



SUPPLIER SOCIAL REPORT 2010



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**DEAR READERS,
WE HAVE BEEN WORKING TO IMPROVE THE IMPACT
OF OUR ACTIVITIES FOR MANY YEARS. WE DIVIDE
CORPORATE SOCIAL RESPONSIBILITY (CSR) INTO
TWO MAIN AREAS: NATURE AND THE ENVIRON-
MENT AND SOCIAL RESPONSIBILITY. WE ALSO
FULLY INVOLVE OUR EMPLOYEES AND VENDORS IN
OUR CORPORATE SOCIAL RESPONSIBILITY (CSR)
MECHANISMS.**

Our membership in the "Fair Wear Foundation" (FWF) represents an important milestone in this respect. The FWF is a not-for-profit, multi-stakeholder initiative that seeks to promote and improve humane labour conditions along the entire value chain of the textiles industry. It works closely with a growing number of companies and vendors and supports them by providing a platform to exchange expert knowledge, promoting dialogues and offering an improvement-orientated approach. Against this backdrop, I am delighted that we are able to disclose our efforts and activities in a detailed report for the first time ever.

We set our sights high for 2010 – and we have come a long way. In 2009, 98 percent of JACK WOLFSKIN's vendors were audited. In 2010, we raised the bar again and nearly reached our target of having 100 percent of our vendors audited. Moreover, 44 percent of our vendors have demonstrated improvements since their first audit. This is a direct result of the systematic increase in the number of audits and follow-up visits.

At vendors where standards had deteriorated, immediate measures were taken. Where no improvements were made, we terminated our cooperation with the vendor in question.

We are committed to conducting this auditing process according to sound judgment, mutual respect and a shared sense of responsibility to ensure that improvements continue to be made. This is by no means an easy task. However, we have always viewed it as one of our core responsibilities and we will continue to implement it consistently in the future.

Christian Brandt, May 2011

2 ABOUT JACK WOLFSKIN

THE OUTDOORS IS OUR PASSION: WHETHER IN THE MOUNTAINS, THE WILDERNESS, FARAWAY COUNTRIES OR THE COUNTRYSIDE ON YOUR DOORSTEP, WE WANT JACK WOLFSKIN PRODUCTS TO MAKE OUR USERS FEEL RIGHT AT HOME IN THE GREAT OUTDOORS, WHATEVER THE WEATHER. OUR AIM IS TO PROVIDE OUR CUSTOMERS WITH THE BEST POSSIBLE OUTDOOR EQUIPMENT, WHICH DELIVERS EFFECTIVE PROTECTION FROM THE WIND, RAIN AND COLD.

JACK WOLFSKIN develops products for people who love being outdoors, who have fun getting exercise, reaching their goals and discovering new things, who appreciate the countryside and treat people and nature with respect. This includes mountaineering, trekking, hiking and travelling.

OUR GOAL IS TO MOTIVATE AS MANY PEOPLE AS POSSIBLE TO LEAD AN ACTIVE LIFE OUTDOORS.

Weatherproof products are our speciality:

Whether in the rain, wind, snow or cold, our clothing, footwear and equipment, have proven their worth time and again. They are based on application-orientated design and innovative technology and combine all-round weather protection with a high level of comfort. JACK WOLFSKIN products are characterised by a high degree of functionality, user-orientation and innovation. JACK WOLFSKIN has successfully launched a wide range of new materials and products and holds multiple patents for clothing, backpack and tent technologies. Our apparel, footwear and equipment represent 30 years of expertise combined with constant feedback from our users. And we continue to strive to combine superb functionality with exceptional comfort. It goes without saying that we use only outstanding workmanship and high-quality materials.

Who are we?

JACK WOLFSKIN was founded in 1981 and since then has developed first-class, functional products on the basis of constant user feedback.

With numerous patents and innovative, proprietary technologies, JACK WOLFSKIN products lead the way in function, comfort and user benefits, and are now used all over the world.

2.1 1.1 FACTS AND FIGURES 2010

FOUNDED:
1981 IN FRANKFURT NIED

COMPANY HEADQUARTERS:

IDSTEIN (HESSEN, TAUNUS) SINCE 1997

REGISTERED AS:
GMBH & CO. KGAA

NO. OF EMPLOYEES: APPROX. 460 (AS AT 06/2011)

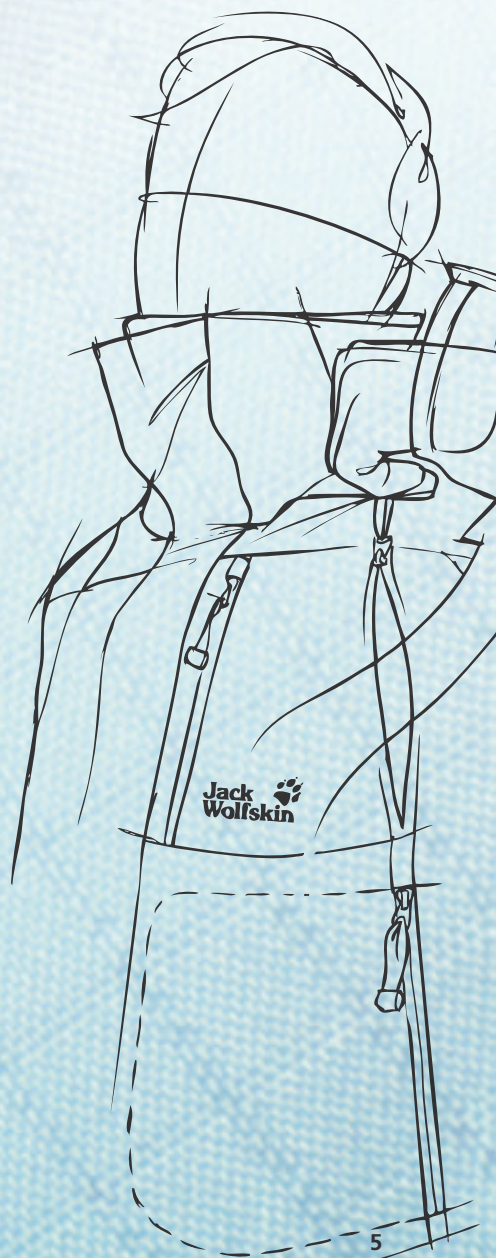
PRESIDENT & CEO: MANFRED HELL

EUROPEAN CENTRAL WAREHOUSE: NEU WULMSTORF, LOWER SAXONY, GERMANY

EQUITY HOLDINGS:
BARCLAYS PRIVATE EQUITY GMBH,
QUADRIGA CAPITAL GMBH, MANAGEMENT

TURNOVER 2010: 304.2 MILLION EUROS

MARKET POSITIONING:
JACK WOLFSKIN IS EUROPE'S LEADING PROVIDER
OF FUNCTIONAL OUTDOOR CLOTHING, FOOTWEAR
AND EQUIPMENT AND THE LARGEST FRANCHISOR
IN THE GERMAN SPECIALIST SPORTS RETAIL MARKET.



EUROPE (AS AT 06/2011)

APPROXIMATELY **3,800** SPECIALIST RETAILERS IN EUROPE,
INCLUDING **283** FRANCHISE STORES IN:

GERMANY **228**

AUSTRIA **16**

SWITZERLAND **11**

BELGIUM **8**

ITALY **8**

UNITED KINGDOM **4**

LUXEMBURG **3**

POLAND **2**

RUSSIA **1**

FRANCE **1**

NETHERLANDS **1**



2.2 JACK WOLFSKIN POINTS OF SALE



ASIA

**OVER 300 SPECIALIST RETAILERS,
INCLUDING 253 FRANCHISE STORES AND
SHOP-IN-SHOPS IN CHINA AND KOREA**

2.3 TURNOVER DEVELOPMENT 2005-2010

IN RECENT YEARS, TURNOVER HAS INCREASED OVER 20 PERCENT PER ANNUM.

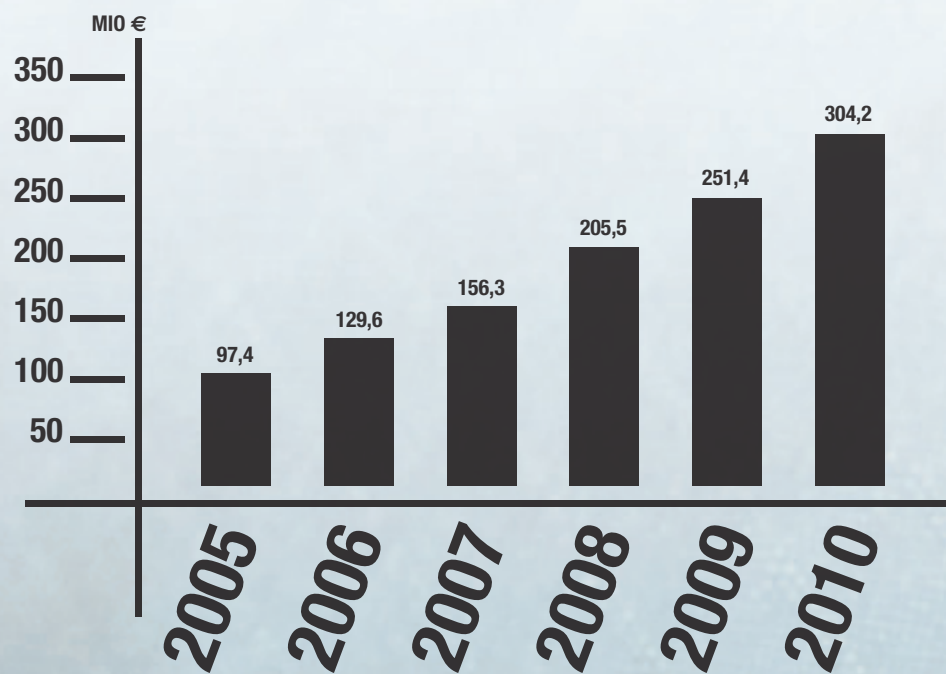


Figure 1: Turnover development 2005-2010





2.4 JACK WOLFSKIN ORGANIGRAM

THE WAY THAT THE COMPANY IS ORGANISED REFLECTS OUR ATTITUDE TOWARDS OUR CORPORATE SOCIAL RESPONSIBILITY (CSR). PRODUCTS, MARKETS AND OPERATIVE UNITS SUCH AS ENVIRONMENT AND SOCIAL RESPONSIBILITY ARE ALL POSITIONED AT SENIOR MANAGEMENT LEVEL.



Figure 2: JACK WOLFSKIN Organigram



MANAGEMENT BOARD

COMMUNICATION

MARKETING

COMPANY
SPORTS

ENVIRONMENTAL/
SOCIAL SUSTAINABILITY

YEAR

2.5 PRODUCT SECTORS

JACK WOLFSKIN RELEASES TWO COLLECTIONS PER YEAR (SPRING/SUMMER AND AUTUMN/WINTER). THESE ARE BROKEN DOWN INTO THE PRODUCT DIVISIONS APPAREL, FOOTWEAR AND EQUIPMENT. WITHIN THESE DIVISIONS, PRODUCTS ARE CLASSED ACCORDING TO THE AREA OF ACTIVITY THAT THEY ARE USED FOR: ALPINISM, TREKKING, HIKING AND FAMILY.

JACK WOLFSKIN

APPAREL



FOOTWEAR



EQUIPMENT

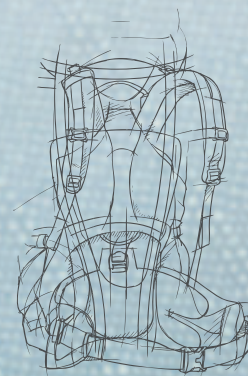


Illustration 3: Division breakdown of Jack Wolfskin

ALPINISM



PRODUCTS DESIGNED FOR SERIOUS MOUNTAINEERING, FROM MOUNTAINEERING, CLIMBING AND VIA FERRATA TO HIGH-ALPINE SKI TOURING.

Highly functional, comprehensive weather protection with high breathability, full freedom of movement and specific technical and construction details.

With an emphasis on low weight.

TREKKING



DESIGNED FOR SINGLE OR MULTI-DAY TREKS WITH A RUCKSACK AND TENT ON ROUGH TERRAIN.

Our trekking products are engineered to deliver both durability and reliable weather protection, with an emphasis on wear comfort. JACK WOLFSKIN trekking shoes are fully waterproof, robust and comfortable to wear.

Our comprehensive Trekking range includes rucksacks, tents, sleeping bags and mats.

