**#California Transparency in Supply Chains**

Compliance with California Transparency in Supply Chains Act of 2010

Anti-Slavery and Human Trafficking Disclosure Requirements

Under the Transparency in Supply Chains Act of 2010 every manufacture and retailer with gross receipts over $100 million must provide California consumers information about their efforts to eradicate slavery and human trafficking in the supply chain by making the following disclosures on the company website beginning January 1, 2012:

***1. Does the company verify its product supply chains to evaluate and address risks of human trafficking and slave labor, and is the verification done by a third party.***

Airwair sources products from partners in many parts of the world. Every major supplier is required to identify all of the factories from which they source goods for Airwair. All suppliers are required to comply with our company Code of Conduct which is based on the Ethical Trading Initiative (ETI) base-code. ETI is an alliance of companies, trade unions and voluntary organizations committed to the adoption of fair and ethical trade practices, their code is widely used amongst UK-based companies. http://www.ethicaltrade.org/about-eti. Audits of vendors for compliance with this code are carried out in conjunction with an independent third party who which specializes in ethical supply chain issues.

***2. Does the company perform audits to evaluate supplier compliance with company standards for trafficking and slavery in supply chains, and is the verification an independent, unannounced audit.***

Airwair carries out periodic audits, based on risk assessment, at all of our suppliers in conjunction with an independent third party company called Impactt (http://www.impacttlimited.com/) These audits are performed based on assessed risk of violation of the company’s Code of Conduct in consultation with our third party auditor. The audits are generally performed on an announced basis; however the company may introduce unannounced audits in the future. In addition Airwair employees regularly visit other key component and material suppliers, including outsole factories, tanneries and packaging suppliers.

***3. Does the company obtain certification from its direct suppliers that materials incorporated into its products comply with the laws regarding slavery and human trafficking of the country in which they are doing business.***

All suppliers currently sign an annual statement of acknowledgement of our Code of Conduct. This includes the specific certification that the materials and components incorporated into products supplied to Airwair comply with the laws regarding slavery and human trafficking of the country in which they are doing business..

***4. Does the company maintain internal accountability standards and procedures for employees or contractors failing to meet company standards regarding slavery and trafficking.***

Airwair works with any supplier where an issue or concern relating to compliance with company standards regarding slavery and human trafficking is raised. The company’s objective is be to help the supplier remedy the issue and comply with all applicable laws on this important subject. The company will monitor any supplier in which related-issues have been raised relating to and determine if appropriate remedial steps have been taken. If a supplier does not work with the company to make the necessary improvements in a timely manner, then ultimately we would terminate our relationship with that supplier.

***5. Does the company provide its employees and management with direct responsibility for supply chain management, training on human trafficking and slavery, particularly with respect to mitigating risks.***

All employees with direct responsibility for suppliers have received training on these issues, as well as taking part in audits.