

# BRAND RESPONSES

## PUMA:

17/09/2020

Compliance with human rights, labor rights and environmental standards is a top priority at PUMA and has been specified in our Codes of Conduct for over 20 years.

To implement our code of conduct, we maintain a team of 20 experts who regularly visit our suppliers around the world and train those suppliers via round tables in the purchasing regions on current sustainability issues.

Every manufacturer of PUMA has to go through a compliance audit for social and environmental standards before starting the business relationship. Only those manufacturers who pass this audit are included in our supplier base. After starting the business relationship, our manufacturers are checked annually for compliance with our standards; so they are re-audited every year.

If critical deviations from international social and environmental standards are found as part of these regular reviews, the manufacturer is asked to remedy them immediately. If a manufacturer repeatedly fails to comply with these requests, the business relationship may be terminated.

Our audit program for our manufacturers has existed since 1999 and was first accredited by the Fair Labor Association in 2007. The last accreditation was completed last year (2019). This means that PUMA has kept demonstrating to have strong policies and practices in place to identify and remediate unfair labor practices in its global supply chain.

In order to check compliance with human rights at the second level of our supply chain, a few years ago we decided to include our most important manufacturers of materials and components in our audit program. In addition to 377 audits at our direct contractual partners or Tier 1 suppliers, we have also conducted 39 inspections at the so-called Tier 2 suppliers last year.

Another building block of our human rights policy is steadily increasing the proportion of materials from certified sources, such as cotton, polyester or leather. For example, last year we obtained 98% of our polyester, 98% of our leather and 82% of our cotton from certified, more sustainable sources like the Better Cotton Initiative or Bluesign. For the year 2020, we have asked all our suppliers to exclusively use Better Cotton Initiative cotton for PUMA production.

PUMA has been focusing on transparency of our work to respect Human Rights and the environment. We are, for example, listed in the top ten companies of the Fashion Revolution Transparency Index. We have also recently published our 2019 Annual Report which includes a detailed sustainability section (<https://annual-report-2019.puma.com/en/index.html>).

We took the report from the Australian Strategic Policy Institute (ASPI) as an opportunity to review our supply chain in China with regard to potential threats of forced labor. Our research has shown that one of the two manufacturers associated with PUMA by ASPI does not work for PUMA.

The other manufacturer (Huafu) works indirectly for PUMA. Huafu is one of the largest yarn manufacturers in Asia and produces yarns that are used, among others, by PUMA manufacturers in Bangladesh. According to our research, yarns for PUMA products are exclusively manufactured in two Huafu factories. These are located in the province of Zhejiang in eastern China and in Vietnam.

For the factory in Zhejiang (Huafu Melange Yarn Co. Ltd), we have by now received two external assessment reports from the "Social and Labor Convergence Program" or SLCP. Both reports are written by renowned test houses, contain a detailed assessment of the labor rights situation in the factory and include no evidence of any form of forced labor.

In addition, we commissioned an external assessment on the origin of the cotton used by Huafu Melange Yarn Co. Ltd, which shows no evidence of Xinjiang cotton being used for yarns sold to PUMA suppliers.

The Huafu factory in Vietnam works with the renowned "Better Work Program" of the International Labor Organization (ILO), so that we can also assume that human rights and labor rights are respected.

## **BMW:**

17/09/2020

The accusation you mentioned about human rights violations in China is based on a study by the Australian Strategic Policy Institute. As we said when the report was published, the ASPI did not approach us before publication and so we were unable to investigate these allegations and put the records straight from the beginning.

Immediately after the publication of the report we contacted our suppliers to establish to what extent the Chinese company Highbroad Advanced Material Co. Ltd. is, as the study claims, a BMW Group supplier. The results confirm that the BMW Group is not a customer of Highbroad Advanced Material Co. Ltd. Therefore the claims made in the ASPI report relating to BMW are not true.

Guaranteeing respect for human rights has been a declared aim of the BMW Group's mission statement for almost 15 years. The "Joint Declaration on Human Rights and Working Conditions" we published in 2005, which was signed by representatives of the Board of Management, the Works Council and the IG Metall trade union, draws specific attention to the social responsibility that arises from increasingly globalised production and sales networks.

This commitment extends beyond the company itself and its direct partners. The BMW Group firmly believes its aims can only be achieved by building ongoing relationships with suppliers and through consistent management of the supplier network.

The BMW Group has formulated and published a Code on Human Rights and Working Conditions, which supplements the Joint Declaration referred to above and applies to all employees, suppliers and authorised sales partners.

The Code explicitly advises employees of the BMW Group's commitment to respecting human rights and their importance to the company and sets out responsibilities and processes for implementation based on the UN Guiding Principles.

Environmental and social standards are also defined in the "BMW Group Sustainability Standard for the Supplier Network", which has been an integral part of offer-solicitation documents for suppliers of components for BMW i models since 2008 and for all other products since 2014, and must therefore be taken into consideration at the time of bidding. In concrete terms, this means all bids submitted by suppliers must take account of the BMW Group's sustainability requirements.

