and brand awareness.

### WHAT THEY HAD TO SAY

The 4th Annual PUMA University was held in 2012 with delegates from all regions. A full class of 15 graduates joined the 30+ alumni spread around the world. We collected many final thoughts from this year's class and here are just a few examples:



Participants of PUMA University 2012.

*“The support, guidance and simple friendship with the others were literally life-changing. Words cannot describe how special the others have become to me. PUMA enabled me to build a bridge to other continents both professionally and personally.”*

*“A platform for PUMA Cats to learn more about PUMA values and principles and become PUMA Ambassadors in their countries.”*

*“I enjoyed each week. Not only because of the fun element, which has always been there. You developed a completely new person. Now I understand myself, my threats, stresses and fears. You supported me and I can't imagine a better program for an employee's development. What is even better: it is me who can develop my own region.”*



*Introduction Day of the new PUMA trainees and students in Herzogenaurach 2012.*

## YOUNG TALENTS

The recruitment, long-term commitment and promotion of young talents for PUMA are essential elements in PUMA's Human Resources strategy.

PUMA in 2012 added more career opportunities for young people and offered additional dual-degree programs in cooperation with universities offering cooperative education.

At the end of 2012, 18 vocational trainees and five cooperative-education students were employed at five locations in Germany. In addition to professional training as industrial business management assistant, retail store assistant, sales specialist, IT specialist, warehouse logistics specialist and warehouse clerk, students could begin their careers with PUMA in the fields of international business, sports management and textile business management. The trainee program, which started in late 2011, prepared trainees for international positions in finance and controlling. Speaking of young talents, in 2012 we hired and hosted over 150 interns and working students from over twenty nations.



## DIVERSITY AND INCLUSION

Diversity inspires and motivates us in every aspect of our business. The diversity of our global customers, consumers and communities is mirrored in our workforce. In 2012, we employed people from 41 nations in our global headquarters in Herzogenaurach.

At PUMA we offer several intercultural trainings to embrace and understand the wide range of backgrounds and experiences of colleagues, customers and consumers around the world.

Since 2005, PUMA has been committed to its own Code of Ethics > <http://about.puma.com/sustainability/> and since 2010 to the Charter of Diversity. We implemented a Charter of Diversity to provide a work

environment that is free of prejudice and where all employees are respected regardless of their gender, race, nationality, ethnic origin, religion or belief, physical ability, age, sexual orientation and identity. Our latest employee opinion survey showed that the vast majority of our employees feel they are being treated fairly in relation to their gender, ethnic origin, physical state or handicap.

In the broad area of diversity management, our focus in 2012 was on activities that support our plan to increase the percentage of women in managerial positions to 40 percent by the end of 2015. At the end of 2012 the percentage of female managers remains with 36 percent at last year's level. To fur-

ther improve gender diversity in management, we offer a number of measures, from flexible working models to extended child-care services to monitoring for equal representation of both genders in leadership development programs. Initiatives such as the launch of a gender diversity movie and the disability initiative 'Let's continue to be diverse' promote and cultivate a culture of inclusion.



> Check out the Video



**ORGANIZATIONAL WELLBEING**

PUMA places great importance on providing a working environment and fostering a culture that enhance positive employee engagement. In the latest Employee Opinion Survey we identified the promotion of organizational wellbeing as one measure to improve the retention of our employees. The employee initiated turnover rate in 2012 is 24 percent and therefore increased compared to 2010. However, the long term goal is to reach a turnover rate below 20 percent and keep it at a constant level. As for the activities that contribute to organizational wellbeing at PUMA, we know four categories: mental, physical, structural and social. The following graphic describes the activities at our Global Headquarters. Depending on local conditions and cultural characteristics, single activities may vary.

PUMA's Organizational Wellbeing scheme and single components at the Global Headquarters.





*PUMA employees volunteering in a giving-back-to-the-environment project in Switzerland.*

## CHARITY ENGAGEMENT AND VOLUNTEERISM

In 2012, PUMA employees supported various welfare initiatives to contribute to and promote positive social change.

Three PUMA teams took on the challenge and participated in the Oxfam Trailtrekker event to raise funds for Oxfam's charity work. In Australia and Ireland the teams of four finished the 100km trekking route in 30 hours. The funds will support Oxfam's development activities in East, Central and Southern Africa to alleviate poverty and help change the lives of poor families and communities for the better.

'Social Christmas' is another project initiated by PUMA apprentices every year. In 2012, they collected donations from PUMA employees to fulfill wishes of the children living at Kinderheim St. Michael, a children's home near Herzogenaurach. In December, PUMA trainees handed over Christmas gifts along with a check.



*PUMA teams that finished the Oxfam Trailtrekker in Ireland.*

The 2012 class of our PUMA University Retail Training Program joined a giving-back-to-the-environment event held in the community of Oensingen, Switzerland. During the project taking place in a newly finished apartment complex, the team cleaned an area that was being prepared for a stream. The team cleared the area from waste, bushes, roots and weeds to allow the water to drain properly.

In December 2012, Mundo Ejecutivo magazine named PUMA Mexico as being one of the companies in Mexico with the highest social responsibility awareness. For continuous quality improvement of the annual ranking of Companies Committed to a Better Social Responsibility in Mexico, an alliance for the 2012 edition was made with Centro IDEARSE for Social Responsibility and Sustainability of Companies. This program was created by Universidad Anahuac, one of the leading universities in Mexico.



## CHARITY CAT

Charity Cat is an organization of PUMA employees who engage in charity work for projects around the globe. It was founded by 20 employees in early 2004 as a non-bureaucratic tool to help and support people in need through a combination of private and commercial donations of funds and PUMA products.

The members of Charity Cat are volunteers. They donate their free time to support charitable projects they identify. Charity Cat is supported by PUMA management and other PUMA employees worldwide.

In 2012, Charity Cat continued providing emergency relief, one-off financial and product donations and assistance in ongoing projects. The budget for 2012 was some 30,000 euros of which 50 percent were injected into ongoing annual projects.

Some of the largest initiatives include feeding programs in Peru and the Philippines,

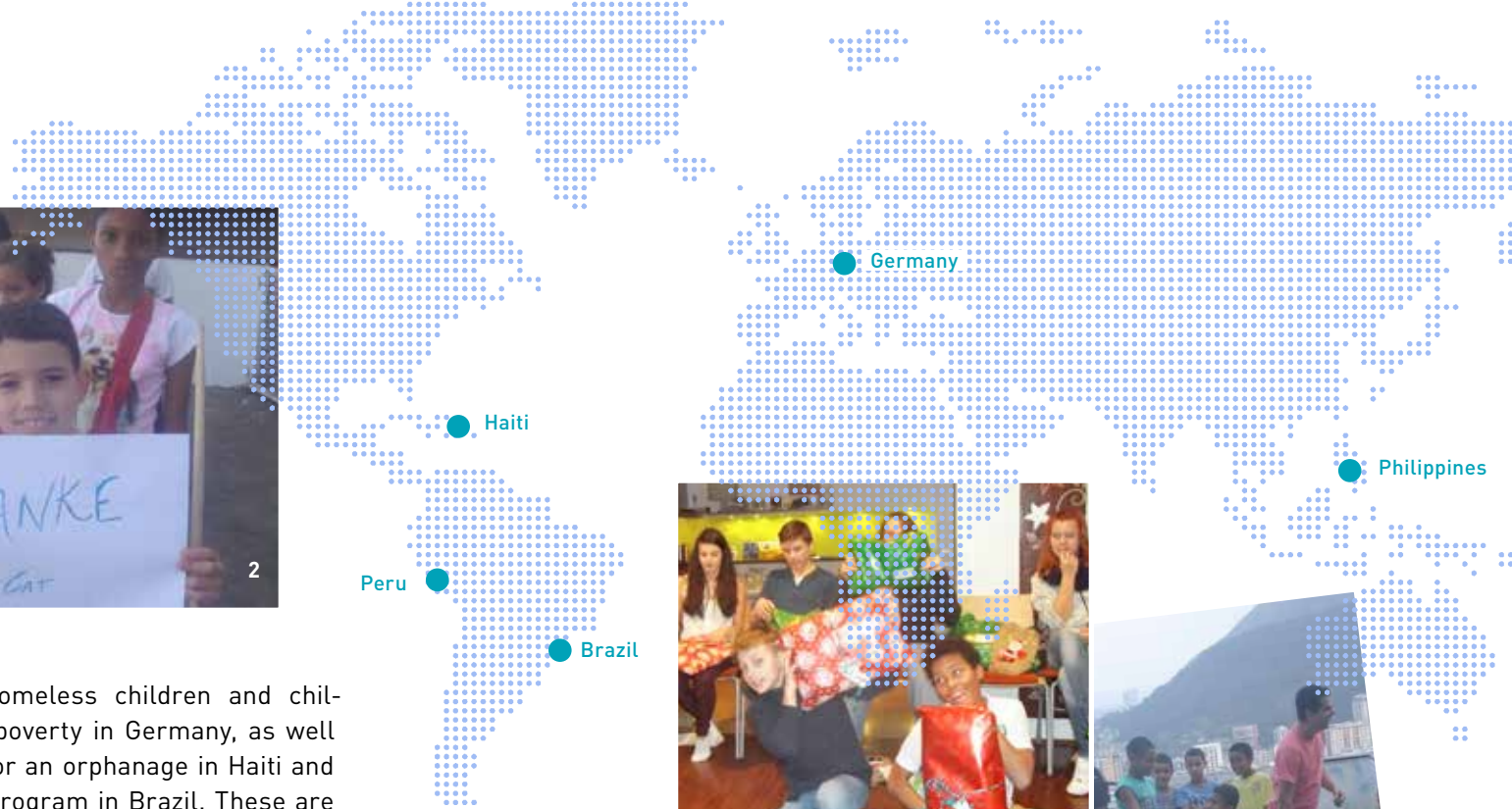
support for homeless children and children living in poverty in Germany, as well as donations for an orphanage in Haiti and a community program in Brazil. These are supported in addition to smaller projects such as periodical product donations to local soup kitchens and a women's shelter.

## ONGOING PROGRAMS

FONMEH e.V. (formerly MAEH e.V.) is among the projects that received continued support from Charity Cat. That organization has been receiving donations since 2011. It cares for children in the Philippines that lost their parents during the earthquake in 2010. Presenting the project at the PUMA employee summer party, Charity Cat launched fundraising for the orphans, raising an additional 1,500 euros.

Other projects supported by Charity Cat were: a school dinner project in Tembladera, Peru, where many parents are too poor

to provide a proper breakfast or lunch for their children; Kinder- und Jugendhaus Bolle in Berlin, Germany, an organization giving poor or homeless children food, education and a place to stay; ONG Social Attitude, a music project in Brazil aimed at providing a better future for citizens living in low-income communities; and Springboard, a feeding program in the Philippines where child malnutrition is still a major problem. Charity Cat started to give financial aid to Springboard two years ago. In 2012, Springboard provided daycare and meals for 68 children.



1. Tembladera, Peru.
2. Children in Aos Pes do Santa Marta in Brazil with their new instruments.
3. Charity Cat provided Christmas presents for underprivileged children in several institutions.
4. Aos Pes do Santa Marta in Brazil.

## COMPENSATION & BENEFITS

Our objective is to provide a global set of compensation and benefit programs that attract and retain talented employees. The programs are reviewed regularly to ensure they remain competitive and aligned with our corporate goals.

PUMA believes that compensation should be linked to performance. PUMA thus seeks to create compensation programs where pay components such as base salary adjustments and short and long-term incentives are aligned with individual or business performance or both. Short-term incentive, or bonus plans are offered to some employees. Short-term incentive plan payouts are linked to business performance and sustainability targets such as the reduction of waste generation as well as energy, paper and water consumption.

Long-term awards involve stock options. Like our short-term incentive (STI) plan, long-term award payouts are based on our corporate performance. At most subsidiaries we have collective bargaining agreements that allow pay beyond industry aver-

age, extended annual leave and so forth. PUMA also offers a variety of benefit plans such as defined contribution and deferred compensation retirement plans.

## OCCUPATIONAL HEALTH AND SAFETY

As a Sportlifestyle brand, PUMA places great emphasis on the health and wellbeing of its staff. We therefore adhere to an occupational health and safety policy that applies not only to PUMA employees but also to the employees of our supplier factories.

For our own sites, we are operating a Health and Safety Committee at our German Head offices. The OHS committee includes members of the PUMA Works Council, the HR and In-house Service departments, our company physician and a health and safety commissioner.

Periodical fire evacuation exercises as well as first aid, health and safety training is organized at country level. Accident and sickness data is collected and analyzed globally and with an injury rate of 0.67 and a

sick rate of 1.87 remains well below industry average.

## EMPLOYEE PRIVACY AND CORPORATE GOVERNANCE

PUMA respects employee privacy and dignity. That is why we only collect and retain personal employee information that is required for the effective operation of the company or as required by law. We ensure to keep such information confidential and to disclose it only to those with a legitimate need to know.

PUMA strives to ensure that its companies comply with our Code of Ethics

<http://about.puma.com/sustainability/>. If employees feel that any of our ethical standards in business may have been compromised, they can raise their voice via a toll-free whistleblower hotline available worldwide.

## GOVERNANCE BODIES ADMINISTRATIVE BOARD/ MANAGING DIRECTORS

In 2012, the administrative board had nine

members including three employee representatives. In December 2012, Jean-Francois Palus replaced the resigning chairman of the administrative board, Jochen Zeitz. As of the end of 2012, three members of the administrative board were French, two were German, one was Swedish, one was British and one was US American. Three of our five managing directors were Germans, one was Italian and one was American.

## WORKS COUNCIL AND EMPLOYEE REPRESENTATIVES

The PUMA SE works council (the European employee representative body) in 2012 consisted of 20 members, representing employees in 16 European countries. Six members of the SE works council were women. While the chair of the SE works council was German, the other two members were French and Dutch. The local German works council of PUMA SE had 13 members, the chair being a man and the vice chair being a woman. One member of the works council is tasked with dealing with the needs of handicapped employees.

## SUSTAINABILITY GOVERNANCE STRUCTURE

The highest governance body at PUMA in terms of sustainability is the Sustainability Committee at SE level consisting of François-Henry Pinault (President and General Director PPR SA), Jochen Zeitz (Chief Sustainability Officer PPR SA, through October 2012) and Bernd Illig (employee representative of PUMA SE). This committee meets quarterly to oversee the progress of PUMA against our sustainability targets.

PUMA sustainability management is supported by an external Sustainability Advisory Board, which meets twice a year. This expert panel currently includes:

### Michael Kuhndt (chair):

Main area of expertise: sustainable consumption and production

→ Background: Michael Kuhndt is head of the UNEP/Wuppertal Institute for Sustainable Consumption and Production

### Dr. Holly Dublin

Main area of expertise: biodiversity

→ Background: Holly Dublin has worked for the IUCN, the Wildlife Conservation Society and PUMA's French parent, PPR

### Matthias Kopp:

Main area of expertise: climate change

→ Background: Matthias Kopp is head of the low carbon business and finance sector at WWF, Germany

### Dr. Siegfried Kreibe:

Main area of expertise: waste and recycling

→ Background: Siegfried Kreibe is a director of the Bifa Environmental Institute

### Auret van Heerden

Main area of expertise: labor standards

→ Background: Auret van Heerden is president and CEO of the Fair Labor Association

Sustainability functions at PUMA are not limited to a single department. While



*From left to right.: Michael Kuhndt, Matthias Kopp, Dr. Siegfried Kreibe, Dr. Holly Dublin.*

PUMA.Safe historically held a coordinating role, all business functions including Corporate Strategy, Product Development, Sourcing, Logistics, Marketing, Retail, HR and Finance have their own sustainability leads to support PUMA's overall sustainability journey.

## TOTAL WORKFORCE\* BY EMPLOYMENT TYPE AND EMPLOYMENT CONTRACT

T.2 WORKFORCE REGION	PERMANENT			FIXED TERM			RATIO PERMANENT		
	Permanent 2010	Permanent 2011	Permanent 2012	Fixed Term 2010	Fixed Term 2011	Fixed Term 2012	Ratio Permanent 2010	Ratio Permanent 2011	Ratio Permanent 2012
APAC	1,714	1,973	2,006	709	882	952	71%	69%	68%
EMEA	3,892	4,121	4,281	541	615	712	88%	87%	86%
Latin America	1,781	2,088	2,062	70	118	123	96%	95%	94%
North America	2,129	2,305	2,439	530	602	740	80%	79%	77%
<b>Total</b>	<b>9,516</b>	<b>10,487</b>	<b>10,788</b>	<b>1,850</b>	<b>2,217</b>	<b>2,527</b>	<b>84%</b>	<b>83%</b>	<b>81%</b>

T.3 WORKFORCE REGION	FULL-TIME			PART-TIME			Ratio Part-Time 2012
	Full-Time 2010	Full-Time 2011	Full-Time 2012	Part-Time 2010	Part-Time 2011*	Part-Time 2012**	
APAC	2,358	1,915	2,270	65	58	688	23%
EMEA	3,941	3,583	4,051	492	538	942	19%
Latin America	1,759	1,960	2,018	92	128	167	8%
North America	1,481	1,108	1,141	1,178	1,197	2,038	64%
<b>Total</b>	<b>9,539</b>	<b>8,566</b>	<b>9,480</b>	<b>1,827</b>	<b>1,921</b>	<b>3,835</b>	<b>29%</b>

\* Permanent contracts only  
\*\* Total Workforce

## TOTAL WORKFORCE\* IN HEADS CONSISTING OF RETAIL AND WHOLESALE

T.4 REGION	NON MANAGERS 2010			NON MANAGERS 2011			NON MANAGERS 2012		
	Female	Male	Ratio Female	Female	Male	Ratio Female	Female	Male	Ratio Female
APAC	1,095	861	56%	1,259	1,076	54%	1,318	1,133	54%
EMEA	1,964	1,727	53%	2,077	1,865	53%	2,194	1,970	53%
Latin America	518	1,118	32%	623	1,369	31%	593	1,294	31%
North America	1,104	1,244	47%	1,239	1,349	48%	1,407	1,452	49%
<b>Total</b>	<b>4,681</b>	<b>4,950</b>	<b>49%</b>	<b>5,198</b>	<b>5,659</b>	<b>48%</b>	<b>5,512</b>	<b>5,849</b>	<b>49%</b>

T.5 REGION	MANAGERS 2010			MANAGERS 2011			MANAGERS 2012		
	Female	Male	Ratio Female	Female	Male	Ratio Female	Female	Male	Ratio Female
APAC	164	303	35%	191	329	37%	177	330	35%
EMEA	257	485	35%	284	510	36%	303	526	37%
Latin America	72	143	33%	74	140	35%	89	209	30%
North America	123	188	40%	124	195	39%	126	194	39%
<b>Total</b>	<b>616</b>	<b>1,119</b>	<b>36%</b>	<b>673</b>	<b>1,174</b>	<b>36%</b>	<b>695</b>	<b>1,259</b>	<b>36%</b>



T.6

## TOTAL NUMBER OF EMPLOYEES

REGION	Total 2010	Total 2011	Total 2012
APAC	2,183*	2,855	2,958
EMEA	4,673*	4,736	4,993
Latin America	1,851	2,206	2,185
North America	2,659	2,907	3,179
<b>Total</b>	<b>11,366</b>	<b>12,704</b>	<b>13,315</b>

\* One country was shifted from EMEA to APAC in the 2011 report

T.8

## AGE DISTRIBUTION 2011\*

REGION	<25 years	25 – 30	31 – 40	41 – 50	51 – 55	56 – 60	> 60	Total
APAC	344	545	660	307	68	34	15	1,973
EMEA	785	1,141	1,347	619	141	64	24	4,121
Latin America	487	562	685	251	50	29	24	2,088
North America	1,097	508	395	212	52	25	16	2,305
<b>Total</b>	<b>2,713</b>	<b>2,756</b>	<b>3,087</b>	<b>1,389</b>	<b>311</b>	<b>152</b>	<b>79</b>	<b>10,487</b>
	25.87%	26.28%	29.44%	13.24%	2.97%	1.45%	0.75%	100.00%

\* employees of New Zealand voluntarily provided age brackets, permanent contracts only

### TOTAL WORKFORCE\* BY EMPLOYMENT TYPE AND EMPLOYMENT CONTRACT

T.7

## AGE DISTRIBUTION 2012\*

REGION	<25 years	25 – 30	31 – 40	41 – 50	51 – 55	56 – 60	> 60	Total
APAC	666	834	979	329	76	52	22	2,958
EMEA	1,257	1,352	1,474	665	151	67	27	4,993
Latin America	493	606	729	244	59	22	32	2,185
North America	1,739	618	478	230	64	28	22	3,179
<b>Total</b>	<b>4,155</b>	<b>3,410</b>	<b>3,660</b>	<b>1,468</b>	<b>350</b>	<b>169</b>	<b>103</b>	<b>13,315</b>
	31.21%	25.61%	27.49%	11.03%	2.63%	1.27%	0.77%	100.00%

\* employees of New Zealand voluntarily provided age brackets, permanent and fixed-term contracts

T.9

## AGE DISTRIBUTION 2010\*

REGION	<25 years	25 – 30	31 – 40	41 – 50	51 – 55	56 – 60	> 60	Total
APAC	265	406	615	269	74	31	13	1,673
EMEA	805	1,071	1,252	550	130	62	22	3,892
Latin America	373	487	617	210	48	29	17	1,781
North America	1,003	536	340	179	40	16	15	2,129
<b>Total</b>	<b>2,446</b>	<b>2,500</b>	<b>2,824</b>	<b>1,208</b>	<b>292</b>	<b>138</b>	<b>67</b>	<b>9,475</b>
	25.82%	26.39%	29.80%	12.75%	3.08%	1.46%	0.71%	100.00%

\* figures differ from total permanent contract since New Zealand figures are not reflected for legal reasons, permanent contracts only

\* TOTAL WORKFORCE IN HEADS CONSISTING OF RETAIL AND WHOLESALE EMPLOYEES

## TURNOVER

T.10						
TOTAL NUMBER AND RATE OF EMPLOYEE INITIATED TURNOVER BY REGION						
REGION	Leavings in 2010	Leavings in 2011	Leavings in 2012	Turnover in 2010 in %	Turnover in 2011 in %	Turnover in 2012 in %
APAC	402	549	537	17	19	18
EMEA	1,037	786	923	23	17	18
Latin America	190	202	282	10	9	13
North America	1,423	1,217	1,500	54	42	47
<b>Total</b>	<b>3,052</b>	<b>2,754</b>	<b>3,242</b>	<b>27</b>	<b>22</b>	<b>24</b>

## COLLECTIVE BARGAINING AGREEMENTS

T.11			
PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS			
REGION	Ratio 2010*	Ratio 2011*	Ratio 2012**
APAC	6%	6%	4%
EMEA	45%	47%	41%
Latin America	79%	80%	73%
North America	0%	0%	0%
<b>Total</b>	<b>33%</b>	<b>36%</b>	<b>28%</b>

\* Permanent contracts only  
\*\* Total Workforce

T.12									
REGION	NUMBER OF HOURS SPENT IN SAFETY-RELATED TRAINING			PEOPLE TRAINED IN FIRE EVACUATION			NUMBER OF EMPLOYEES TRAINED IN FIRST AID		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
APAC	238	281	642	222	278	358	26	25	26
EMEA	8,539	5,215	7,581	3,029	2,430	2,947	762	949	1,040
Latin America	918	862	702	203	327	619	35	113	49
North America	288	661	955	6	138*	140	16	139	129
<b>Total</b>	<b>9,983</b>	<b>7,019</b>	<b>9,880</b>	<b>3,460</b>	<b>3,173</b>	<b>4,064</b>	<b>839</b>	<b>1,226</b>	<b>1,244</b>

\* Fire evacuation has been part of the onboarding process since 2011

\* TOTAL WORKFORCE IN HEADS CONSISTING OF RETAIL AND WHOLESALE

## RATE OF INJURIES, ACCIDENTS ETC.

REGION	ABSENTEEISM RATE			ABSENTEEISM RATE DUE TO SICKNESS		
	2010	2011	2012	2010	2011	2012
APAC	0.41%	0.84%	1.22%	0.26%	0.42%	0.52%
EMEA	6.54%	6.02%	5.88%	2.51%	2.43%	2.45%
Latin America	3.36%	3.71%	3.56%	2.04%	2.29%	3.41%
North America	1.11%	1.00%	1.09%	0.36%	0.70%	0.67%
<b>Total</b>	<b>3.23%</b>	<b>3.45%</b>	<b>3.50%</b>	<b>1.39%</b>	<b>1.61%</b>	<b>1.87%</b>

## EDUCATION TRAINING, COUNSELING PREVENTION

REGION	TRAINING HOURS			NUMBER OF TRAINED EMPLOYEES		
	2010	2011	2012	2010	2011	2012
APAC	13,723	23,348	23,342	1,009	1,276	1,360
EMEA	38,434	37,459	40,010	1,763	2,037	2,123
Latin America	6,442	8,526	8,470	310	706	802
North America	6,150	22,356	28,166	138	1,780	3,123
<b>Total</b>	<b>64,749</b>	<b>91,689</b>	<b>99,988</b>	<b>3,220</b>	<b>5,799</b>	<b>7,408</b>

REGION	TOTAL ACCIDENTS			TOTAL INJURY RATE (OSHA)			FATAL ACCIDENTS		
	2010	2011*	2012*	2010	2011*	2012*	2010	2011	2012
APAC	3	1	4	0.14	0.04	0.15	0	0	0
EMEA	24	16	23	0.57	0.41	0.54	0	0	0
Latin America	54	39	45	2.96	1.99	2.05	0	0	0
North America	1	5	1	0.05	0.31	0.06	0	0	0
<b>Total</b>	<b>82</b>	<b>61</b>	<b>73</b>	<b>0.78</b>	<b>0.61</b>	<b>0.67</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Without way-to-work accidents and accidents that did not lead to a work stoppage of one day or more

\* TOTAL WORKFORCE IN HEADS CONSISTING OF RETAIL AND WHOLESALE EMPLOYEES

“THE WORLD AS WE HAVE CREATED IT  
**IS A PROCESS OF OUR  
THINKING. IT CANNOT BE  
CHANGED WITHOUT CHANGING  
OUR THINKING.**”

- Albert Einstein

PUMA  
2012



# PUMA.Safe

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# 3

## CHAPTER



# PUMA.SAFE ECOLOGY

## IMPROVING PUMA'S ENVIRONMENTAL FOOTPRINT

### PUMA AND THE ENVIRONMENT IN 2012

#### ROAD TO ZERO DISCHARGE AND HIGG INDEX

2012 marked a shift in the Sportlifestyle industry and the Apparel industry in particular. Through the formation of the Zero Discharge of Hazardous Chemicals (ZDHC) group in response to the Greenpeace Detox campaign and through the launch of the HIGG Index by the Sustainable Apparel Coalition, the most progressive industry players joined forces to find solutions for tackling the challenges our industry faces. The key issues included the release into open waters of hazardous substances produced in the lower tiers of the industry's supply chain as well as the lack of shared standards for sustainable products and manufacturing. PUMA joined these initiatives by testing 13 products under the HIGG Index and by contributing to the roadmap and benchmark study of the ZDHC group.

### Product Environmental Profit and Loss Account



*Pelletized Polyester granulate gained from the shredded Track Jacket.*

The PUMA.Safe team for the first time ever published the results of the unprecedented PUMA Product Environmental Profit and Loss Account (Product EP&L), which assessed environmental impacts and damage caused during the production process and consumer life of two pairs of shoes and two shirts. The results of this analysis are quite encouraging – our newly developed biodegradable and recyclable InCycle collection produced a largely improved environmental footprint in comparison with traditional PUMA products.

### The Higg Index

> The Sustainable Apparel Coalition is an industry-wide group of over 60 leading apparel and footwear brands, retailers, suppliers, nonprofits and NGOs working to reduce the environmental and social impacts of apparel and footwear products around the world.

The focus of the Sustainable Apparel Coalition is The Higg Index that measures the environmental performance of apparel products. Future versions will include footwear products and measure social performance.

The Higg Index 1.0 is primarily an indicator-based tool for apparel that allows companies to evaluate material types, products, facilities and processes on the basis of a range of environmental and product design choices. The Higg Index asks practice-based, qualitative questions to assess environmental sustainability performance and to drive behavior for improvement.

PUMA has been a member of the Sustainable Apparel Coalition since 2011. In 2012, PUMA tested 13 apparel products under the HIGG Index. Starting 2013, all PUMA key Apparel suppliers will be encouraged to complete the facilities module of the HIGG Index.





CEO Franz Koch and Cem Özdemir, Chairman of the party Bündnis 90/Die Grünen, inaugurated PUMA's new solar-powered charging station for electric cars at the PUMAVision Headquarters in Herzogenaurach.

### Environmental Progress at PUMA's own Entities

2012 saw the opening of a new photovoltaic power plant at our main logistics center in Germany and the launch of a solar-powered charging station for electric cars at our PUMAVision headquarters in Germany. PUMA staff and PUMA customers may use the sustainable 'refueling station' for free. In India, we opened our first low-energy store, which uses photovoltaic power generation in addition to energy-efficient lighting and air conditioning.



### PUMA Suppliers Catching up on Renewable Energy

The move towards renewable energy was visible at selected key suppliers after the commissioning of a water turbine and a photovoltaic power station by two key suppliers in South Africa and Georgia.

[▶ please click here](#)

### Improving Resource Efficiency in Supplier Factories in Vietnam

With the completion of the ConserV project in Vietnam, 58 PUMA suppliers were trained by resource efficiency experts in a move towards realizing PUMA's ambitious targets for saving 25 percent in CO<sub>2</sub> emissions, water and waste between 2010 and 2015.

[▶ please click here](#)



# THE PUMA PRODUCT ENVIRONMENTAL PROFIT AND LOSS ACCOUNT

## HOW MUCH DO YOU THINK YOUR PUMA SHOES COST THE ENVIRONMENT?



**ENVIRONMENTAL SAVINGS OF THE PUMA INCYCLE BASKET:**

In 2012 we started extending our 2010 PUMA Environmental Profit and Loss Account to the product level, analyzing two 'more sustainable' products and two conventional products: one pair of our biodegradable PUMA sneakers InCycle Basket and one biodegradable InCycle cotton PUMA T-shirt versus one pair of the conventional retro PUMA Suede shoes and one conventional cotton PUMA T-shirt.

### WHAT FOR?

**Because:** We wanted to know how much it would cost in euros and cents to compensate the environmental impacts and damage caused during the production process, consumer life and disposal of two pairs of shoes and two shirts. This helped us assess whether our efforts to become a more sustainable company and develop more sustainable products are in fact making a positive difference.

Along the way, we gained interesting – and mind-boggling – insights. Did you know that

**T.16**

### ENVIRONMENTAL COSTS OF SHOES

PRODUCT	GREENHOUSE GAS	WATER	WASTE	AIR POLLUTION	LAND USE	ENVIRONMENTAL COSTS	RETAIL PRICE
	€	€	€	€	€	€	€
CONVENTIONAL PUMA SUEDE	2.16	0.61	0.30	0.74	0.48	4.29*	85
BIODEGRADABLE PUMA INCYCLE BASKET	1.41	0.49	0.12	0.84	0.09	2.95*	95
INCYCLE SAVINGS IN %	-35%	-21%	-60%	+14%	-20%	-31%	+12%

\*These environmental costs are provided as units of comparison and are not related in any way to the retail price of the product.

**21% LESS WATER**  
because more water is needed for the tanning of leather than for the production of cotton.

**20% LESS LAND USE**  
because less land is required for the production of cotton than for the production of leather from cattle farming.

**60% LESS WASTE**  
because waste generation from the production and processing of leather exceeds that for cotton. As the InCycle Basket is 100 percent compostable at the end of its life, no environmental costs arise at this stage as long as the product is not disposed of in landfills or incinerated.

**35% LESS GREENHOUSE GAS EMISSIONS**  
because the InCycle Basket's upper is made of a mix of organic cotton and linen while the PUMA Suede's leather is responsible for more GHG emissions associated with the raising and slaughtering of cattle.

**14% MORE AIR POLLUTION**  
because the energy required for leather production is lower than the energy required for cotton fabric production.



31 waste disposal trucks are needed to clear the waste that 100,000 pairs of conventional sneakers cause during their production process and consumer life until their owners throw them away and they end up in landfills or incinerators?

More importantly, we found out that our biodegradable shoe, PUMA InCycle Basket, and the biodegradable InCycle cotton T-shirt cause **31 percent less environmental impacts** than our conventional products.

Our analysis focused on the environmental impacts caused by greenhouse gas (GHG) emissions, waste and air pollution as well as the use of natural resources such as water and land along the entire value chain from the generation of raw materials to the production process to the consumer phase when our customers use, wash, dry, iron and finally dispose of the products.

More importantly, our [PUMA Product-EP&L](#)\* evaluates these environmental impacts and attaches a tag denominating the price in euro and cent. Though we do not expect our customers to absorb the costs of these impacts, we believe it is necessary to make their magnitude clear to our consumers.

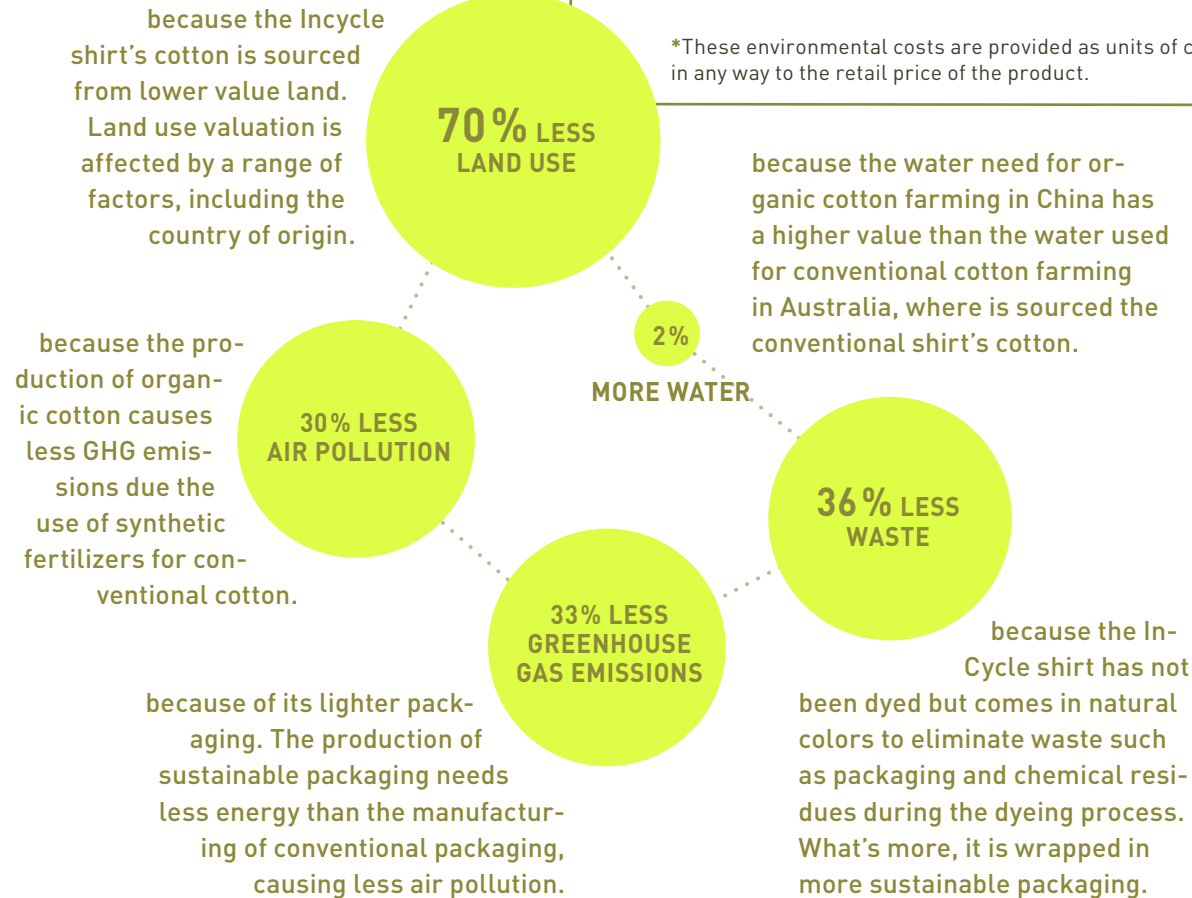
By showing environmental costs in euros and cents, our new PUMA Product EP&L visualizes the environmental impacts of PUMA products, comparing products in terms of environmental sustainability in a way anyone can understand. It is thus a powerful assessment tool for comparing the level of sustainability for different products.

While the environmental impacts of the

conventional PUMA Suede amount to 4.29 euros per unit, the environmental impacts of the biodegradable PUMA InCycle Basket are only 2.95 euros and therefore 31 percent lower.

\* The PUMA EP&L as well as Product Level EP&L falls outside of the external assurance scope of this report

### ENVIRONMENTAL SAVINGS OF THE PUMA INCYCLE T-SHIRT:



### T.17 ENVIRONMENTAL COSTS OF T-SHIRTS

PRODUCT	GREENHOUSE GAS	WATER	WASTE	AIR POLLUTION	LAND USE	ENVIRONMENTAL COSTS	RETAIL PRICE
	€	€	€	€	€	€	€
CONVENTIONAL PUMA T-SHIRT	1.79	0.33	0.10	1.00	0.20	3.42*	20
BIODEGRADABLE PUMA INCYCLE BASKET	1.20	0.34	0.06	0.70	0.06	2.36*	20
INCYCLE SAVINGS IN %	-33%	+2%	-36%	-30%	-70%	-31%	0%

\*These environmental costs are provided as units of comparison and are not related in any way to the retail price of the product.



→THE ENVIRONMENTAL COSTS OF THE BIODEGRADABLE PUMA INCYCLE SHIRT (2.36 EUROS) ARE 31 PERCENT LOWER THAN THOSE OF THE CONVENTIONAL PUMA COTTON SHIRT (3.42 EUROS).

# MORE SUSTAINABLE PRODUCTS

## PUMA'S CLEVER WORLD

PUMA's Clever World includes all of PUMA's sustainable innovations by delivering lifestyle and performance products with a lower environmental impact and a more socially responsible aspect to consumers. PUMA's Clever World invents and delivers initiatives that engage, educate, inspire and help PUMA's staff, our brand and consumers to lead a more sustainable lifestyle. And finally, it is how PUMA talks about sustainability. It is PUMA's unique way of chatting with consumers about sustainability, in a green marketplace many people find confusing. Our aim is to communicate in a transparent, credible, educational way and full of PUMA JOY.

PUMA's Clever World encompasses PUMA's consumer-facing sustainability initiatives including the InCycle collection, the Bring Me Back recycling program, our more sustainable, vegan, shoe Re-Suede, the PUMA Sustainable Design Collective, and our Clever Little Bag. PUMA's Clever World showcases a journey that began in 1999 when PUMA started implementing more

sustainable supply chain projects and goals. PUMA's Clever World is formally introduced to the market in early 2013, with the launch of the Clever World Website. The website hosts all Clever World initiatives and projects and is part of PUMA's first large-scale introduction of CLEVER to the consumer. We will also run Clever World Week, a PR-focused series of global events culminating in a single week during 2013. Support for this week will come through many channels including retail installations and social media campaigns.

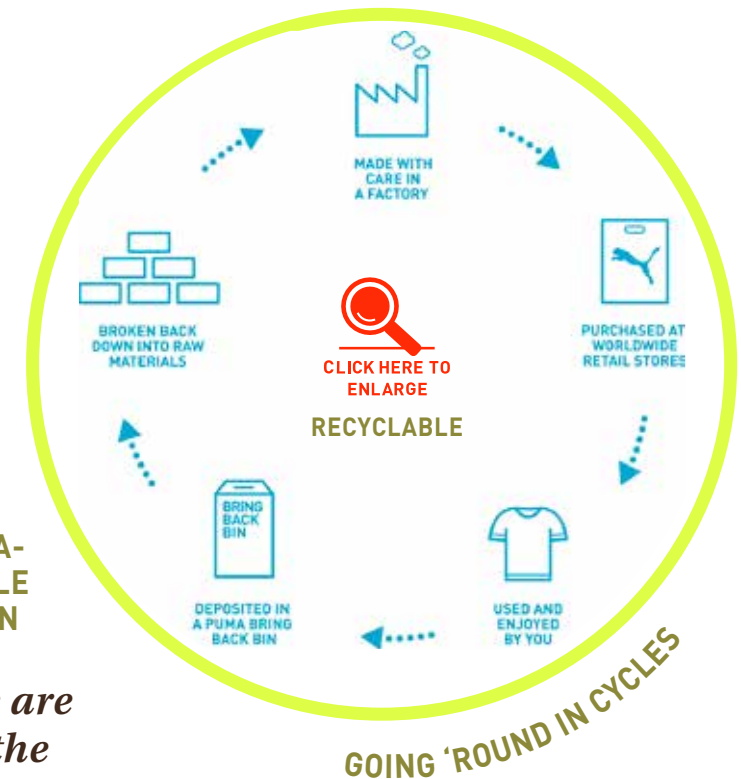


› CHECK OUT THE VIDEO

### PUMA'S BIODEGRADABLE AND RECYCLABLE INCYCLE COLLECTION

*"We feel that we are responsible for the environmental impact our products cause and this innovative concept in sustainability is a first step towards our long-term vision of using innovative materials and design concepts for PUMA products that can be recycled in technical processes or composted in biological cycles."*

– Franz Koch, October 2012



In 2012 we achieved a major milestone in our More Sustainable Products portfolio introducing biodegradable and recyclable shoes, shirts and bags to the PUMA product range.

With our InCycle collection, we took a first step in addressing the environmental footprint of our consumers' disposal, helping them reduce their personal waste generation by returning their used products to PUMA's Bring Me Back recycling bins in PUMA stores.

We took on the challenge of launching an entire line that is either biodegradable or recyclable and 100 percent Cradle-to-Cradle Basic certified<sup>CM</sup>. The PUMA InCycle col-

lection includes the Basket lifestyle sneaker (biodegradable), the legendary PUMA Track Jacket (recyclable), shirts (biodegradable) and a backpack (recyclable), among many other items.

Since PUMA's 2010 Environmental Profit and Loss Account (EP&L) revealed that 57 percent of PUMA's environmental impact is associated with the production of raw materials such as leather, cotton and rubber, we aimed at increasing the number of products made of more sustainable materials. Only more sustainable raw materials have been used to manufacture this collection: PUMA InCycle uses, among others, biodegradable polymers, recycled polyester and organic cotton to eliminate pesticides, chemical fertilizers and other hazardous chemicals.

### THE RECYCLABLE INCYCLE PRODUCTS

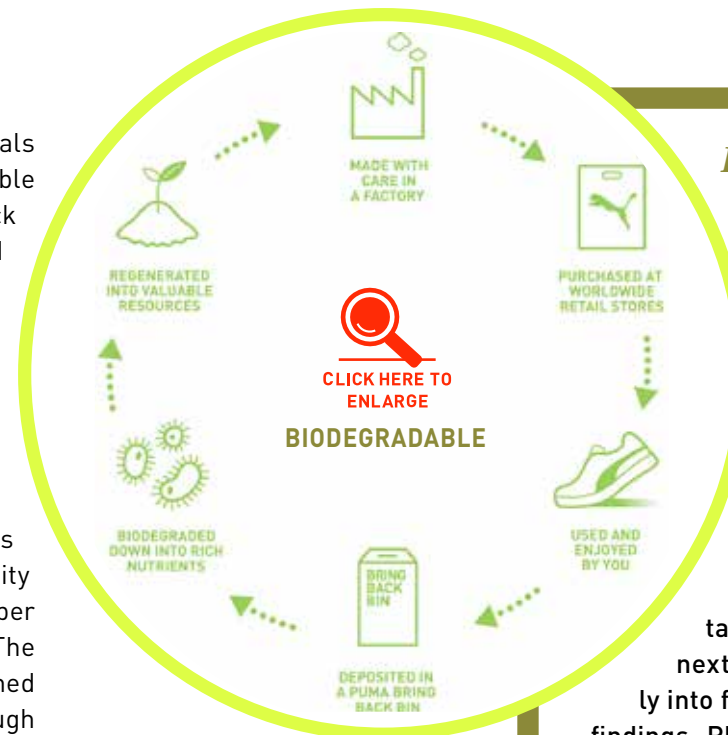
Recycling means that used materials – which normally end up in conventional disposal such as landfills and incineration plants – will be processed into new materials. Recycling uses less energy compared to conventional raw material manufacturing, reducing air pollution from waste incineration and land use from land filling. Recycling requires energy too but far less, on average, than raw material production. As a prerequisite for products to be recyclable the materials contained in the product should be no blended materials. Homogeneity is necessary because mixed or composite materials require separation during recycling – and pure recycled mate-

rials usable to replace new raw materials are very hard to create. PUMA's recyclable InCycle products such as the PUMA Track Jacket and the Backpack have are based on homogenous materials to ensure they are fully recyclable at the end of their lifecycles.

The recyclable PUMA Track Jacket is 98 percent made of recycled polyester derived from used PET bottles, while the conventional PUMA Track Jacket contains additional materials such as elastane. To fully ensure the homogeneity of materials, the recyclable jacket's zipper was made of recycled polyester too. The InCycle PUMA Track Jacket, once returned by the consumer and collected through PUMA's Bring Me Back program, can be reconverted into polyester granulate serving as a secondary raw material for other products made of recycled polyester, thus reducing the need for crude oil and energy and the amount of waste produced.

The PUMA Backpack is made of polypropylene and will be returned to the original manufacturer in China after collecting the bag in a Bring Back Bin at a PUMA store. The Chinese manufacturer produces new backpacks from the recycled polypropylene.

A functional recycling system depends on consumers that understand the overall concept and how they can help individually. PUMA is doing its share by disposing of all collected products in a responsible way.



### BIODEGRADABLE PRODUCTS

For products to be biodegradable, they need to be made of biodegradable materials only, including organic fibers with no toxic chemicals, and they need to comply with certain international standards for composting. This ensures that the very sourcing and manufacturing process of biodegradable PUMA products creates the least environmental impact possible. The upper of PUMA's biodegradable lifestyle sneaker, Basket, is made of a mix of organic cotton and linen while the sole is composed of the biodegradable

### Holly Dublin, Director and Special Advisor Sustainability, PPR and Member of the PUMA Sustainability Advisory Board

"PUMA has continued to bring their 2010 Environmental Profit & Loss account to the next level. By looking more deeply into finding ways to internalize the findings, PUMA is making strides to reduce the footprint. Measurably lessening their environmental impacts is an essential step in their journey to sustainability in the long run. PUMA's continued engagement with industry-leader in the voluntary carbon market, Wildlife Works Carbon, actively demonstrates that investment in the voluntary market, directly linked to a proactive strategy on the ground can lead to improving both conservation and development needs at the most local level. On the social front, PUMA continues to explore ways to work with their strategic suppliers to ensure that social codes of conduct are not only met but that new ways are found to ensure better conditions for people working throughout their supply chain."

**Prof. Dr. Michael Braungart, Founder of EPEA  
Internationale Umweltforschung GmbH and Co-  
Founder of the Cradle-to-Cradle®-principles**

“It is such a great accomplishment to see PUMA taking the initiative, and leading their company towards developing products that generate a beneficial footprint. Their line of sports and lifestyle products are truly designed based on the Cradle to Cradle® design principles. Their new collection, along with their cooperation with I:CO and their Bring Me Back system, put them at the forefront of holistic beauty, innovation, and quality.”

**Dr. Siegfried Kreibe, Deputy Head / Director,  
bifa Umweltinstitut GmbH / bifa environmental  
institute**

“The PUMA team enthusiastically has pushed ahead with the improvement of end-of-life phase by a broad range of activities. An important result is the growing proportion of recycled material used in PUMA’s products. This will contribute to lower resource consumption and environmental impact. Furthermore, the collection of used products by PUMA’s bring me back program allows an improvement of the recycling of collected amounts. Finally, the improved recyclability of many PUMA products provides better preconditions for a high quality recycling.”

**Matthias Kopp, WWF Deutschland,  
Head Low Carbon Business & Finance**

“PUMA has been undertaking a range of very innovative approaches to capture its environmental impacts. It has thus also created a positive push with regards to new concepts and thinking. How these insights will translate into PUMA’s management processes and impact reduction programs will be very interesting to follow up on.”

polymer APINATbio®, a material innovation that is biodegradable when disposed correctly. When collected through PUMA’s Bring Me Back Program, shredded and transported to an industrial composting facility, the materials of the Basket sneaker compost into natural humus and become part of the ecosystem again.

All products of the PUMA InCycle collection are Cradle-to-Cradle Basic certified<sup>CM</sup>, being the first collection of footwear, apparel and accessories to carry this certification.

The aim of the Cradle-to-Cradle® design concept is to have an improved consumer quality that poses no health risk for anyone in contact with a PUMA InCycle product, and to deliver economic and ecological benefits on top.



**BRING ME BACK TO PUMA**

To reduce waste and keep products out of landfills – and to provide a collection point for returned PUMA InCycle products – we installed recycling bins in PUMA stores and outlets in Germany in 2012 for customers to return used shoes, clothing and accessories of any brand.

Run in cooperation with I:CO, a global recycling company, our PUMA Bring Me Back initiative aims at encouraging the recycling and re-usability of Sportlifestyle products among consumers by providing a convenient and simple process: Consumers take their used shoes, clothing and accessories, from any manufacturer, to a PUMA store and deposit them in the designated Bring Me Back bins. We distribute those used products for re-use or recycling, meaning the products are scrapped and re-used for producing raw materials, or they are simply re-used if in a suitable condition, or they are recycled into new products such as car parts or insulation materials. This initiative helps protect the environment, eliminating waste by recycling used products to create new ones.

Bring Me Back was rolled out in selected PUMA stores in Africa, the Americas, Asia and Europe by February 2013, eventually covering 40 percent of all PUMA stores worldwide.

# S-INDEX

## ARE WE ON TRACK?

*In 2010 – when we published our PUMA Scorecard 2015 – we decided to make 50 percent of PUMA’s international collections of more sustainable materials by 2015.*

*We started with 5 percent in 2010, steadily increasing to 26 percent in 2012, based on shipped quantity.*

**T.18** TARGET ACHIEVEMENT PUMA SUSTAINABILITY - INDEX IN INTERNATIONAL COLLECTIONS

YEAR	2010	2011	2012	2013	2014	2015
TARGET	5%	10%	20%	30%	40%	50%
RESULT S-INDEX MATERIALS	5%	13%	26%			
RESULTS INCLUDING SAFE RATING	-	8%	22%			

Forecast quantities suggest very positive prospects for achieving the 30 percent target in 2013. This means we are on track in our development towards more sustainable products, in alignment with our internal PUMA S-Index.

### The PUMA S-INDEX

The PUMA Sustainability Index – or S-Index – is a standard serving as an internal benchmark for the development and manufacturing of more sustainable products. It determines how much sustainable material a product needs to include for PUMA to classify it as a more sustainable product. It also determines that the product is manufactured in factories that our PUMA auditors rate A or B+ on the basis of a good implementation rate of our social and working standards.

*The PUMA S-Index also helps us communicate our products’ sustainability features to customers.*

We find that S-Index is a nice pun: We are fully aware that each of our products – no matter how sustainable – has an impact on the environment. Hence we think that we do not have ‘sustainable’ products, but only “more sustainable” ones. The S-Index determines the magnitude of a product’s ‘environmental sin’.

The InCycle collection of biodegradable and recyclable products was our most successful implementation of more sustainable practices in 2012. The InCycle collection has a new design concept that is based on the cradle-to-cradle® principle. First initiatives on closed-loop projects and an increased use of more sustainable materials such as organic cotton, recycled polyester, natural and recycled rubber, solvent-free materials and leather from factories certified by the Leather Working Group (LWG) and others are progressing continuously within our product development processes.

### PUMA ENDS FAIRTRADE FOOTBALL PRODUCTION AND STARTS FAIRTRADE APPAREL RANGE

In our Sustainability Report 2007/2008 we had proudly announced the introduction of a PUMA Fairtrade football. What started as a joint project with the Bavarian Ministry for Education and the German non-governmental organizations Missio and One World Network Bavaria, led to the production and sale of approximately 10,000 PUMA Fairtrade footballs over the past four years.

However, an analysis of the football's sales performance along the way demonstrates that we were not successful in introducing the Fairtrade concept to the football market.

**We identified several internal and external reasons:**

→ The majority of football production was moved to automated technology and China as sourcing country. This limited our options for Fairtrade certification, which typically applies to hand-stitched balls and excludes China.

→ Contractual restrictions disallowed a combination of a FIFA-approved logo with a Fairtrade logo. Consequently, we could not offer any PUMA top performance Fairtrade balls.

→ A Fairtrade premium as well as certification and license fees made the Fairtrade football more expensive than non-Fairtrade ones.

There was low demand from PUMA Retail and wholesalers as stores had experienced low interest from consumers.

At PUMA, we are still committed to the concept of Fairtrade. In light of the minor success of our Fairtrade football, we introduced Fairtrade cotton certified apparel products within our PUMA Wilderness Range. Since the launch in mid-2012, we sold more Fairtrade apparel items by the end of 2012 than footballs within the past four years.

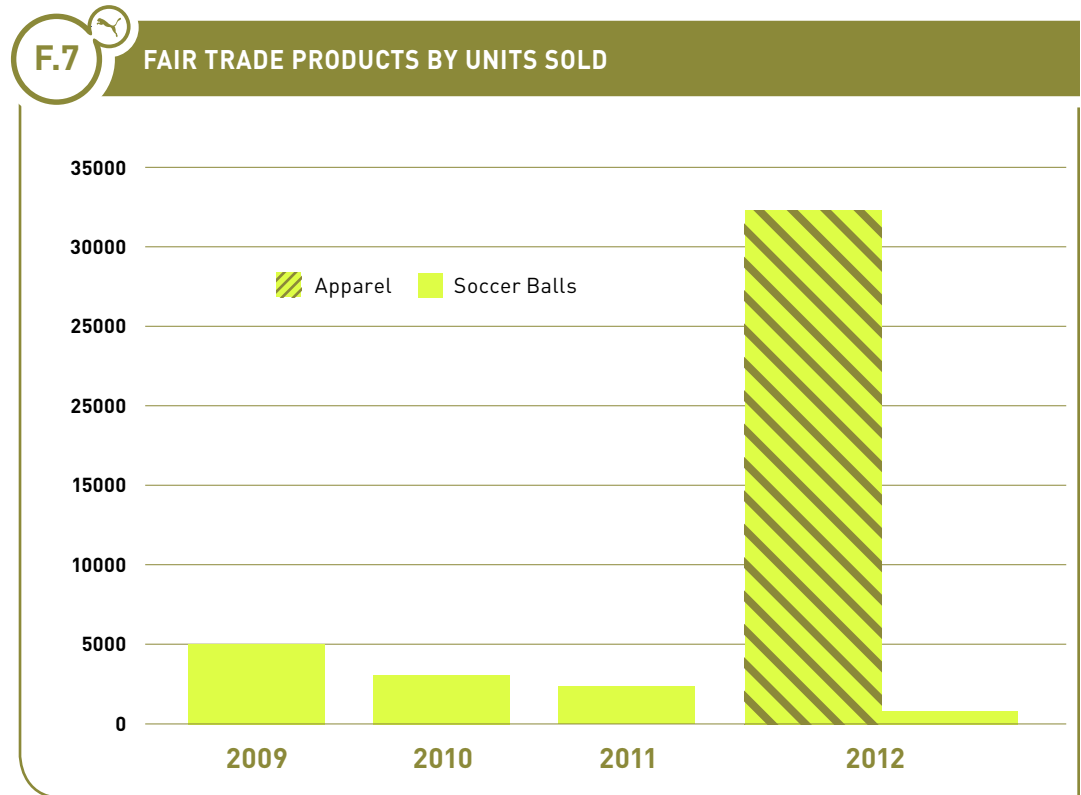


Figure 7: PUMA Fairtrade products sold per year



Despite the limitation that cotton items only can be Fairtrade certified, we hope we will be able to expand our sales of PUMA Fairtrade certified apparel products over the next years, as part of our S-Index targets.

# ENVIRONMENTAL MANAGEMENT OF PUMA OPERATIONS AND OUR SUPPLIER FACTORIES

Focusing on PUMA's Environmental Policy and on the targets of the PUMA Sustainability Scorecard, we regularly collect environmental performance data from both our own entities (offices, stores, warehouses) and key contract manufacturers worldwide. The environmental data collection for PUMA-owned and operated entities covers over 1000 questionnaires in 50 countries, representing more than 90 percent of all PUMA staff on a global scale. Likewise, data collection from suppliers includes 55 key suppliers from four continents, representing 75 percent of all PUMA goods produced worldwide.

In 2012, we went a number of new ways for improving environmental data collection. The reporting cycle was changed from an

annual to a semi-annual basis to enhance data controlling. Furthermore, to increase the reliability and accuracy of PUMA store data, a new store reporting procedure was initiated: Each country selected one to four key PUMA stores that were asked to report their consumption via real documentation at site level. This effort complements our move to site level reporting that started for PUMA offices and warehouses as early as 2011. The PUMA Sustainability Charter is our main tool for motivating management of PUMA entities to work towards PUMA's 2015 Scorecard target. In 2012, we increased the Sustainability Charter's coverage to warehouses, stores and key suppliers for all PUMA entities worldwide to be capable to track and improve their sustainability performance from year to year.

## Sustainable Store in Bangalore



*In August 2012, PUMA opened the first more sustainable PUMA Store in Bangalore, India, that incorporates a number of revolutionary and innovative design elements to ensure major energy savings as well as environmentally-friendly sourcing practices.*



TOTAL PUMA E-KPIS<sup>1,2,3,4,5,6</sup>

	TOTAL	DEVIATION TO 2011 / %	DEVIATION TO 2012 / %	TOTAL / EMPLOYEE	DEVIATION TO 2011 / %	DEVIATION TO 2010 / %	TOTAL /m <sup>2</sup>	DEVIATION TO 2011 / %	DEVIATION TO 2010 / %
<b>2012</b>									
<b>Energy consumption (kWh)</b>	87,782,416	17.1	15.6	8,328	16.1	4	178.5	12.3	14.8
<b>Energy consumption from renewable tariff (kWh)</b>	9,990,310	32.4		947,9	31.3		20.3	26.8	
<b>Water (m<sup>3</sup>)</b>	121,043	6.8	3.9	11.5	1.6	-6.7	0.2	2.6	2.6
<b>Waste (kg)</b>	5,071,000	-18.8	-21.5	480.6	-23	-29.4	10.3	-20.8	-22
<b>Paper (kg)</b>	313,800	-20.4	-17.3	29.7	-23.8	-25.8	0.6	-25	27.7

**Percentage Renewable Energy** 11.38

1. Figures include PUMA owned or operated offices, warehouses and stores. Outsourced warehouses and franchised stores are excluded.

2. Includes paper consumption for office usage in offices, warehouses and stores, excludes card board and paper bags consumption.

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

4. Excludes on-site generated and consumed energy as well as energy produced on site and sold to the grid.

5. Includes own production sites in Argentina.

All other production is outsourced to independent supplier factories, some warehouse operations are outsourced to independent logistic providers, franchised stores are excluded.

6. Store data is derived from exemplary stores in each country and extrapolated to cover all stores; methodological changes over the last 3 years do influence results.



## T.20 E-KPIS<sup>1,2,3,4,5</sup> PER STAFF CATEGORY

	OFFICES/ EMPLOYEE	OFFICES/ m <sup>2</sup>	STORES*/ EMPLOYEE	STORES/ m <sup>2</sup>	WARE- HOUSES / EMPLOYEE	WARE- HOUSES / m <sup>2</sup>
<b>2009</b>						
<b>Energy consumption (kWh)</b>	5,345	147	7,226	249.3	16,286	56.1
<b>Water (m<sup>3</sup>)</b>	11.7	0.94	12.5	0.87	24.6	0.5
<b>Waste (kg)</b>	179	4.9	733	25.3	2,799	9.6
<b>Paper (kg)</b>	69	1.2	36	0.63	73	0.2
<b>2010</b>						
<b>Energy consumption (kWh)</b>	5,612	163	10,238	281	14,775	61
<b>Water (m<sup>3</sup>)</b>	11.5	0.8	11.7	0.8	21.1	0,5
<b>Waste (kg)</b>	146	4.2	939	25.7	2,273	9.4
<b>Paper (kg)</b>	56	1	30	0.4	42	0.2
<b>2011</b>						
<b>Energy consumption (kWh)</b>	5,465	151.5	9,126	276.2	13,638	65.6
<b>Water (m<sup>3</sup>)</b>	11	0.3	10.6	0.3	13.4	0.1
<b>Waste (kg)</b>	178	4.9	978	25	2,355	11.3
<b>Paper (kg)</b>	59	1.6	25	0.6	35	0.2
<b>2012</b>						
<b>Energy consumption (kWh)</b>	5,503	148.8	12,450	320	13,090	66.7
<b>Water (m<sup>3</sup>)</b>	10.6	0.3	11.7	0.3	12.9	0.1
<b>Waste (kg)</b>	187	5.1	605	15.6	2,121	10.8
<b>Paper (kg)</b>	50	1.4	12	0.3	30	0.2

## T.21 SUMMARY OF SUPPLIER E-KPIS<sup>1,2</sup>

	SUMMARY OF SUPPLIER E-KPIS E-KPI	UNIT	WEIGHTED		RANGE 2012	
			VALUE 2011	VALUE 2012		
<b>FOOTWEAR</b>	Energy / pair or piece	kWh	1.5	1.5	0.7	3,5
	CO <sub>2</sub> / pair or piece	kg	0.9	0.9	0.4	2,0
	Water / pair or piece	l	32.3	24.2	6.9	40,9
	Waste / pair or piece	g	176	147	45	260
<b>APPAREL</b>	Energy / pair or piece	kWh	0.6	0.7	0.3	1,6
	CO <sub>2</sub> / pair or piece	kg	0.3	0.3	0.1	0,7
	Water / pair or piece	l	14.9	8.2	2.6	19,6
	Waste / pair or piece	g	42	72	19	126
<b>ACCESSORIES</b>	Energy / pair or piece	kWh	0.5	0.4	0.2	0,7
	CO <sub>2</sub> / pair or piece	kg	0.3	0.3	0.1	0,5
	Water / pair or piece	l	27.0	6.9	3.3	20,1
	Waste / pair or piece	g	27	23	12	82

1. Figures derived from 55 key suppliers covering 78% of PUMA production worldwide

2. Data sets with a variance of 3 or more compared to the weighted average were excluded to improve data consistency.

- Figures include PUMA owned or operated offices, warehouses and stores. Outsourced warehouses and franchised stores are excluded.
- Includes paper consumption for office usage in offices, warehouses and stores, excludes cardboard and paper bags consumption.
- Data includes extrapolations or estimations where

no real data could be provided.

