

# MODERN SLAVERY AND TRANSPARENCY IN THE SUPPLY CHAIN STATEMENT

## AIRWAIR INTERNATIONAL'S STANCE ON MODERN SLAVERY

At Dr. Martens, we do not accept modern slavery. We state in our code of conduct that employment must be freely chosen without any form of forced labour, prison labour, or bonded labour. We are committed to taking all necessary steps to identify, investigate, engage and remediate any issues uncovered.

This statement is made pursuant to Section 54 of the **Modern Slavery Act 2015** and **California Transparency in Supply Chains Act of 2010** (SB 657) and is to set out the actions we have undertaken to understand the potential modern slavery risks related to our business, the steps and measures we have put in place to mitigate against modern slavery in our own business and our supply chains, as well as some of the additional work that we plan to do. This statement covers the activities between October 2016 and October 2017.

### 2017 HIGHLIGHTS

MODERN SLAVERY TRAINING TO KEY EMPLOYEES AND HEAD OF DEPARTMENTS IN HR, SOURCING AND PRODUCTION

EXTENDED CSR AUDITS TO NON-FOOTWEAR SUPPLIERS

INCLUDED THE GLOBAL AND REGIONAL SERVICE CONTRACTORS IN THE SCOPE OF OUR WORK

## OUR ORGANISATION

AirWair International Ltd. is a footwear brand that was established in Wollaston, UK in 1960, and has had a manufacturing unit there ever since. This year we opened our new global head office, and home to the brand, in Camden, London.

AirWair International Ltd is part of the Dr. Martens Airwair Group Ltd group of companies which has subsidiaries in the US, Hong Kong, Japan, Korea, France, Belgium and the Netherlands, as well as a wholly owned foreign enterprise in China.

Dr. Martens' footwear, clothing and accessories products are sold in more than 70 owned stores or via wholesale and online both in the UK and internationally.

## OUR EMPLOYEES

As of 2017 we have around 1200 employees globally, the majority of which are in offices and stores, with some working in warehouses.

We recruit and select all of our own employees and determine the terms and conditions of their employment. Our employees are free to decide whether they work for us and if they accept the terms and conditions. As part of our recruitment process we undertake checks locally on all employees to verify their identity, age and eligibility to work in that country.

In certain areas of our business we sometimes use temporary labour to help manage seasonal peaks in work-load (for example in our distribution centres in the UK and US). We occasionally use carefully selected third party recruitment agencies to provide this labour under pre-agreed terms.

## WHAT IS 'MODERN SLAVERY'?

The Ethical Trade Initiative refers to modern slavery as an umbrella term that includes: forced labour, bonded labour, human trafficking and slavery. The term "modern" is used to distinguish the complexity of today's slavery from historical slavery associated with the legal possession of one person by another.

Our business and our supply chain, like many others in our industry, has multiple tiers reaching across continents and countries. Modern slavery is a global issue within these complex business models and supply chains.

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## OUR SUPPLY CHAIN

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### WHERE WE PRODUCE AND SOURCE OUR PRODUCTS (1ST TIER SUPPLIERS)

We are a manufacturing brand which owns and operates a footwear factory in the UK. We also source finished footwear, clothing and accessories from factories in China, Thailand, Vietnam, Lao, Philippines, Portugal and the UK.

Our key strategy in sourcing our products is to establish long-term relationships with our partners in these countries, in many cases we have built up a relationship over many years. More than 75% of our sourcing spend comes from factories we have worked with for more than 10 years. This allows us to have a deeper understanding of the issues our suppliers face and creates an environment of trust, transparency and collaboration in improving the workplace standards.

### COMPONENT SUPPLY CHAIN (2ND TIER SUPPLIERS)

We also work directly with a large number of our second tier material and component suppliers, such as leather and textiles, across Asia, Europe and South America. Where possible these are nominated by us so we can have better control of the materials used in our products. We are members of the [Leather Working Group \(LWG\)](#) whose aim is to raise environmental standards throughout the industry and to develop best practices. The majority of our upper leather was sourced from nominated LWG medal status tanneries where we can monitor the environmental standards.

In addition to environmental topics in the nominated tanneries, this year we undertook a detailed survey to better understand our non-nominated second tier material and component suppliers. We are now expanding our CSR program to include the second tier factories' social standards.

### SERVICE CONTRACTORS

We purchase services, consumables, marketing materials from various contractors. We are in the process of mapping and assessing the risk of the supply chain of our operations in our headquarters and regions. While we continue mapping, we have introduced a Modern Slavery clause in our new contract agreements.

## OUR COMMITMENTS AND POLICIES

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+ Supplier [Code of Conduct](#)

+ Anti-slavery and human trafficking policy

+ Subcontracting and homeworking policy

### SUPPLIER CODE OF CONDUCT

Our suppliers must adhere to and are audited upon our supplier Code of Conduct which has been in place since 2006 and has been updated over the years to reflect best practices. Our CSR Code of Conduct is based on the Ethical Trading Initiative Base Code and covers the following areas:

- + Employment is freely chosen
- + Freedom of association and the right to collective bargaining are respected

- + Working conditions are safe and hygienic
- + Child labour shall not be used
- + Living wages are paid
- + Working hours are not excessive
- + No discrimination is practised
- + Regular employment is provided
- + No harsh or inhumane treatment is allowed

To provide further guidance to our suppliers we have added some additional information to our Code of Conduct on what constitutes modern slavery/forced labour.