HIKING



OUR HIKING PRODUCTS COVER A BROAD RANGE OF ACTIVITIES, FROM SPONTANEOUS DAY TRIPS TO MULTI-DAY TREKS TO MOUNTAIN HUTS.

They have a multi-functional design for hiking in all weathers. Our hiking products provide reliable, multifunctional solutions for many different activities, e.g. trail-running and cycling. With a special focus on comfort, weather protection, breathability and versatility.

FAMILY



APPAREL, FOOTWEAR AND EQUIPMENT WITH RELIABLE WEATHER PROTECTION FOR CHILDREN AND THE YOUNGER GENERATION. DESIGNED FOR EVERYDAY USE, SCHOOL AND LEISURE TIME AS WELL AS OUT-DOOR ACTIVITIES, TRAVELLING AND HOLIDAY CAMPS.

We take fabrics and technological innovations from our adult models and combine them with designs and details developed specifically with children in mind. This includes a focus on safety and features relevant to particular ages and activities.

3 SOCIAL RESPONSIBILITY

JACK WOLFSKIN HAS TREATED SOCIAL AND ENVIRONMENTAL RESPONSIBILITY AS FUNDAMENTAL VALUES EVER SINCE IT WAS FORMED. "CORPORATE SOCIAL RESPONSIBILITY" (CSR) IS A GUIDING PRINCIPLE OF THE COMPANY. WE CONTINUE TO DEVELOP INDEPENDENT STRATEGIES AND OBJECTIVES TO IMPLEMENT IT.

As Europe's leading outdoor brand, JACK WOLFSKIN aims to provide high quality at competitive prices, while continually upholding the sustainable aspect of its social and environmental actions. JACK WOLFSKIN seeks to demonstrate by example that fairness, environmental and social responsibility are compatible with business success.

OUR APPROACH TO SUSTAINABILITY IS BASED ON THREE AREAS: ECONOMIC, ECOLOGICAL AND SOCIAL RESPONSIBILITY. WE ARE OF THE OPINION THAT ONLY COMPANIES WHO SUCCESSFULLY COMBINE THESE THREE FUNDAMENTAL VALUES CAN MANUFACTURE IN A LONG-TERM, SUSTAINABLE MANNER AND TRADE SUCCESSFULLY.

Social responsibility towards our vendors and their employees also plays a major role.



Figure 4: Social responsibility fields

3.1 SOCIALLY RESPONSIBLE VENDOR MANAGEMENT

JACK WOLFSKIN TAKES ITS RESPONSIBILITIES TOWARDS ITS VENDORS AND THEIR EMPLOYEES VERY SERIOUSLY AND PURSUES THIS ISSUE WITH DEDICATION AND COMMITMENT. THE FOLLOWING POINTS – INCLUDING FIGURE 4 – FORM THE FOUNDATIONS OF OUR VENDOR MANAGEMENT.

CAREFUL SELECTION:

JACK WOLFSKIN only selects vendors that it intends to work with on a long-term basis. We see careful selection of our vendors as an important contribution towards sustainable production.

CODE OF CONDUCT:

Every vendor working with JACK WOLFSKIN first has to accept and sign our Code of Conduct.

MONITORING:

At the start of any cooperation with a potentially new vendor, their production facilities are internally audited (i.e. inspected and evaluated). Thereafter the vendor is regularly monitored by an independent auditing organisation which documents developments related to social responsibility and provides support for further improvements.

FOLLOW UP VISITS:

Irrespective of the results of the audit, vendors receive 1-3 follow-up visits that take place between audits. These short visits to vendor's manufacturing facilities are used to monitor implemented improvement measures and where appropriate to develop joint solutions, which the vendor can then continue to implement independently.

DIALOGUE WITH TRADE UNIONS AND OTHER ORGANISATIONS:

In order to remain informed about changes, problems, or developments with local trade unions, regional working parties and/or other stakeholders, the external auditing and qualifying organisation remains in permanent dialogue with various organisations inside the country where the vendor is based.

The Fair Wear Foundation provides a platform for members to exchange information at a national and international level. This promotes awareness of problems raised by parties involved and assists in reaching solutions.

CAPACITY BUILDING:

JACK WOLFSKIN provides training and capacity building for its vendors, to promote and raise awareness and skills at different levels (management, middle management and shop floor). These training sessions are individually tailored according to the requirements of the participants and are delivered to the vendor free of charge.

**ACTIVITIES WITH
LONGER TERM
COOPERATION**

CAPACITY BUILDING

STAKEHOLDER DIALOG

FOLLOW UP VISITS

MONITORING (AUDIT)

**SIGNING THE
CODE OF CONDUCT**

**BASIC PREREQUISITES
FOR COOPERATION**

Figure 5: The foundation of our socially responsible vendor management

4 OBJECTIVES AND RESULTS 2011

JACK WOLFSKIN DEFINED AND IMPLEMENTED THE FOLLOWING OBJECTIVES FOR SOCIALLY RESPONSIBLE VENDOR MANAGEMENT FOR THE YEAR 2010:

OBJECTIVE	IMPLEMENTATION/OUTCOME
WORK PLAN	<ul style="list-style-type: none"> ■ (06/2010). Draw up comprehensive work plan before joining Fair Wear Foundation
ANNOUNCE MEMBERSHIP IN FWF:	
TO JW EMPLOYEES AT IDSTEIN AND CENTRAL WAREHOUSE AT NEU-WULMSTORF	<ul style="list-style-type: none"> ■ Internal newsletter focused on "sustainability" and announcing our membership in the FWF ■ Information from senior management to all employees
TO VENDORS AND AGENCIES	<ul style="list-style-type: none"> ■ Announce membership in the FWF and the resulting amendments to JACK WOLFSKIN's existing system to bring it in line with FWF requirements
TO CUSTOMERS (STORE PARTNERS, KEY ACCOUNT CUSTOMERS ETC.)	<ul style="list-style-type: none"> ■ Announce membership in the FWF on company website ■ Announce FWF membership at the OutDoor trade show in Friedrichshafen (July 2010) ■ Supplement in press kits for sales personnel, media representatives and customers
TO END USERS	<ul style="list-style-type: none"> ■ Press release announcing membership in Fair Wear Foundation ■ Information about FWF on company website ■ Brochure about social responsibility and sustainable production at JACK WOLFSKIN ■ Focus on topic "sustainability" at the Globewelt festival in Cologne ■ FWF logo and information in catalogue
SOCIAL RESPONSIBILITY AUDITS AT VENDORS:	
MEET THE FWF AUDITING REQUIREMENT OF 40% OF PURCHASING VOLUME	<ul style="list-style-type: none"> ■ Over 98% of our purchasing volume is from audited vendors ■ 2010 auditing process also covers vendors in Europe (Italy and Slovenia), which are classed as "low-risk countries" by the FWF

Table 1: Objectives and Outcomes

ADAPTATION OF THE JACK WOLFSKIN CODE OF CONDUCT	<ul style="list-style-type: none"> ■ Adaptation of our existing Code of Conduct to bring it in line with FWF requirements and to incorporate the results of previous audits ■ Publication of the adapted Code of Conduct on the company website
OPTIMISATION OF COMPLAINTS SYSTEM	<ul style="list-style-type: none"> ■ Supply of large-format placards with the Code of Conduct and the Fair Wear Foundation complaints procedure to all vendors for display in their factories ■ Complaint hotlines in the most important production countries ■ Implementation of the Communication Box (website for anonymous complaints) ■ Auditing organization representatives are permanently available for the most important production countries
TRAINING:	
VENDORS	<ul style="list-style-type: none"> ■ 5-day "Train the trainer" workshop for all Chinese vendors in May 2010. The workshop is for personnel responsible for organising and implementing internal training measures for employees
JACK WOLFSKIN EMPLOYEES	<ul style="list-style-type: none"> ■ Training for travelling quality consultants regarding the Code of Conduct and Complaints procedure for breaches of the Code of Conduct
CUSTOMERS	<ul style="list-style-type: none"> ■ Information events for key account customers about sustainability at JACK WOLFSKIN
CONSUMERS	<ul style="list-style-type: none"> ■ Incorporate sustainability and social responsibility in store and retailer training program ■ Detailed answers to customer questions regarding sustainability ■ Consumer information at the Globewelt in Cologne
NGOS	<ul style="list-style-type: none"> ■ Regular contact with selected NGOs including national representatives from the Clean Clothes Campaign (CCC)
VERIFICATION AUDIT BY THE FWF	<ul style="list-style-type: none"> ■ One Jack Wolfskin producer in China and one in Vietnam audited by the Fair Wear Foundation
EXPANSION OF THE ENVIRONMENTAL & SOCIAL COMPLIANCE TEAM	<ul style="list-style-type: none"> ■ 03/2010 – Reinforcement of the internal company department ■ 12/2010 – Recruitment of a Process Manager responsible for documenting and optimising all relevant processes. From vendor selection, purchasing and production to sales and distribution

5 PURCHASING AND PROCUREMENT STRATEGY

JACK WOLFSKIN WORKS WITH A LARGE NUMBER OF VENDORS IN ASIA AND EUROPE. THE MAJORITY OF THEM ARE IN VIETNAM, CHINA OR THAILAND. IN MOST CASES, JACK WOLFSKIN HAS A LONG-STANDING BUSINESS RELATIONSHIP. DUE TO THE EXPANSION OF BUSINESS OPERATIONS, JACK WOLFSKIN'S PORTFOLIO OF VENDORS HAS ALSO EXPANDED IN RECENT YEARS.

5.1 SOURCING STRATEGY & PRICING

WE AIM TO PRODUCE HIGH-QUALITY, LONG-LASTING PRODUCTS IN A SUSTAINABLE MANNER, WHILE TAKING ACCOUNT OF ECONOMIC AND SOCIAL ASPECTS.

Together with our vendors, we draw up a detailed cost analysis for each product. Vendor allocation is organised and adapted for each product according to our vendors' available capacities. Vendors are involved right from the planning stage so that they can also plan in detail themselves.

As a basic principle, JACK WOLFSKIN is interested in long-term cooperation with its vendors. We always deploy qualified travelling quality consultants who support production on-site at our vendors and who monitor quality and make suggestions for improvement where applicable.

The Purchasing, Product Management, Technology, Environmental & Social Compliance departments are all involved in the vendor selection process. This ensures an integrated approach to evaluating vendors.

All these departments are based at the company headquarters in Idstein. They are housed in the same building to enable rapid information exchange and decision making.

5.2 PRODUCTION CYCLE

JACK WOLFSKIN DEVELOPS TWO COLLECTIONS PER YEAR WITHIN ITS THREE DIVISIONS APPAREL, FOOTWEAR AND EQUIPMENT: A SPRING/SUMMER COLLECTION AND AN AUTUMN/WINTER COLLECTION.

Samples are prepared in the factories allocated production well in advance of order deadlines. By producing samples, vendors can analyse and pre-estimate the cost and planned production time for each article in detail. This then enables them to negotiate prices on a more realistic basis.

Orders are generally staggered according to each season. Vendors are informed of the required production at the staggered order deadlines.