- Excludes onsite generated and consumed energy as well as energy produced onsite and sold to the grid.
- Store data is derived from exemplary stores in each country and extrapolated to cover all stores; methodological changes over the last 3 years do influence results

## T.22 TOTAL PUMA E-KPIS<sup>1,2,3,4,5,6</sup>

	TOTAL	DEVIATION TO 2011 / %	DEVIATION TO 2010 / %	TOTAL / EMPLOYEE	DEVIATION TO 2011 / %	DEVIATION TO 2010 / %	TOTAL /m <sup>2</sup>	DEVIATION TO 2011 / %
<b>2012</b>								
1. Direct CO <sub>2</sub> Emissions Fossile Fuels (t)	2,683	27.9	15.9	0.3	26.8	4.3	0.0	22.5
1. Direct CO <sub>2</sub> Emissions car fleet (t)	4,430	-2.7	-5.8	0.4	-3.5	-15.2	0.0	-6.9
<b>Total Scope 1</b>	<b>7,068</b>	<b>6.8</b>	<b>1.3</b>	<b>0.7</b>	<b>5.9</b>	<b>-8.8</b>	<b>0.0</b>	<b>2.3</b>
Indirect CO <sub>2</sub> Emissions Electricity & Steam (t)	29,479	24.2	6.2	2.8	23.1	-4.4	0.1	18.9
<b>Total Scope 2</b>	<b>29,479</b>	<b>24.2</b>	<b>6.2</b>	<b>2.8</b>	<b>23.1</b>	<b>-4.4</b>	<b>0.1</b>	<b>18.9</b>
1. Direct CO <sub>2</sub> Emissions from Business Travel train transportation (t)	55	-43.6	-30.1	0.0	-44.1	-37.1	0.0	-46
1. CO <sub>2</sub> Emissions from Business Travel air transportation (t)	8,854	-19.3	3.5	0.8	-20.0	-6.9	0.0	-22.8
2. CO <sub>2</sub> Emissions from B2B transport of goods (t) <sup>5</sup>	42,335	-13.3	-4.2	4.0			0.1	-17.0
<b>Total reported Scope 3</b>	<b>51,244</b>	<b>-14.4</b>	<b>-3.0</b>	<b>4.9</b>			<b>0.1</b>	<b>-18.1</b>
<b>Total</b>	<b>87,791</b>	<b>-2.7</b>	<b>0.3</b>	<b>8.3</b>			<b>0.2</b>	<b>-6.9</b>

1. Figures include PUMA owned or operated offices, warehouses and stores. Outsourced warehouses and franchised stores are excluded.

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

3. Excludes onsite generated and consumed energy as well as energy produced onsite and sold to the grid.

4. Includes own production sites in Argentina. All other production is outsourced to independent supplier factories, some warehouse operation

are outsourced to independent logistic providers, franchised stores are excluded.

5. PUMA uses an own methodology for CO<sub>2</sub> accounting, with reference to the GHG protocol, but only reports CO<sub>2</sub> emissions, not CO<sub>2</sub> equivalent emissions

6. PUMA uses an own methodology for CO<sub>2</sub> accounting, with reference to the GHG protocol, but only reports data from Business Travel and Transport of goods under Scope 3

### CLIMATE CHANGE/CO<sub>2</sub>



As a member of the United Nations Carbon Neutral Network and the German foundation and CEO initiative "Stiftung 2 Grad", PUMA is determined to minimize its impacts on climate change and to offset emissions that could not be avoided. In 2010, PUMA started offsetting all direct CO<sub>2</sub> emissions as well as indirect CO<sub>2</sub> emissions from its own entities and continued doing so in 2012, supported by our French parent, PPR. Major PUMA sites in Australia, Benelux, Germany, UK and since 2012 also Austria, are run on electricity purchased solely from renewable electricity sources. Overall, we could increase the amount of renewable energy purchased from green energy contracts by 32% compared to 2011. In total, 11,4% of all energy consumed in PUMA-owned and operated entities on a global lev-

el are now from renewable energy tariffs. By closely monitoring our car fleet emissions, installing a new photovoltaic power plant at our main logistics center in Germany and by furnishing selected new PUMA stores with energy-efficient LED lighting, our direct and indirect CO<sub>2</sub> emissions per FTE could be reduced by 9 and 4 percent compared to our 2010 baseline. PUMA continues to have a strict travel policy on flights. Every flight needs to be approved by a member of the PUMA Board to avoid unnecessary air travel. All major PUMA offices worldwide have video-conferencing facilities. PUMA's company car fleet emissions are regularly monitored for compliance with our strict policy to aim for the most fuel-efficient car in each category.

### TRANSPORTATION OF GOODS 2012

Similar monitoring is in place for the transit of our products. Air freight is a rare ex-



### T.23

TRANSPORT MODE	PUMA Emission factors 2010-2012					
	2010 EMISSION FACTORS		2011 EMISSION FACTORS		2012 EMISSION FACTORS	
ROADFREIGHT	135.3	gCO <sub>2</sub> /t.km	135.3	gCO <sub>2</sub> /t.km	135.3	gCO <sub>2</sub> /t.km
RAILFREIGHT	24.7	gCO <sub>2</sub> /t.km	25.1	gCO <sub>2</sub> /t.km	23.8	gCO <sub>2</sub> /t.km
SEAFREIGHT	70.6	gCO <sub>2</sub> /TEU.km	70.8	gCO <sub>2</sub> /TEU.km	72.8	gCO <sub>2</sub> /TEU.km
RIVERFREIGHT	34.0	gCO <sub>2</sub> /t.km	34.0	gCO <sub>2</sub> /t.km	34.0	gCO <sub>2</sub> /t.km
AIRFREIGHT	618.0	gCO <sub>2</sub> /t.km	619.4	gCO <sub>2</sub> /t.km	688.9	gCO <sub>2</sub> /t.km



### T.24

	CO <sub>2</sub> COMPARISON						
	2010	2011	DEV.	DEV. %	2012	DEV.	DEV. %
ROADFREIGHT	6,194	7,330	1,136	18.3	8,065	735	10.0
RAILFREIGHT	546	597	51	9.3	448	-149	-24.9
SEAFREIGHT	21,585	24,312	2,727	12.6	22,276	-2,036	-8.4
RIVERFREIGHT	0	0	0	0.0	0	0	0.0
AIRFREIGHT	15,857	16,569	712	4.5	11,546	-5,023	-30,3
<b>Total (tons)</b>	<b>44,182</b>	<b>48,808</b>	<b>4,626</b>	<b>10.5</b>	<b>42,335</b>	<b>-6,473</b>	<b>-13.2</b>

ception. Most of our goods are transported by sea. On a global scale, we calculate our carbon footprint from the transportation of goods (B2B) by applying more specific emission factors. Since 2011, the emission parameters are adjusted by type of goods for Roadfreight. For Railfreight and Seafreight, the geographical locations determine the emission factors while for Airfreight, the length of routes have been considered. Based on the unchanged methodology in 2010 for data collection in 2012, the above emission factors used are weighted average emission factors for Rail-, Sea- and Airfreight. In order to measure the effects of carbon reduction activities against 2012, the implementation of the new emission factors in 2011 were combined with a review of the

transportation emissions in 2010. These measures led to a calculated reduction of the total emissions from 66,532 tons by -33% to 44,182 tons to be reported for 2010. The PUMA entities COBRA and Dobotex were additionally included in restatement of 2010 while Brandon was reporting in 2011 for the first time. For 2012, **Roadfreight** emissions increased by +10%, because the worldwide road tonnage increased by +8% while also the average transport distance increased by +14% advantaged by sales activities where this transport mode was the favourable one. The **Railfreight** transport tonnage decreased by -25% and led to 448 tons CO<sub>2</sub> together with the more country-specific emission factors. As this transport mode is also used for inland transportation purposes, it is affected by the container volume

that decreased in 2012 as a result of better container utilization. The transport distances decreased by -12% in 2012.

The market situation influenced the number of TEUs (Twenty foot equivalent unit) in **Sea-freight** transportation, which decreased by -10% while the CO<sub>2</sub> emissions decreased by -8% compared to 2011. The transport distances have decreased by -4%, because of e.g. changes to other sourcing countries with a shorter transport distance to destination ports, also based on more transport mode specific distance evaluations.

The transport mode **Riverfreight** is not used by PUMA entities worldwide so that there are no CO<sub>2</sub> reporting figures to report for 2012.

**Airfreight** is the transport mode PUMA used predominantly in case of any production postponements. For 2012, the CO<sub>2</sub> emissions decreased significantly by -30%, resp. -5,023 tons to 11,546 tons. The average airfreight distance decreased by -5% due to different sourcing countries activities. PUMA will continue its efforts for a further reduction of the worldwide airfreight volume for 2012. We are constantly working with our logistic service providers to increase the transport efficiency, avoid expensive and carbon intensive airfreight wherever possible and thus reduce the carbon footprint from transportation of goods. Being focused on the goal of a reduction of CO<sub>2</sub> emissions by 25% until 2015 based on the figures 2010, PUMA was able to reduce its worldwide carbon emissions by -1,847t resp. -4.2% in 2012.

*Solar power plant on the rooftop of PUMA supplier Impahla Clothing.*



*Since 2010, PUMA has been offsetting all direct as well as indirect CO<sub>2</sub> emissions from its own offices, warehouses and stores worldwide.*

#### TARGET ASSESSMENT CO<sub>2</sub>:

Overall, we were able to reduce our relative Scope 1 CO<sub>2</sub> emissions per FTE by **9%** compared to our base line 2010, while the total emissions remained relatively stable.

The Scope 2 emissions per FTE could be reduced by 4% compared to 2010, while the total Scope 2 emissions increased by 6% due to an overall increase in reported electricity consumption.

For Scope 3, PUMA is reporting emissions from business travel and the transportation of goods. After a 10% increase in 2011 for goods transport emissions, the trend could be reversed to a **13%** decrease in 2012 compared to 2011 or **3%** versus our 2010 baseline.

Taking into consideration the target of a 25% reduction between 2010 and 2015, we are on track to reach our target for Scope 1 emissions while additional focus will be required to further reduce the Scope 2 and Scope 3 emissions within the next years.

For our suppliers the planned CO<sub>2</sub> emission reduction is still challenging, with only the apparel division reporting a **slight decrease per** piece compared to the previous year, while the Footwear and Accessories values remained stable.

#### CASE STUDY: PUMA APPAREL SUPPLIER IN SOUTH AFRICA GOES SOLAR

Impahla Clothing, an apparel producer in South Africa that manufactures cotton knit and woven products exclusively for PUMA, in 2012 raised the bar for alternative energy sources, installing a solar project that produces electricity for the manufacturing process. The 30 kWp photovoltaic construction is connected to the internal electrical system and provides 25 percent of required electricity to the production plant without needing any batteries. The grid-connected system is stable and feeds in electric power as needed, with a total performance of 48.5

MWh per year. The project was co-funded by the Green Energy Efficiency Fund of IDC (Industry Development Corporation, South Africa). Impahla investments totaled around 100,000 US dollars. The power plant was commissioned in May 2012, in the presence of Helen Zille, the Premier of the Western Cape. [▶ please click here](#)

Milteks, one of our key supply chain partners in Europe for Teamsport knits, has shown that implementing alternative energy sources does not always require the latest innovation. In 2011, Milteks Georgia renewed an old Russian water turbine from 1948 with a capacity of 876,000 kWh electricity. After one year of renovation, a total investment of 850,000 US dollars, a new water turbine, riverbed recovery and cleaning of a 650m canal and 30m penstock, the hydro power station went live in 2012 and now feeds electricity into the public grid of Georgia. [▶ please click here](#)

## ENERGY

Energy efficiency is another priority at PUMA, both at our own sites and at those of our key manufacturing partners.

Various sustainability projects are implemented around the globe: In October 2012, CEO Franz Koch, and Cem Özdemir, chair of Germany's Bündnis 90/Die Grünen party, inaugurated PUMA's new solar charging station at the PUMAVision Headquarters in Herzogenaurach.

In August, PUMA opened its first more sustainable store in Bangalore, India. The store incorporates a number of revolutionary design elements to meet the highest sustainability criteria. It uses the low temperature of the soil instead of air conditioning for cooling, and solar panels on the roof help power the store. Almost 90 percent of the building has daylight access, which minimizes the need for artificial lighting.

The challenge PUMA faces today is to move from exemplary initiatives like the ones described above to a more systematic use of energy efficiency and renewable energy throughout its organization and main suppliers.

This is also obvious from the energy consumption figures 2012, where both the relative consumption (4%) and absolute consumption (16%) increased compared to our baseline year. However, this can partly be attributed to the changed reporting methodology of our stores to which the increase can be attributed to. Offices and warehouses reported a slight decrease between 2010



*Energy consumption from renewable tariff has increased by 30% compared to 2011.*

and 2012 per FTE.

Going forward, we will increase our efforts to save energy at our global entities. This is not only to make progress against our reduction targets, but also to capitalize financially from our sustainability program in an environment of constantly rising energy prizes.

The same is true for our key supplier factories, where exemplary initiatives have not yet made a significant impact on the energy consumption per piece and the values remained stable compared to the previous year.

## WATER



Considering the PUMA EP&L, it is evident that PUMA's indirect water footprint is significant. Large amounts of water are needed for growing cotton,

cotton being the most important raw material used in PUMA Apparel.

In 2009, we started working with Cotton made in Africa, which does not rely on artificial irrigation for growing cotton.

The second most water-intensive processes we use are the dyeing and tanning of fabrics and leather. Therefore, we not only incorporated representative dye-houses and tanneries into our environmental management system but also prefer working with dye-houses and tanneries that have their own environmental management systems and certifications installed. The facts that many of our fabric mills are Blue Sign certified and that over 90 percent of our leather originates from Leather Working Group certified tanneries are proof of our commitment.

Unlike our supply chain, the water footprint of our own offices, stores and warehouses is quite low (less than 0.1 percent according to our EP&L). Our own water consumption

largely originates from sanitary or garden-irrigation use and in areas with low water scarcity such as Germany, the United States or Vietnam.

Consequently, we shifted our water-saving efforts from our own entities, which are typically equipped with water-saving toilet flush systems, to our supply chain operations where the water footprints are much more significant.

Reflecting on the results of the 2012 consumption, we see a decrease of 7% per FTE for our own entities, while the total consumption remained relatively stable.

Looking at our key suppliers values, we see a significant reduction for all three product divisions on a relative basis (per Pair or Piece). This can partly be attributed to a better reporting accuracy, as our suppliers installed additional water meters. We are also confident that the ConserV capacity building project in Vietnam [> please click here](#) and the constant monitoring lead to an increase in water efficiency.

*Relative water consumption (per FTE) is down by 7%.*

### CASE STUDY: BANGLADESHI PUMA SUPPLIER PRESSES AHEAD WITH WATER SAVING PROJECTS

Square Fashion is a vertical knit supplier in Bangladesh, combining fabric knitting, dyeing, printing and finished garment processes in one location. Its main water source is ground water sourced from its own water drill. Its second water source is a huge water reservoir with a capacity of 12,585m<sup>3</sup> and a water filtration plant, which can regenerate 360 cubic meters per day for steam genera-

tion during raining seasons. In addition to its increased use of rainwater, Square Fashion implemented other water saving projects. Hot water from the dyeing process and condensate from steam pipes is captured and reused as process water. This method of water recycling not only saves on water consumption but also uses energy contained in the process water as such, thus saving the energy required for heating the water.

With these activities, Square Fashion in 2012 continuously decreased its water consumption by 6 liter per piece, which equals 10 percent of the total water consumption per piece within the vertical set-up. In addition, the factory installed water counters for improved data accuracy and breaking down consumption by consuming units.

Square Fashion not only has done a lot in terms of energy and water savings but it also invests in improving its waste management system. To reduce waste to landfill, Square Fashion invested in an on-site compost plant that converts organic waste into 4000kg of fertilizer per month. Most of that homemade fertilizer is used at the company-owned tea plantation. On the chemical side, Square Fashion set up a caustic soda recovery plant to recycle 96.3 percent of soda for the mercerization of fabrics within a closed-loop system. On-site wastewater treatment facilities clean up process water at a capacity of 4200 cubic meters. For a further reduction of water consumption, it is planned for recovered water to be used in the toilet flush system of on-site dormitories. In addition, Square Fashion explores



*Fabric offcuts at a PUMA supplier factory in Vietnam.*

Percentage of waste recycled at PUMA entities



other solutions for recycling production waste and other materials.

[> please click here](#)

### WASTE AND RECYCLING



Paper and cardboard are the main input materials that turn into waste at PUMA offices, PUMA stores and PUMA warehouses. PUMA aims at using recycled paper and cardboard whenever feasible. As a result, the amount of recycled paper for office use has increased from 31 percent in 2010 to 37% percent in 2012. (In addition, 21% of the paper used is from certified paper sources, so that overall more than 50% of all office paper has certified or

recycled origin). To close the recycling circle, most of our paper and cardboard waste is collected separately for recycling.

For the year 2012 PUMAs owned and operated entities reported a significant reduction of total waste creation (minus 21%). At the same time, the amount of waste which is recycled increased to 50% from 37% in 2011 and 32% in 2010.

### IMPROVING OUR SUPPLIERS' WASTE MANAGEMENT

Our suppliers are encouraged to run their own waste reduction and recycling initiatives. Supported by the PUMA.Safe team, their efforts cover the purchase of CAD cutting machines that avoid excessive fabric off-

cuts, to the recycling of fabric waste into new products. The results of these efforts were visible for the footwear and accessories suppliers, who reported a decrease of 16% and 14% on a per pair or piece basis compared to 2011. In contrast our key apparel suppliers on average reported a sharp increase of waste creation, as it became apparent that some suppliers had under-reported last years values due to a lack of proper data collection procedures.

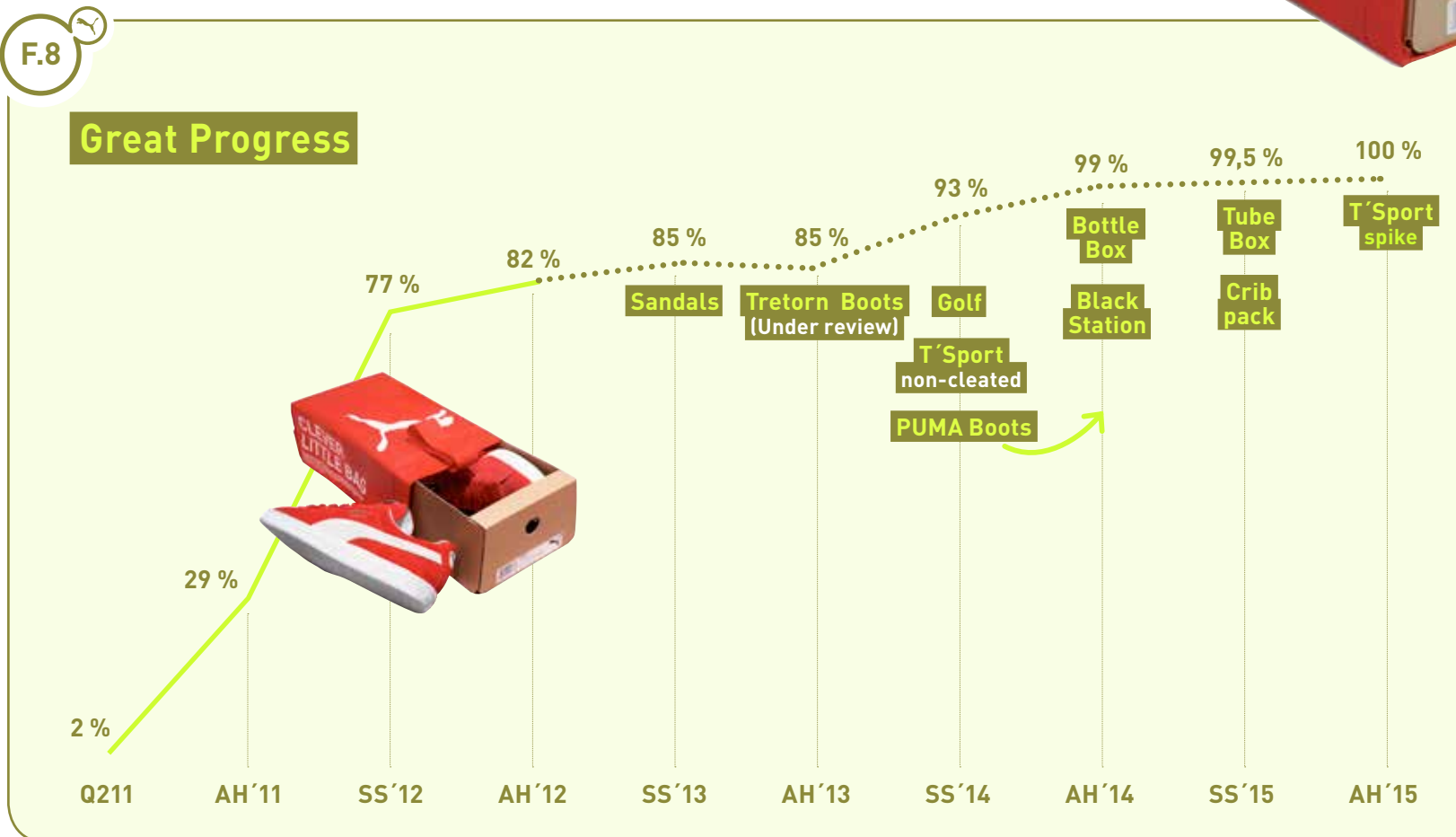
The introduction of our Clever Little Bag shoe packaging in 2010 and the half-size Clever Apparel Pack in 2012 reduced significantly the amount of cardboard required for shoe packaging and the amount of polyethylene required for apparel packaging. As

the share of PUMA shoes delivered in Clever Little Bags has increased to 82%, we have seen a substantial decrease in cardboard usage of 5400 tons in comparison to our conventional shoe box. These savings coincide with a reported clear reduction of waste from our stores, which is mainly composed of cardboard from footwear packaging.

The introduction of the Clever Apparel Pack helped us save further 40 tons of polyethylene, reducing polyethylene waste at our stores. **PUMA Bring Me Back** further allows consumers to reduce their own environmental footprint by donating used products to PUMA for re-use and recycling.



The roll out of the Clever Little Bag across PUMA's product ranges.



*By increasing the usage of our Clever Little Bag, we managed to save 5,400 tons of cardboard in 2012. This is 17 times more than PUMA's annual paper consumption.*

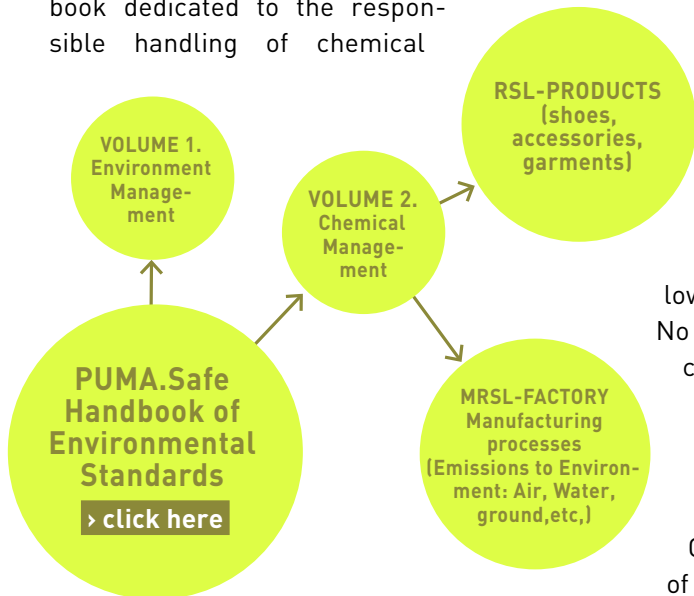
Figure 8: Implementation Status of the PUMA Clever Little Bag

## CHEMICALS MANAGEMENT



PUMA's efforts to protect consumers and the environment against hazardous chemicals dates back to 1999 when we released our first Handbook of Environmental Standards. The Handbook has since provided guidance to our suppliers, testing institutes, chemical companies and other stakeholders. It is updated periodically to reflect the latest legal requirements and tightest industry standards.

In 2012, PUMA split its established Handbook into two volumes: "Volume 1 - Environmental Management" covering all environmental related topics and "Volume 2 - Chemicals Management" covering our **Restricted Substances List (RSL)** and the Manufacturing Restricted Substances List (MRSL). The decision to have a separate handbook dedicated to the responsible handling of chemical



substances originated from PUMA's commitment to eliminate hazardous chemicals from its manufacturing process by 2020 (Zero Discharge of Hazardous Chemicals by 2020). The updated version includes a section on restricted substances in products and production, whereas test methods and limit values are included in PUMA's RSL and MRSL. The Handbook was communicated and delivered to suppliers and relevant stakeholders in October 2012.

[> please click here](#)

### PUMA'S RESTRICTED SUBSTANCES LIST AND MANUFACTURING RESTRICTED SUBSTANCES LIST

To ensure consumer safety, PUMA updates its Restricted Substances List (RSL) [> please click here](#) in compliance with new

product safety regulations including US CPSIA, EU REACH, China GB standards and all relevant countries where PUMA products are distributed and sold. At the beginning of 2012 PUMA communicated to its suppliers that no alkylphenoethoxylates (APEOs) must be used in manufacturing, lowering the limit value to 100 mg/kg. No nonylphenol, a toxic substance that can be formed from APEOs, must be detectable in PUMAs products.

### ROADMAP TO ZERO DISCHARGE OF HAZARDOUS CHEMICALS BY 2020

Our commitment to Zero Discharge of Hazardous Chemicals (ZDHC) by

2020 resulted not only in a new handbook but also in a ZDHC working group. This industry collaboration was set up in 2011, and nine signatory member companies are working together towards an ambitious goal, guided by a joint [> roadmap](#), a document that frames the projects and work done within the group. The ZDHC working group looks back at an intensive first year. Project updates and further information are available on [www.roadmaptozero.com](http://www.roadmaptozero.com). In addition to participation in this working group, PUMA has realized its own action plan [> please click here](#) to materialize what PUMA has committed to. The phase-out of hazardous chemicals in the supply chain will be integrated into PUMA's new Sustainability Scorecard 2015. Furthermore, PUMA

has encouraged strategic suppliers to disclose their chemicals management systems in their own sustainability reports starting 2012. First reports will be published in the year ahead, and we highly appreciate this small step towards enhanced transparency.

### VOLATILE ORGANIC COMPOUNDS IN SHOES

In a quest to find more ways of using water-based chemicals, PUMA continues its monthly monitoring of the levels of volatile organic compounds (VOC) per pair of shoes. We want to make the use of chemicals more efficient and therefore reduce our use of VOC-based chemicals in our shoe production to achieve the target of 25g per pair. The chart below shows the progress of our VOC use:

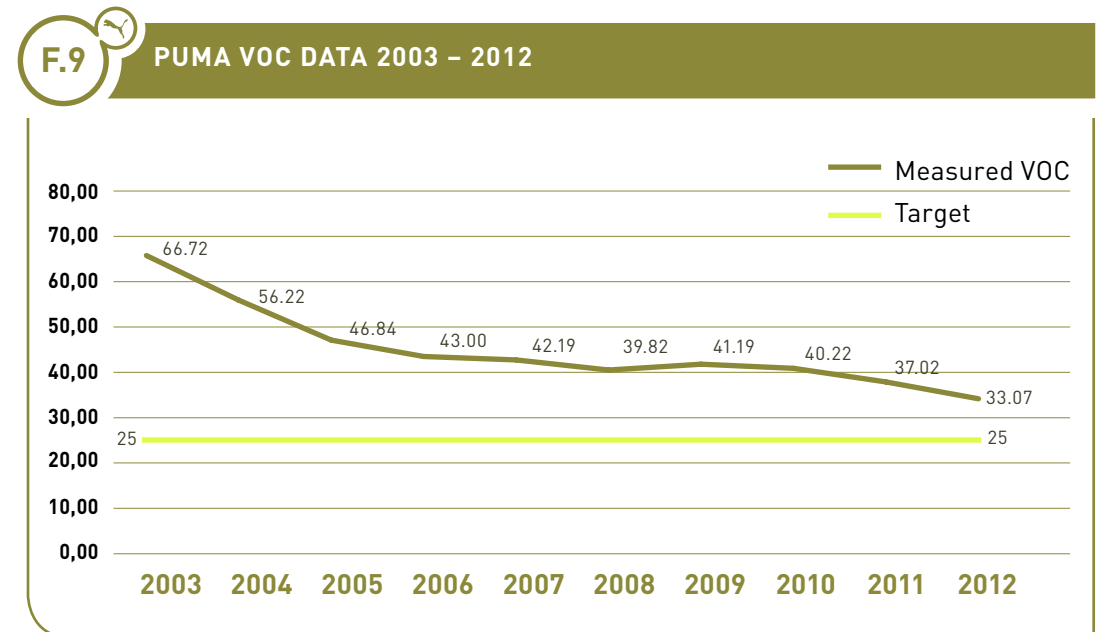


Figure 9: Average VOC consumption per pair of PUMA shoes



### TRAINING OUR SUPPLIERS IN ENVIRONMENTAL PERFORMANCE

To help our suppliers reach the 25 percent reduction targets for waste, water, energy and CO<sub>2</sub> by 2015, PUMA provides and facilitates capacity building and training projects to its suppliers. Capacity building is intended to strengthen the knowledge, abilities, skills and behavior of our supplier factory management. The projects are aligned with all other PUMASafe.Ecology activities including the establishment of a baseline, E-KPI monitoring and sustainability reporting to allow structured progress monitoring and the evaluation of suppliers' performance.

PUMA has expanded the group of those participating in its Sustainability Factory Program by including material suppliers in training programs and workshops. In 2012, we held trainings, workshops and events to intensify cooperation with key supply chain partners to enable them to further reduce their energy and water consumption, waste production and carbon emissions. Presentations, open discussions, trainings and best practice sharing in Bangladesh, Taiwan, Vietnam and China were organized as a platform for exchanging and strengthening our joint expertise and communication about sustainability.

### THE CONSERV PROJECT IN VIETNAM

ConserV is a capacity building project co-funded by German Development Corporation (DEG) and PUMA. The 17-month project that ran from September 2011 to January

2013 targeted suppliers located and operating in Vietnam. The project adopted UNEP's approach towards Resource Efficient and Cleaner Production (RECP) by mitigating the impact of water and air pollution as well as the emission of greenhouse gases. It enhances efficient consumption of resources such as materials, energy and water. Apart from training suppliers in environmental and energy management systems, ConserV emphasizes and strengthens the concept of environmental communication and advocacy by providing awareness training and

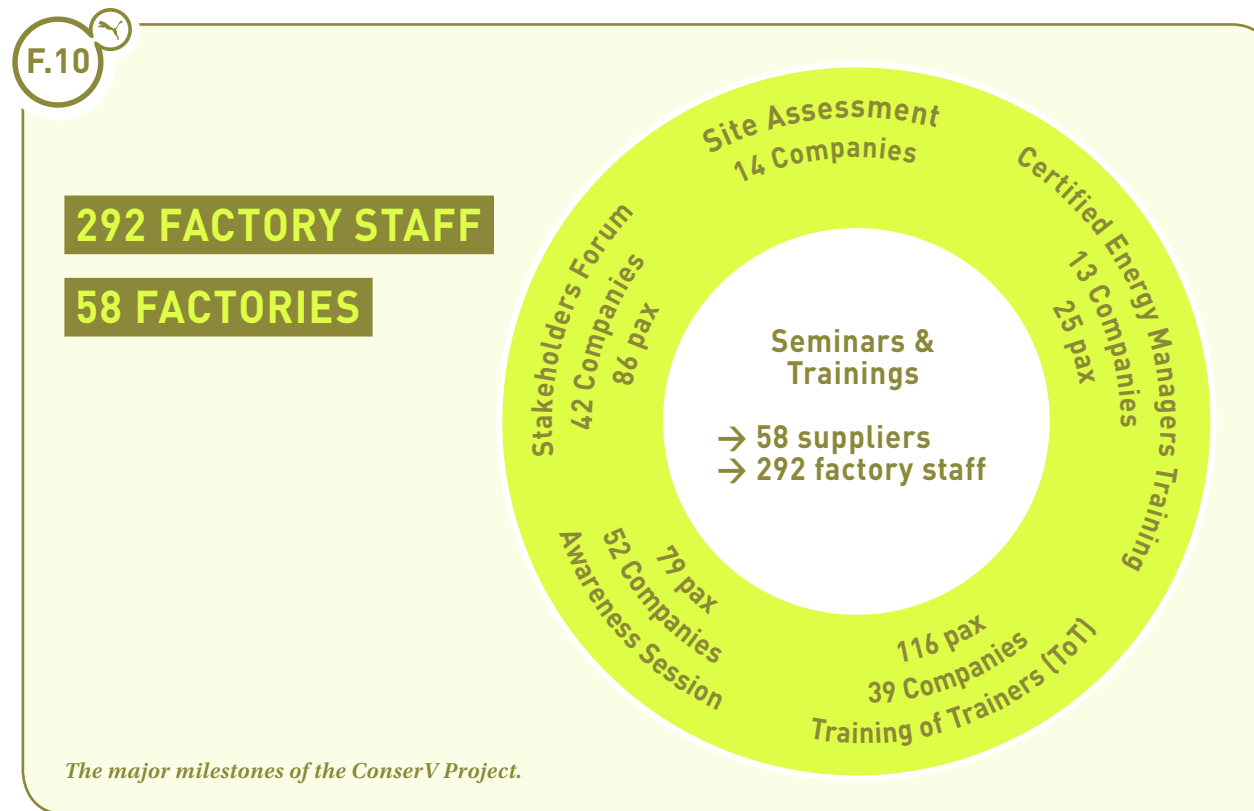
producing environmental campaign materials distributed to participating suppliers. All project activities are described on [please click here](#).

Further expanding on the ConserV project, PUMA has initiated similar large-scale capacity building projects for its main sourcing countries, China, Vietnam, Bangladesh and Cambodia. These projects begin in 2013 and run over a period of three years, supporting our key suppliers in these countries to achieve the ambitious PUMA sustainability targets.

### TRAINING SUPPLIERS ON SUSTAINABILITY REPORTING

Since 2009, PUMA has been participating in the Global Reporting Initiative's (GRI) Global Action Network for Transparency in the Supply Chain (GANTSch) project. To date, we have over 30 suppliers on the project training supplier personnel in producing sustainability reports in compliance with GRI Guidelines. These 30 suppliers cover more than 50 percent of PUMA's production. To demonstrate their commitment to sustainability, suppliers that have already

published reports in countries such as Turkey, South Africa, China, Cambodia, Malaysia and Vietnam continued this practice in 2012. Other suppliers in newly added countries such as Brazil, Mexico, El Salvador and Argentina are 'first time reporters' and are currently engaged in the Define stage of GRI's five-phased reporting methodology. The reports of these new suppliers will be published in mid 2013. PUMA has analyzed that the environmental impact caused by PUMA products is attributable to the supply chain for the largest part [please click here](#). As we strive to become the world's most desirable



and sustainable Sportlifestyle company in the World, we take the impacts of our supply chain very seriously. We have a number of projects that target the supply chain to reduce the environmental impact of PUMA products. The GANTSCh project is just one example of this commitment.

The latest PUMA supplier sustainability reports can be downloaded here:

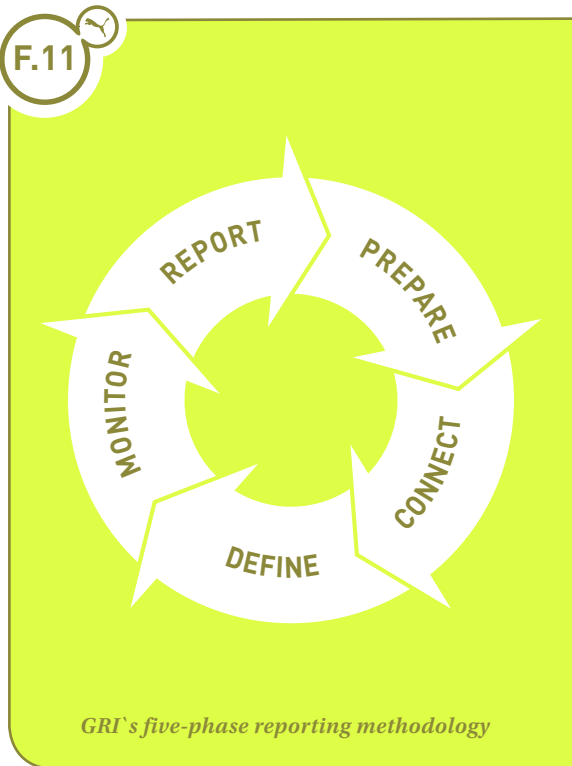
[> please click here](#)

**A BRIEF LOOK AT WHAT ARE WE PLANNING FOR 2013**

PUMA.Safe and DEG, one of Europe's largest development finance institutions, have formed a partnership named Sustainable Action & Vision for a Better Environment (SAVE) to fund a new capacity building program across Asia. The project will target PUMA's main sourcing regions: Bangladesh, Cambodia, China and Indonesia (with Vietnam being covered by CONSERV). The benefits for the 40 factories covered by the project are:



*Factory worker at PUMA footwear supplier in Vietnam.*



- ➔ Training in the areas of energy, CO<sub>2</sub>, water and waste
- ➔ Comprehensive sustainability guidelines
- ➔ Onsite feasibility assessment
- ➔ Technical assistance during implementation
- ➔ Knowledge-sharing forums
- ➔ Online hub for sharing progress, challenges and results
- ➔ E-learning toolkit

The aim of SAVE is to create a more sustainable supply chain that uses less resources and is less polluting and less damaging to the local envi-

ronment and its community. It will do so by supporting covered factories to achieve the 25 percent reduction targets defined in the PUMA Sustainability Scorecard 2015.

***Michael Kuhndt, Chairman of the PUMA Sustainability Advisory Board and Head of Collaborating Centre on Sustainable Consumption and Production (CSCP)***

**“PUMA has recognized that the environmental and social impact does not stop after the product has been sold to the consumer. Through interaction, inspiration and education PUMA is encouraging consumers to lead more sustainable lifestyles. There’s still a long way ahead, but through consumer-facing initiatives from purchase to end-of-life, sustainable flagship products and a transparent communication, PUMA is on a good path towards becoming a sustainable lifestyle company.”**

# PUMA.SAFE HUMANITY

## FOR BETTER SOCIAL AND WORKING STANDARDS IN OUR SUPPLIER FACTORIES

### OUR RESPONSIBILITY FOR OUR INDIRECT EMPLOYEES

At PUMA, we believe that our position as a leader in the Sportlifestyle industry gives us the opportunity and the responsibility to create a better world, which in our vision should be fairer, safer and more peaceful than the world we know today. We do not just want to provide high-quality products. We feel committed to ensure that these products are manufactured in decent workplaces where human rights are respected. We strive to take on responsibility for everybody involved in our production processes as it is our duty to respect human rights across our value chain, based on the framework of 'Protect, Respect and Remedy' developed by the UN Special Representative for Business and Human Rights.

The PUMA Code of Conduct and our manuals of standards - such as our Health and Safety Manual and our Manual of Social Standards - define and exemplify the standards we require our direct suppliers to maintain in their factories. These standards are grounded on the Standards of the International Labour Organization (ILO) and the strictest labor and health and safety laws

applicable in any of the locations where we produce.

Through our monitoring program that continues to be accredited by the Fair Labor Association (FLA), we examine whether our factories adhere to our standards. However, like our industry peers, we have recognized that social auditing has limitations and does not automatically lead to sustainable improvement. PUMA.Safe has actively worked with its industry peers to lessen the number of repetitive audits that only point out failures, but do not always help the factory or PUMA to develop sustainable solutions. In addition, through its main partners like the Fair Labor Association (FLA) and Better Work, PUMA.Safe has worked to identify joint capacity building opportunities. Our responsibility for factory workers - our indirect employees - has prompted us to set ambitious targets in order for the manufacturing conditions of PUMA products to meet the highest possible standards. PUMA is dedicated to using all available resources and tools to enable its suppliers to comply with these standards.

PUMA today produces its products in more than 500 active facilities in 42 countries -

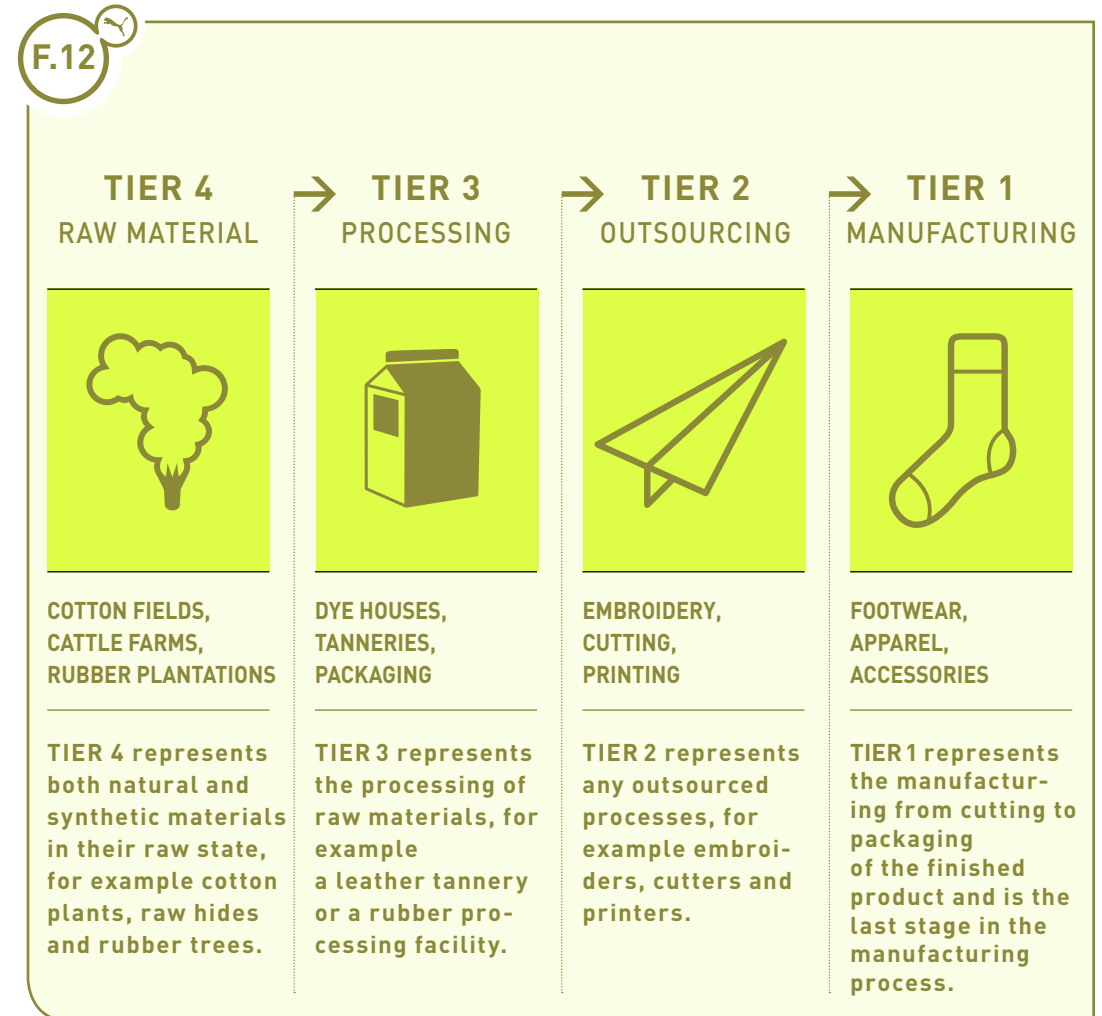


Figure 12: Outsourced manufacturing activities by tier



*PUMA auditor Stephen Vo controls safety appliances at the workplace*

## 422 Factory Audits in 2012

In 2012, PUMA.Safe carried out 422 factory audits covering 380 facilities. 351 of these were Tier 1 factories. Some of our factories have been audited more than once in 2012 because their re-audit schedule is based on the audit grade they receive. In our cur-

rent rating system suppliers can achieve an A,B+,B-, C or D rating depending on their level of compliance with the PUMA.Safe standards. Our analysis of failures that is based on the findings from our factory audits (please refer to the table on page 67/68) highlight that basic compliance with our standards remains a challenge - even for those facilities that have a long history of social auditing.

## Ongoing Challenges at our Suppliers' Factories

As the number of our supplier training and capacity building programs has increased in our main sourcing countries over the years, the following challenges were identified:

1. There were not enough local training and testing resources for certain issues such as occupational chemicals exposure testing, etc. available.
2. Initiatives such as training in fire safety and human resources management have begun to overlap, creating confusion at suppliers with multiple buyers. The various buyer support initiatives have differing approaches for handling the same topics. As a result, factories in certain initiatives use resources their other buyers may not accept.

from factories producing finished goods (Tier 1) to factories supplying materials (Tier 3). PUMA.Safe is responsible for monitoring 449 Tier 1 factories. There are in fact more Tier 2 and 3 factories involved in PUMA production than could potentially be covered by our internal audit programme. Roughly 90 percent of all PUMA goods worldwide are produced by 205 of our Tier 1 factories. Approximately 47 of them are strategic partners, with some producing exclusively for PUMA. About 40 factories each produce more than one million shipped products a year. Considering this structure of PUMA's supply chain, PUMA.Safe monitoring and remediation focus on the facilities of strategic partners. Suppliers that comply with most basic standards and maintain proper management systems are thus rewarded by more stable business. It is one of PUMA's 2015 targets for 90 percent of its suppliers to achieve an A/B+rating.



## Minimum Wages

Worker unrest and economic downturns in some countries caused further extraordinary issues. Countries like Malaysia implemented minimum wages while others like Indonesia rolled back minimum wages, making it difficult for the international community to maintain required standards.

## Violent Worker Protests

PUMA suppliers in Vietnam and Cambodia reported growing violence among worker protest. In Cambodia, three workers were injured.



*PUMA shoe factory in Vietnam.*

## The Social Footprint of our Suppliers

PUMA also explored other channels to assess its social impacts beyond supply chain monitoring. PUMA.Safe worked with industry peers in the Sustainable Apparel Coalition to pilot an innovative approach, assessing how a brand's and its suppliers' social footprint can be incorporated into the Higg Index.

[▶ please click here](#)

## Play Fair Campaign 2012

The Play Fair Campaign had its third re-launch in the Olympic Year 2012, highlighting problems in the global supply chains of sporting goods companies.

## OUR CONSTANT WORRY CAMBODIA

After numerous workers had fainted in a PUMA supplier factory in Cambodia in 2011, we were asked to participate in a people's tribunal on minimum living wages and decent working conditions for garment workers, which the Asia Floor Wage Campaign Cambodia organized in early 2012. Mass psychogenic illness (MPI) was deemed as the most likely cause behind the mass fainting as there was not one single common finding across all the fainting cases. MPI is considered a "safety valve" mechanism for workers that could not cope with stressful work conditions, and the triggers of MPI always represent cultural fears about illness/health in the workplace environment. PUMA responded and elaborated transparently on the points raised as triggers of the MPI cases including health and safety practices, poor nutrition among workers as well as wages. We reiterated that we strive to maintain our standards at supplier factories in Cambodia despite all local challenges. This, however, was put to the test in February, when worker unrest began to grow and spread across Cambodia. At PUMA footwear supplier Kaoway Sports Ltd., workers had asked for enhanced benefits, in line with the collective demands of workers in the same region in Cambodia. The factory management agreed to meet the workers' demands. However, on February 20, a massive wildcat strike erupted and protesters brought down the gates of the Kaoway Sports Ltd. factory. They entered the facility and damaged property and equipment. Some employees

were trapped in the building. Regional and military authorities tried to disperse the protesters. In this situation, three female workers of Kaoway Sports Ltd. were injured by gun shots.

PUMA took immediate action to locate these women workers, and they were being hospitalized in different health facilities across the country. PUMA, Kaoway Sports Ltd. and local stakeholders arranged for an enhanced medical treatment. All three of them recovered and could be discharged from hospital after a while. In December, the court trial relating to the shooting was terminated, resulting in an acquittal of the suspect. PUMA expressed its disappointment that justice had not been brought about almost a year after the crime. PUMA continues to support Kaoway Sports Ltd. and the workers affected and will continue working with local stakeholders to manage the impact this incident had on its supply chain. Throughout the year, PUMA worked with industry peers and local stakeholders as worker unrest continued to become increasingly violent. Along with other buyers, PUMA supported the renewal of the Memorandum of Understanding on Industrial Relations, which was an agreement between the Garments Manufacturers Association of Cambodia (GMAC) and nearly all trade union federations and confederations that expired in 2012. The buyers concerned expressed their support jointly and individually through Better Factories Cambodia (BFC), through supplier members in the GMAC and through diplomatic channels. The renewal of the

Memorandum was considered a solution to the industrial unrest within the apparel and footwear industries. The Memorandum, along with a new regulation on additional benefits for industry as a whole, was signed in September and prompted a new mandatory wage structure in Cambodia.

In April 2012, a final investigation in Huey Chuen – the factory where workers had fainted in 2011 - led by the Fair Labor Association (FLA) highlighted the improvements that the factory had implemented to address the causes of the local fainting incidents. Throughout 2012, there were several cases of mass fainting in factories. National initiatives including a fainting investigation team formed by the government as well as interventions like the Worker Nutrition study and the One

Change Program of the BFC were not enough to fully eradicate mass fainting. PUMA continues working with its suppliers to address the issues raised in the investigations.

In 2012, PUMA worked with BFC to include PUMA footwear suppliers in BFC's Footwear Factory monitoring program because Better Work has been primarily an apparel program.

## IMPELLING FREEDOM OF ASSOCIATION

In 2012, PUMA forged ahead into new sustainability terrain. The FOA Protocol requires signatory brands to support the adoption of FOA practices by suppliers in Indonesia to ensure that factory workers are free to form unions and organize their rights.



*The final assembly of a PUMA shoe in Asia.*

F.13

CHINA COMPENSATION LADDER

Another key achievement in 2012 was the finalization of the Standard Operating Procedure (SOP) and the formation of the National FOA Protocol Committee. Also significant was the opportunity for PUMA to engage with other brands as well as with other suppliers towards a collaborative approach to identify workable solutions related to FOA. PUMA partnered with the Vietnam Chamber of Commerce and Industry (VCCI) to hold trade union training for ten factory trade unions in Ho Chi Minh City. Such training was designed not only to build awareness of trade union roles and functions but also to enhance the capacity of trade unions to set up effective internal systems.

**BETTER WAGES IN THE SUPPLY CHAIN**

Improving wages for factory workers in PUMA's supply chain in Asia remains a core issue on our way to ensure sustainable workplace improvement. However, long-term wage improvement cannot be achieved unless we join forces with industry peers and external stakeholders. PUMA consolidated its various projects that would have an impact on wages under one coordinated program. The aim of this Better Wage program is to implement sustainably fairer wage structures in selected suppliers by 2015.

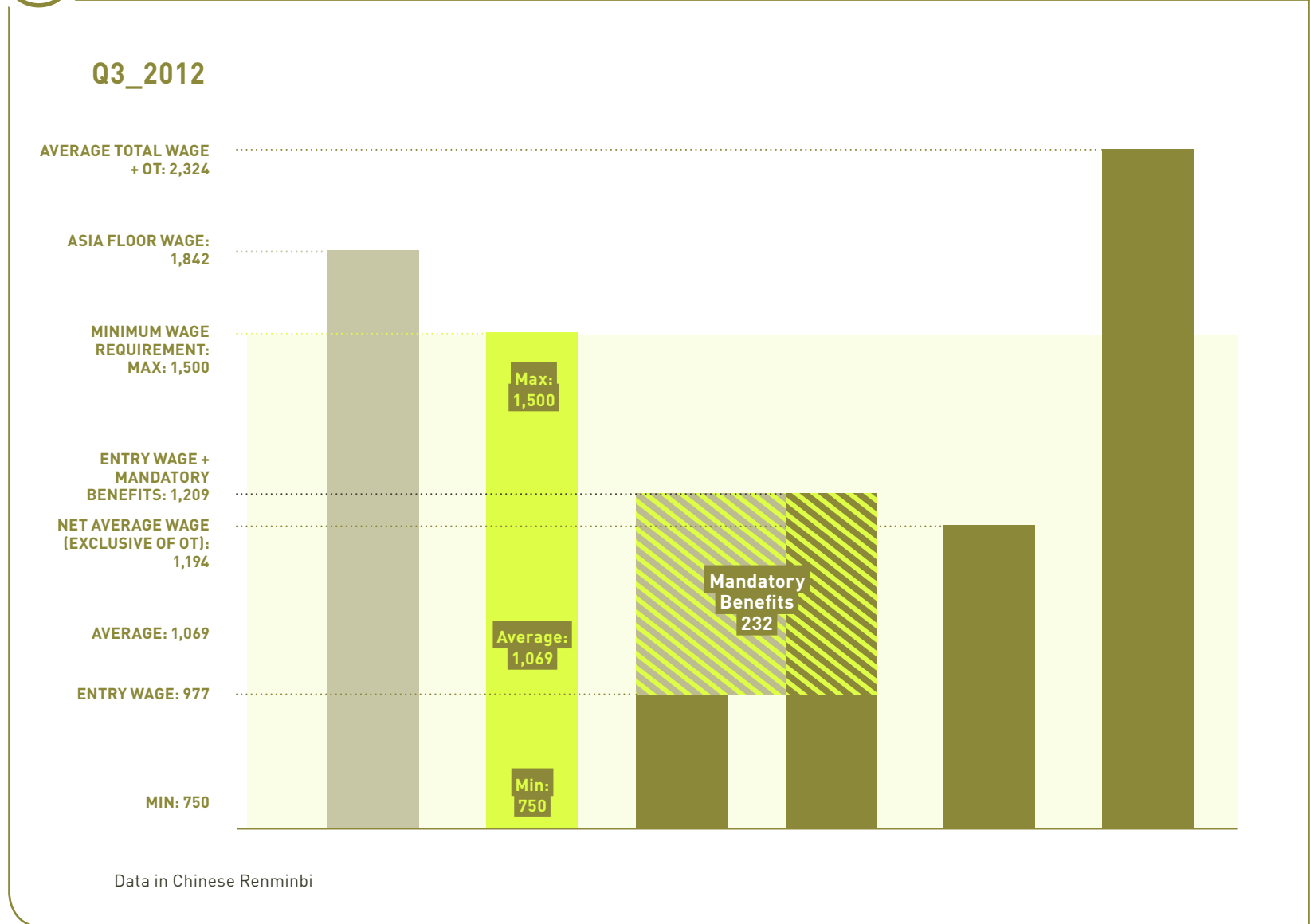


Figure 13: Wage levels in China

## THE PROGRAM INCLUDES

- (1) wage research through compensation ladders,
- (2) reviewing internal systems that impact supply chain wages,
- (3) stakeholder engagement, and
- (4) wage improvement pilots.

It is planned for the wage improvement pilots to finish in 2015 and to explore not only direct wage interventions at suppliers but also the wage setting/structure environment where these suppliers operate. One of the pilots, which links productivity/LEAN concepts and human resource management practices to improved wages in China, finished in 2012. All twelve participating factories showed enhanced performance in LEAN production and HR management. A key project learning was the need for sufficient cross-departmental cooperation between HR and production and the support of top management to embed the changes needed. The following projects were started in 2012:

### 1. THE HUMAN RESOURCES MANAGEMENT SYSTEMS (HRMS) PROJECT

The project is implemented jointly with

the International Labour Organization (ILO) and Better Work (BW) in Cambodia and Vietnam, seeking to enhance human resource management systems among PUMA factories that are members of the BW program.

### 2. THE FAIR WAGE NETWORK (FWN) REMEDIATION

This project is run in cooperation with the Fair Labor Association (FLA) and the Fair Wage Network (FWN). Within this pilot project, the FWN will develop individual roadmaps for 28 factories – based on the Fair Wage methodology piloted in 2010. In addition, the FLA and the FWN will do in-depth work with three Indonesian factories, engaging directly with management and workers through technical assistance and training to find solutions on how to generate wage improvements.

### 3. THE TRADE UNION LEADERS' DEVELOPMENT PROJECT WITH VIETNAM CHAMBER OF COMMERCE AND INDUSTRY (VCCI)

The project connects factory trade union leaders and experts from the Vietnam General Confederation of Labor (VGCL) to raise awareness of labor laws and trade union responsibilities including their role in wage setting.

### *Conor Boyle,* Better Work Global Operations Manager (Geneva)

“PUMA and Better Work have partnered to offer a modular HRMS training program that includes interactive classroom-based training with practical application at the factory level. Building on earlier related initiatives from both organizations, this training ensures that factory personnel are well equipped to tackle important HR systems issues in their enterprises. At Better Work we are excited to be part of this partnership and look forward to continuing our constructive relationship with PUMA to better serve workers and employers in global supply chains.”





*Workers at PUMA supplier in Vietnam.*

### *Nga Truong,* **Better Work Vietnam Team Leader**

“PUMA has collaborated closely with Better Work Vietnam to develop and implement an HR management training program that helps managers and workers in garment and footwear factories better appreciate the importance of an integrated HR management system. Effective HR management systems and good practices can help factories improve compliance and productivity, and the training program is providing an opportunity for top management to work with HR staff to find practical and strategic solutions to HR challenges.”

### **FACTORY AUDIT RESULTS**

In 2012, PUMA.Safe monitoring of Tier 1 suppliers (suppliers of finished goods) included facilities producing for PUMA subsidiaries and owned brands Tretorn, Cobra Golf and Brandon as well as their sub-licensees. PUMA.Safe also conducted audits for selected suppliers of Volcom, a company of PUMA's majority shareholder, PPR.

In total, PUMA.Safe arranged 422 factory audits covering 380 facilities. 351 of these facilities were Tier 1 suppliers. The top-sourcing countries by number of audited Tier 1 facilities are China (174), India (36), Vietnam (34), South Korea (12), Turkey (13), Bangladesh (11), Cambodia (11) and Argentina (8). In terms of product volume, strategic partners are based in China, Vietnam, Indonesia, Cambodia, Bangladesh, India, Turkey and Malaysia.

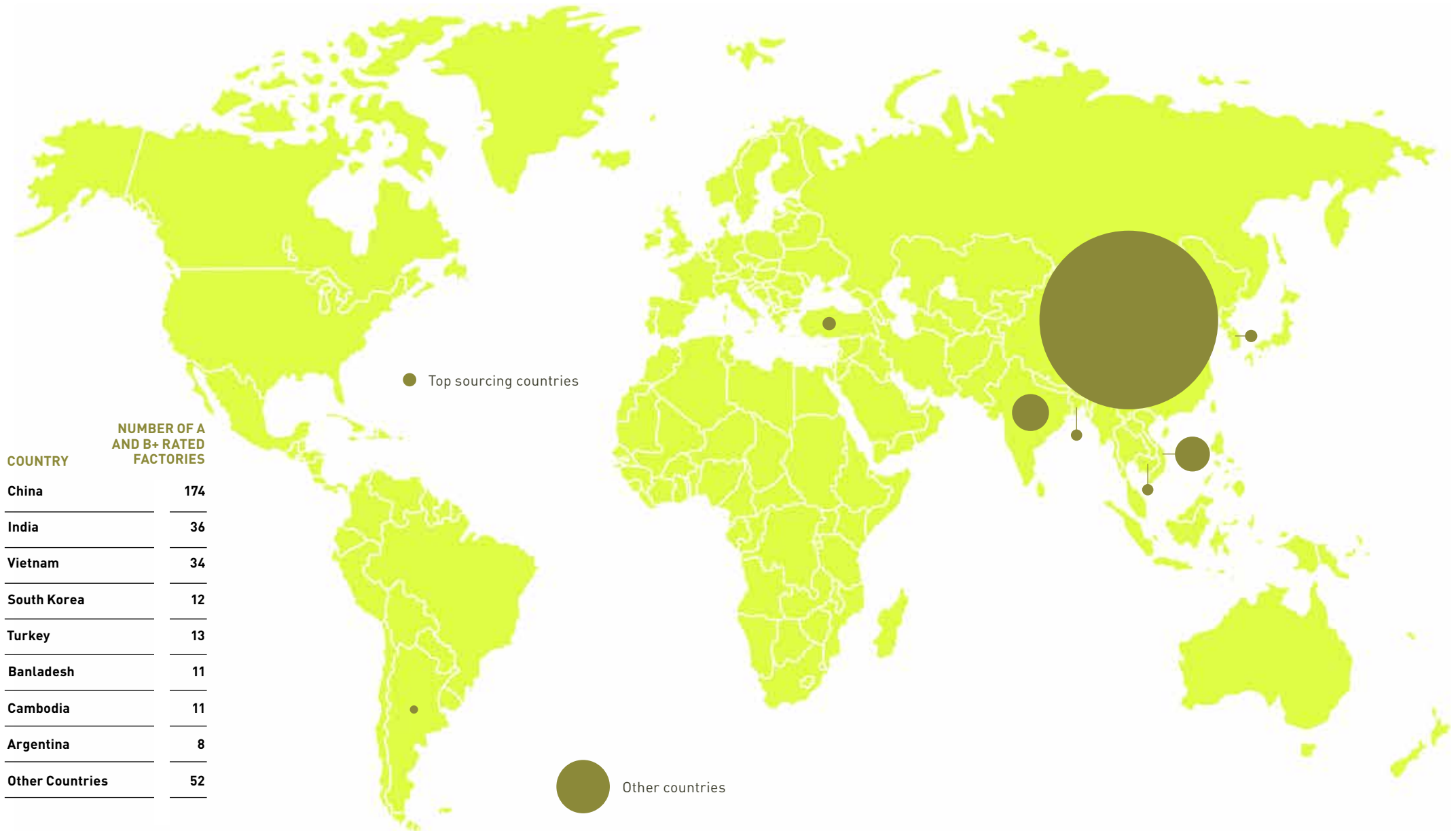


*PUMA auditor Stephen Vo during a factory audit.*



F.14

TOP SOURCING COUNTRIES BY NUMBER OF AUDITS TIER 1 FACILITIES



COUNTRY	NUMBER OF A AND B+ RATED FACTORIES
China	174
India	36
Vietnam	34
South Korea	12
Turkey	13
Banladesh	11
Cambodia	11
Argentina	8
Other Countries	52

For the first time ever in PUMA.Safe operations, the majority of our social monitoring activities focused on factories of PUMA licensees. Across all tiers and sourcing partners, 62 percent of all audited facilities globally were rated A or B+ while 16 percent of currently active facilities achieved C or D ratings and thus failed our audits.

*In 2015, 90 percent of our suppliers will achieve an A or B+ rating.*

F.15

PUMA terminated its partnership with 29 Tier1 facilities for non-compliance found in 2012. Forty-one facilities were assessed recurrently in line with our monitoring and remediation policies for facilities rated B- or lower. In 12 percent of these we found worse conditions during our follow-up visits despite our remediation efforts. Conditions in the other factories had improved.

**FACTORY IMPROVEMENT RATE FOR MULTIPLE AUDITS**

In 2012, PUMA.Safe formally accepted the results of external party audits from organisations that have been assessed to have similar audit tools and rating standards. As part of our commitment to Better Work, audit reports for six facilities in Vietnam and the results of the Footwear audit pilot in Cambodia replaced PUMA.Safe audits for

these facilities except for the environment and some health and safety sections that had not been covered. In total, nine external audits were accepted in place of PUMA.Safe audits, after a thorough review of the audit tools used. PUMA.Safe’s analysis of audit findings collects similar findings within general

failure categories and subcategories. These categories were modified against the preceding year to accommodate new external stakeholder requirements in 2012. A facility may have several detailed health and safety findings, for example, but for purposes of analysis and remediation these are treated collectively as being one key failure to facilitate an overall management of these issues by the facility. The analysis covered only Tier 1 facilities and included failed facilities (C

and D ratings) as well as A or B+ factories to assess the scope of issues suppliers from both grade categories face. Understandably, certain issues were also found in A and B+ facilities, as noted in the table below.

