SUPPLIER SOCIAL REPORT 2011

Jack Wolfskin

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**DEAR FRIENDS OF JACK WOLFSKIN,
WITH OUR SUPPLIER SOCIAL REPORT 2011, WE ARE CONTINUING ALONG OUR CHOSEN PATH OF SOCIAL AND CORPORATE RESPONSIBILITY AND AGAIN PROVIDE YOU WITH AN OPEN AND TRANSPARENT REPORT.**

We have done this for two reasons: to promote responsibility within the company and allow you the opportunity to enter into a detailed discussion with us. Our objective has never been, nor can it ever be, to attain perfection and fully eliminate mistakes. Rather, it has always been and should always be to learn and improve. We take this aim seriously, which is why we welcome independent monitoring and public discussion.

Over the years, we have learnt that perseverance and conviction are key to achieving goals. This also applies to social responsibility.

We set ambitious goals again for 2011 and also achieved a great deal:

We managed to increase our auditing quota to 100% in 2011 as planned. We were also able to improve the production conditions of 27% of our suppliers, whilst 66% remained unchanged and just 7% worsened.

However, we are still far from reaching our goal. 26% of our suppliers are still in the critical category and require improvement. 7% are highly critical. Proactive measures were taken wherever a worsening of the situation had been observed. If the supplier did not make any improvements, collaboration was terminated.

In order to expand the manufacturer portfolio over the long term, we implemented a new sourcing process in 2011 which ensures new manufacturers are evaluated and meet criteria before the first production contract. This process also continuously protects us from "supplier hopping", a common scenario in the textile industry in which last-minute contracts are offered to new suppliers on a seasonal basis, usually with the sole aim of cutting prices.

We were delighted to discover that high-quality suppliers are more likely to offer transparency in terms of social conditions and monitoring. We increasingly participate in dialogue and development processes, as suppliers can benefit from quality development and protect themselves over the long term.

As always, the objective is to regard all these results and processes fairly with mutual respect and utmost responsibility and act correspondingly. We will continue along our path and would be delighted for you to join us.

WE MIGHT EVEN SEE YOU IN THE GREAT OUTDOORS!

Christian Brandt, May 2012

2 ABOUT JACK WOLFSKIN

THE GREAT OUTDOORS ARE OUR PASSION. WHETHER IT'S IN THE MOUNTAINS, THE WILDERNESS, FARAWAY COUNTRIES OR THE COUNTRYSIDE JUST BEYOND YOUR FRONT DOOR, WE DEMAND THAT JACK WOLFSKIN PRODUCTS OFFER OUR CUSTOMERS THE BEST PROTECTION POSSIBLE AGAINST WIND, RAIN AND THE COLD – SO THAT THEY FEEL "AT HOME OUTDOORS".

We focus on highly active people who enjoy spending a lot of time outdoors, attaining their goals, exploring new places and landscapes, and treating both people and nature with respect. Activities range from climbing and trekking tours to day hikes and long-distance travel.

OUR GOAL IS TO MOTIVATE AND HELP AS MANY PEOPLE AS POSSIBLE TO EXPERIENCE NATURE.

The basic idea behind all JACK WOLFSKIN products is to combine superior functionality with exceptional levels of comfort. Outdoor activities should be fun and the brand products should make the user feel at home outdoors at all times. With this conviction, we've been successfully manufacturing functional apparel, equipment and footwear for outdoor activities, travel and leisure since 1981. We ensure that all our products fulfil the requirements of the user and the various activities and that the production processes are as sustainable as possible – with a focus on people and nature.
With extensive investments in research and development, JACK WOLFSKIN is always working on innovative designs and materials which make the products even more versatile and application-oriented. When it comes to developing new products, we focus on weather protection, high breathability, climate and wear comfort.

Weather protection is our primary focus:
Whether it's in the wind, rain, snow or cold, our customers need to be able to rely on our apparel, footwear and equipment. As such, we pursue application-oriented concepts designed specifically for the unique requirements of the activity in question and based on technologies developed in-house, some of which are patented, and functional fabrics developed in the laboratories of specialist manufacturers. What's more, over 30 years of product development expertise and user feedback go into creating JACK WOLFSKIN's sophisticated products. All the while, we strive to combine functionality and comfort. For us, top quality is a matter of course.

Who we are:
JACK WOLFSKIN was established in 1981 and has since been developing top-quality, functional, application-oriented products.
With a range of patents and innovative in-house technologies, JACK WOLFSKIN products are now leading the way in terms of function, comfort and user benefits. They are now also sold and used all over the world.

2.1 2011 FACTS AND FIGURES (AS OF 02/2012)

ESTABLISHED:
1981 IN FRANKFURT

HEADQUARTERS:
IDSTEIN (TAUNUS, HESSE) SINCE 1997

LEGAL FORM:
GMBH & CO. KGAA

EMPLOYEES: APPROX. 630 (AS OF 02/2012)

MANAGEMENT:
MANAGING DIRECTOR: MICHAEL RUPP (SINCE 1 JULY 2012)
DIRECTOR OF OPERATIONS: CHRISTIAN BRANDT
DIRECTOR OF FINANCES: ANDREAS KLOTZ
DIRECTOR OF SALES: MARKUS BÖTSCH

EUROPEAN HEADQUARTERS
CENTRAL WAREHOUSE: NEU WULMSTORF

2011 FINANCIAL YEAR: €355 MILLION

MARKET POSITION:
EUROPE'S LEADING SUPPLIER OF FUNCTIONAL OUTDOOR APPAREL, FOOTWEAR AND EQUIPMENT AND THE LARGEST FRANCHISOR IN THE GERMAN SPECIALIST SPORTS RETAIL MARKET

2.2 INTERNATIONAL SALES CHANNELS

EUROPE (AS OF 02/2012)

JACK WOLFSKIN STORES IN:

GERMANY 235
AUSTRIA 17
SWITZERLAND 12
BELGIUM 8
ITALY 7
UK 6
LUXEMBOURG 4
FRANCE 4
POLAND 2
NETHERLANDS 2
RUSSIA 1

ASIA (AS OF 02/2012)

CHINA 322
KOREA 14

JACK WOLFSKIN sells its products through a range of retail channels: specialist outdoor retailers, specialist sports retailers and JACK WOLFSKIN franchise stores. JACK WOLFSKIN is the largest franchisor in the German sports retail industry. There are now over 4,000 points of sale which offer JACK WOLFSKIN products throughout Europe.

2.3 SALES TREND 2006 TO 2011

THE SALES TREND BETWEEN 2006 AND 2011 DEMONSTRATES CONTINUOUS ANNUAL GROWTH OF OVER 20 %.

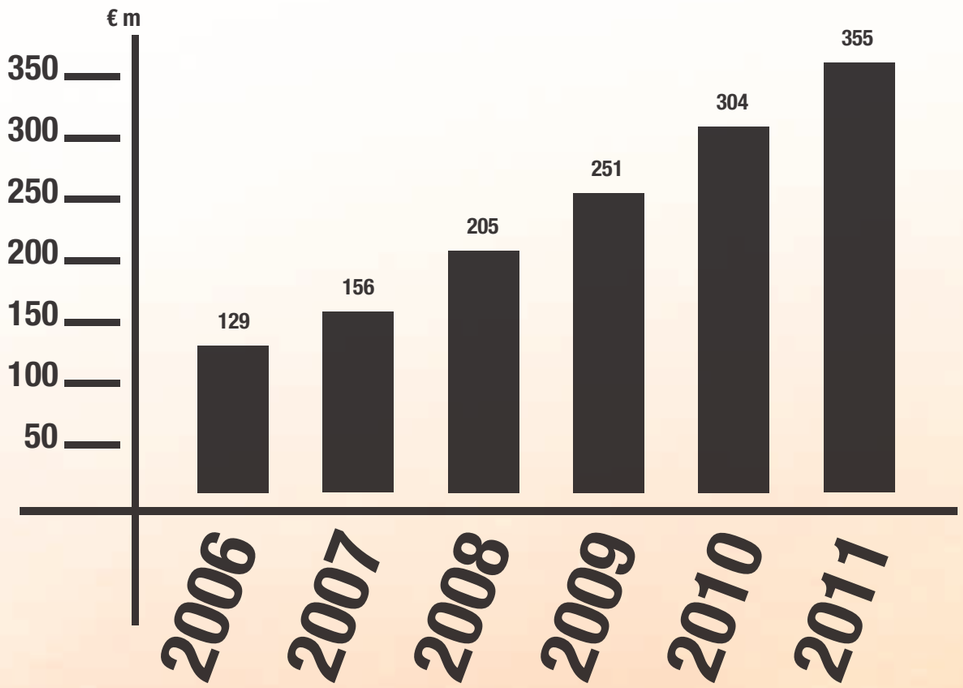


Figure 1: *Sales trend 2006 to 2011*

2.4
JACK WOLFSKIN'S ORGANISATIONAL STRUCTURE

JACK WOLFSKIN APPROACHES THE ISSUE OF SUSTAINABILITY FROM TOP MANAGEMENT DOWN AND ACROSS ALL LEVELS WITH SELF-UNDERSTANDING, WHICH IS ALREADY VISIBLE IN THE ORGANISATIONAL STRUCTURE.

Figure 2: *JACK WOLFSKIN organisation chart*

FOR THE INDIVIDUAL TOPICS UNDER THE UMBRELLA TERM OF SUSTAINABILITY – "CORPORATE ENVIRONMENTAL PROTECTION", "CORPORATE SOCIAL RESPONSIBILITY" AND "PRODUCT-SPECIFIC ENVIRONMENTAL PROTECTION AND SOCIAL RESPONSIBILITY TOWARDS MANUFACTURERS" – AREAS OF RESPONSIBILITY HAVE BEEN ASSIGNED DIRECTLY TO THE MANAGEMENT AT JACK WOLFSKIN, THUS ENSURING THAT DECISION-MAKING CHANNELS ARE SHORT AND ALL FUNDAMENTAL DECISIONS ARE MADE, DEFINED AS GOALS AND ANCHORED WITHIN THE OVERALL ORGANISATION BY THE MANAGEMENT.

The independence of these three areas ensures that all three topics receive the most attention possible. Overlapping topics such as environmental protection require close collaboration in order to optimally exploit existing synergies.

Figure 3: *The three sustainability topics at JACK WOLFSKIN*

2.5 PRODUCT DIVISIONS

JACK WOLFSKIN OFFERS ITS CUSTOMERS COMPREHENSIVE SUMMER AND WINTER COLLECTIONS EVERY YEAR. THESE TWO COLLECTIONS COMPRISE ALL THREE PRODUCT DIVISIONS: APPAREL, FOOTWEAR AND EQUIPMENT. PRODUCTS VARY SIGNIFICANTLY IN MANY AREAS AS THEY ARE DESIGNED SPECIFICALLY FOR SUMMER OR WINTER ACTIVITIES. WITHIN THE PRODUCT DIVISIONS, YOU WILL FIND THE PRODUCT LINES "ALPINISM", "TREKKING", "HIKING", "ACTIVE TRAIL" AND "FAMILY".

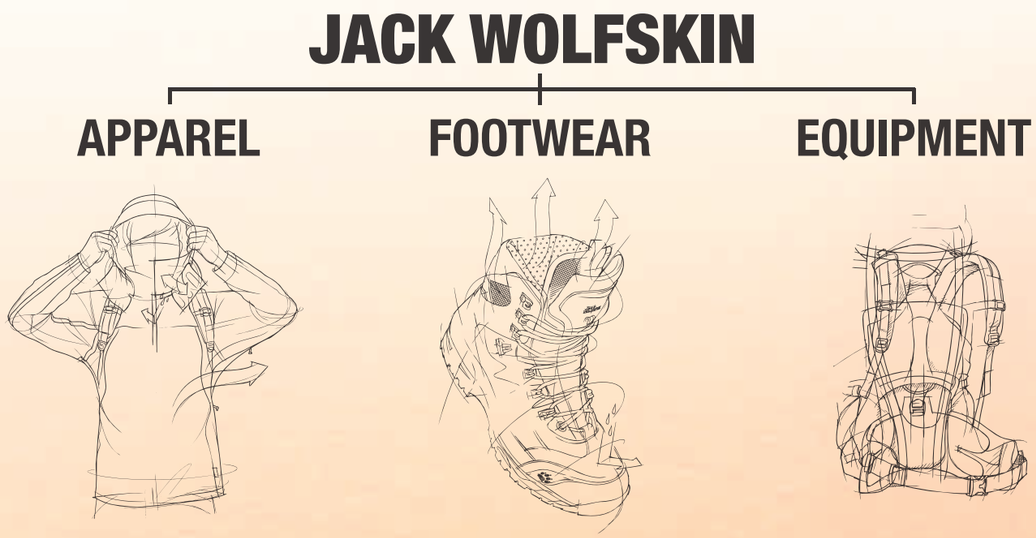


Figure 4: *Divisions at JACK WOLFSKIN*

PRODUCT LINES WITHIN THE DIVISIONS

ALPINISM

ALPINE SPORT REQUIRES MOUNTAIN CLIMBING EQUIPMENT FOR AN EXTREMELY WIDE RANGE OF DEMANDS. SWEAT-INDUCING CLIMBS ARE FOLLOWED BY PERIODS OF REST AND WEATHER CONDITIONS CAN TURN IN A FLASH.

Our alpine products fulfil these demands individually or as part of a layer system. They offer maximum reliability, extensive weather protection, rock resistance and stability, yet are also lightweight, breathable and comfortable.

HIKING

HIKING COMPRISES AN EXTENSIVE RANGE OF ACTIVITIES FROM PHYSICALLY DEMANDING, SWEAT-INDUCING TRAIL RUNNING TO SIMPLY WALKING IN ALL KINDS OF WEATHER.