5.3 SELECTION OF NEW VENDORS

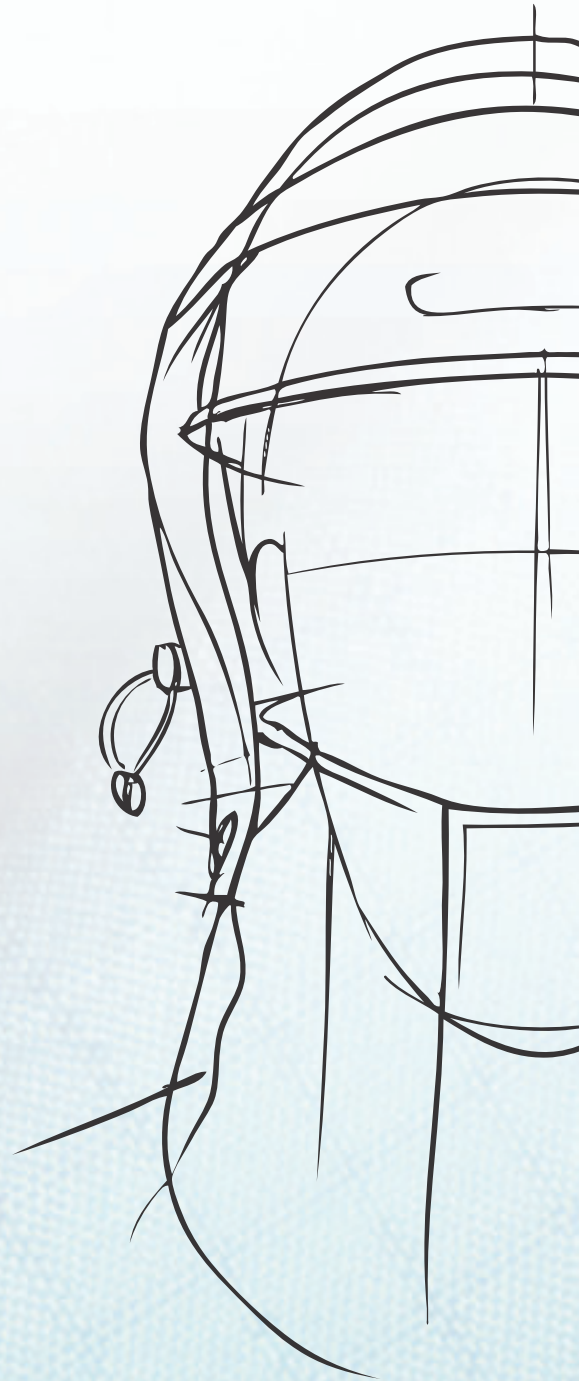
JACK WOLFSKIN VENDORS ARE SELECTED ACCORDING TO PARTICULAR CRITERIA. THESE INCLUDE:

- Meeting JACK WOLFSKIN's designated quality standards
- Compliance with the Code of Conduct i.e. monitoring via audit and implementing improvements to improve sustainability relating to follow-up visits
- Having sufficient capacity to process JACK WOLFSKIN orders within a specified timeframe (management expertise)
- The country where the company is based (e.g. companies in countries run by military dictatorships are not eligible)
- Transparency during pricing

In order to test these criteria, potential new vendors are subject to a trial period during which samples or a prototype series is produced. The samples are used to determine whether future cooperation is realistic (in terms of quality) or not.

At the same time Environmental & Social Compliance Management evaluates the "social performance" and where applicable the willingness of the vendor to make improvements.

Vendors are only accepted to the JACK WOLFSKIN portfolio if all these criteria are fulfilled.



6 VENDOR MONITORING

JACK WOLFSKIN HAS BEEN AUDITING ITS VENDORS USING INDEPENDENT ORGANISATIONS SINCE 2008. ONCE A VENDOR HAS BEEN SELECTED, THE FACTORY IS INCORPORATED INTO THE STANDARDISED AUDITING PROCESS. FOLLOWING THE ANNUAL AUDIT, THE AUDITING ORGANISATION PRODUCES A DETAILED AUDIT REPORT FOR EACH VENDOR.

Vendors are audited on average once a year. In between audits, an auditor visits vendors to monitor the implementation of corrective action plans. Where necessary, the auditor provides support with making improvements to meet the required standards.

6.1 AUDITING AND EVALUATION CRITERIA

IN ADDITION TO THE WRITTEN ASSESSMENT OF A VENDOR BY THE AUDITOR, JACK WOLFSKIN HAS ITS OWN EVALUATION SYSTEM, WHICH CAN BE USED TO QUICKLY DETERMINE A VENDOR'S STRENGTHS AND WEAKNESSES (IN COMPARISON TO THE PREVIOUS EVALUATION) AND MONITOR CHANGES.

The following illustration shows the different categories of evaluation criteria used in 2009 and 2010 for the audit reports.

THE NINE CATEGORIES: MANAGEMENT METHODS, WORKING HOURS, WAGES & BENEFITS, CHILD LABOUR, FORCED LABOUR, FREEDOM OF ASSOCIATION & RIGHT TO COLLECTIVE BARGAINING, DISCRIMINATION, SAFE & HEALTHY WORKING CONDITIONS & SOCIAL FACILITIES AND ENVIRONMENT ARE EVALUATED INDIVIDUALLY BY THE AUDITORS USING THE 5-POINT SCALE.

Following the audit, the auditing organisation issues an overall evaluation of the vendor, which is sent together with the Corrective Action Plan to JACK WOLFSKIN.

- 0 points highly critical category
- 1 point critical category
- 2 points category requiring improvement
- 3 points low-risk and good category
- 4 points stable and very good category

■ 2010 ■ 2009

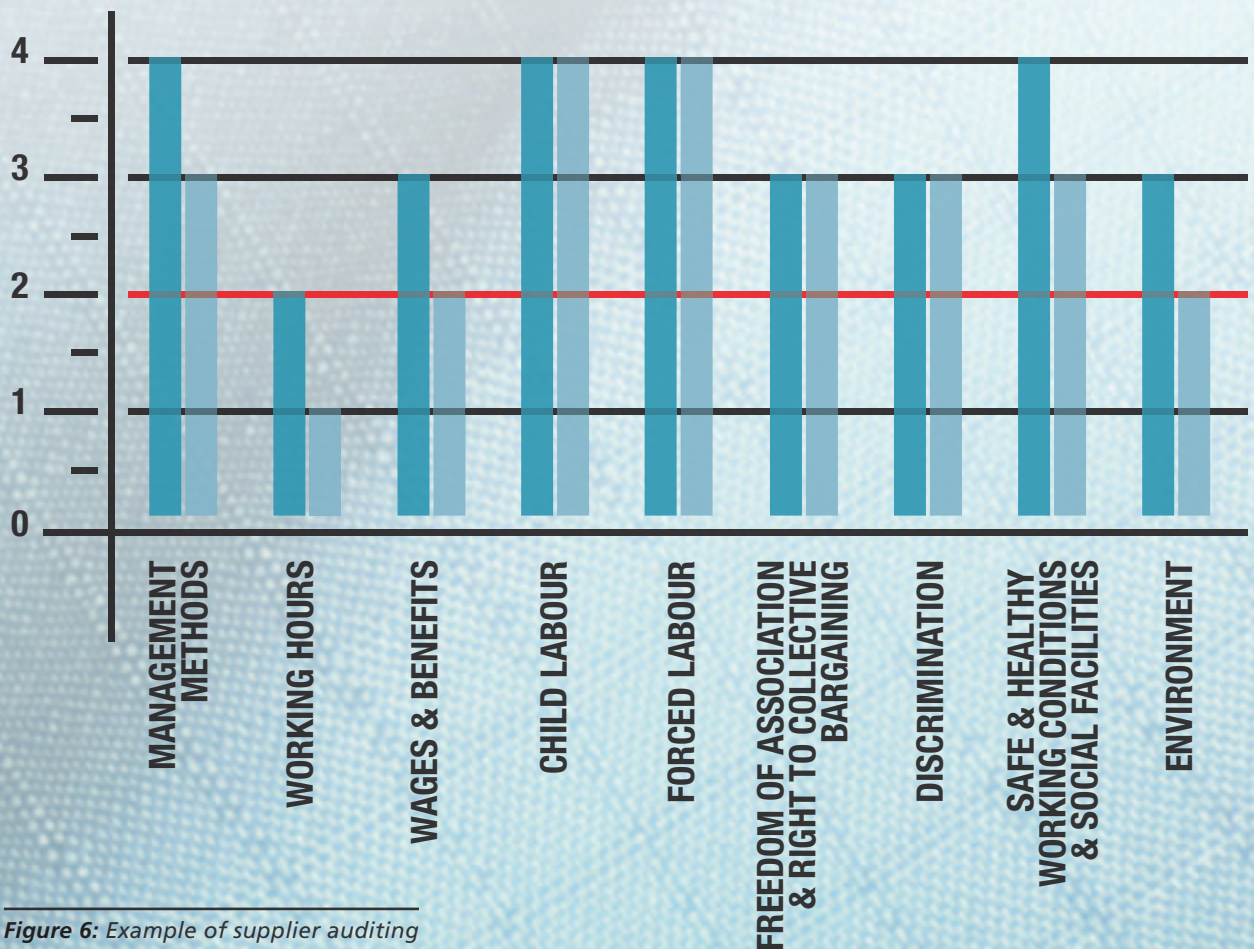


Figure 6: Example of supplier auditing and evaluation assessment

6.2 VENDOR AUDITING

AT THE END OF 2009, OVER 98 PERCENT OF PURCHASING VOLUME CAME FROM INDEPENDENT, AUDITED VENDORS. JACK WOLFSKIN IS CONSTANTLY WORKING WITH THESE COMPANIES TO IMPROVE WORKING CONDITIONS. BY THE END OF 2010, WE HAD TOPPED 99 PERCENT. THIS FAR EXCEEDS THE FAIR WEAR FOUNDATION REQUIREMENTS WHICH STIPULATE THAT 40% OF PURCHASING VOLUME MUST COME FROM AUDITED VENDORS IN THE FIRST YEAR OF MEMBERSHIP.

The following graph illustrates this situation more clearly.

- Proportion of purchasing volume in % from audited JACK WOLFSKIN vendors
- Parameters of FWF for proportions of purchasing volume from audited vendors

ACTUAL, NOMINAL AND TARGET VALUES FOR VENDOR AUDITING

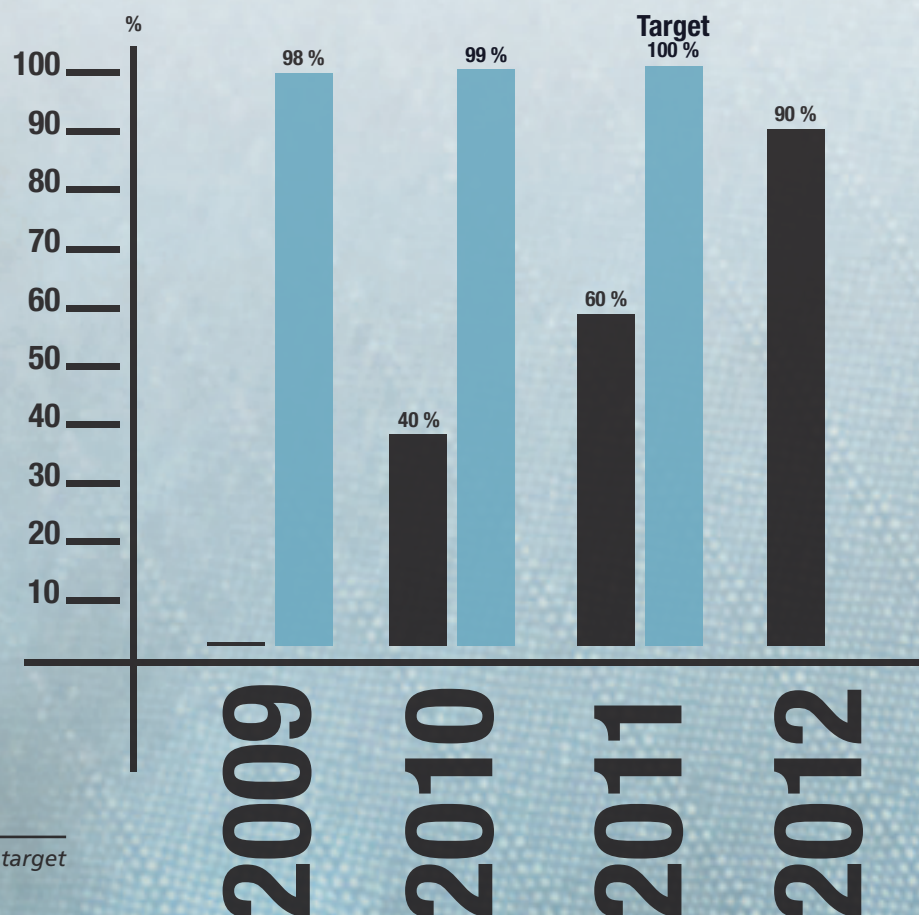
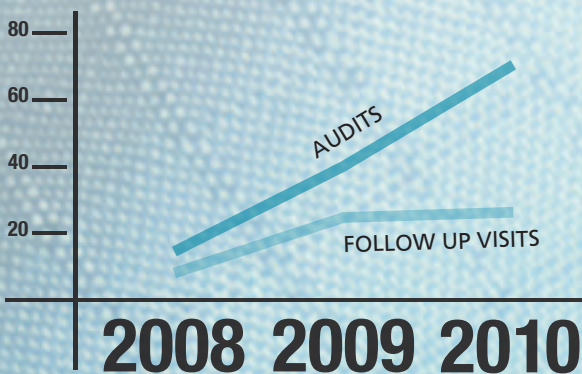


Figure 7: Actual, nominal and target values for vendor auditing



	2008	2009	2010
AUDITS	16	40	69
FOLLOW UP VISITS	8	24	26



THE NUMBER OF AUDITS AND FOLLOW-UP VISITS HAS INCREASED CONTINUALLY SINCE 2008. AS A RESULT, ALL VENDORS WITH LARGE ORDER VOLUMES AND NEARLY ALL SMALLER VENDORS HAVE BEEN INCORPORATED IN THE AUDITING PROCESS.