All of our policies are issued to our first tier footwear suppliers on an annual basis for them to review, acknowledge and confirm compliance. In 2017 we extended these policies to non-footwear suppliers.

### ANTI-SLAVERY AND HUMAN TRAFFICKING POLICY

To ensure that our own employees are aware of the risks of modern slavery and their obligations under the Modern Slavery Act, we have developed an Anti-Slavery and Human Trafficking Policy. In 2016 and 2017 we provided training to our key employees on the details of this policy. Alongside this work we will also be ensuring that all of our employees have received a copy of our whistleblowing policy that can be used as a mechanism to raise any concerns in relation to suspected breaches of our policy.

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Our staff in key sourcing countries and headquarters have received Modern Slavery awareness training by a third party organisation specialised in improving labour conditions in global supply chains. This training aimed to create awareness on what constitutes slavery in today's world, especially in manufacturing and retail business environments.

## SUBCONTRACTING AND HOMEWORKING POLICY

One of the main risks in sourcing from other countries is the use of subcontracting and homeworking. We have a policy in place with all of our first tier footwear suppliers that requires them to disclose any potential subcontracting or homeworking before going ahead so that we can review the proposed site.

As we work closely with our suppliers and understand their production processes to a high level of detail, and conduct regular CSR audits, the risk of any subcontracting or homeworking taking place without our knowledge is reduced.

## MIGRANT WORKER POLICY

Modern slavery in supply chains is a growing issue globally and is increased by the workforce migration. Migrant workers are more vulnerable because they are unlikely to raise grievances with their employers or the authorities - especially if they are undocumented. These are shared issues and require collective and collaborative action to be tackled. This year we have also started to develop a migrant worker policy to implement international best practices addressing the issues that migrant workers may face.

## DUE DILIGENCE, AUDITING AND TRAINING IN PRODUCT SUPPLY CHAIN

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A key part of our supply chain due diligence and compliance is carrying out detailed audits against our CSR Code of Conduct at all of our first tier footwear suppliers before and during our relationship. These audits have been in place for a number of years now and we continue to regularly conduct CSR audits.

The audits are carried out by a third party company which specialises in this field and involve talking to workers both on-site and off-site. The audits are conducted by local experts during several days to allow detailed checks and verifications through document reviews and worker and management interviews.

Alongside our CSR audit program, we have our own Sourcing and Quality team based in Asia, which allows us to visit all of our first tier and most of our second tier suppliers in person on a regular basis. This again gives us invaluable insight into our supplier factories practices including potential issues relating to modern slavery.

In 2016 these teams were trained on Modern Slavery, how to detect it in the supply chain context and what steps to take if a potential issue is identified.

The training included:

- + Introduction to Modern Slavery, including the law and in practice
- + The spectrum of Modern Slavery
- + Roles and responsibilities of employees and staff
- + Worker vulnerabilities
- + Key issues for members of commercial teams to spot when visiting factories.

Most of the countries and regions we are operating in have been part of our supply chain for a number of years, so we believe we understand the risks that are present and we can immediately work with the suppliers for remediation.

When we move to a new country/region or become aware of any significant changes to our supply chain, we undertake activities to assess potential risks, including:

- + Preliminary assessment visits
- + Desk-based research
- + Consultation with relevant third parties
- + Full audit prior to commencing bulk production
- + Ongoing monitoring, depending on the outcome of the previous audit result.

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## WHAT'S NEXT

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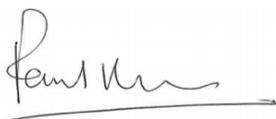
We are committed to keep our focus on the continuous improvement of our approach to Modern Slavery. Next year we will take the following steps to continue to meet this important commitment.

- + Footwear is our main product, however, we also sell leather accessories and some clothing items. We plan to extend our CSR assessments in all the non-footwear factories to get a better understanding of the labor standards and working conditions.
- + We are increasing our resources in Asia to start assessing our second tier suppliers to understand the conditions in those factories.
- + We are creating a structure to enable our regional sales and stores teams to look at Modern Slavery risks in their own operations. This includes services, consumables, marketing materials they receive from contractors.
- + Our ongoing series of Modern Slavery training will be provided at all our finished product suppliers and our own regional offices' to ensure they have mechanisms to detect potential risks and take necessary remedial actions.
- + Finally, we are currently developing a migrant worker policy that will cover principles and requirements to guide our internal teams and suppliers towards best practices when employing migrant workers.

## ADDITIONAL INFORMATION

Additional information can be found on the social responsibility section of our [website](#).

This statement was approved by the Board of Directors of Dr. Martens AirWair Group Limited.



Paul Mason  
Chairman

