

# Modern Slavery Statement

2020-2021

## **INTRODUCTION FROM THE BOARD OF DIRECTORS**

lululemon athletica inc. is committed to respecting human rights, and we recognize our role in upholding these rights. We will continuously work to prevent modern slavery and human trafficking in our operations and to eradicate modern slavery and human trafficking in our supply chain.

We take a global approach to addressing modern slavery and forced labor. This statement sets out our global practices and policies to address human trafficking and forced labor and provides insight into our supply chain and business processes. It applies to lululemon athletica inc. and our consolidated subsidiaries. However, not all of these subsidiaries are subject to the UK Modern Slavery Act, the Australia Commonwealth Modern Slavery Act and the California Transparency in Supply Chains Act.

## **ORGANIZATIONAL STRUCTURE AND SUPPLY CHAINS**

Established in 1998, lululemon athletica inc. is the parent company of lululemon athletica UK Ltd., lululemon usa inc., lululemon athletica australia holding Pty Ltd., and lululemon athletica australia Pty Ltd, amongst others.

lululemon athletica inc. is a designer, distributor and retailer of healthy lifestyle inspired athletic apparel and accessories. We have developed a distinctive corporate culture, and we have a vision to be the experiential brand that ignites a community of people living the sweatlife through sweat, grow and connect. We offer a comprehensive line of apparel and accessories under the lululemon brand.

Employing over 23,000 people globally, we are geographically diverse. We have our global headquarters in Vancouver, Canada, and operate 521 company stores in 17 countries, from the United States to Singapore and from Germany to Australia. We do not manufacture our own products; instead, we work with 62 finished-goods facilities in 14 countries and 65 raw material suppliers in 18 countries.

We consider the greatest risk of modern slavery and human trafficking to exist in our supply chain, as we do not manufacture our own products. A responsible supply chain starts with us and the decisions we make in selecting suppliers, as well as our ongoing procurement practices.

## **OUR POLICIES ON MODERN SLAVERY AND HUMAN TRAFFICKING**

We are committed to acting ethically and with integrity in all our business dealings and to implementing and enforcing effective systems and controls to prevent modern slavery and human trafficking in all parts of our business, including our supply chains. Key policies that are intended to prohibit and prevent modern slavery and human trafficking in our business include:

[GLOBAL CODE OF CONDUCT AND BUSINESS ETHICS \(COC\)](#)

[VENDOR CODE OF ETHICS \(VCOE\)](#)

Vendor Code of Ethics Benchmarks

Foreign Migrant Worker Standard (FMW Standard)

Our CoC is our highest ethical policy and sets out our zero tolerance approach to practices of forced or involuntary labour, child labour, and human trafficking of any kind within our operations and supply chain. Sections relevant to supply chain human rights include 'non-discrimination and non-harassment', 'labour practices' and 'respect for our Guests and Others'. The CoC applies to all directors, officers and employees.

Our VCoE is the cornerstone of our approach to a responsible supply chain. Based on industry and international standards, it sets out our commitment to respecting human and labour rights and promoting safe and fair working conditions for workers in our supply chain. The VCoE applies to all suppliers, including their owned facilities as well as subcontractors and upstream suppliers. Any form of forced labour, including but not limited to indentured and bonded labour, involuntary overtime, and prison labor is a zero-tolerance VCoE violation.

Our VCoE Benchmarks align with the Fair Labor Association's (FLA) Workplace Standards and Compliance Benchmarks. They outline our Vendor Code of Ethics requirements in detail and provide practical explanations for how suppliers will be assessed on each standard.

Our FMW Standard sets forth minimum requirements for the appropriate and ethical recruitment and management of foreign migrant workers, a group vulnerable to forced labour practices. It provides suppliers and their third-party labour brokers with clarity on

these requirements. The FMW Standard applies to all suppliers with foreign migrant workers.

Employees of lululemon athletica inc. are required to report actual or perceived violations of lululemon's Global Code of Business Conduct and Ethics. We provide an Integrity Line for anonymous reporting. We encourage employees, factory workers, and third parties, and others to contact us in case of any non-compliance with our VCoE, or to raise concerns related to human rights in our business activities or in our suppliers' factories. We can be contacted directly through our Partner Sustainability Team, via email at [SUSTAINABLEPARTNER@LULULEMON.COM](mailto:SUSTAINABLEPARTNER@LULULEMON.COM), or via the Fair Labor Association's Complaint Channel.