As such, this range features an extremely wide selection of materials and product models. We pay special attention to comfort in weather protection, breathability, design and features during the development phase. HIKING products represent reliable equipment for numerous activities and are multifunctional for a variety of applications.

TREKKING

TREKKING TOURS LASTING DAYS OR WEEKS REQUIRE CONTINUOUS, UNWAVERING PERFORMANCE FROM BOTH PEOPLE AND EQUIPMENT – OFTEN WITH CHANGING WEATHER CONDITIONS:

With these products, we focused on ensuring permanent durability and weather protection. Comfort and low weight also play a key role in this range.

ACTIVE TRAIL

FOR US, ACTIVE TRAIL REFERS TO SPORTY, PHYSICALLY DEMANDING (ENDURANCE) ACTIVITIES SUCH AS TRAIL RUNNING, (NORDIC) WALKING, MOUNTAIN BIKING, FELL RUNNING AND SPEED HIKING.

The clothing is as light as possible and therefore boasts few features. Other key characteristics include exceptional breathability and good freedom of movement. What's more, the clothing is fitted where possible and features an extremely small pack size.

FAMILY

ALL OUR EXPERTISE GOES INTO EACH AND EVERY ONE OF OUR PRODUCTS FOR CHILDREN AND YOUNG ADULTS – JUST ON A SMALLER SCALE.

After all, "outdoors" is not limited to holidays and summer camp. It also covers everyday activities at school and at play. This is something we have to consider when it comes to choosing the designs and technologies. Reliable functional materials are just as important as age and activity-specific features and safety.

3 CORPORATE RESPONSIBILITY

AS A COMPANY, JACK WOLFSKIN LIVES SOCIAL AND ENVIRONMENTAL RESPONSIBILITY AND ALWAYS STRIVES TO MOTIVATE BOTH ITS EMPLOYEES AND SOCIETY TO PROACTIVELY CONTRIBUTE TO PROTECTING AND MAINTAINING NATURE. IT ALSO PROMOTES FAIR TREATMENT OF THE PEOPLE WITH WHOM WE SHARE THE PLANET.

These basic environmental and social values have been shaping the company and its activities for years. Corporate responsibility (CR) is a firmly established company value for which long-term goals and strategies have been developed. Every year, we conduct internal assessments to determine whether or not the set goals have been attained and where we can implement changes that will allow us to come ever closer to our goal of becoming the most sustainable company in the industry.

Based on exemplary behaviour towards people and nature, JACK WOLFSKIN would like to prove that fairness, environmental consciousness and social responsibility are in no way mutually exclusive with company success. JACK WOLFSKIN sees itself as in the position to act as a role model and motivate others to adopt the same attitude.

THE CONTRIBUTION OF EACH INDIVIDUAL CAN LEAD TO MAJOR CHANGES IN SOCIETY – JACK WOLFSKIN CHOSE ITS PATH LONG AGO. SO WHY NOT JOIN US?

Figure 5: *The five activity fields of CR management at JACK WOLFSKIN*

3.1 AN EVOLVING SOCIETY

SOCIETY IS CHANGING. MORE AND MORE PEOPLE ARE TAKING NOTICE OF THE CONSEQUENCES OF THEIR BEHAVIOUR ON THE ENVIRONMENT AND OTHER PEOPLE. ACCORDINGLY, A TREND TOWARDS A MORE ENVIRONMENTALLY AND SOCIALLY AWARE LIFESTYLE IS DEVELOPING ALONGSIDE THE CONSUMER SOCIETY. CONSUMERS ARE INTERESTED IN THE MANUFACTURING PROCESS OF PRODUCTS AS WELL AS THE RESOURCES USED.

Prompted by this trend, the demand for independent, standardised assessment of CR activities is on the rise. NGOs and consumer magazines have recognised this trend and now regularly conduct corporate responsibility assessments.

3.1.1 2011 SUSTAINABILITY STUDIES

The outdoor industry relies on healthy natural environments and has dedicated itself to maintaining them, which is why NGOs and consumer initiatives pay very close attention to the behaviour of the entire industry. Since the initial studies in 2009, JACK WOLFSKIN has taken an open and transparent approach. We welcome the fact that more and more consumers are taking an interest in social and environmental standards and learning more about them. As such, we feel that it is absolutely essential that comprehensive information should be made available to all interested parties.

SEVERAL STUDIES WERE CONDUCTED AND PUBLISHED IN 2011 AND JACK WOLFSKIN ALWAYS EARNED TOP MARKS:

4 ½ OUT OF 5 POSSIBLE STARS GOEDEWAAR.NL (http://www.goedewaar.nl) is a consumer initiative which focuses on the sustainability of consumer products. Every year, GoedeWaar.nl publishes a study which evaluates the CR activities of different companies. JACK WOLFSKIN received 4 ½ out of 5 possible stars and is thus one of the best companies in the study.

SILVER MEDAL FROM THE FEDERAL CONSUMER INITIATIVE (DIE VERBRAUCHER INITIATIVE E.V.) (www.nachhaltig-einkaufen.de – "Company check")

This consumer initiative maintains the "Company check", a database in which consumers can learn more about the environmental and social commitment of different retailers. The database results are based on a nationwide retail survey on environmental and social commitment along the entire supply chain.

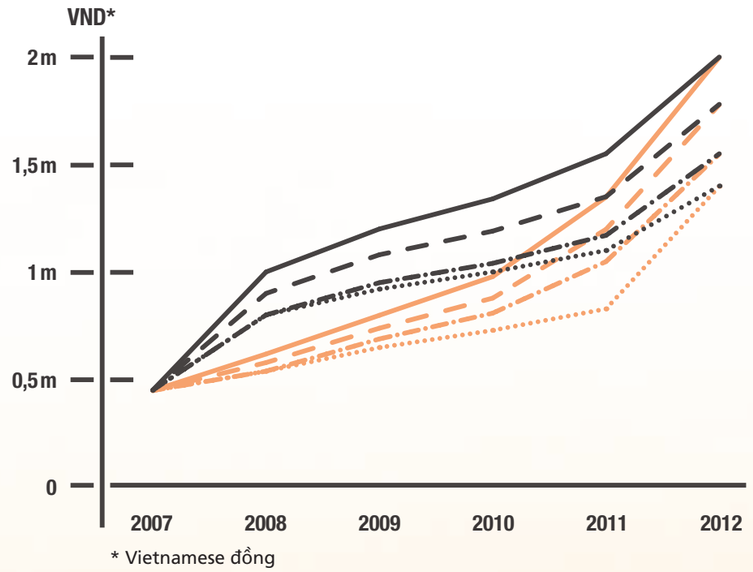


Figure 6: Developments in the legal minimum wage in Vietnam between 2007 and 2012

3.1.2 AN EVOLVING SOCIETY IN ASIA WITH VIETNAM AS AN EXAMPLE

The societies of developing countries are also beginning to evolve. More and more workers are demanding their rights, which is leading to radical change in social structures.
Rapid inflation and economic development have led to more and more strikes over the past several years. Companies began entering into wage negotiations with workers and the legal minimum wage more than quadrupled in urban regions such as Ho Chi Minh City and Hanoi between 2007 and 2012. The graph clearly demonstrates the rise in the legal minimum wage. In addition to increasing minimum wage, the workers have also negotiated many other increases and additional benefits with their employers, so that many companies are now paying much more than the legally stipulated minimum wage.
Textile companies in particular now have to make more of an effort to attract their employees, as economic developments in other industries – such as the electronics industry, which has become much more interesting for workers – are taking on a greater role.
This development has also led to the formation of more and more independent employee representation bodies, which conduct collective negotiations with the company management and now compete with national unions.
Because Vietnam is experiencing rapid economic development, this example very clearly illustrates the general trend in countries throughout Asia.

4 2011 TARGETS AND RESULTS

THE FOLLOWING SOCIAL SUSTAINABILITY TARGETS WERE DEFINED AND IMPLEMENTED FOR JACK WOLFSKIN FOR 2011:

TARGET	IMPLEMENTING THE RESULTS
SOCIAL AUDITS OF THE MANUFACTURERS	
COMPLIANCE WITH THE FWF AUDITING REQUIREMENT OF 60% OF THE PURCHASING VOLUME WITHIN THE FIRST TWO YEARS OF MEMBERSHIP	■ 100 % of the purchasing volume was audited by JACK WOLFSKIN.
INTEGRATION OF ALL MANUFACTURERS (INCL. LOW-RISK COUNTRIES) INTO THE AUDITING SYSTEM	■ All manufacturers and authorised subcontractors were audited. ■ All manufacturers were audited in the test phase.
VERIFICATION AUDIT CONDUCTED BY FWF	■ In addition to the social audits commissioned by JACK WOLFSKIN, FWF also conducted verification audits of three manufacturers in Thailand, Bangladesh and Turkey in 2011.
MULTI-COMPANY (JOINT) AUDITING OF MANUFACTURERS	■ FWF auditors were commissioned by JACK WOLFSKIN and another FWF member to conduct a supplier audit. ■ Both companies monitored the subsequent improvement measures together.
FWF MEMBERSHIP COMMUNICATION	
FWF LOGO ON JACK WOLFSKIN HANGTAGS	FWF allows members to use the FWF logo on their products once they have attained an audited sales volume of 60%. ■ JACK WOLFSKIN made a conscious decision to put off the product label until the 2012 summer collection – once all the manufacturers could be successfully incorporated into the auditing system.
FWF MEMBERSHIP GENERAL COMMUNICATION	■ Via the website ■ Via the catalogue ■ Via sales documentation ■ At trade fairs ■ At stores and points of sale
TRAINING	
EMPLOYEES	■ Customised training courses on JACK WOLFSKIN's environmental and social standards for new employees.
MANUFACTURERS	■ Three-day intensive training course provided by the Vendor Control team for suppliers on location in Thailand. ■ FWF's range of training and further development courses designed to increase women's rights and develop corresponding structures – for suppliers in India and Bangladesh.
END CONSUMERS	■ Educating end consumers in environmental and social aspects of production. ■ Making the 2010 JACK WOLFSKIN supplier social report available in all stores. ■ Development of a strategy for ensuring direct end consumer communication, including: – Business cards to be laid out in stores for customers who have questions regarding sustainability issues. – A variety of social media tools such as Twitter and the JACK WOLFSKIN blog. ■ Regular information regarding CR issues via the JACK WOLFSKIN blog and Newsroom. ■ Participation in public podium discussions and papers on the subject of "Social standards" (GlobeWelt in Cologne; Beyond Fashion Summit in Berlin). ■ The Vendor Control team spent several days at the Globetrotter store in Cologne to educate customers about social sustainability.
PERFORMANCE CHECK	
JACK WOLFSKIN PERFORMANCE CHECK CONDUCTED BY FWF	■ JACK WOLFSKIN's first performance check was carried out in Idstein in June 2011 (the report is available on the FWF website). It follows that JACK WOLFSKIN lives up to the stringent demands of Fair Wear Foundation and exceeds them in many areas.
TRANSPARENT COMMUNICATION OF THE RESULTS	
COMMUNICATION OF THE SUPPLIER SOCIAL REPORT 2010	■ Information via press release ■ Publication on the JACK WOLFSKIN website ■ Publication on the FWF website ■ Provision of the report at all stores, at trade fairs and events ■ Provision of the report in several languages: - German - English - French - Dutch - Polish
COMMUNICATION OF THE RESULTS OF THE PERFORMANCE CHECK (FORMERLY THE FWF MANAGEMENT SYSTEM AUDIT)	■ Press release on publication of the results ■ Reporting in various online and print media ■ Provision of information at the trade fair stand at ISPO
REPORTING ON RESULTS IN GENERAL	■ Detailed results were shared with FWF, present FWF members, NGOs and unions at the annual multi-stakeholder meeting.
COMPLAINTS AT AN INDONESIAN MANUFACTURING FACILITY	■ Detailed reporting on complaints submitted by workers at an Indonesian manufacturing facility via the FWF website. ■ Close communication and collaboration with NGOs in this case.
SYSTEM OPTIMISATION	
SA8000 BASIC AUDITOR COURSE FOR EMPLOYEES	■ The JACK WOLFSKIN Vendor Control team successfully completed the five-day SA8000 Auditor course offered by SAI.
IN-DEPTH OPTIMISATION OF THE "WAGE LADDER" SYSTEM	■ Integration of the "wage ladder" in all audit reports.
AWARDS	
SECOND PLACE IN FWF'S 2011 BEST PRACTICE AWARD	■ Thanks to the wage ladder, JACK WOLFSKIN managed to take second place in the Best Practice Award at the FWF 2011 annual conference.

Table 1: *Targets and results*

5 PURCHASING STRATEGY

JACK WOLFSKIN'S GOAL IS TO SUSTAINABLY MANUFACTURE HIGH-QUALITY AND DURABLE PRODUCTS WHILST TAKING ECONOMIC AND SOCIAL ASPECTS INTO ACCOUNT, WHICH IS WHY JACK WOLFSKIN MAINTAINS LONG-STANDING SUPPLIER RELATIONSHIPS. JACK WOLFSKIN PRODUCTS ARE MANUFACTURED IN ASIA AND EUROPE. THE PRIMARY MANUFACTURING COUNTRIES ARE VIETNAM, CHINA, BANGLADESH AND THAILAND.