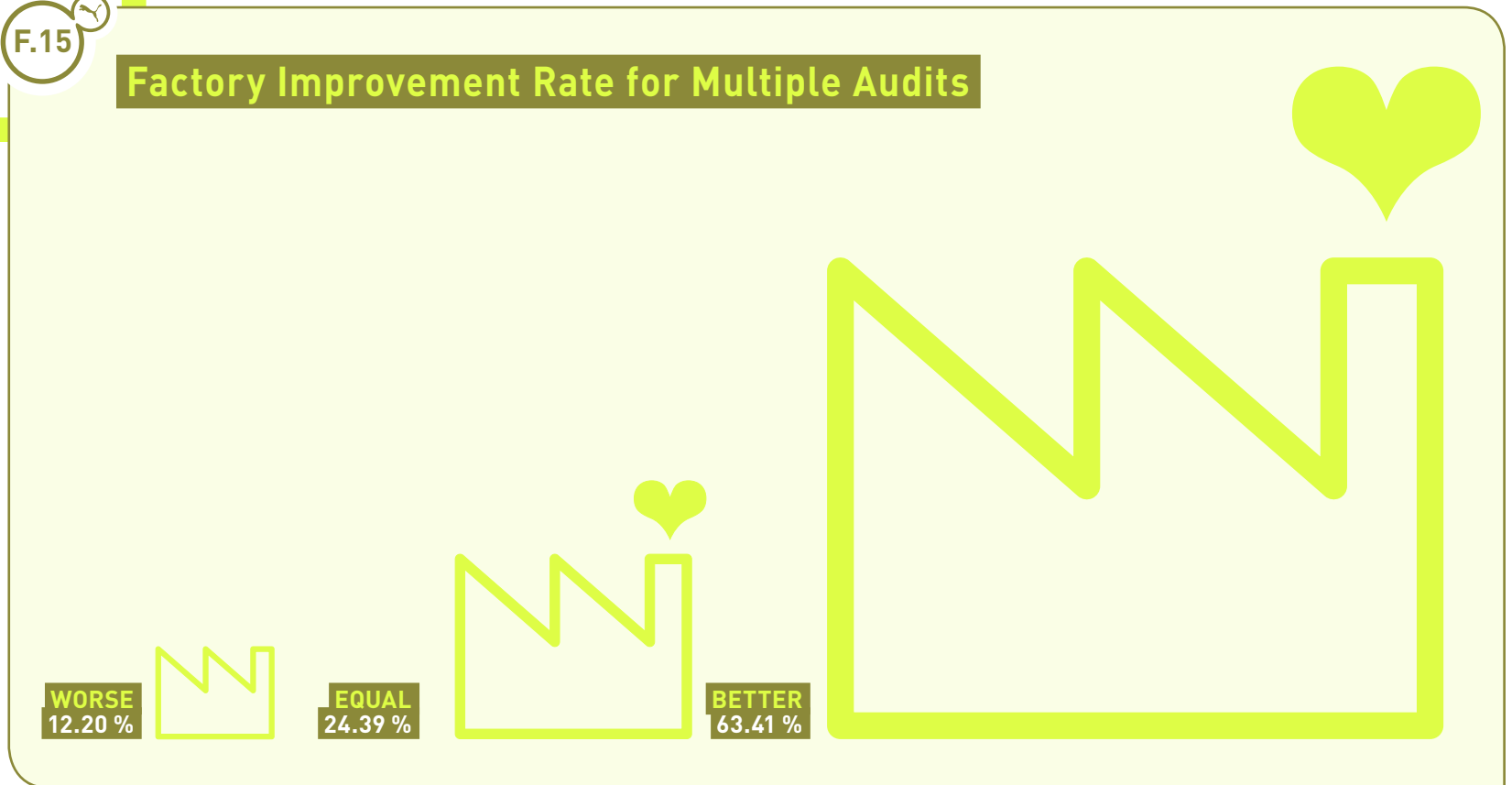


Figure 15: 63.41% of the factories were able to improve their standards during the course of multiple audits

**Basic health & safety:**

missing minimum compliance with fire, electrical and health standards including presence of fire extinguishers, clear aisles, clear egress, provision of first aid kits, provision of machinery guarding, establishment of safety team, etc.

**Working hours:**

weekly overtime beyond 60 hours, work on rest days, etc.

**Wages:**

incorrect calculation of wage, non-payment of minimum wage, delayed payment of wages, etc.

**Health & safety management:**

missing H&S policies, H&S plan, hazard and risk identification assessments, worker health statistics, chemicals management, etc.

**Benefits:**

workers not informed of leave benefits, incomplete social insurance, etc.

**Harassment:**

complaints of harassment, etc.

## DESCRIPTION OF FINDINGS BY CATEGORY:

**Contracts and terms of employment:**

overextension of contracts, incomplete information in contracts, etc.

**Grievance procedure:**

weak internal complaints scheme at the factory, etc.

**Dormitories and welfare amenities:**

missing provision of all facilities such as canteens, breastfeeding facilities and usage, etc.

**Environmental management:**

lacking proper waste management, chemicals management including H&S concerns

**Forced labor:**

policies/procedures like mandatory overtime the sector considers to be 'forced labor', etc.

**General HR management:**

recruitment and young labor management, non-discrimination, child labor, etc.

**Freedom of association:**

lacking presence of worker representative structures under local law, compliance with local union laws, etc.

2012 AREAS OF FAILURE-BASED ON TIER 1 FACTORIES WITH A,B+,C AND D RATING			WAGES			BENEFITS	CONTRACTS AND TERMS OF EMPLOYMENT*		WORKING HOURS	GENERAL HR MANAGEMENT	GRIEVANCE PROCEDURE		FORCED LABOR	HARASSMENT
			Payment of legal wages	Delayed payment	Others (e.g. Swapping of rest days)		Overextended contracts	Others			Training on grievance procedure	Others		
<b>AMERICAS (Argentina, Brazil, El Salvador, Mexico, Paraguay, USA)</b>														
Rating	# of factories													
A/B+	7	World Cat	0	0	0	0	0	0	0	4	1	0	0	1
A/B+	5	Non World Cat	0	0	0	0	0	0	0	4	0	0	0	2
C/D	4	World Cat	1	0	2	0	0	0	2	3	0	2	0	2
C/D	0	Non World Cat	0	0	0	0	0	0	0	0	0	0	0	0
<b>EMEA (Portugal, Romania, Tunisia, Turkey, Turkmenistan)</b>														
Rating	# of factories													
A/B+	12	World Cat	0	0	1	0	0	1	3	10	0	2	1	6
A/B+	8	Non World Cat	3	0	3	0	0	2	2	7	2	4	3	6
C/D	0	World Cat	0	0	0	0	0	0	0	0	0	0	0	0
C/D	1	Non World Cat	0	0	1	0	0	0	0	1	0	0	0	0
<b>ASIA (Bangladesh, Cambodia, China, India, Indonesia, Pakistan, Philippines, Thailand, Vietnam)</b>														
Rating	# of factories													
A/B+	84	World Cat	10	2	25	53	5	11	35	33	4	14	1	2
A/B+	102	Non World Cat	12	3	35	49	5	6	52	59	1	18	1	1
C/D	14	World Cat	9	4	10	11	2	5	11	8	3	4	1	3
C/D	35	Non World Cat	16	4	21	30	3	10	20	26	3	15	0	1
<b>TOTAL World Cat</b>	<b>121</b>		<b>20</b>	<b>6</b>	<b>38</b>	<b>64</b>	<b>7</b>	<b>17</b>	<b>51</b>	<b>58</b>	<b>8</b>	<b>22</b>	<b>3</b>	<b>14</b>
<b>TOTAL Non World Cat</b>	<b>151</b>		<b>31</b>	<b>7</b>	<b>60</b>	<b>79</b>	<b>8</b>	<b>18</b>	<b>74</b>	<b>97</b>	<b>6</b>	<b>37</b>	<b>4</b>	<b>10</b>
<b>GRAND TOTAL</b>	<b>272</b>		<b>51</b>	<b>13</b>	<b>98</b>	<b>143</b>	<b>15</b>	<b>35</b>	<b>125</b>	<b>155</b>	<b>14</b>	<b>59</b>	<b>7</b>	<b>24</b>

\* World Cat is PUMA's sourcing organisation.

Table 25: Findings analysed in direct PUMA suppliers in 2012

2012 AREAS OF FAILURE-BASED ON TIER 1 FACTORIES WITH A,B+,C AND D RATING			FREEDOM OF ASSOCIATION			BASIC H&S**			H&S MANAGEMENT***	DORMITORIES & WELFARE AMENITIES	WASTE / CHEMICAL			OTHERS	TOTAL
			CBA	Worker representative structure	Legally constituted trade union	Fire, electrical and mechanical safety	Ergonomics	Others (e.g. Food preparation)			waste management****	chemicals handling & management*****	Others		
<b>AMERICAS (Argentina, Brazil, El Salvador, Mexico, Paraguay, USA)</b>															
Rating	# of factories														
A/B+	7	World Cat	0	1	0	2	4	4	4	0	0	3	5	0	<b>29</b>
A/B+	5	Non World Cat	0	0	0	1	3	4	4	1	0	3	4	0	<b>26</b>
C/D	4	World Cat	0	1	0	4	1	4	4	0	1	2	4	0	<b>33</b>
C/D	0	Non World Cat	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>EMEA (Portugal, Romania, Tunisia, Turkey, Turkmenistan)</b>															
Rating	# of factories														
A/B+	12	World Cat	6	4	1	2	0	6	7	0	2	5	4	0	<b>61</b>
A/B+	8	Non World Cat	5	3	0	1	1	4	3	0	1	5	3	1	<b>59</b>
C/D	0	World Cat	0	0	0	0	0	0	0	0	0	0	0	0	<b>0</b>
C/D	1	Non World Cat	1	1	0	1	1	0	1	0	1	1	1	0	<b>10</b>
<b>ASIA (Bangladesh, Cambodia, China, India, Indonesia, Pakistan, Philippines, Thailand, Vietnam)</b>															
Rating	# of factories														
A/B+	84	World Cat	16	19	4	66	31	23	58	10	28	37	15	1	<b>503</b>
A/B+	102	Non World Cat	30	24	11	85	36	38	71	10	25	36	14	2	<b>624</b>
C/D	14	World Cat	5	3	5	12	7	6	10	4	3	6	2	2	<b>136</b>
C/D	35	Non World Cat	11	9	3	33	19	16	34	13	19	24	14	1	<b>345</b>
<b>TOTAL World Cat</b>	<b>121</b>		<b>27</b>	<b>28</b>	<b>10</b>	<b>86</b>	<b>43</b>	<b>43</b>	<b>83</b>	<b>14</b>	<b>34</b>	<b>53</b>	<b>30</b>	<b>3</b>	<b>762</b>
<b>TOTAL Non World Cat</b>	<b>151</b>		<b>47</b>	<b>37</b>	<b>14</b>	<b>121</b>	<b>60</b>	<b>62</b>	<b>113</b>	<b>24</b>	<b>46</b>	<b>69</b>	<b>36</b>	<b>4</b>	<b>1,064</b>
<b>GRAND TOTAL</b>	<b>272</b>		<b>74</b>	<b>65</b>	<b>24</b>	<b>207</b>	<b>103</b>	<b>105</b>	<b>196</b>	<b>38</b>	<b>80</b>	<b>122</b>	<b>66</b>	<b>7</b>	<b>1,826</b>

\* World Cat is PUMA's sourcing organisation.

Table 26: Findings analysed in direct PUMA suppliers in 2012

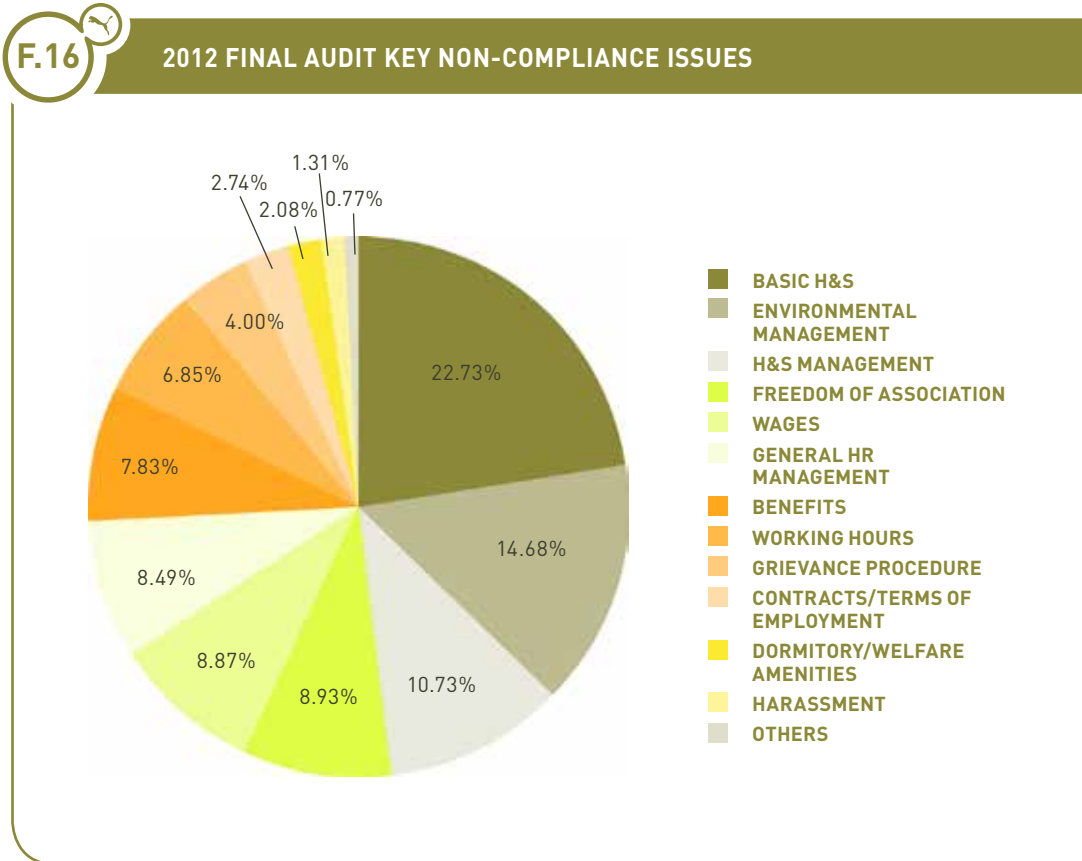


Figure 16: The diagram shows the percentage of areas in which factories failed to comply with PUMA's standards

In 2012, factory workers in China, Indonesia, Vietnam, Cambodia, Bangladesh, India, Americas and EMEA contacted PUMA.Safe directly to complain about workplace issues. 109 issues were raised in various areas, with wage-related issues coming out as the main complaint area. These complaints came from factories across all grade classifications.

### BRINGING OUR SOCIAL COMPLIANCE AND PERFORMANCE STANDARDS UP TO SPEED

PUMA.Safe initiated a review of its stakeholder engagement, monitoring and remediation systems and procedures that also analyzed incidents of 2011 and 2012. It was clear that PUMA had to strengthen and update its systems in order to better

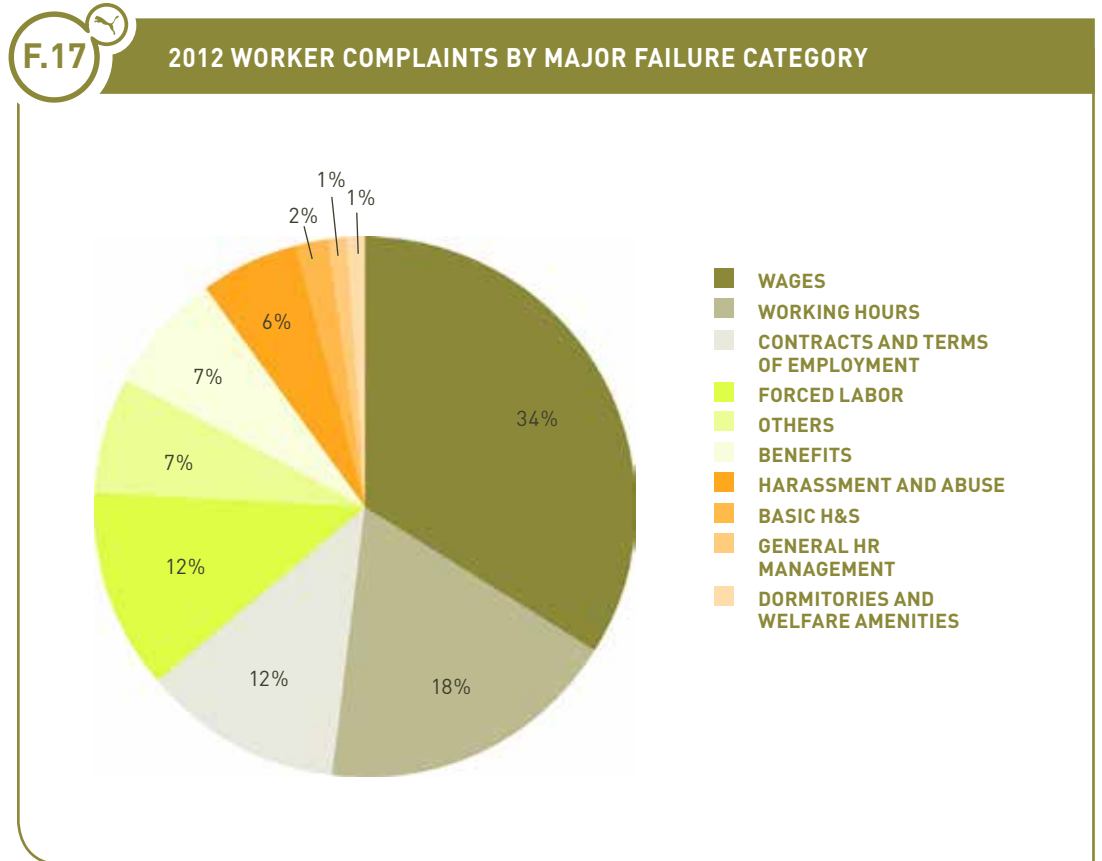
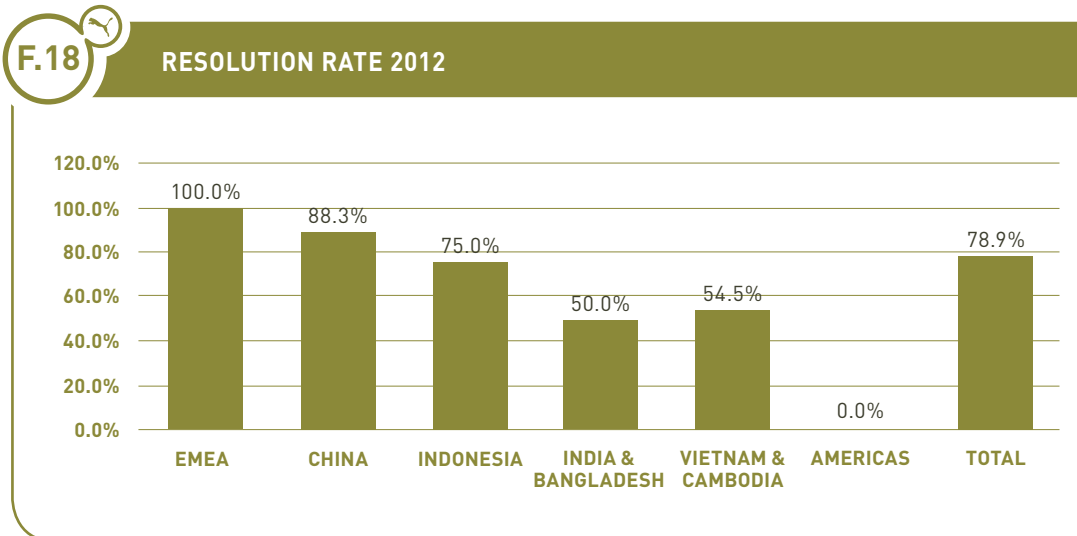


Figure 17: The diagram shows the percentage of issues that workers complained about

address supply chain challenges. PUMA.Safe strengthened its collaboration in terms of audits with other brands that PUMA is sharing production facilities with so that also audit results can be shared. PUMA.Safe supported the development of the Core and Follow-Up Questions of the Sustainable Compliance Initiative (SCI) tool of the Fair Labor Association (FLA). PUMA.

Safe initiated a restructuring of its tool incorporating both the tools of the ILO/Better Work program and the Core/Follow-Up questions of the FLA SCI. The ILO/Better Work tool is designed to be universally accepted because it is founded on ILO Core Conventions as well as national government input. The FLA SCI is aimed to be a performance management benchmark to attain



**Figure 18:** The graphic shows the percentage of issues discovered during audits that were resolved

compliance through root cause and systems assessment.

In October 2012, we showcased a new audit rating structure, Pay for Play. This new audit rating structure will cover all PUMA.Safe suppliers and is expected to go live in 2013. The new scheme supports our target achievement in terms of PUMA's internal benchmark for sustainable products, S-Index, as well as PUMA's internal supplier evaluation processes. In addition to a stratified structure, the new audit rating system takes into account worker complaints, their resolution and other issues emerging between audit inspections. Best practices, which previously had not been given scores, have been included in the new rating system as well.

In 2012, PUMA.Safe launched an improved audit quality assurance and grading guidance protocol that is used by our internal teams to assess specific regional or local situations that may not be covered by our Manual of Standards. This protocol is to be reviewed and renewed annually to take into account issues that may arise in all major sourcing markets. This includes an annual review of major and critical issues penalized in the audit rating system.

### TRAINING OUR SUPPLIERS IN SOCIAL ISSUES

In 2012, PUMA supported numerous initiatives that strengthened the capabilities of our suppliers to be more responsible towards their workers and to improve employment

relations within our factories. More importantly, we provided channels for those that are often voiceless, and we empowered them by involving them in the process.

At the end of each audit, our PUMA.Safe team in China informed workers about local laws, benefit entitlements, grievance mechanisms and PUMA's Code of Conduct. This step is particularly aimed at raising workers' awareness of their basic rights.

PUMA continued to organize annual roundtables with suppliers in China, Indonesia, Vietnam and Latin America. These roundtables were a platform for suppliers to raise and discuss issues that are relevant for creating sustainable workplace conditions. PUMA.Safe used these roundtables to update suppliers on recent developments in compliance policies and capacity building efforts.

The Indonesia roundtable deepened the local suppliers' understanding of specific local laws and commitments such as the Freedom of Association Protocol. In China, the roundtable increased interaction between the 52 participants representing 30 factories, the PUMA.Safe team and the PUMA sourcing team. In Vietnam, roundtable discussions addressed concerns relating to worker health and safety risk assessment, changes in labor law, and worker retention. In Latin America, roundtable participants formed sub-groups to support best practice learning in all areas of social and environmental sustainability.

*Of the issues raised in 2012, on average 79% were properly resolved.*

List of Suppliers (as of reporting date 31.12.2012)

[> please click here](#)

“BE THE CHANGE  
**THAT YOU WISH**  
TO SEE IN THE WORLD.”

- Mahatma Gandhi





# PUMA.Peace

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# 4 CHAPTER



# FOR A MORE PEACEFUL WORLD

*PUMA.Peace is an initiative that uses an array of programs to foster a more peaceful world than the one we know today. PUMA.Peace contributes to positive brand association among our consumers and an authentic brand positioning of joy and peace, balancing peace engagement and core business by providing products and philanthropic initiatives.*

## UNITED NATIONS YOUTH CAMP



*PUMA sponsored the UNOSDP Youth Leadership Camp in Qatar's Aspire Academy.*

Twenty-nine young people, nine countries, one mission: Learning how to address social issues in underprivileged communities with the power of sports. In January, the UNOSDP Youth Leadership Camp in Qatar's Aspire Academy, sponsored by PUMA.Peace, brought together young leaders and experts for an exchange of best practices.

During eleven days of intense learning, the participants from sub-Saharan Africa and Palestinian territory covered topics such as human rights, health, peace education and the inclusion of people with disabilities. Eighteen participants were women, reflecting a strong emphasis on gender equality. At the end of the 11-day project, all project participants felt empowered, leaving with new plans for their future and that of their peers.

# FILMS4PEACE

films4peace is the second annual film commission by PUMA.Peace for World Peace Day on 21 September 2012, featuring 21 innovative artists that interpret the subject of peace.

In keeping with the spirit of the commission, the films, being tools for peace, were gifted to the world to remain within the public domain and free from screening fees. By screening these short films as broadly as possible, on multiple live and virtual platforms, we aim to induce positive social change and broaden the global discussion about peace.

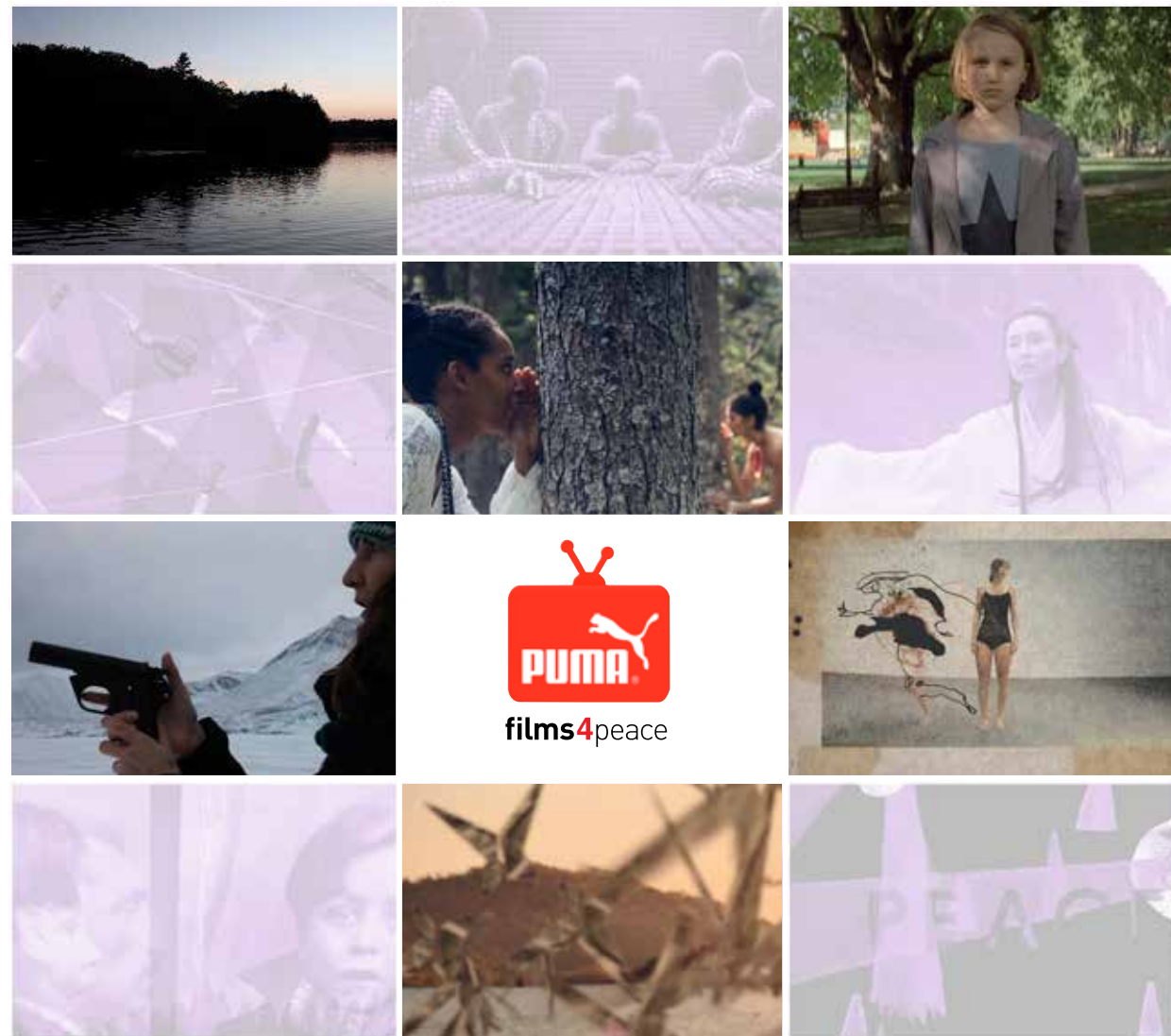
The artists included, among others, Janet Biggs (USA), Ergin Çavusoglu (Bulgaria), Magali Charrier (France), Gregory Crewdson and Costanza Theodoli-Braschi (USA and UK), Yang Fudong (China), Isaac Julien (UK) and Michael Nyman (USA). They made 17 short films of about 30-90 seconds using 35mm live action, experimental animation and fine art.

The art films screened at hundreds of cultural locations, at PUMA offices around the world and online via social networking sites and blogs and on a dedicated films4peace website.

Live screenings accompanied the online release at major museums, for example the Bass Museum of Art in Miami and the Design Museum in London, in public urban spaces such as the Denver Theatre District (USA), at educational institutions and youth leadership conferences all over the world. A list of the over 100 past, current and upcoming screenings is available at <http://films4peace.com/screenings/>.

You can watch all short films at the official films4peace website:

**> please click here**





# YOUNG WORLD

In 2012, PUMA.Peace once again sponsored delegates of One Young World, the principal global summit for young leaders. The 2012 summit took place in Pittsburgh, USA, with speakers including Bill Clinton, Jamie Oliver, Kofi Annan, Jack Dorsey and Muhammad Yunus. Three PUMA in-house candidates were selected for their commitment to sustainability and our 4Keys, Fair, Honest, Positive and Creative. All three of them will strive to develop and refine, and help each other with, the action plans they formed at One Young World.

A related article by Emily Lennox, one of the PUMA delegates, is available at: [http://www.huffingtonpost.com/emily-lennox/if-everybody-did\\_b\\_2117181.html](http://www.huffingtonpost.com/emily-lennox/if-everybody-did_b_2117181.html).



#### **PUMA AT ONE YOUNG WORLD**

*For the second consecutive year, PUMA.Peace held a competition for participant places at the One Young World Summit for young leaders. In 2012, it included speakers such as Bill Clinton, Kofi Annan and Muhammad Yunus.*



“EDUCATION IS THE  
**MOST POWERFUL  
WEAPON WHICH YOU  
CAN USE TO CHANGE THE  
WORLD.**”

- Nelson Mandela



# PUMA.Creative

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# 5

## CHAPTER



*PUMA.Creative fosters cross-cultural exchange and collaboration through a variety of platforms. It combines film engagement to change social behavior and bring about change for good, cultural online platforms for creative exchange in the art community, and it also drives and manages artist collaboration within the product divisions at PUMA.*

# CREATIVE ART NETWORK

The **Creative Art Network**, established by PUMA.Creative in 2009, is a global platform bringing together the creative world and supporting creative talent from architecture, dance, design, fashion, film, fine art, literature, music and new media.

In the first half of 2012, the Creative South America Network (CSAN) went live to run beside the Creative Africa Network (CAN) and Creative Caribbean Network (CCN). The Creative Africa Network and the Creative Caribbean Network have become the key online resources for the art communities in these regions, with more than 3,600

and 1,300 members respectively. They have become primary sites for cultural information in their regions and a way for individual artists to exchange ideas and share their work through online profiles.

Serving as a good example of the potential of these platforms is the Creative African Network (CAN) PUMA used to select artists from to design the football kits for PUMA-sponsored African national teams for the 2012 African Cup of Nations.



# PUMA.CREATIVE FILM PROGRAM

*At PUMA we believe that documentary film can be a powerful vehicle to drive change. In 2012, PUMA.Creative continued to provide support, counsel and industry recognition to filmmakers through the PUMA.Creative Film Program. PUMA.Creative supports documentary films that work as tools for powerful and behavioral change, both internally and on the consumer side.*

In the partnership we formed with the BRITDOC Foundation in 2010, several awards and programs were created for supporting documentary filmmaking featuring topics such as social justice, peace and environmental protection. BRITDOC is a UK-based non-profit film foundation known for making groundbreaking documentaries that provoke real-world change, and it has worked closely with PUMA.Creative to devise a scheme of film programs that has been up and running for two years now.

The website of the PUMA.Creative film programs at [www.britdoc.org/puma](http://www.britdoc.org/puma) has over 80,000 page views each year – from 144 states from Mongolia to Mauritius, Hong Kong to Honduras. To date the PUMA.Creative Film Program has received over 1,800 applications, from over 95 countries.



# THE PUMA.CREATIVE CATALYST AWARDS AND PUMA.CREATIVE MOBILITY AWARDS

The PUMA.Creative Catalyst Award is an award of up to 5,000 euros that provides resources to filmmakers in the early stages of documentary films, enabling filmmakers from across the globe to create proof-of-concept trailers for their film. These trailers allow filmmakers to raise funds for completing their films, featuring them on festivals, in cinemas and on DVD and TV, reaching strategic audiences locally and globally and addressing PUMAVision's core themes.

In the past two years, 50 Catalyst Awards of 5,000 euros each were awarded to filmmakers.

Getting filmmakers to the stories that matter, the PUMA.Creative Mobility Awards are awarded to documentary filmmakers at all stages of the production process to enable them to travel to locations during filming or after completion for audience engagement. Unlike the Catalyst Awards, there is no open call for the PUMA.Creative Mobility Awards. Instead, film projects are proposed for a PUMA.Creative Mobility Award where an award could provide critical strategic support for the film team, and the award as such primarily happens at public film forums, for example Good Pitch, to maximize the impact.



## DRAGONSLAYER

The skateboarding documentary 'Dragon-slayer' is a project that received early funding from PUMA.Creative through a PUMA.Creative Catalyst Award and numerous PUMA.Creative Mobility Awards. Directed by Tristan Patterson and produced by John Baker, this film tells the story of life of a lost kid falling in love in the suburbs of Fullerton, California.

After picking up awards at the prestigious SXSW and Hot Docs festivals, 'Dragon-slayer' screened at over 50 film festivals worldwide and has been distributed in countries including US, UK, Canada, Israel and Australia. Dragon-slayer in May 2012 also premiered on Brazil's Sónar festival in Sao Paulo. PUMA had been asked to submit a film to the festival, in recognition of our PUMA.Creative program.



**THE OASIS**

*Pietra Brett Kelly (New Zealand)*



**THE RETURN OF BURMA VJ**

*Joshua Min Htut (Burma)*



**PING PONG**

The feature-length documentary film 'Ping Pong' is another PUMA.Creative awardee that has received international recognition. It follows a group of elderly table tennis enthusiasts from across the world – Australia, Japan, Germany, Sweden and UK – as they travel to Inner Mongolia to compete in the World Championships. The film had its London premiere at the ICA in July 2012, followed by a UK tour covering 40 screenings across 25 cities, a US festival premiere in New York in November 2012 and a UK TV screening in early 2013.

On 1 October 2012, the Ping Pong Care Campaign was launched in association with Age UK and the English Table Tennis Association, which will see the film screened in 400 care homes and day centers across the UK including portable table tennis equipment for residents to start their own table tennis careers.



**EL POETA**

*Kelly Duane de la Vega and Katie Galloway (USA)*



# THE PUMA.CREATIVE IMPACT AWARD



› CHECK OUT THE VIDEO



› CHECK OUT THE TRAILER

The PUMA.Creative Impact Award is an annual award that identifies and honors the documentary film that has made the most significant and positive social or environmental impact. At PUMA we believe that we have a responsibility and opportunity to contribute to a better world and a better future, yet positive change requires action. By recognizing the documentary film that has made the most impact, PUMA boosts a film that is already making a difference in having a larger positive effect on society. The 50,000-euro award is the first of its kind in the world and was presented to 'Budrus', the story of a successful non-violent protest in the West Bank, at a Gala in Berlin on 13

November 2012. 'Gasland', the shortlisted anti-fracking documentary, received a Special Jury Commendation. The winning film was selected by an independent jury representing the worlds of film, the arts and social change: Hollywood actors and activists Danny Glover and Djimon Hounsou, director Mira Nair, writer and campaigner Jemima Khan, and the Executive Director of Greenpeace International, Kumi Naidoo.

*Djimon Hounsou, Jochen Zeitz,  
winner Budrus (Julia Bacha  
and Jessica Devaney), PUMA CEO  
Franz Koch, BRITDOC Director  
Jess Search and Kumi Naidoo.*





> CHECK OUT THE VIDEO



A large range of international media reported on the 2012 PUMA.Creative Impact Award, including RTL II, The Independent, Huffington Post, The Times, The Daily Beast, WWD, Screen International and Style.de and many others. This high-level press coverage helped with spreading the message not only of the PUMA.Creative Impact Award but also of a film about non-violent protest. Before the PUMA.Creative Impact Award Gala in November 2012, 'Budrus' was seen more than 2,7 million times around the world in 185 places including in Israel, Palestine, Germany and UK. It also screened on three international TV stations and HBO Latin America and at 53 festivals such as Dubai and Hot Docs. The online trailer had 27,495 viewings.

The film project also includes a public outreach campaign led by Just Vision, a team of Palestinian, Israeli, North and South American human rights advocates, conflict resolution experts, filmmakers and journalists who since 2003 have been working to reframe the conversation about Palestinian resistance in what is an intractable political situation. In the two and a half years since its release, 'Budrus' has reshaped the public debate on the role of nonviolence in securing a future of freedom, dignity, security and peace for Palestinians and Israelis.

#### WINNING FILMS

*The documentary BUDRUS (above) won the 2012 PUMA.Creative Impact Award, whilst GASLAND (right) received a special jury commendation at the Gala in Berlin.*



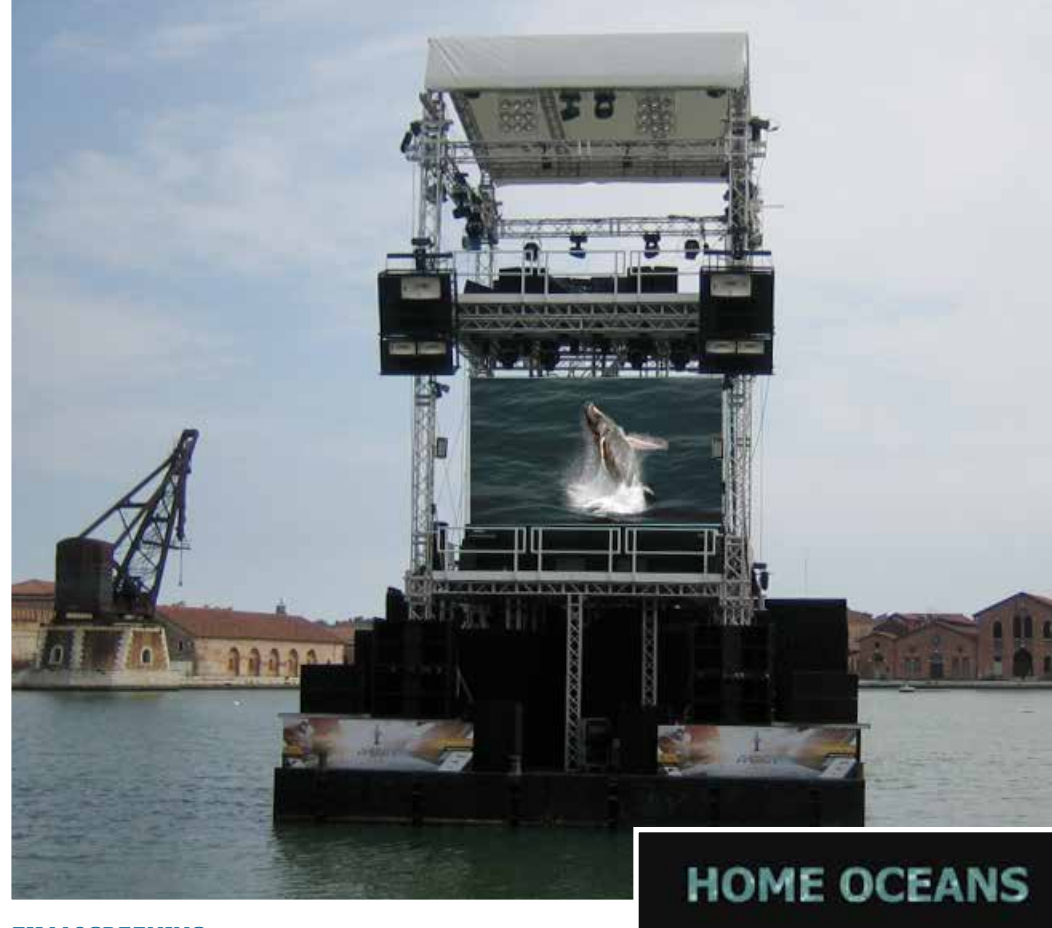
# HOME OCEANS

PUMA.Creative's activities also included the screening of the ocean preservation documentary 'HOME OCEANS' as part of a partnership of PUMA-sponsored America's Cup and the International Union of Conservation of Nature (IUCN), the world's oldest and largest environmental organization. The documentary made its Italian premiere in Venice, coinciding with the city hosting the America's Cup World Series from 15-20 May 2012.

HOME OCEANS was commissioned by PUMA.Creative and is a new director's cut of Yann Artus-Bertrand's HOME that has been watched by more than 400 million people around the globe. It beautifully communicates the necessity and challenges of protecting our oceans and screened at the ports of the 2011-2012 Volvo Ocean Race from Spain to South Africa and China to Brazil.

## OUTLOOK

With PUMA.Safe, PUMA.Peace and PUMA.Creative, PUMA's sustainability initiative addresses a broad range of issues, from labor and human rights at our supplier factories, employee development and training for our own staff, to improving the environ-



**FILM SCREENING:**  
*HOME OCEANS was shown on the water in Venice during the 2012 America's Cup World Series*

mental performance within the PUMA supply chain and our own entities, to providing our customers and consumers with a choice for more sustainable products and innovative solutions like our InCycle collection and our product-recycling program, Bring Me Back. Last but not least, we continue our engagement for the arts and World Peace Day, with the strict target of continuing our efforts to link these initiatives to our overall sustainability targets.

Internal and external stakeholder consultations have shown that our existing Sus-

tainability Scorecard 2015 does not reflect these efforts fully, equally and adequately. In close cooperation with our Sustainability Advisory Board, we are in the process of expanding our award-winning sustainability strategy and Sustainability Scorecard to incorporate further targets in the area of social sustainability that pinpoint to external audiences the components of A/B+ rated social performance (i.e. management systems, worker education, etc.) as well as corporate governance targets such as an intercompany training scheme covering our

*The film is a new director's cut of Yann Artus-Bertrand's HOME, commissioned by PUMA.Creative.*



Code of Ethics and anti-corruption practices or keeping the injury rate at PUMA entities and our key suppliers well below industry average.

We aim to publish our new Sustainability Scorecard in the first half of 2013, following our 10th Stakeholder-Dialog Meeting at the Banz monastery in June.

# INDEPENDENT ASSURANCE REPORT

*To PUMA SE, Herzogenaurach*

## OUR ENGAGEMENT

We have been engaged to perform a limited review of the sustainability information as stated in the chapters "PUMAVision", "PUMA.Safe", "PUMA.Peace" and "PUMA.Creative" of the Sustainability and Business Report 2012 of PUMA SE, Herzogenaurach for the year ended December 31, 2012, including compliance with the criteria and standards the information is based on. The limited review does not cover a quantitative assessment of PUMA's Product Environmental Profit and Loss Account.

## MANAGEMENT'S RESPONSIBILITY

The Management Board of PUMA SE is responsible for the preparation of the chapters "PUMAVision", "PUMA.Safe", "PUMA.Peace" and "PUMA.Creative" of the Annual and Sustainability Report 2012 in accordance with the criteria as stated in the Sustainability Reporting Guidelines Vol. 3 (p. 7-17) of the Global Reporting Initiative (GRI).

These criteria are:

- **Materiality,**
- **stakeholder inclusiveness,**
- **sustainability context,**
- **completeness,**
- **balance,**
- **clarity,**
- **accuracy,**
- **timeliness,**
- **comparability and**
- **reliability.**

This responsibility also includes the development, implementation and operation of systems and processes as well as the definition of key issues of the report and the reporting method.

## OUR RESPONSIBILITY

Our responsibility is to give an attestation, based on the results of our work, as

to whether any matters have come to our knowledge that could give rise to the assumption that the sustainability information stated within the chapters "PUMAVision", "PUMA.Safe", "PUMA.Peace" and "PUMA.Creative" of the Sustainability and Business Report 2012 do not comply, in all material respects, with the above mentioned criteria of the Sustainability Reporting Guidelines Vol. 3 (p. 7 to 17) of the GRI.

The objective of a limited review is to obtain a limited assurance. Hence, the scope of a limited review is less comprehensive than the scope of an audit, which – in contrast to a limited review – aims to obtain a reasonable assurance. Consequently, a limited review may thus not reasonably assure all material facts as could an audit. Hence, we may not issue a positive statement (auditors' opinion) on the selected data.

Based on the results of our audit, we have been further engaged to give recommendations for the further development of the

sustainability management and the respective reporting.

## METHODOLOGY

Our limited review was conducted in accordance with the "International Standard on Assurance Engagements (ISAE) 3000". Within the scope of our engagement, the following activities were performed amongst others:

- Interviews with employees of the Group head office in the areas "PUMA.Safe", HR and the logistics departments, who are in charge of reporting sustainability issues.
- Inspection of the documentation of the systems, processes and internal controls for consolidation and internal reporting of performance indicators.
- Telephonic interviews with personnel responsible for internal reporting of energy,

use and logistics key indicators, located in Argentina, Australia, China, Germany, France, Greece, Italy, Canada, Austria, Sweden, U.S. and of the brand Dobotex.

→ Analytical testing on selected sustainability data on a sample basis.

## OUR CONCLUSION

Based on our limited review, no facts have come to our knowledge that could give rise to the assumption that the sustainability information presented within the chapters "PUMAVision", "PUMA.Safe", "PUMA.Peace" and "PUMA.Creative" of the Sustainability and Business Report 2012 of PUMA SE do not comply with the criteria of the Sustainability Reporting Guidelines Vol. 3 (p. 7 to 17) of the GRI.

## NOTE AND RECOMMENDATION

Without qualifying our attestation, we give the following recommendations for the fur-

ther development of the sustainability management and reporting: expansion of the computation basis of extrapolated environmental key indicators, consistent application of internal controls on all key indicators and in the aggregate a stronger linking of the sustainability and financial reporting.

**Munich/Germany, February 14, 2013**

**DELOITTE & TOUCHE GMBH**  
*Wirtschaftsprüfungsgesellschaft*

**(CHRISTOF STADTER)**  
**GERMAN PUBLIC AUDITOR**

**(DR. BASTIAN BACH)**  
**GRADUATE ENGINEER**

“AT PUMA, WE ARE DRIVEN TO  
**LOOK AT THINGS THROUGH  
A DIFFERENT LENS AND  
BREAK WITH CONVENTION THROUGH  
CREATIVITY AND INNOVATION.**”

– Franz Koch





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# 6 CHAPTER



# BRAND STRATEGY

## FOLLOWING A CLEAR MISSION

The Football Euro Cup in June, the conclusion of PUMA's second Volvo Ocean Race in July and the Summer Olympics in August turned 2012 into an exceptional year for PUMA. These major sports events were the perfect opportunity for us to further boost our global brand desirability and sharpen our positioning as a credible Sport Performance brand. With our 2012 marketing and product initiatives we have made further strides towards achieving our goal of becoming the most desirable and sustainable Sportlifestyle company in the world.

## IMPROVING OUR STORYTELLING

Differentiating PUMA's positioning in the Performance and Lifestyle arenas as well as investments into innovation, research and development remain key to increase PUMA's brand heat and accelerate product desirability. In 2012, we have initiated a significant overhaul to our Brand Management structure and established a new strategy to bring simplicity, clarity and a refreshed, youthful outlook to the brand.

We have established clearer, consumer

focused value propositions for each of our product and marketing categories in order to build a stronger tie to our product portfolio. We also began to address the challenge of becoming a more relevant brand for younger consumers by using youthful Performance and Lifestyle icons such as Rickie Fowler for golf, Sergio Aguero for football and Professor Green for PUMA Social. By stepping into action sports such as Global Rallycross, we address the young and action sport inspired consumers and bring PUMA's energy and spirit to life with our GRC collection.

## TAKING THE INITIATIVE – AGAIN AND AGAIN

At PUMA we feel we are responsible for the environmental impact of our products and have implemented numerous initiatives to reduce our environmental footprint. As part of our sustainability strategy, we showed a sneak peek into our first collection of biodegradable and recyclable products in October as the first step to help reduce the amounts of garbage that consumer products cause once they are disposed of. This

innovative product line results directly from significant insights that we gained through extending PUMA's groundbreaking Environmental Profit and Loss (EP&L) Account from 2010 to the product level, identifying and comparing environmental impacts of more sustainable and conventional products across production and consumer life phases in Euros and Cents. Once again, we are taking the initiative towards a more sustainable business model and are confident that with the support by our consumers and retailers globally we can make a difference.

## EXCITED FOR THE JOURNEY AHEAD OF US

While we stay true to our Sportlifestyle positioning as a brand, we want to strengthen each of our segments through more distinct approaches in terms of product, marketing and distribution.

At the beginning of 2013 we introduced a new Business Unit structure in order to press ahead with our sharpened focus on Performance and Lifestyle. Product management, design, development and product-specific marketing have all been bundled under

seven newly established Business Units: Teamsport, Running, Training & Fitness, Golf, Fundamentals, Motorsport, Lifestyle as well as Accessories & Licensing. Compared to our previous divisional setup based on footwear, apparel and accessories each Business Unit now combines the full expertise and product development within one pillar and in one central location and is headed by an experienced Business Unit Manager. This allows us to become more specialized and ultimately more competitive in our Performance as well as Lifestyle categories. Furthermore, our continued focus on the development of stronger global and regional core collections will enable us to drive a more consistent brand representation globally as well as regionally.

We are excited about the challenges ahead of us and confident that we can achieve our ambitious goals with a new philosophy of collaborative idea generation resulting in fresh and innovative approaches to the market to connect with our consumers.





*PUMA team spirit represented by the Squadra Azzurra: Italy finished second in the 2012 UEFA Euro Championships after playing a great tournament.*



What a great premiere for PUMA's new **evoSPEED 1 FG!**  
 The lightweight football boot from PUMA's ground-breaking cross category performance collection helped Mario Gomez fire three goals in the first two matches for Germany in the **2012 UEFA Euro Championships**



1. *Spanish national and FC Barcelona midfielder impresario Cesc Fàbregas trusts his PUMA PowerCat boots.*
2. *PUMA partnered Czech Republic left its mark on the Euro Cup with a passionate performance.*

The PUMA PowerCat 1.12 also left its mark in Poland and Ukraine, helping Cesc Fàbregas score decisive goals including the winning penalty in a shootout against Portugal. And while the PUMA partnered "Squadra Azzurra" had an excellent tournament reaching the final, PUMA's second team in the tournament Czech Republic also put on some strong displays to reach the Quarter-Finals. The past year left no doubt: In 2012, we once again underlined our ambition to be the clear number 3 brand in the World of Football. Our Teamsport category announced

a new long-term contractual partnership with the Italian Football Federation, giving us the scope to substantially increase our licensing opportunities through the Master License with one of the most prominent and successful federations in world football. Furthermore, we expanded our international club portfolio by signing the Brazilian Club Botafogo de Futebol e Regatas from Rio de Janeiro as well as the Italian Serie A club US Palermo.

**A GREAT PORTFOLIO OF CLUBS, PLAYERS AND PRODUCTS**

Following our spectacular launch event for the first PUMA Borussia Dortmund kit, the BVB replica jerseys have been a tremendous success and the partnership with the 2012 Champions of the German Bundesliga has not only leveraged great media coverage but also showcased PUMA's unique team spirit, passion and creativity. You think this was all? Far from it! Apart from expanding our sports marketing portfolio of brand ambassadors, we also brought our technical innovations and per-



1. *YAHA TOURÉ is sporting PUMA King.*
2. *PUMA and FIGC have deepened their successful relationship.*
3. *BORUSSIA DORTMUND belongs to the most popular teams in club football.*
4. *SERGIO "KUN" AGÜERO loves handling the ball in his PUMA SPEED boots.*

1

formance product offerings to a whole new level: We not only introduced the next generation in PUMA's Speed silo as part of our innovative cross category collection, the evoSPEED 1 FG, which is worn by PUMA's top football SPEED players including Sergio Agüero, Radamel Falcao and Mario Gomez. We also enhanced and introduced new colourways of the PowerCat 1 FG, the current performance football boot from PUMA's Power silo, and launched the new PUMA King designed for Kings of the pitch such as Yaya Touré. ←



PUMA King SL



PowerCat 1.12 FG

# RUNNING

Exceptional athletic prowess: Usain Bolt – the Fastest Man in the World – cemented his status as one of the greatest sports legends in the 2012 Olympic Summer Games contributing three gold medals to the 19 medals of PUMA outfitted track and field athletes.



## Crossing the finishing line in the **200m** **Olympic Final** in London, he celebrated in his usual exuberant style, and he had **every right to do so**

Usain Bolt had just proved his undisputed status as a sporting legend by becoming the first man ever to defend both the 100m and 200m Olympic titles. A few days later, the World's Fastest Man anchored Jamaica's 4x100m relay team to another Gold medal and World Record, finishing his second successive Olympics with three gold medals. A man of many records, Usain Bolt was honoured for his achievements in Barcelona at the IAAF awards in November, where he was awarded the IAAF Male Athlete of the Year for the fourth time – which no athlete has ever achieved before.

### FANTASTIC RESULTS FOR THE PUMA FAMILY

Through the Olympics, PUMA outfitted track and field athletes won 19 medals, of which the Jamaican team alone collected twelve. Thanks to these superb athletic performances and a dedicated PUMA team on the ground, the world saw PUMA's unique blend of sport and lifestyle at its best this summer in London. Exceptional track and field combined with the coolest parties in town at the



1



**FAAS 350 S**

*A shining example from  
PUMA's successful  
Faas series*



2



3



4

1. **CEDELLA MARLEY** brought her vibrant style to PUMA's Jamaica outfits.
2. **PUMA YARD: the place to be during the Olympics.**
3. **PUMA's Golden Games were dominated by Jamaica.**
4. **USAIN BOLT: What a cool cat on and off the track!**

Jamaica themed PUMA YARD that delivered a one-of-a-kind fan experience through a convergence of sports, music and lifestyle activities in the typical PUMA style. And with Cedella Marley, fashion designer and daughter of Jamaican reggae icon Bob Marley designing the Jamaican Track and Field team's Olympic, podium and ceremony wear, PUMA brought its unique fusion of spirit and performance to the Olympic Games.

### INSPIRING RUNNING PRODUCTS

Our sense of fashion and highly innovative performance is also featured in PUMA's Faas series, for which we have been collecting awards season after season such as "Best Debut" by Runner's World US for our Faas 350 S. Counting this award, Faas running shoes have now collected multiple "Best New Shoe" awards, an "Editor's Choice" award, and a couple of "Best Debut" awards proving the fact that we know what our consumers want from their running shoe: lightweight, low-profile, stability, and good looks. The same is true for our BOLT evoSPEED Runner, which is inspired by the competitive performance spikes that Usain Bolt wore during the 2012 Diamond League and at the Olympic Games in London: The light, breathable and flexible trainer combines a modern and fresh lifestyle appeal with thrilling performance attributes. ←

# MOTORSPORT



1. PUMA unleashed the "Zombie Cats" in Global RallyCross.
2. The highly motivated BMW team topped DTM's manufacturers' standings.
3. A great match: PUMA and BMW Motorsport.



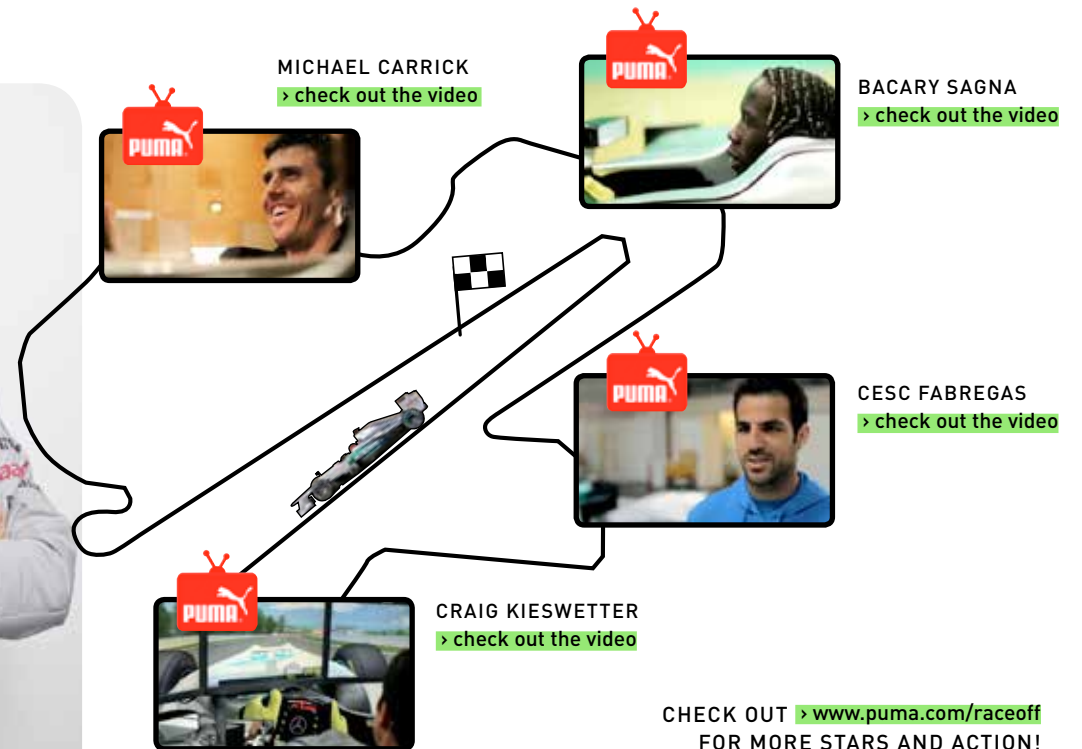
[> CHECK OUT THE VIDEO](#)





It was  
oh-so close!

## Who can beat Nico?



CHECK OUT [www.puma.com/raceoff](http://www.puma.com/raceoff)  
FOR MORE STARS AND ACTION!

PUMA sponsored Ferrari driver Fernando Alonso again proved his class in a thrilling Brazilian Grand Prix finale and despite falling just short of his third Formula One title, he showed no signs of sulking — calling 2012 “by far the best season” of his career. Scoring 278 points in the drivers’ standings, the Spaniard belonged again to the dominating F1 drivers with three wins and 13 podium finishes throughout the season. Part of PUMA’s Year of Speed, he was also a central figure in our umbrella evoSPEED campaign that worked cross category, bringing the spirit and equity of PUMA and Usian Bolt

to life in all of our performance categories. Fernando represented our unique partnership with the Ferrari Formula 1 team by wearing the evoSPEED Mid throughout his successful season. And what a great comeback for PUMA sponsored BMW Motorsport, our latest addition to our successful motorsport portfolio which returned to the DTM (German Touring Car Series) after a 20-year absence. His fourth win of the season saw BMW pilot Bruno Spengler snatch the drivers’ title in a dramatic showdown in the tenth and final race of 2012 in Hockenheim, Germany. BMW

Motorsport also topped the manufacturers’ standings, while BMW Team Schnitzer won the team competition so that PUMA looks back on a DTM season, in which all three BMW Motorsport teams and six drivers sporting the evoSPEED Low BMW exceeded expectations by far. In May, we unleashed the “Zombie Cats” by becoming the official sponsor of Global RallyCross and the Subaru PUMA RallyCross Team with drivers Dave Mirra, Bucky Lasek, and Sverre Isachsen. As part of our youth attack strategy, PUMA will continue leveraging our heritage in motorsport to connect

with young, action sports loving consumers. And we have again set up a global first. In association with MERCEDES AMG PETRONAS Football players under PUMA contract were invited to test their skills in a Mercedes Simulator against Nico Rosberg. The campaign featured stars such as Sergio “Kun” Agüero, Cesc Fàbregas and Phil Jones and went viral through the social media channels Facebook, Twitter and You Tube with significant views and tremendous world wide PR coverage building strong awareness around PUMA Motorsport on a global level.





# GOLF

When you look better, you feel better; and when you feel better, you play better. Here's to a very successful golf season 2012 and many more to come...

## It was nothing less than the greatest comeback in the 85-year history of the Ryder Cup!

It was nothing less than the greatest comeback in the 85-year history of the Ryder Cup! And right in the middle of it: COBRA PUMA GOLF athlete Ian Poulter. "Poults" was the undisputed player of the tournament and won all four matches he played in the prestigious competition between the best golfers from Europe and the USA. He went on to win the HSBC Champions in China and had four top ten finishes on the PGA Tour. And this was by far not the only highlight for our growing Golf category and the COBRA PUMA GOLF family.

Lexi Thompson was nominated for an ESPY Award nomination for her record breaking 2011 season while Anna Nordqvist had 12 top ten finishes on Tour. 28-year-old Swede, Jonas Blixt, won the Frys.com Open and has been nominated for PGA Tour Rookie of the Year. Our iconic COBRA PUMA GOLF ambassador Rickie Fowler had his first PGA Tour title in May at the Wells Fargo Championship, cementing him as one of the game's elite and most talented players. His courageous game, his laidback Californian personality, and last but not least his stylish

PUMA Golf outfits have made him a global star who bridges the generation gap and has triggered a hype among young and old golf fans around the world. At COBRA PUMA GOLF, we believe in bringing Game Enjoyment to golfers around the world by delivering innovative, cool products that work. In 2012, we revitalized COBRA with hot new products like our AMP Product line, Baffler franchise, ZL Encore Driver and the new Trusty Rusty. Our PUMA Golf collection was innovative, edgy and colourful, featuring apparel, footwear and accessories directly influenced by our Tour Players and available to fans around the world.

With COBRA's 40th anniversary in 2013 we will be adding fuel to the fire with never before seen customization and choice offerings in the golf industry. We will also be launching our new CELL technology in PUMA Golf apparel and footwear. There will be more announcements and excitement coming from COBRA PUMA GOLF in 2013, so stay tuned!



› CHECK OUT THE VIDEO



1. **RICKIE FOWLER**  
*fascinates young and old golf fans alike.*
2. **IAN POULTER**  
*combines high-class golf and style.*
3. **LEXI THOMPSON**  
*brings colour and excellence to the golf course.*
4. **JONAS BLIXT** achieved his breakthrough on the PGA Tour.

*Spreading the PUMA vibes worldwide: Our PUMA Ocean Racing powered by BERG team traveled 39,720 nautical miles via 10 different ports to finish third overall in the spectacular Volvo Ocean Race 2011-2012.*



> Episode 11



> the Hi-Five video

# SAILING

## What an emotional roller coaster ride!

What an emotional roller coaster ride! During the around-the-world Volvo Ocean Race 2011-12, the PUMA Ocean Racing powered by BERG team traveled 39,270 nautical miles and spent more than 120 days at sea on board PUMA's Mar Mostro. The team suffered a heartbreaking mishap when their mast snapped en route to Cape Town, South Africa during Leg 1 of the race. Skipper Ken Read and his team forged an amazing comeback and spread the PUMA love at stops in ten different ports to finally crossing the finish line in Galway, Ireland in third place at the beginning of July.

Overall, PUMA Ocean Racing was on the podium the last twelve scoring opportunities, including offshore legs and in-port racing, and finished among the top three 16 times. During the nine-month adventure, PUMA brought our brand's fun and irreverent personality to the race villages worldwide. Through our award winning unique retail and event space, the PUMA Quad, we

hosted our famous Social Club parties, DJ gigs and interactive social media activities throughout the race.

Our positioning as a credible sailing brand also paved the way for our partnerships as the Official Sportswear Partner to the 34th America's Cup and the Official Technical Supplier of ORACLE TEAM USA, winners of the 33rd Trophy. Our product teams have been working closely with ORACLE TEAM USA sailors since 2011 to develop a range of highly technical gear in their bid at retaining the Cup. For both sailing and non-sailing fans alike, the 34th America's Cup should be the most exciting and accessible viewing experience in the event's history and PUMA is proud to be on board!



1. *PUMA outfits ORACLE Racing in its quest to defend the 34th America's Cup.*
2. *The PUMA Ocean Racing crew: great teamwork can make great things happen.*
3. *Skipper Ken Read has every reason to be proud of his team.*



 [CHECK OUT THE TEAM](#)



 [CHECK OUT THE VIDEO](#)

**FINAL STANDINGS**  
Volvo Ocean Race 2011-12

POS	TEAM	OVERALL
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3	<b>PUMA Ocean Racing</b>	<b>226</b>
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5	Abu Dhabi Ocean Racing	131
6	Team Sanya	51

[CLICK HERE TO ENLARGE](#)

# FITNESS

Join in the pack and stand out!