The table shows the extent to which JACK WOLFSKIN has increased the number of auditing and follow-up visits in recent years.

Figure 8: Development of vendor auditing and follow-up visits

6.3 VENDORS, PRODUCTION COUNTRIES AND AUDITS 2010

JACK WOLFSKIN PRODUCTS ARE MANUFACTURED BY A TOTAL OF 57 DIRECT AND INDIRECT CONTRACT PARTNERS. ALL VENDORS ARE INTEGRATED INTO THE AUDITING PROCESS WITH THE EXCEPTION OF VENDORS IN TAIWAN, KOREA AND ROMANIA. THE FOLLOWING TABLE SHOWS A BREAKDOWN OF VENDORS BY COUNTRY.

COUNTRY	NUMBER OF AUDITS AND FOLLOW-UP VISITS PER COUNTRY 2010			ADDITIONAL INITIATIVES
	NUMBER OF ACTIVE VENDORS 2010	NUMBER OF AUDITS 2010	NUMBER OF FOLLOW-UP VISITS 2010	
VIETNAM	17	15	12	
CHINA	16	22	7	Vendor training May 2010
THAILAND	7	8	1	Individual trainings sessions*
INDONESIA	3	6	2	
SLOVENIA	3	3	0	
CAMBODIA	2	3	1	
INDIA	2	2	2	Invitation to FWF "Sumangali System" Information event
ITALY	1	3	0	
TAIWAN	1	0	0	
BANGLADESH	1	1	0	
TURKEY	1	1	0	
KOREA	1	0	0	
LAOS	1	0	0	
ROMANIA	1	0	0	
TOTAL	57	64	25	

* Additional complimentary training measures for vendors (15 days' training with consultants) tailored to meet vendors' individual requirements.

Table 2: Number of audits and follow-up visits per country 2010

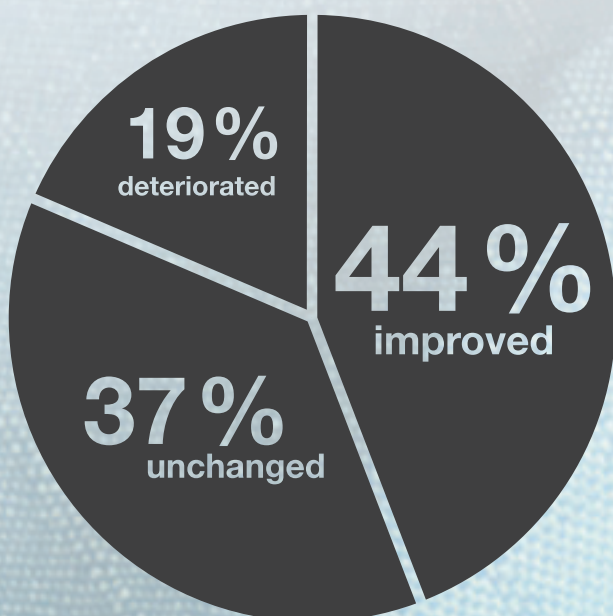


Figure 9: Development of vendor performance

COMPARISON BETWEEN FIRST AND CURRENT AUDITS

	NUMBER OF VENDORS	PERCENTAGE SHARE
IMPROVED	19	44 %
UNCHANGED	16	37 %
DETERIORATED	8	19 %

THE PERMANENT, CLOSE COOPERATION WITH VENDORS AND QUALIFICATION MEASURES ORGANISED BY JACK WOLFSKIN HAVE HAD A SIGNIFICANT IMPACT. THIS IS DEMONSTRATED IN THE TABLE BELOW.

When the latest audit is compared to the first audit for each vendor it can be seen that nearly half (44%) of the vendors have made improvements. 37% of vendors received the same audit result, 19% had changed for the worse.

6.4 AUDITING SUMMARY

THE AUDIT RESULTS FOR ALL VENDORS FROM THE SAME COUNTRY ARE COLLECTED TO CALCULATE A COUNTRY AVERAGE.

6.4.1 VIETNAM

	2008	2009	2010
AUDITS	11	16	19
FOLLOW-UP VISITS	8	11	12

In Vietnam the most common infringements of the Code of Conduct were related to Working Hours. Three vendors provided insufficient documentation of working hours, which led us to assume that their workers had worked more than the permitted number of overtime hours.

One of these vendors made no improvements, despite intensive support, monitoring and warnings. The cooperation was terminated, as the issues could not be resolved. The other two vendors were subjected to increased monitoring and the situation is being closely scrutinized.

AVERAGE EVALUATION RESULTS FOR VENDORS IN VIETNAM 2010

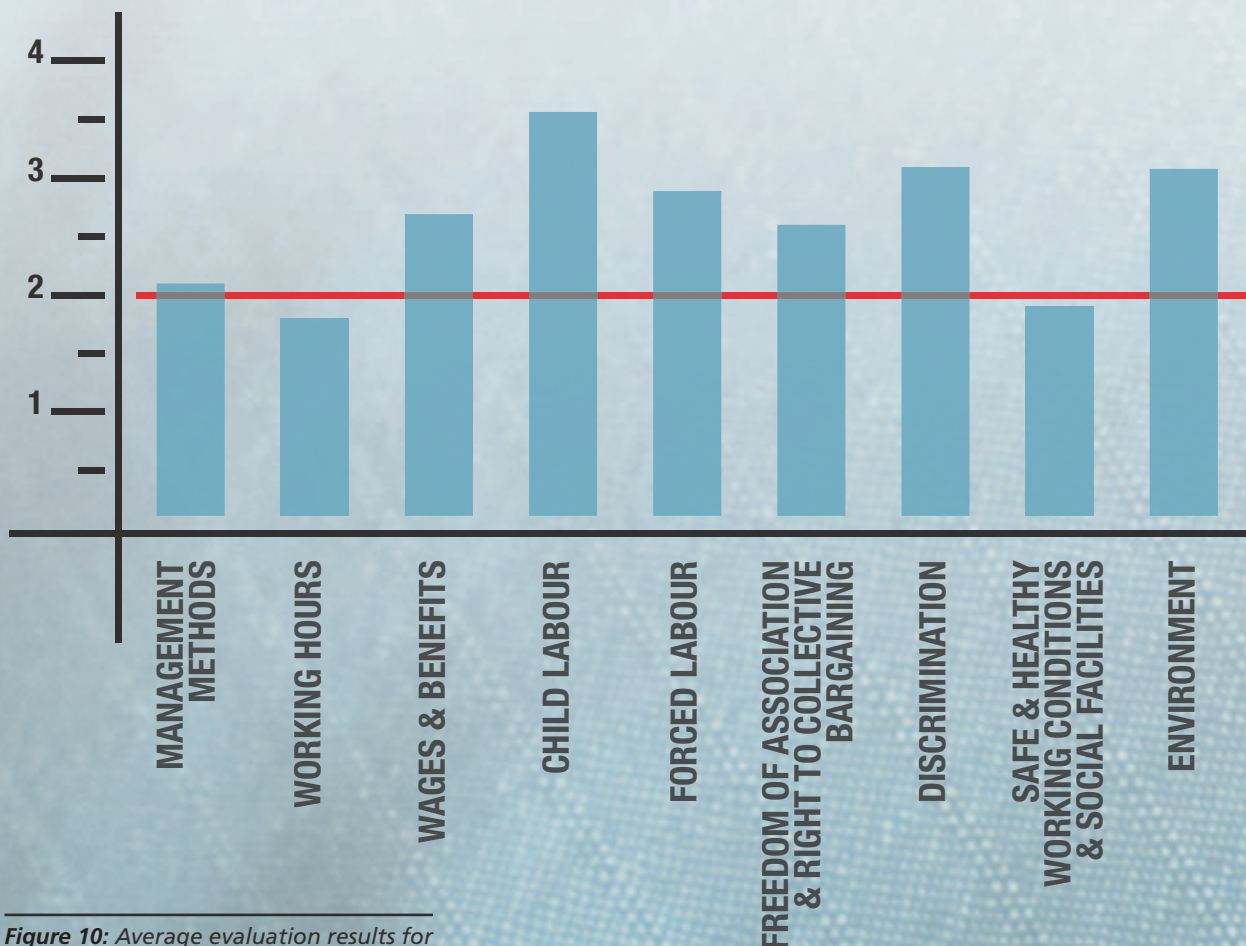


Figure 10: Average evaluation results for vendors in Vietnam 2010

6.4.2 BANGLADESH

	2008	2009	2010
AUDITS	1	0	1
FOLLOW-UP VISITS	0	0	0

Bangladeshi vendors mostly operated fully in accordance with the Code of Conduct. The good results from previous audits were confirmed by the 2010 audits.

AVERAGE EVALUATION RESULTS FOR VENDORS IN BANGLADESH 2010

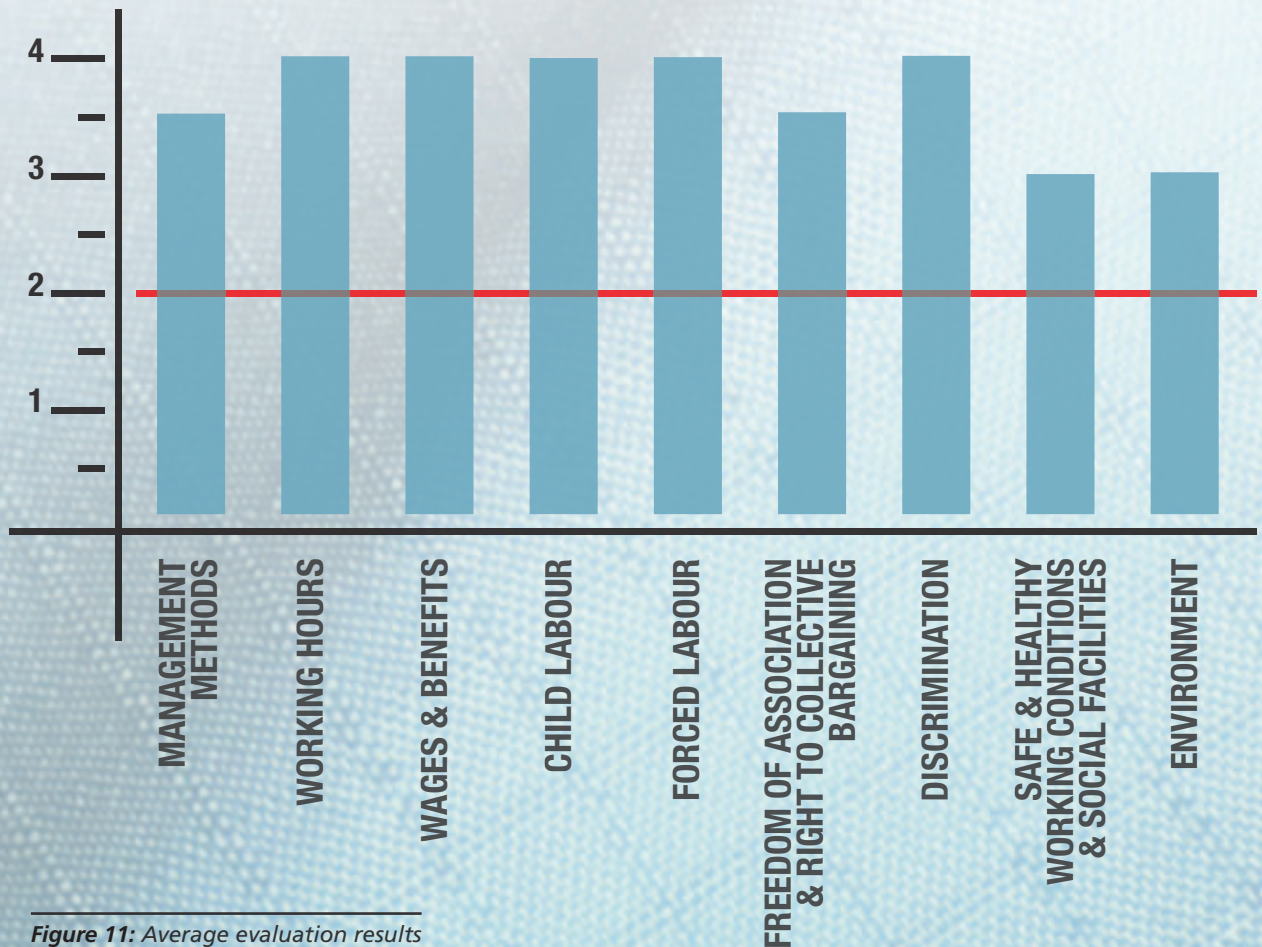


Figure 11: Average evaluation results for vendors in Bangladesh 2010

6.4.3 CHINA

	2008	2009	2010
AUDITS	3	10	23
FOLLOW-UP VISITS	0	10	7

The labour supply shortage in China caused considerable problems in 2010. As a result, workers at certain vendors exceeded the number of overtime hours permitted by the Code of Conduct. Insufficient documentation at certain factories left the auditors in doubt as to whether appropriate wages had been paid for overtime hours. This explains the unsatisfactory results in the category "Wages & Benefits".