5.1 SOCIALLY RESPONSIBLE MANUFACTURER MANAGEMENT

JACK WOLFSKIN IS AWARE OF ITS RESPONSIBILITY TOWARDS ITS MANUFACTURERS AND THEIR EMPLOYEES AND PURSUES THIS ISSUE WITH CONVICTION AND DEDICATION. THE FOLLOWING POINTS DESCRIBE THE BASIC ELEMENTS OF MANUFACTURER MANAGEMENT WITH A FOCUS ON SOCIAL RESPONSIBILITY.

Carefully selecting manufacturers:
When it comes to selecting manufacturers, JACK WOLFSKIN aims to secure long-standing business partnerships. It is our opinion that carefully choosing partners plays a key role in sustainable business.

Signing the Code of Conduct:
Every manufacturer that intends to work with JACK WOLFSKIN must first accept and sign the Code of Conduct (CoC), which contains guidelines on management methods, working hours, wages, child labour, forced labour, freedom of association and right to collective bargaining, discrimination, health and safety at work, and environmental issues (the CoC is available on the JACK WOLFSKIN website).

Monitoring:
Since 2008, the production facilities commissioned by JACK WOLFSKIN to manufacture its products have been systematically audited by independent companies. These audits utilise factory tours, document examination and interviews with employees, the management and other interest groups to monitor and assess Code of Conduct compliance.

Corrective Action Plan (CAP):
Following the audit, a report is created which comprehensively outlines the results of the audit and contains an assessment of the individual points of the Code of Conduct. This report is used to create a Corrective Action Plan (CAP) containing all the points that require improvement. The manufacturer receives a copy of the CAP and is itself responsible for developing improvement measures and implementing them within a realistic period of time. JACK WOLFSKIN regularly monitors the progress of these corrective actions.

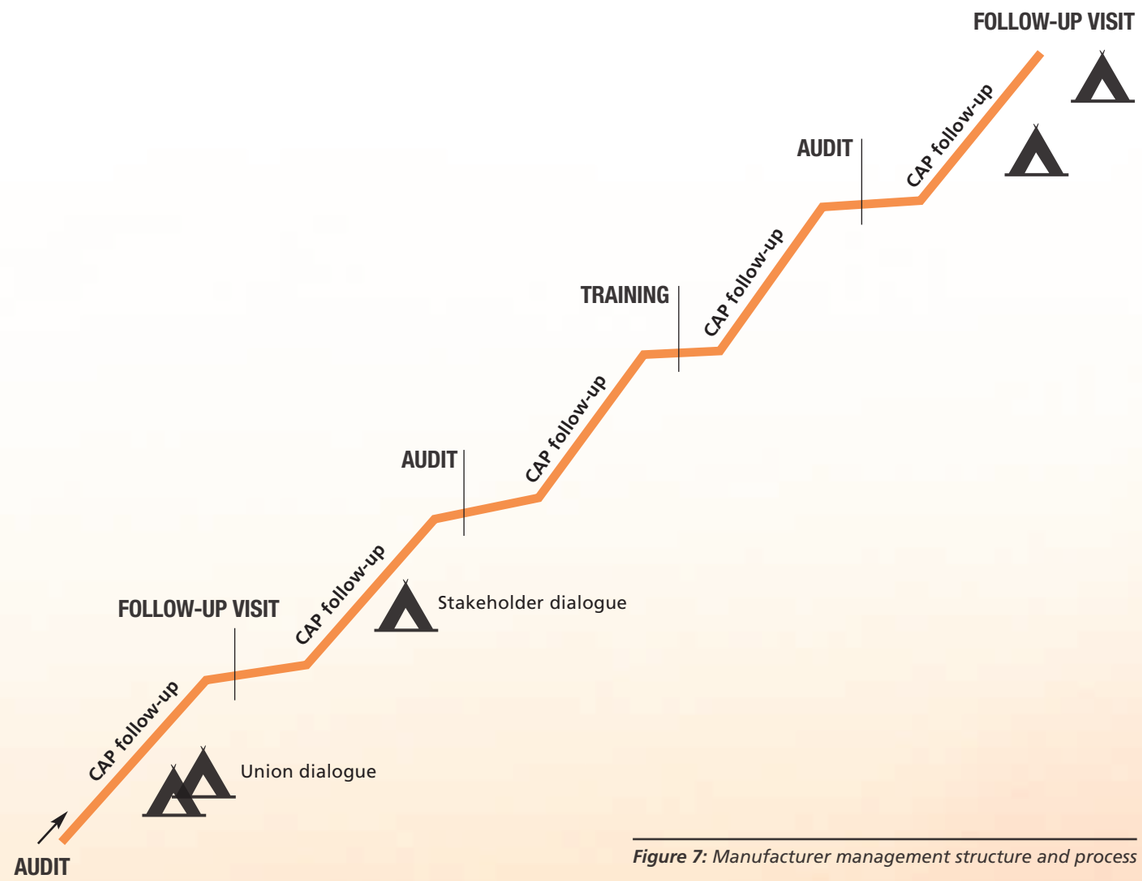


Figure 7: Manufacturer management structure and process

Follow-up visits:
Depending on the audit results, auditors visit the manufacturers up to three times between audits. These short visits to the production facilities allow JACK WOLFSKIN to monitor the improvement measures initiated and if necessary help them develop solutions which the manufacturers can independently pursue.

Dialogue with unions and other organisations:
External auditing and qualification companies maintain ongoing dialogue with various organisations within the production countries in order to keep up to date on changes, problems and new developments in terms of local unions, regional worker groups and other stakeholders. At the same time, Fair Wear Foundation also provides valuable suggestions for dealing with the primary issues faced by local organisations.
Fair Wear Foundation and its members maintain contact on a national and international level, thus promoting an understanding of the problems faced by the groups involved and helping to come up with solutions.

Training programmes:
JACK WOLFSKIN offers its manufacturers training programmes to promote and enhance their expertise on various levels (management, middle management and workers). The training topics are customised to meet the needs of the groups in question and offered free of charge for the manufacturers.

5.2 NEW PROCESS FOR SOURCING MANUFACTURERS

THE MANUFACTURER ACQUISITION PROCESS WAS REVISED IN 2011. THE KEY ASPECT WAS THE DEVELOPMENT OF AN EVALUATION SYSTEM WHICH TAKES INTO ACCOUNT THE VARIOUS COMPANY AREAS INVOLVED AND ALLOWS FOR CUSTOMISED EVALUATION OF ALL THE INDIVIDUAL CRITERIA, THUS REVEALING WEAK POINTS AND AREAS FOR IMPROVEMENT. POTENTIAL NEW SUPPLIERS RECEIVE INTENSIVE TRAINING IN JACK WOLFSKIN'S SPECIFIC DEMANDS FOR ABOUT HALF A YEAR. DURING THIS TIME, TEST ORDERS ARE PRODUCED, WHICH ARE ALSO INCORPORATED INTO THE BALANCED EVALUATION SYSTEM.

A detailed look at the process:

1) Supplier sourcing: Evaluation of the conditions at potential manufacturing facilities. Relevant factors include the available machinery, the quality of the manufactured products, the available capacities, the local conditions at the factory location and existing social certifications such as SA8000.

2) First selection phase: Preliminary decision of whether or not the manufacturer possesses the potential and the capacities to manufacture for JACK WOLFSKIN.

3) Test phase: Various departments contact the potential new supplier and determine whether or not the manufacturer can meet demands in a test phase:

- A technology team solely responsible for developing new manufacturers accompanies the initial test productions on location.
- The Vendor Control team informs the manufacturer about the demands of the Code of Conduct and GreenBook and initiates an independent social audit.
- The Purchasing team informs the manufacturer about general processes, time frames, purchasing processes, etc.
- The Pricing team examines calculation factors with the manufacturer.

4) Decision phase: Once all the departments involved have worked with the potential new manufacturer, evaluations of individual services are provided. These are then compiled in a decision-making matrix which reveals whether or not a manufacturer can fulfil JACK WOLFSKIN's criteria and long-term collaboration is possible.

Evaluation of existing business relationships with manufacturers:

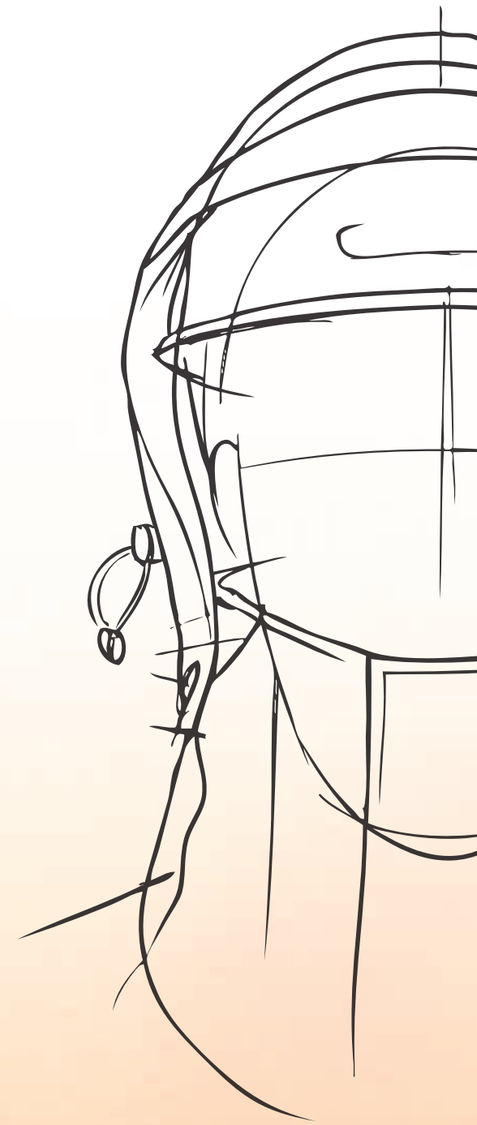
Existing business relationships are also regularly analysed and evaluated by the individual specialist departments. These evaluations are incorporated into the decision-making process when placing an order.

Calculable production planning:

JACK WOLFSKIN offers two collections per year. The items are distributed among the manufacturers based on available capacities. The orders for each season are spread out over several dates, making it possible to provide the manufacturer with a relatively precise production amount for each order early on.

5.3 AUDITING AND EVALUATION CRITERIA

By the end of 2011, audit evaluation was carried out by JACK WOLFSKIN using a five-point evaluation scale ranging from 0 (highly critical) to 4 (very good). Evaluation applies to individual aspects of the Code of Conduct and also provides an overall statement about each manufacturer's level of compliance with the CoC.
Based on a detailed breakdown of the results, measures can be developed which contribute to improving supplier performance.



5.3.1 EXPANDING THE JACK WOLFSKIN EVALUATION SCALE

As part of the measures designed to restructure the process of taking on new suppliers, the former five-point evaluation scale was expanded to include ten points. The new scale now visualises the following aspects:

- Management methods
- Working hours
- Wages & benefits
- Child labour
- Forced labour
- Freedom of association & right to collective bargaining
- Discrimination
- Health/safety/working conditions
- Environment

This offers the following benefits:

- More detailed supplier evaluation
- Trends are identified more quickly
- Early reaction to subtle changes in performance
- Incentive to enhance performance, as slight improvements can be identified earlier on