## PUMA FITNESS BELIEVES IN MANY THINGS:

your gym clothes should work as hard as you do; playlists can make or break a workout; and above all: The more, the merrier. So, in 2012, we gave our fitness collection a head-to-toe makeover. We stripped away the unnecessary materials, developed new ways to enhance movement, amped up the technologies, and wrapped the styles in bold colours. →



*FERNANDA BRANDAO represents PUMA's Women's Fitness collection with a perfect mix of joy and style.*



*THE PERFECT WARDROBE FOR A FUN WORKOUT? A PUMA Power Tank Top, flexible footwear such as our FormLite XT and the right accessories like the PUMA Dizzy Shoulder Bag shouldn't be missing.*



▶ CHECK OUT THE VIDEO

### THE RIGHT PRODUCT CHOICE

Our apparel is made to transform your wardrobe as much as your workout. This is why we injected as much power and cool into the TP Power Tank Top for instance, equipped with powerCELL, a tech-and-material fusion that energizes, supports, and enhances your every move. PUMA Fitness footwear is as flexible as your strongest yoga pose and as light as a feather, which gets obvious in the evolution and launch of our fitness shoes such as the FormLite XT. And on the accessories front, the PUMA Dizzy Shoulder Bag offers the perfect mix of form and function, transitioning easily from office to gym to night out.

### FITNESS IS MEANT TO BE FUN

We traded in the blood, sweat, and tears for good vibes, best girlfriends, and last laughs. With designs just as stylish and flattering as everyday clothing, focusing on the more important stuff – the fun that comes with a sporty, social lifestyle – is made easy. PUMA's Women's Fitness collection urges you to get up, get out and get in a great workout with friends!



# LIFESTYLE



1

1



1. Spreading joy: PUMA's Bread & Butter team.
2. Progressive Youth: melting bold and innovative styles with performance technologies.
3. Creating buzz: PUMA's Bread & Butter booth at the most important trade-show for urban and streetwear.



3



2





1



2



3



4



5

Behind every great night  
there is a **group of friends**  
who make it **special**

Those friends each play a different role to make the team function as a whole. Whether it's the 'Team Mom' fussing over how late it is, or the 'Unexpected Pro' sinking the winning shot, PUMA wants to celebrate those moments when friends come together and form an unbreakable team. Throughout 2012, we pushed ahead with our successful PUMA Social campaign with collections that perfectly reflect how we fuse Sport with Lifestyle and allow us to communicate our unique brand positioning of 'JOY'. We successfully introduced the evolution of

our PUMA Social Campaign TEAMMATES at the world's most important fashion trade-show for urban and streetwear, the Bread & Butter in Berlin – again hosting one of the most popular booths in terms of fun and brand fever as well as visitor numbers. We create bold, young and colorful styles by blending heritage with our vision for the future. For example, we have taken iconic styles such as the vintage Suede and contemporized them to form our "Futuristic Icons". We also teamed up with British online retailer ASOS to successfully launch

the ASOS Black X PUMA Collection in September, a 40-piece collection featuring contemporary, modernized classics and strong tailored designs with a timeless sporting heritage. In upcoming seasons, we will rejuvenate our Lifestyle category with appealing stories, surprising campaign activations and cool visuals to follow our newly defined Lifestyle mission: To be the most stylish and fashion-forward Sportlifestyle and streetwear brand.

- 1. *Archive Lite: fusing heritage with sport technologies.*
- 2. *PUMA Social: celebrating the role of teammates.*
- 3. *ASOS Black X Collection: combining technical elements with classic shapes.*
- 4. *PUMA Black Label: creating Sport Fashion at its best.*
- 5. *Futuristic Icons: reviving classics like the PUMA Disc Blaze.*



FINANCIAL YEAR 2012

# **MANAGEMENT REPORT**

**PUMA SE**



# MANAGEMENT REPORT

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## CHAPTER



# OVERVIEW 2012

2012 was an eventful year for PUMA.

Usain Bolt and our Jamaican track and field athletes made headlines again at the Olympic Summer Games in London and thrilled viewers across the globe with their outstanding performances. Outside of the sporting arena we maintained a consistent focus on our challenges: We expanded our group-wide transformation program and included a cost-reduction program as a means to continue generating ongoing profitable and sustainable growth. Despite an economically weak market climate, we were nevertheless able to increase sales significantly.

On the sports side, 2012 could not have been a better year for PUMA. With a total of 19 medals and outstanding performances by our top athletes and track and field

associations, we inimitably combined high-performance sports and lifestyle at the Olympic Games in London and once again underscored our competence as one of the leading running brands. In the soccer arena we continued to consolidate our position as the clear number three. Not only did the success of the PUMA-sponsored Italian and Czech teams at the European Football (Soccer) Championships contribute to this, but the impressive brand presence of the new PUMA Team and Borussia Dortmund, current German Champions and Cup Winners in the Champions League, also played a role. PUMA also left its mark in motorsports, sailing and golf: Ferrari driver Fernando Alonso's second place in the Formula 1 World Championship, the successful performance at the Volvo Ocean

Race and America Cup and the spectacular tournament victories of PUMA golfers were all part of the successful year in sports for 2012.

Yet PUMA made an impression with more than just sporting highlights. In accordance with our mission of becoming the most desirable and most sustainable sport lifestyle company, we broadened our innovative and worldwide first environmental profit and lost account (E P&L) from 2010 at the product level and for the first time developed a collection of sustainable footwear, apparel and accessories for the 2013 spring/summer season. With this new InCycle Collection we are able to contribute towards reducing the amount of waste that is generated at the end of a life cycle

of consumer products. Thus we honor our long-term vision of using more sustainable materials and design concepts in our collections that are either capable of being recycled in technical cycles or composted in biological breakdown processes.

The difficult market economy in Europe and the slower economic growth in other regions significantly aggravated the economic climate in 2012. This negative trend was expressed in restrained consumption, high inventories and price discounts amongst all competitors. However, worldwide brand sales from PUMA were able to grow currency-adjusted by 4.6% to approximately €3.45 billion. Group sales increased currency-adjusted by 4.6%, and in the reporting currency of Euros by 8.7%, to

approximately €3.3 billion.

Despite not reaching all our goals, this positive sales development illustrated PUMA's large potential for growth. Despite ongoing efforts to increase operating efficiencies, PUMA's gross profit margins in the previous year declined from 49.6% to 48.3%, which was caused by increasing wage costs and raw materials prices as well as intense price competition.

Operating income (EBIT) before special items fell from €333.2 million to €290.7 million in 2012 compared to the previous year because of low gross profit margins and increased operating costs. At the beginning of the second half of the year, the Managing Directors and the Administrative Board therefore decided to accelerate the group-wide transformation program to include a cost-reduction program, thus building a platform to ensure profitable

growth in the future.

Net earnings dropped significantly compared to the previous year from €230.1 million to €70.2 million. This includes special items related to comprehensive restructuring measures as well as one off expenses of €177.5 million. The result per share was €4.69 compared to €15.36 in the previous year.

As part of the ongoing strategy for growth, all shares still outstanding in Dobotex were purchased at the beginning of the year to bolster PUMA's market position in the area of socks and underwear.

At the end of the year PUMA shares listed at €224.85, almost unchanged compared to the previous year, which resulted in a market capitalization of approximately €3.4 billion.

# GENERAL ECONOMIC CONDITIONS

From an economic perspective 2012 was an extremely difficult year, particularly for Europe.

According to the winter forecast of the Kiel Institute for the World Economy from December 17, 2012, the world economy likely passed its dynamic low point at the end of the year. The crisis in the Eurozone led to a recession in 2012: The gross domestic product of the Eurozone for the entire year fell by 0.5% compared to the year before. Private household consumption was also noticeably down, not only in Southern Europe. Interest rate levels broadly remained at a low level. Unemployment in Europe, which continues to rise in places, is also having a negative effect on consumers' willingness to spend. In October 2012 the unemployment rate in the Eurozone was at 11.7% and thus 1.3% higher compared to the same time period of the previous year. While private debt in the USA continued its

sharp decline, the gross domestic product (GDP) there grew by about 2%. After the real estate bubble in 2008, residential construction experienced a revival for the first time. The unemployment rate in the USA fell from 8.9% to 8.0%.

The global sporting goods industry appeared largely unperturbed by the sovereign debt crisis and was able to show signs of growth, supported by major sporting events such as the Olympic Games and the European Football (Soccer) Championship in Poland and the Ukraine. Market capitalization of the industry sector improved in 2012 by almost 29%. This was countered by a remarkable increase in stock levels at almost all manufacturers, particularly those in the Far East. Prices for raw materials continue to be sub-

ject to marked fluctuations. Government minimum wage requirements, inflation and increasing labor shortages across the globe are causing a rise in wage costs.

Despite the challenging economic environment, PUMA was able to achieve numerous successes in its performance and lifestyle categories in the past financial year. Our athletes around Usain Bolt put their stamp on the Olympic Games in London, the Italian PUMA team took second place at the European Championships in Poland and the Ukraine and the PUMA Ocean Racing Crew, sailing the Mar Mostro, achieved a sensational third place after a spectacular race to catch up in the finals of the global sailing regatta Volvo Ocean Race—just to name a few highlights. In May PUMA also introduced its extraordinary Performance Collection across all categories named evoSPEED, which, inspired by superstar Usain Bolt, meets the highest of standards. Numerous innovative product concepts in the area of lifestyle as well as the ongoing development of our successful PUMA Social campaign yet again underscore PUMA's unique positioning as a desirable Sport Lifestyle brand.

# STRATEGY

We have made it our mission to become the most desirable and most sustainable Sport Lifestyle company in the world.

We are pursuing this goal with our unique “Joy” market positioning. As a brand for the young and young-at-heart, PUMA is **innovative, dynamic, daring, rebellious, future-oriented** and equally inspires the worlds of sport and lifestyle.

The Group is continuing to pursue the long-term “Back on the Attack” growth plan, but is directly focusing on the following three priorities:

- Implementing a comprehensive **cost-reduction program** to ensure profitability over the short term.
- Consistently developing **innovative product and marketing campaigns** to hone the brand profile and to continually increase product and brand desirability.
- Focused ongoing development of the **corporate transformation** to optimize the business model as a robust basis for long-term, profitable growth.

The Managing Directors and the Administrative Board at PUMA SE proactively began to impose and implement a comprehensive cost-reduction program at the start of the second semester. The core elements of the **transformation and cost-reduction program** are:

- **The implementation of a new regional business model in Europe:** Reducing complexity by combining 23 countries into seven country groups (Areas) and establishing a strong regional management to realize additional synergies are at the center of the new regional business model. Each country grouping consists of a management team that is responsible for the strategy and result for the area. In the new business model, respective countries within the grouping focus primarily on sales and sales-related functions such as merchandising and marketing, while the Areas and Regions take over the back-office activities. The seven Areas are: DACH (Germany, Austria, Switzerland), IBERIA (Spain, Portugal), UKIB (Belgium, Great Britain, Ireland, Luxembourg, the Netherlands), SCANDINAVIA (Denmark, Finland, Norway, Sweden), EASTERN EUROPE (Estonia, Latvia, Lithuania, Poland, Slovakia, Czech Republic, Hungary), FRANCE and ITALY.
- **Warehouse consolidation in Europe:** In accordance with simplifying the country structure by introducing a new regional business model, the warehouses in Europe will also be combined. The

long-term goal is to service the respective countries from transnational warehouses. Consolidating warehouses should optimize not only inventories and their turnover ratios but also product availability and logistics costs.

- **Closing unprofitable businesses:** Another part of the cost reduction program entails closing approx. 90 stores. The focus here is primarily on closing unprofitable stores in established markets. In 2013 PUMA will continue to open new stores in selected, profitable locations, primarily in emerging markets. PUMA anticipates that 540 stores will be in operation by the end of 2013, compared with around 590 stores at the end of 2012.
- **Reducing the number of articles:** To further reduce portfolio complexity, PUMA has set its sights on reducing the number of articles by 30% by the end of 2015. Scaling down the collection is accompanied by an intensified focus on core businesses in the areas of team sports, running/training/fitness, golf, fundamentals, motorsports and lifestyle as well as streamlining local and regional collections. The first significant improvements will already be realized with the 2013 spring/summer collection.
- **Focus on Sponsoring:** Along with reducing the product collection, PUMA is aiming to focus on its sponsoring activities. With a view to the core business mentioned above, existing collaborations will be further reviewed and streamlined.

These measures will also mean that the number of employees must be adjusted.

With the **brand and product transformation**, PUMA will be increasing its brand and product attractiveness on an ongoing basis and thus ensuring profitable sales growth. A clearer market positioning in Performance and Lifestyle, simple brand messages and an orientation to younger target customers are the three core areas of this further development. This involves focusing on two clearly delineated brand platforms: *The Nature of Performance* in the Performance Area and *PUMA Social* in the Lifestyle Area. The next step is the consistent organizational implementation of this segmentation along the newly created business unit structures:

→ **Brand Identity in Performance:** With regard to its revival as a credible sports brand, PUMA has had a very successful year in 2012. By establishing *The Nature of Performance* PUMA created a consistent market identity across all sports segments and is bringing state of the art technical and design products to the market with new product innovations such as Mobium, Bioweb or evoSPEED. *The Nature of Performance* stands for

the inspiration of man and nature and consistently translating this into products and new technologies. *The Nature of Performance* will hit the market for the first time with the 2013 spring/summer collection.

→ **Brand Identity in Lifestyle:** By consistently continuing to develop *PUMA Social*, PUMA corners a market identity in the Lifestyle segment complementary to the Sports segment. With *PUMA Social* and its *After Hours Athletes*, PUMA has uniquely positioned itself in an intensely competitive market segment. In the foreground is the joy in life and experiencing this together with friends in a playful manner. *PUMA Social* will also be consistently further developed in 2013 and directed at younger target customer groups.

→ **Establishing Business Units:** In order to integrate the new brand identities accordingly at the organizational level as well, PUMA will realign its product and marketing organization. The former executive board departments Product and Marketing will be combined into one executive department to ensure close coordination of product and marketing. The former product divisions Footwear, Apparel and Accessories will be integrated into the seven Business Units. These

are: Team sports, Running/Training/Fitness, Golf, Fundamentals, Motor sports, Lifestyle as well as Accessories & Licenses. This reorganization will allow PUMA to direct its focus consistently to its core business and achieve greater specialization in the respective Business Units so that it can stand out even more in a tough competitive environment.

While the **cost-reduction program** is aimed at securing short-term profitability and the **brand and product transformation** is focused on future sales growth, with the **corporate transformation** PUMA wants to optimize the business model now as a basis for long-term, sustainable growth. Adjusting the organization, processes and systems stands at the core of the corporate transformation.

By implementing a **new regional structure** with the recently created Areas in Europe as well as with the new **business unit structure** in product and marketing, PUMA already started implementing widespread organizational changes in 2012. These actions must now be consistently implemented and optimized in 2013. The regional business model will be rolled out step by step in the other four regions in order to ensure global harmonization over the long-term.

PUMA is also pursuing a **harmonization strategy** on the **process and systems landscape**. With the Go-Live of the ERP System in Iberia in December 2012, the first country grouping went live with the new ERP platform, which will be consistently developed and rolled out in all Areas in Europe over the next few years.

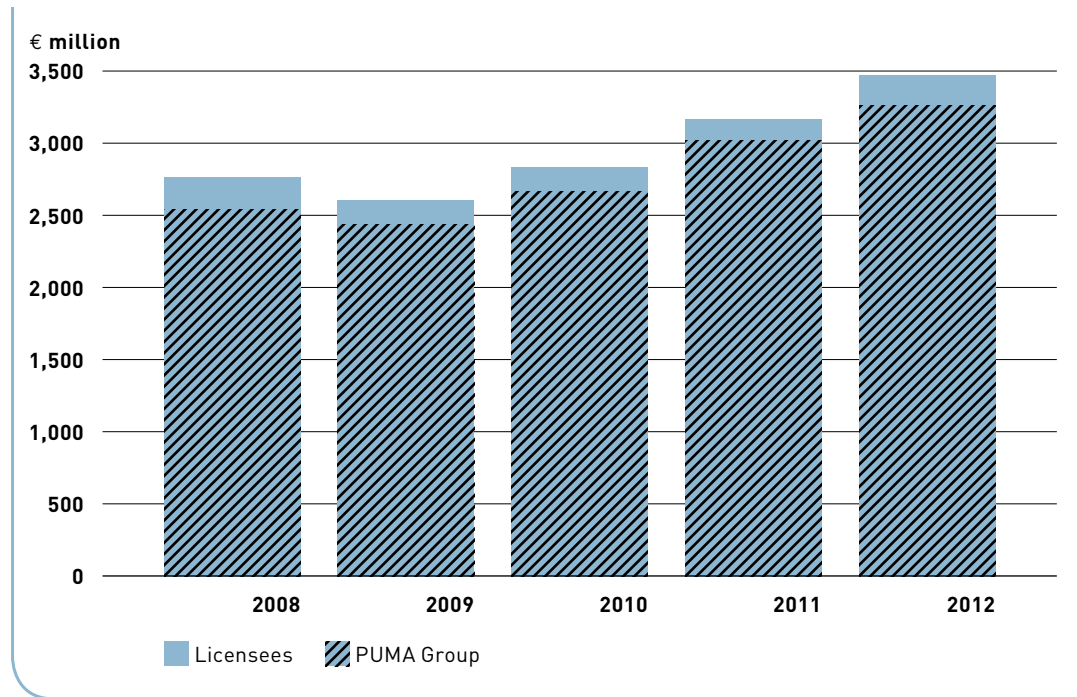
With the initiation and targeted continuation of the **cost-reduction program**, the **brand and product transformation** as well as the **corporate transformation**, the Managing Directors and the Administrative Board at PUMA SE have introduced all the necessary measures to secure short-term profitability and exploit medium- to long-term potential for growth.

As the core element of its vision, PUMA is striving to become not only the most desirable, but also the most sustainable sport lifestyle company. With pioneering successes such as the product-specific Environmental-Profit and Loss Account, the introduction of a biologically degradable and recyclable collection as well as the Bring-Me-Back recycling program in its own stores, PUMA also continued to highlight its commitment to sustainability in 2012. The focus for 2013 is to further include consumers in PUMA's efforts towards sustainability.

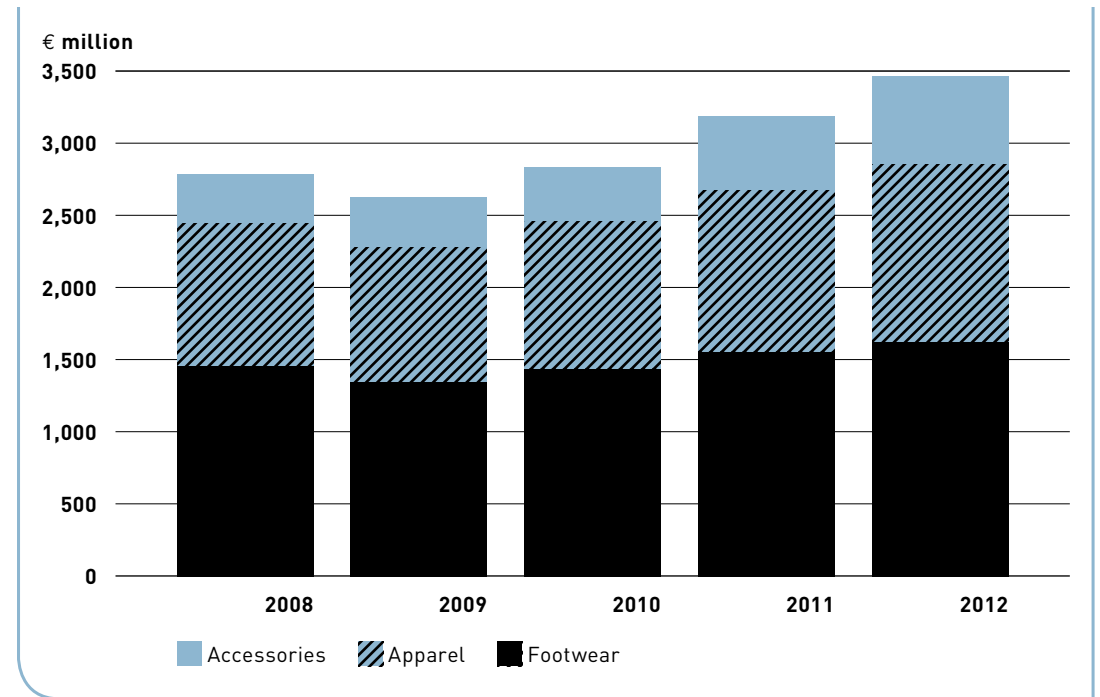


# BUSINESS DEVELOPMENT SALES

**F.1 BRAND SALES**



**F.2 BRAND SALES BY PRODUCT SEGMENT**



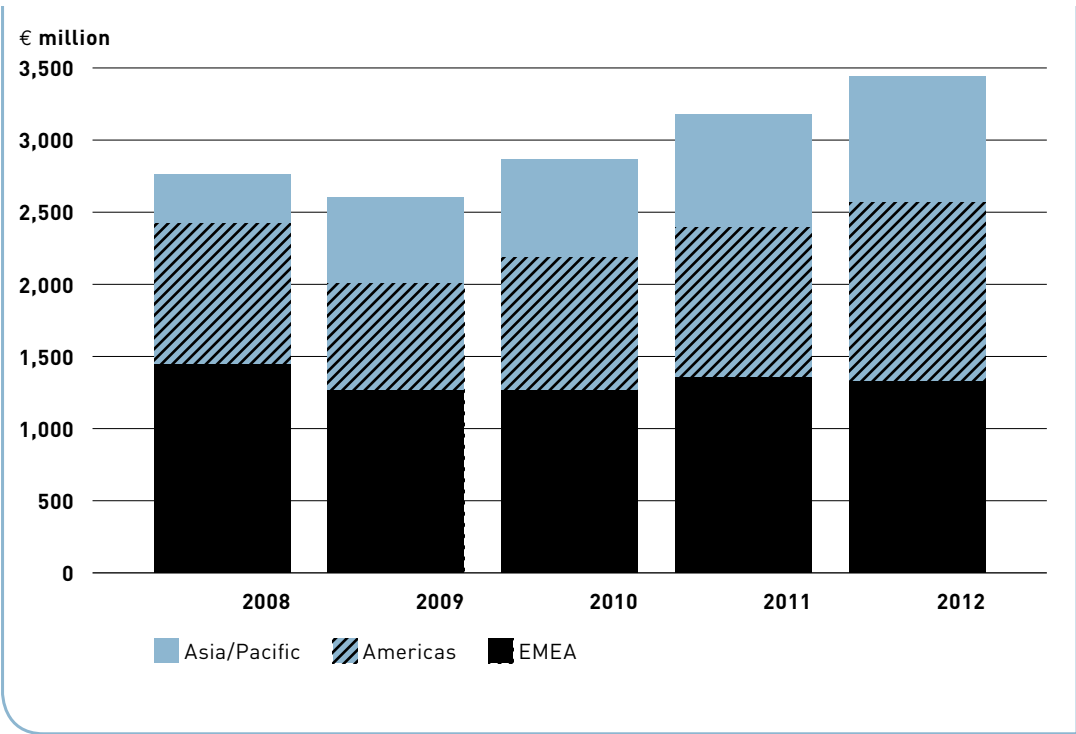
## BRAND SALES

PUMA's worldwide, currency-adjusted brand sales, comprising sales from licensing and consolidated sales, rose in financial year 2012 by 4.6% to €3,448.6 million. In the reporting currency, the Euro, brand sales were 8.7% higher than in the previous year.

Currency-adjusted footwear remained level at €1,623.1 million; in the reporting currency, the Euro, this means an increase of 3.7% over the previous year. Apparel sales rose currency-adjusted by 6.7% to €1,240.3 million and accessories climbed by 14.6% to €585.2 million.

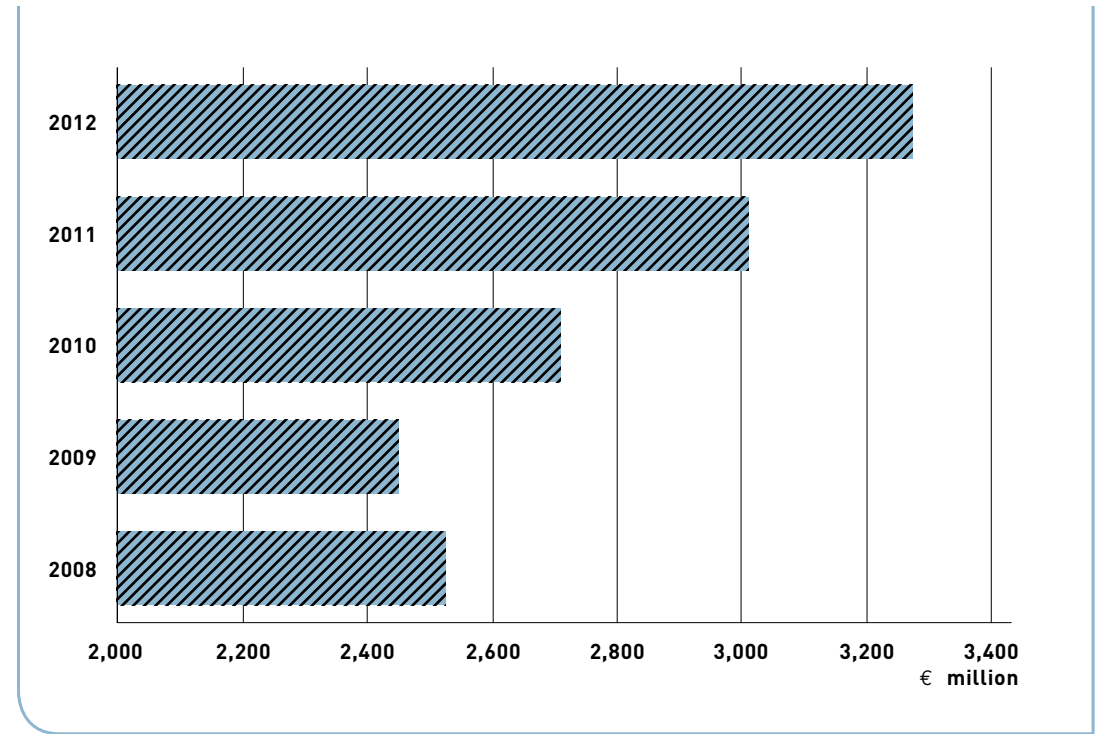
Footwear accounted for 47.1% (49.3%) of brand sales, apparel for 36.0% (35.0%) and accessories for 17.0% (15.6%).

**F.3 BRAND SALES BY REGION**



The following table shows a breakdown of brand sales by region: **EMEA** 39.5% (43.3%), **Americas** 35.1% (33.1%) and **Asia / Pacific** 25.4% (23.6%).

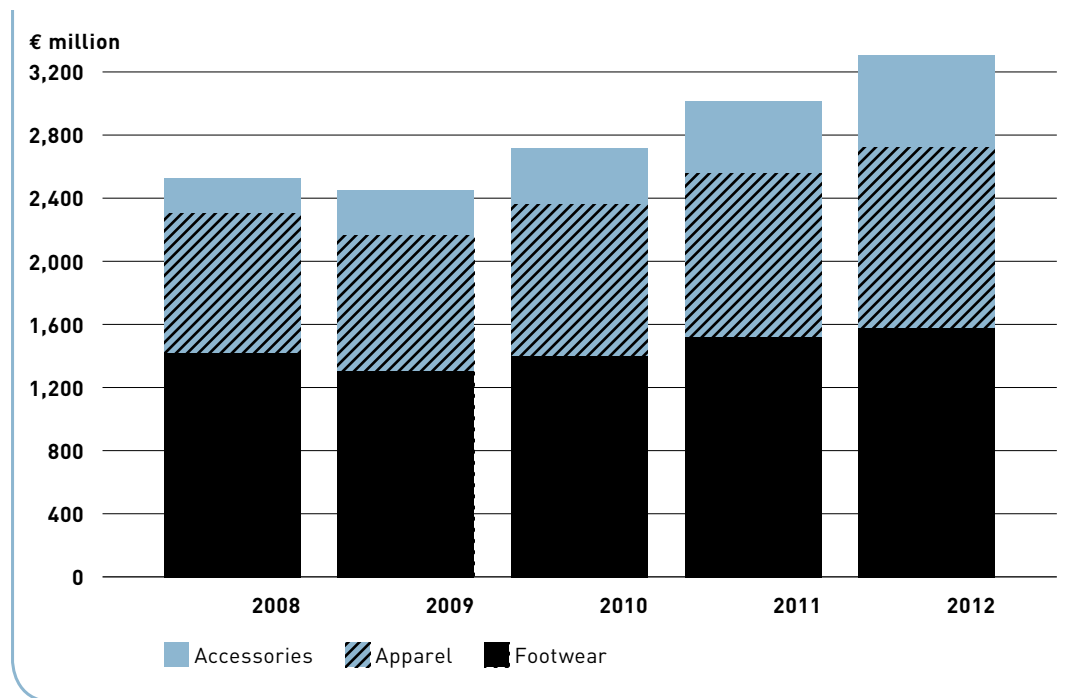
**F.4 CONSOLIDATED SALES**



**CONSOLIDATED SALES**

In financial year 2012, currency-adjusted consolidated sales rose by 4.6% to €3,270.7 million. In the reporting currency, the Euro, consolidated sales were 8.7% higher than in the previous year. Consolidated sales have thus reached the highest level in PUMA's corporate history.

### F.5 CONSOLIDATED SALES BY PRODUCT SEGMENT



**FOOTWEAR:** In the footwear product segment, currency-adjusted sales fell by 0.1% to €1,595.2 million; in the reporting currency, the Euro, this corresponds to an increase of 3.6%. This segment accounted for 48.8% of group sales compared to 51.2% in the previous year.

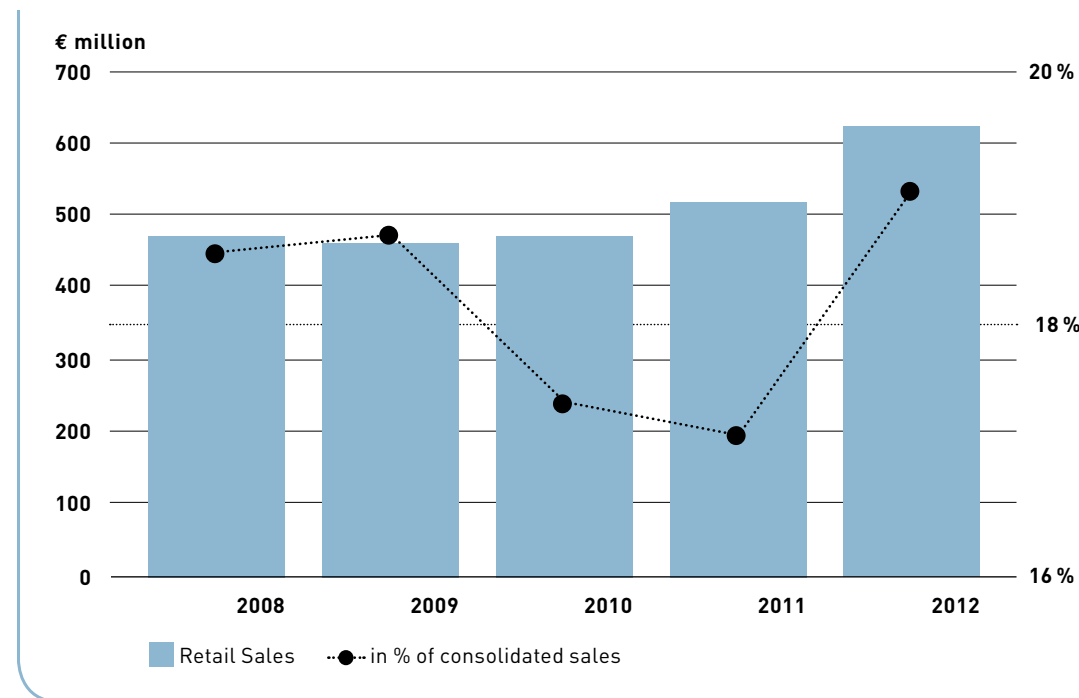
**APPAREL:** Currency-adjusted sales in the product segment apparel rose by 6.6% to €1,151.9 million; it accounts for 35.2% of consolidated sales compared to 34.4% in the previous year.

**ACCESSORIES:** In the accessories product segment, currency-adjusted sales rose by 16.6% to €523.6 million and accounted for 16.0% of consolidated sales, up from 14.4% in the previous year.

### RETAIL BUSINESSES

PUMA's own retail businesses include PUMA stores, factory outlets and online sales, which guarantee local availability and a controlled sell-off of PUMA products. In financial year

### F.6 RETAIL SALES

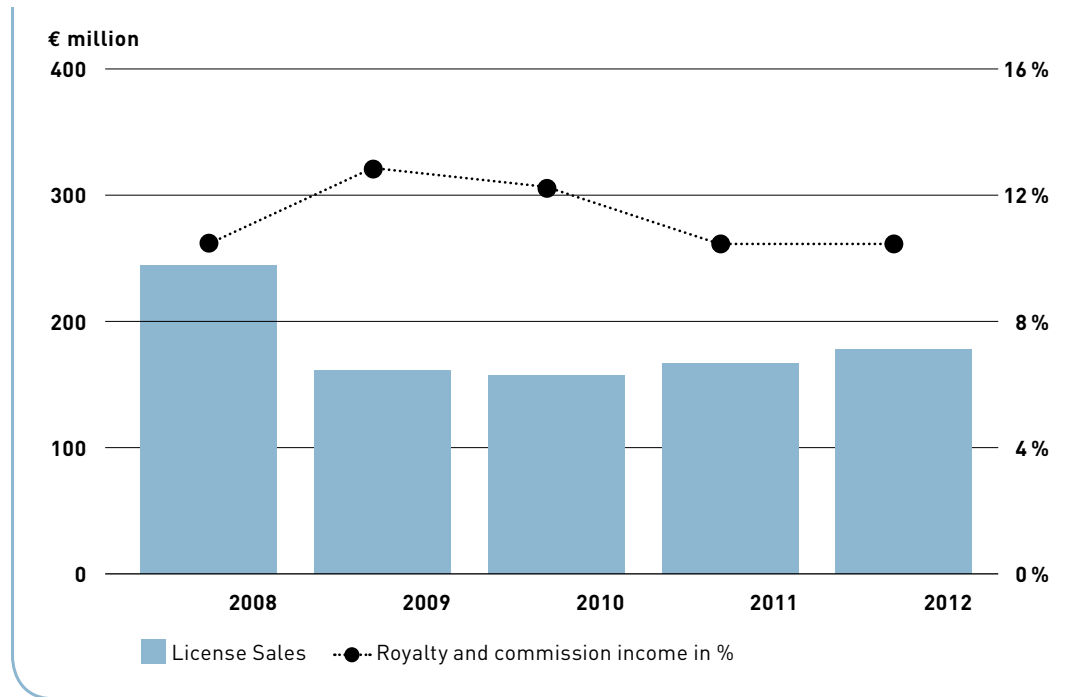


2012, sales from the Company's own retail businesses rose by 21.2% to €623.9 million, or 19.1% of consolidated sales. The increase in retail sales was the result of opening new stores as well as the successful implementation of PUMA's Retail 2.0 Concept.

Optimizing our portfolio in retail businesses is an important component of our transformation and cost-reduction program. In this context, approximately 90 stores will be closed worldwide, especially in developed markets, while at the same time PUMA will be opening new stores at promising locations primarily in emerging markets. In the future, PUMA's own retail operations will continue to be an important pillar of its business and an important component of its brand strategy.

F.7

## LICENSE SALES / ROYALTY AND COMMISSION INCOME IN %



## LICENSING BUSINESS

For various product segments, such as fragrances, eyewear, and watches, PUMA issues licenses authorizing independent partners to design, develop and sell these products. Revenue from license agreements also includes some sales licenses for various markets. Currency-adjusted sales rose in 2012 by 5.3% to € 178.0 million. In the reporting currency, the Euro, this corresponds to an increase of 8.9%.

Overall, license sales included € 19.2 million of royalty and commission income, compared to € 17.6 million in the previous year. That represents 10.8% of license sales, unchanged from the previous year.

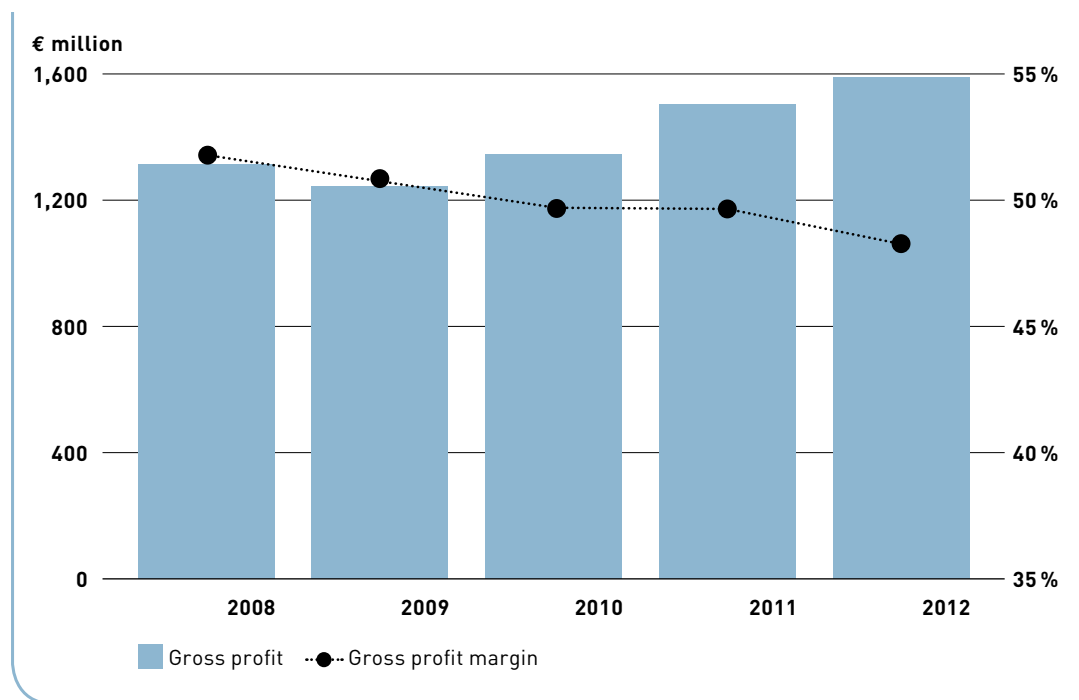
## T.1 INCOME STATEMENT

	2012 € million	%	2011 € million	%	+ / - %
<b>Sales</b>	<b>3,270.7</b>	100.0%	<b>3,009.0</b>	<b>100.0%</b>	<b>8.7%</b>
Cost of sales	-1,691.7	-51.7%	-1,515.6	-50.4%	11.6%
<b>Gross profit</b>	<b>1,579.0</b>	48.3%	<b>1,493.4</b>	49.6%	5.7%
Royalty and commission income	19.2	0,6%	17.6	0.6%	9.2%
Other operating income and expenses	-1,307.5	-40.0%	-1,177.8	-39.1%	11.0%
<b>Operating income before special items</b>	<b>290.7</b>	8.9%	<b>333.2</b>	11.1%	-12.8%
Special items	-177.5	-5.4%	0.0	0.0%	-
<b>Operating income (EBIT)</b>	<b>113.2</b>	3.5%	<b>333.2</b>	11.1%	-66.0%
Financial result / Income from associated companies	-0.9	0.0%	-12.8	-0.4%	-92.9%
Earnings before taxes (EBT)	112.3	3.4%	320.4	10.6%	-65.0%
Taxes on income	-32.5	-1.0%	-90.0	-3.0%	-63.9%
Tax rate	-28.9%		-28.1%		
Net earnings attributable to non-controlling interests	-9.6	-0.3%	-0.3	0.0%	
<b>Net earnings</b>	<b>70.2</b>	2.1%	<b>230.1</b>	7.6%	-69.5%
Weighted average shares outstanding (million)	14.967		14.981		-0.1%
Weighted average shares outstanding, diluted (million)	14.968		14.985		-0.1%
Earnings per share, diluted in €	4.69		15.36		-69.5%
Earnings per share, diluted in €	4.69		15,36		-69,5%

## RESULTS OF OPERATIONS

To provide a more transparent view of business development, the chart above and the explanations below – unlike the consolidated income statement – show the special items from structural measures in connection with the transformation and cost-reduction program as well as selected non-recurring expenses in the financial year on a separate line, because the operating income prior to applying special items provides a more accurate picture of the Company's profitability.

**F.8 GROSS PROFIT / GROSS PROFIT MARGIN**



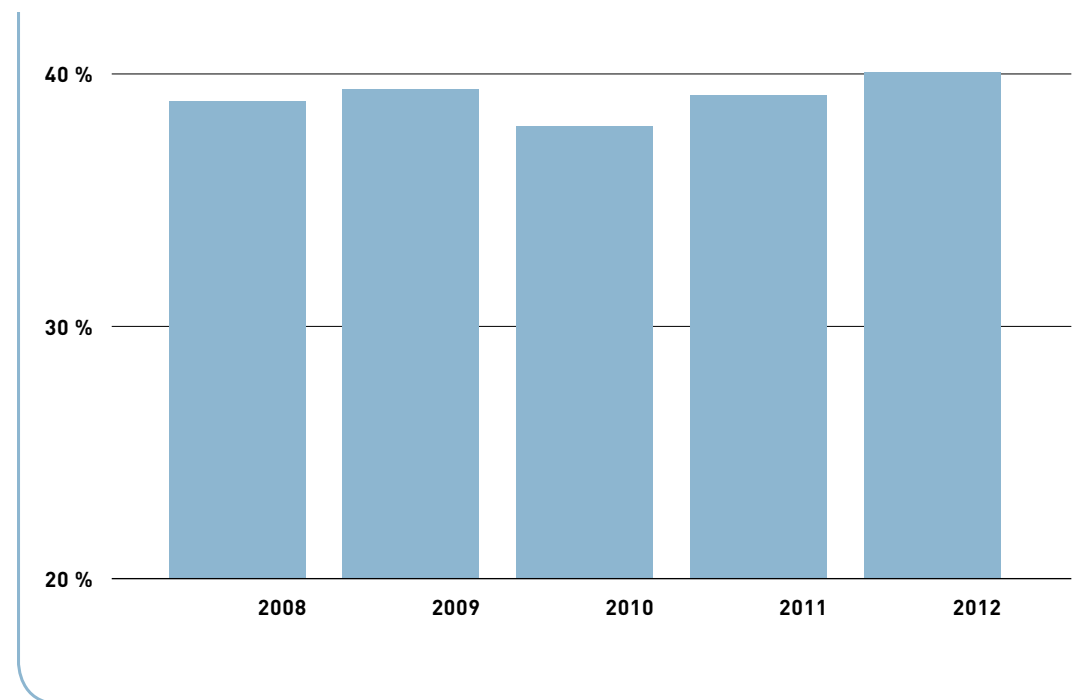
**GROSS PROFIT MARGIN**

Due to the difficult market economy in Europe as well as increasing wage costs in the Far East, combined with increasing prices for raw materials, the gross profit margin maintained a high level in 2012, but fell from 49.6% to 48.3%. In absolute terms, the gross profit margin increased 5.7% from €1,493.4 million to €1,579.0 million. A breakdown by product segment shows that the gross profit margin for footwear fell from 49.1% in the previous year to 46.5%. The apparel gross profit margin increased from 49.6% to 49.8% and in accessories it dropped from 51.6% to 50.5%.

**OTHER OPERATING INCOME AND EXPENSES**

Other operating income and expenses increased in financial year 2012, both due to strategic investments as well as a continued increase in costs by 11.0% to €1,307.5 million, accordingly, the expense ratio rose slightly from 39.1% in the previous year to 40.0%. Due to the increase of its own retail stores compared to the previous year as well as an

**F.9 OPERATING EXPENSES AS A % OF CONSOLIDATED SALES**



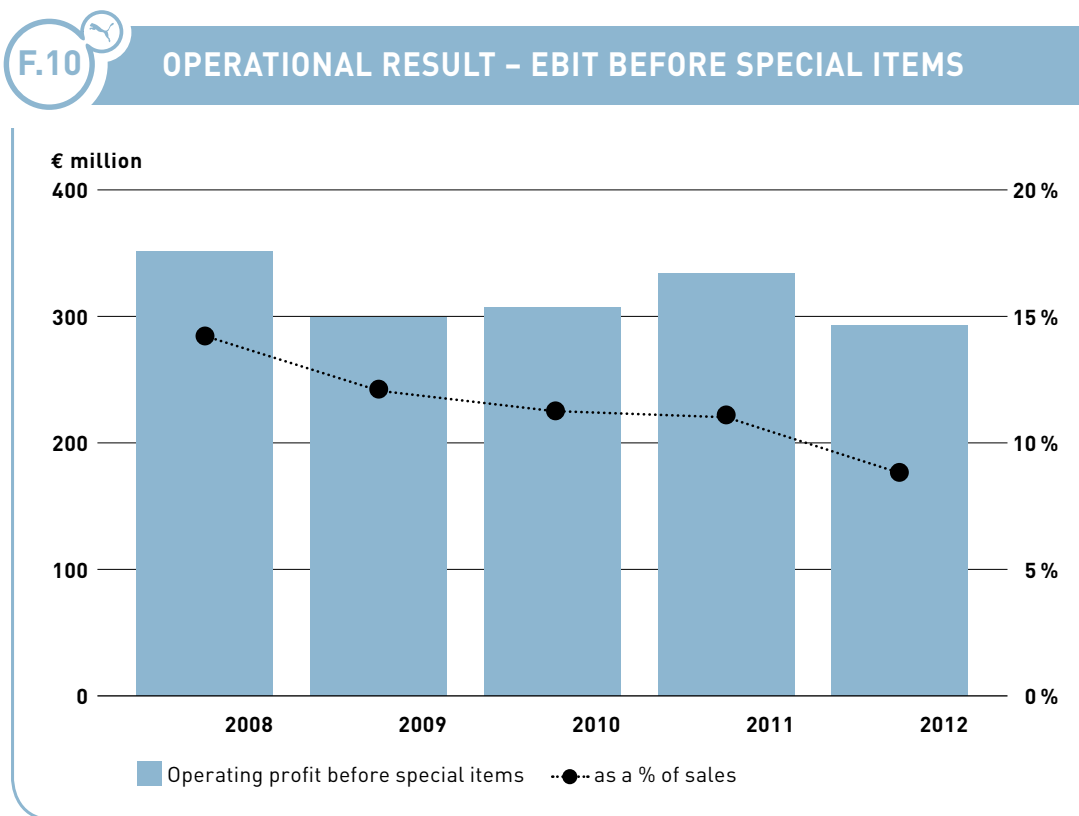
increase in marketing expenses in this year of big events, expenditures in Marketing/Retail rose by 10.7% to €609.3 million. This is equal to an expense ratio of 18.6% of sales compared to 18.3% in the same time period of the previous year. Other sales expenditures increased, due to the rise in sales revenue, by 11.4% to €431.1 million and the expense ratio went up slightly from 12.9% to 13.2% of sales. Expenditures for product development and design increased by 10.3% to €84.9 million and remained constant at 2.6% of sales.

Administrative and general expenses rose, among other things due to the increased number of employees, by 5.0% to €205.0 million. The expense ratio in percent of sales, however, improved from 6.5% to 6.3%. Other operating income incurred with €22.9 million (previous year: €32.2 million).

Depreciation/amortization totaling €59.5 million (previous year: €57.4 million) are included under the respective cost items. This represents an increase by 5.3% compared to the previous year.

## OPERATING INCOME (EBIT) BEFORE SPECIAL ITEMS

Operating income before special items was at €290.7 million compared to €333.2 million in the previous year. As a percentage of sales this represents an operating margin of 8.9% compared to 11.1%.



## OTHER EVENTS – LIABILITY IN CONNECTION WITH AN ARBITRAL AWARD THAT GRANTS PUMA SE ALL TRADEMARK RIGHTS IN SPAIN

The former Spanish distributor and license holder, Estudio 2000 S.A., which owns several PUMA trademark rights in Spain, has been obliged to vest these to PUMA SE in accordance with the decision of the arbitration panel, notification of which was received by PUMA SE on December 11, 2012. After a dispute lasting several years, this decision will allow PUMA SE to unite all Spanish PUMA trademarks. According to the ruling of the arbitration panel, the transfer of the trademark rights is subject to a one-time payment of €42.2 million to Estudio 2000 S.A., consisting of various types of compensation related to the termination of

the Distribution Agreement which ended in 2009. In the current financial year, this results in a non-recurrent expense in the amount of €24.6 million.

## SPECIAL ITEMS

In particular due to the difficult economic climate in Europe, the Managing Directors and Administrative Board at PUMA took measures at the start of the second 2012 semester to secure long-term and profitable growth for the future. In this context, a transformation and cost-reduction program was launched that should increase efficiency and reduce the future cost basis. The one-time expenses required to do this in the amount of €124.9 million primarily concern the following four areas: the transformation of the business model in Europe with a corresponding adjustment to the warehouse structure, the closing of approx. 90 retail stores primarily in developed markets, the customization of global and regional structures as a result of restructuring measures as well as optimization of the portfolio in the area of marketing and licenses. Management is anticipating that these restructuring measures will result in future cost savings and improved results.

Furthermore non-recurring expenses incurred in the past financial year in connection with the restructuring of distribution activities as per January 1, 2013 in the countries Greece, Cyprus and Bulgaria in the amount of €28.0 million. PUMA is assuming that these three countries will not have any negative impact on earnings in the future. The non-recurrent expenses described above under other events are also shown under special items.

## OPERATING RESULT (EBIT)

Including special items, the EBIT amounts to €113.2 million. In percent of sales this represents an operating margin of 3.5%.

## FINANCIAL RESULT

Overall the financial result with €-0.9 million improved significantly over the previous year's figure of €-12.8 million.

The financial result includes interest income of €4.4 million (previous year: €5.2 million) and interest expenses of €7.2 million (previous year: €8.4 million). The financial result also includes €0.6 million in income (previous year: €1.1 million) from an associated company, Wilderness Holdings Ltd. In addition, the financial result includes expenses for long-term purchase price liabilities and accrued interest from company acquisitions totaling €0.2 million (previous year: €2.7 million), €1.0 million from pension plan valuations (previous year: €1.1 million) and €2.5 million in currency-conversion differences associated with financing activities (previous year: expense €6.9 million).

## EARNINGS BEFORE TAXES (EBT)

Earnings before taxes dropped from €320.4 million to €112.3 million or in percentage terms from 10.6% to 3.4% of sales. This decrease is essentially the result of the special items already mentioned. Tax expenses decreased from von €90.0 million to €32.5 million. At 28.9% the tax rate was just above the rate from the previous year of 28.1%.

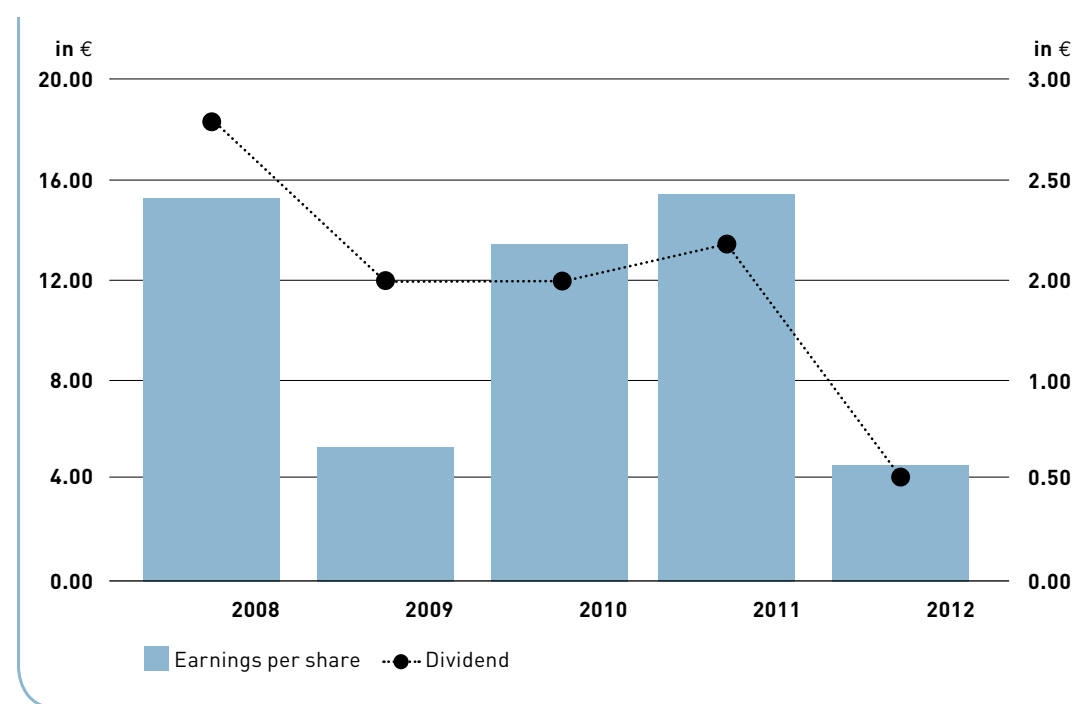
## NET EARNINGS

Net earnings for the financial year amounted to €70.2 million compared to €230.1 million in the previous year. The net rate of return reached 2.1% compared to 7.6% in the previous year.

Earnings per share as well as diluted earnings per share amounted to €4.69 in comparison to €15.36 in the previous year.

F.11

## EARNINGS / DIVIDEND PER SHARE

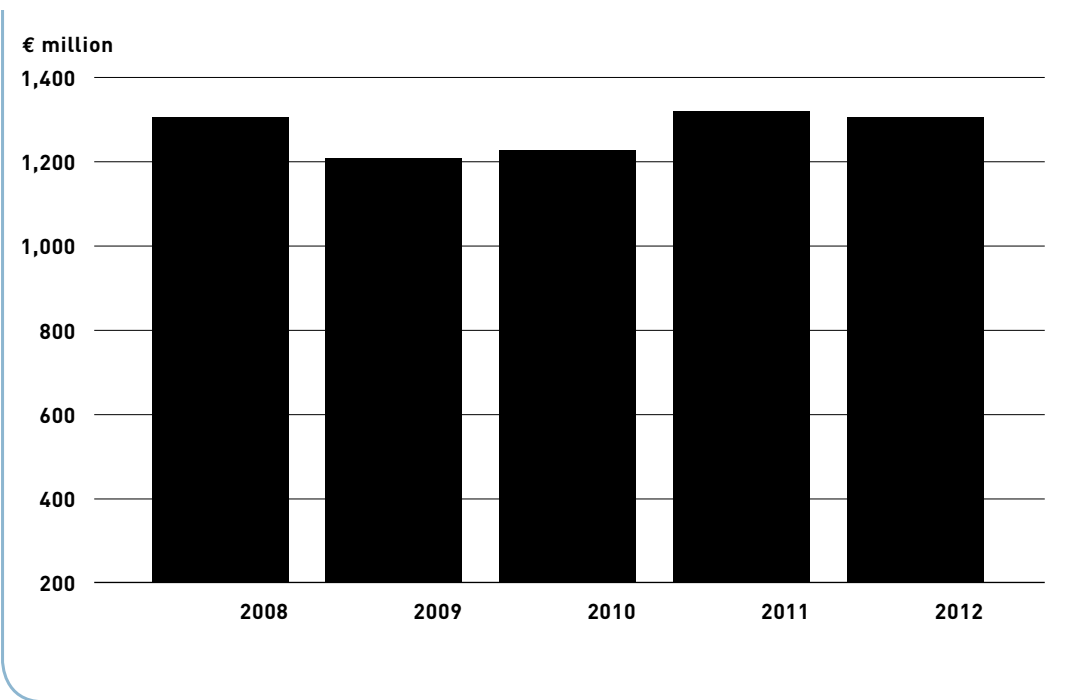


## DIVIDENDS

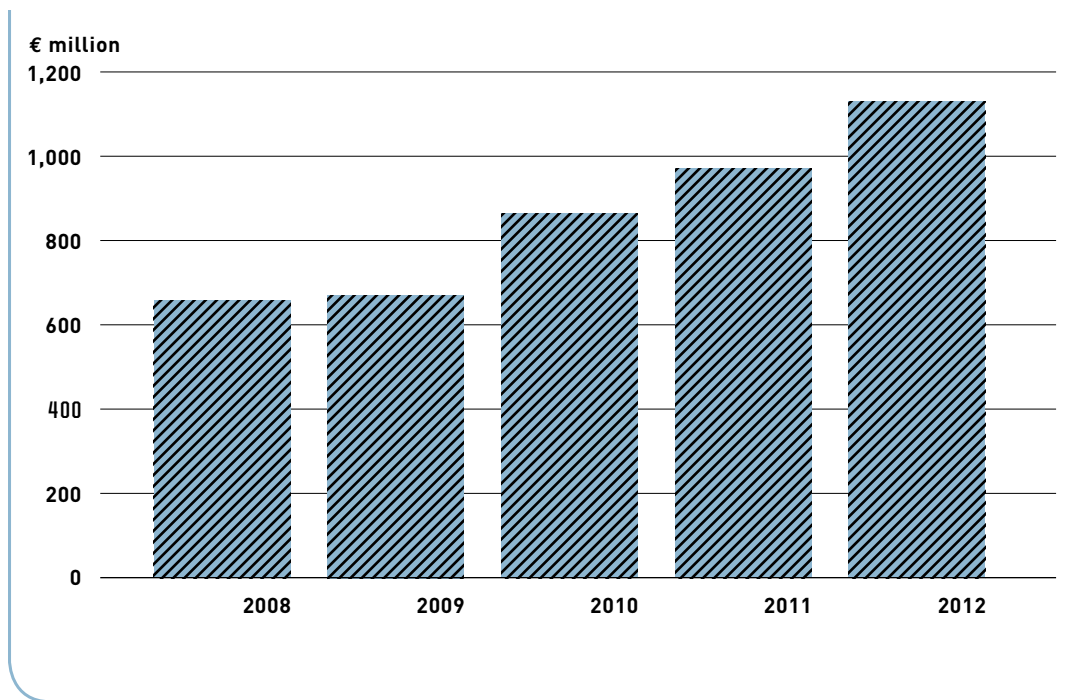
The Managing Directors will recommend to the Administrative Board and the shareholders at the Annual General Meeting on May 7, 2013 that a dividend of €0.50 per share is distributed from PUMA SE's retained earnings for financial year 2012. As a percentage of consolidated sales, the payout ratio amounts to 10.6%, compared to 13.0% in the previous year. The dividends will be distributed the day after the Annual General Meeting, when the resolution on the distribution is adopted.



**F.12** EMEA SALES



**F.13** AMERICAS SALES



## REGIONAL PERFORMANCE

**EMEA** Currency-adjusted sales in the EMEA region fell by 1.6% to €1,301.7 million. In the reporting currency, the Euro, sales also fell by 0.8%. As a percentage of consolidated sales, the EMEA region accounted for 39.8%, compared to 43.6% in the previous year.

A breakdown by product segment shows that currency-adjusted sales in the footwear segment were down by 6.2%, while currency-adjusted apparel sales increased by 1.6% and sales of accessories rose by 3.9%.

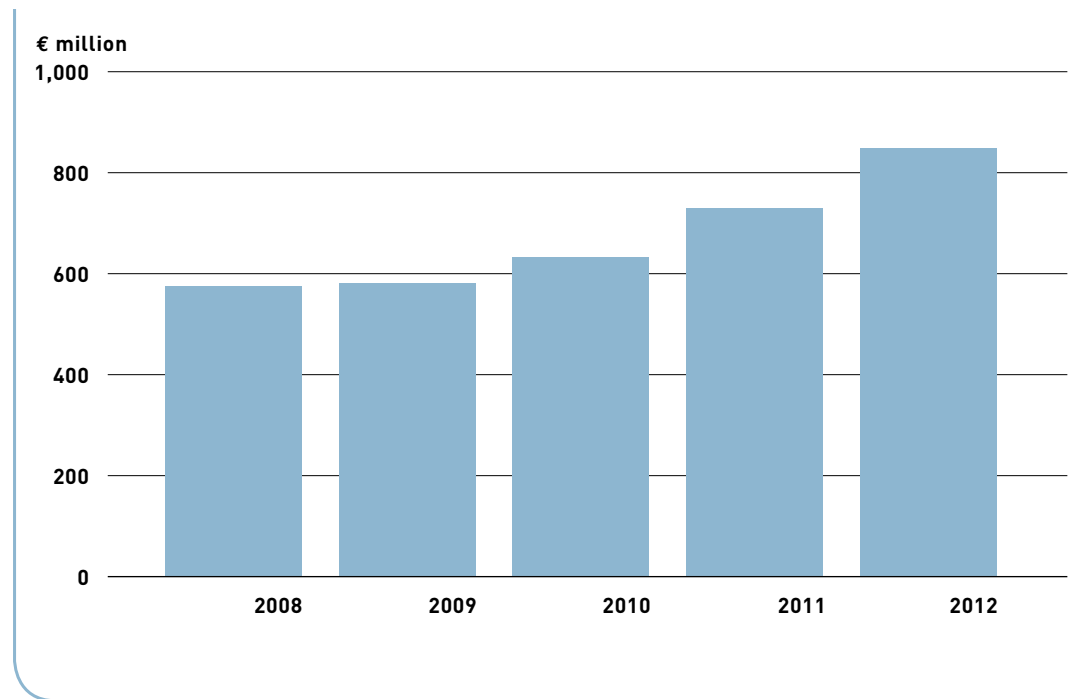
EMEA's gross profit margin registered at 48.7%, compared to 50.8% in the previous year.

**AMERICAS** In the Americas, the Company posted a currency-adjusted increase in sales of 10.6% to €1,127.2 million, constituting a share of group sales of 34.5%, compared to 32.1% from the previous year.

Currency-adjusted sales in footwear showed a slight drop by 0.1%, while apparel sales jumped by 24.1%. Accessories sales showed a significant increase by 47.7%, in particular due to the companies established and purchased in the previous year, PUMA Wheat Accessories and Janed.

The gross profit margin for the Americas registered at 46.4%, compared to 47.1% in the previous year.

## F.14 ASIA/PACIFIC SALES



**ASIA/PACIFIC** Currency-adjusted sales in the Asia/Pacific region rose by 7.4% to €841.7 million. In the reporting currency, the Euro, sales were 15.3% higher than the year before. This region accounted for 25.7% of consolidated sales in 2012, compared to 24.3% in the previous year.

In the Footwear segment, currency-adjusted sales rose by 12.1%, while Apparel posted a 2.4% increase and Accessories achieved a 12.5% increase.

The gross profit margin declined from 51.0% to 50.2%.