As the situation in the affected regions has improved, future improvements are to be expected.

To further improve vendors' performance on social standards, JACK WOLFSKIN organised a week-long "Train the trainer" workshop in May 2010. The workshop was designed to help managers communicate knowledge to their employees via appropriate training, to ensure effective knowledge transfer. There was a very positive response to the workshop.

AVERAGE EVALUATION RESULTS FOR VENDORS IN CHINA 2010

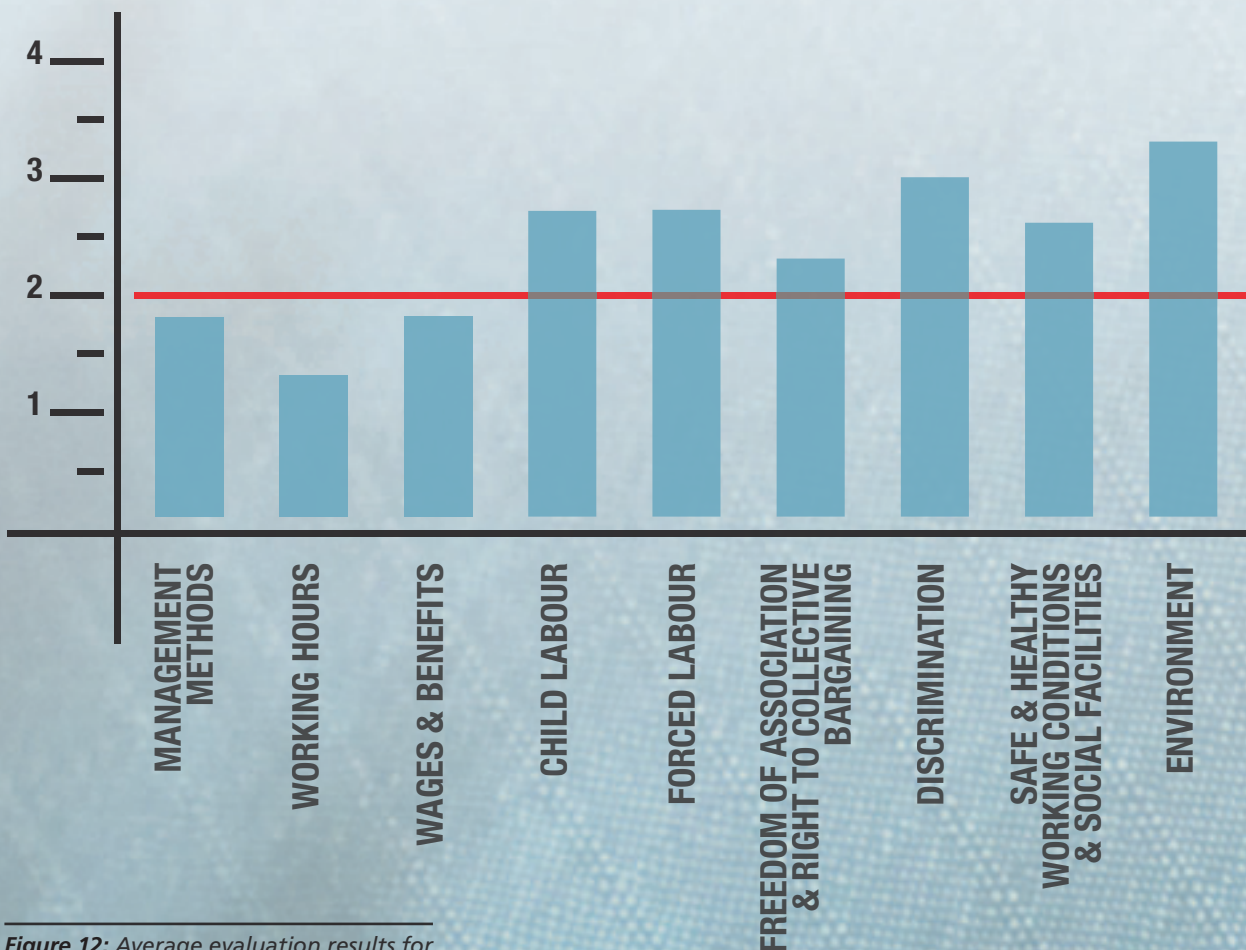


Figure 12: Average evaluation results for vendors in China 2010

6.4.4 THAILAND

	2008	2009	2010
AUDITS	0	7	8
FOLLOW-UP VISITS	0	1	1

The biggest challenge facing our vendors in Thailand is clear and structured production planning. In some cases insufficient planning has led to contravention of the Code of Conduct conditions relating to working hours and overtime.

JACK WOLFSKIN has developed various strategies together with the vendors to resolve this issue: a one-week production planning workshop was organised and paid for by JACK WOLFSKIN. In addition, a qualified trainer was made available (again paid for by JACK WOLFSKIN) to vendors to work together with them and provide support for defining management processes. This has enabled vendors to independently develop the basis for long-term (sustainable) development.

Vendors are continually visited on a regular basis and receive ongoing support from JACK WOLFSKIN employees and members of the audit team. There have already been initial improvements.

AVERAGE EVALUATION RESULTS FOR VENDORS IN THAILAND 2010

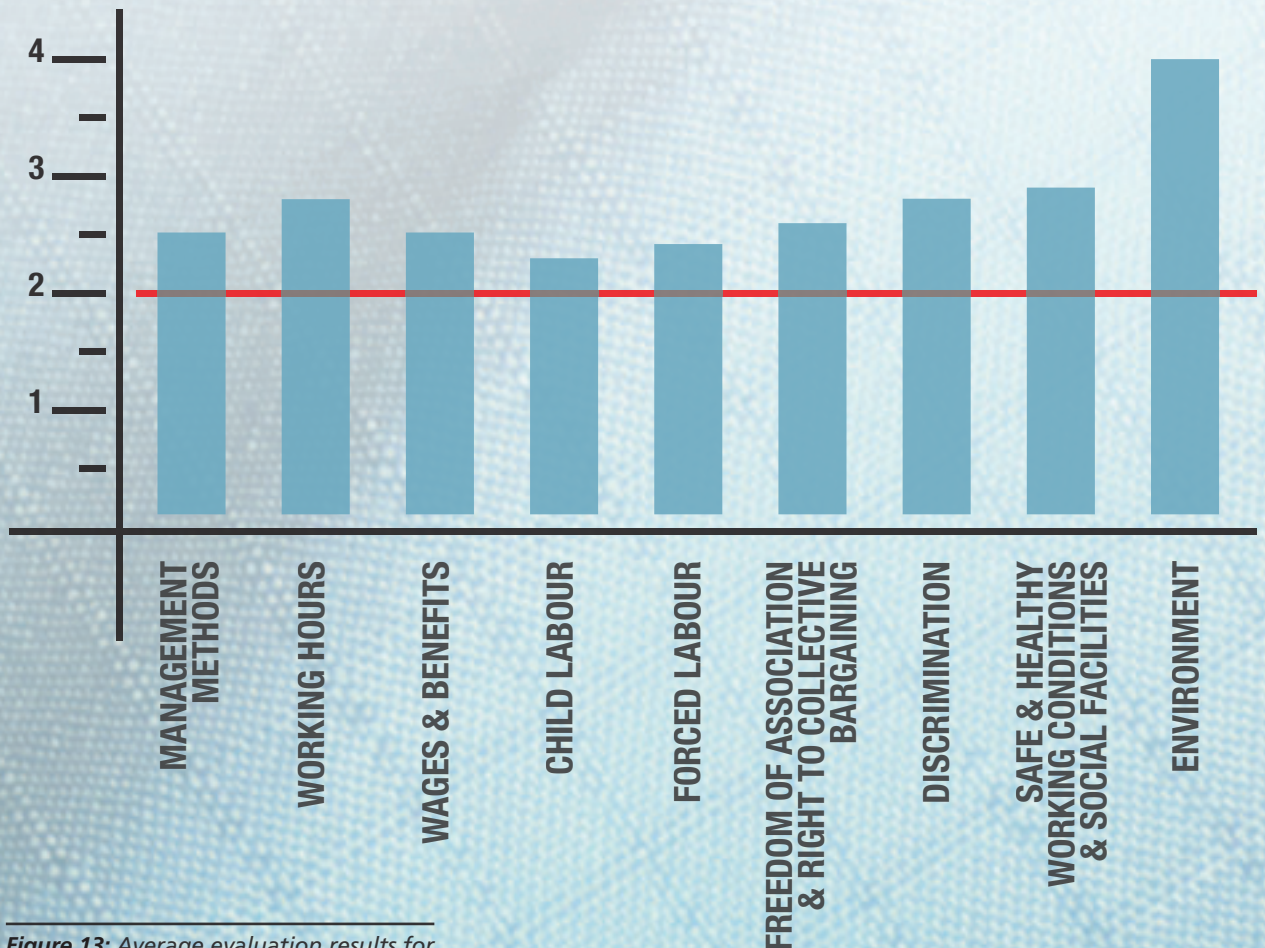
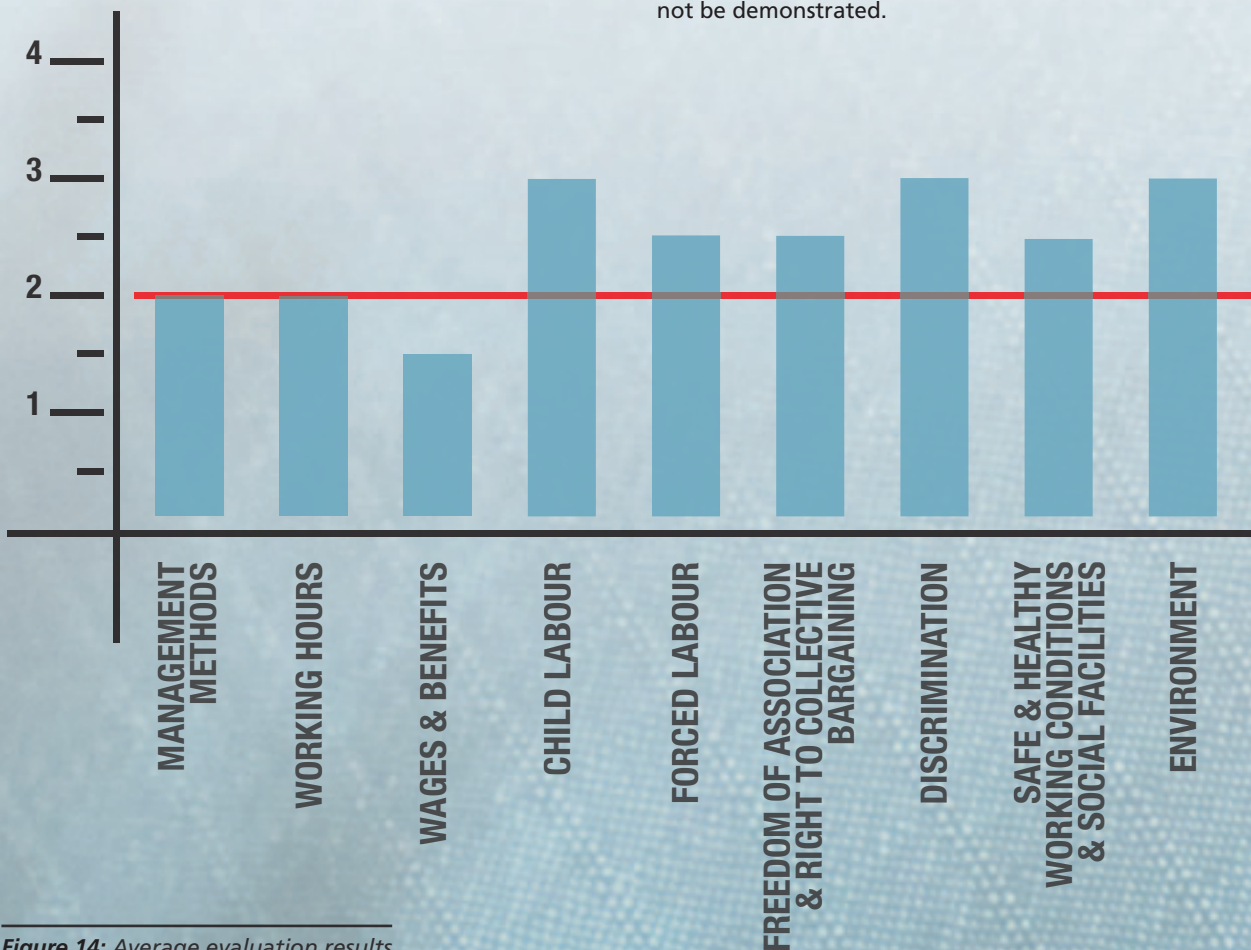


Figure 13: Average evaluation results for vendors in Thailand 2010

6.4.5 INDIA

	2008	2009	2010
AUDITS	0	2	2
FOLLOW-UP VISITS	0	0	2

AVERAGE EVALUATION RESULTS FOR VENDORS IN INDIA 2010



In India JACK WOLFSKIN works with one SA8000-certified vendor. SA8000 is a global social accountability standard for decent working conditions, developed and overseen by Social Accountability International. JACK WOLFSKIN also decided to have this vendor audited by an independent organisation, to obtain a full evaluation.