All BMW Group supplier contracts for production and non-production materials also contain specific clauses in the purchasing terms and conditions referring to the principles of the UN Global Compact and International Labour Organisation (ILO).

When our suppliers sign a contract, they also undertake to require their subcontractors to observe these agreements and to track compliance.

We tightened our sustainability requirements for suppliers further in 2019. In addition to an environmental management system certified to ISO 14001 or EMAS, we now also require a certified occupational health and safety management system in accordance with OHSAS 18001 or the new ISO 45001 standard.

**ADIDAS:**

18/09/2020

### **The situation facing Uyghurs in China**

Thank you for your letter of September 17, 2020 outlining the severity of the situation facing Uyghurs and other ethnic minorities in the Xinjiang Uyghur Autonomous Region (XUAR) and their employment as involuntary or forced labor in supply chains across China.

As a company, adidas is committed to upholding international labor rights standards and human rights norms globally. This means we strictly prohibit the use of all forms of forced labor, including prison labor, in our supply chain. Moreover, we do not permit our suppliers to hire dispatch workers, or other forms of labor, through government-managed schemes. This has been our approach for more than a decade and is an integral part of our labor monitoring practice in China.

In your letter you refer to “credible reports” of a linkage between adidas and manufacturers employing forced labor. We assume you are referring to research conducted by the Australian Strategic Policy Institute (ASPI), which highlights the exploitation and adverse treatment of Uyghur workers in China. adidas treated the allegations detailed in ASPI’s March 2020 report very seriously and we immediately launched an investigation.

With respect to ASPI’s findings, our in-country investigations confirmed that we held no direct contractual relationship with any of the businesses named in their report. None were producing adidas goods.

We have also looked closely at the upstream supply chain. In Spring 2019 we explicitly required our materials suppliers in China not to buy yarn from Xinjiang and since then have supported the Better Cotton Initiative in its decision to suspend the supply of Better Cotton from that region. BCI is a key source of cotton for adidas globally.

The above actions form part of our ongoing efforts to ensure that there are no supply chain linkages to forced labor in XUAR, or to the export of labor from this region. We continue to work diligently towards that goal.

We trust the above addresses your concerns. A formal statement was published earlier in the year, and can be found [here](#).

## **APPLE:**

23/09/2020

Thank you for reaching out to us. Workplace rights are human rights and we take this very seriously. Apple has zero tolerance for forced labor of any kind and we are dedicated to ensuring everyone in our supply chain is treated with dignity and respect.

Our Supplier Code of Conduct is the strongest in the industry and we assess our suppliers, including with surprise audits, evaluating over 500 criteria to ensure compliance with our high standards, and to identify any improvement areas. Looking for the presence of forced labor is part of every supplier assessment we conduct and any violations of our policies carry immediate consequences, including business termination. These protections apply across the supply chain, regardless of a person's job or location.

Last year, we reviewed our manufacturing supply chain in China, including final assembly and test partners. We also conduct rigorous audits, including surprise audits with third-party investigators, and have found no evidence of any forced labor in Apple's supply chain.

We are deeply concerned about reports suggesting use of forced labor at O-Film. When we first learned of the allegations in February, we immediately took additional actions and began a detailed investigation, including dispatching independent, third-party investigators to their facilities.

While we have found no evidence of any forced labor in facilities producing for Apple, we requested that O-Film immediately conduct thorough, independent third-party investigations at all of their facilities for all of their customers to verify that no forced labor exists anywhere in their operations, and publicly share the results of those investigations.

While ensuring there is no forced labor in Apple's supply chain is of critical importance, we believe forced labor should be eradicated everywhere, and that everyone, regardless of ethnic background, should have access to employment and education. We do not allow our suppliers to discriminate against any ethnic group, including Uighurs.

Protecting workers rights begins with awareness, which is why we require our suppliers to train their employees on their workplace rights. Since 2008, more than 19 million have been trained on their rights and we provide a number of methods for supplier employees to report any concerns directly to Apple, including hotlines for anonymous phone calls and the ability to directly contact Apple's Supplier Responsibility team.

Beyond these protections, we interview tens of thousands of supplier employees every year in their local language and without their managers present, to ensure that their workplace experience aligns with our observations during assessments. We prohibit retaliation of any kind, and follow up with interviewees to confirm they have not experienced retaliation as a result of their participation or reporting concerns.

We are proud to be leaders in upholding the highest standards, but we also know that solving these issues across our industry and beyond requires partnership and collective action. Apple works with the Responsible Business Alliance (RBA), a non-profit coalition of companies focused on ethical supply chain conditions to strengthen the RBA's guidance and assessment tools to help the entire industry ensure that strict labor and human rights requirements are met.

You may find additional information about Supplier Responsibility at Apple along with our 2020 Progress Report on our [website](#).

Thank you again for writing to us,

Apple Supplier Responsibility