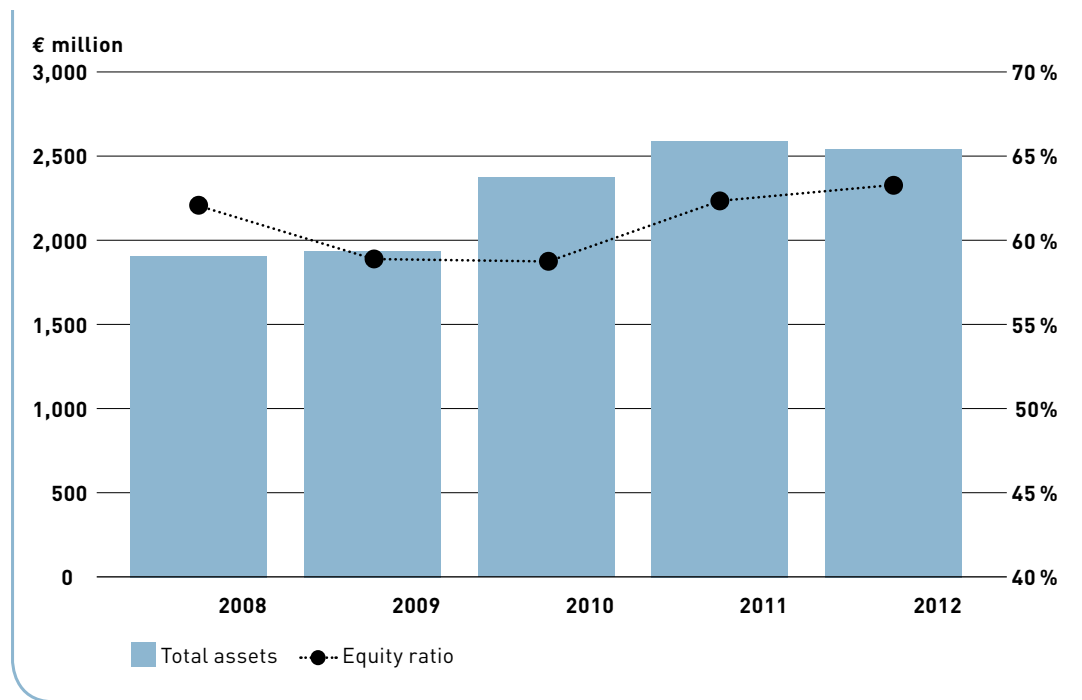
# NET ASSETS AND FINANCIAL POSITION

T.2

## BALANCE SHEET

	2012		2011		
	€ Mio.	%	€ Mio.	%	+ / - %
Cash and cash equivalents	407.3	16.1%	448.2	17.4%	-9.1%
Inventories	552.5	21.8%	536.8	20.8%	2.9%
Trade receivables	507.0	20.0%	533.1	20.7%	-4.9%
Other current assets (Working Capital)	167.4	6.6%	167.6	6.5%	-0.1%
Other current assets	8.4	0.3%	28.7	1.1%	-70.7%
<b>Current assets</b>	<b>1,642.6</b>	<b>64.9%</b>	<b>1,714.5</b>	<b>66.4%</b>	<b>-4.2%</b>
Deferred taxes	152.0	6.0%	109.1	4.2%	39.3%
Other non-current assets	735.7	29.1%	758.2	29.4%	-3.0%
<b>Non-current assets</b>	<b>887.6</b>	<b>35.1%</b>	<b>867.3</b>	<b>33.6%</b>	<b>2.3%</b>
<b>Total assets</b>	<b>2,530.3</b>	<b>100.0%</b>	<b>2,581.8</b>	<b>100.0%</b>	<b>-2.0%</b>
Current bank liabilities	44.1	1.7%	35.1	1.4%	25.6%
Trade liabilities	376.1	14.9%	431.4	16.7%	-12.8%
Other current liabilities (Working Capital)	227.2	9.0%	272.1	10.5%	-16.5%
Other current liabilities	156.1	6.2%	100.5	3.9%	55.3%
<b>Current liabilities</b>	<b>803.5</b>	<b>31.8%</b>	<b>839.2</b>	<b>32.5%</b>	<b>-4.3%</b>
Deferred taxes	54.1	2.1%	63.6	2.5%	-15.0%
Pension provisions	30.7	1.2%	29.8	1.2%	2.9%
Other non-current liabilities	44.7	1.8%	44.0	1.7%	1.5%
<b>Non-current liabilities</b>	<b>129.4</b>	<b>5.1%</b>	<b>137.5</b>	<b>5.3%</b>	<b>-5.8%</b>
<b>Shareholders' equity</b>	<b>1,597.4</b>	<b>63.1%</b>	<b>1,605.2</b>	<b>62.2%</b>	<b>-0.5%</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,530.3</b>	<b>100.0%</b>	<b>2,581.8</b>	<b>100.0%</b>	<b>-2.0%</b>
<b>Working capital</b>	<b>623.7</b>		<b>534.0</b>		<b>16.8%</b>
- in % of consolidated sales	19.1%		17.7%		

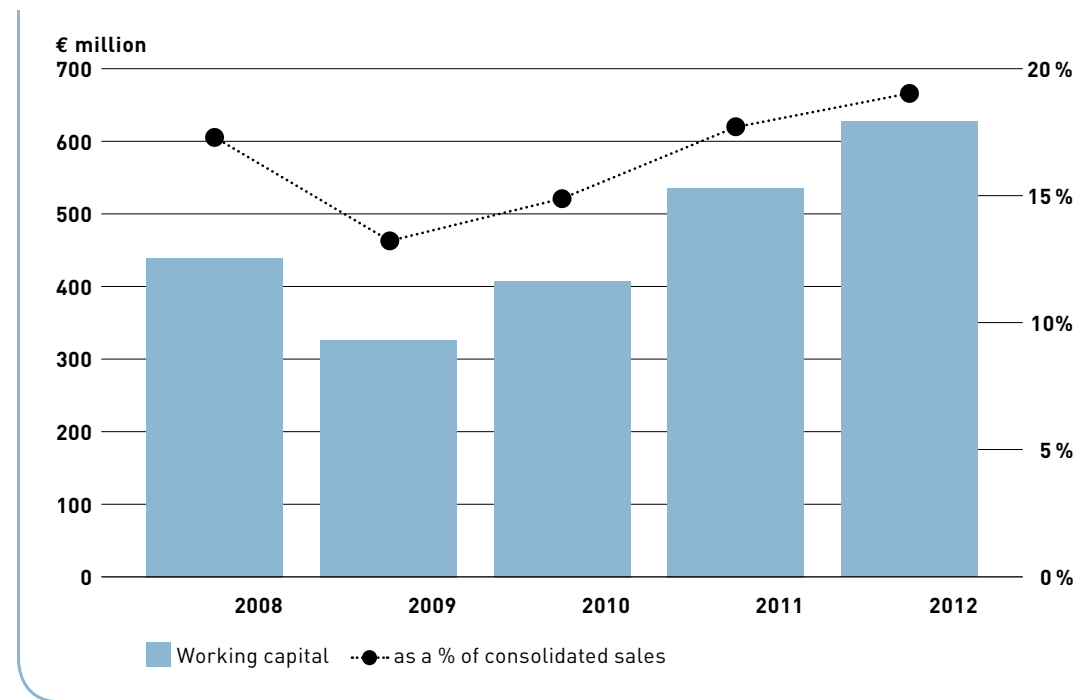
**F.15** TOTAL ASSETS / EQUITY RATIO



**EQUITY RATIO**

As of December 31, 2012 total assets fell slightly by 2.0% from €2,581.8 million to €2,530.3 million. Compared to the previous year the equity ratio rose from 62.2% to 63.1%. In absolute terms, shareholders' equity decreased slightly by 0.5% from €1,605.2 million to €1,597.4 million. PUMA thus continues to have an extremely strong capital base.

**F.16** WORKING CAPITAL



**WORKING CAPITAL**

In the reporting year, working capital increased by 16.8% from €534.0 million to €623.7 million. As a percent of sales, working capital rose from 17.7% to 19.1%. With overall net assets attributable to working capital remaining practically unchanged, the increase in working capital is due mainly to the decrease in liabilities attributable to working capital at the balance sheet date.

On the asset side, inventories showed a slight increase by 2.9% to €552.5 million and, despite increased sales, trade receivables were reduced by 4.9% to €507.0 million. Turning to liabilities, trade liabilities fell by 12.8% to €376.1 million on the balance sheet date. In addition, other current liabilities attributable to working capital were reduced by 16.5% over the previous year.

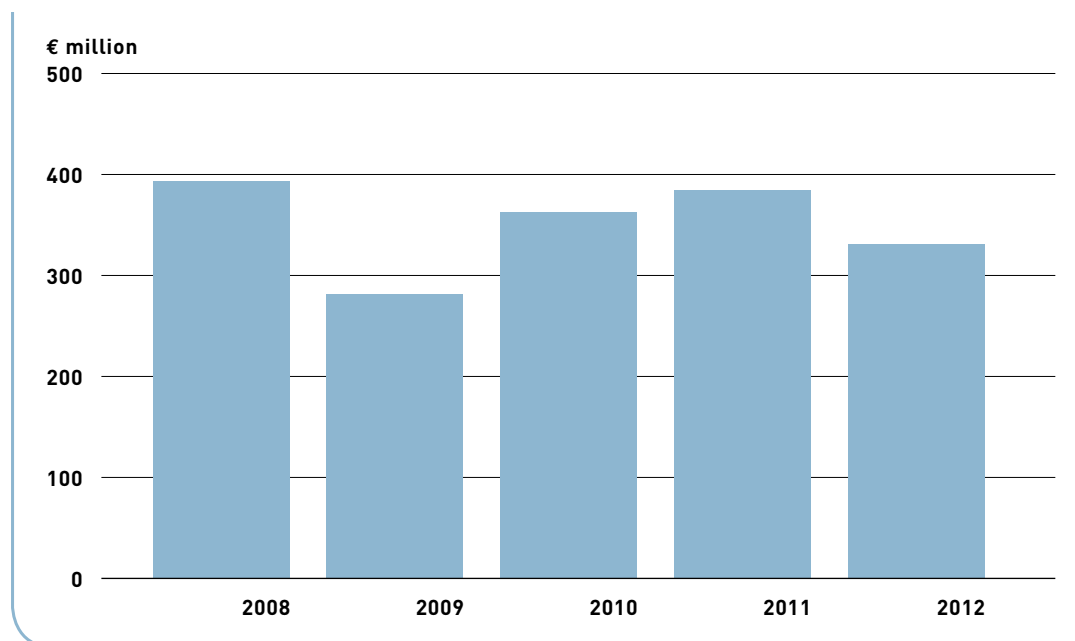
## OTHER ASSETS

Other current assets, which include the market value of financial derivatives, have decreased compared to the previous year by 70.7% to €8.4 million. Other non-current assets, consisting mainly of intangible assets and property, plant and equipment, fell slightly by 3.0% to €735.7 million. Other current liabilities dropped compared to the previous year by 16.5% to €227.2 million, which was mainly caused by the decrease in tax liabilities. Other current liabilities mainly include the short-term portion of the restructuring provision, which also includes the liability to the former Spanish license holder Estudio 2000 S.A. These special items are the reason for the increase in current liabilities compared to the previous year by 55.3% to €156.1 million.

# CASH FLOW

T.3	CASH FLOW STATEMENT		
	2012 € million	2011 € million	+/- %
Earnings before tax (EBT)	112.3	320.4	-65.0%
Financial result and expenses and income not in the income statement	215.3	61.2	252.1%
<b>Gross cashflow</b>	<b>327.6</b>	<b>381.5</b>	<b>-14.1%</b>
Change in current assets, net	-91.5	-105.9	-13.6%
Taxes and interest payments	-79.4	-148.8	-46.7%
<b>Net cash from operating activities</b>	<b>156.7</b>	<b>126.8</b>	<b>23.6%</b>
Payment for acquisitions	-91.7	-44.2	107.5%
Payment for investing in fixed assets	-81.2	-71.1	14.1%
Other investing activities	8.0	5.3	50.7%
<b>Net cash used in investing activities</b>	<b>-164.9</b>	<b>-110.0</b>	<b>49.9%</b>
<b>Free cashflow</b>	<b>-8.2</b>	<b>16.8</b>	<b>-148.8%</b>
<b>Free cashflow (before acquisitions)</b>	<b>83.5</b>	<b>61.0</b>	<b>37.1%</b>
- in % of consolidated sales	2.6%	2.0%	-
<b>Net cash used in financing activities</b>	<b>-21.2</b>	<b>-58.8</b>	<b>-64.1%</b>
Effect on exchange rates on cash	-11.7	10.7	-208.9%
Change in cash and cash equivalents	-41.0	-31.4	30.5%
Cash and cash equivalents at beginning of the financial year	448.2	479.6	-6.5%
<b>Cash and cash equivalents at year-end</b>	<b>407.3</b>	<b>448.2</b>	<b>-9.1%</b>

## F.17 GROSS CASH FLOW

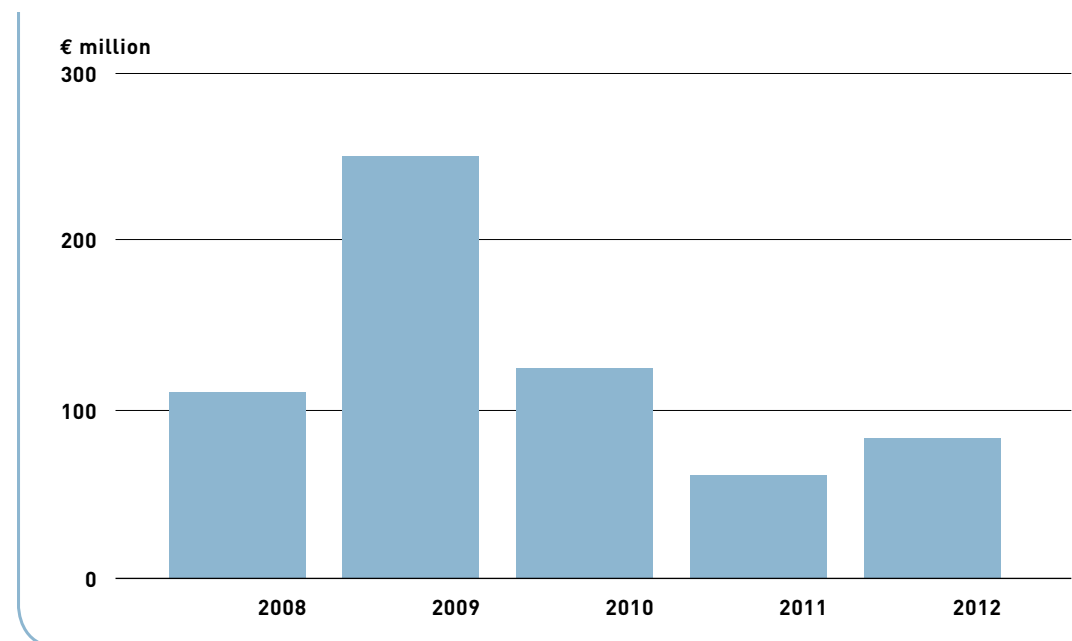


Gross cash flow decreased in financial year 2012 by 14.1% to €327.6 million, primarily due to the increase in operating expenses as well as cash-effective special items.

The change in net working capital reflected a cash outflow of €91.5 million in 2012, compared to €105.9 in the previous year. Taxes and interest payments totaled €79.4 million in financial year 2012, compared to €148.8 million the previous year, thus resulting in an increased cash inflow from current business activity in the amount of €156.7 million compared to €126.8 in the previous year.

The cash outflow from investment activity rose from €110.0 million to €164.9. This increase is linked in particular to the purchase of the remaining outstanding shares in Dobotex at the beginning of the current financial year. In addition, current investments in fixed assets jumped from €71.1 million to €81.2 million in 2012 and also include the addition of acquired trademark rights in Spain.

## F.18 FREE CASHFLOW (BEFORE ACQUISITIONS)



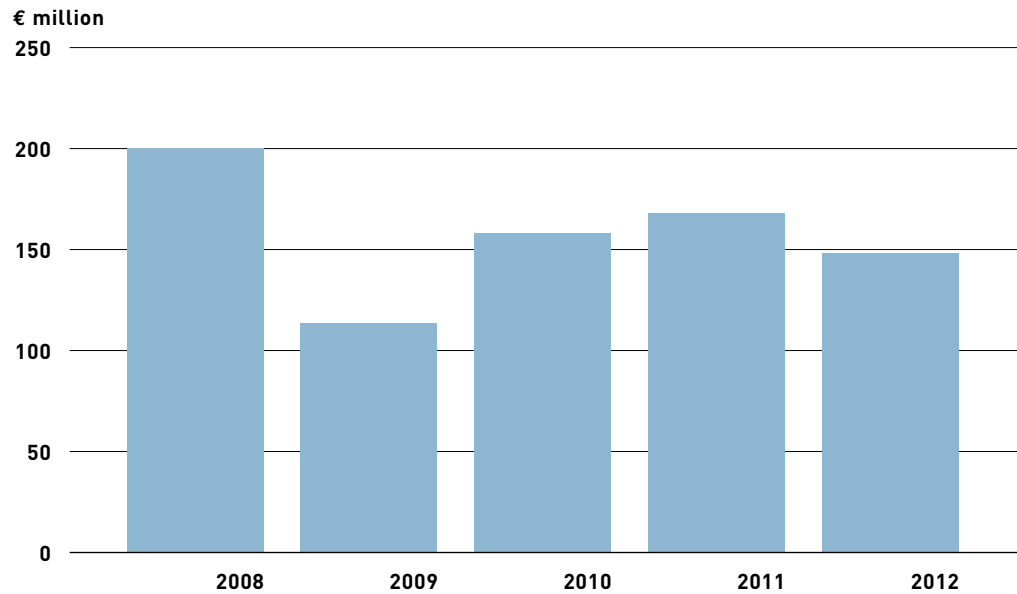
The net result of cash in- and outflows from current operating and investing activities is the free cash flow in the amount of €-8.2 million (previous year: €16.8 million). Without considering payments for acquisitions, free cash flow improved significantly from €61.0 million to €83.5 million. As a percentage of sales, free cash flow (before acquisitions) amounts to 2.6% compared to 2.0% in the previous year.

The cash outflow from financing activities mainly includes €29.9 million in dividend payments (previous year: €26.8 million).

Cash and cash equivalents decreased from €448.2 million at the beginning of the year to €407.3 million as of December 31, 2012.

# VALUE MANAGEMENT

## F.19 ABSOLUTE VALUE CONTRIBUTION



The cash flow return on investment ("CFROI") is used to measure the return on equity and is the quotient of the cash flow and the (gross) cost basis of the investment.

The (gross) cost basis of investment includes all financial resources and assets available prior to accumulated depreciation and amortization. The gross cash flow is equal to net earnings before special items, adjusted for depreciation/amortization and interest expense. In financial year 2012 the cash flow return on investment (CFROI) fell to 13.6% from 14.6% in the previous year.

The absolute value contribution is equal to the (gross) cost basis of the investment times the difference between the cash flow return on investment (CFROI) and the cost of capital (WACC).

Taking into account the 6.2% capital costs (previous year: 6.5%), the absolute value contribution fell from €166.8 million to €146.5 million.

T.4 WEIGHTED AVERAGE CAPITAL COSTS (WACC)					
	2012	2011	2010	2009*	2008
<b>Cost of stockholders equity</b>	6.9%	7.0%	7.7%	8.4%	8.9%
<b>Cost of liabilities after tax</b>	2.8%	3.2%	3.4%	3.8%	4.5%
<b>Calculation</b>					
Market Capitalization	3,365.3	3,370.7	3,715.3	3,496.7	2,116.1
<b>Share of equity</b>	<b>83.3%</b>	<b>85.7%</b>	<b>87.8%</b>	<b>86.8%</b>	<b>79.1%</b>
Calculated liabilities	667.4	563.4	514.9	535.8	561.0
<b>Share of liabilities</b>	<b>16.5%</b>	<b>14.3%</b>	<b>12.2%</b>	<b>13.3%</b>	<b>21.0%</b>
<b>WACC after tax</b>	<b>6.2%</b>	<b>6.5%</b>	<b>7.1%</b>	<b>7.8%</b>	<b>8.0%</b>

\* adjusted comparable figures according to IAS 8, see notes to the consolidated financial statements as of December 31, 2010

T.5 CFROI AND CVA					
	2012 € million	2011 € million	2010 € million	2009* € million	2008 € million
<b>Gross cashflow</b>	269.4	300.1	289.7	235.0	316.1
<b>Gross investment basis</b>	1,976.7	2,053.7	1,860.7	1,572.8	1,455.3
<b>Cashflow return on investment (CFROI)</b>	13.6%	14.6%	15.6%	14.9%	21.7%
<b>CFROI - WACC</b>	7.4%	8.1%	8.4%	7.2%	13.7%
<b>Cash Value Added (CVA)</b>	146.5	166.8	156.7	112.5	200.0

\* adjusted comparable figures according to IAS 8, see notes to the consolidated financial statements as of December 31, 2010



# PRODUCT DEVELOPMENT AND DESIGN

## PRODUCT PHILOSOPHY AND STRATEGY

PUMA's product philosophy derives from our logo itself.

A large and graceful hunter, the PUMA represents everything that we stand for as a brand in a single pictogram. Our logo depicts that cat in a moment of transition, leaping forward with action and excitement. The PUMA is known among the indigenous cultures of Latin America as an ancient symbol of movement and change, and similarly we as a brand are in a perpetual state of movement – seeking newness, innovation and excitement at every opportunity. The cat is a living, breathing creature, simultaneously athletic and beautiful. Likewise, in everything we create, we seek to mix the influences of technical sport performance with high design.

Our product strategy flows directly from our mission of being the most desirable and sustainable Sportlifestyle company in the world. We achieve desirability by mixing the influences of both sport and lifestyle in every product we create. On the Perfor-

mance side of the brand, technology and innovation rule. But design and aesthetics are our point of difference. We aim to make the highest quality sporting products for the most competitive athletes in the world. But these products must also live up to the beauty and grace of the cat itself. And on the Lifestyle side of the brand, we create stylish unique product designs that are the derivative of over 60 years of history and expertise in the world of sportswear development. And in all categories we leverage our brand's joyful and youthful mindset – we have fun no matter what we do. In short, we put the beauty of life into the world of sport, and bring the fun of sports into everyday life. We divide our teams into three product divisions, Footwear, Apparel, and Accessories, and each division is focused on bringing products to the market that not only demonstrate our philosophy of mixing influences from sports and lifestyle, but also match

our strategy to be desirable and sustainable. In the Performance segment, we are focused on Teamsports such as football, cricket and rugby, Running Training and Fitness, Golf, and Sailing. Of course 2012 was another banner year for PUMA in the performance space as a result of Usain Bolt and the Jamaican Olympics Team's showing in London. Usain scored two individual Gold Medals while wearing the new evoSPEED spike, and contributed to a third with his teammates on the 4x100 Relay squad. This product perfectly balanced the properties of "Light, Fit, and Flex" in the optimal blend for his Usain's on-track needs. But Usain wasn't the only one benefitting from the light weight, slim fit, and flexibility of the evoSPEED cross category product innovation concept. Over the course of the summer, we rolled out evoSPEED products to our athletes competing in the European Championship, where Mario Gomez tied for

most goals while wearing his evoSPEED 1 FG, the Formula 1, where Fernando Alonso finished 2nd in the driver's Championship in the evoSPEED Mid, and Golf, where 2010 Rookie of the Year Rickie Fowler finished the year ranked 21st in the PGA wearing his evoSPEED golf shoes.

But the evoSPEED family wasn't the only major performance product story of the year. Spanish sensation Cesc Fàbregas also had success at the European Championship as he took the victory in the finals in memorable fashion wearing his PUMA PowerCat 1.12 boots. We also continued to grow our Faas performance running collection leveraging the principles of biomechanics to create the most streamlined high performance running shoes in the world with a design approach of technical minimalism. And our PUMA athletes have been competing in their PUMA sailing kits at the America's Cup World Series events leading up to the big finale in 2013.

In the Lifestyle segment, we are driven by creating footwear, apparel and accessories that are stylish, forward thinking, and trend relevant. We are focused on both the Sportlifestyle and Motorsport categories, where we continue to draw on successful designs from our more than 60 years of heritage as a performance brand, our partnerships with leading motor sports brands, the latest trends in street wear and design, and successful long-term collaborations with Fashion Design Houses such as Alexander McQueen, and designers such as Hussein Chalayan and Mihara Yasuhiro.

We are well positioned as a global brand to capitalize on youth culture and trends from all corners of the globe with international design offices in London, Tokyo, Germany and the US, as well as regional commercialization teams in 5 territories that give us insight into local markets. Twice a year, our entire global design staff comes together to exchange ideas and create fresh and innovative takes on the trends shaping the sportswear and lifestyle marketplace. Equally important to identifying trends and creating desirable product is the mission of developing sustainable and innovative designs. We continue to develop our Sustainability and Innovation teams in both the Apparel and Footwear divisions with the objective of functioning as internal leaders in our efforts to push the limits of performance design and sustainable practices throughout the value chain. In the process of reducing our impact on the environment, and behaving as a more responsible citizen of the world, we follow a holistic approach and declare a product to be “sustainable”

only if at least 50% of its surface or weight is comprised of truly sustainable materials and it was manufactured by a factory that the PUMA.Safe team has rated as A or B+.

In addition to our major efforts to develop sustainable products, we are continually working towards implementing sustainable packaging concepts that allow us to reduce our environmental impact and thus our environmental footprint as well. In 2012, we successfully rolled out our “Clever Little Bag” across our product portfolio, an innovative packaging design that replaces the conventional shoebox. In the process we not only reduced our CO<sub>2</sub> emissions considerably, but also revolutionized the shoe-packaging market.

With our product creation philosophy and strategy, our innovative product launches, our global design leadership, and our innovation and sustainability efforts, PUMA continues to raise the bar worldwide for revolutionary Sport Performance and Sport Lifestyle products.

# PROCUREMENT

## PUMA'S PROCUREMENT ORGANIZATION

With its registered offices in Hong Kong, World Cat Limited is PUMA's own procurement organization and is responsible for buying products for the PUMA brands PUMA, Tretorn, Cobra PUMA Golf.

In order to guarantee effective and speedy procurement as well as increased flexibility in placing orders, World Cat has locations in the most important procurement countries and from there works closely with independent, longstanding suppliers.

World Cat's scope of responsibility spans from selecting suppliers and production sites to negotiating prices and terms of delivery and payment, up to and including order placement and processing. To optimize these core processes as well as to develop and appoint its suppliers, World Cat developed the Strategic Supplier Concept, which periodically runs a dedicated performance analysis on the entire supplier portfolio.

Another core area of procurement is guaranteeing product quality. For this purpose World Cat's own quality control monitors compliance with its high quality standards by implementing the strictest control procedures and comprehensive inspections. In order to guarantee the highest level of quality throughout the entire supply

chain, quality control spans from design and development, over materials control, laboratory test up to and including intensive quality control checks in the product lines.

In addition to product quality, the products procured by World Cat play a vital role in making sure the manufacturing plants comply with social and environmentally compatible standards. The **SAFE (Social Accountability & Fundamental Environmental Standards)** Organization, a division of World Cat, is responsible in this regard for a wide range of measures to implement the social and environmental standards in plants, agreed upon with international NGOs. These measures include, among other things, carrying out regular factory audits (primarily with respect to minimum wages, industrial safety, employee development, etc.), introducing courses and training in the area of sustainability with suppliers (so-called “capacity building” with the tag line “help for self-help”), as well as controlling the reduction of the four most important key performance indicators (water and energy consumption, CO<sub>2</sub> emissions and waste management) at PUMA itself as well as with its suppliers. Furthermore, SAFE is working closely with PUMA's product teams to launch 50% of the international collection with primarily sustainable materials by 2015.

## PUMA'S PROCUREMENT MARKETS AND STRATEGY

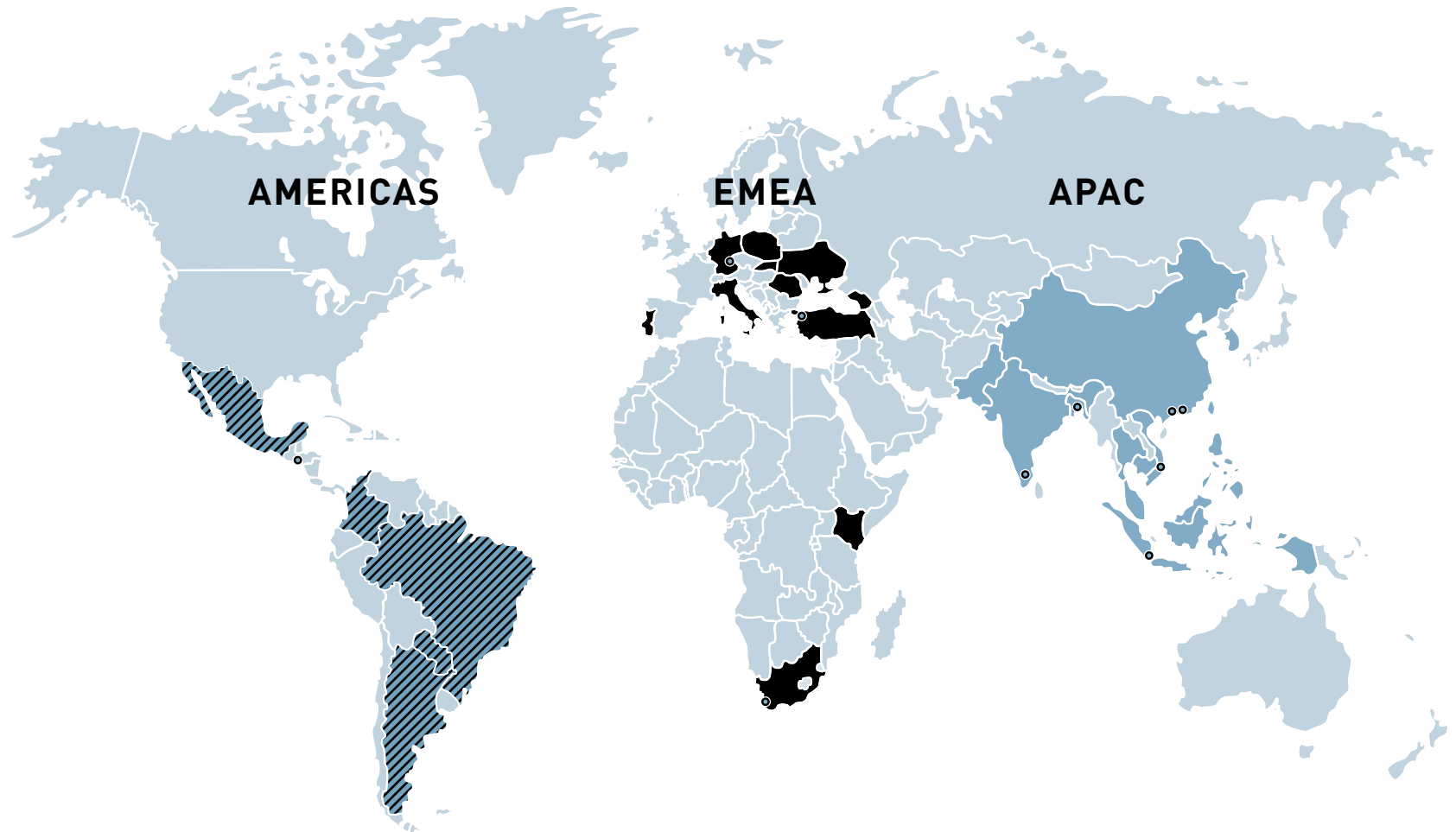
The current macroeconomic dynamics coupled with permanently rising wage costs, high volatility of prices for materials as well as inflation and currency pressure, all pose huge challenges for procurement. Accordingly World Cat actively tracks all procurement market developments (from raw commodities pricing to labor market changes up to and including exchange rate movements) so it can react quickly and flexibly in its product procurement for PUMA and ensure a cost efficient and speedy production.

Overall, World Cat's procurement activities includes collaboration with more than 150 suppliers in 32 countries, with 89% of the total purchasing volume in the Asian market (APAC), followed by EMEA (Europe, Middle East and Africa) with 6%, and the Americas (North, Central and South America) with 5%.

In the APAC region World Cat's currently most important procurement countries are still China with 39% and Vietnam with 23% of total volume. With 40% and 75% respectively, China is the main procurement source for apparel and accessories, while Vietnam is the core supply country for footwear with 38%. Countries like Cambodia (11%), Indonesia (11%) and Bangladesh (8%) are gaining in importance, however, thanks to the above mentioned macroeconomic developments in World Cat's portfolio of sourcing countries; for instance Cambodia's share in the total volume increased by more than 3 percentage points compared to 2011,

China's share, on the other hand, fell by almost 4 percentage points. The increasing call for flexibility in selecting procurement countries and the ensuing shifts to new buyer markets is reflected in the distribution of World Cat's procurement volumes.

## WORLD CAT'S SOURCING REGIONS AND LOCATIONS



# EMPLOYEES

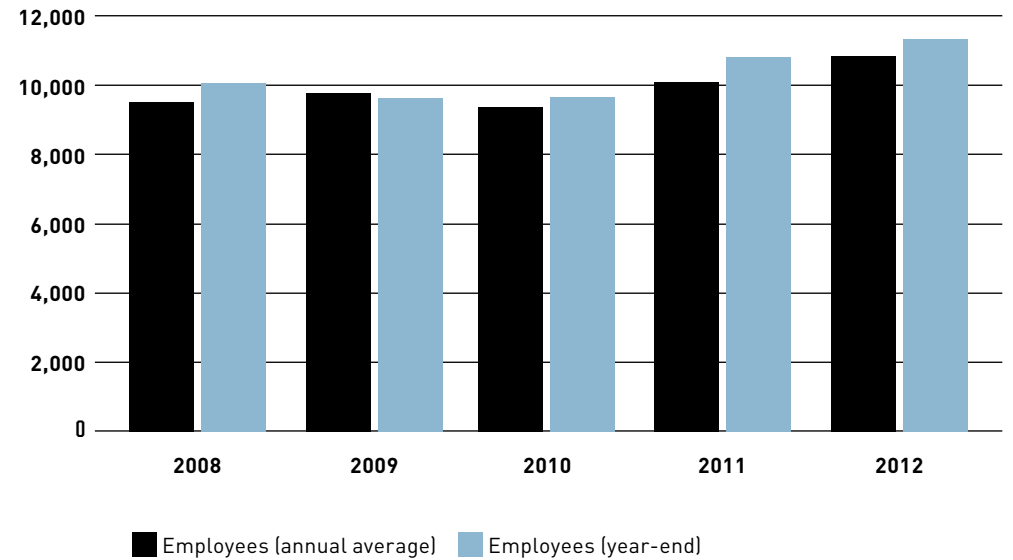
## NUMBER OF EMPLOYEES

In 2012 the **annual average number** of employees worldwide was 10,935 compared to 10,043 in the previous year. The increase is in relation to the higher number of retail stores as well as the expansion of PUMA's own production in Argentina. Overall personnel expenses before special items rose by 11.4% from €393.8 million to €438.8 million and the average personnel expense per employee was at €40.1 thousand compared to €39.2 thousand in the previous year. Furthermore, financial settlements were made in financial year 2012

in connection with the transformation and cost reduction program, which are included under special items. As of **December 31, 2012**, the number of employees was at 11,290, compared to 10,836 at the end of the previous year. In the Marketing/Retail segment, the number of employees increased by 8.4% to 5,238 employees. In Sales, the number of employees fell by 0.2% to 2,400. The number of employees in Product Development/Design rose by 0.4% to 921, and the number of employees in general and administrative areas increased by 1.8% to 2,731.

## F.20

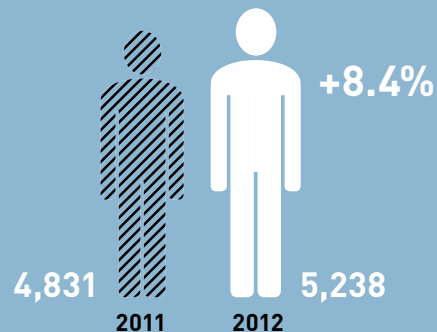
## DEVELOPMENT EMPLOYEES



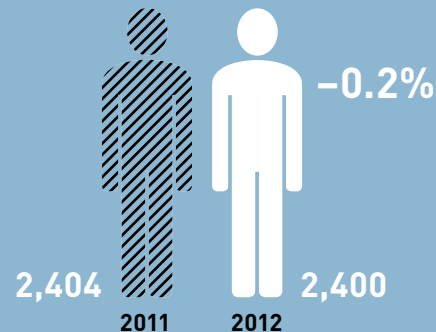
## EMPLOYEES (YEAR-END)

### F.21

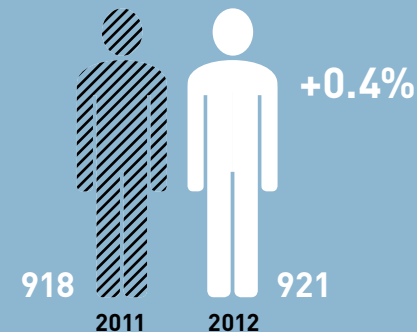
#### MARKETING / RETAIL



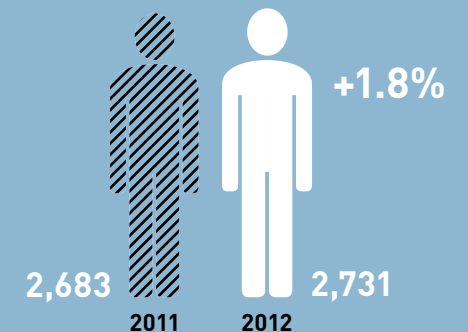
#### SALES



#### PRODUCT DEVELOPMENT / DESIGN



#### ADMINISTRATION AND GENERAL UNITS



## OUR EMPLOYEES ARE THE KEY TO OUR SUCCESS

PUMA places great value on recruiting talent as well as the continued development and commitment of its current employees as a way to promote the Group's long-term success. Structure succession planning and talent management allow PUMA to fill a large portion of vacant management positions at domestic and international levels from within the PUMA Group. This makes it possible for talented employees to commit to the Company and safeguards the existing expertise within the PUMA Group. PUMA's compensation system is competitive and performance-based. In addition to wage components, PUMA also honors the individual performance of each employee and that of the overall performance of all employees by implementing variable bonus regulations. To supplement this, PUMA offers comprehensive social benefits and other intangible perks.

## YOUNG TALENT

PUMA believes in attracting and promoting talent for long-term commitment and this is an important element in PUMA's personnel strategy.

PUMA continued to expand the entry possibilities for young people in the past year and offers additional dual-track (combined-work study) programs in cooperation with dual-track universities and vocational colleges. At the end of 2012 PUMA employed 18 apprentices and five dual-track students at the five German locations, which represents a 10% expansion in training positions in comparison to the previous reporting year. In addition to vocational training to become an Industrial Business Management Assistant (Industriekaufmann), a Retail Salesperson (Einzelhandelskaufmann), a qualified IT Specialist (Fachinformatiker), a Warehouse Logistics Specialist (Fachkraft für Lagerlogistik) and a Specialist Warehouse Clerk (Fachlagerist), students studying Internal Business, Sport

Management or Fashion Business Management have the opportunity to finish their apprenticeship at PUMA.

The trainee program offered since 2011 prepared several trainees with international backgrounds and above-average study achievements for positions in finance and controlling in 2012.

## PROMOTING AND DEVELOPING TALENT

The training catalogue introduced for the first time in 2011 was expanded in the past twelve months and in addition to specific technical training now also offers intercultural seminars, individual team workshops and coaching. Training listed in the catalogue is directed to all our employees including management and is based on the internal competency management. Linking company-relevant, specialist and general competencies with the training offers provides our employees with opportunities

for advancement based on their needs. As part of the annual performance evaluations and target agreement, the competence assessment based thereon also creates an individual development plan for each employee in order to prepare them for future requirements as best possible. In 2012, 56% of employees took advantage of this process digitally using the internal Talent Management System People@PUMA. For management's special requirements we offer additional programs like the International Leadership Program.

# COMPENSATION REPORT OF MANAGING DIRECTORS AND THE ADMINISTRATIVE BOARD

## MANAGING DIRECTORS

Remuneration for the Managing Directors, which is stipulated by the Administrative Board, consists of base pay and performance-related components. The base pay components are a fixed salary and benefits in kind, while the performance-related components are divided into bonuses and long-term incentives (stock appreciation rights). Along with job assignments and performance of each individual Managing Director, the criteria for calculating the total remuneration are the economic situation, long-term strategic planning and related targets, the long-term durability of targeted results, the Company's long-term prospects as well as international benchmark comparisons.

The base pay, which is a fixed component regardless of performance, is paid monthly as the salary. In addition, the Managing Directors receive benefits in kind, such as company cars and insurance premiums. In principle, all Managing Directors are equally entitled to the above benefits; they are included in the base pay.

The bonus component of performance-related compensation is mainly based on the PUMA Group's operating income and free cash flow and is staggered according to the degree to which targets are met. The parties have also agreed to an upper limit. Performance-related components of remuneration with long-term incentives (stock appreciation rights) are basically set up in conjunction with the multiannual

plans, with the number of issued appreciation rights assessed as part of the overall remuneration. The number of stock appreciation rights issued is measured as a component of total compensation, based on the fair value of the stock appreciation rights on the allotment date. A cap is provided for to cover extraordinary, unforeseen developments. Please refer to item 19 of the Notes for details on the parameters for specific programs.

In the financial year fixed compensation for the five Managing Directors totaled €2.5 million (previous year: €4.9 million) and variable performance-based compensation totaled €0.4 million (previous year: €2.6 million).

After allocating expenses to the vesting

period, expenses for new options and for options issued in previous years resulted in earnings totaling €1.1 million (previous year: expense €3.8 million). The income posted is because expense entries for options were rescinded in the reporting year due to the retirement of Managing Directors. Managing Directors were granted a total of 35,875 options from the "SOP 2008" Program in the financial year. Of these, 26,906 expired because Managing Directors retired. The fair value at the time of issue was €44.60 per option.

In the financial year 2012 a total of €4.7 million was spent on financial settlements and in this context for promised performances for retiring Managing Directors.

The Company has concluded reinsurance

policies to cover existing pension commitments for Managing Directors. The portion of plan assets that has already been funded by the payment of premiums for the reinsurance coverage is counted as a vested claim. A contribution of €0.2 million (previous year: €0.4 million) was made for Managing Directors in financial year 2012. The present value of the defined benefit commitment to Managing Directors of €0.4 million on December 31, 2011 (previous year: €0.2 million) was netted against an equivalent amount for the pledged asset value of the reinsurance coverage.

Pension obligations to former members of the Board of Management totaled €10.2 million (previous year: €9.4 million) and have been recorded as liabilities under pension provisions accordingly, provided they were not netted against asset values of an equal amount. Pension accruals totaled €0.2 million (previous year: €0.2 million).

## THE ADMINISTRATIVE BOARD

In accordance with the Articles of Association, the Administrative Board shall consist of at least three members; it currently has eight members. Compensation for the Administrative Board consists of fixed and performance-based compensation. Total remuneration for the fixed compensation totaled €0.3 million (previous year: €0.2 million).

In accordance with the Articles of Association, each member of the Administrative Board receives fixed annual compensation of €25.0 thousand. The fixed compensation is increased by an additional fixed annual amount of €25.0 thousand for the Chairman of the Administrative Board, €12.5 thousand for the Vice-Chairman of the Administrative Board, €10.0 thousand for each committee chairman (excluding the Nominating Committee) and €5.0 thousand for each committee member

(excluding the Nominating Committee).

In addition, each Administrative Board member receives performance-based compensation equal to €20.00 for each €0.01 by which the earnings per share figure exceeds a minimum amount of €16.00 per share. The maximum performance-based compensation is €10.0 thousand per year. The Chairman of the Administrative Board receives twice that amount of compensation (a maximum of €20.0 thousand), while the Vice-Chairman receives 1.5 times that amount (a maximum of €15.0 thousand). Because the EPS did not reach the minimum amount in the financial year, no performance-related compensation was paid.

# RISK AND OPPORTUNITY MANAGEMENT

Due to the global nature of its business, PUMA is constantly exposed to risks that must be monitored and limited. But where there are risks there are also opportunities, and it is important to identify, evaluate and continually monitor the risks as well as the opportunities by implementing effective risk and opportunity management policies. Monitoring and minimizing risks means making the future secure, while increasing globalization requires rapid responses to a wide variety of situations. In a dynamic world where product life cycles are short, businesses are exposed to both internal and external risks.

The risk-management guidelines and organization at PUMA provide for methodical and systematic procedures throughout the

Group. Responsibility for risk is directly assigned to operational employees; they in turn report the risks they identify by means of a “bottom-up” approach. To do so, risk managers have an EDP solution at their disposal as a uniform platform used by the entire Group. Risk managers provide information about major changes in the risk portfolio in the form of periodic and ad-hoc reports.

This process ensures that risks are quickly and flexibly identified and forwarded to the Risk Management Committee (RMC). The RMC consists of a fixed group of managing executives from various corporate divisions. The position of RMC Chairman is filled by a Managing Director. The RMC Chairman reports the results from the RMC meetings

to the other Managing Directors as well as to the Administrative Board. The RMC also regularly carries out a documented risk assessment as a critical review of the existing risk portfolio and to identify any possible changes.

PUMA’s Group-wide internal audits and its comprehensive reporting and controlling system are essential components of its risk management approach. PUMA’s reporting and controlling system is based on monthly financial reporting as well as the review and plausibility reports on reported information issued by Controlling.

Managers analyze opportunities and risks in annual planning discussions around the world, setting targets and defining courses of action based on the results. The compre-

hensive reporting system continuously monitors and generates reports on compliance with the set targets. This enables PUMA to promptly identify any deviations or negative developments, and to initiate any necessary countermeasures in a timely manner.



# RISK CATEGORIES

## MACROECONOMIC RISKS

As an international company, PUMA is directly exposed to macroeconomic risks. Developments in the broader economy can have a direct impact on consumer behavior. For example, political crises, changes to the legal framework and social influences may have a direct positive or negative effect on consumer behavior.

PUMA counters these risks through geographic diversification and a balanced product portfolio that leaves its own creative mark and thus should set the Company apart from the competition in a positive manner.

## BRAND IMAGE

As a branded consumer products company, PUMA is well aware of the importance of a strong brand image. PUMA has created an enviable brand image through its innovative and compelling brand communication. Brand image is extremely important: it can have a positive impact on consumer behavior, but also a negative one. For example, counterfeit products can significantly hurt consumer confidence in a brand and lead to a negative brand image.

The PUMA brand's extremely high profile means that product counterfeiters are increasingly focusing on it. The fight against brand piracy is one of the top priorities at

PUMA. PUMA's intellectual property team does more than just protect a major global intellectual property portfolio of trademarks, designs and patents. Its global network of brand protection officers, external law firms and private investigation agencies also battles an increasing number of counterfeit products that damage PUMA's image and sales.

In order to effectively confront product piracy, PUMA also works closely with customs and other law-enforcement authorities around the world and provides input regarding the implementation of effective laws to protect intellectual property.

Even a negative media report about PUMA, for instance over a product recall, infringement of data protection laws or disciplinary proceedings, can do significant damage to the brand and ultimately also result in the loss of sales and profit, regardless of whether these events actually happened or were assumed by the media. In addition to consistently sophisticated careful PR work, in the year under review PUMA decided to buy insurance policies to cover such consequential losses and any ensuing costs.

## PERSONNEL RISKS

Creative potential, commitment and performance of its employees are important pillars and simultaneously significant opportunities for the success of any business. PUMA encourages independent thinking and acting, which is key in a trust-based corporate culture with a flat hierarchy.

PUMA's human-resources strategy seeks to ensure the long-term sustainability of this successful philosophy. To achieve this goal, a control process is in place to detect and assess human-resources risks. Accordingly, special attention has been paid to talent management, identifying key positions and talented individuals, as well as optimal talent placement and succession planning. PUMA has instituted additional national and global regulations and guidelines to ensure compliance with legal provisions.

PUMA will continue to make targeted investments in the human resources need for particular functions or regions in order to meet the future requirement of its corporate strategy.

## PROCUREMENT RISKS

Most products are produced in the emerging markets of Asia. Production in these countries is associated with various risks. For instance, certain risks may result from factors such as fluctuations in exchange rates, changes in taxes and customs duties, trade restrictions, natural disasters and political instability. Risks may also result from an overdependence on individual manufacturers.

The portfolio is regularly reviewed and adjusted to avoid creating a dependence on individual suppliers and procurement markets. In order to ensure that the necessary future production capacity will be available, framework agreements are generally concluded for extended periods.

Applying the principles of sustainable development, the PUMA.Safe team was founded years ago to support the optimal integration of environmental protection and social responsibility into PUMA's core business areas and to reconcile these two pillars of sustainable development with economic development.

## PRODUCT AND MARKET ENVIRONMENT

Recognizing and taking advantage of relevant consumer trends early on is key to avoiding the risk posed by market-specific product influences, in particular the risk of substitutability in the increasingly competitive lifestyle market. Continuous development and implementation of new and innovative concepts are needed to adjust to continually shortening lifecycles. Only those companies that identify these trends at an early stage will be able to gain an edge over their competitors.

PUMA's heavy investment in product design and development ensures that the characteristic PUMA design and the targeted diversification of the entire product range are consistent with the overall brand strategy, thereby creating a unique level of brand recognition.

Additionally, on the sales side, PUMA is pursuing a selective distribution strategy in order to maintain a distinctive brand identity and reduce dependence on particular distribution channels. The expansion of the Company's own retail outlets is also intended to

ensure that PUMA products are presented exclusively in PUMA's preferred brand environment.

## RETAIL

Distribution through its own retail stores is linked to various risks for PUMA, e.g. investments in expansion and equipping stores, higher fixed cost compared to distribution through wholesalers as well as lease agreements with long-term lease obligations, all of which can have a negative impact on profitability if business declines. On the other hand, extending the value chain can deliver higher gross margins and provide better control over distribution. In addition, PUMA-owned retail stores can deliver PUMA brand experience directly to the end customer.

To avoid risks and take advantage of opportunities, PUMA performs in-depth location and profitability analyses before making investment decisions. The Company's strong controlling/key performance indicator system enables it to detect negative trends early on and take the countermeasures required to manage individual stores accordingly.

## ORGANIZATIONAL CHALLENGES

PUMA's decentralized virtual organization supports the Company's global orientation. As PUMA evolves, its organizational structure is becoming more complex. To keep pace with this development, the Company has developed an integrated IT, logistics and human resources infrastructure. In

addition, business processes will need to be continually optimized and adjusted as the Company grows.

PUMA introduced a transformation and cost reduction program in 2012 that from an organizational perspective focuses on creating a regional business model as well as warehouse consolidation.

## CURRENCY RISKS

As an international company, PUMA is subject to currency risks resulting from the disparity between the respective amounts of currency used on the purchasing and sales sides and from currency fluctuations. PUMA's biggest procurement market is Asia, where most payments are settled in USD, while sales are mostly invoiced in other currencies. PUMA manages currency risk in accordance with internal guidelines. Currency forward contracts are used to hedge existing and future financial liabilities denominated in foreign currencies.

To hedge signed or pending contracts against currency risk, PUMA only concludes currency forward contracts at customary market terms with reputable international financial institutions and PPR Finance SNC. As of the end of 2012, the net requirements for the 2013 planning period were adequately hedged against currency effects.

Foreign exchange risks may also arise from intra-group loans granted for financing purposes. Currency swaps and currency forward transactions are used to hedge currency risks when converting intra-group loans denominated in foreign currencies

into the functional currencies of the Group companies.

For the presentation of market risks, IFRS 7 requires sensitivity analyses that show the effects of hypothetical changes in relevant risk variables on net income and on equity. The periodic effects are determined by applying the hypothetical changes in these risk variables to the portfolio of financial instruments as of the reporting date. The portfolio as of the reporting date is assumed to be representative for the entire year.

Currency risks as defined by IFRS 7 arise from financial instruments of a monetary nature that are denominated in a different currency from the functional currency; exchange-rate differences arising from the translation of separate financial statements into the Group currency are not taken into account. In principle, all non-functional currencies in which PUMA uses financial instruments are considered relevant risk variables.

The currency sensitivity analyses are based on the following assumptions:

Major non-derivative monetary financial instruments (cash and cash equivalents, receivables, interest-bearing liabilities, finance leasing payables and non-interest-bearing liabilities) are either directly denominated in the functional currency or are converted into the functional currency through the use of currency forward contracts. Changes in exchange rates therefore generally do not have any effect on net income.

The currency forward contracts to hedge

against fluctuations in payments resulting from changes in exchange rates are part of an effective cash flow hedging relationship pursuant to IAS 39. Changes in the exchange rates of the currencies underlying these transactions have an effect on the hedging reserve in equity and on the fair value of these hedge transactions.

If the USD had appreciated (depreciated) by 10% against all other currencies on December 31, 2012, the hedging reserve in equity and the fair value of the hedges would have been €56.4 million higher (lower) (December 31, 2011: €57.0 million higher (lower)).

## INTEREST RATE RISKS

At PUMA, changes in interest rates do not have a significant impact on interest rate sensitivity and therefore do not require the use of interest rate hedging instruments.

## DEFAULT RISKS

Because of its business activities, PUMA is exposed to default risk that is managed by continuously monitoring outstanding receivables and recognizing impairment losses, where appropriate.

The default risk is limited by credit insurance and the maximum default risk is reflected by the carrying amounts of the financial assets recognized on the balance sheet.

## LIQUIDITY RISKS

A liquidity reserve in the form of cash or cash equivalents as well as confirmed

credit lines is maintained in order to ensure the Company's solvency at all times, its financial flexibility and the presence of a strategic liquidity buffer. Confirmed credit lines are made available until further notice or with a maturity period of less than one year.

PUMA continually runs an analysis of short-term capital requirements in the form of a rolling cash flow planning at the level of the individual companies in coordination with the central Treasury. Thanks to the solid liquidity of the PUMA Group and a central financing approach, any capital requirements are covered by internal financing, where and whenever possible. The central Treasury prepares medium-term liquidity planning as part of its budget process.

### CAPITAL RISKS

In spite of the global financial crisis, there are no significant capital risks since PUMA maintains a high equity ratio.

### RISK OF CORPORATE MISCONDUCT

Acts of misconduct such as theft, fraud, breach of trust, embezzlement and corruption, as well as deliberate misrepresentations in financial reporting, may lead to significant material and reputational damage. PUMA makes use of various tools to manage these risks. They include the corporate governance system, the internal control system, Group controlling and the internal audit department. In addition, a Group-wide integrity hotline was set up in 2010 for reporting unethical, unlawful and criminal activity.

### SUMMARY

PUMA's risk management system allows the Company to fulfill the legal requirements pertaining to corporate control and transparency. The Management believes that in an overall evaluation of the Company's risk situation, risk is limited and manageable and poses no threat to the continued viability of the PUMA Group.

# MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM AS IT RELATES TO THE GROUP'S ACCOUNTING PROCESS

PUMA SE's Managing Directors are responsible for the preparation and accuracy of the Consolidated Financial Statements and the Group Management Report. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards that apply in the EU and the requirements of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). Certain disclosures and amounts are based on current estimates by management.

The Company's Managing Directors are responsible for maintaining and regularly monitoring a suitable internal control and risk management system covering the con-

solidated financial statements and the disclosures in the Group management report. The control and risk management system is designed to ensure the compliance and reliability of the internal and external accounting records, the presentation and accuracy of the consolidated financial statements and the Group management report and the disclosures contained therein. The internal control and risk management system is based on a series of process-integrated monitoring steps and encompasses the measures necessary to accomplish these, internal instructions, organizational and authorization guidelines, a Code of Conduct and a Code of Ethics, a clear separation of

functions within the Company and the dual-control principle. The adequacy and operating effectiveness of these measures are regularly reviewed in internal audits.

For monthly financial reporting and consolidation, PUMA has a Group-wide reporting and controlling system that allows it to regularly and promptly detect deviations from projected figures and accounting irregularities and, where necessary, to take countermeasures.

The risk management system can regularly, as well as on an ad-hoc basis, identify events that could affect the Company's economic performance and its accounting process so that it can analyze and evaluate

the resulting risks and take the necessary actions to counter them.

In preparing the consolidated financial statements and the Group management report, it is sometimes necessary to make assumptions and estimates that are based on the information available on the balance-sheet date and which will affect the amounts of the assets and liabilities, income and expenses and contingent liabilities that are reported, as well as how these are classified.

The Administrative Board's Audit Committee meets regularly with the independent, statutory auditors, the Managing Directors and the internal audit department to discuss the results of the statutory audits of the financial statements and the internal audits with respect to the internal control and risk management system as it relates to the accounting process. The statutory auditor reports to the Administrative Board in the meeting to discuss the annual financial statements.

# DISCLOSURES PURSUANT TO SECTION 315 (4) OF THE GERMAN COMMERCIAL CODE (HGB)

## SECTION 315 (4)(1) HGB

On the balance-sheet date, subscribed capital totaled €38.6 million and was divided into 15,082,464 no-par-value shares. As of the balance-sheet date, the Company held 143,185 treasury shares.

## SECTION 315 (4)(3) HGB

Messrs. François Henri Joseph Pinault (48 Rue de Bourgogne, F-75007 Paris) and François Jean-Henri Pinault (7Bis Rue des Saint Pères, F-75006 Paris) notified us with a letter from August 3, 2011 that the share of voting rights in PUMA SE allotted to each of them pursuant to Section 22 (1)(1)(1) WpHG [Securities Trading Act] exceeded the 75% threshold and on that day totaled 75.12% (11,330,446 voting rights), whereby at 1.15% of the share of voting rights (173,377 voting rights) this concerned treasury shares of PUMA SE. The shares of voting rights are held by Messrs. Pinault through the following companies they control, whose shares of voting rights in PUMA SE amount to more than 3% (ranked by size of stake held by Messrs. Pinault): Financière Pinault S.C.A. (12 Rue François 1er, F-75008 Paris), Artémis S.A. (12 Rue François 1er, F-75008 Paris), PPR S.A. (10 Avenue Hoche, F-75008 Paris) as well as SAPARDIS S.A. (10 Avenue

Hoche, F-75008 Paris). We received corresponding disclosures from the aforementioned four intermediate holding companies on the same day.

## SECTION 315 (4)(6) HGB

Regarding the appointment and dismissal of Managing Directors, reference is made to the applicable statutory requirements of Section 40 of the German SE Implementation Act (SEAG). In addition, Article 13 (1) of PUMA SE's Articles of Incorporation stipulates that the Administrative Board shall appoint one or several Managing Director(s). It may appoint one of these Managing Directors as Chief Executive Officer and one or two as Deputy Chief Executive Officers. Pursuant to Section 9 (1) c (ii) of the SE Regulation (SE-VO), the requirements for changing the Articles of Incorporation are governed by Sections 133 and 179 of the German Stock Corporation Act (AktG).

## SECTION 315 (4)(7) HGB

On April 10, 2012 the capital authorized pursuant to Article 4 (3) and (4) of PUMA SE's Articles of Incorporation lapsed due to the passage of time. On April 24, 2012 the Annual General Meeting revoked the authorization for the authorized capital in accordance with Article 4 (3) and (4) of PUMA SE's Articles of

Incorporation and passed a resolution for new authorized capital in accordance with Article 4 (2) and (3) of PUMA SE's Articles of Incorporation, including corresponding changes to the Article of Incorporation.

With the resolution by the Annual General Meeting from April 24, 2012, the Administrative Board is authorized to raise capital until April 23, 2017 as follows:

→ Through one or more issues of up to 2,929,687 of new no-par value bearer shares at a pro-rata value of the capital stock of €2.56 per share against contributions in cash of up to €7.5 million. The new shares may also be taken over by one or more credit institutions selected by the Administrative Board subject to the obligation that the credit institutions offer said shares to the shareholders for subscription (indirect subscription right). The shareholders are basically entitled to a subscription right, whereby the shareholders' subscription rights may be excluded to prevent fractional amounts (Authorized Capital I).

→ Through one or more issues of up to 2,929,687 of new no-par value bearer shares at a pro-rata value of the capital stock of €2.56 per share against contri-

butions in cash or in kind of up to €7.5 million. The new shares may also be taken over by one or more credit institutions selected by the Administrative Board subject to the obligation that the credit institutions offer said shares to the shareholders for subscription (indirect subscription right). The shareholders are basically entitled to a subscription right, whereby the shareholders' subscription rights may be excluded to prevent fractional amounts (Authorized Capital II).

With the resolution adopted by the Annual General Meeting on April 22, 2008, the share capital may be increased by up to €1.5 million by issuing up to 600,000 new shares. The contingent capital increase may only be used exclusively for granting subscription rights (stock options) to former members of the Supervisory Board and the Managing Directors of the Company as well as other executives of the company and subordinate associated companies.

On December 31, 2012 a conditional capital totaling €1.5 million (previous year: €1.5 million) is still available.

For more details, please refer to the relevant disclosures in the Notes to the Consolidated Financial Statements.

# SUPPLEMENTAL REPORT AND OUTLOOK

## SUPPLEMENTAL REPORT

There were no events after the balance sheet date that had any impact on the assets, liabilities, financial position or profit or loss of the Group.

## OUTLOOK

### GLOBAL ECONOMIC SITUATION

According to the winter forecast by the Kiel Institute for the World Economy (IfW) published on December 17, 2012, the low point of the global economic dynamic had passed. However, the outlook is riddled with uncertainties especially relating to the sovereign debt crisis in the eurozone and the future stance of the United States with regard to fiscal policy.

The experts at IfW believe that the situation in the eurozone will gradually start to relax and with regard to the fiscal policies in the United States suggest that a compromise can be achieved that will in fact dampen the economy in the coming year but will improve the medium-term prospects. Under these conditions it is expected that production in advanced national economies will only show

a slight increase in the 2012/2013 winter semester, but will slowly gain in momentum during the forecast period. Economic developments in emerging countries are expected to pick up speed in the coming year. According to current forecasts, the world's gross domestic product (GDP) will rise by 3.4% in 2013, slightly more than in 2012 when the worldwide GDP presumably expanded by 3.2%.

### OUTLOOK

With the exception of Western Europe, PUMA was able to increase sales and brand identity in all regions, as it had in previous years.

While 2012 was marked by two major sports events with global impact, on the one hand the European Football (Soccer) Championships and other the Olympic Games in London, there are no such sports events on the schedule for 2013. Certainly the Track and

Field Championships in Moscow will provide for positive stimuli.

The general global economic environment for 2013 is currently overcast. Against this backdrop and taking into consideration the restructuring measures passed in 2012 including the closing of 90 retail stores and the streamlining of the product portfolio, the Group is not anticipating any significant growth in revenue in 2013.

Ever rising material and wage costs as well as foreign currency fluctuations will continue to exert pressure on the gross profit margin in 2013 as well.

Nevertheless we will continue to focus on expanding core markets and above all make corresponding investments in those markets as well as continue to invest in the appeal of the PUMA, Cobra and Tretorn brands. In addition, the Company is also planning selective investments in new retail stores. Cost savings through the

restructuring program, as well as improved efficiencies mainly due to the transformation program implemented in Europe, should nevertheless lower the expense ratio.

Management anticipates that the operating result (EBIT) before special items for 2013 will improve in the low to mid single-digit percent range. It can be assumed that net earnings will significantly improve in the coming financial year due to the non-recurring expenses in 2012. For 2014 we are expecting another slight increase in net earnings compared to 2013.

## INVESTMENTS

Investments totaling around €70 million are planned for 2013. The major portion will go to investments in infrastructure to create the operative preconditions for the plants growth in sales as well as to expanding our core markets and to selective investments in retail stores.

In addition there are current purchase price liabilities from corporate acquisitions that could presumably result in a cash outflow of €2.6 million in 2013.

## FOUNDATION FOR LONG-TERM GROWTH

As part of our “Back on the Attack” growth strategy, the Managing Directors and the Administrative Board have established the long-term strategic planning. Action plans are being implemented in a targeted, value-oriented manner. PUMA’s management expects that the restructuring effort and

the implementation of the Transformation program will lay the foundations for positive long term development.

## RELATIONSHIPS WITH AFFILIATED COMPANIES

At the end of the dependent company report giving by the Managing Director, the following statement was given: “Under the circumstances, which were known to the Managing Directors at the time when the transactions listed in the report on relationships to affiliated companies were made, PUMA SE in any case received appropriate considerations. There were no reportable measures undertaken or reportable measures omitted in the reporting period.”

# CORPORATE GOVERNANCE REPORT / STATEMENT ON CORPORATE GOVERNANCE PURSUANT TO SECTION 289A HGB

Effective implementation of corporate governance is an important aspect of PUMA's corporate policy. Transparent and responsible corporate governance is a prerequisite for achieving corporate targets and for increasing the Company's value in a sustainable manner. The Administrative Board and the Managing Directors work closely with each other in the interests of the entire Company to ensure that the Company is managed and monitored in an efficient way that will ensure sustainable added value through good corporate governance.

## STATEMENT OF COMPLIANCE PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

### 2012 STATEMENT OF COMPLIANCE:

Pursuant to Art. 9 (1) c (ii) of the SE Regulation (SE-VO) and Section 22(6) of the German SE Implementation Act (SEAG), in

conjunction with Section 161 AktG, PUMA SE's Administrative Board declares that PUMA SE (formerly PUMA AG) has been and is in compliance with recommendations issued by the "Government Commission on the German Corporate Governance Code" in the code version dated May 26, 2010, valid since July 2, 2010, (the "Code") and in the code version dated May 15, valid since June 15, 2012, (the "Code") since the last Statement of Compliance from October 2011 in consideration of the particulars of PUMA SE's single-tier system described under item 1 with the exceptions mentioned under item 2, and where it is not in compliance, explains why not.