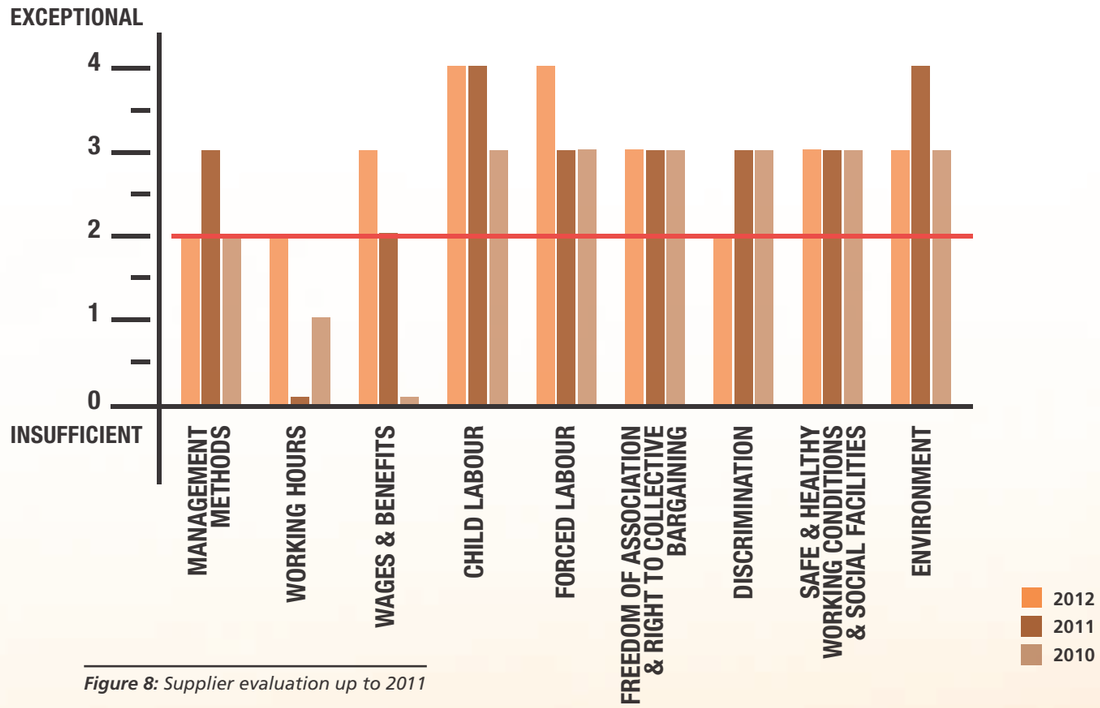


Figure 8: Supplier evaluation up to 2011

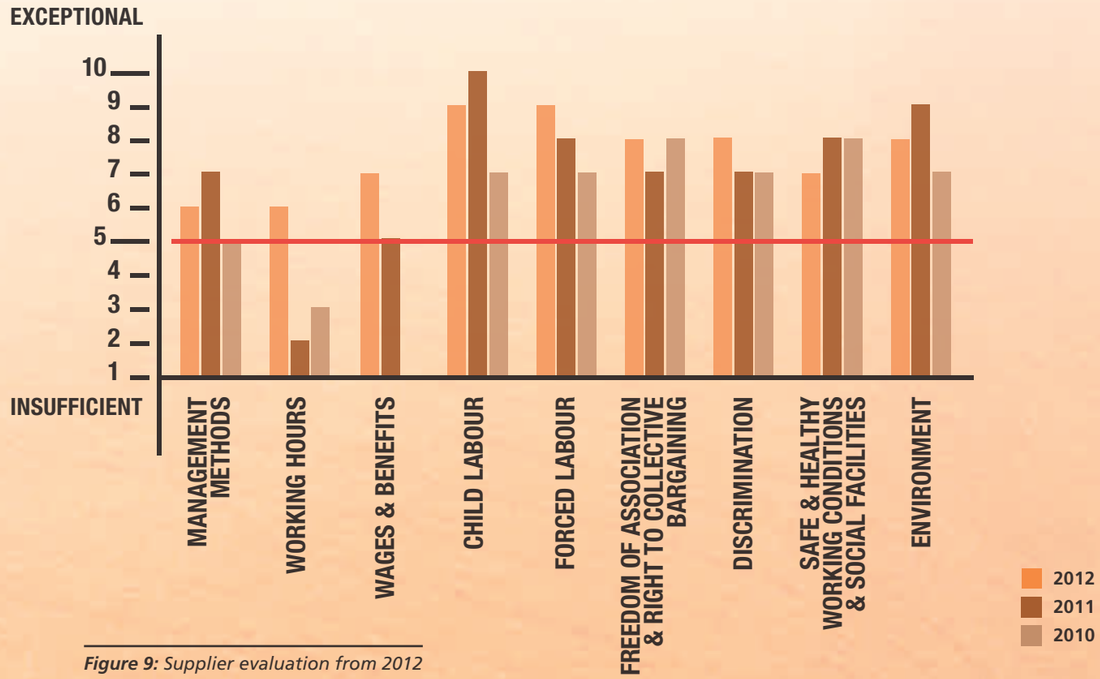


Figure 9: Supplier evaluation from 2012

5.3.2 WAGE LADDER

Since the beginning of 2011, the wage ladder has been integrated into all the audit reports. It provides information regarding the average income of a sewer during regular working hours (without overtime). These wages are compared with other available wage figures, including the Asia Floor Wage, the legal minimum wage, the poverty line as defined by the World Bank and the minimum subsistence wages listed by the IMF (International Monetary Fund) based on the poverty line. This comparison of the individual wage levels reveals the manufacturer's position and how it performs compared to the targeted living wage (please see the FAQ, "What is a living wage?").

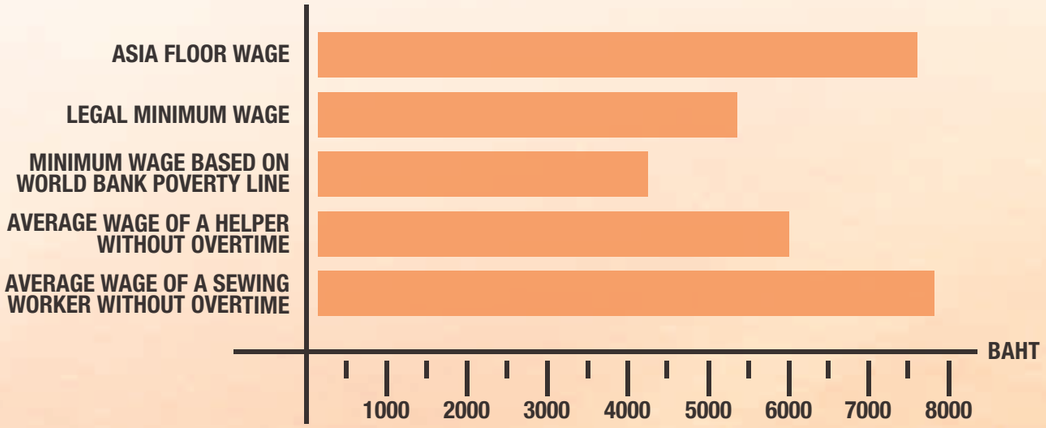


Figure 10: *An example wage ladder taken from a manufacturer in Thailand*

6 AUDITS 2011

JACK WOLFSKIN managed to achieve its goal of increasing the percentage of audited purchasing volume from 99% to 100% by the end of 2011. All manufacturers from low-risk countries were also integrated into the auditing system. In 2011, independent auditing companies carried out 83 audits of our manufacturers.
FWF's criterion which stipulates that 60% of the purchasing volume must be sourced from audited manufacturers by the end of the second year of membership was far exceeded.

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
TOTAL NUMBER OF 2011 AUDITS	0	2	5	7	8	11	10	11	6	5	16	2	**83**
TOTAL NUMBER OF 2011 FOLLOW-UP VISITS	0	0	0	4	0	2	0	0	3	3	0	0	**12**

6.1
OVERVIEW OF AUDITED MANUFACTURERS

The following table provides an overview of the audits conducted on suppliers active in 2011. All of our manufacturers have been audited at least once since 2009. As such, 100 % of our manufacturers have undergone an audit. The table does not contain follow-up visits or audits of manufacturers which did not make it past the test phase.
JACK WOLFSKIN authorises collaboration with subcontractors on an individual basis following careful evaluation of quality and social standards. These subcontractors are treated like any other factory during the social audit.

LEGENDE	
AP	Apparel
EQ	Equipment
FW	Footwear
BD	Bangladesh
BG	Bulgaria
CN	China
ID	Indonesia
IN	India
IT	Italy
KH	Cambodia
KR	South Korea
RO	Romania
SI	Slovenia
TH	Thailand
TR	Turkey
TW	Taiwan
VN	Vietnam
H	Supplier
S	Subcontractor
	No collaboration
–	No audit conducted

OVERVIEW OF THE AUDITED MANUFACTURERS

DIVISION	COUNTRY	MANUFACTURER NO.	TYPE		LENGTH OF COLLABORATION	2011 PURCHASING VOLUME IN %	2009 AUDITS	2010 AUDITS	2011 AUDITS	COMMENT
AP	ID	2751	H		>10 years	17.19	Aug. 09	Nov. 10	Nov. 11	
AP	ID	2752		S	>5 years		Aug. 09	Oct. 10	Nov. 11	
AP	ID	2753		S	<5 years			–	Nov. 11	
AP	VN	2750	H		>5 years		May 09	Aug. 10	Jul. 11	
AP	VN	2754		S	<5 years		Jun. 09	Aug. 10	Jul. 11	
AP	VN	2755		S	>5 years		–	–	Aug. 11	SA8000-certified
AP	VN	2756		S	<5 years				Aug. 11	
AP	VN	2757		S	<5 years				Jul. 11	
AP	BD	2220	H		>5 years	15.46	–	Aug. 10	May 11	FWF verification audit May 11
AP	TH	0130	H		>10 years	8.03	Oct. 09	Dec. 10	Apr. 11	FWF verification audit Apr. 11
AP	TH	0131		S	>5 years		Nov. 09	Nov. 10	Jan. 12	Audit was rescheduled for Jan. 2012 due to flood
AP	TH	0132		S	>5 years		Oct. 09	Nov. 10	Jan. 12	Audit was rescheduled for Jan. 2012 due to flood
AP	TH	0133		S	>10 years		Oct. 09	Nov. 10	Jan. 12	Audit was rescheduled for Jan. 2012 due to flood
AP	TH	0134		S	>10 years		Nov. 09	Nov. 10	Jan. 12	Audit was rescheduled for Jan. 2012 due to flood
AP	TH	0135		S	>10 years		Oct. 09	Nov. 10	Jan. 12	Audit was rescheduled for Jan. 2012 due to flood
AP	TH	0136		S	>5 years		Oct. 09	Nov. 10	Jan. 12	Audit was rescheduled for Jan. 2012 due to flood
AP	VN	4300	H		>5 years	6.41	May 09	Jul. 10	Aug. 11	
AP	VN	4301		S	>5 years		Jun. 09	Aug. 10	Aug. 11	
AP	CN	4890	H		>5 years	5.59	–	Jan. 10	Mar. 11	
AP	VN	4530	H		>5 years	3.52	Jun. 09	Jun. 10	Oct. 11	Audit conducted in collaboration with another FWF member Oct. 11

DIVISION	COUN-TRY	MANUFAC-TURER NO.	TYPE		LENGTH OF COLLABOR-ATION	2011 PUR-CHASING VOLUME IN %	2009 AUDITS	2010 AUDITS	2011 AUDITS	COMMENT
AP	CN	4030	H		>5 years		Jan. 09	–	Mar. 11	
AP	CN	4031		S	>5 years		–	Mar. 10/ Sep. 10	Oct. 11	
AP	CN	4032		S	>5 years	3.51	–	Mar. 10/ Sep. 10	Oct. 11	
AP	CN	4033		S	<5 years			Sep. 10	Oct. 11	
AP	CN	4034		S	<5 years				Apr. 11	
AP	CN	4035		S	<5 years				Apr. 11	
AP	TR	3360	H		>10 years	2.91	–	May 10	Aug. 11	
AP	CN	0780	H		>10 years	2.30	–	Jan. 10	Apr. 11	
AP	CN	0781	H		>5 years		Mar. 09	–	Jun. 11	
AP	ID	5750	H		<5 years	2.04		Nov. 10	Nov. 11	
AP	CN	5220	H		>5 years	0.96	Jan. 09	–	Apr. 11	
AP	VN	5190	H		>5 years	0.94	Jun. 09	Jun. 10	Jul. 11	
AP	ID	4790	H		>5 years	1.54	Aug. 09	Nov. 10	Nov. 11	
AP	VN	5200	H		>5 years	0.90	Nov. 09	Jul. 10	Jul. 11	SA8000-certified
AP	CN	5730	H		<5 years	0.79		Aug. 10		Collabor-ation ended in 2011
AP	CN	5120	H		>5 years	0.67	Jan. 09	Mar. 10	May 11	
AP	IN	5250	H		>5 years	0.63	Sep. 09	Aug. 10	Nov. 11	
AP	TH	5670	H		<5 years	0.58		Nov. 10	Jan. 12	
AP	IN	5260	H		>5 years	0.44	Sep. 09	Aug. 10	Oct. 11	
AP	CN	5460	H		>5 years	0.43	Feb. 09	Mar. 10		Collabor-ation ended in 2011
AP	IT	4520	H		>10 years		–	Jun. 10	Jun. 11	
AP	IT	4522		S	>10 years		–	–	Jun. 11	
AP	IT	4523		S	>10 years		–	–	Jun. 11	
AP	IT	4524		S	>10 years	0.31	–	Jun. 10	–	
AP	SI	4521	H		>5 years		–	Apr. 10	Jun. 11	
AP	SI	4525		S	>5 years		–	Apr. 10	Jun. 11	
AP	SI	4526		S	>5 years		–	Apr. 10	Jun. 11	
AP	BG	4900	H		>5 years	0.27	–	–	Dec. 11	
AP	BG	4901		S	<5 years			–	Dec. 11	
AP	ID	5790	H		<5 years	0.18		Nov. 10	Nov. 11	
AP	IT	2190	H		>5 years	0.14	Jun. 09	Jun. 10	–	
AP	KH	5660	H		<5 years	0.14		Jun. 10	–	
AP	CN	0980	H		>10 years	0.12	–	Jan. 10		Collabor-ation ended in 2011
AP	ID	5980	H		<5 years	0.11		Nov. 10	Nov. 11	
AP	ID	5800	H		<5 years	0.08			Nov. 11	
AP	ID	6000	H		<5 years	0.00			Nov. 11	Test phase
AP	IN	6010	H		<5 years	0.00			Nov. 11	Test phase
AP	IN	6011	H		<5 years				Nov. 11	Test phase

DIVISION	COUN-TRY	MANUFAC-TURER NO.	TYPE		LENGTH OF COLLABOR-ATION	2011 PUR-CHASING VOLUME IN %	2009 AUDITS	2010 AUDITS	2011 AUDITS	COMMENT
AP/EQ	CN	2490	H		>10 years	2.94	–	–	Mar. 11	
AP/EQ	CN	2491	H		<5 years			Jan. 10	Jun. 11	
EQ	VN	4720	H		>5 years	2.57	Jun. 09	Jul. 10/ Dec. 10	–	FWF verifica-tion audit Dec. 10, SA8000-certified
EQ	VN	4721		S	<5 years				Aug. 11	
EQ	VN	5130	H		>5 years	1.42	Jun. 09	Jul. 10	Aug. 11	
EQ	CN	4730	H		>5 years	0.86	Jan. 09	Feb. 10	May 11	
EQ	CN	4731	H		>5 years		–	Feb. 10	May 11	
EQ	CN	0030	H		>10 years	0.75	Feb. 09	Jan. 10	Mar. 11	
EQ	VN	4750	H		>5 years	0.62	Jun. 09	Jul. 10	Aug. 11	
EQ	VN	5400	H		<5 years	0.62	Jun. 09	Jul. 10	Aug. 11	
EQ	CN	4620	H		>5 years	0.16	Mar. 09	Mar. 10	Apr. 11	
EQ	CN	4621	H		>5 years		Feb. 09	Mar. 10	May 11	
EQ	VN	5140	H		>5 years	0.11	Jun. 09	Aug. 10		Collabor-ation ended in 2011
EQ	VN	5141	H		>5 years		Jun. 09	Aug. 10		Collabor-ation ended in 2011
EQ	TW	3200	H		>10 years	0.04	–	–	Jun. 11	
EQ	KR	4230	H		>5 years	0.04	–	–	Jun. 11	
EQ	CN	3560	H		>10 years	0.02	–	Sep. 10		Collabor-ation ended in 2011
EQ	BD	5840	H		<5 years	0.04			Feb. 11	
FW	KH	3921	H		<5 years				Nov. 11	
FW	KH	3922	H		<5 years			–	Nov. 11	
FW	VN	3923	H		>5 years	9.60	Jun. 09	Jun. 10	Jul. 11	
FW	VN	3924	H		<5 years				Jul. 11	
FW	VN	3925	H		<5 years				Jul. 11	
FW	VN	3926	H		>5 years				Aug. 11	
FW	CN	5681	H		<5 years			–	May 11	
FW	CN	5682	H		<5 years				Sep. 11	
FW	CN	5683	H		<5 years				Apr. 11	
FW	CN	5684	H		<5 years	2.63			May 11	
FW	CN	5685	H		<5 years				Sep. 11	
FW	CN	5686	H		<5 years			–	Mar. 11	
FW	CN	5687	H		<5 years				May 11	
FW	CN	5820	H		<5 years	0.91			Sep. 11	
FW	CN	5821	H		<5 years				Jun. 11	
FW	RO	5410	H		<5 years	0.32	–	–	Jul. 11	
FW	CN	5920	H		<5 years	0.16			Sep. 11	

Audited: 100% of the purchasing volume since FWF membership

6.2 OVERVIEW OF 2011 AUDIT RESULTS

93% of the manufacturers were able to confirm or improve their 2010 services during the 2011 social audit.