At the time that the audit was carried out, there was no evidence of full compliance with SAI standards. The auditor recorded in the Corrective Action Plan that there was inadequate documentation. Insufficient documentation automatically leads to a drastically lower score in the evaluation categories "Working Hours" and "Wages & Benefits", as compliance with the Code of Conduct cannot be demonstrated.

Figure 14: Average evaluation results for vendors in India 2010

6.4.6 INDONESIA

	2008	2009	2010
AUDITS	0	3	6
FOLLOW-UP VISITS	0	0	2

The auditors found that one vendor in Indonesia had not kept to agreements made with a trade union.

Due to economic constraints the company had negotiated with the trade union that employees would go without certain company benefits, for example subsidised meals. In addition, the trade union also agreed to working longer hours for a fixed period.

The company has not upheld its side of the arrangement, despite the fact that the situation has demonstrably improved. There has been no return to the original conditions. This means that wages are comparatively lower, as the company benefits have not been re-installed.

As a result, JACK WOLFSKIN contacted the parent company to find out more about the actual factory conditions in Indonesia and demanded an immediate improvement to the situation. JACK WOLFSKIN will re-examine the situation in the course of the next audit and take corresponding action should no improvement have been made.

AVERAGE EVALUATION RESULTS FOR VENDORS IN INDONESIA 2010

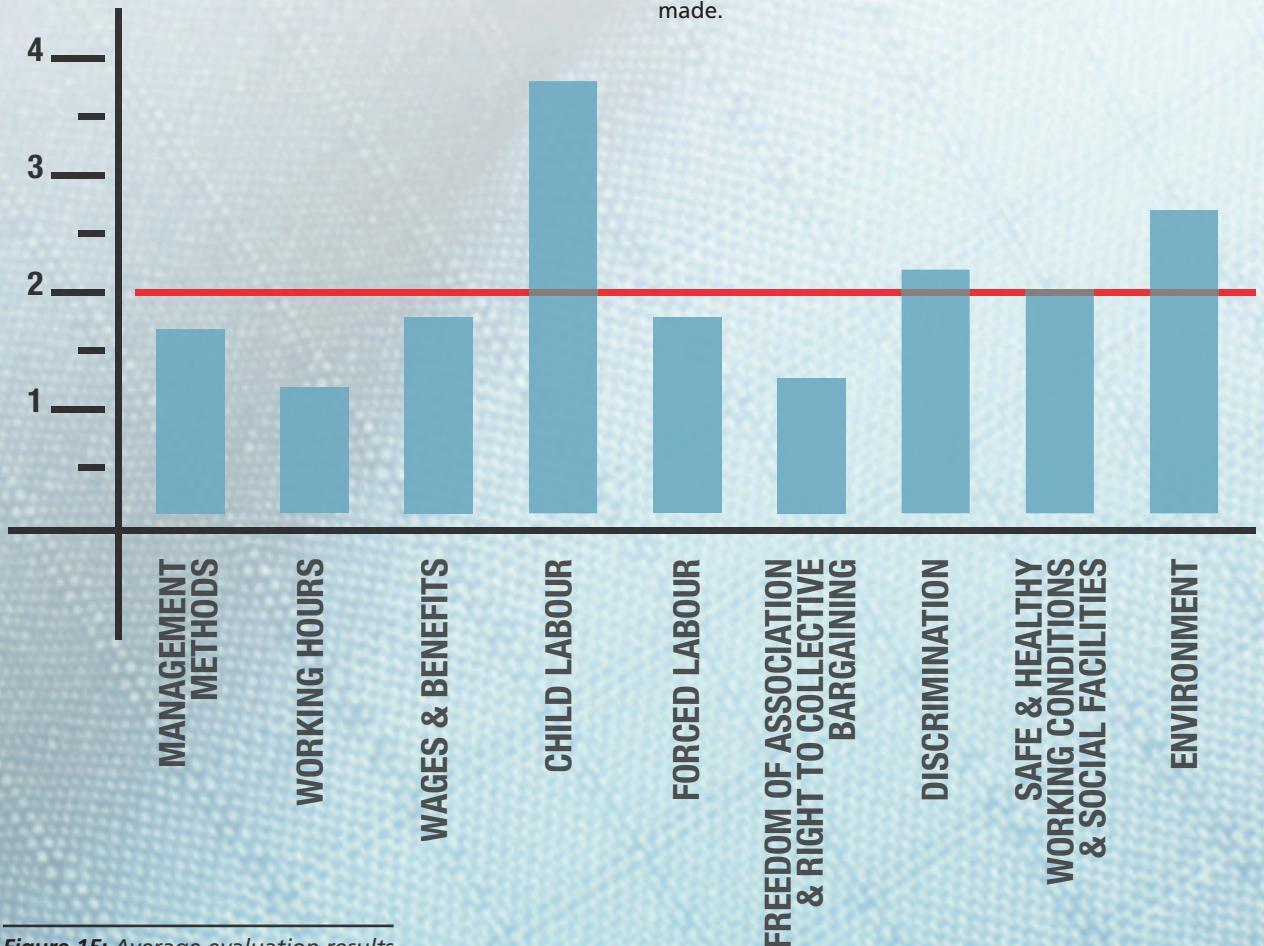


Figure 15: Average evaluation results for vendors in Indonesia 2010

6.4.7 LAOS

	2008	2009	2010
AUDITS	0	1	0
FOLLOW-UP VISITS	0	0	0

JACK WOLFSKIN has been working indirectly with one sub-vendor since 2009. However, this vendor was unable to reliably meet our quality standards. Moreover, there were unacceptable contraventions of the Code of Conduct and a lack of willingness on the part of management to improve the situation. The business relationship was therefore terminated and we shall not work with this vendor again.