## 1. PARTICULARS OF THE SINGLE-TIER CORPORATE GOVERNANCE SYSTEMS

According to Art. 43–45 SE-VO, in conjunction with Sections 20 et seq. SEAG, under the single-tier system, management of the SE

is the responsibility of a single company organ, the Administrative Board; see Para. 4 of the Code's Preamble. The Administrative Board manages the Company, determines the Company's basic business strategies and monitors the implementation of said strategies by the Managing Directors. The Managing Directors manage the Company's business, represent the Company in and out of court and are bound by instructions from the Administrative Board.

Basically, PUMA SE takes those parts of the Code that used to apply to the Supervisory Board and applies them to the Administrative Board and takes those parts of the Code that used to apply to the Board of Management and applies them to its Managing Directors. The following exceptions apply with respect to the legal framework for the single-tier system:

→ In derogation of No. 2.2.1(1) of the Code, the Administrative Board must submit

the annual financial statements and the consolidated financial statements to the Annual General Meeting, Section 48 (2)(2) SEAG.

→ In derogation of Nos. 2.3.1(1) and 3.7(3) of the Code, the Administrative Board is responsible for convening the Annual General Meeting; Sections 48 and 22(2) SEAG.

→ The duties of the Board of Management listed in Sections 4.1.1 (Corporate Governance), 4.1.2 in conjunction with 3.2(1) (Development of the Company's Strategic Orientation), 6.1 (Publication of Insider Information) and 6.2 (Publication of Notifications on Voting Rights) of the Code are the responsibility of the Administrative Board, Section 22(1) SEAG.

→ The powers of the Board of Management governed by Sections 2.3.3(2) (Proxy



Bound by Instructions), 3.7(1) (Statement on a Takeover Bid) and 3.7(2) (Conduct during a Takeover Bid), as well as 3.10 (Corporate Governance Report), 4.1.3 (Compliance) and 4.1.4 (Risk Management and Controlling) of the Code shall be the responsibility of PUMA SE's Administrative Board; Section 22(6) SEAG.

- In derogation of Nos. 5.1.2(5) and 5.1.2(6) of the Code, Managing Directors, unlike members of the Board of Management, are not subject to a fixed, maximum term of appointment; Section 40(1)(1) SEAG.
- In derogation of Nos. 5.4.2(2) and 5.4.4 of the Code, members of the Administrative Board may be appointed as Managing Directors, provided that the majority of the Administrative Board continues to consist of non-executive Managing Directors; Section 40(1)(2) SEAG.

## 2. EXCEPTIONS TO THE CODE'S RECOMMENDATIONS

- In derogation of No. 3.8(3) of the Code, members of the Administrative Board are provided with D&O insurance with no deductible. The Administrative Board feels that it can dispense with a deductible for members of the Administrative Board, because the D&O insurance is group insurance for people in Germany and abroad, and a deductible is fairly unusual abroad.
- In derogation of No. 4.2.3(5) of the Code, no limits on severance payments for pre-

mature termination as a Managing Director due to a change of control have been agreed to, because an agreement drawn up in advance would not be able to take into account the specific situation that gave rise to a premature termination or the other circumstances of the individual case of termination.

- In accordance with the authorization by the Annual General Meeting on April 22, 2008, pursuant to Section 286(5) HGB, the Company has not published the amount of compensation for individual members of the Board of Management and, until the authorization expires, will not publish the amount of compensation for individual Managing Directors (Sections 4.2.4 and 4.2.5 of the German Corporate Governance Code. The authorization applies to the Managing Directors and they shall adhere to the authorization when they prepare the annual financial statements.
- Deviating from Sec. 5.4.6 of the Code the remuneration of the Administrative Board members is not shown individually. In the opinion of PUMA SE this is no additional information relevant to the capital market as the respective remuneration regulations are public domain in the Articles of Association.

The Statement of Compliance has been made permanent available to the shareholders on the Internet page under

› <http://about.puma.com/category/investors/corp-gov/declaration/?lang=de>

## RELEVANT DISCLOSURES OF CORPORATE GOVERNANCE PRACTICES THAT ARE APPLIED BEYOND THE REGULATORY REQUIREMENTS

The Company is run by the **Administrative Board ("single-tier system")**, which determines the guidelines of the Company's business activities and monitors the implementation of said activities by the **Managing Directors**.

In order to ensure that the Company's value will increase in a sustainable way, guidelines have been developed and these have been summarized in PUMAVision (see <http://about.PUMA.com> under "Sustainable Development". The PUMA Code of Ethics and Code of Conduct (see <http://about.PUMA.com> under "Sustainable Development") prescribed ethical standards and environmental standards with which both employees and suppliers are required to comply.

## TAKING DIVERSITY AND OUR INTERNATIONAL CULTURE INTO ACCOUNT

The Administrative Board and the Managing Directors of PUMA SE must consider the recommendations of the German Corporate Governance Code, according to which the Company's international operations and diversity, among other things, must be taken into account when determining the

composition of the Administrative Board and the Managing Directors, as well as when filling management positions within the Company – and in particular, they must see to it that a reasonable percentage of women will be placed in such positions.

The members of the Administrative Board have strong international backgrounds. Some of them have many years of international ties all over the world and have amassed extensive international experience through various assignments abroad.

The Administrative Board has established the goal of ensuring that future members of the Board will also have international backgrounds by requiring that proposed candidates to the Administrative Board must also have a strong international background and the relevant networks, international experience and orientation. Likewise, a reasonable percentage of women on the Administrative Board should be guaranteed by nominating a corresponding percentage of female candidates.

The Administrative Board prevents potential conflicts of interests of its members by regularly monitoring and critically scrutinizing its members' other activities.

The Administrative Board shall also act to ensure diversity in the composition of the Managing Directors and shall endeavor to ensure that women comprise a reasonable percentage of the Managing Directors. In the future, the inclusion of women amongst the Managing Directors shall be guaranteed in the event of a new appointment, in particular by giving special consideration to women from among several equally quali-

fied applicants. If a position must be filled by outside candidates, we will take special care to consider properly qualified female candidates.

The same applies when filling management positions. When filling positions, the Managing Directors shall act to ensure diversity and shall endeavor to ensure that women comprise a reasonable percentage of the candidates considered. Today, there are several women in management positions. In order to include even more women in management positions in the future, PUMA SE is using part-time and half-day models, as well as flexible working hours and the provision of more childcare places to promote a better balance between work and family life. Members of PUMA SE's Administrative Board, its Managing Directors and other executives have the opportunity to attend appropriate training and continuing education programs.

### DESCRIPTION OF THE WORKING PRACTICES OF THE ADMINISTRATIVE BOARD AND THE MANAGING DIRECTORS AND THE COMPOSITION AND WORKING PRACTICES OF THEIR COMMITTEES

The Rules of Procedure for the Administrative Board and the Managing Directors are available under "Company" at <http://about.PUMA.com>.

### ADMINISTRATIVE BOARD

In accordance with the Articles of Association, the Administrative Board con-

sists of at least three members. The members of the Administrative Board are appointed by the Annual General Meeting, a third of them pursuant to the German Codetermination Act based on binding nominations by employee representatives. The following individuals were members of the Administrative Board in 2012:

- › **Jochen Zeitz**  
(Member and Chairman until 11/30/2012))
- › **Jean- François Palus**  
(Chairman as of 12/01/2012)
- › **François-Henri Pinault**
- › **Grégoire Amigues**  
(Member until 04/24/2012)
- › **Todd Hymel**  
(Member as of 04/24/2012)
- › **Thore Ohlsson**
- › **Michel Friocourt**
- › **Bernd Illig**  
(Employee Representative)
- › **Martin Köppel**  
(Employee Representative)
- › **Victor Fernandes**  
(Member until 04/24/2012) (Employee Representative)
- › **Guy Buzzard**  
(Member as of 04/24/2012) (Employee Representative)

The members of the Administrative Board are appointed for a period up to the close of the Annual General Meeting that adopts the resolution approving the actions of the Board for the fourth financial year after the term of office began (the financial year in which the term

of office begins is not counted) and no later than six years after the respective Administrative Board member was appointed. Administrative Board members may not be reappointed.

Meetings of the Administrative Board must be held at least every three months. Meetings must also be held if required for the Company's welfare or if a member of the Administrative Board demands that a meeting be convened.

The Administrative Board convened four times in 2012.

The names of the members of the Administrative Board are listed in the explanatory disclosures in the Notes.

To perform its duties, the Administrative Board has established various committees, which report to it regularly on their work.

### EXECUTIVE COMMITTEE

The members of the Executive Committee in 2012 are Jochen Zeitz (Member and Chairman until 11/30/2012), Michel Friocourt, Martin Köppel and Thore Ohlsson (Member and Chairman as of 12/01/2012). The Executive Committee is responsible for organizing meetings of the Administrative Board and for making decisions when instructed by the Administrative Board to do so on its behalf.

### PERSONNEL COMMITTEE

The members of the Personnel Committee in 2012 are François-Henri Pinault (Chairman), Jochen Zeitz (Member until 11/30/2012), Bernd Illig and Jean-François Palus (Member as of 12/01/2012). Personnel Committee

meetings are scheduled to coincide with meetings of the Administrative Board. The Personnel Committee is responsible for entering into and making changes to Managing Directors' employment contracts and for establishing policies for Human Resources and personnel development. The entire Administrative Board decides on issues involving the Managing Directors' compensations based on recommendations from the Personnel Committee.

### AUDIT COMMITTEE

In 2012 the Audit Committee is comprised of the Administrative Board members Thore Ohlsson (Chairman), Jean-François Palus, Bernd Illig (Member until 07/25/2012) and Guy Buzzard (Member as of 07/25/2012).

In particular, the Audit Committee is responsible for accounting issues and monitoring the accounting process, the effectiveness of the internal control system, the risk management system, internal audits, compliance and the audit of the financial statements, and here in particular for the required independence of the statutory auditors, issuing the audit assignment to the statutory auditors, defining the audit areas of focus, any additional services to be performed by the statutory auditors and the fee agreement.

The Chairman of the Audit Committee must be an independent shareholder representative and must have expertise in the fields of accounting and auditing in accordance with Section 100(5) AktG.

The recommendation of the Administrative

Board on the selection of the statutory auditors must be based on a corresponding recommendation by the Audit Committee. Once the Annual General Meeting has appointed the statutory auditors, and the Administrative Board has issued the audit assignment, the Audit Committee shall work with the statutory auditors to specify the scope of the audit and the audit areas of focus.

The statutory auditors shall attend the meeting convened by the Audit Committee to review the annual financial statements and the consolidated financial statements and shall report on the key findings of their audit, in particular material weaknesses of the internal control and risk management system relating to the accounting process. They shall also inform the Committee about other services they have provided in addition to auditing services and shall confirm their independence.

Each month, the Audit Committee shall receive financial data on the PUMA Group, which will allow the tracking of developments in net assets, financial position, results of operations and the order books on a continual basis. The Audit Committee shall also deal with issues relating to the balance sheet and income statement and shall discuss these with Management. In addition, when the internal audit projects are completed, the Audit Committee shall receive the audit reports, which must also include any actions taken.

## SUSTAINABILITY COMMITTEE

In 2012 the members of the Sustainability Committee were Jochen Zeitz (Member and Chairman until 11/30/2012), François-Henri Pinault, Martin Köppel and Jean-François Palus (Member and Chairman as of 12/01/2012). It is responsible for promoting PUMA.creative, PUMA.safe and PUMA.peace along with the principles of creativity, sustainability and peace, and an awareness of the need to act fairly, honestly, positively and creatively in every decision made and every action taken.

## NOMINATING COMMITTEE

Only shareholder representatives serving on the Administrative Board may be members of the Nominating Committee. The Administrative Board has elected François-Henri Pinault (Chairman until 11/30/2012), Jochen Zeitz (Member until 11/30/2012), Grégoire Amigues (Member until 04/24/2012), Jean-François Palus (Member and Chairman as of 12/01/2012) und Todd Hymel (Member as of 07/25/2012) to the Nominating Committee. The Nominating Committee is responsible for proposing suitable shareholder-candidates to the Administrative Board for its voting recommendations to the Annual General Meeting.

## RESPONSIBILITY STATEMENT

Regarding the Affirmation pursuant to Section 315 (1)(6) of the German Commercial Code (HGB) (Responsibility Statement/Bilanzzeit), please refer to the Notes.

Herzogenaurach, February 4, 2013

## MANAGING DIRECTORS

**KOCH CAROTI LÄMMERMANN**

31 DECEMBER 2012

**CONSOLIDATED  
FINANCIAL STATEMENTS**

PUMA SE

INTERNATIONAL FINANCIAL  
REPORTING STANDARDS – IFRS



# CONSOLIDATED FINANCIAL STATEMENTS

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# 8

## CHAPTER



T.1		CONSOLIDATED STATEMENT OF FINANCIAL POSITION		Notes	31.12.2012 € million	31.12.2011 € million
<b>ASSETS</b>						
Cash and cash equivalents	3	407.3	448.2			
Inventories	4	552.5	536.8			
Trade receivables	5	507.0	533.1			
Income tax receivables	22	58.1	72.6			
Other current financial assets	6	32.9	44.8			
Other current assets	7	84.8	79.0			
<b>Current assets</b>		<b>1,642.6</b>	<b>1,714.5</b>			
Deferred taxes	8	152.0	109.1			
Property, plant and equipment	9	226.8	234.9			
Intangible assets	10	463.4	452.2			
Investments in associates	11	24.0	24.8			
Other non-current financial assets	12	16.9	18.9			
Other non-current assets	12	4.5	27.4			
<b>Non-current assets</b>		<b>887.6</b>	<b>867.3</b>			
<b>Total assets</b>		<b>2,530.3</b>	<b>2,581.8</b>			

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		Notes	31.12.2012 € million	31.12.2011 € million
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Current bank liabilities	13	44.1	35.1	
Trade payables	13	376.1	431.4	
Income taxes	23	54.7	82.5	
Other current provisions	16	118.1	43.8	
Liabilities from acquisitions	17	2.6	93.6	
Other current financial liabilities	13	114.1	56.4	
Other current liabilities	13	93.8	96.4	
<b>Current liabilities</b>		<b>803.5</b>	<b>839.2</b>	
Deferred taxes	8	54.1	63.6	
Pension provisions	15	30.7	29.8	
Other non-current provisions	16	38.3	26.3	
Liabilities from acquisitions	17	3.3	6.8	
Other non-current financial liabilities	13	0.2	0.3	
Other non-current liabilities	13	2.9	10.6	
<b>Non-current liabilities</b>		<b>129.4</b>	<b>137.5</b>	
Subscribed capital	18	38.6	38.6	
Group reserves	18	223.8	281.2	
Retained earnings	18	1,357.6	1,317.3	
Treasury stock	18	-31.6	-32.6	
<b>Equity attributable to the shareholders of the parent</b>		<b>1,588.5</b>	<b>1,604.5</b>	
Non-controlling interest	18	8.9	0.7	
<b>Shareholders' equity</b>		<b>1,597.4</b>	<b>1,605.2</b>	
<b>Total liabilities and shareholders' equity</b>		<b>2,530.3</b>	<b>2,581.8</b>	

<b>T.2</b>		<b>CONSOLIDATED INCOME STATEMENT</b>		<b>2012</b>	<b>2011</b>
	Notes	€ million	€ million		
<b>Sales</b>	<b>25</b>	<b>3,270.7</b>	<b>3,009.0</b>		
Cost of sales	25	-1,691.7	-1,515.6		
<b>Gross profit</b>	<b>25</b>	<b>1,579.0</b>	<b>1,493.4</b>		
Royalty and commission income		19.2	17.6		
Other operating income and expenses	20	-1,485.0	-1,177.8		
<b>Operating income (EBIT)</b>		<b>113.2</b>	<b>333.2</b>		
Result from associated companies	21	0.6	1.1		
Financial income	21	6.9	5.2		
Financial expenses	21	-8.4	-19.1		
<b>Financial result</b>		<b>-0.9</b>	<b>-12.8</b>		
<b>Earnings before taxes (EBT)</b>		<b>112.3</b>	<b>320.4</b>		
Taxes on income	22	-32.5	-90.0		
<b>Consolidated net earnings for the year</b>		<b>79.8</b>	<b>230.4</b>		
attributable to: Non-controlling interest	18	-9.6	-0.3		
<b>attributable to: Equity holders of the parent (net earnings)</b>		<b>70.2</b>	<b>230.1</b>		
Earnings per share (€)	23	4.69	15.36		
Earnings per share (€) - diluted	23	4.69	15.36		
Weighted average shares outstanding	23	14.967	14.981		
Weighted average shares outstanding, diluted	23	14.968	14.985		

T.3

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	After tax 2012 € million	Tax impact 2012 € million	Before tax 2012 € million	After tax 2011 € million	Tax impact 2011 € million	Before tax 2011 € million
<b>Net earnings before attribution</b>	<b>79.8</b>		<b>79.8</b>	<b>230.4</b>		<b>230.4</b>
Unrecognized net actuarial gain/loss	-1.6	0.4	-1.9	-2.8	1.0	-3.8
Currency changes	-31.5	0.4	-31.9	6.4	-1.5	7.9
Cash flow hedge						
Release to the income statement	-19.8	7.0	-26.8	11.1	-5.5	16.6
Market value for cashflow hedges	-6.4	0.1	-6.5	19.8	-7.0	26.8
Share in the other comprehensive income of at equity accounted investments				0.7		0.7
<b>Other result</b>	<b>-0.7</b>		<b>-0.7</b>	<b>35.2</b>	<b>-13.0</b>	<b>48.2</b>
	<b>-59.9</b>	<b>8.0</b>	<b>-67.8</b>			
<b>Comprehensive income</b>	<b>19.9</b>	<b>8.0</b>	<b>12.0</b>	<b>265.6</b>	<b>-13.0</b>	<b>278.6</b>
attributable to: Non-controlling interest	9.4		9.4	0.4		0.4
Equity holder of the parent	10.6	8.0	2.6	265.2	-13.0	278.3



T.4	<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	Notes	<b>2012 € million</b>	<b>2011 € million</b>	Notes	<b>2012 € million</b>	<b>2011 € million</b>
<b>Operating activities</b>							
Earnings before tax (EBT)			112.3	320.4			
Adjustments for:							
Depreciation			76.1	63.4			
Non-realized currency gains/losses, net			1.1	0.3			
Result from associated companies			-0.6	-1.1			
Financial income			-4.4	-5.2			
Financial expenses			8.4	19.1			
Changes from the sale of fixed assets			-1.3	0.2			
Changes to pension accruals			-2.3	-1.5			
Other cash effected expenses/incomes			138.4	-13.9			
<b>Gross Cashflow</b>			<b>327.6</b>	<b>381.5</b>			
Changes in receivables and other current assets			-5.7	-96.7			
Changes in inventories			-24.0	-97.2			
Changes in trade payables and other current liabilities			-61.8	88.0			
Cash inflow from operating activities			236.1	275.6			
Interest paid			-6.4	-7.2			
Income taxes paid			-73.0	-141.6			
<b>Net cash from operating activities</b>			<b>156.7</b>	<b>126.8</b>			
<b>Investing activities</b>							
Payment for acquisitions			-91.7	-44.2			
Purchase of property and equipment			-81.2	-71.1			
Proceeds from sale of property and equipment			4.3	2.6			
Changes in other non-current assets			-0.8	-2.5			
Interest received			4.6	5.2			
<b>Cash outflow from investing activities</b>			<b>-164.9</b>	<b>-110.0</b>			
<b>Financing activities</b>							
Changes in non-current liabilities			-0.2	-0.3			
Changes in current bank liabilities			10.1	-5.1			
Dividend payments to equity holders of the parent			-29.9	-26.8			
Dividend payments to non-controlling interests			-1.1	0.0			
Purchase of treasury stock			0.0	-26.6			
<b>Cash outflow from financing activities</b>			<b>-21.2</b>	<b>-58.8</b>			
Exchange rate-related changes in cash flow			-11.7	10.7			
<b>Change in cash and cash equivalents</b>			<b>-41.0</b>	<b>-31.4</b>			
Cash and cash equivalents at beginning of the financial year			448.2	479.6			
<b>Cash and cash equivalents at the end of the financial year</b>			<b>407.3</b>	<b>448.2</b>			

T.5

STATEMENT OF CHANGES  
IN EQUITY

€ million

	Subscribed capital	Reserves					Retained earnings	Treasury stock	Equity before non-controlling interests	Non-controlling interests	TOTAL equity
		Capital reserve	Revenue reserves	Difference from currency conversion	Cash flow hedges	At-Equity accounted investments					
<b>Dec. 31, 2010</b>	<b>38.6</b>	<b>198.2</b>	<b>69.5</b>	<b>0.0</b>	<b>-11.1</b>	<b>0.2</b>	<b>1,114.0</b>	<b>-23.2</b>	<b>1,386.2</b>	<b>0.2</b>	<b>1,386.4</b>
Net Earnings							230.1		230.1	0.3	230.4
Actuarial gain/loss from pension commitments			-2.8						-2.8		-2.8
Currency changes/others				6.4		0.6			7.0	0.1	7.0
Release to the income statement					11.1				11.1		11.1
Market value for cashflow hedges					19.8				19.8		19.8
<b>Total comprehensive income</b>			<b>-2.8</b>	<b>6.4</b>	<b>30.9</b>	<b>0.6</b>	<b>230.1</b>		<b>265.2</b>	<b>0.4</b>	<b>265.6</b>
Dividend payment							-26.8		-26.8		-26.8
Valuation from option programs		6.5						6.5			6.5
Purchase of treasury stock								-26.6	-26.6		-26.6
Conversion of options								17.3	0.0		0.0
Changes in the group of consolidated companies		0.1							0.1	0.1	0.3
<b>Dec. 31, 2011</b>	<b>38.6</b>	<b>187.6</b>	<b>66.7</b>	<b>6.4</b>	<b>19.8</b>	<b>0.8</b>	<b>1,317.3</b>	<b>-32.6</b>	<b>1,604.5</b>	<b>0.7</b>	<b>1,605.2</b>
Net Earnings							70.2		70.2	9.6	79.8
Actuarial gain/loss from pension commitments			-1.6						-1.6		-1.6
Currency changes/others				-31.2		-0.7			-31.9	-0.2	-32.1
Release to the income statement					-19.8				-19.8		-19.8
Market value for cashflow hedges					-6.4				-6.4		-6.4
<b>Total comprehensive income</b>			<b>-1.6</b>	<b>-31.2</b>	<b>-26.2</b>	<b>-0.7</b>	<b>70.2</b>		<b>10.6</b>	<b>9.4</b>	<b>19.9</b>
Dividend payment							-29.9		-29.9	-1.1	-31.0
Valuation from option programs		3.2				0.0		3.3			3.3
Conversion of options								1.0	0.0		0.0
<b>Dec. 31, 2012</b>	<b>38.6</b>	<b>189.8</b>	<b>65.1</b>	<b>-24.9</b>	<b>-6.4</b>	<b>0.2</b>	<b>1,357.6</b>	<b>-31.6</b>	<b>1,588.5</b>	<b>8.9</b>	<b>1,597.4</b>

T.6 CHANGES IN FIXED ASSETS 2011	Purchase costs					Accumulated depreciation					Carrying amounts			
	Balance Jan. 1, 2011 € million	Currency changes and other changes	Additions/ retransfers	Changes from acquisitions	Disposals	Balance Dec. 31, 2011 € million	Balance Jan. 1, 2011 € million	Currency changes and other changes	Additions/ retransfers <sup>1)</sup>	Changes from acquisitions	Disposals	Balance Dec. 31, 2011 € million	Balance Dec. 31, 2011 € million	Balance Dec. 31, 2010 € million
	<b>PROPERTY, PLANT AND EQUIPMENT</b>													
Land, land rights and buildings including buildings on third party land	170.2	1.3	1.8		-1.0	172.3	-32.4	-0.2	-6.9		0.7	-38.8	135.5	137.8
Technical equipment and machines	7.4	-0.3	2.6			9.7	-4.1	1.0	-1.3			-4.4	5.3	3.3
Other equipment, factory and office equipment	286.2	1.8	48.4		-32.3	304.1	-196.8	-1.3	-42.6		30.2	-210.5	93.6	89.4
Payments on account and assets under construction	6.3	-0.1	-2.1		-1.5	2.6							2.5	6.3
	<b>470.0</b>	<b>2.7</b>	<b>50.7</b>		<b>-34.8</b>	<b>488.7</b>	<b>-233.3</b>	<b>-0.5</b>	<b>-50.8</b>		<b>30.9</b>	<b>-253.7</b>	<b>234.9</b>	<b>236.7</b>
<b>INTANGIBLE ASSETS</b>														
Goodwill	301.6	4.5	11.8	1.5	-0.1	319.3	-19.9	-0.2	-0.2			-20.3	299.0	281.7
Intangible fixed assets with a indefinite useful life	106.8	3.1				109.9	0.0					0.0	109.9	106.8
Other intangible fixed assets	89.8	-2.8	21.0		-3.5	104.5	-54.9	2.8	-12.3		3.2	-61.2	43.3	34.9
	<b>498.2</b>	<b>4.8</b>	<b>32.8</b>	<b>1.5</b>	<b>-3.6</b>	<b>533.7</b>	<b>-74.8</b>	<b>2.6</b>	<b>-12.5</b>		<b>3.2</b>	<b>-81.5</b>	<b>452.2</b>	<b>423.4</b>

CHANGES IN FIXED ASSETS 2012	Purchase costs					Accumulated depreciation					Carrying amounts			
	Balance Jan. 1, 2012 € million	Currency changes and other changes	Additions/ retransfers	Changes from acquisitions	Disposals	Balance Dec. 31, 2012 € million	Balance Jan. 1, 2012 € million	Currency changes and other changes	Additions/ retransfers <sup>2)</sup>	Changes from acquisitions	Disposals	Balance Dec. 31, 2012 € million	Balance Dec. 31, 2012 € million	Balance Dec. 31, 2011 € million
	<b>PROPERTY, PLANT AND EQUIPMENT</b>													
Land, land rights and buildings including buildings on third party land	172.3	-1.1	2.5		-1.6	172.1	-38.8	0.1	-8.3		1.1	-45.9	126.2	133.5
Technical equipment and machines	9.7	-0.7	2.4		-0.3	11.1	-4.4	0.3	-1.5		0.2	-5.4	5.7	5.3
Other equipment, factory and office equipment	304.1	-3.4	53.2		-43.7	310.2	-210.5	2.8	-52.8		42.4	-218.1	92.1	93.6
Payments on account and assets under construction	2.6	-2.4	3.7		-1.1	2.8	0.0						2.8	2.5
	<b>488.7</b>	<b>-7.6</b>	<b>61.8</b>		<b>-46.7</b>	<b>496.2</b>	<b>-253.7</b>	<b>3.2</b>	<b>-62.6</b>		<b>43.7</b>	<b>-269.4</b>	<b>226.8</b>	<b>234.9</b>
<b>INTANGIBLE ASSETS</b>														
Goodwill	319.3	-6.4	0.1		-3.4	309.6	-20.3	0.1				-20.2	289.4	299.0
Intangible fixed assets with a indefinite useful life	109.9	-2.1	17.6			125.4	0.0					0.0	125.4	109.9
Other intangible fixed assets	104.5	1.0	19.4		-2.7	122.2	-61.2	-1.4	-13.4		2.4	-73.6	48.6	43.3
	<b>533.7</b>	<b>-7.5</b>	<b>37.1</b>		<b>-6.1</b>	<b>557.2</b>	<b>-81.5</b>	<b>-1.3</b>	<b>-13.4</b>		<b>2.4</b>	<b>-93.8</b>	<b>463.4</b>	<b>452.2</b>

1) including impairment for fixed assets (€5.4 million) and intangible assets (€0.7 million), see chapters 9 and 10  
2) including impairment for fixed assets (€14.9 million) and intangible assets (€1.4 million), see chapters 9 and 10

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL

Under the "PUMA" brand name, PUMA SE and its subsidiaries are engaged in the development and sale of a broad range of sports and sports lifestyle products, including footwear, apparel and accessories. The company is a European stock corporation (Societas Europaea/SE) and its registered office is on PUMA WAY 1, 91074 Herzogenaurach, Germany. The competent registry court is in Fürth (Bavaria).

The consolidated financial statements of PUMA SE and its subsidiaries (hereinafter shortly referred to as the "Company" or "PUMA") were prepared in accordance with the "International Financial Reporting Standards (IFRS)" accounting standards issued by the International Accounting Standards Board (IASB), as they are to be applied in the EU, and the supplementary accounting principles to be applied in accordance with Section 315a (1) of the German Commercial Code (Handelsgesetzbuch, HGB). The IASB standards and interpretations, as they are to be applied in the EU, which are mandatory for financial years as of January 1, 2012 have been applied.

In order to provide a more reliable and relevant disclosure of information to the users of financial statements, liabilities from income taxes and tax provisions were summarized under income taxes. The amounts from the previous of €12.3 million and €70.3 million were summarized accordingly.

The following new and amended standards and interpretations have been used for the first time in the current financial year:

T.7	Standard	Title
<b>First time adoption in the current financial year</b> Amendment IAS 12 Amendment IFRS 1 Amendment IFRS 7		Deferred tax: recovery of underlying assets
		Severe hyperinflation and removal of fixed dates
		Financial instruments: disclosures

The standards and interpretations used for the first time as of January 1, 2012 did not have any effect on the consolidated financial statements.

The following standards and interpretations have been released, but will only take effect in later reporting periods and are not applied earlier by the company:

T.8	Standard	Title	Date of first-time adoption*	Planned adoption*
<b>Endorsed</b>				
	Amendment IAS 1	Presentation of items of other comprehensive income	01.07.2012	01.01.2013
	Amendment IAS 19	Changes regarding defined benefit plans	01.01.2013	01.01.2013
	Amendment IAS 27	Separate financial statements	01.01.2014	01.01.2014
	Amendment IAS 28	Investments in associates	01.01.2014	01.01.2014
	Amendment IAS 32	Financial instruments: presentation - offsetting	01.01.2014	01.01.2014
	Amendment IFRS 7	Financial instruments: disclosures - offsetting	01.01.2013	01.01.2013
	IFRS 10	Consolidated financial statements	01.01.2014	01.01.2014
	IFRS 11	Joint agreements	01.01.2014	01.01.2014
	IFRS 12	Disclosure of interests in other entities	01.01.2014	01.01.2014
	IFRS 13	Fair value measurement	01.01.2013	01.01.2013
	Improvements to IFRS (May 2012)		01.01.2013	01.01.2013
	IFRIC 20	Stripping costs in the production phase of a mine	01.01.2013	01.01.2013
<b>Endorsement pending</b>				
	Amendment IFRS 1	Government loans	01.01.2013	01.01.2013
	IFRS 9	Financial instruments	01.01.2015	01.01.2015

\* Adjusted by EU endorsement, if applicable

No assessment can yet be undertaken with respect to the effects of the first-time application of IFRS 9 and IFRS 13 as detailed analyses are still being presently conducted. The company does not anticipate the remaining standards mentioned above to have a significant impact on accounting.

The preparation of the consolidated financial statements was based on historical acquisition and manufacturing costs, with the exception of the profit or loss assessment of financial assets and liabilities at fair value.

The items contained in the financial statements of the individual Group companies are measured based on the currency that corresponds to the currency of the primary economic environment in which the company operates. The consolidated financial statements are prepared in Euros (EUR or €). Amounts being shown in millions of Euros with one decimal place may lead to rounding differences since the calculation of individual items is based on figures presented in thousands.

The cost of sales method is used for the income statement.

## 2.SIGNIFICANT CONSOLIDATION, ACCOUNTING AND VALUATION PRINCIPLES

**CONSOLIDATION PRINCIPLES** The consolidated financial statements were prepared as of December 31, 2012, the reporting date of the annual financial statements of the PUMA SE parent company, on the basis of uniform accounting and valuation principles according to IFRS, as applied in the EU.

The capital consolidation of the subsidiaries acquired after January 1, 2005 is based on the acquisition method. Upon initial consolidation, the assets, debts and contingent liabilities that can be identified as part of a business combination are stated at their fair value as of the acquisition date, regardless of the non-controlling interests (previously referred to as minority interest). At the time of the acquisition, there is a separately exercisable right to vote on whether the interests of the non-controlling shareholders are valued at fair value or at proportional net asset value.

The surplus of the acquisition costs arising from the purchase that exceeds the Group's share in the net assets stated at fair value is reported as goodwill. If the acquisition costs are lower than the amount of the net assets stated at fair value, the difference is reported directly in the income statement.

Pursuant to the contractual arrangement with the "joint venture partners", PUMA is the beneficial owner of some controlling interests. The companies are fully included in the consolidated financial statements and, therefore, non-controlling interests are not disclosed. The present value of the capital shares attributable to the non-controlling shareholders and the present value of the residual purchase prices expected due to corporate performance are included in the capital consolidation as acquisition costs for the holdings. If there are any subsequent deviations, for acquisitions before January 1, 2010, these lead to a subsequent adjustment of the acquisition costs not affecting income. For business combinations as of January 1, 2010, the costs that can be directly allocated to the acquisition as well as subsequent deviations in the present value of expected residual purchase prices are recognized in the income statement pursuant to the application of the amended IFRS 3 R.

With respect to the remaining controlling interests, losses attributable to non-controlling interests are allocated to the latter even if this results in a negative balance in non-controlling interests.

Receivables within the Group are offset against internal liabilities. As a general rule, any set-off differences arising from exchange rate fluctuations are recognized in the income statement to the extent that they accrued during the reporting period. If receivables and liabilities are long-term and capital-replacing in nature, the currency difference is recognized directly in equity.

In the course of the expense and income consolidation, intercompany sales and intra-group income are generally offset against the expenses attributable to them. Interim profits not yet realized within the Group as well as intra-group investment income are eliminated by crediting them in the income statement.

**GROUP OF CONSOLIDATED COMPANIES** In addition to PUMA SE, all subsidiaries in which PUMA SE holds, directly or indirectly, the majority of the voting rights or whose financial and business policies are controlled by the Group are fully consolidated in the consolidated financial statements. Associated companies are accounted for in the Group using the equity method. The changes in the number of Group companies were as follows:

T.9	
<b>2011</b>	<b>115</b>
Formation of companies	5
Disposal of companies	3
<b>2012</b>	<b>117</b>

The following changes occurred within the group of consolidated companies in financial year 2012:

The group of consolidated companies was further extended by the formation of the companies PUMA Sport Israel Ltd., PUMA Retail Peru S.A.C., Dobotex de Mexico SA de C.V., Brandon HongKong Ltd. and World Cat Vietnam Sourcing & Development Services Co. Ltd.

Disposals in the group of consolidated companies concern the companies Brandon Stockholm AB and Brandon Logistics AB, which were merged with Brandon Company AB as well as the disposal of Dobo Cat Ltd.

The group of consolidated companies has been adjusted accordingly. These changes in the group of consolidated companies did not have a significant effect on the net assets, financial position and results of operations.

PUMA Vertrieb GmbH, PUMA Avanti GmbH, PUMA Mostro GmbH and PUMA Sprint GmbH have made use of the exemption under Section 264 (3) of the HGB.

T.10

The Group companies are allocated to regions as follows:

as of December 31st 2012

No.	Companies/Legal Entities			Share- holder	Share in capital
<b>- parent company -</b>					
1.	PUMA SE	Germany	Herzogenaurach		
<b>EMEA</b>					
2.	Austria PUMA Dassler Ges. m.b.H.	Austria	Salzburg	direct	100%
3.	Dobotex Austria GmbH	Austria	Salzburg	indirect	100%
4.	Wilderness Holdings Ltd.	Botswana	Maun	direct	20.1%
5.	PUMA Bulgaria EOOD	Bulgaria	Sofia	indirect	100%
6.	PUMA Sport Hrvatska d.o.o.	Croatia	Zagreb	indirect	100%
7.	PUMA Czech Republic s.r.o.	Czech Republic	Prag	indirect	100%
8.	PUMA Denmark A/S	Denmark	Skanderborg	indirect	100%
9.	PUMA Estonia OU	Estonia	Talin	indirect	100%
10.	PUMA Finland Oy	Finland	Espoo	indirect	100%
11.	Tretorn Finland Oy	Finland	Espoo	indirect	100%
12.	Brandon Oy	Finland	Helsinki	indirect	100%
13.	PUMA FRANCE SAS	France	Illkirch	indirect	100%
14.	PUMA Speedcat SAS	France	Illkirch	indirect	100%
15.	Dobotex France SAS	France	Paris	indirect	100%
16.	PUMA Vertrieb GmbH	Germany	Herzogenaurach	direct	100%
17.	PUMA Sprint GmbH	Germany	Herzogenaurach	direct	100%
18.	PUMA Avanti GmbH	Germany	Herzogenaurach	indirect	100%
19.	PUMA Mostro GmbH	Germany	Herzogenaurach	indirect	100%
20.	Premier Flug GmbH&Co. KG	Germany	Reichenschwand	direct	37.5%
21.	Brandon Germany GmbH	Germany	Herzogenaurach	indirect	100%
22.	Dobotex Deutschland GmbH	Germany	Düsseldorf	indirect	100%
23.	PUMA UNITED KINGDOM LTD	Great Britain	Leatherhead	indirect	100%
24.	PUMA Premier Ltd	Great Britain	Leatherhead	indirect	100%
25.	Dobotex UK Ltd	Great Britain	Manchester	indirect	100%
26.	Brandon Merchandising UK Ltd	Great Britain	London	indirect	100%
27.	PUMA Hellas S.A.	Greece	Athens	direct	100% 1)
28.	PUMA Cyprus Ltd.	Cyprus	Nicosia	direct	100% 1)
29.	PUMA Hungary Kft.	Hungary	Budapest	indirect	100%
30.	Tretorn R&D Ltd.	Ireland	Dublin	indirect	100%
31.	PUMA Italia S.r.l.	Italy	Milan	indirect	100%
32.	Dobotex Italia S.r.l.	Italy	Milano	indirect	100%
33.	PUMA Sport Israel Ltd.	Israel	Hertzeliya	indirect	100%
34.	PUMA Baltic UAB	Lithuania	Vilnius	indirect	100%
35.	PUMA Malta Ltd	Malta	St.Julians	indirect	100%
36.	PUMA Blue Sea Ltd	Malta	St.Julians	indirect	100%
37.	PUMA Racing Ltd	Malta	St.Julians	indirect	100%
38.	PUMA Benelux B.V.	Netherlands	Leusden	direct	100%
39.	Dobotex International BV	Netherlands	Tilburg	direct	100%
40.	Dobotex BV	Netherlands	s-Hertogenbosch	indirect	100%
41.	Dobo Logic BV	Netherlands	Tilburg	indirect	100%
42.	Dobo NexTH BV	Netherlands	s-Hertogenbosch	indirect	100%
43.	PUMA Norway AS	Norway	Oslo	indirect	100%
44.	Tretorn Norway AS	Norway	Oslo	indirect	100%
45.	Brandon AS	Norway	Oslo	indirect	100%
46.	PUMA Polska Spolka z.o.o.	Poland	Warsaw	indirect	100%
47.	PUMA Portugal Artigos Desportivos Lda.	Portugal	Miraflores	indirect	100%
48.	PUMA Sport Romania s.r.l.	Romania	Bucharest	indirect	100%
49.	PUMA-RUS GmbH	Russia	Moscow	indirect	100%
50.	PUMA Serbia DOO	Serbia	Belgrade	indirect	100%
51.	PUMA Slovakia s.r.o.	Slovakia	Bratislava	indirect	100%
52.	PUMA Ljubljana, trgovina, d.o.o	Slovenia	Ljubljana	indirect	100%
53.	PUMA SPORTS DISTRIBUTORS (PTY) LIMITED	South Africa	Cape Town	indirect	100%
54.	PUMA Sports S.A.	South Africa	Cape Town	indirect	100%
55.	PUMA Sports Spain S.L.	Spain	Barcelona	direct	100%
56.	Dobotex Spain S.L.	Spain	Barcelona	indirect	100%
57.	Brandon Company AB	Sweden	Gothenburg	direct	100%
58.	Brandon AB	Sweden	Gothenburg	indirect	100%
59.	2Expressions Merchandise Svenska AB	Sweden	Gothenburg	indirect	100%

60.	Brandon Services AB	Sweden	Gothenburg	indirect	100%
61.	Hunt Sport AB	Sweden	Helsingborg	indirect	100%
62.	Tretorn AB	Sweden	Helsingborg	direct	100%
63.	PUMA Nordic AB	Sweden	Helsingborg	indirect	100%
64.	Tretorn Sweden AB	Sweden	Helsingborg	indirect	100%
65.	Mount PUMA AG (Schweiz)	Switzerland	Oensingen	direct	100%
66.	PUMA Retail AG	Switzerland	Oensingen	indirect	100%
67.	PUMA Schweiz AG	Switzerland	Oensingen	indirect	100%
68.	Dobotex Switzerland AG	Switzerland	Oensingen	indirect	100%
69.	PUMA Spor Giyim Sananyi ve Ticaret A.S.	Turkey	Istanbul	indirect	100%
70.	PUMA Ukraine Ltd.	Ukraine	Kiew	indirect	100%
71.	PUMA Middle East FZ LLC	United Arab Emirates	Dubai	indirect	100%
72.	PUMA UAE LLC	United Arab Emirates	Dubai	indirect	100% 1)
<b>Americas</b>					
73.	Unisol S.A.	Argentina	Buenos Aires	direct	100%
74.	PUMA Sports Ltda.	Brazil	Sao Paulo	indirect	100%
75.	PUMA Canada, Inc.	Canada	Montreal	indirect	100%
76.	PUMA CHILE S.A.	Chile	Santiago	direct	100%
77.	PUMA SERVICIOS SPA	Chile	Santiago	indirect	100%
78.	PUMA Mexico Sport S.A. de C.V.	Mexico	Mexico City	direct	100%
79.	Servicios Profesionales RDS S.A. de C.V.	Mexico	Mexico City	indirect	100%
80.	Importaciones RDS S.A. de C.V.	Mexico	Mexico City	direct	100%
81.	Dobotex de Mexico SA de C.V.	Mexico	Mexico City	indirect	100%
82.	Distruibuidora Deportiva PUMA S.A.C.	Peru	Lima	indirect	100%
83.	Distribuidora Deportiva PUMA Tacna S.A.C	Peru	Tacna	indirect	100%
84.	PUMA Retail Peru S.A.C	Peru	Lima	indirect	100%
85.	PUMA Sports LA S.A.	Uruguay	Montevideo	direct	100%
86.	PUMA Suede Holding, Inc.	USA	Westford	indirect	100%
87.	PUMA North America, Inc.	USA	Westford	indirect	100%
88.	Brandon USA, Inc.	USA	Chicago	indirect	100%
89.	Cobra Golf Inc.	USA	Carlsbad	indirect	100%

90.	PUMA Wheat Accessories, Ltd	USA	San Diego	indirect	51%
91.	Janed LLC	USA	New York	indirect	51%
<b>Asia/Pacific</b>					
92.	PUMA Australia Pty. Ltd.	Australia	Moorabbin	indirect	100%
93.	White Diamond Australia Pty. Ltd.	Australia	Moorabbin	indirect	100%
94.	White Diamond Properties	Australia	Moorabbin	indirect	100%
95.	Kalola Pty Ltd.	Australia	Moorabbin	indirect	100%
96.	Liberty China Holding Ltd	British Virgin Islands		indirect	100%
97.	PUMA China Ltd	China	Shanghai	indirect	100%
98.	Dobotex China Ltd.	China	Shanghai	indirect	100%
99.	Guangzhou World Cat Information Consulting Services Co., Ltd	China	Guangzhou	indirect	100%
100.	World Cat Ltd.	China	Hongkong	direct	100%
101.	Development Services Ltd.	China	Hongkong	direct	100%
102.	PUMA Asia Pacific Ltd.	China	Hongkong	direct	100%
103.	PUMA Hong Kong Ltd	China	Hongkong	indirect	100%
104.	Dobotex Ltd.	China	Hongkong	indirect	100%
105.	Brandon Hong Kong Ltd	China	Hongkong	indirect	100%
106.	PUMA Sports India Pvt Ltd.	India	Bangalore	indirect	100%
107.	PUMA India Retail Pvt Ltd.	India	Bangalore	indirect	100% 1)
108.	World Cat Sourcing India Ltd.	India	Bangalore	indirect	100%
109.	PUMA JAPAN K.K.	Japan	Tokio	indirect	100%
110.	PUMA Korea Ltd.	Korea	Seoul	direct	100%
111.	Dobotex Korea Ltd.	Korea	Seoul	indirect	100%
112.	PUMA Sports Goods Sdn. Bhd.	Malaysia	Kuala Lumpur	direct	100%
113.	PUMA New Zealand LTD	New Zealand	Auckland	indirect	100%
114.	PUMA Sports Singapore Pte. Ltd.	Singapore	Singapore	direct	100%
115.	PUMA Taiwan Sports Ltd.	Taiwan	Taipei	indirect	100% 1)
116.	World Cat Vietnam Co. Ltd.	Vietnam	Long An Province	indirect	100%
117.	World Cat Vietnam Sourcing & Development Services Co. Ltd	Vietnam	Ho Chi Minh City	indirect	100%

1) subsidiaries that are to be 100% financially allocated to the PUMA Group



**CURRENCY CONVERSION** As a general rule, monetary items in foreign currencies are converted in the individual financial statements of the Group companies at the exchange rate valid on the balance sheet date. Any resulting currency gains and losses are immediately recognized in the income statement. Non-monetary items are converted at historical acquisition and manufacturing costs.

The assets and liabilities of foreign subsidiaries, the functional currency of which is not the Euro, have been converted to Euro at the average exchange rates valid on the balance sheet date. Expenses and income have been converted at the annual average exchange rates. Any differences resulting from the currency conversion of net assets relative to exchange rates that had changed in comparison with the previous year were netted in equity capital, were adjusted against equity.

The significant conversion rates per Euro are as follows:

T.11 Currency	2012		2011	
	Reporting date exchange rate	Average exchange rate	Reporting date exchange rate	Average exchange rate
USD	1.3194	1.2854	1.2939	1.3918
HKD	10.2260	9.9711	10.0510	10.8346
JPY	113.6100	102.6091	100.2000	110.9989
GBP	0.8161	0.8110	0.8353	0.8679
CHF	1.2072	1.2053	1.2156	1.2335

**DERIVATIVE FINANCIAL INSTRUMENTS/HEDGE ACCOUNTING** Derivative financial instruments are recognized at fair value at the time a contract is entered into and thereafter. At the time when a hedging instrument is acquired, the Company classifies the derivatives as a hedge for a planned transaction (cash flow hedge).

At the time when the transaction is concluded, the hedging relationship between the hedging instrument and the underlying transaction as well as the purpose of risk management and the underlying strategy are documented. In addition, assessments as to whether the derivatives used in the hedge accounting compensate effectively for a change in the fair value or the cash flow of the underlying transaction are documented at the beginning of and continuously after the hedge accounting.

Changes in the market value of derivatives that are intended and suitable for cash flow hedges and that prove to be effective are adjusted against equity, taking into account de-

ferred taxes. If there is no complete effectiveness, the ineffective part is recognized in the income statement. The amounts recognized in equity are recognized in the income statement during the same period in which the hedged planned transaction affects the income statement. If, however, a hedged future transaction results in the recognition of a non-financial asset or a liability, gains or losses previously recorded in equity are included in the initial valuation of the acquisition costs of the respective asset or liability. The fair value of the derivative instruments used to hedge planned transactions are shown under other current financial assets or other current financial liabilities.

**LEASING** Leases are to be classified either as finance leases or operating leases in accordance with IAS 17. Leases where the Company, in its capacity as the lessee, is responsible for all significant opportunities and risks that arise from the use of the lease object are treated as finance leases. All other leases are classified as operating leases. The lease payments from operating leases are recorded as an expense over the term of the contract.

**CASH AND CASH EQUIVALENTS** Cash and cash equivalents include cash and bank balances. To the extent that bank deposits are not immediately required to finance current assets, they are invested as risk-free fixed-term deposits, presently for a term of three months. The total amount of cash and cash equivalents is consistent with the cash and cash equivalents stated in the cash flow statement.

**INVENTORIES** Inventories are valued at acquisition or manufacturing costs or at the lower net realizable values derived from the selling price on the balance sheet date. The pro-rated costs of product development are added to the acquisition or manufacturing costs of inventories. As a general rule, the acquisition cost of the merchandise is determined using the average cost method. Value adjustments are adequately recorded, depending on age, seasonality and realizable market prices, in a manner that is standard throughout the Group.

**RECEIVABLES AND OTHER ASSETS** Receivables and other assets are initially stated at fair value, taking into account transaction costs, and subsequently valued at amortized costs after deduction of value adjustments. All identifiable risks with respect to value adjustments are sufficiently accounted for in the form of individual risk assessments based on historical values.

Adjustments are conducted in principle, if after the entry record of the financial asset there are objective indications for an adjustment, which has effect on the expected future

cash flow from that financial instrument. Significant financial difficulties of a debtor, an increased probability that a creditor becomes insolvent or enters into a clean-up procedure, as well as a breach of contract, e.g. a cancellation or delay in interest or amortization payments, all count as indicators for an existing adjustment. The amount of the adjustment loss corresponds to the difference between the carrying amount and the cash value of the expected cash flows.

The non-current assets contain loans and other assets. Non-taxable non-current assets are discounted in principle at cash value if the resulting effect is significant.

**PROPERTY, PLANT AND EQUIPMENT** Property, plant and equipment are stated at acquisition costs, net of accumulated depreciation. The depreciation period depends on the expected useful life of the respective item. The straight-line method of depreciation is applied. The useful life depends on the type of the assets involved. Buildings are subject to a useful life of between ten and fifty years, and a useful life of between three to ten years is assumed for moveable assets.

Repair and maintenance costs are recorded as an expense as of the date on which they were incurred. Substantial improvements and upgrades are capitalized to the extent that the criteria for capitalization of an asset item apply.

As a general rule, lease objects, the contractual basis of which is to be classified as a finance lease are shown under property, plant and equipment; initially they are accounted for at fair value or the lower present value of the minimum lease payments and net of accumulated depreciation in subsequent accounting periods.

**GOODWILL** Goodwill resulting from a business acquisition is calculated based on the difference between the purchase price and the fair value of the acquired asset and liability items. Goodwill from acquisitions is largely attributable to the intangible infrastructure acquired and the associated opportunity to make a positive contribution to corporate value.

Goodwill amounts are allocated to the Group's cash-generating units that are expected to benefit from the synergy effects resulting from the business combination.

An impairment test of goodwill per cash-generating unit (usually the countries) is performed once a year as well as whenever there are indicators of impairment and can result in an impairment loss. There is no reversal of an impairment loss for goodwill.

**OTHER INTANGIBLE ASSETS** Acquired intangible assets largely consist of concessions, intellectual property rights and similar rights. These are valued at acquisition costs net of accumulated amortization. The useful life of intangible assets is between three and ten years. The straight-line method of amortization is applied. The item also includes acquired

trademark rights, which were assumed to have an indefinite useful life in light of the history of the brand as well as due to the fact that the brand is continued by PUMA.

**IMPAIRMENT OF ASSETS** Intangible assets with an indefinite useful life are not written down according to schedule, but are subjected to an annual impairment test. Property, plant and equipment and other intangible assets with finite useful lives are tested for impairment if there is any indication of impairment in the value of the asset concerned. In order to determine whether there is a requirement to record the impairment of an asset, the recoverable amount of the respective asset (the higher amount of the fair value less costs to sell and value in use) is compared with the carrying amount of the asset. If the recoverable amount is lower than the carrying amount, the difference is recorded as an impairment loss. The test for impairment is performed, if possible, at the level of the respective individual asset, otherwise at the level of the cash-generating unit. Goodwill, on the other hand, is tested for impairment only at the cash-generating unit level. If it is determined within the scope of the impairment test that an asset needs to be written down, then the goodwill, if any, of the cash-generating unit is written down initially and, in a second step, the remaining amount is distributed proportionately over the remaining assets. If the reason for the recorded impairment no longer applies, a reversal of impairment loss is recorded to the maximum amount of the written down cost. There is no reversal of an impairment loss for goodwill.

Impairment tests are performed using the discounted cash flow method. For the determination of the fair value less costs to sell and value in use, the expected cash flows is based on corporate planning data. Expected cash flows are discounted using an interest rate in line with market conditions.

**HOLDINGS IN ASSOCIATED COMPANIES** Associated companies represent shareholdings, over which PUMA has a significant influence, but which do not qualify as subsidiaries or joint ventures. Significant influence is generally assumed when PUMA holds, directly or indirectly, at least 20 percent, but less than 50 percent, of the voting rights.

Holdings in associated companies are accounted for using the equity method, i.e., the shares are initially recognized at their acquisition cost and are subsequently adjusted for the pro-rated changes in the Company's net assets that are attributable to PUMA. Any recognized goodwill is shown in the carrying amount of the associated company.

Within the scope of the impairment test, the carrying amount of a company valued at equity is compared with its recoverable amount provided that there is any indication that the asset has decreased in value. If the recoverable amount is lower than the carrying amount, the difference is recorded as an impairment loss. If the reasons for the previously recorded impairment no longer apply, a write-up is recognized in the income statement.

**FINANCIAL DEBT, OTHER FINANCIAL LIABILITIES AND OTHER LIABILITIES** As a general rule, these entries are recognized at its acquisition cost, taking into account transaction costs and subsequently recognized at amortized cost. Non- or low-interest bearing liabilities with a term of at least one year are recognized at present value, taking into account an interest rate in line with market conditions, and are compounded until their maturity at their repayment amount. Liabilities from finance lease agreements are recorded as of the beginning of the lease transaction at the amount of the fair value of the minimum lease amount, or at the lower present value, and are adjusted by the repayment amount of the lease instalments.

As a general rule, current financial liabilities also include those long-term loans that have a maximum residual term of up to one year.

**PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS** In addition to defined benefit plans, some companies apply defined contribution plans, which do not result in any additional pension commitment other than the current contributions. The pension provision under defined benefit plans is generally calculated using the projected unit credit method. This projected unit credit method takes into account not only pension benefits and pension rights as accrued as of the balance sheet date, but also expected future salary and pension increases. The defined benefit obligation (DBO) is calculated by discounting expected future benefit payments at the rate of return on senior, fixed-rate corporate bonds. The currencies and maturity periods of the underlying corporate bonds are consistent with the currencies and maturity periods of the obligations to be satisfied. In some of the plans, the obligation is accompanied by a plan asset. The shown pension provision is reduced by the plan asset.

Actuarial gains and losses are recorded directly in equity as of the date of their accrual. Service costs are shown in personnel costs and interest expense is shown in the financial result.

**OTHER PROVISIONS** Provisions are recognized in accordance with IAS 37 if the Group, as a result of a past event, has a current obligation and this obligation is likely to result in an outflow of resources with economic benefits, the amount of which can be reliably estimated. The provisions are recognized at their settlement value as determined on the basis of the best possible assessment and are not offset by income. Provisions are discounted if the resulting effect is significant.

Provisions are also recognized to account for onerous contracts. A contract is onerous when the unavoidable costs exceed the expected economic benefit. Provisions are recognized for restructuring measures if a detailed, formal restructuring plan was created and this was communicated to the parties concerned.

**TREASURY STOCK** Treasury stock is deducted from equity at its market price as of the date of acquisition, plus incidental acquisition costs. Pursuant to the authorization of the Annual General Meeting, treasury stock can be repurchased for any authorized purpose, including the flexible management of the Company's capital requirements.

**EQUITY COMPENSATION PLANS / MANAGEMENT INCENTIVE PROGRAM** In accordance with IFRS 2, stock-based compensation systems are recognized at fair value and recorded under personnel costs. PUMA has stock-based compensation systems in the form of stock options (SOP) involving share-based compensation.

The expenses associated with the SOP are determined from the fair value of the options as of the grant date, without taking into account the impact of non-market-oriented exercise hurdles (e.g. forfeited options if the eligible employee leaves the Company prematurely). The expense is recorded by distributing it as personnel costs over the vesting period until the options are vested and is recognized as a capital reserve. Non-market-oriented exercise hurdles are adjusted in accordance with current expectations and the assessment of expected exercisable options is reviewed on each balance sheet date. The resulting gains and losses are recognized in the income statement and recorded through a corresponding adjustment in equity over the remaining period up to the vesting date.

**RECOGNITION OF SALES REVENUES** Revenues from the sale of products (sales revenues) are recognized at the time of the transfer of the significant opportunities and risks associated with the ownership of the goods and products sold to the buyer if it is likely that the Group will derive the economic benefit from the sale. The amount of the recognized sales revenues is based on the fair value of the consideration received or to be received, taking into account returns, discounts and rebates.

**ROYALTY AND COMMISSION INCOME** Income from royalties is recognized in the income statement in accordance with the invoices to be submitted by the license holders. In certain cases, values must be estimated in order to permit accounting on an accrual basis. Commission income is invoiced to the extent that the underlying purchase transaction is deemed realized.

**ADVERTISING AND PROMOTIONAL EXPENSES** Advertising expenses are recognized in the income statement as of the date of their accrual. As a general rule, promotional expenses stretching over several years are recognized as an expense over the contractual term on an accrual basis. Any expenditure surplus resulting from this allocation of expenses after the balance sheet date are recognized in the form of an impairment of assets or a provision for anticipated losses in the respective annual financial statements.

**PRODUCT DEVELOPMENT** The Company continuously develops new products in order to meet market requirements and market changes. Intangible assets are not capitalized since the criteria set forth in IAS 38 are not satisfied.

**FINANCIAL RESULTS** The financial results include the results from associated companies as well as interest income from financial investments and interest expense from loans. Financial results also include interest expense from discounted non-current liabilities and pension provisions that are associated with acquisitions of business enterprises or arise from the valuation of pension commitments.

Exchange rate effects that can be directly allocated to an underlying transaction are shown in the respective income statement item.

**INCOME TAXES** Current income taxes are determined in accordance with the tax regulations of the respective countries where the Company conducts its operations.

**DEFERRED TAXES** Deferred taxes resulting from temporary valuation differences between the IFRS and tax balance sheets of individual Group companies and from consolidation procedures are charged to each taxable entity and shown either as deferred tax assets or deferred tax liabilities. Deferred tax assets may also include claims for tax reductions that result from the expected utilization of existing losses carried forward to subsequent years and that is sufficiently certain to materialize. Deferred tax assets or liabilities may also result from accounting treatments that do not affect net income. Deferred taxes are calculated on the basis of the tax rates that apply to the reversal in the individual countries and that are in force or adopted as of the balance sheet date.

Deferred tax assets are shown only to the extent that the respective tax advantage is likely to materialize. Value adjustments are recognized on the basis of the past earnings situation and the business expectations in the near future, if this criterion is not fulfilled.

**ASSUMPTIONS AND ESTIMATES** The preparation of the consolidated financial statements requires some assumptions and estimates that have an impact on the amount and disclosure of the recognized assets and liabilities, income and expenses, as well as contingent liabilities. The assumptions and estimates are based on premises, which in turn are based on currently available information. In individual cases, the actual values may deviate from the assumptions and estimates made. Consequently, future periods involve a risk of adjustment to the carrying amount of the assets and liabilities concerned. If the actual performance is different from the expected performance, the premises and, if necessary, the

carrying amounts of the assets and liabilities concerned will be adjusted and recognized in the income statement.

All assumptions and estimates are continuously reassessed. They are based on historical experiences and other factors, including expectations regarding future global and industry-related trends that appear reasonable under the current circumstances. Assumptions and estimates concern, in particular, goodwill, pension obligations, derivative financial instruments and deferred taxes. The most significant forward-looking assumptions and sources of estimation uncertainty as of the reporting date concerning the above-mentioned items are discussed below.

**GOODWILL** A review of the impairment of goodwill is based on the calculation of the value in use. In order to calculate the value in use, the Group must estimate the future cash flows from those cash-generating units to which the goodwill is allocated. To this end, the data used were from the three-year plan, which is based on forecasts of the overall economic development and the resulting industry-specific consumer behaviour. Another key assumption concerns the determination of an appropriate interest rate for discounting the cash flow to present value (discounted cash flow method). See paragraph 10 for further information, in particular regarding the assumptions used for the calculation.

**PENSION OBLIGATIONS** Pension obligations are determined using an actuarial calculation. This calculation is contingent on a large number of factors that are based on assumptions and estimates regarding the discount rate, the expected return on plan assets, future wage and salary increases, mortality and future pension increases. Due to the long-term nature of the commitments made, the assumptions are subject to significant uncertainties. Any change in these assumptions has an impact on the carrying amount of the pension obligations. The Group determines at the end of each year the discount rate applied to determine the present value of future payments. This discount rate is based on the interest rates of corporate bonds with the highest credit rating that are denominated in the currency in which the benefits are paid and the maturity of which correspond to that of the pension obligations. See paragraph 15 for further information, in particular regarding the parameters used for the calculation.

**DEFERRED TAXES** The recognition of deferred taxes, in particular with respect to tax losses carried forward, requires that estimates and assumptions be made concerning future tax planning strategies as well as expected date of initial recognition and the amount of future taxable income. For purposes of these estimates, the taxable income is derived from the respective corporate planning, taking into account the results of operations of ear-

lier years and the expected future business performance. Deferred tax assets on losses carried forward are recorded in the event of companies that incur a loss only if it is highly profitable that future positive income will be achieved that can be set off against these tax losses carried forward. Please see paragraph 8 for further information and detailed assumptions.

**DERIVATIVE FINANCIAL INSTRUMENTS** The assumptions used for the estimation of derivative financial instruments are based on the prevailing market conditions as of the balance sheet date and thus reflect the fair value. See paragraph 24 for further information.

### 3. CASH AND CASH EQUIVALENTS

As of December 31, 2012, the Company's cash and cash equivalents amount to €407.3 million (previous year: €448.2 million). The average effective interest rate of financial investments was 1.0% (previous year: 1.0%). There are no restrictions on disposition.

### 4. INVENTORIES

Inventories are allocated to the following main groups:

<b>T.12</b>	<b>2012</b> € million	<b>2011</b> € million
Raw materials and supplies	11.4	9.4
Finished goods and merchandise/inventory		
Footwear	181.8	169.7
Apparel	163.5	164.6
Accessories/Other	82.8	77.0
Goods in transit	113.1	116.1
<b>Total</b>	<b>552.6</b>	<b>536.8</b>

The table shows the carrying amount of the inventories net of value adjustments. Of value adjustments, which amount to €78.2 million (previous year: €83.5 million), about 74% was recorded under cost of sales in the income statement in financial year 2012 (previous year: about 73%).

The amount of inventories recorded as an expense during the period mainly includes the cost of sales shown in the consolidated income statement.

### 5. TRADE RECEIVABLES

This item consists of:

<b>T.13</b>	<b>2012</b> € million	<b>2011</b> € million
Trade receivables, gross	564.1	581.4
less value adjustments	-57.1	-48.3
<b>Trade receivables, net</b>	<b>507.0</b>	<b>533.1</b>

Allowances for trade receivables developed as follows:

<b>T.14</b>	<b>2012</b> € million	<b>2011</b> € million
<b>Status of value adjustments as of January 1</b>	<b>48.3</b>	<b>87.1</b>
Exchange rate differences	0.0	-0.3
Allocations	23.3	23.5
Reclassifications	0.0	-23.1
Utilization	-6.8	-26.9
Reversals	-7.7	-12.0
<b>Status of value adjustments as of December 31</b>	<b>57.1</b>	<b>48.3</b>

The age structure of the trade receivables is as follows:

T.15 GROSS VALUES								
2012	total	of which not written down						of which written down
		Not due	0 – 30 days	31 – 60 days	61 – 90 days	91 – 180 days	über 180 days	
€million	564.1	392.7	44.2	18.1	7.1	7.1	6.6	88.3

T.16 GROSS VALUES								
2011	total	of which not written down						of which written down
		Not due	0 – 30 days	31 – 60 days	61 – 90 days	91 – 180 days	über 180 days	
€million	581.4	413.4	42.8	23.0	6.3	8.5	4.3	83.1

With respect to trade receivables that were not written down, the Company assumes that the debtors will satisfy their payment obligations.

## 6. OTHER CURRENT FINANCIAL ASSETS

This item consists of:

T.17			2012 € million	2011 € million
Fair value of derivative financial instruments			8.4	28.7
Other financial assets			24.5	16.1
<b>Total</b>			<b>32.9</b>	<b>44.8</b>

The amount shown is due within one year. The fair value corresponds to the carrying amount.