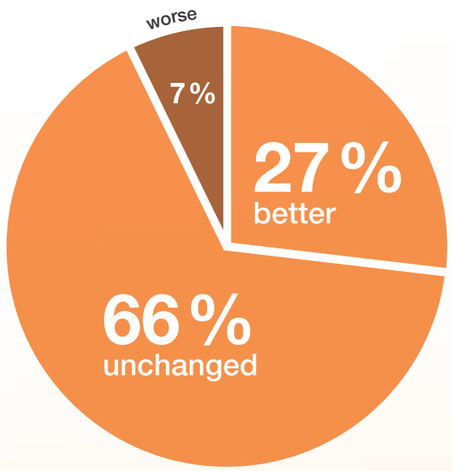


Figure 11: Developments in manufacturer performance from 2010 to 2011

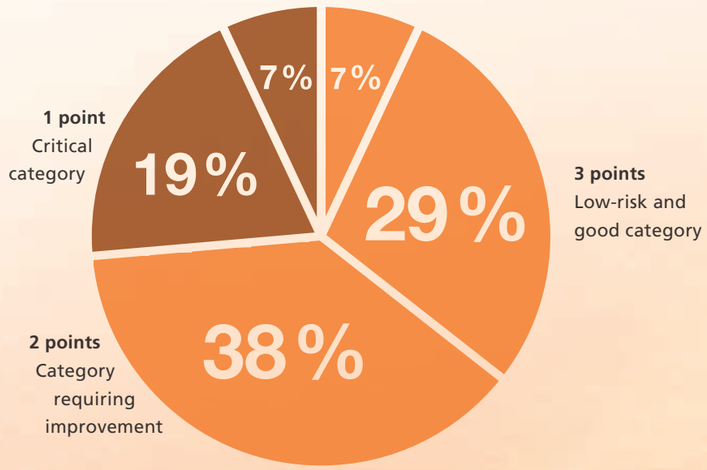


Figure 12: 2011 audit results

This graphic contains the audit results of the manufacturers active in 2011. Nearly three-quarters of the audit results were between two and four points and thus represent production facilities which sufficiently or entirely fulfil the demands.

6.3 SUMMARY OF AUDIT RESULTS PER COUNTRY

THE AUDIT RESULTS OF ALL MANUFACTURERS ARE SUMMARISED ACCORDING TO COUNTRY AND ARE THE BASIS FOR CALCULATING THE AVERAGE RESULTS.

6.3.1 VIETNAM

On average, it was possible to achieve improvements in the areas of working hours and health and safety. The category of child labour was slightly lower, as it could not be proved in the initial audit that the hiring process, for which age verification must be conducted, was implemented to a sufficient degree at some of the new manufacturing facilities. Because improvements were identified during the follow-up visits and CAP follow-ups, we assume that the suppliers will make further improvements by the next audit.

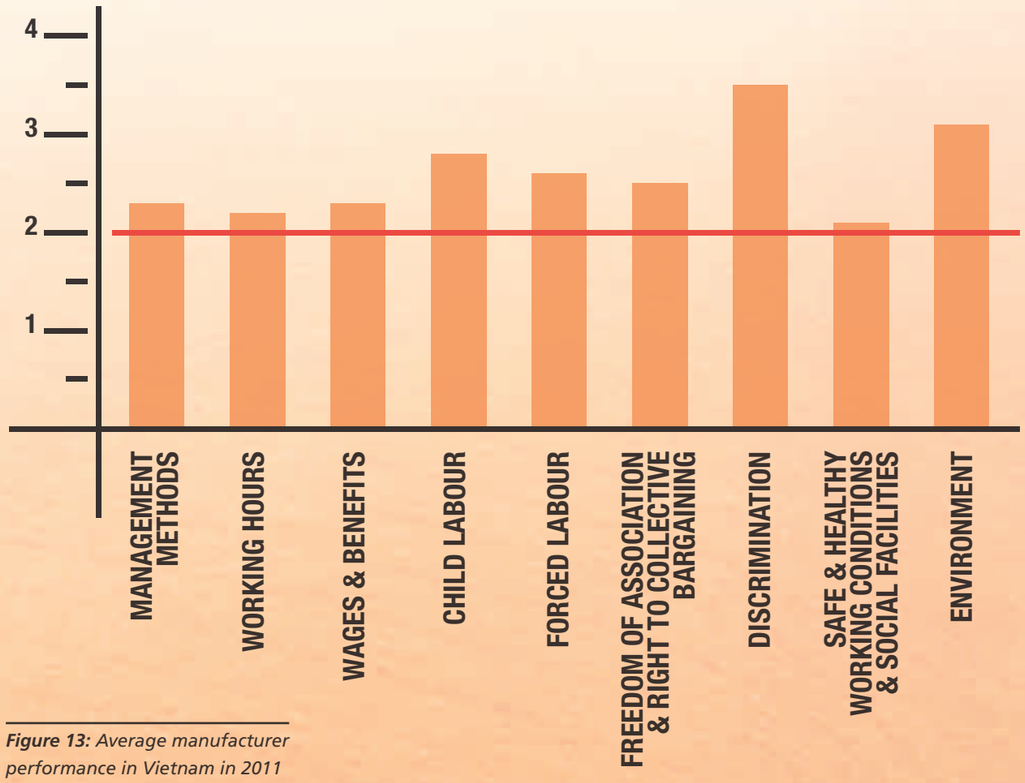


Figure 13: Average manufacturer performance in Vietnam in 2011

6.3.2 CHINA

In China, it has been difficult for manufacturers to find enough workers, which is why overtime is still a major problem. Due to occasional insufficient or forged documentation, it was also not always possible for the audit team to determine with any precision whether or not overtime was paid correctly. As a result, the areas of management methods and working hours received lower values.

In 2011, JACK WOLFSKIN took on some new suppliers in China, primarily for footwear, in its supplier portfolio. Compared to 2010, deficits in the areas of work health and safety were often identified during the course of the audits, which in turn led to lower scores in this category in China's average values. In order to ensure improvement, JACK WOLFSKIN will be offering the footwear manufacturers free training in chemical safety and work health and safety in summer 2012, to be followed by monitoring and personal support at the individual factories. This will ensure implementation of the training content over the long term.

Lower values were determined in the category of freedom of association and right to collective bargaining, as the unions were often occupied by employees in management positions or were under the control of the government, which in turn did not always ensure that workers' interests were represented fairly.

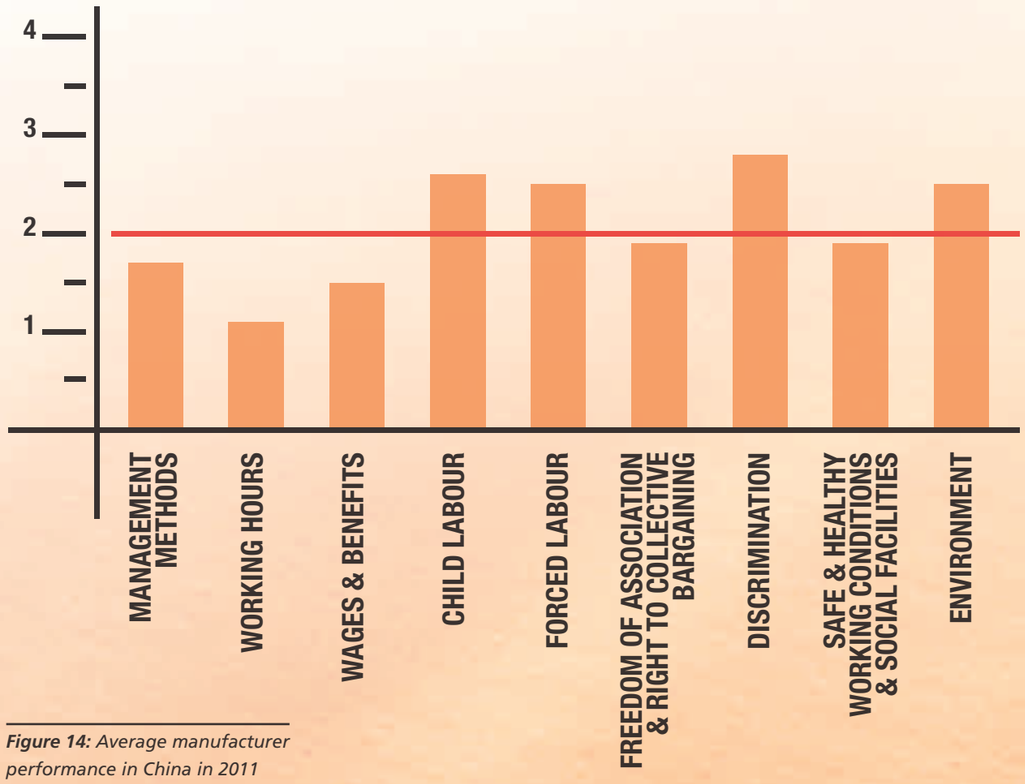


Figure 14: Average manufacturer performance in China in 2011

6.3.3 THAILAND

The management of some of our Thai manufacturers demonstrated insufficient commitment to social standards, which are associated with well-structured processes and efficient production planning. In terms of evaluation, this had an influence on the points management methods, working hours and wages. In order to increase awareness for implementing and upholding social standards among the management and decision makers, Vendor Control team members and Sourcing department staff visited the manufacturers and worked intensively with the responsible personnel on new options and improvement measures. These developments and implemented measures are monitored during the follow-up visits. We therefore expect to see gradual improvement in these areas over the next few years.

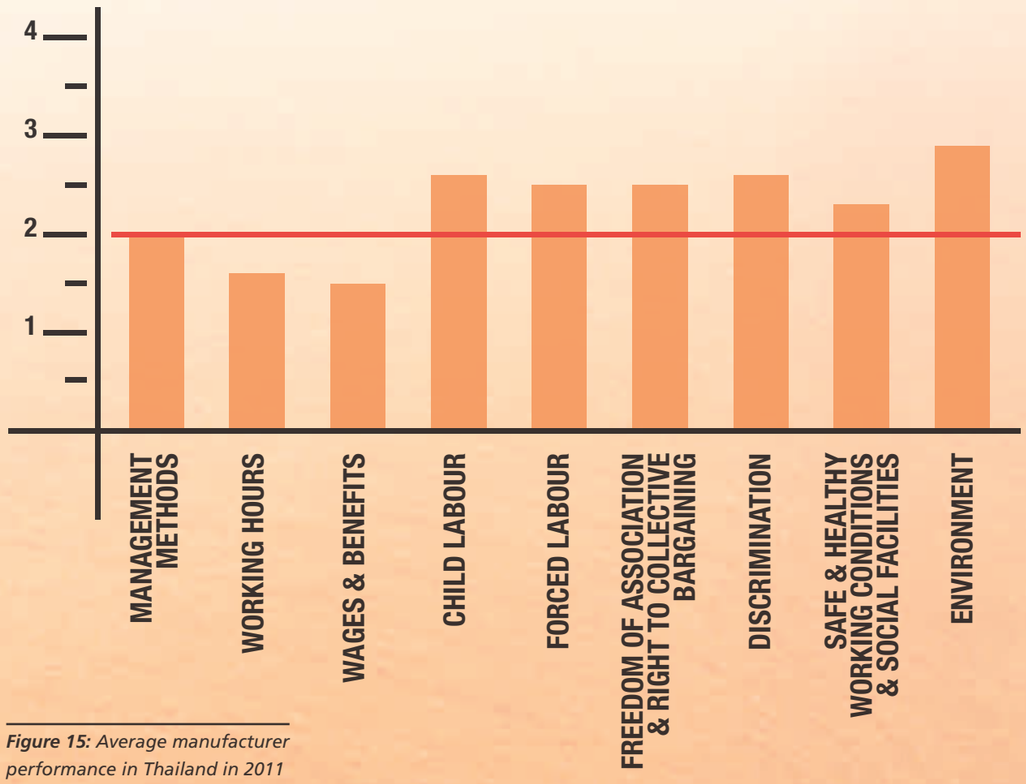


Figure 15: Average manufacturer performance in Thailand in 2011

6.3.4 BANGLADESH

In Bangladesh, JACK WOLFSKIN took on a new manufacturer in its portfolio. Because room for improvement was identified in the structure of internal processes, the average values were lower in some points than in the previous year.