AVERAGE EVALUATION RESULTS FOR VENDORS IN LAOS 2010

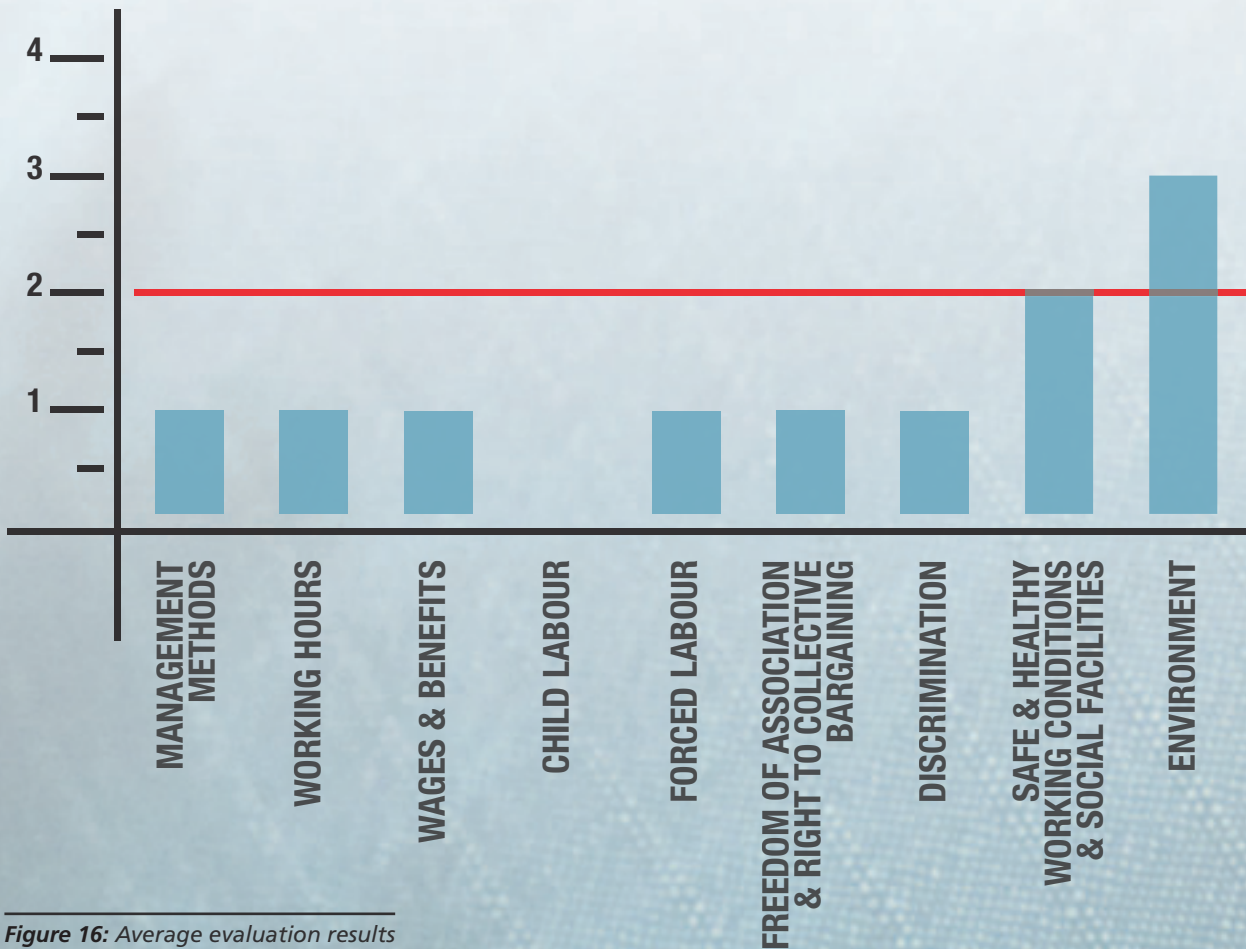


Figure 16: Average evaluation results for vendors in Laos 2010

6.4.8 CAMBODIA

	2008	2009	2010
AUDITS	0	1	3
FOLLOW-UP VISITS	0	0	2

AVERAGE EVALUATION RESULTS FOR VENDORS IN CAMBODIA 2010

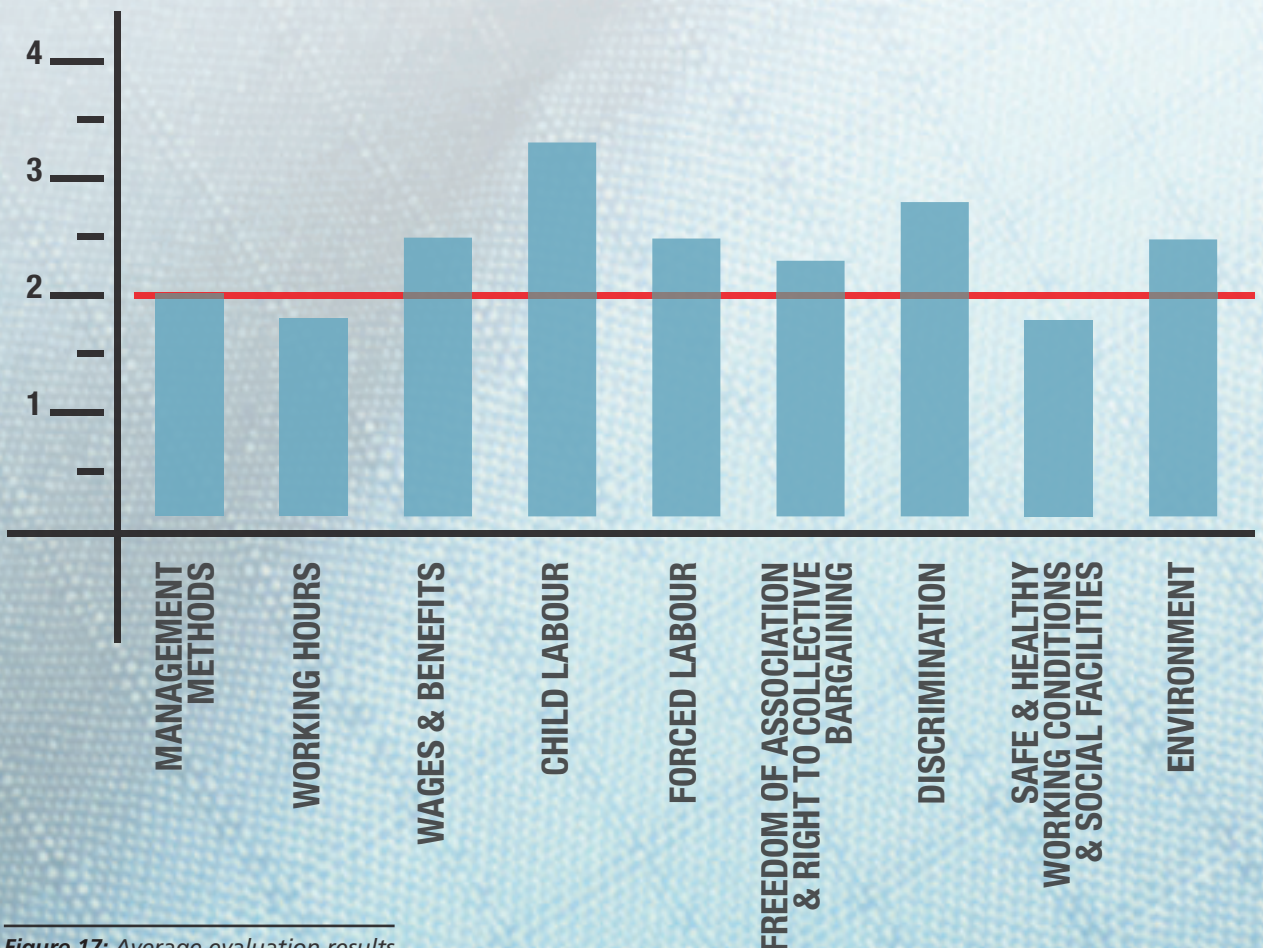


Figure 17: Average evaluation results for vendors in Cambodia 2010

An important issue in the Cambodian factories is the lack of or poorly maintained safety equipment. Safety data sheets, Personal Protective Equipment (PPE), for example safety goggles, gloves or ear protectors, etc. were not available for employees at every work area. This problem was traced back to a management failure.

As a result, the management was given health and safety training and the necessary improvement measures were implemented.

6.4.9 ITALY

	2008	2009	2010
AUDITS	0	0	3
FOLLOW-UP VISITS	0	0	0

Vendors in Italy generally complied in full with the Code of Conduct.

AVERAGE EVALUATION RESULTS FOR VENDORS
IN ITALY 2010

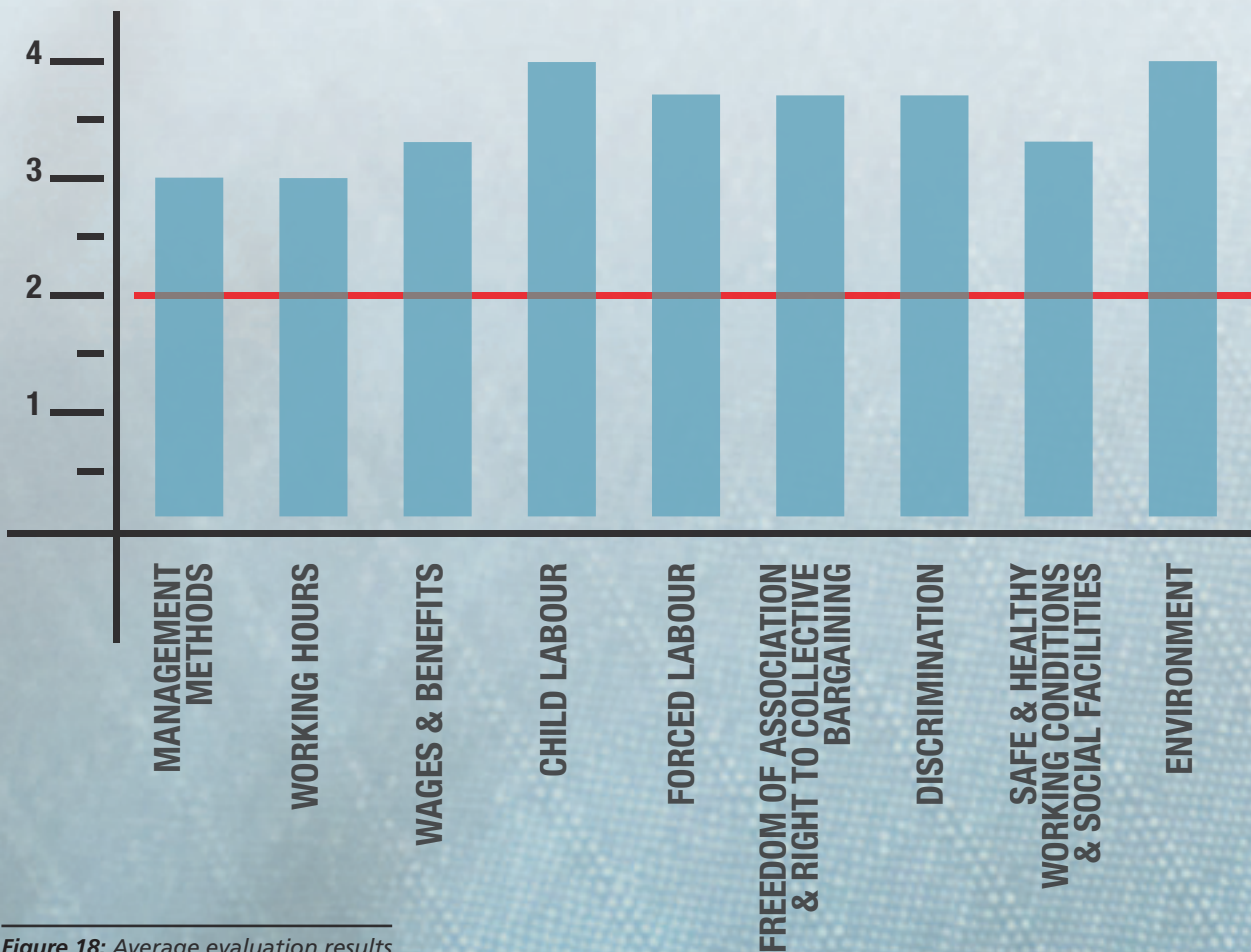


Figure 18: Average evaluation results for vendors in Italy 2010

6.4.10 SLOVENIA

	2008	2009	2010
AUDITS	0	0	3
FOLLOW UPS	0	0	0

The vendors in Slovenia are all owned by a JACK WOLFSKIN contract partner. The independent auditor found evidence of widespread compliance with the Code of Conduct. One factory in particular distinguished itself due to its outstanding social commitment.

AVERAGE EVALUATION RESULTS FOR VENDORS IN SLOVENIA 2010

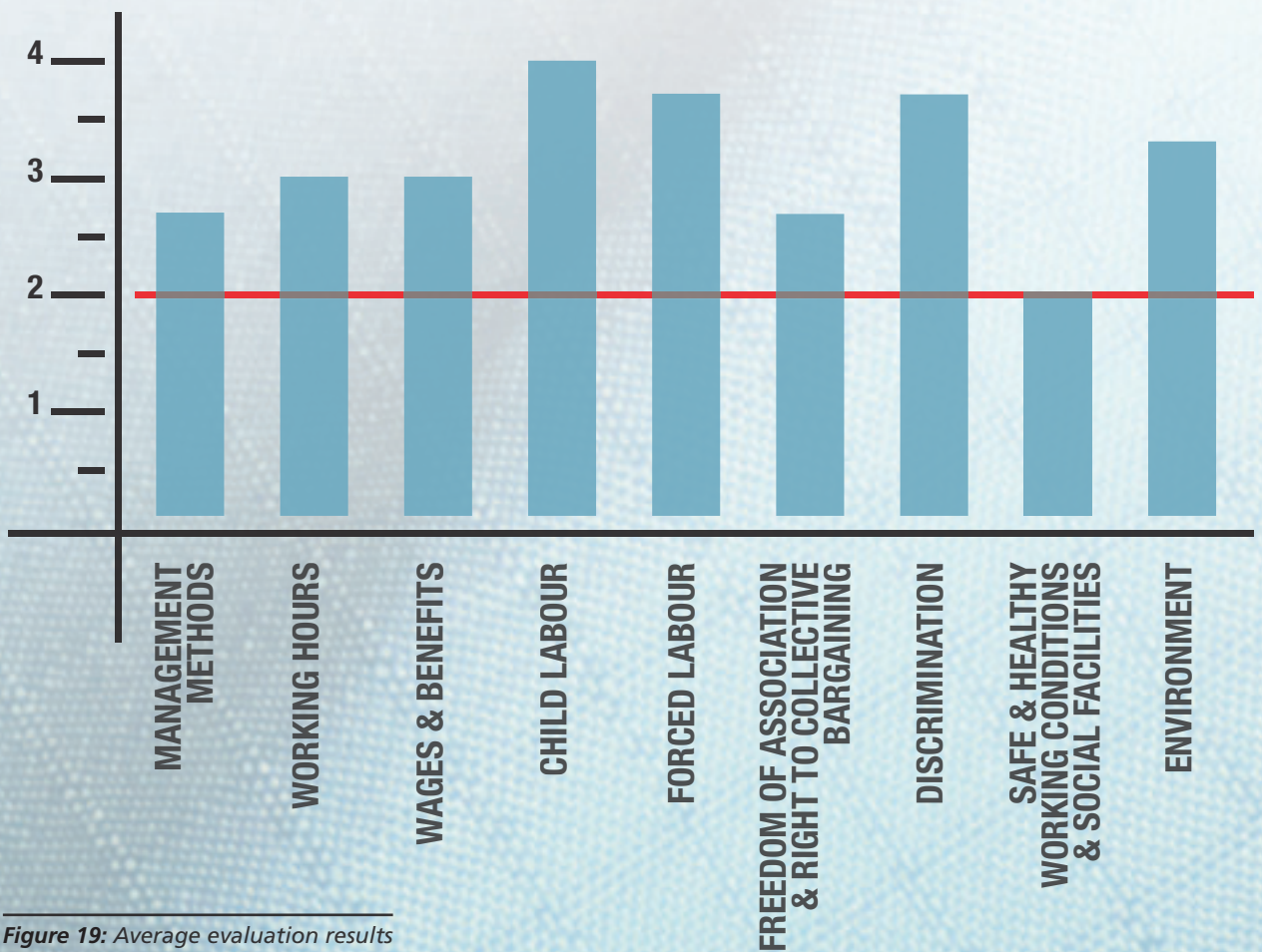


Figure 19: Average evaluation results for vendors in Slovenia 2010

6.4.11 TURKEY

	2008	2009	2010
AUDITS	1	0	1
FOLLOW-UP VISITS	0	2	0

JACK WOLFSKIN's vendor in Turkey made considerable improvements in the areas of sustainability and social issues during 2010. Weakness detected in health & safety during the audit have been addressed.

At the end of 2010, the vendor decided to enter the Fair Wear Foundation project Improving communication and social dialogue. Once the project has reached its conclusion in 2012, the Fair Wear Foundation is going to produce a Best Practice Report, which will be rolled out to other regions and countries. Only selected vendors, where there is a long-standing and intensive relationship are accepted for the project.

