

# Modern Slavery Statement

2019 - 2020

## 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 or in any part of our business. 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 in place in order to comply with such obligations. This policy document sets out those practices and gives insight into the supply chain and business processes of the company.

### 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.

Employing over 15,000 people globally (including 320+ people in the UK), we are geographically diverse. We have our global headquarters in Vancouver, Canada, and operate in approximately 440+ company-operated stores located in over 14 countries, including from the United States to Singapore, and from Germany to Australia. We do not manufacture our own apparel; instead, we work with 63 finished-goods suppliers in 16 countries and 77 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 apparel. A responsible supply chain starts with us and the decisions we make in selecting suppliers, and our ongoing procurement practices.

### Our global code of conduct and business ethics is our highest ethical policy

### Our policies on slavery and human trafficking

We are committed to ensuring 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 (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 ensure 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 the VCoE must be raised to the Vice President of Global Sustainability at the earliest opportunity. Such matters are reported to Senior Management and the Board of Directors for review. Supply chain employees, including factory workers, are encouraged to report concerns to us via email at [SUSTAINABLEPARTNER@LULULEMON.COM](mailto:SUSTAINABLEPARTNER@LULULEMON.COM) or in person to any member of our partner sustainability teams.

### Relevant policies

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

- [Global Code of Conduct and Business Ethics \(COC\)](#)
- 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.

EMPLOYING OVER  
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 WE ARE GRAPHICALLY DIVERSE.

WE HAVE OUR GLOBAL HEADQUARTERS IN  
**VANCOUVER, CANADA**  
 AND OPERATE IN APPROXIMATELY

**440+**  
 COMPANY-OPERATED STORES  
 LOCATED IN OVER **14**  
 COUNTRIES INCLUDING FROM THE UNITED STATES  
 TO SINGAPORE, AND FROM GERMANY TO AUSTRALIA.

WE DO NOT MANUFACTURE OUR OWN APPAREL;  
 INSTEAD, WE WORK WITH  
**SIXTY-THREE**  
 FINISHED-GOODS SUPPLIERS IN  
**16 COUNTRIES AND**  
**77 RAW MATERIAL**  
 SUPPLIERS IN  
**EIGHTEEN COUNTRIES**

**Risk assessment  
 and due diligence**

We assess, mitigate and avoid the risk of modern slavery and human trafficking within our own organization 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 (ERM) process helps to prioritize top risks across the business and ensure risks and mitigation approaches are presented to the Executive and Board. We assess risk based on a number of factors, including annual and ongoing risk reviews, supplier selection, VCoE monitoring, and industry collaboration.

• **Identifying overarching geographical risk**

Annually, we review four risk categories, refine risk criteria and evaluate thresholds. The risk 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 supplier for onboarding 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, including the presence of foreign migrant workers.

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. Through collaboration with key stakeholders, we developed our FMW Standard and implementation roadmap, which is now a component of our VCoE Manual.

## 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 ensure 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 facilities at least every 18 months and, at least annually, conduct on-site visits to all strategic facilities (covering approximately 80%) of our production. We assess subcontractors selectively based on the presence of identified risk factors.

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.

## 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).

## Training and awareness

We ensure that we have the requisite competencies within our organization, attained through training relating to human rights and experience.

We work to protect the integrity of our supply chain by regularly engaging and educating our suppliers, 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 key employees, and providing specialized training to senior leaders in sourcing, quality, and procurement departments, as well as decision makers at our liaison offices;
- providing new suppliers with training and education on lululemon athletica inc.'s business standards and the VCoE, and holding annual VCoE training and engagement sessions for all finished-goods and raw materials suppliers;
- engaging suppliers and select stakeholders on region-specific or key issues, such as providing education and training for Taiwanese suppliers regarding foreign migrant worker realities and our policies; and
- ensuring our internal assessors maintain requisite qualifications and undergo additional human rights-related training annually.

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.



### 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:



Glenn Murphy, Executive Chairman of the Board, lululemon, June 2019