Due to the unrest among workers surrounding the low minimum wage in Bangladesh at the end of 2010 and beginning of 2011, we remained in close contact with our manufacturers and local auditors at all times in order to keep up to date with the latest developments there and if necessary to provide support.

In May 2011, FWF conducted a verification audit at one of our key manufacturing facilities in Bangladesh, during which FWF did not identify any violations in the areas of forced labour, child labour or discrimination. In the other categories, isolated, slight deviations from the Code of Conduct were identified.

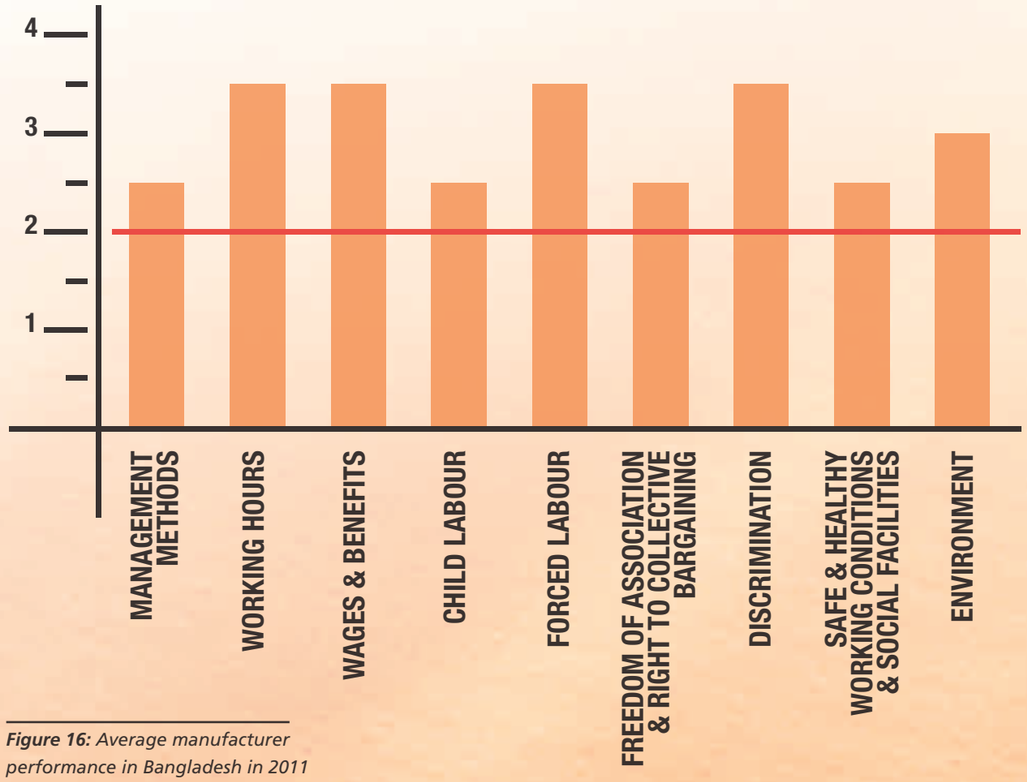


Figure 16: *Average manufacturer performance in Bangladesh in 2011*

6.3.5 INDIA

At one of our manufacturing facilities in India, deviations were discovered in documents recording working hours and overtime payment in the course of the audit. The suspicion in 2010 that the company was not operating in compliance with SA8000 and that the processes were not sustainable was confirmed during the 2011 audit. The manufacturer's SA8000 certification was revoked. These points resulted in another lower value in the areas of management methods, working hours and wages. Following discussion with the management, they decided at the end of 2011 to again pursue SA8000 certification and, based on JACK WOLFSKIN's advice, also considered joining Fair Wear Foundation. The initial discussions are already underway. This is an extremely welcome and positive development. What's more, we were also able to encourage one of our Indian suppliers to participate in a Fair Wear Foundation project, which focuses on preventing violence and harassment – primarily against women – at work. This project was designed for India and Bangladesh.

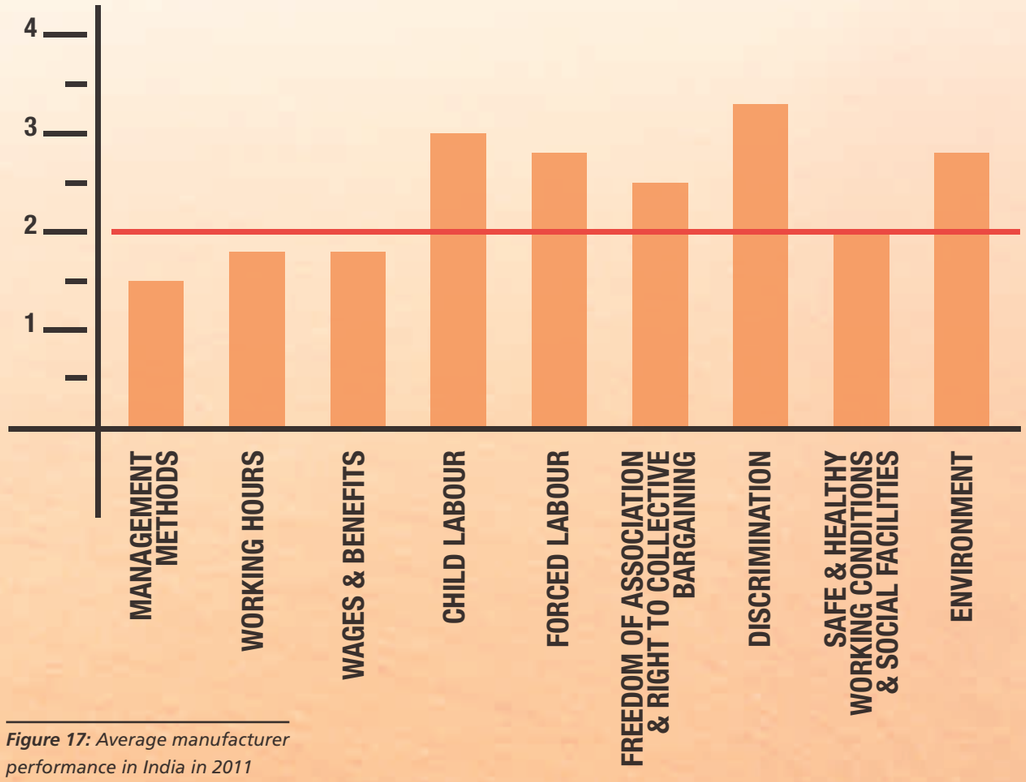


Figure 17: *Average manufacturer performance in India in 2011*

6.3.6 CAMBODIA

The wage situation in Cambodia is difficult in general. The minimum wage is just over $ 60 per month. As such, the workforce in Cambodia is much cheaper than in the neighbouring Vietnam (approx. $ 70 to $ 95) and Thailand (approx. $150 to $175). It should therefore come as no surprise that there was an increase in protests, strikes and debates in 2011.

These protests prompted JACK WOLFSKIN to place a greater focus on this topic with its two manufacturers which had not yet joined the Better Factories Cambodia project. In addition to improvements in the CAPs, the general wage situation and potential improvements were also addressed during the follow-up visits.

An additional major challenge in supporting these two suppliers is further developing the management so that standards can be implemented from the ground up.

As previously mentioned, the third manufacturer has already joined the Better Factories Cambodia project and has nearly managed to achieve complete compliance with our Code of Conduct.

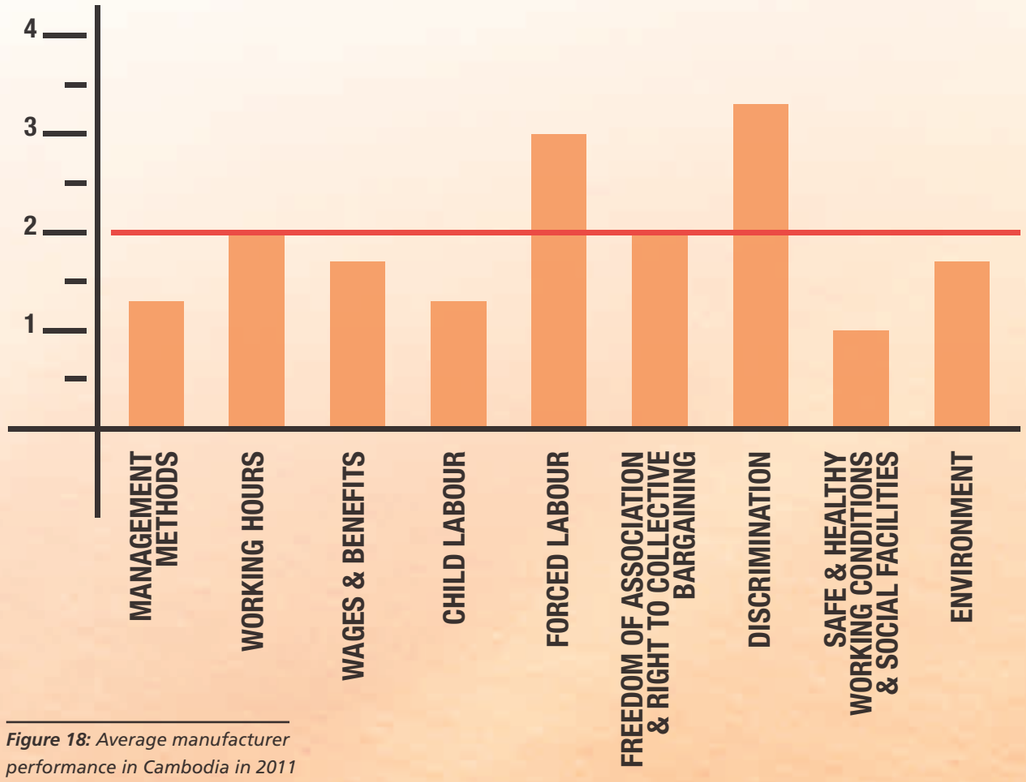


Figure 18: Average manufacturer performance in Cambodia in 2011

6.3.7 INDONESIA

In addition to existing manufacturers, two new manufacturers and one subcontractor were audited in Indonesia. The authorisation to collaborate with the subcontractor was again revoked due to insufficient code implementation and inadequate willingness to cooperate.

The manufacturer criticised last year in Indonesia again demonstrated lower values in almost all categories. Workers at this factory submitted an official complaint via the FWF complaint system in April 2011. In collaboration with FWF, local unions and NGOs, they tried to influence the manufacturer.

All the information about the complaint and the measures carried out by JACK WOLFSKIN can be found on the Fair Wear Foundation website.

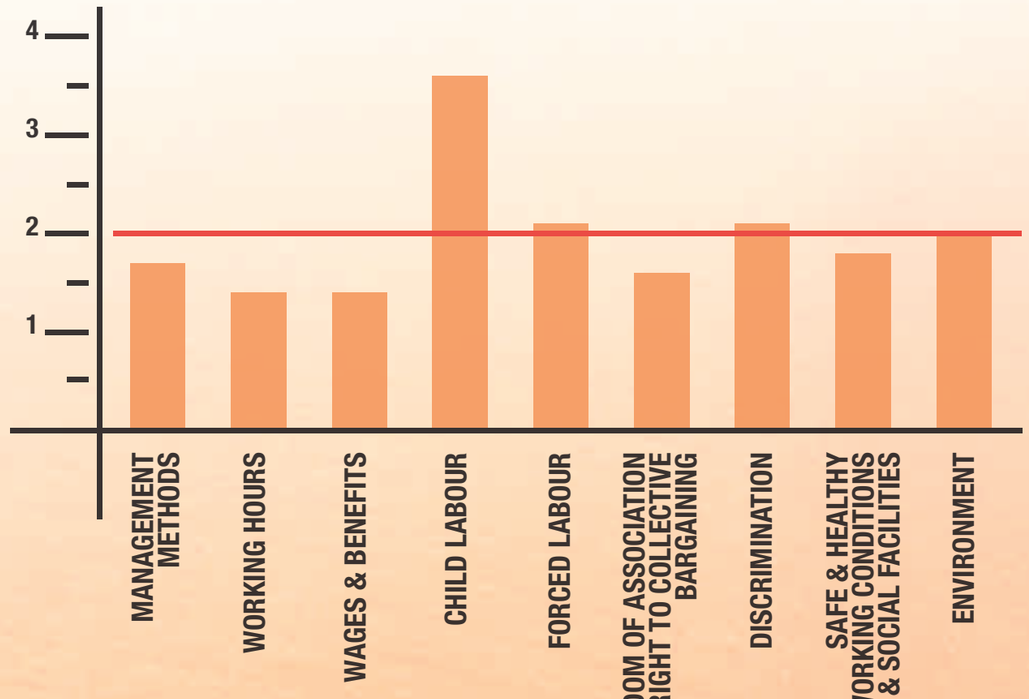


Figure 19: Average manufacturer performance in Indonesia in 2011

6.3.8 BULGARIA

The most common violations against the Code of Conduct at the production facilities in Bulgaria were discovered in the areas of work safety. Processes and documents do exist, but there are deficits in the enforcement of the regulations. Due to the willingness of the management and the relative simplicity of solving the problem, we expect to see an improvement by the next audit.

