

# Modern Slavery Statement 2017–2018

## ORGANIZATIONAL STRUCTURE AND SUPPLY CHAINS

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

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 mission to produce products which create transformational experiences for people to live happy, healthy, fun lives. We offer a comprehensive line of apparel and accessories for women, men and female youth under the lululemon and ivivva brands.

We internally review our supply chain to evaluate modern slavery risks, and we conduct ongoing in-depth supplier assessments for new and existing vendors. These cover all aspects of the supply chain including health and safety, human trafficking, forced labour, child labour and other legal requirements and industry expectations.

## INTRODUCTION FROM THE BOARD OF DIRECTORS

We are committed to continually improving our practices to ensure there is no slavery or human trafficking in our supply chain. lululemon athletica inc. takes its obligations under the Modern Slavery Act 2015 and the California Transparency in Supply Chains Act 2010 very seriously and has a robust working practice to comply with its obligations. This policy document sets out those practices and gives insight into the supply chain and business processes of the company.

### OUR POLICIES ON SLAVERY AND HUMAN TRAFFICKING

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our anti-slavery policy is integrated in our Vendor Code of Ethics, and reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure modern slavery and human trafficking is not taking place anywhere in our supply chain.

Any concerns from any member of lululemon athletica inc. employees regarding a likely risk of, or actual, breach of our policy or the Legislation must be raised to the Vice President of Global Sustainability at the earliest opportunity. Such

### OUR GLOBAL CODE OF CONDUCT AND BUSINESS ETHICS IS OUR HIGHEST ETHICAL POLICY

matters will be reported to Senior Management and the Board for review. SUSTAINABLEPARTNER@LULULEMON.COM is one method of reaching out for both lululemon athletica inc employees, as well as, supply chain employees.

### RELEVANT POLICIES

In keeping with our commitment to act with integrity in all our business dealings, many of our existing policies are relevant to ensure that there is no slavery or human trafficking in any part of our business or our supply chains. Our relevant policies include:

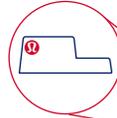
- Global Code of Conduct and Business Ethics
- Vendor Code of Ethics
- Foreign Migrant Worker Standard

In our Global Code of Conduct and Business Ethics, the relevant sections cover 'Non-Discrimination and Non-Harassment', 'labour practices' and 'respect for our Guests and Others'.

Our Global Code of Conduct and Business Ethics is our highest ethical policy and sets out our zero tolerance approach to practices of forced or involuntary labour, child labour, or human trafficking

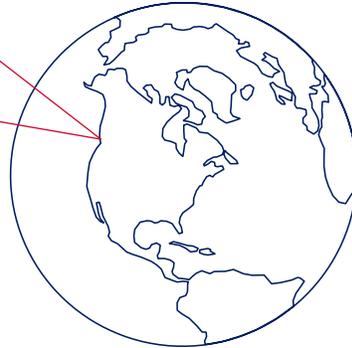
Employing over **12,500**  globally, and **260+** people in the UK, **lululemon** is geographically diverse.

We have our global headquarters in **Vancouver, Canada,** and operate approximately



**400+** 

company-operated stores located in over **12 countries**  from the United States to Singapore, from Germany to Australia.



We do not manufacture our own apparel; we work with **32 finished-good**

**vendors** 

**businesses**

in **14 countries** 

and **52 raw** 

**material vendors**

in **13 countries** 

of any kind within our operations and supply chain. It applies to all directors, officers and employees.

We provide guidance and training to support employee understanding of expected behaviour, particularly in respect of their business decisions and conduct. We encourage employees to raise concerns and we detail this in our [Global Code of Conduct and Business Ethics policy].

Our **VENDOR CODE OF ETHICS (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 and involuntary overtime and prison is a zero tolerance VCoE violation. It applies to all vendors, their employees and supply chains.

Our **Foreign Migrant Worker Standard** stipulates that all work must be completed on a voluntary and legal basis. It sets forth additional minimum requirements and provides clarity to vendors and their third party labour brokers for ethical recruitment and management of foreign migrant

workers; a group vulnerable to forced labour practices. It applies to all facilities with foreign migrant workers.

**RISK ASSESSMENT AND DUE DILIGENCE**

The risk of slavery and human trafficking within our own organisation is substantially avoided and mitigated as a result of strict policies and procedures as well as the oversight built into our business operations and the knowledge and skills of our staff. We assess risk based on a number of factors including geographical risk indices pertaining to human rights, the level of supply chain control, external governance factors and levels of political stability.

We consider that the greatest risk of slavery and human trafficking is in our supply chain as we do not manufacture our own apparel.

As part of our initiative to identify and mitigate risk, we undertake due diligence and reviews which include:

- Identifying region-specific risks: Ongoing country environmental, social, political risk tracking help us identify specific regional risks and vulnerable groups.
- Vendor selection: Careful screening and selection of values-aligned vendor partners helps us mitigate risk and facilitates opportunities to better understand issues, address risks, and leverage opportunities.
- Vendor Code of Ethics assessments: Regular VCoE assessments help us identify and evaluate risks as well as to address issues identified. [See Vendor Code of Ethics assessments section above.]
- Industry collaboration: We work with industry organizations, stakeholder groups, and other brands to evaluate and address human rights and labour risks including modern slavery, human trafficking and forced labour.

For example, these processes helped us identify foreign migrant workers as a group particularly vulnerable to forced labour practices. In 2015,

we engaged to understand individual and systemic issues faced by these workers starting with Taiwan, where a majority of our fabric is made. Through collaboration with key stakeholders, we developed our Foreign Migrant Worker Standard, which has been incorporated into our Vendor Code of Ethics Manual.

**CERTIFICATION, ONGOING VERIFICATION AND EVALUATION**

Our VCoE applies to all vendor partners that make products. Before beginning a relationship with us, vendors 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 vendors to implement the VCoE and all applicable laws into their procedures. This means vendors 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 ensure that our vendors 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 strategic finished goods and raw materials vendor partner facilities annually, covering approximately 80% of our production. The remaining facilities are assessed at least every eighteen months. We assess subcontractors selectively based on risk factors (e.g. the presence of foreign migrant workers). We will broaden our assessments to include trim suppliers over the next three years.

Our approach to managing supply chain risk is to establish and maintain long-term partners that share our values. We believe that ongoing engagement best positions us to understand issues on the ground, build strong relationships with vendors, 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 Foreign Migrant Worker Standard, such as document access or 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 competency within our organization attained through training relating to human rights and the awareness, including standards such as the social accountability standard SA8000.

We work to protect the integrity of our supply chain by regularly engaging and educating our vendors, assessors and internal teams on supply chain issues, including those related to modern slavery, human trafficking and forced labour. We do this by:

- conducting annual formal trainings on our VCoE program for our senior leaders in sourcing, quality, and procurement departments, as well

- as decision makers at our liaison offices;
- holding annual VCoE training and engagement sessions for relevant finished-goods and raw materials vendor partners; and
- engaging vendors and select stakeholders on region-specific or key issues, such as providing education and training for Taiwanese vendors regarding foreign migrant worker realities and our policies.

In addition, we regularly engage with industry organizations (e.g. American Apparel and Footwear Association, Sustainable Apparel Coalition), expert consultants (e.g. Verité ), and other brands to stay abreast of the latest developments, issues and regulations and collaborate where possible.

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, who will review and update it annually.

Directors Signature:



Laurent Potdevin, CEO, lululemon, July 2017