## **VERIFICATION, RISK ASSESSMENT AND DUE DILIGENCE**

We assess, mitigate and minimize the risk of modern slavery and human trafficking within our supply chain through the selection of values-aligned suppliers, application of strict policies and procedures, targeted strategies, oversight built into our business operations, and the knowledge and skills of our employees. lululemon athletica inc.'s enterprise risk management process helps to prioritize top risks across the business and ensure risks and mitigation approaches are presented to the Executive and Board. Our executive-level Governance, Risk and Compliance Committee and our Board Audit Committee oversee compliance with our responsible supply chain standards. Our supply chain risk assessment includes the following components:

### **IDENTIFYING OVERARCHING RISK**

On an on-going basis, we track human rights issues and emerging risks by monitoring industry, thought leaders, and civil society reports and trends (e.g., Fair Labor Association (FLA), American Apparel and Footwear Association (AAFA), Sustainable Apparel Coalition (SAC), Better Work, International Labour Organization, Organisation for Economic Co-operation and Development) and utilize tools such as BSI's SCREEN. Annually, we refine our risk criteria and evaluate thresholds across three key risk categories: (1) country-level risk; (2) worker-type risk and (3) process risk. We use the results to update our processes and due diligence approach. On-the-ground findings from our teams also trigger updates to our risk assessments.

### **SUPPLIER SELECTION**

Core to our approach is establishing long-term relationships with suppliers, which facilitates opportunities to identify, evaluate and address risk. We intentionally maintain a consolidated and curated supply chain and assess all new suppliers on financial and reputational risk as well as human and labour rights practices. We will approve a new supplier only if the required level of performance is achieved.

## **VCOE MONITORING**

VCoE assessments are conducted upon engagement of every new supplier, as well as regular follow-up assessments. In addition, subcontractors that trigger specific risk categories are also assessed.

## **INDUSTRY COLLABORATION**

We are members of industry and multi-stakeholder initiatives, including the FLA, AAFA, SAC, and the Responsible Business Alliance's Responsible Labor Initiative (RLI). Through these initiatives, we collaborate with industry partners, civil society, stakeholder groups, and other brands to identify, evaluate and address human rights risks, including modern slavery, human trafficking and forced labour in the product supply chain.

Our risk assessment processes helped us identify foreign migrant workers as a group particularly vulnerable to forced labour practices. In response, we developed our FMW Standard and program, which is designed to support our suppliers in understanding and upholding foreign migrant worker rights and achieving responsible practices such as ethical recruitment and the elimination of worker-paid fees. Our FMW Standard Program, which focuses on the eradication of recruitment fees for foreign migrant workers (FMW), is mandatory for all Taiwan-based suppliers.

Although natural raw material inputs comprise less than 15% of our total raw materials, we recognize the potential risk of forced labour in the production of agriculture-based raw materials used in our products, such as cotton, and rubber. We are continuously improving our responsible raw materials sourcing by enhancing raw materials traceability and increasing our use of certified natural materials, such as FSC-certified natural rubber. We also participate in multi-stakeholder initiatives that address the risks of forced labor in agricultural supply chains. For example, we are members of the FLA and Better Cotton Initiative, and we are signatories of the Responsible Sourcing Network's Uzbek Cotton Pledge.

We continue to reiterate the importance of no forced labor to our suppliers, and by April 2020, we had rolled out RLI's e-learning training on forced labor to over 90% of our suppliers globally. Additionally, we continually strengthen our monitoring protocols for assessing tier 1 and tier 2 facilities, incorporating components of the FLA's Forced Labor Toolkit.

## **CERTIFICATION, ONGOING ASSESSMENTS AND EVALUATION**

Our core approach to managing supply chain risk is to establish and maintain long-term partnerships with suppliers that share our values. We believe that ongoing engagement best positions us to understand issues on the ground, build strong relationships with suppliers, enhance transparency, and collaborate to proactively address issues.

Before beginning a relationship with lululemon athletica inc., suppliers must agree to our VCoE requirements as a condition of their legal contract and certify their compliance by signing a Certificate of Acknowledgement and Agreement. Our VCoE requires suppliers to implement the VCoE and all applicable laws into their procedures. This means suppliers must abide by the laws of the country in which they are doing business. In cases where there is a difference between requirements of local law, international laws and our VCoE, the more stringent standard applies.

To verify that suppliers uphold our VCoE requirements, our in-house experts and commissioned third-party assessors conduct announced, semi-announced, or unannounced assessments, as well as subsequent follow-up and assessment visits. For our core product lines, we assess all supplier facilities at least annually. We also annually assess subcontractors with identified risk factors, such as the presence of foreign migrant workers.