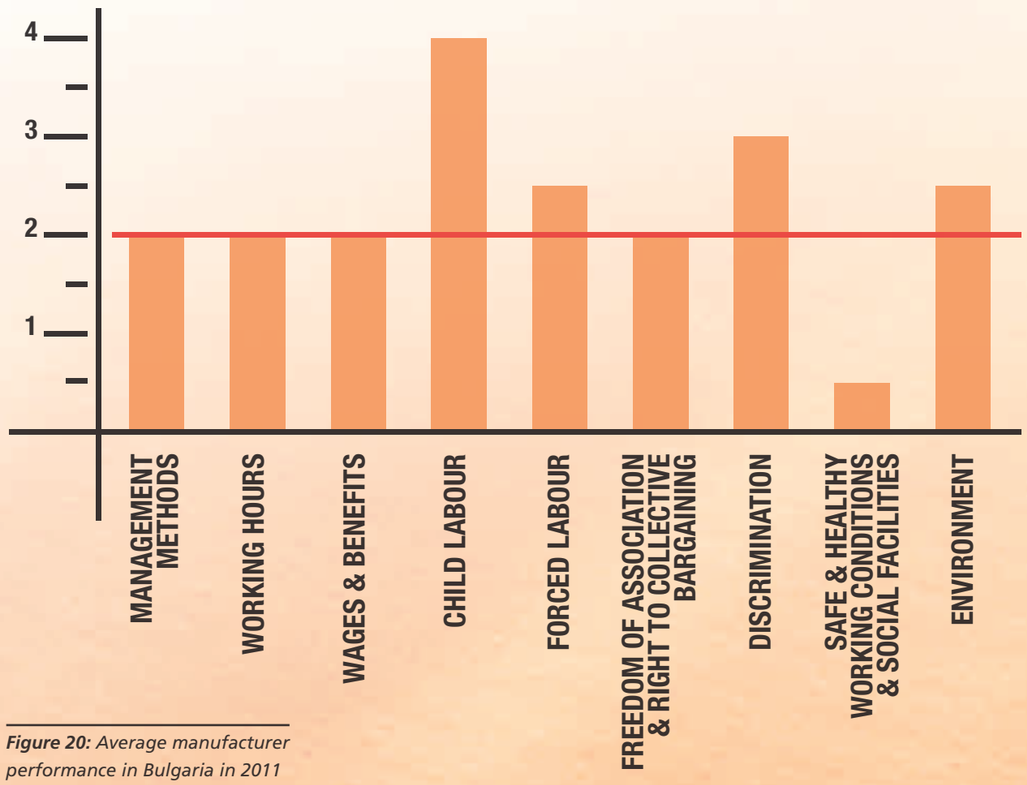


Figure 20: *Average manufacturer performance in Bulgaria in 2011*

6.3.9 SLOVENIA

Manufacturers in Slovenia fulfil a majority of the Code of Conduct guidelines. However, during the audit of one of the production facilities, it could not be determined with any certainty that the type and use of temporary employment contracts correspond with Slovenian regulations. This led to a lower value in the category of management methods. This issue will be carefully assessed during the next audit.

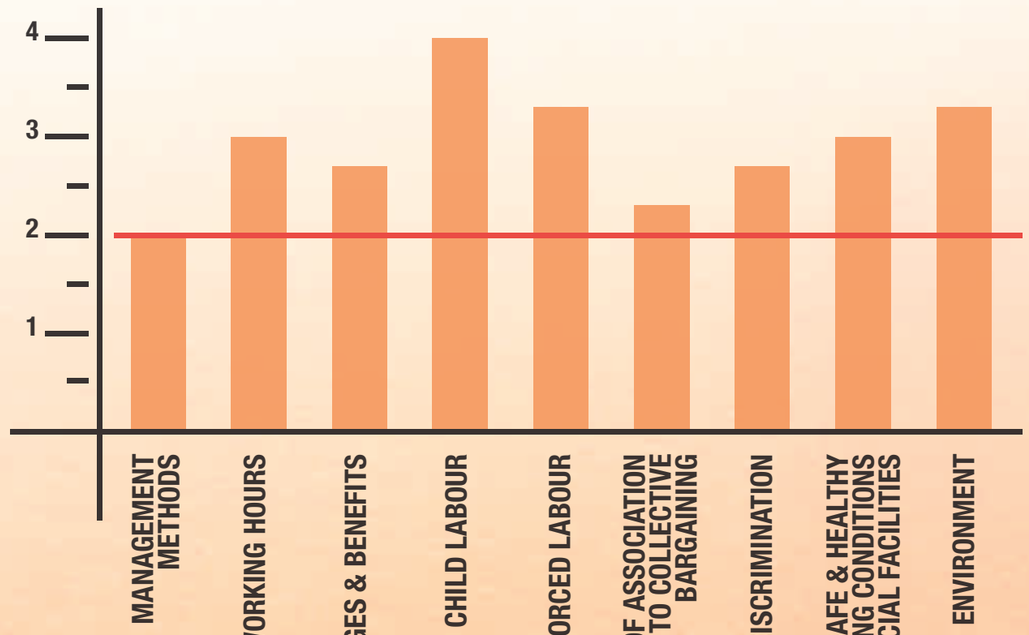


Figure 21: *Average manufacturer performance in Slovenia in 2011*

6.3.10 ITALY

In Italy, the good audit results from 2010 were confirmed in 2011.

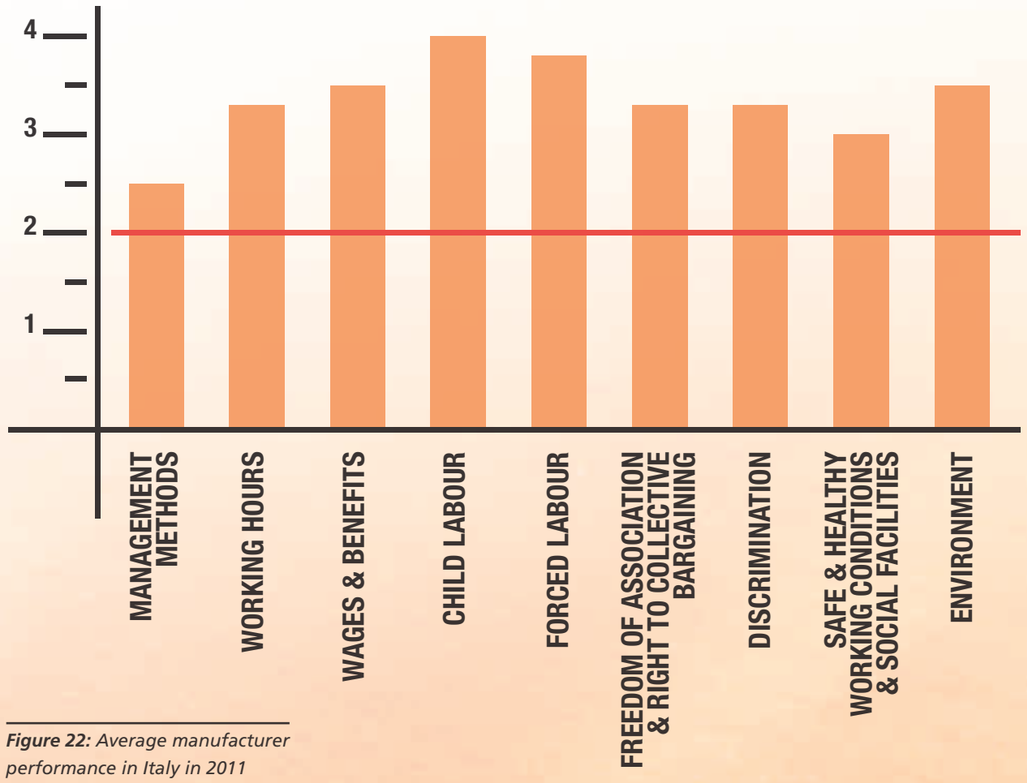


Figure 22: *Average manufacturer performance in Italy in 2011*

6.3.11 TURKEY

Our manufacturer in Turkey was audited by FWF auditors during an FWF training project in 2011. The supplier still complies with a majority of the Code of Conduct guidelines.

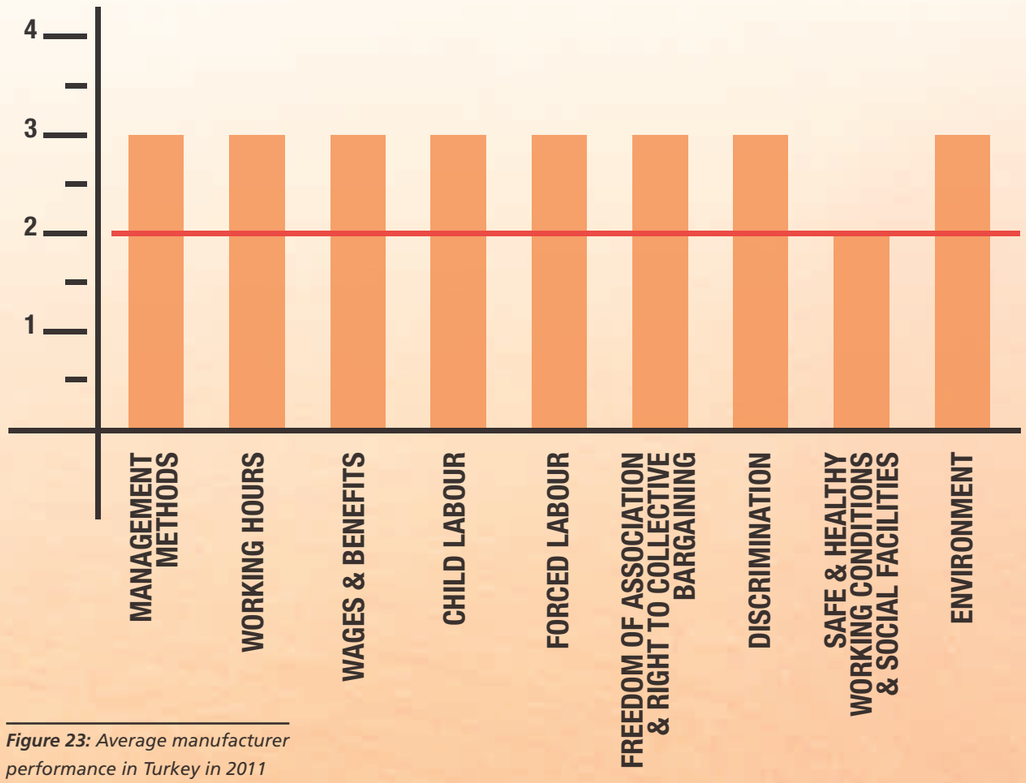


Figure 23: *Average manufacturer performance in Turkey in 2011*

6.3.12 ROMANIA

Our manufacturer in Romania was audited for the first time in 2011, as commissioned by JACK WOLFSKIN. No serious violations against the Code of Conduct were identified. Lower values in the areas of working hours and wages occurred because the company's electronic hour recording system can only record the regular hours and any overtime must be entered manually. For this reason, the working hours and the resulting wages cannot be represented in their entirety or with any level of precision.

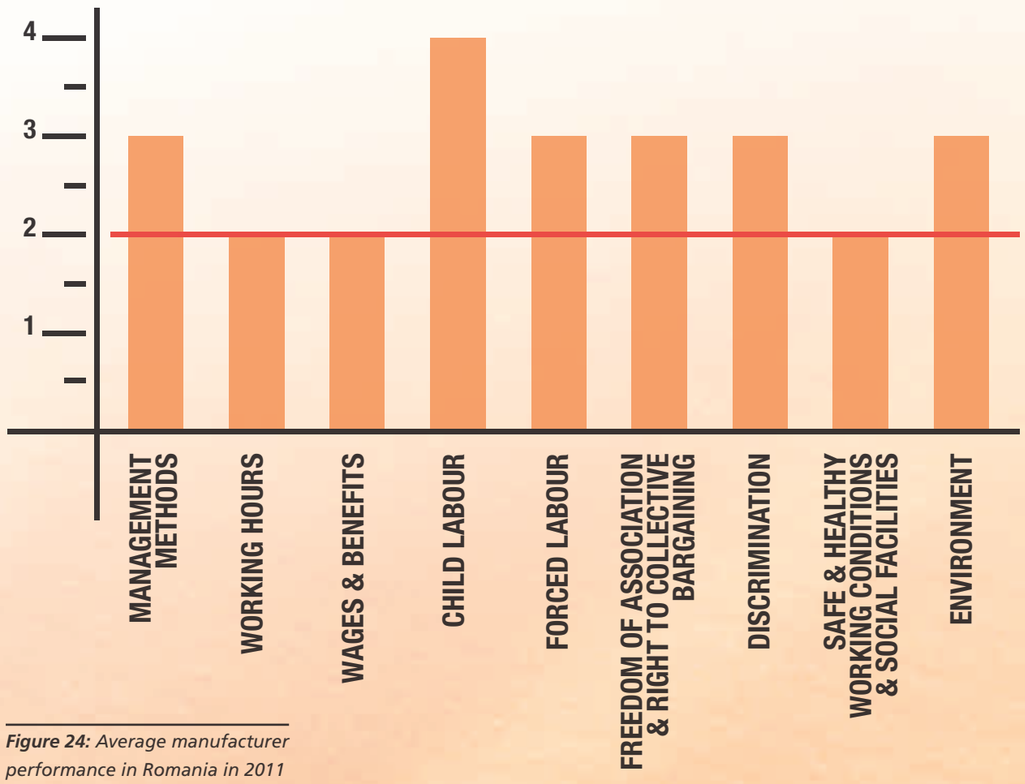


Figure 24: *Average manufacturer performance in Romania in 2011*

6.3.13 TAIWAN

The audit in Taiwan revealed that the complaint system had not been sufficiently implemented and improvements must be made in work safety. But because the management is extremely dedicated and many improvements have already been made, it is safe to assume that improvement measures will be implemented on a continuous basis.