## 7. OTHER CURRENT ASSETS

This item consists of:

T.18			2012 € million	2011 € million
Prepaid expense relating to the subsequent period			33.3	32.6
Other receivables			51.5	46.4
<b>Total</b>			<b>84.8</b>	<b>79.0</b>

The amount shown is due within one year. The fair value corresponds to the carrying amount.

Other receivables mainly include VAT receivables amounting to €21.9 million (previous year: €25.3 million).

## 8. DEFERRED TAXES

Deferred taxes relate to the items shown below:

T.19	2012 € million	2011 € million
Tax losses carried forward	53.6	31.7
Non-current assets	16.2	15.2
Current assets	33.0	40.8
Provisions and other liabilities	59.3	37.8
<b>Deferred tax assets (before netting)</b>	<b>162.0</b>	<b>125.5</b>
Non-current assets	57.6	62.4
Current assets	6.1	16.5
Provisions and other liabilities	0.5	1.1
<b>Deferred tax liabilities (before netting)</b>	<b>64.1</b>	<b>80.0</b>
<b>Deferred tax assets, net</b>	<b>97.9</b>	<b>45.5</b>

Of the deferred tax assets, €87.7 million (previous year: €82.7 million) and of the deferred tax liabilities €6.0 million (previous year: €16.0 million) are current assets.

As of December 31, 2012, tax losses carried forward amounted to a total of €334.1 million (previous year: €234.2 million). This results in a deferred tax asset of €87.2 million (previous year: €57.8 million). Deferred tax liabilities were recognized for these items in the amount at which the associated tax advantages are likely to be realized in the form of future profits for income tax purposes. Accordingly, deferred tax receivables were not recognized for tax losses carried forward amounting to €33.6 million (previous year: €26.1 million). These are non-forfeitable. In addition, no deferred taxes were recognized for deductible temporary differences amounting to €13.0 million (previous year: €15.7 million).

Deferred tax liabilities for withholding taxes from possible dividends on retained earnings of subsidiaries that serve to cover the financing needs of the respective company were not accumulated, since it is most likely that such temporary differences will not be cleared in foreseeable time.

Deferred tax assets and liabilities are netted if they relate to a taxable entity and can in fact be netted. Accordingly, they are shown in the balance sheet as follows:

T.20	2012 € million	2011 € million
Deferred tax assets	152.0	109.1
Deferred tax liabilities	54.1	63.6
<b>Deferred tax assets, net</b>	<b>97.9</b>	<b>45.5</b>

The changes in deferred tax assets were as follows:

T.21	2012 € million	2011 € million
Deferred tax assets, previous year	109.1	96.5
Recognition in the income statement	37.4	17.3
Adjustment against other comprehensive income	5.5	-4.7
<b>Deferred tax assets</b>	<b>152.0</b>	<b>109.1</b>

The changes in deferred tax liabilities were as follows:

T.22	2012 € million	2011 € million
Deferred tax liabilities, previous year	63.6	50.7
Recognition in the income statement	-7.0	4.6
Adjustment against other comprehensive income	-2.5	8.3
<b>Deferred tax liabilities</b>	<b>54.1</b>	<b>63.6</b>

## 9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at their carrying amount consist of:

T.23	2012 € million	2011 € million
Land and buildings, including buildings on third-party land	126.2	133.5
Technical equipment and machinery	5.7	5.3
Other equipment, factory and office equipment	92.1	93.6
Assets under constructions	2.8	2.5
<b>Total</b>	<b>226.8</b>	<b>234.9</b>

The carrying amount of property, plant and equipment is derived from the acquisition costs. Accumulated depreciation of property, plant and equipment amounted to €269.4 million (previous year: €253.7 million).

Property, plant and equipment include lease assets (finance lease) in the amount of €0.7 million (previous year: €0.9 million).

The changes in property, plant and equipment in financial year 2012 are shown in "Changes in Fixed Assets". Impairment expenses that exceed current depreciation during the reporting year are included in the amount of €14.9 million (previous year: €5.4 million), mainly as a result of the optimization of the portfolio of the own operated retail businesses as part of the transformation and cost reduction program.

## 10. INTANGIBLE ASSETS

This item mainly includes goodwill, intangible assets with indefinite useful lives and assets associated with the Company's own retail activities.

Goodwill and intangible assets with indefinite useful lives are not amortized according to schedule. An impairment test was performed in the past financial year using the discounted cash flow method, using data from the respective three-year plan. The recoverable amount was determined on the basis of the value in use. This did not result in an impairment loss.

The changes in intangible assets in financial year 2012 are shown in "Changes in Fixed Assets". Other intangible assets include advance payments in the amount of €19.8 million (previous year: €11.5 million).

The addition to other intangible assets with an indefinite useful life during the reporting year relates to the capitalization of the acquired PUMA trademark rights in Spain in connection with the termination of the arbitration proceedings with the former Spanish license holder. This item also includes the Cobra Golf trademark. The "Cobra" trademark with a carrying amount of €107.8 million (previous year: €109.9 million) is allocated to the cash-generating unit "CPG – Cobra PUMA Golf" within the central units.

Goodwill is allocated to the Group's identifiable cash-generating units (CGUs) according to the country where the activity is carried out. Summarized by regions, goodwill is allocated as follows:

T.24	2012 € million	2011 € million
EMEA	155.2	157.3
America	42.0	41.7
Asia/Pacific	92.2	100.0
<b>Total</b>	<b>289.4</b>	<b>299.0</b>



Assumptions used in conducting the impairment test in 2012:

T.25	EMEA	America	Asia/Pacific
Tax rate (range)	20.0% – 28.0%	18.5% – 39.5%	17.0% – 30.0%
WACC before tax (range)	9.4% – 17.2%	9.8% – 33.7%	9.6% – 13.3%
WACC after tax (range)	7.6% – 13.5%	7.8% – 22.6%	6.8% – 10.6%
Growth rate	3%	3%	3%

A growth rate of less than 3% was used in justified exceptional cases.

Sensitivity analyses related to the performed impairment tests indicate that neither a 1% increase in the discount rate (WACC - “weighted average capital costs”), nor a 1% decrease of the growth rate have effect on the impairment of goodwill. However, the same sensitivity analysis with respect to Intangible Assets with an indefinite useful life yields with an impairment indication in the amount of € 14.8 million (previous year: € 0.0 million). The sensitivity analysis with a 1% increase in the discount rate and the sensitivity analysis with a 1% reduction of the growth rate do not show any indication of impairment.

The following table contains the assumptions for the performance of the impairment test in 2011:

T.26	EMEA	America	Asia/Pacific
Tax rate (range)	20.0%-28.0%	17.0%-40.0%	17.0%-40.7%
WACC before tax (range)	7.3%-14.9%	8.6%-24.6%	8.4%-12.1%
WACC after tax (range)	6.1%-12.2%	6.9%-16.5%	5.1%-11.2%
Growth rate	3%	3%	3%

## 11. HOLDINGS IN ASSOCIATED COMPANIES

The 20.1% interest in Wilderness Holdings Ltd. is shown under holdings in associated companies. As of December 31, 2012, the carrying amount of the shares amounts to € 24.0 million (previous year: € 24.8 million). The market value of the shares amounts to € 9.6 million (previous year: € 19.9 million). The Company’s multiannual plan reveals that the carrying amount of the shares is covered by the value in use.

The following overview shows the aggregated benchmark data of the associated companies recognized at equity. The values represent the values based on the entire company and do not relate to the shares attributable to the PUMA Group.

T.27	2012 € million	2011 € million
Total assets	81.8	81.9
Total liabilities	46.5	43.2
Equity	35.3	38.7
<b>Sales revenues</b>	<b>120.3</b>	<b>86.2</b>
<b>Group earnings</b>	<b>3.0</b>	<b>3.2</b>

PUMA’s share of the Group earnings of Wilderness Holdings Ltd. amounts to € 0.6 million (previous year: € 0.6 million).

The balance sheet date of Wilderness Holdings Ltd. is February 28, 2013. The information on total assets, total liabilities and equity stated above relate to the Company’s financial information as of December 31.

## 12. OTHER NON-CURRENT ASSETS

Other non-current financial and non-financial assets consist of:

T.28	2012 € million	2011 € million
Other loans	0.8	1.9
Other financial assets	16.1	17.0
<b>Sum of other non-current financial assets</b>	<b>16.9</b>	<b>18.9</b>
Other non-current non-financial assets	4.5	27.4
<b>Other Non-Current Assets, total</b>	<b>21.4</b>	<b>46.3</b>

Other financial assets mainly include rental deposits in the amount of € 15.8 million (previous year: € 16.7 million).

In financial year 2012, there were no indicators of impairment of other non-current assets.

### 13. LIABILITIES

The residual terms of liabilities are as follows:

	2012				2011			
	Total € million	Residual term of			Total € million	Residual term of		
		up to 1 year € million	1 to 5 years € million	over 5 years € million		up to 1 year € million	1 to 5 years € million	over 5 years € million
<b>Current liabilities to banks</b>	<b>44.1</b>	44.1			<b>35.1</b>	35.1		
<b>Trade Payables</b>	<b>376.1</b>	376.1			<b>431.4</b>	431.4		
<b>Liabilities from Acquisition of business enterprises</b>	<b>5.9</b>	2.6	3.3		<b>100.4</b>	93.6	6.8	
<b>Other liabilities</b>								
Liabilities from other taxes	<b>33.3</b>	33.3			<b>25.3</b>	25.3		
Liabilities relating to social security	<b>5.8</b>	5.8			<b>5.0</b>	5.0		
Liabilities to employees	<b>44.5</b>	44.5			<b>50.8</b>	50.8		
Liabilities from the market valuation of forward exchange transactions	<b>16.1</b>	16.1			<b>2.2</b>	2.2		
Liabilities from leases	<b>0.2</b>	0.2			<b>0.3</b>	0.3		
Other liabilities	<b>111.1</b>	108.0	3.1		<b>80.0</b>	69.1	10.9	
<b>Total</b>	<b>637.1</b>	630.7	6.4	0.0	<b>730.5</b>	712.8	17.7	0.0

The PUMA Group has confirmed credit facilities amounting to a total of €347.9 million (previous year: €353.6 million). Of value adjustments, which amount to €44.1 million (previous year: €35.1 million) and guaranteed credit in the amount of €35.5 million (previous year: €31.5 million), the non-utilized credit facilities amounted to €268.3 million as of December 31, 2012 compared to €287.0 million in the previous year.

The effective interest rate of the financial liabilities ranged between 0.8% - 13.0% (previous year: 1.5% - 13.3%).

The table below shows the cash flows of the original financial liabilities and of the derivative financial instruments with a positive and negative fair value: Liabilities to banks can be repaid at any time.

T.30 CASH FLOWS FROM NON-DERIVATIVE FINANCIAL LIABILITIES	Carrying amount 2012 € million	Cash flow 2013		Cash flow 2014		Cash flow 2015 et seqq.	
		Interest € million	Repayment € million	Interest € million	Repayment € million	Interest € million	Repayment € million
<b>Non-derivative financial liabilities</b>							
Liabilities to banks	44.1	1.2	44.1				
Trade Payables	376.1		376.1				
Liabilities from finance leases	0.2		0.2				
Purchase price liabilities	5.9		2.6		0.7		2.8
Other liabilities	98.0		98.0				
<b>Derivative financial liabilities and assets</b>							
Forward exchange transactions with cash flow hedges - inflow			626.1				
Forward exchange transactions with cash flow hedges - outflow			666.3				

The following values were determined in the previous year:

T.31 CASH FLOWS FROM NON-DERIVATIVE FINANCIAL LIABILITIES	Carrying amount 2011 € million	Cash flow 2012		Cash flow 2013		Cash flow 2014 et seqq.	
		Interest € million	Repayment € million	Interest € million	Repayment € million	Interest € million	Repayment € million
<b>Non-derivative financial liabilities</b>							
Liabilities to banks	35.1	1.4	35.1				
Trade Payables	431.4		431.4				
Liabilities from finance leases	0.3				0.2		0.1
Purchase price liabilities	100.4		93.6		1.9		5.2
Other liabilities	54.1		54.1				
<b>Derivative financial liabilities and assets</b>							
Forward exchange transactions with cash flow hedges - inflow			632.6				
Forward exchange transactions with cash flow hedges - outflow			617.6				

## 14. ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

T.32	Measurement Categories Under IAS 39	Carrying amount 2012	Fair Value 2012	Carrying amount 2011	Fair Value 2011
		€ million	€ million	€ million	€ million
<b>Assets</b>					
Cash and Cash Equivalents	<sup>11</sup> LAR	407.3	407.3	448.2	448.2
Trade receivables	LAR	507.0	507.0	533.1	533.1
Other current financial assets	LAR	24.5	24.5	16.1	16.1
Derivatives with hedging relationship (Fair Value)	n.a.	8.0	8.0	27.2	27.2
Derivatives without hedging relationship (Fair Value)	n.a.	0.4	0.4	1.5	1.5
Loans	LAR	0.8	0.8	1.9	1.9
Other non-current financial assets	LAR	16.1	16.1	17.0	17.0
<b>Liabilities</b>					
Liabilities to banks	<sup>21</sup> OL	44.1	44.1	35.1	35.1
Trade payables	OL	376.1	376.1	431.4	431.4
Purchase price liabilities	OL	5.9	5.9	100.4	100.4
Liabilities from leases	n.a.	0.2	0.2	0.3	0.3
Other financial liabilities.	OL	98.0	98.0	54.1	54.1
Derivatives with hedging relationship (Fair Value)	n.a.	13.3	13.3	1.9	1.9
Derivatives without hedging relationship (Fair Value)	n.a.	2.8	2.8	0.3	0.3
<b>Total LAR</b>		<b>955.7</b>	<b>955.7</b>	<b>1.016.3</b>	<b>1.016.3</b>
<b>Total OL</b>		<b>524.1</b>	<b>524.1</b>	<b>621.0</b>	<b>621.0</b>

<sup>11</sup> LAR: Loans and Receivables; <sup>21</sup> OL: Other Liabilities

Financial instruments that are measured at market value in the balance sheet were determined using the following hierarchy:

- Level 1: Use of prices quoted on active markets for identical assets or liabilities.  
 Level 2: Use of input factors that do not involve the quoted prices stated under Level 1, but can be observed for the asset or liability either directly (i.e., as price) or indirectly (i.e., derivation of prices).  
 Level 3: Use of factors for the valuation of the asset or liability that are based on non-observable market data.

The market value of derivative assets or liabilities was determined on the basis of Level 2. Cash and cash equivalents, trade receivables and other assets have a short residual maturity. Accordingly, as of the reporting date the carrying amount approximates fair value. Receivables are stated at nominal value, taking into account deductions for default risk. Accordingly, as of the reporting date the carrying amount approximates fair value. The fair value of other financial assets corresponds to their present value, taking into account prevailing market interest rates. Other financial assets include € 18.6 million (previous year: € 18.2 million) that were pledged as rental deposits. Liabilities to banks can be terminated at any time and, thus, have a short maturity. Accordingly, as of the reporting date the carrying amount approximates fair value. Trade payables have a short residual maturity. The recognized values approximate fair value. Pursuant to the contracts entered into, purchase price liabilities associated with acquisitions of business enterprises lead to prorated payments. The resulting nominal amounts were discounted at a reasonable market interest rate, depending on the expected date of payment. As of the end of the financial year the market interest rate only affects one company and is 2.3% (previous year: between 2.3% and 3.4%). The fair value of other financial liabilities is determined based on the present value, taking into account the prevailing interest rate parameters. The fair value of derivatives with hedging relationships as of the balance sheet date is determined taking into account the prevailing market parameters. The discounted result of the comparison of the forward price on the reporting date with the forward price on the valuation date is included in the measurement.

Net income by measurement categories:

T.33	2012 € million	2011 € million
Loans and receivables (LAR)	-10.7	-6.4
Other liabilities (OL)	-4.0	-14.4
Derivatives without hedging relationship	-1.7	+1.2
<b>Total</b>	<b>-15.4</b>	<b>-19.6</b>

The net income was determined by taking into account interest rates, currency exchange effects, impairment losses as well as gains and losses from sales.

General administrative expenses include write-downs of receivables.

## 15. PENSION PROVISIONS

Pension provisions result from employees' claims for benefits, which are based on the statutory or contractual regulations applicable in the respective country, in the event of invalidity, death or when a certain retirement age has been reached.

The obligations of PUMA SE rely exclusively on the contractual provisions. The general pension regulations of PUMA SE for new hires up to December 31, 1995 basically provide for pension payments of a maximum amount of € 127.82 per month and per eligible employee. This pension plan is closed. In addition, PUMA SE provides individual commitments (fixed sums in different amounts) as well as contribution-based individual commitments (in part from salary conversion). The contribution-based individual commitments are insured plans. The scope of the obligations attributable to domestic pension claims (PUMA SE) amounts to € 24.8 million (previous year: € 22.8 million) and thus accounts for 35.7% (previous year: 35.4%) of the total obligation. The fair value of the plan assets relative to domestic obligations amounts to € 9.6 million (previous year: € 8.7 million). The pension provision amounts to € 15.2 million (previous year: € 14.1 million).

The defined benefit plan in the UK is not available for new hires. This defined benefit plan includes salary and length of service-based commitments to provide old age, invalidity and surviving dependents' retirement benefits. Partial capitalization of the old-age pension is permitted. The obligations regarding pension claims under the defined benefit plan in the UK amount to € 28.8 million (previous year: € 26.0 million) and thus accounts for 41.5% (previous year: 40.4 %) of the total obligation. The obligation is covered by assets amounting to € 25.0 million (previous year: € 22.3 million). The provision amounts to € 3.8 million (previous year: € 3.7 million).

The changes in the present value of pension claims are as follows:

T.34	2012 € million	2011 € million
<b>Present value of pension claims January 1</b>	<b>64.4</b>	<b>56.4</b>
Cost of the claims earned in the reporting year	2.6	3.9
Interest expense	2.6	2.4
Employee contributions	0.5	0.5
Actuarial (gains) and losses	3.0	4.2
Currency exchange effects	0.9	0.9
Benefits paid	-3.5	-1.9
Past service costs	-0.9	-0.8
Effects from transfers	0.0	0.3
Effects from plan reductions	-0.2	-1.5
Effects from settlements	0.0	0.0
<b>Present value of pension claims December 31</b>	<b>69.4</b>	<b>64.4</b>

The changes in the plan assets are as follows:

<b>T.35</b>	<b>2012</b> € million	<b>2011</b> € million
<b>Plan asset January 1</b>	<b>34.6</b>	<b>30.4</b>
Expected return on plan assets	1.6	1.3
Actuarial gains and (losses)	1.1	0.4
Employer contributions	1.8	2.0
Employee contributions	0.5	0.5
Currency exchange effects	0.6	0.6
Benefits paid	-1.5	-0.7
Effects from transfers	0.0	0.1
Effects from settlements	0.0	0.0
<b>Plan assets December 31</b>	<b>38.7</b>	<b>34.6</b>

The changes in pension provisions are as follows:

<b>T.37</b>	<b>2012</b> € million	<b>2011</b> € million
<b>Pension provision January 1</b>	<b>29.8</b>	<b>26.0</b>
Pension expense	2.5	2.7
Actuarial (gains) and losses recorded in equity	1.9	3.8
Employer contributions	-1.8	-2.0
Direct pension payments made by the employer	-2.0	-1.2
Transfers	0.0	0.2
Currency exchange differences	0.3	0.3
<b>Pension provision December 31</b>	<b>30.7</b>	<b>29.8</b>
of which assets	0.0	0.0
of which liabilities	30.7	29.8

The pension provision for the Group is derived as follows:

<b>T.36</b>	<b>2012</b> € million	<b>2011</b> € million
Present value of pension claims from wholly or partially funded plans	60.8	54.6
Fair value of plan assets	-38.7	-34.6
<b>Shortfall / (surplus)</b>	<b>22.1</b>	<b>20.0</b>
<b>Present value of pension plans from unfunded plans</b>	<b>8.6</b>	<b>9.8</b>
Non-recorded historical costs	0.0	0.0
Amounts not recorded due to the maximum limit applicable to assets	0.0	0.0
<b>Pension provision December 31</b>	<b>30.7</b>	<b>29.8</b>

The expenses in financial year 2012 are structured as follows:

<b>T.38</b>	<b>2012</b> € million	<b>2011</b> € million
Cost of the claims earned in the reporting year	2.6	3.9
Interest expense	2.6	2.4
Expected return on plan assets	-1.6	-1.3
Expense from plan changes	-0.9	-0.8
Expense from plan reductions or settlements	-0.2	-1.5
<b>Expenses for defined benefit plans</b>	<b>2.5</b>	<b>2.7</b>
<b>Paid contributions for defined contribution plans</b>	<b>9.4</b>	<b>8.1</b>
<b>Total expenses for old-age pension</b>	<b>11.9</b>	<b>10.8</b>
of which personnel costs	10.9	9.7
of which financial costs	1.0	1.1

In 2012, benefits paid amounted to €3.5 million (previous year: €1.9 million). Payments in the amount of €1.9 million are expected in 2013. Of this amount, €1.2 million are expected to be paid directly by the employer. In 2012, contributions to external plan assets amounted to €1.8 million (previous year: €2.0 million). Contributions in 2013 are expected to amount to €1.5 million.

Actuarial gains and losses recorded in equity:

T.39	2012 € million	2011 € million
Actuarial (gains) and losses in the financial year	1.9	3.8
<b>Total expenses directly recognized in equity in the financial year</b>	<b>1.9</b>	3.8
Expenses recognized in equity in previous years	11.8	7.7
Currency exchange differences	0.3	<b>0.3</b>
<b>Accumulated expenses recognized in equity</b>	<b>14.0</b>	<b>11.8</b>

Plan asset classes:

T.40	2012 € million	2011 € million
Stocks	6.8	5.7
Bonds	10.6	16.0
Hedge funds	0.2	0.1
Derivatives	7.8	0.0
Real estate	3.1	2.8
Insurance	9.7	8.8
Other	0.5	1.2
<b>Total plan assets</b>	<b>38.7</b>	<b>34.6</b>

Plan assets do not include the Group's own financial instruments. In 2012, the actual return on plan assets amounted to €2.7 million (previous year: €1.7 million).

The expected return on external plan assets is determined separately for each asset class based on capital market research and return forecasts. Insurance contracts account for 25.1% of the plan assets. The determination of the expected return on plan assets was based on the published or expected return of the insurance company concerned.

The following assumptions were used to determine pension obligations and pension expenses:

T.41	2012	2011
Discount rate	3.72%	4.27%
Future pension increases	2.05%	2.07%
Future salary increases	3.59%	4.08%
Expected return on external plan assets	4.51%	4.64%

The indicated values are weighted average values. A standard interest rate of 3.5% (previous year: 4.5%) was applied for the Euro zone.

The pension provisions of PUMA SE were determined using the Klaus Heubeck "2005 G" mortality tables.

Obligations, assets and cover ratio

T.42	2012 € million	2011 € million	2010 € million	2009* € million	2008 € million
Present value of pension claims	69.4	64.4	56.4	50.0	41.0
Plan assets	38.7	34.6	30.4	24.6	19.7
Surplus / shortfall	30.7	29.8	26.0	25.4	21.3

\* adjusted comparative figures pursuant to IAS 8

Adjustments based on experience

T.43	2012 € million	2011 € million	2010 € million	2009 € million	2008 € million
(Gains) / losses in plan assets based on experience	-1.1	-0.4	-0.8	-0.7	2.6
(Gains) / losses in pension obligations based on experience	1.2	-0.1	-0.5	1.8	0.8



## 16. OTHER PROVISIONS

	2011					2012
	€ million	Currency adjustments, transfers € million	Addition € million	Utilization € million	Reversal € million	€ million
Provisions for:						
Warranties	10,6	-0,1	2,4	-5,6	-0,5	6,8
Purchasing risks	6,0	-0,1	2,6	-1,7	-0,7	6,1
Restructuring	0,0	-0,4	125,4	-29,8	0,0	95,2
Special items	5,3	0,0	0,0	-4,9	-0,4	0,0
Other	48,2	-1,3	20,6	-15,4	-3,8	48,3
<b>Total</b>	<b>70,1</b>	<b>-1,9</b>	<b>151,0</b>	<b>-57,4</b>	<b>5,4</b>	<b>156,4</b>

The warranty provision is determined on the basis of the historical value of sales generated during the past six months. It is expected that a large amount of these expenses will fall due within the first six months of the next financial year.

Purchasing risks relate primarily to materials and molds that are required for the manufacturing of shoes. The provision will probably result in a payment in the following year.

The provision for restructuring includes expenses associated with the package of measures as part of the company-wide transformation and cost reduction program.

Other provisions consist primarily of risks associated with legal disputes, provisions for anticipated losses from pending business and other risks.

The provision for restructuring in the amount of €8.1 million (previous year: €0.0 million) includes long-term provisions. Other provisions also include long-term provisions in the amount of €30.2 million (previous year: €26.3 million).

## 17. LIABILITIES FROM THE ACQUISITION OF BUSINESS ENTITIES

Pursuant to the contracts entered into, purchase price liabilities associated with acquisitions of business enterprises lead to prorated payments. The resulting nominal amounts were discounted at a reasonable market interest rate, depending on the expected date of payment.

The purchase price liability consists of:

	2012		2011
	€ million		€ million
Due within one year	2.6		93.6
Due in more than one year	3.3		6.8
<b>Total</b>	<b>5.9</b>		<b>100.4</b>

The decrease in liabilities from the acquisition of business entities during the reporting year is associated in particular with the acquisition of the remaining outstanding shares of Dobotex.

## 18. SHAREHOLDERS' EQUITY

**SUBSCRIBED CAPITAL** The subscribed capital corresponds to the subscribed capital of PUMA SE. As of the balance sheet date, the subscribed capital amounted to €38.6 million and is divided into 15,082,464 fully paid-in bearer shares. Each no-par value share corresponds to €2.56 of the share capital. Capital reserves rose by €3.2 million as a result of the valuation of stock option programs for management (previous year: €6.5 million).

Changes in the circulating shares:

	2012		2011
	share		share
<b>Circulating shares as of January 1</b>	<b>14,934,633</b>		<b>14,980,871</b>
Conversion from Management Incentive Program	4,646		78,335
Share buy-back	0		-124,573
<b>Circulating shares as of December 31</b>	<b>14,939,279</b>		<b>14,934,633</b>

**CAPITAL RESERVE** The capital reserve includes the premium from the issuing of shares, as well as amounts from the grant and conversion and expiration of share options.

Once option holders leave the company, the associated options expire in accordance with the option terms and conditions. In 2012, the expired option rights in the amount of €3.3 million of their capital reserve allocated up until the date of departure were adjusted against the personnel costs.

**RETAINED EARNINGS AND NET PROFIT** Retained earnings and net profit include the net income of the financial year as well as the income of the companies included in the consolidated financial statements achieved in the past to the extent it was not distributed.

**RESERVE FROM THE DIFFERENCE RESULTING FROM CURRENCY CONVERSION** The equity item for currency conversion serves to record the differences from the conversion of the financial statements of subsidiaries with non-Euro accounting compared to the date of first consolidation of the subsidiaries.

**CASH FLOW HEDGES** The “cash flow hedges” item includes the market valuation of derivative financial instruments. The item includes €-6.4 million (previous year: €19.8 million), which are offset against €0.1 million of deferred taxes (previous year: €-7.0 million).

**TREASURY STOCK** Pursuant to a resolution passed by the Annual General Meeting of April 20, 2010, the Company was authorized to acquire Company shares of up to ten percent of the share capital by April 19, 2015. If purchased through the stock exchange, the purchase price per share may not exceed or fall below 10% of the closing price for the Company's shares with the same attributes in the XETRA trading system (or a comparable successor system) during the last three trading days prior to the date of purchase. At the same time, pursuant to the resolution granting authorization, the previous resolution of the Annual General Meeting from 2009 was revoked.

The Company did not make use of the authorization to purchase treasury stock during the reporting period. Furthermore during the reporting period, a number of 4,646 no-par shares with a value of €1.0 million were converted within the management incentive program. As of the balance sheet date, the Company holds a total of 143,185 PUMA shares in its own portfolio, which corresponds to 0.95% of the subscribed capital.

**AUTHORIZED CAPITAL** Pursuant to Section 4, (3) and (4) of the Articles of Association of PUMA SE, the Authorized Capital expired on April 10, 2012. Pursuant to Section 4, (3) and (4) of the Articles of Association of PUMA SE, on April 24, 2012 the Annual General Meeting

revoked the authorization for the Authorized Capital and pursuant to Section 4, (2) and (3) of the Articles of Association of PUMA SE, authorized a new Authorized Capital, including to amend the Articles of Association accordingly. Pursuant to the resolution of the Annual General Meeting dated April 24, 2012, the Administrative Board is authorized to increase the share capital by April 23, 2017 as follows:

- A) By issuing up to €7.5 million worth of up to 2,929,687 new bearer shares on one or more occasions with a pro-rata amount of the share capital of €2.56 per share in exchange for cash contributions. The new shares can also be acquired by one or several banks as determined by the Administrative Board, subject to the obligation to offer these to the shareholders for subscription (indirect subscription right). Shareholders have in principle subscription rights whereby the shareholders' subscription rights may be barred to avoid fractional shares (Subscribed Capital I), and
- B) By issuing up to €7.5 million worth of 2,929,687 new bearer shares on one or more occasions with a pro-rata amount of the share capital of €2.56 per share in exchange for cash contributions or contributions in kind. The new shares can also be acquired by one or several banks as determined by the Administrative Board, subject to the obligation to offer these to the shareholders for subscription (indirect subscription right). Shareholders have in principle subscription rights whereby the shareholders' subscription rights may be wholly or partially barred to avoid fractional shares (Subscribed Capital II).

**CONDITIONAL CAPITAL** Pursuant to the resolution passed by the Annual General Meeting of April 24, 2012, the conditional capital increase authorized by the Annual General Meeting in accordance with Section 4, (2) of the Articles of Association of PUMA SE was revoked and the Articles of Association was amended accordingly.

Pursuant to the resolution passed by the Annual General Meeting of April 22, 2008, the share capital can be increased by up to €1.5 million through the issuance of up to 600,000 new shares. The conditional capital increase may be used exclusively for the purpose of granting subscription rights (stock options) to present members of the Board of Management, managing directors and other executive staff of the Company as well as to affiliated subsidiary companies. As of December 31, 2012, conditional capital was still available in a total amount of €1.5 million (previous year: €1.5 million).

**DIVIDENDS** The amounts eligible for distribution relate to the net income of PUMA SE, which are determined in accordance with German Commercial Law.

The managing directors recommend to the Administrative Board and the Annual General Meeting that a dividend of €0.50 per circulating share, or a total of €7.5 million (with respect to the circulating shares as of December 31), be distributed to the shareholders from

the net income of PUMA SE for financial year 2012. This corresponds to a payout ratio of 10.6% relative to consolidated net income compared to 13.0% in the previous year.

#### Appropriation of the Net Income of PUMA SE

		2012	2011
Net income of PUMA SE as of December 31	€ million	85.0	95.0
Dividends per share	€	0.50	2.00
Number of circulating shares *	share	14,939,279	14,934,633
Dividends total *	€ million	7.5	29.9
Carried forward to the new accounting period *	€ million	77.5	65.1

\* Previous year's values adjusted to the outcome of the Annual General Meeting

**NON-CONTROLLING INTERESTS** The non-controlling interest remaining as of the balance sheet date relates to a company PUMA Wheat Accessories, LLC with €1.1 million (previous year €0.1 million) and Janed, LLC with €7.8 million (previous year: €0.6 million).

**CAPITAL MANAGEMENT** The Group's objective is to retain a strong equity base in order to maintain both investor and market confidence and to strengthen future business performance.

Capital management relates to the consolidated equity of PUMA, which is shown in the consolidated balance sheet as well as the reconciliation statement concerning "Changes in Equity".

### 19. EQUITY COMPENSATION PLANS/MANAGEMENT INCENTIVE PROGRAM

In order to provide long-term incentives and thereby retain the management staff in the Company, PUMA uses share-based compensation systems in the form of a stock option program (SOP). The programs were valued using a binomial model or a Monte Carlo simulation.

The current programs are described below:

**EXPLANATION OF "SOP"** Pursuant to the resolution of the Annual General Meeting of April 22, 2008, a stock option program, "SOP 2008", was accepted in the form of a "Performance Share Program". Conditional capital was created for this purpose and the authorizing the

Supervisory Board and the Board of Management of PUMA AG (as of July 25, 2011 change of form into SE) were authorized to grant subscription rights to the members of the Board of Management and other executives of the Company and of affiliated subsidiary companies for five years (after the registration of the conditional capital in the commercial register), but at least for three months after the end of the Annual General Meeting in 2013.

The term of the subscription rights issued or to be issued is five years and these subscription rights can be exercised after two years at the earliest, provided, however, that the price of the PUMA share has increased by at least 20% as of the grant date. In contrast to traditional stock option programs, the equivalent amount of the increase in value of the PUMA share since the grant date is serviced with shares, whereby the beneficiary pays an option price of €2.56 per share granted if the share was issued as part of a capital increase. If employees leave the company, then their options rights expire.

Furthermore, pursuant to the authorization, the Administrative Board, in accordance with the recommendations of the Corporate Governance Code, may limit, fully or partially, the scope and contents of subscription rights issued to the company's managing directors in the event of extraordinary unforeseen developments. This option is also available to the Board of Management with respect to the other executives concerned.

T.48	SOP	2008 Tranche I	2008 Tranche II	2008 Tranche III	2008 Tranche IV	2008 Tranche V
	Share price as of the grant date	€ 199.27	€ 147.27	€ 250.50	€ 199.95	€ 265.00
	Expected volatility	29.1%	47.7%	34.5%	29.2%	26.80%
	Expected dividend payment	1.50%	2.31%	1.30%	1.30%	0.80%
	Risk-free interest rate, former members of the Board of Management / current managing directors	4.60%	1.97%	1.60%	2.40%	0.30%
	Risk-free interest rate, executive staff	4.60%	1.97%	1.60%	2.40%	0.30%

The following parameters were used for the determination of the fair value:

The historical volatility during the year prior to the date of valuation was used to determine the expected volatility.

Changes in the “SOP” programs during the financial year:

T.49 SOP	2008 Tranche I	2008 Tranche II	2008 Tranche III	2008 Tranche IV	2008 Tranche V
Issue date	07.21.2008	04.14.2009	04.22.2010	04.15.2011	04.30.2012
Amount issued	113,000	139,002	126,184	151,290	145,375
Exercise price	€ 0.00	€ 0.00	€ 2.56	€ 2.56	€ 2.56
Residual term	0.58 years	1.25 years	2.25 years	3.25 years	4.25 years
<b>Circulating as of January 1, 2012</b>	<b>10.900</b>	<b>7.000</b>	<b>116.193</b>	<b>138.837</b>	<b>0</b>
Exercised	-8.900	-4.000	0	0	0
Ø-share price upon exercise	€ 243.70	€ 227.71	n.a.	n.a.	n.a.
Expired	-500	-500	-17,500	-35,374	-30,406
<b>Circulating as of December 31, 2012</b>	<b>1,500</b>	<b>2,500</b>	<b>98,693</b>	<b>103,463</b>	<b>114,969</b>
Exercisable options as of the reporting date	0	0	0	0	0

Pursuant to Section 5 of the Option Terms and Conditions, every year the options are subject to a vesting period from December 15 for up to ten trading days after the Annual General Meeting. Accordingly, no options can be exercised as of the reporting date.

As of the date of allocation, the average fair value per option is € 49.44 for “Tranche I -2008”. Taking into account the vesting period, there are no expenses for the current financial year. Of the outstanding options, 0 belong to the previous members of the Board of Management of PUMA AG or the current Managing Directors.

Pursuant to the allocation, the average fair value per option is € 53.49 for “Tranche II - 2008”. Taking into account the vesting period, there are no expenses for the current financial year. As a result of the expiration of options, there was an income of € 0.1 million. Of the outstanding options, 0 belong to the previous members of the Board of Management of PUMA AG or the current Managing Directors.

Pursuant to the allocation, the average fair value per option is € 61.81 for “Tranche III - 2008”. Taking into account the vesting period and the expiration, the income for the current financial year amounts to a total of € 0.3 million. Of the outstanding options, 82,193 options belong to the previous members of the Board of Management of PUMA AG or the current Managing Directors.

Pursuant to the allocation, the average fair value per option is € 40.14 for “Tranche IV - 2008”. Taking into account the vesting period and the expiration, the expenses for the cur-

rent financial year amount to a total of € 1.5 million. A total of 84,963 options belong to the previous members of the Board of Management of PUMA AG or the current Managing Directors at the end of the year.

Pursuant to the allocation, the average fair value per option is € 44.59 for “Tranche V - 2008”. Taking into account the vesting period and the expiration, the expenses for the current financial year amount to a total of € 1.7 million. A total of 8,969 options belong to the current Managing Directors at the end of the year.

## 20. OTHER OPERATING INCOME AND EXPENSES

According to the respective functions, other operating income and expenses include personnel, advertising, sales and distribution expenses as well as rental and leasing expenditures, travel costs, legal and consulting expenses and other general expenses. Typical operational income that is associated with operating expenses was offset. Rental and lease expenses associated with the Group’s own retail stores include sales-dependent rental components.

Other operating income and expenses are allocated based on functional areas as follows:

T.50	2012 € million	2011 € million
Sales and distribution expenses	1,152.4	937.7
Product development/design	93.9	77.0
Administrative and general expenses	261.5	195.3
<b>Other operating expenses</b>	<b>1,507.8</b>	<b>1,210.0</b>
<b>Other operating income</b>	<b>22.8</b>	<b>32.2</b>
<b>Total</b>	<b>1,485.0</b>	<b>1,177.8</b>
Of which depreciation/amortization and impairment expenses	76.0	63.4

Within the sales and distribution expenses, marketing/retail expenses account for a large proportion of the operating expenses. In addition to advertising and promotional expenses, they also include expenses associated with the Group’s retail activities. Other sales and distribution expenses include warehousing expenses and other variable sales and distribution expenses.

Administrative and general expenses include expenses for the statutory auditor of PUMA SE in the amount of € 0.7 million (previous year: € 0.7 million). Of these, € 0.5 million (previ-

ous year: €0.5 million) are for statutory audit services, €0.1 million (previous year: €0.1 million) for tax advisory services and €0.1 million (previous year: €0.1 million) for other assurance services.

Other operating income includes €20.9 million (previous year: €25.4 million) relating to income from the allocation of development costs and €1.9 million (previous year: €6.8 million) relating to other income.

Overall, other operating expenses include personnel costs, which consist of:

<b>T.51</b>	<b>2012</b> € million	<b>2011</b> € million
Wages and salaries	376.1	308.1
Social security contributions	53.7	42.2
Expenses from option programs	2.8	6.5
Expenses for old-age pension and other personnel expenses	43.4	37.1
<b>Total</b>	<b>476.0</b>	<b>393.8</b>

In 2012, personnel costs include termination benefits in the amount of €37.2 million. Personnel costs include expenses in the amount of €6.1 million for the valuation of stock option programs. At the same time, personnel costs were reduced by the effects of the expired options rights of employees and managing directors that left the company during financial year 2012. Thus, in 2012, the balance of personnel costs was debited by €2.8 million for the stock option programs.

In addition, cost of sales includes personnel costs in the amount of €16.4 million (previous year: €11.4 million).

The annual average number of full-time employees was as follows:

<b>T.52</b>	<b>2012</b>	<b>2011</b>
Marketing/retail/sales	7,265	6,689
Product development/design	935	861
Administrative and general units	2,735	2,493
<b>Total annual average</b>	<b>10,935</b>	<b>10,043</b>

As of the end of the year, a total of 11,290 individuals were employed (previous year: 10,836) on a full-time basis.

## 21. FINANCIAL RESULTS

This financial result consists of:

<b>T.53</b>	<b>2012</b> € million	<b>2011</b> € million
<b>Income from associated companies</b>	<b>0.6</b>	<b>1.1</b>
Interest income	4.4	5.2
Income from currency conversion differences, net	2.5	0.0
<b>Financial income</b>	<b>6.9</b>	<b>5.2</b>
Interest expense	-7.2	-8.4
Interest accrued on purchase price liabilities from acquisitions of business entities	-0.2	-2.7
Valuation of pension plans	-1.0	-1.1
Currency conversion differences expense, net	0.0	-6.9
<b>Financial expenses</b>	<b>-8.4</b>	<b>-19.1</b>
<b>Financial losses</b>	<b>-0.9</b>	<b>-12.8</b>

Income from associated companies results exclusively from the shareholding in Wilderness Holdings Ltd. (also see paragraph 11).

Interest income results from financial investments.

Interest expenses relate to short-term liabilities to banks.

In addition, financial income includes income from currency conversion differences in the amount of €2.5 million (previous year: expenses in the amount of €6.9 million), which are attributable to financing.

## 22. INCOME TAXES

	2012 € million	2011 € million
<b>Current income taxes</b>		
Germany	11.9	14.1
Rest of World	64.9	88.6
<b>Total current income taxes</b>	<b>76.8</b>	<b>102.7</b>
<b>Deferred taxes</b>	<b>-44.3</b>	<b>-12.7</b>
<b>Total</b>	<b>32.5</b>	<b>90.0</b>

In general, PUMA SE and its German subsidiaries are subject to corporate income tax, plus a solidarity surcharge, and trade tax. Thus, a weighted mixed tax rate of 27.22% applied for the financial year.

Reconciliation of the theoretical tax expense with the effective tax expense.

	2012 € million	2011 € million
<b>Earnings before income taxes</b>	<b>112.3</b>	<b>320.4</b>
Theoretical tax expense		
Tax rate of the SE = 27.22% (previous year: 27.22%)	30.6	87.2
Taxation difference with respect to other countries	-13.4	-12.7
Other tax effects:		
Income taxes for previous years	2.6	-9.9
Losses and temporary differences for which no tax claims were recognized	20.7	21.9
Changes in tax rate	0.9	-1.0
Non-deductible expenses and non-taxable income and other effects	-8.9	4.5
<b>Effective tax expense</b>	<b>32.5</b>	<b>90.0</b>
Effective tax rate	28.9%	28.1%

The tax effect resulting from items that are directly credited or debited to equity is shown directly in the statement of comprehensive income.

Other effects include withholding taxes in the amount of €13.1 million (previous year: €10.9 million).

## 23. EARNINGS PER SHARE

The earnings per share are determined in accordance with IAS 33 by dividing the consolidated annual surplus (consolidated net income) attributable to the shareholder of the parent company by the average number of circulating shares. Potential shares from the management incentive program may lead to a dilution of this indicator (see paragraph 19).

The calculation is shown in the table below:

		2012	2011
Group earnings	€ million	70.2	230.1
Average number of circulating shares	share	14,966,658	14,981,387
Diluted number of shares	share	14,967,848	14,984,545
Earnings per share	€	4.69	15.36
Earnings per share, diluted	€	4.69	15.36

## 24. MANAGEMENT OF THE CURRENCY RISK

In financial year 2012, PUMA designated “forward purchase USD” currency derivatives as cash flow hedges in order to hedge the payable amount of purchases denominated in USD, which is converted to Euro.

The nominal amounts of open rate hedging transactions, which relate mainly to cash flow hedges, refer to currency forward transactions in a total amount of €626.1 million (previous year: €632.6 million).

Cash flows from the underlying transactions are expected in 2013.

The market values of open rate hedging transactions consist of:

	2012 € million	2011 € million
Forward currency contracts, assets (see paragraph 6)	8.4	28.7
Forward currency contracts, liabilities (see paragraphs 13 and 14)	-16.1	-2.2
<b>Net</b>	<b>-7.7</b>	<b>26.5</b>

The changes in effective cash flow hedges are shown in the schedule of changes in shareholders' equity and the statement of comprehensive income.

In order to disclose market risks, IFRS 7 requires sensitivity analyses that show the effects of hypothetical changes in relevant risk variables on earnings and equity. The periodic effects are determined by relating the hypothetical changes caused by the risk variables to

the balance of the financial instruments held as of the balance sheet date. The underlying assumption is that the balance as of the balance sheet date is representative for the entire year.

Currency risks as defined by IFRS 7 arise on account of financial instruments being denominated in a currency that is not the functional currency and is monetary in nature. Differences resulting from the conversion of the individual financial statements to the Group currency are not taken into account. All non-functional currencies in which PUMA employs financial instruments are generally considered to be relevant risk variables.

Currency sensitivity analyses are based on the following assumptions:

Material primary monetary financial instruments (cash and cash equivalents, receivables, interest-bearing debt, liabilities from finance leases, non-interest-bearing liabilities) are either denominated directly in the functional currency or transformed into the functional currency through the use of forward exchange transactions. Thus, changes in currency exchange generally do not have any effect on income.

Forward exchange transactions used to hedge against payment fluctuations caused by exchange rates are part of an effective cash flow hedging relationship pursuant to IAS 39. Changes in the exchange rate of the currencies underlying these transactions have an effect on the hedge reserve in equity and the fair value of these hedging transactions.

If as of December 31, 2012, the USD had appreciated (devalued) against all other currencies by 10%, the hedge reserve in equity and the fair value of the hedging transactions would have been €56.4 million higher (lower) (December 31, 2011: €57.0 million higher (lower)).

Currency risks are discussed in greater detail in the group management report under the Risk Management section.

## 25. SEGMENT REPORTING

Segment reporting is based on geographical regions in accordance with our internal reporting structure. Sales revenues and operating results (EBIT) are shown according to the head office of the respective group company of the corresponding region. The inter-company sales of the respective region are eliminated. The allocation of the remaining segment information is also determined on the basis of the respective Group Company's head office. The totals equal the amounts in the income statement and the balance sheet. The regions are subdivided into EMEA (Europe, Middle East and Africa), Americas (North and Latin America) and Asia/Pacific.

The segments' internal sales are generated on the basis of market prices. They are not considered in the representation, as they are not relevant for controlling.

Investments and depreciation/amortization relate to additions and depreciation/amortization of property, plant and equipment and intangible assets during the current financial year. In addition, total impairment expenses in the amount of € 16.3 million (previous year: € 6.2 million) were taken into account in the following segments, EMEA (€ 7.4 million, previous year: € 2.6 million), Americas (€ 8.3 million, previous year: € 3.3 million), Asia/Pacific (€ 0.5 million, previous year: € 0.1 million) and central units / consolidation (€ 0.1 million, previous year: 0.2 million).

Since PUMA is active in only one business area, and namely that of the sporting goods industry, sales revenues and gross profit are allocated based on products, i.e. according to the footwear, apparel and accessories product segments in accordance with the internal reporting structure. According to this reporting structure, except the allocation of sales revenue and of the gross profit there is no other allocation of the operating result as well as of the asset and liability items.

T.58 REGION	External Sales		EBIT		Investments	
	1-12 / 2012 € million	1-12 / 2011 € million	1-12 / 2012 € million	1-12 / 2011 € million	1-12 / 2012 € million	1-12 / 2011 € million
EMEA	1,213.7	1,247.5	0.8	56.6	39.4	38.7
Americas	1,033.3	910.3	96.7	89.7	25.3	19.3
Asia/Pacific	710.3	667.9	34.2	48.3	16.0	13.5
Central units/consolidation	313.4	183.4	159.0	138.5	6.8	17.0
Special items			-177.5	0.0		
<b>Total</b>	<b>3,270.7</b>	<b>3,009.0</b>	<b>113.2</b>	<b>333.2</b>	<b>87.5</b>	<b>88.5</b>

T.59 REGION	Depreciation		Inventories		Trade Receivables	
	1-12 / 2012 € million	1-12 / 2011 € million	1-12 / 2012 € million	1-12 / 2011 € million	1-12 / 2012 € million	1-12 / 2011 € million
EMEA	17.5	17.9	271.2	294.5	192.9	215.4
Americas	13.7	13.4	157.3	143.2	161.7	163.5
Asia/Pacific	10.0	8.5	76.1	83.6	103.4	126.7
Central units/consolidation	18.3	17.6	48.0	15.5	48.9	27.5
<b>Total</b>	<b>59.5</b>	<b>57.4</b>	<b>552.5</b>	<b>536.8</b>	<b>507.0</b>	<b>533.1</b>



T.60 PRODUCT	External Sales		Gross Profit Margin	
	1-12 / 2012 € million	1-12 / 2011 € million	1-12 / 2012 € million	1-12 / 2011 € million
Footwear	1,595.2	1,539.5	46.5%	49.1%
Apparel	1,151.9	1,035.6	49.8%	49.6%
Accessories	523.6	433.9	50.5%	51.6%
Total	3,270.7	3,009.0	48.3%	49.6%

T.61 TRANSITION TO EBT	1-12 / 2012 € million	1-12 / 2011 € million
	EBIT	113.2
Financial Result	-0.9	-12.8
EBT	112.3	320.4

## 26. NOTES TO THE CASH FLOW STATEMENT

The cash flow statement was prepared in accordance with IAS 7 and is structured based on cash flows from operating, investment and financing activities. The indirect method is used to determine the cash inflow from operating activities. The gross cash flow, derived from earnings before income taxes and adjusted for non-cash income and expense items, is determined within the cash flow from operating activities. Cash inflow from operating activities, reduced by investments in property, plant and equipment as well as intangible assets is referred to as "free cash flow".

The financial resource fund reported in the cash flow statement includes all payment methods and equivalent payment methods shown under "Cash and cash equivalents", i.e., cash in hand, checks and bank balances.

## 27. CONTINGENCIES AND CONTINGENT LIABILITIES

**CONTINGENCIES** As in the previous year, there were no reportable contingencies.

**CONTINGENT LIABILITIES** As in the previous year, there were no reportable contingent liabilities.

## 28. OTHER FINANCIAL OBLIGATIONS

**OBLIGATIONS FROM OPERATING LEASE** The Company rents and leases offices, warehouses, facilities and fleets of vehicles and sales rooms for its own retail business. Rental agreements for the retail business are concluded for terms of between five and fifteen years. The remaining rental and lease agreements have residual terms of between one and five years. Some agreements include options of renewal and price adjustment clauses.

Total expenses resulting from these agreements amounted in 2012 to € 125.0 million (previous year: € 118.3 million). Some of the expenses are sales based.

As of the balance sheet date, the obligations from future minimum rental payments for operating lease agreements are as follows:

T.62	2012 € million	2011 € million
Under rental and lease agreements:		
2013 (2012)	99.8	105.3
2014 - 2017 (2013 - 2016)	209.2	212.3
from 2018 (from 2017)	55.6	62.1

**FURTHER OTHER FINANCIAL OBLIGATIONS** Furthermore, the Company has other financial obligations associated with license, promotional and advertising agreements, which give rise to the following financial obligations as of the balance sheet date:

T.63	2012 € million	2011 € million
Under license, promotional and advertising agreements:		
2013 (2012)	83.6	92.1
2014 - 2017 (2013 - 2016)	192.7	239.2
from 2018 (from 2017)	44.1	72.8

In addition, there are obligations concerning the provision of sports equipment under sponsoring agreements.

As customary in the industry, the promotional and advertising agreements provide for additional payments upon the reaching of pre-defined goals (e.g. medals, championships). Although these are contractually agreed upon, they naturally cannot be exactly foreseen in terms of their timing and amount.

## 29. MANAGING DIRECTORS AND ADMINISTRATIVE BOARD

### DISCLOSURES PURSUANT TO SECTION 314 (1)(6) OF THE HGB (GERMAN COMMERCIAL CODE)

In accordance with the Act on Disclosure of Management Board Compensation of August 3, 2005, the disclosure of the individual earnings of the members of the Board of Management and Managing Directors may be dispensed with for a period of 5 years pursuant to Section 286 (5); Section 285(9)(a) sentences 5 - 8; Section 314 (2)(2); Section 314 (1) (6)(a) sentences 5 - 8 of the HGB, if the Annual General Meeting passes a resolution in this regard by a 75% majority.

Pursuant to the resolution of the Annual General Meeting of April 22, 2008, the Company was authorized to refrain from disclosures pursuant to Section 285(9)(a) sentences 5 - 8 and Section 314 (1)(6)(a) sentences 5 - 8 of the HGB with respect to the financial year beginning on January 1, 2008 and all subsequent financial years ending December 31, 2012 at the latest.

The Managing Directors and the Administrative Board are of the opinion that the shareholders' justified interest in information is sufficiently accounted for by the disclosure of the total compensation of the Managing Directors. The Administrative Board will ensure the appropriateness of the individual compensation in accordance with its statutory duties.

**MANAGING DIRECTORS** The compensation of the Managing Directors, which is determined by the Administrative Board, consists of non-performance-based and performance-based components. The non-performance-based components consist of a fixed salary and non-cash compensation, whereas the performance-based components consist of bonuses and components with a long-term incentive effect (stock appreciation rights). The criteria for measuring the total compensation include, in addition to the duties and services performed by the Board of Management member or Managing Director, the economic situation, the long-term strategic planning and associated objectives, the sustainability of the achieved results, the long-term prospects of the Company's success, and international benchmark comparisons.

Fixed salary as non-performance-based basic compensation is paid out monthly. In addition, the Managing Directors receive non-cash compensation, such as use of company cars and insurance coverage. In principle, these benefits are granted to all Managing Directors in an equal manner and are included in the non-performance-based compensation.

The bonus, as part of the performance-based compensation, is primarily based on the PUMA Group's operating profit and "free cash flow" and is staggered in accordance with the achievement of goals. An upper limit is also agreed upon.

The performance-based compensation component with a long-term incentive effect (stock appreciation rights) is generally determined as part of multiannual planning. The number

of stock appreciation rights issued is measured as a component of total compensation. The fair value of the respective stock appreciation rights as of the date of allocation is used for this measurement. The possibility of a cap limit is considered in case of extraordinary, unforeseen developments. Details on the parameters used for the respective programs are provided in Section 19 of the Notes to the Consolidated Financial Statements.

The fixed compensation for the five Managing Directors amounted to € 2.5 million (previous year: € 4.9 million) in the financial year and variable bonuses came to € 0.4 million (previous year: € 2.6 million).

Following the allocation of expenses to the vesting period, the expenses resulting from new options and those issued in previous years amounted to a total of € 1.1 million (previous year: € 3.8 million in expenses). The reason for the income during the reporting year was that expense accounts posted for options that expired as a result of Managing Directors' leaving the company were cancelled. The Managing Directors were granted a total of 35,875 options from the "SOP 2008" program in the financial year. 26,906 of these expired as a result of Managing Directors' leaving the company. The fair value was € 44.60 per option as of the grant date.

During the financial year, a total amount of € 4.7 million was spent on compensation and related payments promised to Managing Directors leaving the company.

The Managing Directors receive pension benefits, for which the Company took out a pension liability insurance policy. The proportion of the pension capital that is already financed through contributions to the pension liability insurance is deemed to be vested. € 0.2 million (previous year: € 0.4 million) was allocated for Managing Directors in the financial year. The present value of the pension benefits granted to Managing Directors in the amount of € 0.4 million (previous year: € 0.2 million) as at December 31, 2012 was offset against the pledged asset value of the pension liability insurance policy, which was of an equal amount.

Pension obligations to former members of the Board of Management amounted to € 10.2 million (previous year: € 9.4 million) and are accordingly recognized as liabilities under pension provisions unless they are offset against asset values of an equal amount. Pensions were paid in the amount of € 0.2 million (previous year: € 0.2 million).

### ADMINISTRATIVE BOARD

In accordance with the Articles of Association, the Administrative Board has at least three members; it currently consists of eight members. The compensation of the Administrative Board is comprised of a fixed and a performance-based component. The total fixed compensation amounted to a total of € 0.3 million (previous year: € 0.2 million).

In accordance with the Articles of Association, each member of the Administrative Board receives a fixed annual compensation in the amount of € 25,000. The fixed compensation is

increased by an additional fixed annual amount of € 25,000 for the Chairman of the Administrative Board, € 12,500 for the Vice Chairman of the Administrative Board, € 10,000 for the Chairman of a committee (with the exception of the Nominating Committee) and € 5,000 for each member of a committee (with the exception of the Nominating Committee).

In addition, each member of the Administrative Board receives a performance-based compensation corresponding to € 20.00 per € 0.01 of the earnings per share shown in the consolidated financial statements, which exceeds a minimum amount of € 16.00 per share. The performance-based compensation amounts to a maximum of € 10,000 per year. The Chairman of the Administrative Board receives twice this amount (maximum € 20,000), the Vice Chairman receives one and a half times this amount (maximum € 15,000) in compensation. Since earnings per share are below the minimum amount in the financial year, no performance-based compensation is paid.

### 30. RELATED PARTY RELATIONSHIPS

In accordance with IAS 24, relationships with related parties that control or are controlled by the PUMA Group must be reported unless such related parties are already included as consolidated companies in the consolidated financial statements of PUMA SE. Control is defined as the ability to determine an entity's financial and business policies and benefit from its activities.

SAPARDIS SE, Paris, a wholly owned subsidiary of PPR S.A., presently holds over 75% of the subscribed capital of PUMA SE. PPR S.A. is controlled by Artémis S.A., Paris, which in turn is a wholly owned subsidiary of Financière Pinault S.C.A., Paris. Consequently, all companies that are directly or indirectly controlled by Artémis S.A. and are not included in the consolidated financial statements of PUMA SE are defined as related parties.

In addition, the disclosure obligation pursuant to IAS 24 also extends to transactions with associated companies as well as transactions with other related parties. These include, in particular, non-controlling shareholders (formerly referred to as minority shareholders).

Transactions with related parties largely concern the sale of goods and services. These sales were concluded under normal market conditions that are also customary with third parties.

The following overview illustrates the scope of the business relationships:

T.64	Deliveries and services rendered		Deliveries and services received	
	2012 € million	2011 € million	2012 € million	2011 € million
Artémis-Group consolidated companies	0,0	0,0	1,0	0,0
PPR-Group consolidated companies	9,0	10,0	3,3	1,9
Other related parties	8,5	8,7	13,7	3,1
<b>Total</b>	<b>17,5</b>	<b>18,7</b>	<b>18,0</b>	<b>5,0</b>

T.65	Net receivables from		Payables to	
	2012 € million	2011 € million	2012 € million	2011 € million
Artémis-Group consolidated companies	0,0	0,0	0,2	0,0
PPR-Group consolidated companies	1,3	2,1	0,6	0,8
Other related parties	5,6	3,4	0,9	0,0
<b>Total</b>	<b>6,9</b>	<b>5,5</b>	<b>1,7</b>	<b>0,8</b>

Receivables from related parties are, with one exception, not subject to value adjustments. Only with respect to the receivables from a non-controlling shareholder and its group of companies, gross receivables in the amount of € 52.2 million (previous year: € 52.1 million) were adjusted in value for a subsidiary of PUMA SE in Greece as of December 31, 2012. In financial year 2012, expenses in the amount of € 0.1 million (previous year: € 0.0 million) were recorded in this regard.

The Managing Directors as well as the members of the Administrative Board of the PUMA Group are related parties within the meaning of IAS 24. The services and compensation of this group of individuals is shown in paragraph 29.

As part of consulting, service and employment contracts, members of the Administrative Board received compensation from PUMA in the amount of € 4.6 million (previous year: € 2.9 million).

### 31. CORPORATE GOVERNANCE

On October 23, 2012, the Managing Directors and the Administrative Board submitted the required compliance declaration with respect to the recommendations issued by the Government Commission German Corporate Governance Code pursuant to Section 161 of the AktG (Aktiengesetz, German Stock Corporation Act) and published it on the Company's website ([www.puma.com](http://www.puma.com)). Please also refer to the Corporate Governance Report in the Management Report of PUMA SE.

### 32. EVENTS AFTER THE BALANCE SHEET DATE

There were no events after the balance sheet date that has a significant impact on the net assets, financial position and results of operations.

### 33. DECLARATION BY THE LEGAL REPRESENTATIVES

We state to the best of our knowledge that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the applicable accounting principles, and that the Group Management Report provides a true and fair view of the course of the development and performance of the business and the position of the Group, together with a description of the principal risks and opportunities associated with the expected performance of the Group.

**DATE OF RELEASE** The Managing Directors of PUMA SE released the consolidated financial statements on February 4, 2013 for distribution to the Administrative Board. The Administrative Board must review the consolidated financial statements and state whether it approves them.

Herzogenaurach, February 4, 2013

MANAGING DIRECTORS

**KOCH CAROTI LÄMMERMANN**

# STATUTORY AUDITOR'S REPORT

We have audited the consolidated financial statements prepared by PUMA SE, Herzogenaurach, that consist of the consolidated balance sheet, the consolidated income statement as well as the Group's consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the consolidated notes, as well as the management report for the financial year from January 1 through December 31, 2012. The Company's Managing Directors are responsible for preparing the consolidated financial statements and the Group management report in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU, as well as according to the supplementary regulations under commercial law according to Section 315a(1) German Commercial Code (HGB). It is our duty to render an opinion on the basis of the audit we perform on the consolidated financial statements and the management report. We conducted our audit of the consolidated financial statements pursuant to Section 317 HGB in compliance with the German principles of proper auditing established by the Institute of Auditors. Those standards require that we plan and perform the audit so that misstatements and violations materially affecting the presentation of the net assets, financial position and results of operations in the Consolidated Financial Statements in accordance with the applicable financial reporting framework and in the Group Management Report are detected with reasonable assurance. Knowledge of the business activities and the Group's economic and legal environment as well as expectations of possible misstatements are taken into account when determining audit procedures. The effectiveness of the accounting-related internal control system as well as evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a random basis within the framework of the audit. The audit comprises the evaluation of the annual financial statements, the annual financial statements of the companies included in consolidation, the determination of those companies to be included in consolidation, the accounting and consolidation principles applied and material evaluations by the Managing Directors, as well as the acknowledgement of the entire presentation of

the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

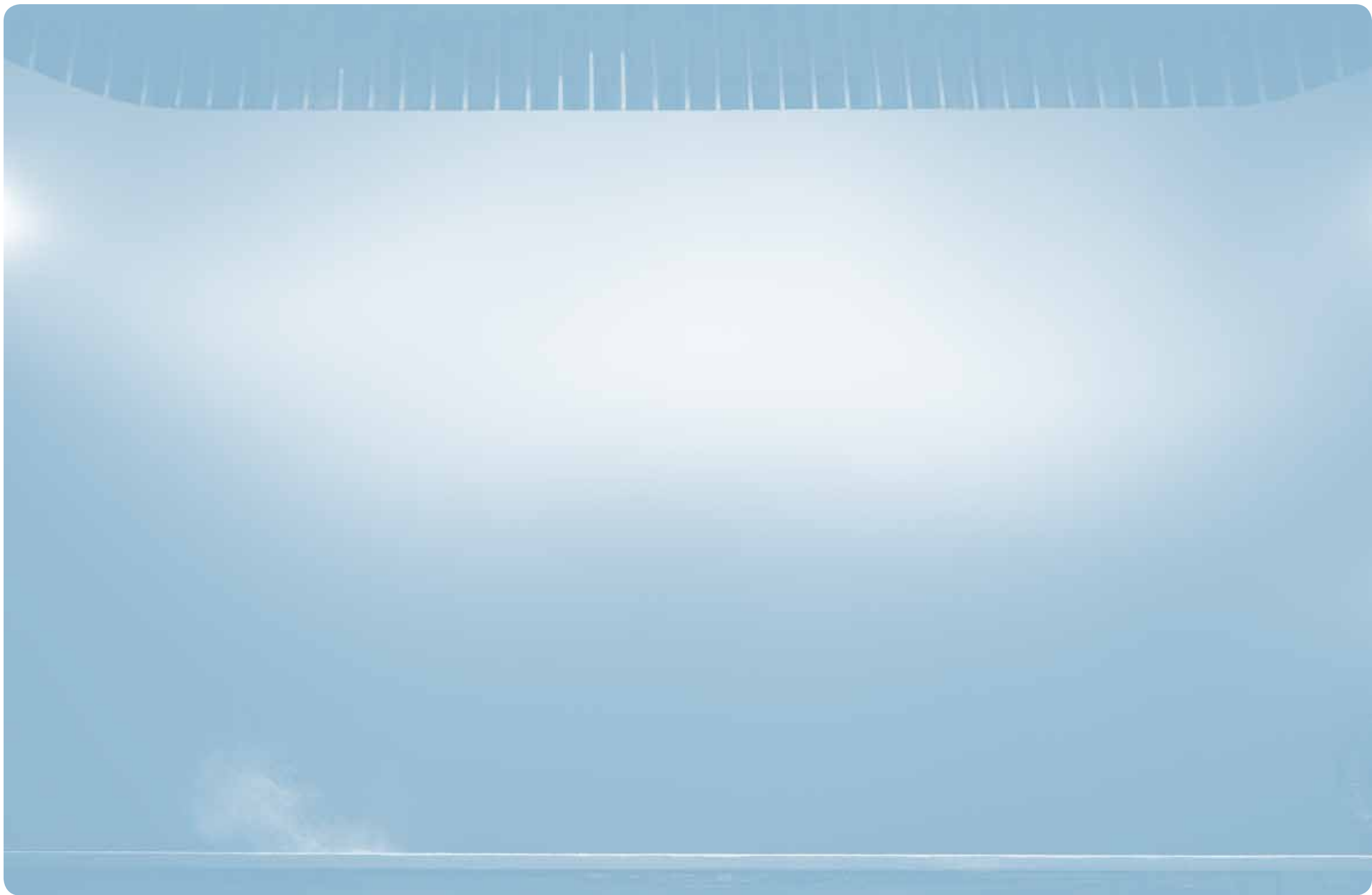
Based on the information obtained during our audit, in our opinion the consolidated financial statements of PUMA SE, Herzogenaurach, have been properly prepared in accordance with the IFRS, as applicable in the EU, as well as according to the supplementary regulations under commercial law according to Section 315a(1) HGB and give a true and fair view of the actual assets, financial position and income of the Group. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and accurately presents the opportunities and risks of future development.

