

# Modern Slavery Statement

2019-2020

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## 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 supply chain or in any part of our business. lululemon takes its obligations very seriously, such as those under the *UK Modern Slavery Act 2015* and the *California Transparency in Supply Chains Act 2010*, and the *Australia Modern Slavery Act 2018*, and has robust working practices in place in order to comply with these obligations. This document sets out those practices and related policies, and provides insight into the supply chain and business processes of our company.

### ORGANIZATIONAL STRUCTURE AND SUPPLY CHAINS

Established in 1998, lululemon athletica inc. is the parent company of lululemon Athletica UK Ltd, lululemon Athletica Ireland Limited and lululemon Athletica Australia Holding Pty Ltd.

lululemon athletica inc. is a designer, distributor and retailer of healthy lifestyle inspired athletic apparel in the clothing industry. 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 for people under the lululemon brand.

Employing over 20,000 people globally (including 330+ people in the UK), we are geographically diverse. We have our global headquarters in Vancouver, Canada, and operate in approximately 490+ company-operated stores located in over 17 countries, including from the United States to Singapore, and from Germany to Australia. We do not manufacture our own apparel; instead, we work with 55 finished-goods suppliers in 15 countries and 65 raw material suppliers in 19 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 apparel. A responsible supply chain starts with us and the decisions we make in selecting suppliers, and our ongoing procurement practices.

### OUR POLICIES ON SLAVERY AND HUMAN TRAFFICKING

Our policies prohibit modern slavery and human trafficking in all parts of our business and in our supply chains.

Our anti-slavery policy is integrated in our Vendor Code of Ethics (VCoE), which reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to prevent slavery and human trafficking in our supply chain.

Any concerns from any lululemon athletica inc. or subsidiary employees regarding a likely risk of, or actual, breach of the VCoE must be raised to the Vice President of Sustainable Business and Impact at the earliest opportunity. Such matters are reported to Senior Management and the Board of Directors for review. Employees of lululemon's supply chain partners, including factory workers, or other third parties are encouraged to report concerns to us via email at [SUSTAINABLEPARTNER@LULULEMON.COM](mailto:SUSTAINABLEPARTNER@LULULEMON.COM), SMS, or directly to any member of our partner sustainability team. We also host an Integrity Line for lululemon athletica's direct employees, a resource to report serious violations of lululemon's Global Code of Business Conduct and Ethics.

### RELEVANT POLICIES

In keeping with our commitment to act with integrity in all our business dealings, our policies prohibit modern slavery and human trafficking in all part of our business and in our supply chains. These policies include:

- [Global Code of Conduct and Business Ethics \(CoC\)](#)
- [Vendor Code of Ethics \(VCoE\)](#)
- 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, or 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](#), outlining our legal, humane and ethical standards of production. Any form of forced labour, including but not limited to indentured and bonded labour, involuntary overtime, and prison is a zero tolerance VCoE violation. The VCoE applies to all suppliers, their employees, and supply chains.

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.

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 AND OPERATE IN APPROXIMATELY

**490+**  
 COMPANY-OPERATED STORES  
 LOCATED **17**  
 IN OVER  
 COUNTRIES INCLUDING FROM THE UNITED STATES  
 TO SINGAPORE, AND FROM GERMANY TO AUSTRALIA.

WE DO NOT MANUFACTURE OUR OWN APPAREL;  
 INSTEAD, WE WORK WITH  
**FIFTY-FIVE**  
 FINISHED-GOODS SUPPLIERS IN  
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**65 RAW MATERIAL**  
 SUPPLIERS IN  
**NINETEEN COUNTRIES**

**RISK ASSESSMENT AND DUE DILIGENCE**

We assess, mitigate and eliminate 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 supply chain risk assessment includes the following components:

- **Identifying overarching risk**  
 On an on-going basis, we track human rights issues and emerging risks through monitoring industry, thought leader, 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 utilizing tools such as BSI's SCREEN. Annually, we review four risk categories, refine risk criteria and evaluate thresholds. The categories are: (1) human rights issues, practices and legislation; (2) country level risk; (3) worker-type risk; and (4) process risk. We use this information to update our processes and due diligence approach. On-the-ground findings from our teams 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 and as well as human and labour rights practices. We will only approve a new supplier if the required level of performance is achieved.
- **VCoE monitoring**  
 We conduct VCoE assessments upon engagement of every new supplier and subsequently at least every 18 months (annually, for strategic suppliers and suppliers who operate in a high-risk context). In addition, we assess subcontractors that trigger specific risk categories.
- **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. 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 garment 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.

## CERTIFICATION, ONGOING VERIFICATION AND EVALUATION

Our VCoE applies to all suppliers that make our products. Before beginning a relationship with us, suppliers must agree to our VCoE requirements as a condition of their legal contract with lululemon athletica inc. and sign a Certificate of Compliance. 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 law 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 verification visits. We assess all supplier facilities at least every 18 months and, at least annually, conduct on-site visits to all strategic facilities (covering approximately 80% of our production). As of 2020, we will assess all facilities on an annual cycle. 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.

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. We evaluate the effectiveness of our work through:

- Compliance monitoring: we maintain VCoE assessment facility ratings, 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 ensure that we have the requisite competencies within our organization, attained through human rights related training and work experience.

We work to 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 trainings on our responsible supply chain program and VCoE requirements for key employees and 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 our 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 education 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), and other brands to stay abreast of the latest developments, issues, and regulations, and collaborate where possible.

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## 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](#) disclosure by Humanity United, Business and Human Rights Resource Centre, Sustainalytics and Verité .

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

This statement has been approved by the organization's board of directors.

Board of Directors, Chairperson Signature:



Glenn Murphy, Executive Chairman of the Board,  
lululemon, June 2020