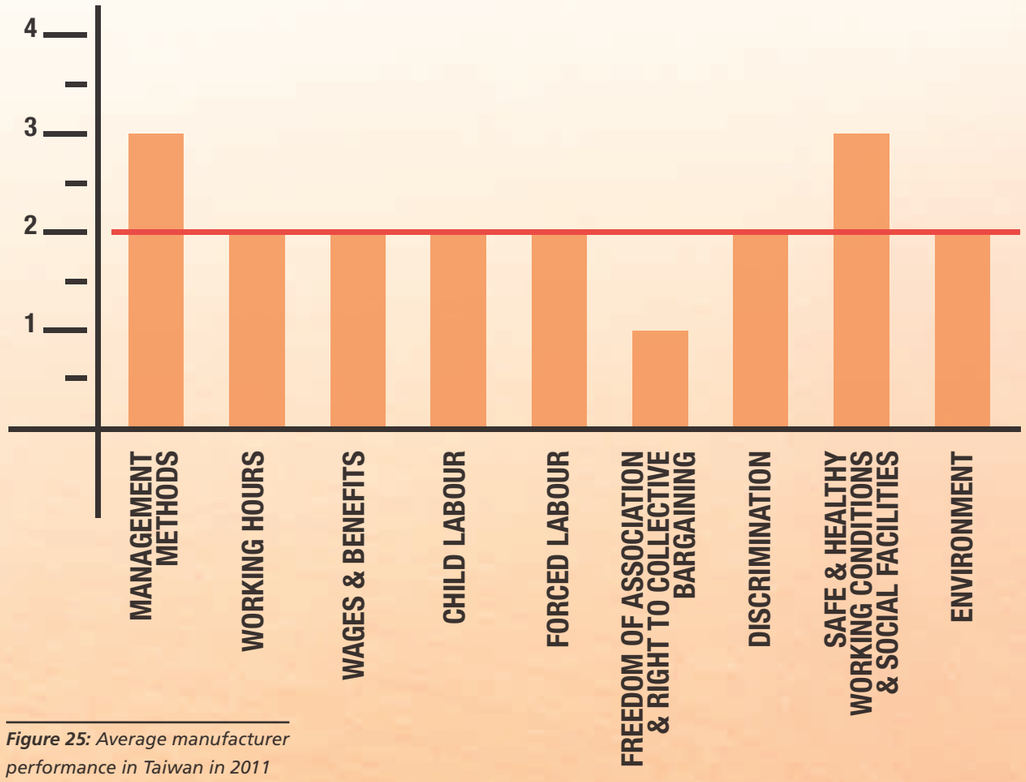


Figure 25: *Average manufacturer performance in Taiwan in 2011*

6.3.14 SOUTH KOREA

The manufacturer in South Korea was audited but the audit was primarily used for training in social standards and requirements. Because the social standards have not yet been sufficiently integrated into the manufacturer's management system, a lower value occurred in this category, which in turn led to further lower values in other categories. Greater attention will therefore be placed on additional training in the follow-up visits.

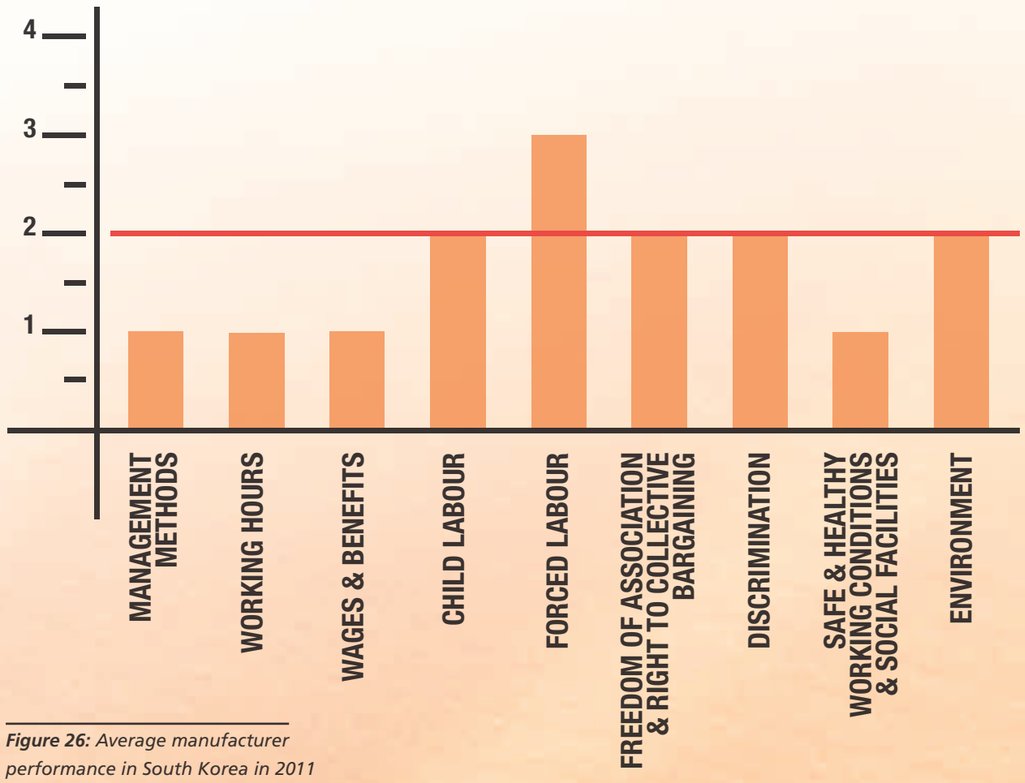


Figure 26: Average manufacturer performance in South Korea in 2011

7 TRAINING AND SUPPORTIVE MEASURES

MANUFACTURERS:

- Three-day intensive training course provided by the Vendor Control team for the suppliers on location. During the visit, processes and weak points in standard implementation at the factories, and improvement concepts were discussed with the management.
- Participation of JACK WOLFSKIN manufacturers in training courses, which were recommended by FWF to its member companies:
  - India/Bangladesh: "Anti-harassment committee and violence prevention system in export-oriented garment factories." This project is financially supported by a UN Fund.
  - Vietnam (Ho Chi Minh City): Two-day training course on legislation/health and safety. Offered by the Vietnam Business Council for Sustainable Development (VBCSD) and the Ethical Trading Initiative Norway (ETI Norway)
  - China: Training on the topic of "Better understanding workers/collective negotiation". Offered by Business for Social Responsibility (BSR) and the Ethical Trading Initiative Norway (ETI Norway).
- Vietnam: The Code of Conduct guidelines for union freedom, which is limited by government bodies in Vietnam, outlined to the manufacturer by an FWF representative.
- As part of the sourcing process, new manufacturers are intensively prepared for JACK WOLFSKIN's working methods and processes. All guidelines and standards are discussed on location.

EMPLOYEES:

- New employees in the Technology, Development, Product Management and Purchasing departments were comprehensively trained in JACK WOLFSKIN's environmental and social standards.

8 2012 TARGETS

- Continued regular audits of our manufacturers and 100% audit coverage
- Increased provision of training courses for the purpose of addressing the weak points of manufacturers and countries with greater customisation.
- Optimisation of our processes for long-term integration of new suppliers.
- Implementation of the expanded evaluation scale.
- Further development and optimisation of the supplier evaluation system.
- Expanding our Vendor Control team.
- In collaboration with FWF: assessing the feasibility of developing a joint relief fund which in the case of complaints can be used to support workers if necessary.

9 FAQ ABOUT SOCIALLY RESPONSIBLE MANUFACTURER MANAGEMENT

Why does JACK WOLFSKIN manufacture primarily in Asia?

A majority of the consumer products and apparel in particular is now manufactured in Asia. There are many reasons for this development. The textile industry, including the relevant practical knowledge, was one of the first branches of industry to establish itself abroad. One of the primary reasons for this was the processes used, which are nearly impossible to automate and are therefore time-consuming and correspondingly expensive. What's more, an increasing percentage of the technical materials and accessories stem from highly developed Asian countries such as Japan and South Korea. This trend has resulted in the fact that there are now no more companies in Germany that can manufacture technically complex products such as outdoor jackets on a large scale.

What is a multi-stakeholder initiative (MSI)?

Multi-stakeholder initiatives are made up of various interests groups usually comprising government, business, NGOs and civilian companies. Together, they contribute their specific expertise to developing solutions to complex problems and introduce new issues onto the agenda. In this way, they attempt to find solutions with compromise that is acceptable for all parties involved. Fair Wear Foundation is a multi-stakeholder initiative comprising companies, trade associations, NGOs and unions.

What is an NGO?

NGO stands for "non-governmental organisation". NGOs are international organisations not established through intergovernmental agreement. The Clean Clothes Campaign (CCC) is the best-known NGO in the textile industry, with numerous member organisations all over the world. It organises campaign work and is represented by the Fair Wear Foundation multi-stakeholder initiative among others.

What does it say in the Code of Conduct?

The Code of Conduct contains elementary behaviour guidelines which must be taken into consideration in the production process, including the core International Labour Organization (ILO) standards. The key issues addressed in the Codes of Conduct used by Fair Wear Foundation and JACK WOLFSKIN are forced labour, discrimination at work, child labour, freedom of association and a right to collective bargaining, living wages, acceptable working hours, a safe and healthy working environment, and legally binding working conditions.

Why does JACK WOLFSKIN need its Code of Conduct?

The Code of Conduct defines clear behaviour guidelines which manufacturers are required to comply with in terms of the production process. It is a legal contract which states that compliance is necessary for working with the company. It is and has always been important to JACK WOLFSKIN to bring products onto the market which have been manufactured in fair working conditions. It goes without saying that the presence of the Code of Conduct alone does not solve problems. But it does create transparency in the demands for contract partners and their employees. To monitor compliance, audits are conducted on an annual basis (please see the FAQ, "What is an audit?") and factory workers have the option to report violations to various independent sources.

What does "living wage" mean?

The term "living wage" refers to a level of income that allows workers to maintain an acceptable lifestyle. This living wage is an integral part of some behaviour codes, including those of the Fair Wear Foundation and SAI. JACK WOLFSKIN has also incorporated payment of the living wage into its Code of Conduct.
There is no data available which defines the living wage for individual countries or regions. To provide companies and the public with greater transparency, trade unionists and employment law experts in Asia developed the Asia Floor Wage for the many countries in which textiles are usually produced. In addition to the Asia Floor Wage, there are other calculations and formulas for calculating a living wage.

What is an audit?

An audit is an assessment of compliance with various standards. JACK WOLFSKIN regularly conducts social audits at its manufacturing facilities. Independent auditors visit the manufacturers to determine whether or not they are adhering to the social standards defined in the Code of Conduct. These audits include monitoring documents such as wage or working hour records. A tour of the manufacturing facilities is also an essential element of an audit, as it provides the auditors with insight into issues such as safety precautions at workstations and treatment of employees. An audit also includes meetings with the management and employees for the purpose of identifying or verifying problems. These are just some of the ways of monitoring and then evaluating Code of Conduct compliance. At the end of the audit, the manufacturer receives a CAP (please see the FAQ, "What is a CAP?") with a list of necessary improvements. Depending on the size of the manufacturer, an audit usually takes two or three days.

What is a CAP (Corrective Action Plan)?

Following an audit, any identified deviations from the Code of Conduct are discussed with the management and a Corrective Action Plan (CAP) is created. This CAP contains all the points that require improvement. The manufacturers then develop measures which must be permanently implemented within a realistic time frame set out by the company itself. Implementation progress is monitored and evaluated by JACK WOLFSKIN in follow-up visits or the next audit.

What is a "follow-up visit"?

A follow-up visit can be conducted following an audit and usually takes less time than a conventional audit. Auditors assess implementation of improvement measures on location and can, if necessary or desired, provide the manufacturer with additional support or information.

Why does JACK WOLFSKIN audit all its suppliers on a yearly basis?

JACK WOLFSKIN would like to help its suppliers to further develop and work together to make improvements. This of course requires regular evaluation of the status quo for the purpose of identifying potential weak points early on and remedying them. Audits also provide information about which suppliers have made the most effort to implement the Code of Conduct. They reveal these developments and allow us to evaluate them, thus providing useful information to be considered when placing orders.

Does it make sense to put so much effort into developing suppliers?

JACK WOLFSKIN is interested in working with a defined group of suppliers over the long term, which provides us with good planning security, consistent quality, a good level of communication and most importantly an unshakeable basis of trust between JACK WOLFSKIN and the business partners. In this way, the Code of Conduct requirements can be implemented on a permanent basis.

Which criteria does JACK WOLFSKIN consider when choosing new suppliers?

Before JACK WOLFSKIN decides to work with a manufacturer, detailed assessment is conducted, often taking a whole year. This is particularly important because JACK WOLFSKIN would like to establish long-term business partnerships with manufacturers. The preliminary decision process takes into account numerous issues such as the geographical location of the manufacturer, the country (for example due to political security), production capacities, product quality, social and environmental prerequisites, and the price.

What is Fair Wear Foundation?

Fair Wear Foundation (FWF) is an independent, non-profit organisation that works with companies and factories to improve working conditions for workers in the textile and clothing industry, taking the entire manufacturing chain into account. FWF is made up of companies, trade associations, NGOs and unions. JACK WOLFSKIN has been an FWF member since 1 July 2010.

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