Munich, February 4, 2013

**DELOITTE & TOUCHE GMBH**  
**WIRTSCHAFTSPRÜFUNGSGESELLSCHAFT**

**STADTER**  
**GERMAN PUBLIC AUDITOR**

**SCHIMMEL**  
**GERMAN PUBLIC AUDITOR**





# MANAGING DIRECTORS & ADMINISTRATIVE BOARD OF PUMA SE / REPORT BY THE ADMINISTRATIVE BOARD

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# 9 CHAPTER





# MANAGING DIRECTORS OF PUMA SE



**FRANZ KOCH**  
(CEO)  
until March 31, 2013



**REINER SEIZ**  
(Procurement)  
until January 31, 2013



**KLAUS BAUER**  
(Finance, Law, Operations, Logistics, IT, Human Resources)  
until December 31, 2012



**ANTONIO BERTONE**  
(Marketing)  
until December 31, 2012



**STEFANO CAROTI**  
(Sales)



**MICHAEL LÄMMERMANN**  
(CFO)  
since January 1, 2013

# ADMINISTRATIVE BOARD OF PUMA SE

## **JEAN-FRANÇOIS PALUS**

**(Chairman)**

since December 1, 2012

Paris, France

Directeur Général Délégué and member of the Conseil d'Administration of PPR S.A., Paris/France,

responsible for Strategy, Operation and Organization

### **MEMBERSHIP IN OTHER SUPERVISORY BOARDS AND SIMILAR BODIES:**

Yves Saint Laurent S.A.S., Paris/France

Gucci Group N.V., Amsterdam/The Netherlands

FNAC S.A., Ivry sur Seine/France

SAPARDIS SE, Paris/France

CFAO S.A., Sèvres/France (until July 25, 2012)

Volcom Inc., Costa Mesa/USA

Groupe FNAC (vorher: Caumartin Participations S.A.S.), Paris/France

L.G.I. S.A., Cadempino/Switzerland

Redcats S.A., Roubaix/France

PPR Americas Inc., Wilmington/Delaware/USA

Gucci Luxembourg S.A., Luxembourg/Luxembourg

Brioni S.p.a., Penne/Italy

## **JOCHEN ZEITZ**

**(Chairman)**

until November 30, 2012

Montrichet/Switzerland

Head of Sports & Lifestyle Division of PPR S.A., Paris/France

### **MEMBERSHIP IN OTHER SUPERVISORY BOARDS AND SIMILAR BODIES:**

Harley-Davidson Inc., Milwaukee/USA

Wilderness Holdings Ltd., Maun/Botswana

PPR S.A., Paris/France (since April 2012)

## **FRANÇOIS-HENRI PINAULT**

**(Vice Chairman)**

Paris, France

Président-Directeur Général of PPR S.A., Paris/France

### **MEMBERSHIP IN OTHER SUPERVISORY BOARDS AND SIMILAR BODIES:**

Artémis S.A., Paris/ France

Financière Pinault S.C.A., Paris France

Société civile du vignoble de Château Latour S.C., Puisseux/France

Christie's International Ltd., London/United Kingdom

Bouygues S.A., Paris/France

Sowind Group S.A., La Chaux-de-Fonds/Switzerland

Soft Computing S.A., Paris/France

Boucheron Holding S.A.S, Paris/France

Yves Saint Laurent S.A.S., Paris/France

Gucci Group N.V., Amsterdam/The Netherlands

FNAC S.A., Ivry sur Seine/France

SAPARDIS SE, Paris/France

CFAO S.A., Sèvres/France (until July 25, 2012)  
Volcom Inc., Costa Mesa/USA  
Stella McCartney Limited, Haywards Heath/West Sussex/United Kingdom  
Brioni S.P.A., Italy (since November 1, 2012)

## **THORE OHLSSON**

Falsterbo, Sweden  
President of Elimexo AB, Falsterbo/Sweden

### **MEMBERSHIP IN OTHER SUPERVISORY BOARDS AND SIMILAR BODIES:**

Nobia AB, Stockholm/Sweden  
Bastec AB, Malmö/Sweden  
Elite Hotels AB, Stockholm/Sweden  
Tomas Frick AB, Vellinge/Sweden  
TJugonde AB, Malmö/Sweden  
Tretorn AB, Helsingborg/Sweden  
Cobra Golf Inc., Carlsbad/USA

## **GRÉGOIRE AMIGUES**

Paris, France  
(until April 24, 2012)  
Directeur de la Stratégie et du Développement of PPR S.A., Paris/France

### **MEMBERSHIP IN OTHER SUPERVISORY BOARDS AND SIMILAR BODIES:**

Caumartin Participations S.A.S., Paris/France  
SAPARDIS SE, Paris/France  
Luminosa S.A., Paris/France  
Volcom Inc., Costa Mesa/USA  
Redcats S.A., Roubaix/France

## **TODD HYMEL**

Paris, France (from April 24, 2012)  
COO of the Sport & Lifestyle Division (Pôle Sport & Lifestyle) of PPR S.A., Paris/France

### **MEMBERSHIP IN OTHER SUPERVISORY BOARDS AND SIMILAR BODIES:**

Fansteel Inc., Creston/Iowa;  
Volcom Inc., Costa Mesa/USA

## **MICHEL FRIOCOURT**

Paris, Frankreich  
Directeur Juridique Groupe of PPR S.A., Paris/France

### **MEMBERSHIP IN OTHER SUPERVISORY BOARDS AND SIMILAR BODIES:**

Discodis S.A.S., Paris/France  
SAPARDIS SE, Paris/France  
C.F.P, Paris/France  
Groupe FNAC (vorher: Caumartin Participations S.A.S.), Paris/France  
Boucheron Joaillerie Inc, Wilmington/USA  
Branch A. McQueen Trading, USA  
Discodis Belgique N.V., Brussels/Belgium,  
Balenciaga UK LTD, United Kingdom  
Gucci Group Services Limited, United Kingdom  
Alexander McQueen Trading LTD, United Kingdom  
Autumpaper LTD, United Kingdom  
Birdswan Solutions Limited, United Kingdom  
PPR Management Services LTD, United Kingdom  
PPR Management Services LTD II, United Kingdom  
YSL UK LTD, United Kingdom  
PPR HK LTD, Hong Kong  
PPR Holding LTD, Hong Kong  
Boucheron Luxembourg S.A.R.L., Luxembourg  
PPR Distri Lux S.A., Luxembourg  
Volcom Inc., Costa Mesa/USA (until November 20, 2012)  
Gucci Luxembourg S.A., Luxembourg  
Bottega Veneta International S.A.R.L., Luxembourg  
Sergio Rossi International S.A.R.L., Luxembourg  
Olimba B.V., The Netherlands  
Bottega Veneta Holding B.V., Amsterdam/The Netherlands  
Gucci Netherlands B.V., Amsterdam/The Netherlands  
Scholefield Goodman B.V., Amsterdam/The Netherlands  
PPR Asia, Singapore  
APARFI, Switzerland  
PPR Suisse, Switzerland  
Gucci International B.V., Amsterdam/The Netherlands (until July 20, 2012)  
Yves Saint Laurent International B.V., The Netherlands (until July 10, 2012)

**BERND ILLIG**

**(Employee Representative)**

Bechhofen, Germany

Specialist IT User & System Support of PUMA SE

**MARTIN KÖPPEL**

**(Employee Representative)**

Weisendorf, Germany

Administrator IT Microsoft Systems of PUMA SE

**VICTOR FERNANDES**

**(Employee Representative)**

Strassburg, France

until April 24, 2012

Software Developer of PUMA France

**GUY BUZZARD**

**(Employee Representative)**

West Kirby, Great Britain

from April 24, 2012

Key Account Manager (Sales) of PUMA United Kingdom Ltd.

# REPORT BY THE ADMINISTRATIVE BOARD

In the following report, the Administrative Board provides information regarding its main areas of focus during financial year 2012. The Company is managed by the Administrative Board („single-tier system“), which determines the Company’s basic business strategies and monitors their implementation by the Managing Directors. Below is a discussion in plenum on the main group governance, monitoring and advisory tasks, the work of the committees, the statutory audits of the Group’s annual financial statements and the consolidated financial statements, relationships with affiliated companies and changes to the company organs.

## DEAR SHAREHOLDERS,

The past financial year presented many challenges, both from a sporting as well as from an economic point of view, which we have mastered with a very good team performance. Despite a weak economic market environment, we were able to significantly increase sales last year and have paved the way for profitable and sustainable growth in the future through the acceleration of our company-wide transformation program and the addition of a cost reduction program. We used the major sports events, particularly the Summer Olympic Games in London and the European Football Championship in Poland and Ukraine, as a stage for our innovative product and marketing campaigns, and the outstanding performance of our team and athletes ensured a strong global brand presence.

As a supplier for the Jamaica, Uganda and Grenada teams and the track and field teams from Sweden, Norway, the Dominican Republic, the Czech Republic and Antigua, we won a total of 19 Olympic medals in London – led by the fastest man in the world and the absolute superstar of this summer, Usain Bolt – and with our brand presence at our „PUMA YARD“ event site, we again linked professional sports and lifestyle together in an inimitable way.

In team sports, Italy celebrated a great success, finishing as runners up at the European Championships in Poland and Ukraine which, together with the very good performance of the Czech

Republic as quarter finalists, once again emphasized our position as the clear number three in football. The multiple successes in our motorsports, sailing and golf categories completed the sports year 2012: Ferrari driver Fernando Alonso finished in second place in the Formula 1 championship; our sailing team performed successfully in the Volvo Ocean Race and in the America’s Cup; and the fans of our golf category, which is still showing strong growth, were happy with the numerous tournament victories of our Cobra PUMA golf pros.

To strengthen our performance and lifestyle categories, we have also - for the first time - presented an exceptional performance collection, spanning all categories, called evoSPEED, as well as many innovative product concepts in the lifestyle sector, which emphasize our unique position as a desirable sports lifestyle brand. Another product innovation is also our collection of biodegradable and recyclable shoes, apparel and accessories that we introduced in October. PUMA’s InCycle products meet our goal of becoming the most desirable and sustainable sportslifestyle company, since we use more sustainable materials and design concepts, among other things, to reduce the enormous amount of waste generated at the end of a lifecycle of consumer products.

Below we will discuss the most important activities of the Administrative Board and its committees from January 1 through December 31, 2012.

## ADMINISTRATIVE BOARD

The Administrative Board has exercised its duties under the law, statutes and company rules in regard to the incumbent tasks of the Administrative Board. It has managed the Company, determined the base business lines and monitored their implementation by the Managing Directors.

In this regard, the Administrative Board has discussed the Company’s business policies, all relevant aspects of corporate development and corporation planning, the Company’s eco-

conomic situation, including its net assets, financial position and results of operations, and all key decisions and resolutions involving the Group in the four meetings it has held. All members attended the meetings. The Managing Directors have informed the Administrative Board regularly, comprehensively, and in a timely manner regarding the implementation of all decisions and regarding all major business transactions.

The Administrative Board discussed all of the Company's key business transactions, based on the reports by the Managing Directors and the committees, and presented its own ideas. The Administrative Board verified all of these explanations using the supporting documents submitted. Any deviations from business performance based on the specifications that have been given to the Managing Directors by the Administrative Board have been explained by the Managing Directors to the Administrative Board. The Administrative Board was involved in all key decisions from an early stage. In addition, the Chairman of the Administrative Board and other members of the Administrative Board maintained, and continue to maintain, regular verbal or written contact with the Managing Directors.

**FOCUS ON MANAGERIAL, MONITORING AND ADVISORY ACTIVITIES** At each individual Administrative Board meeting, in addition to the ongoing business development, there were numerous topics on the agenda that the Administrative Board discussed extensively with the Managing Directors. These discussions did not give rise to any doubts that the Managing Directors were managing the Group in anything other than a lawful and proper manner.

In the last PUMA SE financial year, the focus was primarily on the following topics:

- Audit and approval of the 2011 annual financial statements
- Setting the agenda for the regular 2012 Annual General Meeting
- Corporate Governance, compliance and the internal control system
- Transformation and cost reduction program
- Sustainability program and PUMA Vision
- PUMA re-engineering and process optimization
- Ongoing business development
- 2013 corporate planning and medium-term planning, including capital expenditures
- Dividend policy
- Management and MD human resources related topics

To address these topics, the Administrative Board reviewed the Company's financial reports and records.

The Administrative Board established various committees to perform its duties and receives regular reports on their work.

**EXECUTIVE COMMITTEE** In 2012 the Executive Committee was composed of Jochen Zeitz (Member and Chairman until 11/30/2012), Michel Friocourt, Martin Köppel and Thore Ohlsson (Member and Chairman starting on 12/1/2012). The Executive Committee organizes the Administrative Board meetings and makes decisions when instructed by the Administrative Board to do so on its behalf.

**PERSONNEL COMMITTEE** In 2012, the Human Resources Committee was composed of François-Henri Pinault (Chairman), Jochen Zeitz (Member until 11/30/2012), Bernd Illig and Jean-François Palus (Member as of 12/1/2012). The Human Resources Committee meets in conjunction with the Administrative Board meetings. The main areas of focus of the Human resources Committee are matters relating to the Managing Directors, plus the preparation of changes to their contract terms and compensation, succession planning for Managing Directors, recruiting and retaining talent within the Company, securing the employee base and long-term incentives for employees and executives.

**AUDIT COMMITTEE** In 2012, the Audit Committee was composed of the following Administrative Board members: Thore Ohlsson (Chairman), Jean-François Palus, Bernd Illig (Member until 7/25/2012) and Guy Buzzard (Member as of 7/26/2012). In particular, the Audit Committee is responsible for accounting issues and monitoring the accounting process, the effectiveness of the internal control system, the risk management system, internal audits, compliance and the statutory audit of the financial statements, with particular regard to the required independence of the statutory auditors, issuing the audit mandate to the statutory auditors, defining the audit areas of focus, any additional services to be performed by the auditors and the fee agreement.

**SUSTAINABILITY COMMITTEE** In 2012, the Sustainability Committee was composed of the following members: Jochen Zeitz (Member and Chairman until 11/30/2012), François-Henri Pinault, Martin Köppel and Jean-François Palus (Member and Chairman as of 12/1/2012). The Sustainability Committee is responsible for promoting PUMA.creative, PUMA.safe and PUMA.peace as well as the principles of creativity, sustainability and peace and an awareness of the need to act fairly, honestly, positively and creatively in every decision made and every action taken.

**NOMINATING COMMITTEE** Members of the Nominating Committee may only be representatives of the shareholders in the Administrative Board. The Administrative Board chose the following members of the Nominating Committee: François-Henri Pinault (Chairman until 11/30/2012), Jochen Zeitz (Member until 11/30/2012), Grégoire Amigues (Member until

4/24/2012), Jean-François Palus (Member and Chairman as of 12/1/2012) and Todd Hymel (Member as of 4/25/2012). The Nominating Committee proposes suitable shareholder candidates to the Administrative Board for its voting recommendations to the Annual General Meeting.

## **CORPORATE GOVERNANCE**

In the 2012 financial year the Administrative Board discussed the amendments to the German Corporate Governance Code (GCGC), which contains key legal requirements and recommendations for the management and supervision of listed companies and standards for responsible company management. The corporate governance standards have long been a part of the corporate routine. None of this will change as a result of the single-tier corporate governance system now in place at PUMA.

Pursuant to paragraph 3.10 of the GCGC, the Managing Directors also report to the Administrative Board on corporate governance in the Corporate Governance Report, which is part of the Annual Report. With very few exceptions, the Company satisfies the requirements of the GCGC and discloses these exceptions, as well as deviations from the GCGC resulting from PUMA's single-tier system, in the Statement of Compliance. The Statement of Compliance is available to our shareholders at any time on the Company's website.

## **ANNUAL FINANCIAL STATEMENTS APPROVED**

The annual financial statements for PUMA SE prepared by the Managing Directors in accordance with the German Commercial Code (Handelsgesetzbuch/HGB) and the Management Report for financial year 2012 and the consolidated financial statements and the Consolidated Management Report for financial year 2012 prepared in accordance with Section 315a HGB on the basis of International Financial Reporting Standards (IFRS) have been audited by the statutory auditors who were appointed by the Annual General Meeting on April 24, 2012 and commissioned by the Administrative Board to audit the separate annual financial statements and the consolidated financial statements, Deloitte & Touche GmbH, Munich, and have been given an unqualified auditor's opinion.

In their report, the statutory auditors conclude that PUMA's institutionalized risk management system, in accordance with Section 91(2) of the German Stock Corporation Act (Aktiengesetz/AktG), is capable of detecting at an early stage and countering any developments that might jeopardize the continuity of the Company as a going concern. The Administrative Board has been updated by the Managing Directors regularly on all relevant risks in this regard, in particular their assessments of market and procurement risks, financial risks (including currency risks) and organizational risks.

The accounting records, the audit reports from the statutory auditors and the Managing Directors' recommendation on the appropriation of retained earnings were made available to all members of the Administrative Board in a timely manner. At the meeting of the Audit Committee on February 13, 2013 and at the subsequent Administrative Board meeting held on the same day, the statutory auditors reported on the key results of their audit and discussed them in detail with the Managing Directors and the members of the Administrative Board. No discrepancies were detected. Further, at today's meeting, the Managing Directors explained to the Administrative Board the disclosures made in the management report, pursuant to Section 289(4) and 289(5) and Section 315(4) of the German Commercial Code (HGB).

Following a thorough audit of the annual financial statements for the legal entity, the Management Report, the consolidated financial statements and the Consolidated Management Report, the Administrative Board approved the statutory auditors' results and in accordance with the Audit Committee's recommendation, approved the annual financial statements and the consolidated financial statements for financial year 2012, which are thereby adopted.

The Administrative Board likewise agrees with the Managing Directors' proposal to distribute a dividend of €0.50 per share to the shareholders for financial year 2012. The dividend will be funded from cash and cash equivalents, which will not jeopardize the Company's liquidity. A total amount of €7.5 million will be paid out in dividends from PUMA SE's retained earnings. The remaining retained earnings of €77.5 million are to be carried forward.

## **REPORT ON RELATIONSHIPS WITH AFFILIATED COMPANIES**

PUMA SE is a dependent company of SAPARDIS S.E., a wholly owned subsidiary of PPR S.A, which in turn is a subsidiary of Artémis S.A (due to the voting right majority), pursuant to Section 17 of the German Stock Corporation Act (AktG) since April 10, 2007.

The report by the Managing Directors on relations with affiliated companies (Dependent Company Report) specified in Section 312 AktG was made available to the Administrative Board. The report has been reviewed by the statutory auditors, who issued the following auditor's opinion:

"We have duly examined and assessed the report and hereby certify that:

1. The information contained in the report is correct,
2. The payments made by the corporation in the legal transactions listed in the report were not unduly high."

After a thorough review, the Administrative Board agreed with the Dependent Company Report prepared by the Managing Directors and approved the auditors' findings. No objections were raised.

## **THANKS TO THE MANAGING DIRECTORS AND EMPLOYEES**

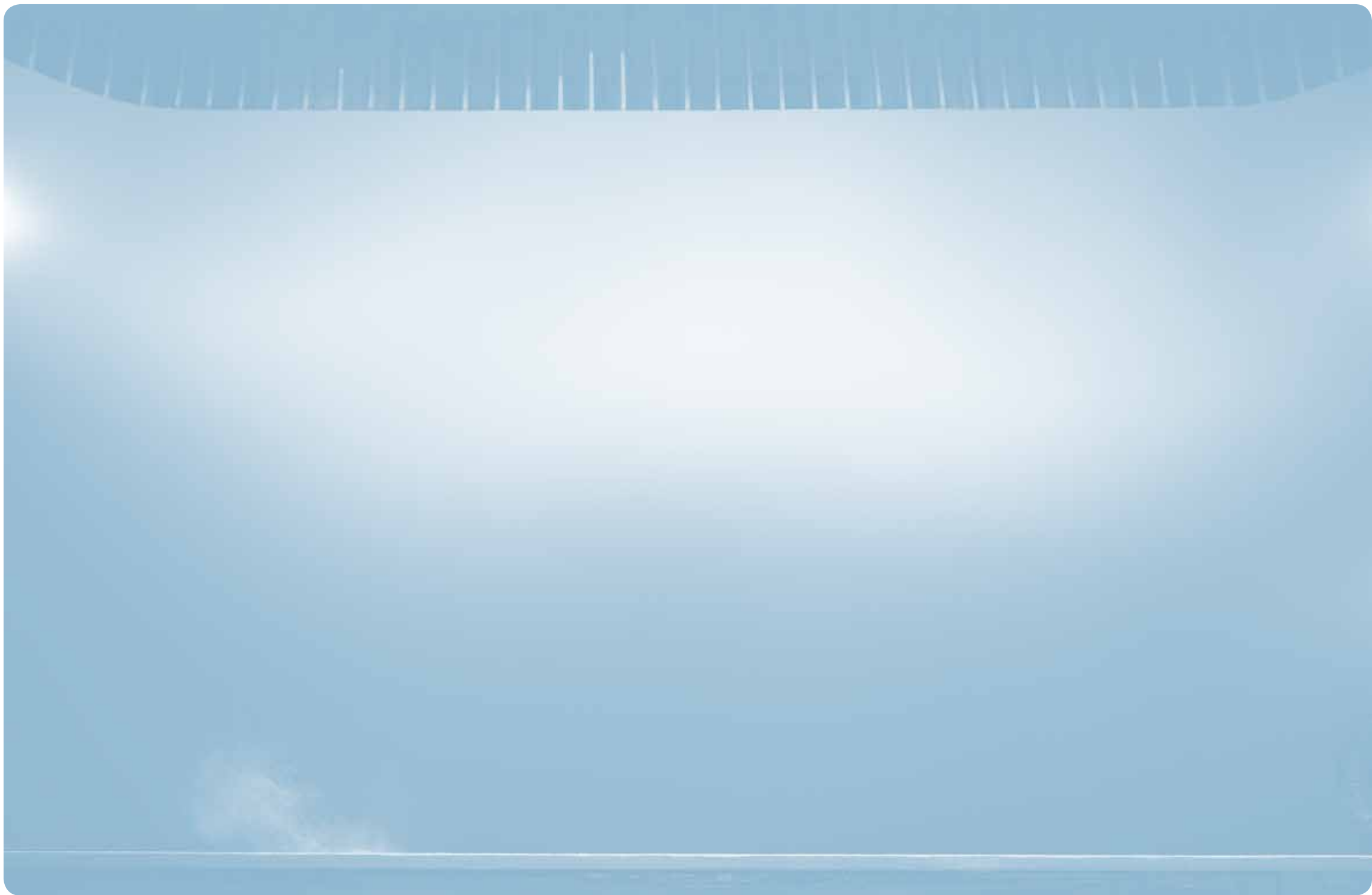
We would like to express our gratitude and recognition to the Managing Directors, the management teams at the Group companies, the Works Council and all our employees for their personal dedication, performance and continuing commitment.

**Herzogenaurach, February 13, 2013**

On behalf of the Administrative Board

**JEAN FRANÇOIS PALUS**  
**CHAIRMAN**







# GRI INDEX

# 10

CHAPTER

Global Reporting Initiative Index

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# GLOBAL REPORTING INITIATIVE INDEX

The Global Reporting Initiative (GRI) has developed detailed guidance materials on sustainability reporting which are widely recognized, for example, by the UN Global Compact. Since our first sustainability report „Perspectives“ PUMA has drawn from the Guidelines of the GRI for producing our reports, achieving an “in accordance” status with the 2002 GRI guidelines of our sustainability report „Momentum“ in 2005. Since our PUMAVision Sustainability Report 2007/2008 all of our reports have achieved the highest possible GRI application level „A+“.

This report for the third time combines our financial and sustainability report into one document. The financial and also the non-financial information have been externally verified by our statutory auditors Deloitte.

This report covers the reporting period of 2012. For the reporting boundaries in the sustainability section we have chosen the spheres where our influence is greatest. We report about our own operations and included data from subsidiaries and joint ventures. As previously, we set a high priority on social and environmental standards at our independent supplier factories, a topic frequently pointed out as important by many of our stakeholders. For the first time, we have included statistics on workers complaints and their resolution as well as links to our key suppliers own GRI based sustainability reports. Sub-suppliers of our manufacturing partners are included where feasible.

Finally, we included the results of our first Product Level Environmental Profit and Loss Statements to this report, to expand on the vast interest the EP&L has created among our stakeholders and the sustainability expert community.





## Statement GRI Application Level Check

GRI hereby states that **PUMA SE** has presented its report “PUMA Business and Sustainability Report” (2013) to GRI’s Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 27 March 2013



Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The “+” has been added to this Application Level because PUMA SE has submitted (part of) this report for external assurance. GRI accepts the reporter’s own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 21 March 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
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**1. STRATEGY AND ANALYSIS**

1.1	Statement from the most senior decision-maker of the organization.	Fully	Letter from Franz Koch	7
1.2	Description of key impacts, risks, and opportunities.	Fully	Sustainability at PUMA, Stakeholder Engagement, Environmental Management of PUMA Operations and Our Supplier Factories, Improving PUMA's Environmental Footprint, Our Responsibility for Our Indirect Employees, Business Development, Sustainability Scorecard 2015, S-Index, Energy, Water, Waste and Recycling	13 15 46  37 58 112 13 44 52 52 53

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
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**2. ORGANIZATIONAL PROFILE**

2.1	Name of the organization.	Fully	Notes to the consolidated financial statements	155
2.2	Primary brands, products, and/or services.	Fully	Management Report, Business Development Sales, Product Development and Design	110 112 128
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Notes to the consolidated financial statements, Group of consolidated companies, Holdings in associated companies	155 157 161
2.4	Location of organization's headquarters.	Fully	Notes to the consolidated financial statements,	155
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Management Report, Procurement, Notes to the consolidated financial statements / Group of consolidated companies, Factory Audit Results	110 129 155 63
2.6	Nature of ownership and legal form.	Fully	Notes to the consolidated financial statements	155
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	Management Report, Business Development Sales, Notes to the consolidated financial statements, Group of consolidated companies, Segment Reporting	110 112 155 157 182

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
2.8	Scale of the reporting organization.	Fully	People@PUMA, Management Report, Business Development, Employees, Notes to the consolidated financial statements	18 110 112 131 155
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	Letter from Franz Koch, Overview 2012, Notes to the consolidated financial statements, Group of consolidated companies,	7 107 155 157
2.10	Awards received in the reporting period.	Fully	Awards & Recognitions 2012	17

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
<b>3. REPORT PARAMETERS</b>				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	GRI Index, Notes to the consolidated financial statements, <a href="#">Calendar year</a>	202 155
3.2	Date of most recent previous report (if any).	Fully	GRI Index, Notes to the consolidated financial statements, <a href="#">April 24<sup>th</sup> 2012</a>	202 155
3.3	Reporting cycle (annual, biennial, etc.)	Fully	<a href="#">Annual</a>	
3.4	Contact point for questions regarding the report or its contents.	Fully	<a href="#">Imprint</a>	221
3.5	Process for defining report content.	Fully	Sustainability Scorecard 2015 Stakeholder Engagement, Main Issues 2012	13 15 59
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	Factory audit results, Significant Consolidation and Accounting and Valuation Principles, GRI Index, Employment Data, Environmental Management of PUMA Operations and Our Supplier Factories	63 156 202 30-34 46
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	Analysis of Failures, Environmental Management of PUMA Operations and Our Supplier Factories Target Assessment CO <sub>2</sub> , GRI Index	67-70 46 51 202
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	Factory audit results, Analysis of Failures, Environmental Management of PUMA Operations and Our Supplier Factories Notes to the consolidated financial statements	63 67-70 46 155

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	PUMA and the Environment in 2012, Analysis of Failures, Environmental Management of PUMA Operations and Our Supplier Factories	37 67-70 46
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	No re-statements of information provided in earlier reports <a href="#">See GRI Index for more information</a>	202
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	Road to Zero Discharge and HIGG Index, Product Environmental Profit and Loss Account, Retail Training Program PUMA University, Analysis of Failures <a href="#">See explanations in specific sections of the report.</a>	37 37 23 67-70
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	GRI Index	202
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	GRI Index, Independent Assurance Report, Notes to the consolidated financial statements, Statutory Auditor's Report	202 85 155 189

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
<b>4. GOVERNANCE, COMMITMENTS AND ENGAGEMENT</b>				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	Corporate Governance Report, Report of the Administrative Board	143 196
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Corporate Governance Report, Report of the Administrative Board	143 196
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	Governance Bodies Administrative Board / Managing Directors, Corporate Governance Report, Report of the Administrative Board	28 143 196
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Employee Privacy and Corporate Governance, Corporate Governance Report	28 143
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	People@PUMA, Competency & Performance Management, Compensation Report	18 20 133
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Corporate Governance Report, Report of the Administrative Board	143 196
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Fully	PUMAVision, PUMA.Safe Ecology, PUMA.Safe Humanity Board is regularly updated by PUMA.Safe Global Head. <a href="http://www.safe.puma.com/us/en/category/who-we-are">See www.safe.puma.com/us/en/category/who-we-are</a> for further information.	13 37 58

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page	Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	PUMAVision, People@PUMA, PUMA.Safe Ecology, PUMA.Safe Humanity, Sustainability Scorecard 2015, More Sustainable Products, Code of Conduct, Code of Ethics See: <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/media/pdf/CodeofConduct.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/media/pdf/CodeofConduct.pdf</a> and <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/media/pdf/CodeofEthics.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/media/pdf/CodeofEthics.pdf</a>	13 18 37 58 13 41	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	Stakeholder Engagement	15
					4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	How We Engaged With the Outside World in 2012 <i>There is not any known funding beyond membership dues.</i>	15
					4.14	List of stakeholder groups engaged by the organization.	Fully	Stakeholder Engagement, People@PUMA, Environmental Management of PUMA Operations and Our Supplier Factories <i>Main stakeholders consulted are employees, NGOs, shareholders (i.e. PPR), academia, customers, suppliers</i>	15 18 46
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	PUMAVision, Stakeholder Engagement, Our Responsibility for Our Indirect Employees <i>Board is regularly updated by PUMA.Safe Global Head. See <a href="http://www.safe.puma.com/us/en/category/who-we-are">www.safe.puma.com/us/en/category/who-we-are</a> for further information.</i>	13 15 58	4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Stakeholder Engagement	15
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Compensation Report	133	4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Stakeholder Engagement, Training our Suppliers in Social Issues <i>PUMA does not differentiate in the stakeholder engagement process between sustainability reporting and overall sustainability strategy and execution</i>	15 70
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	PUMA.Safe, Environmental Management of PUMA Operations and Our Supplier Factories	36 46					

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	Stakeholder Engagement	15
<b>ECONOMIC</b>				
DMA EC				
<b>Aspect ECONOMIC PERFORMANCE</b>				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	Business Development/ Sales, Results of Operations, Dividends, Regional performance Net assets and financial position, Cash flow, Notes to the consolidated financial statements	112 116 119 120 122 124 155
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	PUMA and the Environment in 2012, Environmental Management of PUMA Operations and Our Supplier Factories, Risk and Opportunity Management, Answers to the Carbon Disclosure Project <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf</a>	37 46 135
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	Compensation and Benefits, Compensation report, Notes to the consolidated financial statements / Pension Provisions	28 133 173

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
EC4	Significant financial assistance received from government.	Fully	No significant assistance received during the reporting period. A training-project for manufacturers was co-financed by the DEG	
<b>Aspect MARKET PRESENCE</b>				
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Partially	Better Wages in the Supply Chain Partially reported as information is deemed proprietary.	61
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	Our Responsibility for Our Indirect Employees, Our Constant Worry Cambodia, Factory Audit Results	58 60 63
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Partially	People@PUMA, Diversity & Inclusion Partially reported as disclosure is deemed proprietary. PUMA is a globally operating company with employees of diverse background.	18 24
<b>Aspect INDIRECT ECONOMIC IMPACTS</b>				
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Partially	PUMAVision Partially reported as disclosure is deemed proprietary. PUMA does not disclose on the development extent of investments on communities. Community needs assessments have not been conducted.	13
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	E P&L Environmental Management of PUMA Operations and Our Supplier Factories, Risk and Opportunity Management →	46 135



Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
			<a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf</a>	
<b>ECOLOGY</b>				
DMA EN				
<b>Aspect MATERIALS</b>				
EN1	Materials used by weight or volume.	Partially	E P&L, Environmental Management of PUMA Operations and Our Supplier Factories, <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf</a> Partially reported as production is outsourced to independent suppliers. Total weight or volume of materials used is not disclosed.	46
EN2	Percentage of materials used that are recycled input materials.	Partially	E P&L, More Sustainable Products, PUMA'S Biodegradable and Recyclable InCycle Collection, S-Index, How much do you think your PUMA shoes cost the environment, Environmental Management of PUMA Operations and Our Supplier Factories, Waste and Recycling <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf</a> Partially reported. As PUMA →	41 41 44 39 46 53

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
			is not directly producing goods, main input material is paper. More detailed information on input materials for production is contained in our Suppliers' own sustainability reports.	
<b>Aspect ENERGY</b>				
EN3	Direct energy consumption by primary energy source.	Partially	E P&L, Environmental Management of PUMA Operations and Our Supplier Factories, Climate Change / CO <sub>2</sub> , Energy <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf</a> Partially reported as part of Scope 1 CO2 emissions.	46 50 52
EN4	Indirect energy consumption by primary source.	Partially	E P&L, Environmental Management of PUMA Operations and Our Supplier Factories <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf</a> Partially reported. The indirect energy consumption of PUMA facilities is reported. The production is outsourced to independent suppliers.	46
EN5	Energy saved due to conservation and efficiency improvements.	Partially	E P&L, Environmental Management of PUMA Operations and Our Supplier Factories, Climate Change / CO <sub>2</sub> , Energy <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/">http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/</a> →	46 50 52

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Partially	pdf/EPL080212final.pdf Partially reported as disclosure is deemed proprietary. Energy saved is listed as part of total energy figures.	
			More sustainable Products, Environmental Management of PUMA Operations and Our Supplier Factories, Climate Change / CO <sub>2</sub> Energy. Partially reported as part of the production related environmental data. Information is deemed proprietary.	41 46 50 52
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Partially	Environmental Management of PUMA Operations and Our Supplier Factories, Climate Change / CO <sub>2</sub> , Energy	46 50 52
<b>Aspect WATER</b>				
EN8	Total water withdrawal by source.	Partially	E P&L , Environmental Management of PUMA Operations and Our Supplier Factories, Water <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf</a> Partially reported. Not reported by source as it is not considerable for PUMA's operations.	46 52

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
<b>Aspect BIODIVERSITY</b>				
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.		E P&L, Environmental Management of PUMA Operations and Our Supplier Factories <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf</a> Partially reported by source as biodiversity is not identified as a material topic for PUMA's operations.	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	E P&L, Environmental Management of PUMA Operations and Our Supplier Factories Climate Change / CO <sub>2</sub> <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf</a>	46 50
EN13	Habitats protected or restored.	Partially	Environmental Management of PUMA Operations and Our Supplier Factories, Climate Change / CO <sub>2</sub> Partially reported because no relevant direct impact from PUMA owned entities is identified.	46 50
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Partially	E P&L, Environmental Management of PUMA Operations and Our Supplier Factories, Climate Change / CO <sub>2</sub> <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/">http://about.puma.com/wp-content/themes/aboutPUMA_theme/</a> →	46 50

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
			<a href="#">financial-report/pdf/EPL080212final.pdf</a> Partially reported because no relevant direct impact from PUMA owned entities is identified.	
<b>Aspect EMISSIONS, EFFLUENTS AND WASTE</b>				
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Climate Change / CO <sub>2</sub> , E P&L <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf</a> Greenhouse Gas Protocol Corporate Standard, <a href="http://www.ghgprotocol.org/files/ghgp/public/ghg-protocol-revised.pdf">http://www.ghgprotocol.org/files/ghgp/public/ghg-protocol-revised.pdf</a> Standard used is the Greenhouse Gas Protocol.	50
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	E P&L, Environmental Management of PUMA Operations and Our Supplier Factories, Climate Change / CO <sub>2</sub>	46
			<a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf</a>	50
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	E P&L, Environmental Management of PUMA Operations and Our Supplier Factories, Climate Change / CO <sub>2</sub>	46
			<a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf</a>	50

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
EN19	Emissions of ozone-depleting substances by weight.	Not	Not reported as no significant emissions of ozone-depleting substances were identified.	
EN20	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type and weight.	Partially	E P&L, Environmental Management of PUMA Operations and Our Supplier Factories <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf</a> , Partially reported because air emissions are not considered significant for PUMA's operations.	46
EN21	Total water discharge by quality and destination.	Partially	E P&L, Environmental Management of PUMA Operations and Our Supplier Factories Water <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf</a> Partially reported. Destination, treatment method and reuse of water discharges are not fully reported as PUMA's own entities use water only for domestic purposes and discharge into public waste water collection systems.	46
			52	
EN22	Total weight of waste by type and disposal method.	Partially	E P&L, Environmental Management of PUMA Operations and Our Supplier Factories, Waste and Recycling <a href="http://about.puma.com/wp-content/themes/">http://about.puma.com/wp-content/themes/</a> →	46 53

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
EN23	Total number and volume of significant spills.		aboutPUMA_theme/financial-report/pdf/EPL080212final.pdf Partially reported as detailed information is not material since PUMA has outsourced production to independent supplier factories. Selected suppliers report in more detail within their own sustainability reports	
<b>Aspect PRODUCTS AND SERVICES</b>				
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Sustainability Scorecard, More Sustainable Products, PUMA'S Biodegradable and Recyclable InCycle Collection, S-Index, How much do you think your PUMA shoes cost the environment, Environmental Management of PUMA Operations and Our Supplier Factories, Water	13 41 41 44 39 46 52
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Partially	More Sustainable Products, PUMA'S Biodegradable and Recyclable InCycle Collection, Environmental Management of PUMA Operations and Our Supplier Factories,	41 41 46
			→	

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
			Waste and Recycling Partially reported. A product reclaim system was introduced in the reporting period.	53
<b>Aspect COMPLIANCE</b>				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	No (non-) monetary value of significant fines and sanctions known of.	
<b>Aspect TRANSPORT</b>				
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Fully	More Sustainable Products, Environmental Management of PUMA Operations and Our Supplier Factories, Climate Change / CO <sub>2</sub>	41 46 50
<b>Social: LABOR PRACTICES AND DECENT WORK</b>				
DMA LA				
<b>Aspect EMPLOYMENT</b>				
LA1	Total workforce by employment type, employment contract, and region.	Fully	Total workforce by employment type, employment contract, and region Employment Contract and Region (30-34)	30 30-34
LA2	Total number and rate of employee turnover by age group, gender, and region.	Partially	Total workforce Disclosure is deemed proprietary. Reported is only the employee turnover by region.	30-34
<b>Aspect LABOR/MANAGEMENT RELATIONS</b>				
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	Total workforce	30-34

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Not	We do not report this disclosure item as the information is proprietary and because of significant differences from country to country according to respective legal obligations. Legal requirements are followed.	
<b>Aspect OCCUPATIONAL HEALTH AND SAFETY</b>				
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Partially	Occupational Health and Safety (p. 23 su), Total Workforce Partially reported as occupational disease rate and minor injuries are not significant (not material).	28 30-34
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Partially	People@PUMA, Occupational Health and Safety, Organizational Wellbeing, Total Workforce Partially reported as counseling, prevention and risk-control programs on serious diseases are considered not significant to PUMA's operations.	18 28 25 30-34
<b>Aspect TRAINING AND EDUCATION</b>				
LA10	Average hours of training per year per employee by employee category.	Partially	People@PUMA, Training and Development, Total Workforce Partially reported as only totals of training hours and totals of the amount of trained employees are being reported.	18 20 30-34
LA12	Percentage of employees receiving regular performance and career development reviews.	Fully	People@PUMA, Competency & Performance Management	18 20

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>				
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	Partially	People@PUMA, Diversity & Inclusion, HR Key Figures – Managers female and male Partially reported as item is deemed proprietary. PUMA was not able to collect detailed data on the total percentage of employees of minority groups and minority groups on governance bodies. The age of the governance bodies' members is not disclosed.	18 24 31
LA14	Ratio of basic salary of men to women by employee category.	Not	We do not report this disclosure item as the information is proprietary.	
<b>Social: HUMAN RIGHTS</b>				
DMA HR				
<b>Aspect INVESTMENT AND PROCUREMENT PRACTICES</b>				
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Fully	Our Responsibility for Our Indirect Employees, Factory Audit Results, Code of Conduct <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/media/pdf/CodeofConduct.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/media/pdf/CodeofConduct.pdf</a>	58 63
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Fully	Our Responsibility for Our Indirect Employees, Factory Audit Results, Code of Conduct Sustainability reporting of PUMA suppliers <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/media/pdf/CodeofConduct.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/media/pdf/CodeofConduct.pdf</a>	58 63

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
			<a href="http://about.puma.com/puma-commits-its-strategic-suppliers-to-sustainability-reporting/?lang=en">http://about.puma.com/puma-commits-its-strategic-suppliers-to-sustainability-reporting/?lang=en</a>	
<b>Aspect NON-DISCRIMINATION</b>				
HR4	Total number of incidents of discrimination and actions taken.	Fully	People@Puma, Diversity & Inclusion, Employee Privacy and Corporate Governance, Areas of Failure, Training our Suppliers in Social Issues No case of discrimination was identified	18 24 28 67-70 71
<b>Aspect FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>				
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Fully	Impelling Freedom of Association, Areas of Failure, Training our Suppliers in Social Issues, Factory Audit Results	60 67-70 71 63
<b>Aspect CHILD LABOR</b>				
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Fully	Our Responsibility for Our Indirect Employees, Areas of Failure, Training our Suppliers in Social Issues, Factory Audit Results	58 67-70 71 63
<b>Aspect FORCED AND COMPULSORY LABOR</b>				
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.	Fully	Our Responsibility for Our Indirect Employees Areas of Failure, Training our Suppliers in Social Issues, Factory Audit Results	58 67-70 71 63

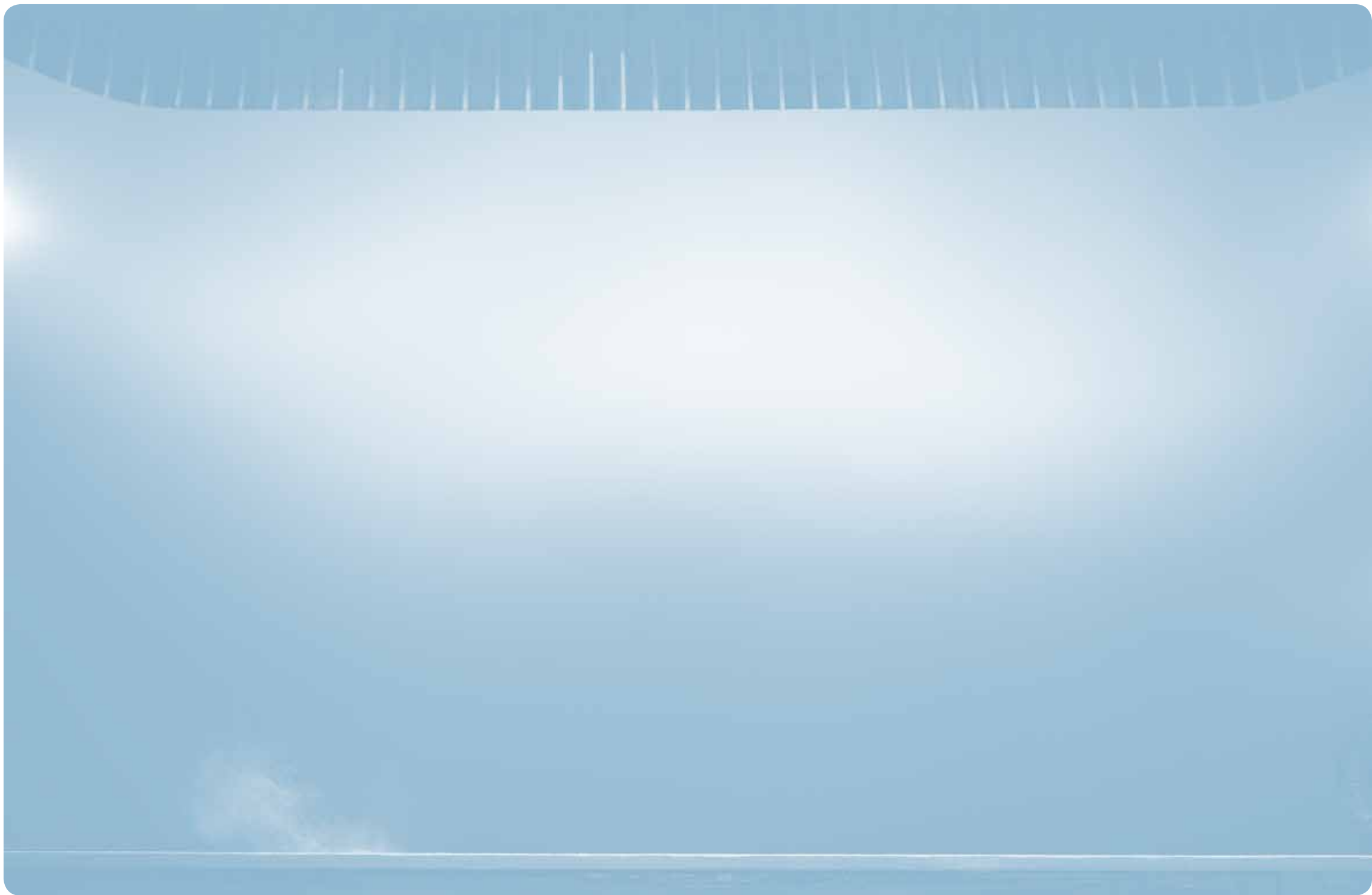
Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
<b>Aspect INDIGENOUS RIGHTS</b>				
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	No incident of violations involving rights of indigenous people was identified.	
<b>SOCIETY: Aspect COMMUNITY</b>				
S01	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Fully	Stakeholder Engagement, Our Responsibility for Our Indirect Employees, Areas of Failure, Factory Audits, Worker Complaints and Resolution Rates, Training our Suppliers in Social Issues, PUMA.Peace, PUMA Creative	15 58 67-70 63 69-70 71 73 78
<b>Aspect CORRUPTION</b>				
S02	Percentage and total number of business units analyzed for risks related to corruption.	Fully	People@Puma, Employee Privacy and Corporate Governance No incident of corruption was identified for the reporting period.	18 28
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	People@Puma, International Leadership Program, Employee Privacy and Corporate Governance, Code of Ethics <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/media/pdf/CodeofEthics.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/media/pdf/CodeofEthics.pdf</a> No incident of corruption was identified for the reporting period	18 21 28

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
S04	Actions taken in response to incidents of corruption.	Fully	People@Puma, Employee Privacy and Corporate Governance Code of Ethics <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/media/pdf/CodeofEthics.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/media/pdf/CodeofEthics.pdf</a> No incident of corruption was identified for the reporting period.	18 28
<b>Aspect PUBLIC POLICY</b>				
S05	Public policy positions and participation in public policy development and lobbying.	Fully	Stakeholder Engagement, People@Puma, German Council for Sustainable Development, Our Constant Worry Cambodia , Impelling Freedom of Association (66 su), Code of Ethics <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/media/pdf/CodeofEthics.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/media/pdf/CodeofEthics.pdf</a> No differences between positions and PUMA's policies known of. PUMA is committed to encouraging sustainable development. See German Council of Sustainable Development for further information on our engagement.	15 18 15 60 60
<b>Aspect COMPLIANCE</b>				
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	No fines and sanctions identified during the reporting period.	

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
<b>Product Responsibility: Aspect CUSTOMER HEALTH AND SAFETY</b>				
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Partially	More Sustainable Products , PUMA's Biodegradable and Recyclable InCycle Collection, Going 'Round In Cycles, Bring Me Back to PUMA, S-Index, Environmental Management of PUMA Operations and Our Supplier Factories, Chemicals Management, PUMAs Restricted Substance List und Manufacturing Restricted Substance List <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/media/pdf/2012/PUMARSL&amp;MRSLV_9_12.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/media/pdf/2012/PUMARSL&amp;MRSLV_9_12.pdf</a> Partially reported as the percentage of significant product or service life cycles covered and assessed is not collected. PUMA products are PVC free and comply with a Restricted Substances List standard.	41 41 41 43 44 46 55 55

Indicator (Core/Add)	Description	Reporting	Cross-reference and Comment	Page
<b>Aspect PRODUCT AND SERVICE LABELLING</b>				
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	PUMA's products are covered by normal product information requirements and are not subject to any specific product information regulations.	
<b>Aspect MARKETING COMMUNICATIONS</b>				
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Partially	People@PUMA, Code of Ethics <a href="http://about.puma.com/wp-content/themes/aboutPUMA_theme/media/pdf/CodeofEthics.pdf">http://about.puma.com/wp-content/themes/aboutPUMA_theme/media/pdf/CodeofEthics.pdf</a> Partially reported as no incident of non-compliance related to marketing communications was identified (not material).	18
<b>Aspect COMPLIANCE</b>				
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	No fines for non-compliance were identified during the reporting period.	







# FURTHER INFORMATIONS

# 11

## CHAPTER

PUMA Year on Year Comparison	219
PUMA Group Development	221



# PUMA YEAR-ON-YEAR COMPARISON

T.1	2012 € million	2011 € million	Deviation		2012 € million	2011 € million	Deviation
<b>Sales</b>							
Brand sales	<b>3,448.6</b>	3,172.5	8.7%		<b>327.6</b>	381.5	-14.1%
Consolidated sales	<b>3,270.7</b>	3,009.0	8.7%		<b>83.5</b>	61.0	37.1%
<b>Result of operations</b>							
Gross profit	<b>1,579.0</b>	1,493.4	5.7%		<b>81.2</b>	71.1	14.1%
EBIT <sup>1)</sup>	<b>290.7</b>	333.2	-12.8%		<b>91.7</b>	44.2	107.5%
EBT	<b>112.3</b>	320.4	-65.0%				
Net earnings	<b>70.2</b>	230.1	-69.5%				
<b>Profitability</b>							
Gross profit margin	<b>48.3%</b>	49.6%	-1.4%pt				
EBT margin	<b>3.4%</b>	10.6%	-7.2%pt				
Net margin	<b>2.1%</b>	7.6%	-5.5%pt				
Return on capital employed (ROCE)	<b>8.6%</b>	28.7%	-20.1%pt				
Return on equity (ROE)	<b>4.4%</b>	14.3%	-9.9%pt				
<b>Balance sheet information</b>							
Shareholders' equity	<b>1,597.4</b>	1,605.2	-0.5%				
- Equity ratio	<b>63.1%</b>	62.2%	1.0%pt				
Working capital	<b>623.7</b>	534.0	16.8%				
- in % of Consolidated sales	<b>19.1%</b>	17.7%	1.3%pt				
<b>Cashflow and investments</b>							
Gross cashflow							
Free cashflow (before acquisition)							
Investments (before acquisition)							
Acquisition investments							
<b>Value management</b>							
Cashflow Return on Investment (CFROI)	<b>13.6%</b>	14.6%	-1.0%pt				
Absolute value contribution	<b>146.5</b>	166.8	-12.2%				
<b>Employees</b>							
Number of employees (annual average)	<b>10,935</b>	10,043	8.9%				
Sales per employee (T€)	<b>299.1</b>	299.6	-0.2%				
<b>PUMA share</b>							
Share price (in €)	<b>224.85</b>	225.00	-0.1%				
Average outstanding shares (in million)	<b>14,967</b>	14,981	-0.1%				
Number of shares outstanding (in million)	<b>14,939</b>	14,985	0.0%				
Earnings per share (in €)	<b>4.69</b>	15.36	-69.5%				
Market capitalization	<b>3,359</b>	3,360	0.0%				
Average trading volume (amount/day)	<b>24,738</b>	39,973	-38.1%				

1) EBIT before special items

# PUMA GROUP DEVELOPMENT (PAGE 1)

T.2

	2012 € million	2011 € million	2010 € million	2009* € million	2008 € million	2007 € million	2006 € million	2005 € million	2004 € million	2003 € million	2002 € million
<b>Sales</b>											
Brand sales	<b>3,448.6</b>	3,172.5	2,862.1	2,607.6	2,767.9	2,738.8	2,755.1	2,387.0	2,016.6	1,691.5	1,380.0
- Change in %	<b>8.7%</b>	10.8%	9.8%	-5.8%	1.1%	-0.6%	15.4%	18.4%	19.2%	22.6%	36.4%
Consolidated sales	<b>3,270.7</b>	3,009.0	2,706.4	2,447.3	2,524.2	2,373.5	2,369.2	1,777.5	1,530.3	1,274.0	909.8
- Change in %	<b>8.7%</b>	11.2%	10.6%	-3.0%	6.3%	0.2%	33.3%	16.2%	20.1%	40.0%	52.1%
- Footwear	<b>1,595.2</b>	1,539.5	1,424.8	1,321.7	1,434.3	1,387.9	1,420.0	1,175.0	1,011.4	859.3	613.0
- Apparel	<b>1,151.9</b>	1,035.6	941.3	846.2	899.3	827.3	795.4	473.9	416.0	337.0	238.5
- Accessories	<b>523.6</b>	433.9	340.3	279.4	190.6	158.3	153.8	128.6	102.9	77.7	58.3
<b>Result of operations</b>											
Gross profit	<b>1,579.0</b>	1,493.4	1,344.8	1,243.1	1,306.6	1,241.7	1,199.3	929.8	794.0	620.0	396.9
- Gross profit margin	<b>48.3%</b>	49.6%	49.7%	50.8%	51.8%	52.3%	50.6%	52.3%	51.9%	48.7%	43.6%
Royalty and commission income	<b>19.2</b>	17.6	19.1	20.6	25.7	35.6	37.0	55.7	43.7	40.3	44.9
EBIT <sup>1)</sup>	<b>290.7</b>	333.2	337.8	299.7	350.4	372.0	368.0	397.7	359.0	263.2	125.0
- EBIT margin	<b>8.9%</b>	11.1%	12.5%	12.2%	13.9%	15.7%	15.5%	22.4%	23.5%	20.7%	13.7%
EBT	<b>112.3</b>	320.4	301.5	138.4	326.4	382.6	374.0	404.1	364.7	264.1	124.4
- EBT margin	<b>3.4%</b>	10.6%	11.1%	5.7%	12.9%	16.1%	15.8%	22.7%	23.8%	20.7%	13.7%
Net earnings	<b>70.2</b>	230.1	202.2	79.6	232.8	269.0	263.2	285.8	258.7	179.3	84.9
- Net margin	<b>2.1%</b>	7.6%	7.5%	3.3%	9.2%	11.3%	11.1%	16.1%	16.9%	14.1%	9.3%
<b>Expenses</b>											
Marketing/retail	<b>609.3</b>	550.7	501.3	501.2	528.6	448.3	439.5	285.3	223.5	169.7	125.1
Product development/design	<b>84.9</b>	77.0	63.6	58.1	55.1	58.1	57.3	42.5	37.2	30.3	24.2
Personnel	<b>438.8</b>	393.8	354.1	320.2	306.4	278.0	265.7	199.4	163.4	126.6	103.0

1) EBIT before special items

\* adjusted comparable figures according to IAS 8, see chapter 3 in the notes to the consolidated financial statements as of December 31, 2010

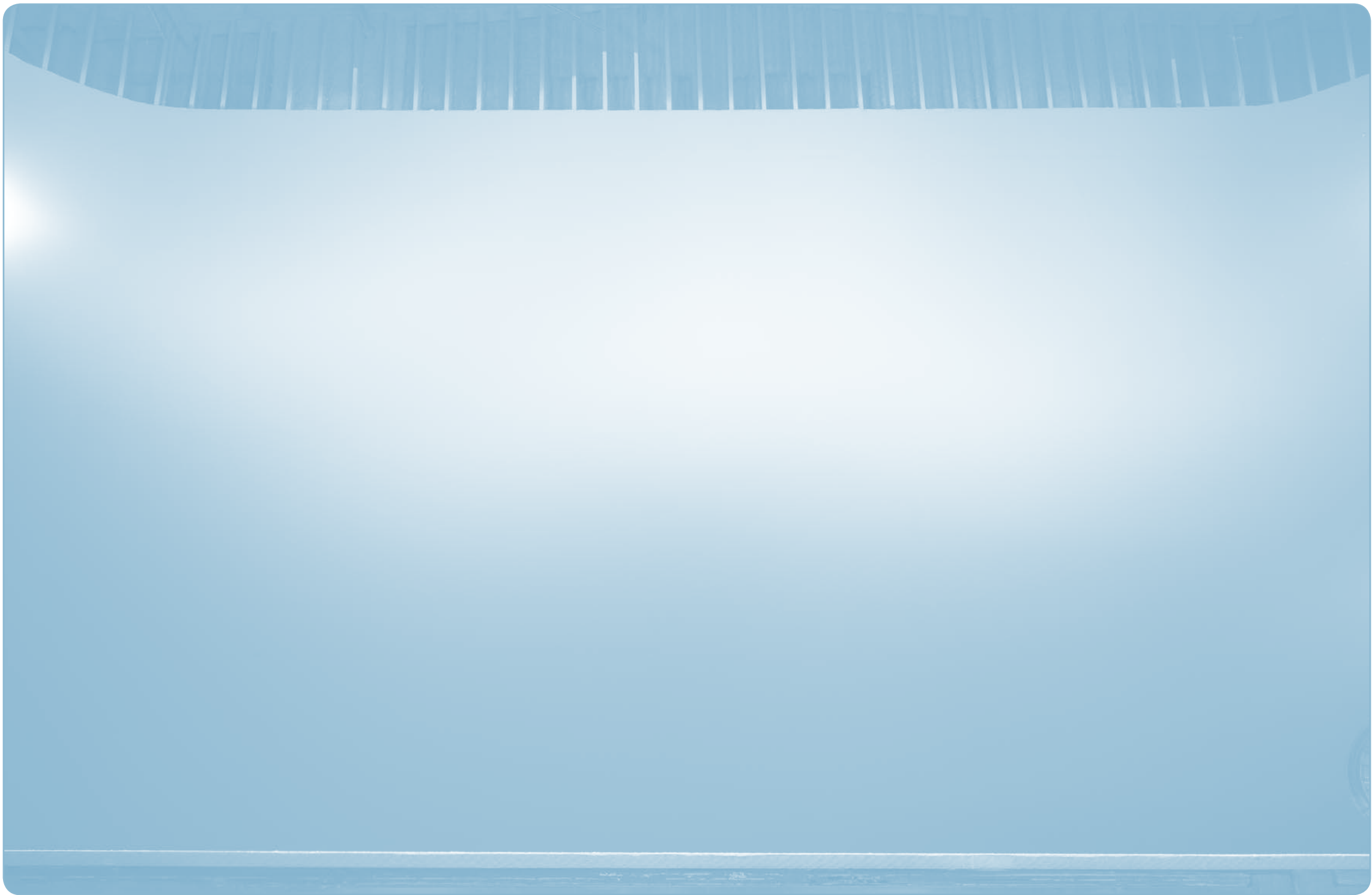


# PUMA GROUP DEVELOPMENT (PAGE 2)

T.3

	2012 € million	2011 € million	2010 € million	2009* € million	2008 € million	2007 € million	2006 € million	2005 € million	2004 € million	2003 € million	2002 € million
<b>Balance sheet</b>											
Total assets	<b>2,530.3</b>	2,581.8	2,366.6	1,925.0	1,898.7	1,863.0	1,714.8	1,321.0	942.3	700.1	525.8
Shareholders' equityw	<b>1,597.4</b>	1,605.2	1,386.4	1,133.3	1,177.2	1,154.8	1,049.0	875.4	550.2	383.0	252.2
- Equity ratio	<b>63.1%</b>	62.2%	58.6%	58.9%	62.0%	62.0%	61.2%	66.3%	58.4%	54.7%	48.0%
Working capital	<b>623.7</b>	534.0	404.5	323.2	436.4	406.5	401.6	255.7	148.4	155.7	114.0
- thereof: inventories	<b>552.5</b>	536.8	439.7	344.4	430.8	373.6	364.0	238.3	201.1	196.2	167.9
<b>Cashflow</b>											
Free cashflow	<b>-8.2</b>	16.8	17.1	167.3	85.8	208.8	10.4	134.4	256.6	107.4	100.1
Net cash position	<b>363.2</b>	413.1	436.8	437.3	325.3	461.2	393.6	430.4	356.4	173.8	94.3
Investments (incl. acquisitions)	<b>172.9</b>	115.3	163.6	136.3	144.1	112.9	153.9	79.8	43.1	57.3	22.5
<b>Profitability</b>											
Return on equity (ROE)	<b>4.4%</b>	14.3%	14.6%	7.0%	19.8%	23.3%	25.1%	32.6%	47.0%	46.8%	33.7%
Return on capital employed (ROCE)	<b>8.6%</b>	28.7%	31.7%	20.3%	41.0%	54.8%	58.0%	96.7%	156.5%	120.7%	81.1%
Cashflow return on investment (CFROI)	<b>13.6%</b>	14.6%	15.6%	14.9%	21.7%	22.4%	24.0%	32.0%	42.1%	43.5%	32.2%
<b>Additional information</b>											
Number of employees (year-end)	<b>11,290</b>	10,836	9,697	9,646	10,069	9,204	7,742	5,092	3,910	3,189	2,387
Number of employees (annual average)	<b>10,935</b>	10,043	9,313	9,747	9,503	8,338	6,831	4,425	3,475	2,826	2,192
<b>PUMA share</b>											
Share price (in €)	<b>224.85</b>	225.00	248.00	231.84	140.30	273.00	295.67	246.50	202.30	140.00	65.03
Earnings per share (in €)	<b>4.69</b>	15.36	13.45	5.28	15.15	16.80	16.39	17.79	16.14	11.26	5.44
Average outstanding shares (in million)	<b>14,967</b>	14,981	15,031	15,082	15,360	16,018	16,054	16,066	16,025	15,932	15,611
Number of shares outstanding (in million)	<b>14,939</b>	14,935	14,981	15,082	15,082	15,903	16,114	15,974	16,062	16,059	15,846
Market capitalization	<b>3,359</b>	3,360	3,715	3,497	2,116	4,342	4,764	3,938	3,249	2,248	1,030

\* adjusted comparable figures according to IAS 8, see chapter 3 in the notes to the consolidated





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PUMA.Safe  
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