We require our suppliers to address identified non-compliance with our VCoE through the development of corrective and preventative action plans. Our approach to corrective action is one of continuous improvement intended to create positive and lasting change. Suppliers are able to leverage our support, including training and coaching, to develop and implement these plans. Although our interest is always to work in partnership with suppliers to resolve issues, for severe or persistent non-compliance issues, we maintain the right to terminate a supplier relationship.

We evaluate the effectiveness of our work through:

Monitoring: We maintain VCoE assessment facility ratings for our core product lines, tracking all related assessment findings and resolutions.

Target setting: We set goals for specific performance areas under our VCoE and our FMW Standard, such as providing document access or eliminating recruitment fees.

Assessing feedback: We listen to feedback from our stakeholders and supply chain partners and continually evaluate and improve our approach to addressing supply chain issues.

## **TRAINING AND AWARENESS**

We build the requisite competencies within our organization through human rights-related training and work experience. We protect the integrity of our supply chain by regularly engaging and educating our suppliers, assessors, internal teams, and decision makers on supply chain issues, including those related to modern slavery, human trafficking and forced labour. We do this by:

Conducting formal training on our responsible supply chain program and VCoE requirements for key employees, senior leaders, and decision makers with on-going supplier relationships;

Providing new suppliers with training and education on lululemon athletica inc.'s business standards and VCoE and holding VCoE training and engagement sessions for all suppliers;

Engaging suppliers and select stakeholders on region-specific risks or key issues, such as providing capacity building and training for Taiwanese suppliers on implementing our FMW Standard program requirements; and

Ensuring our internal assessors maintain requisite qualifications and undergo additional human rights-related training.

In addition, we regularly engage with industry organizations (e.g., FLA, AAFA, SAC), expert consultants (e.g., Verité, RLI), and other brands to stay abreast of the latest developments, issues and regulations, and collaborate where possible.

## **COVID-19 AND OUR SUPPLY CHAIN**

COVID-19 has affected our supply chains in unprecedented and challenging ways. We have identified the potential for additional human rights-related risks in our supply chain due to the impacts of the pandemic and have taken the following approach to managing these risks:

Engaging and collaborating with our suppliers partners: We engage on an ongoing basis to understand the pandemic's effects on both our supplier partners and their workers and prioritize our efforts manage identified risks.

Following FLA guidance and industry best practice for responsible purchasing and safeguarding worker well-being: We support our supplier partners with guidance and resources, and our Responsible Supply Chain team monitors the health, safety and wellbeing needs of supply chain workers.

Upholding our commitments to our supplier partners: The success of lululemon is built on strong partnerships within our supply chain, and we uphold our commitments to responsible purchasing by paying in full for orders, maintaining terms of agreements, and taking responsibility for cancelled orders.

Working collaboratively to support industry-wide approaches: We have endorsed the ILO's Call to Action to support garment industry manufacturers and protect workers' income, health, and employment during the pandemic.

## **ADDITIONAL INFORMATION**

For additional information on our policies and practices toward eradicating modern slavery, human trafficking and forced labour in our supply chain, see lululemon athletica inc.'s [KNOW THE CHAIN BENCHMARK](#).

We welcome your feedback on our disclosure and our efforts to prevent modern slavery, human trafficking and forced labour. Please email us at [SUSTAINABLEPARTNER@LULULEMON.COM](mailto:SUSTAINABLEPARTNER@LULULEMON.COM).

#### **BOARD OF DIRECTORS APPROVAL**

lululemon athletica UK Ltd., a subsidiary of lululemon athletica inc., is required to publish a statement under the UK Modern Slavery Act. lululemon UK is headquartered in London and has approximately 350 employees. It engages in retailing, marketing and distributing lululemon products. It does not engage in manufacturing. **This statement has been approved by lululemon UK's Board of Directors.**

**Gareth Pope, Board Member,  
lululemon athletica UK Ltd., June 2021**

lululemon athletica australia holding Pty Ltd and its subsidiary, lululemon athletica australia Pty Ltd, are required to submit a statement pursuant to the Australian Modern Slavery Act. lululemon Australia is headquartered in Melbourne and has approximately 860 employees. It engages in retailing, marketing and distributing lululemon products. It does not engage in manufacturing. **This statement has been approved by lululemon Australia's Board of Directors.**

**Paul Tinkler, Board Member,  
lululemon athletica australia holding Pty Ltd., June 2021**

*Modern Slavery Statement 2020-2021. This statement has been published for the 2020-2021 financial year in accordance with Section 54 of the Modern Slavery Act 2015 (UK), the California Transparency in Supply Chains Act 2010 (US), and the Modern Slavery Act 2018 (Australia).*