AVERAGE EVALUATION RESULTS FOR VENDORS IN TURKEY 2010

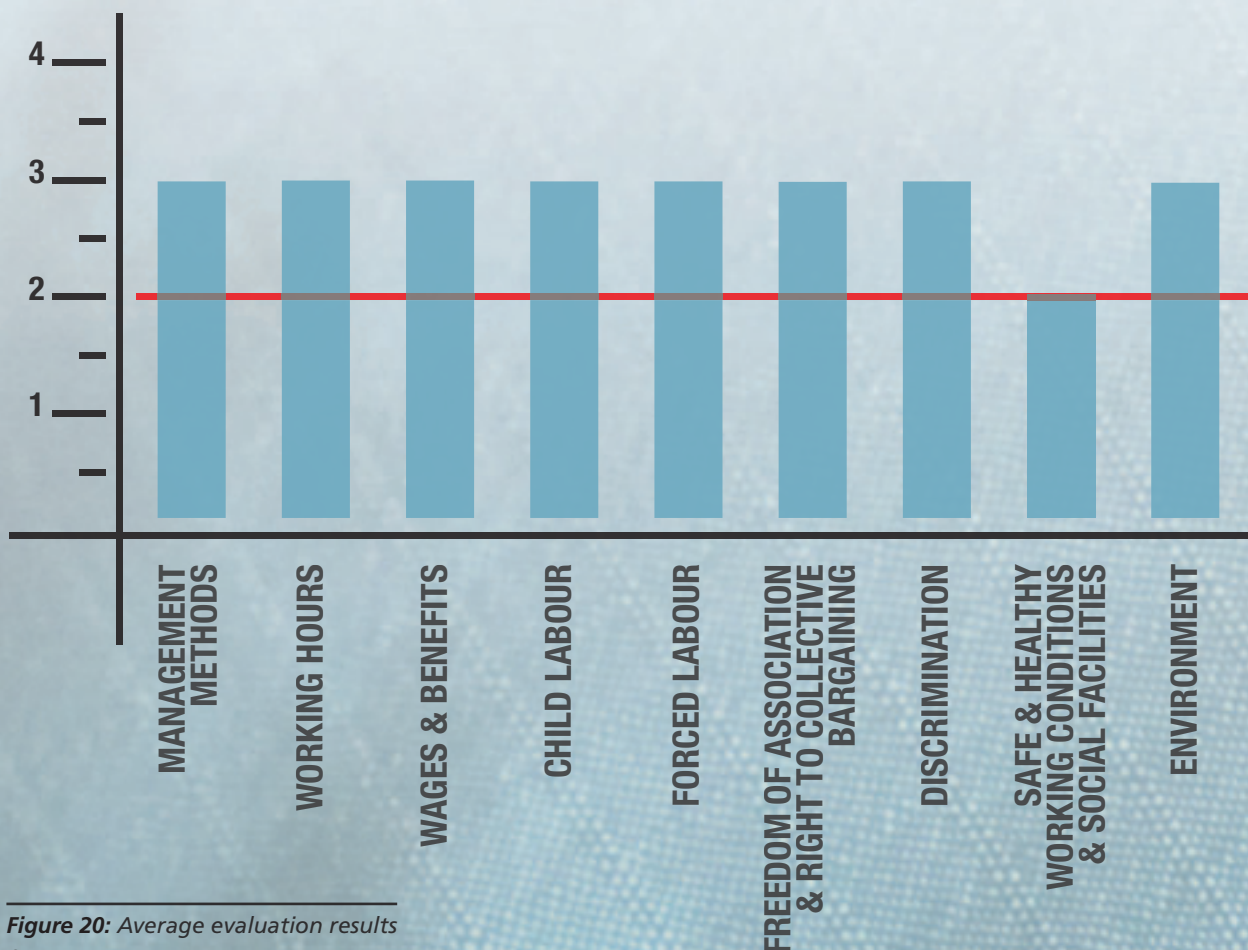


Figure 20: Average evaluation results for vendors in Turkey 2010

6.5 COMPLAINTS SYSTEM

EMPLOYEES AT JACK WOLFSKIN VENDORS ARE ABLE TO REPORT INFRINGEMENTS OF THE CODE OF CONDUCT THAT CANNOT BE RESOLVED WITHIN THE COMPANY DIRECTLY VIA SEVERAL DIFFERENT EXTERNAL CHANNELS. AT THE START OF 2011 JACK WOLFSKIN EXPANDED AND FURTHER IMPROVED ITS COMPLAINTS SYSTEM, TO INCLUDE THE FOLLOWING CHANNELS:

- Written complaints to an external agency – in most cases a local NGO or other organisations, local partners involved in the audits, the Fair Wear Foundation or JACK WOLFSKIN itself.
- Complaints by telephone to a local NGO or other organisation or via the complaints hotline set up by JACK WOLFSKIN in cooperation with the auditor (at a standard national call rate).
- Anonymous complaints via the Communication Box – a website set up by JACK WOLFSKIN in cooperation with an auditing organisation. The person submitting the complaint can also be contacted (in return) via the website. This means that open questions can be dealt in a quick and unbureaucratic manner.

Genuine complaints that constitute an infringement of the Code of Conduct are dealt with by JACK WOLFSKIN in a prompt, appropriate manner on a case-by-case basis.

The respective complaints channels and organisations are included on the Code of Conduct placards, which are displayed at each factory in the corresponding language to make them accessible to all employees. These placards have to be mounted in a visible and prominent position. Details of the complaints channels and organisations are included on the Fair Wear Foundation information sheet.

6.6 PREVIOUS COMPLAINTS AND RESPONSES

Genuine complaints are responded to immediately by JACK WOLFSKIN, without revealing the identity of the person reporting the complaint. If the identity of the person reporting the complaint is required to submit a case to arbitration, their identity will not be revealed without their permission.

Up until this point, all complaints have been dealt with by the auditors. It has been possible to resolve all grievances without having to intervene directly on-site.

6.7 FAIR WEAR FOUNDATION VERIFICATION MEASURES

- Verification audit of a JACK WOLFSKIN vendor in Vietnam in December 2010,
- Presentation of the results and objectives and the national Multi Stakeholder Meeting in February 2011,
- Management System Audit at JACK WOLFSKIN in Idstein in June 2011,
- Cooperation with the Fair Wear Foundation on various projects and initiatives.



7 TRAINING AND CAPACITY BUILDING

JACK WOLFSKIN CONTINUES TO ORGANISE COMPREHENSIVE TRAINING FOR ITS EMPLOYEES AND VENDORS.

7.1 TRAINING FOR JACK WOLFSKIN VENDORS

- Management: Vendor training at two locations in Vietnam on the subject of "Introducing a complaints procedure". All vendors in Thailand were invited.
- Management: Workshop on the subject of production planning in Thailand.
- Management/ HR: 5-day "Train the trainer" seminar for all Chinese vendors.
- Management/ HR/ Compliance Managers/ Trade Unions: regular vendor training regarding the contents of the Code of Conduct within the framework of the audit.
- Heads of department: training at factories in Thailand to improve communication to employees.
- Employees: ongoing training and capacity building delivered by JACK WOLFSKIN travelling quality consultants.

7.2 TRAINING FOR EMPLOYEES

ALL JACK WOLFSKIN EMPLOYEES:

- Senior management regularly brief employees at company meetings about the latest developments on sustainability at JACK WOLFSKIN
- Internal newsletter: provides information about Fair Wear Foundation membership and JACK WOLFSKIN's commitment to social responsibility at vendor factories

TRAVELING QUALITY CONSULTANTS:

- Training regarding the Code of Conduct
- Information about the Fair Wear Foundation standards
- Audit by the auditors in Idstein and in part at vendor factories

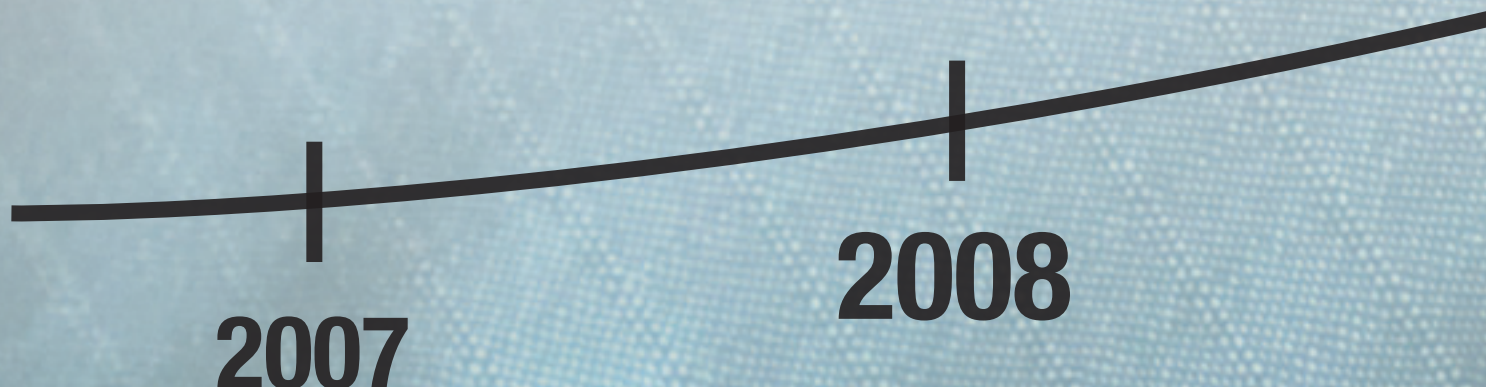
TRAVELING QUALITY CONSULTANTS/ PURCHASING/PRODUCT MANAGEMENT:

- Intercultural training for Asia

8 SOCIAL RESPONSIBILITY MILESTONES RELATING TO VENDORS

- **Decision to create a uniform Code of Conduct**
- Responsibility for the sustainability is shared by the whole company.
- Decision to use an independent auditor as an external consultancy, qualification and auditing partner.

- **German version of the Code of Conduct is passed**
- English and Vietnamese versions of the Code of Conduct
- All producers in Vietnam audited (and complaints system in place)
- Vendor training carried out in Vietnam
- Turkish and Bengali versions of the Code of Conduct
- Expansion of the Environmental & Social Compliance Team
- Auditing of all vendors in Turkey and Bangladesh
- Chinese version of the Code of Conduct
- Auditing of all producers in China



- Working through the objectives and requirements of the various multi-stakeholder initiatives (MSIs) and establishment of a matrix for decision making
- **Code of Conduct now available in the languages of all vendor countries**
- **Publication of the Code of Conduct in all languages on the JACK WOLFSKIN homepage**
- Integration of the issue "responsibility" on the JACK WOLFSKIN homepage
- Auditing of producers in Indonesia, India, Thailand and Cambodia

- Expansion of the Environmental & Social Compliance Team
- Decision to join the Fair Wear Foundation
- First audits in Slovenia and Italy
- Vendor training in China ("Train the trainer") and Thailand (Communication and production planning)
- **Membership in the Fair Wear Foundation**
- Detailed information published on the homepage regarding corporate social responsibility and the Clean Clothes Campaign
- Information to employees, vendors and customers regarding membership in the Fair Wear Foundation
- **Code of Conduct brought into line with the Fair Wear Foundation standards**
- Post of JACK WOLFSKIN Environmental Coordinator created
- Standard recording of living wage calculation integrated into the audit process
- Expansion of the Environmental & Social Compliance Team, recruitment of a Process Manager
- **First audit of a JACK WOLFSKIN vendor by the Fair Wear Foundation**

2009

2010

9 OBJECTIVES 2011

JACK WOLFSKIN'S MAIN OBJECTIVE IS TO CONTINUALLY IMPROVE OUR PROCESSES ACCORDING TO THE SET CRITERIA AND INCREASE OUR CORPORATE SOCIAL RESPONSIBILITY.

**TO THIS EFFECT WE HAVE DEFINED
THE FOLLOWING OBJECTIVES FOR 2011:**

VENDORS

- INTEGRATION OF ALL VENDORS FROM ALL COUNTRIES INTO THE AUDITING SYSTEM
- CONTINUE EXTENSIVE AUDITING, TRAINING AND IMPROVEMENT MEASURES TOGETHER WITH VENDORS
- AT LEAST ONE VENDOR TRAINING SESSION DURING 2011
- SUPPORT FOR THE VENDOR IN TURKEY WITH THEIR INVOLVEMENT IN THE FAIR WEAR FOUNDATION PROJECT TO IMPROVE INTERNAL COMMUNICATION
- FURTHER OPTIMISATION OF THE WAGE LADDER SYSTEM

EMPLOYEES

- SA 8000 BASIC AUDITOR COURSE FOR MEMBERS OF THE ENVIRONMENTAL & SOCIAL COMPLIANCE TEAM
- INTERNAL TRAINING SESSIONS FOR JACK WOLFSKIN EMPLOYEES AND INFORMATION EVENTS ABOUT THE FAIR WEAR FOUNDATION

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