

2022–2023

# Modern Slavery Statement

## Introduction from the Board of Directors

At lululemon, we are committed to having a strong, resilient supply chain that upholds international human rights and labour standards, as laid out in our Vendor Code of Ethics. We recognize our opportunity and responsibility to actively safeguard the working conditions of the people who make our products and to contribute to the eradication of modern slavery, including forced labour and human trafficking, in our supply chain. Our approach relies on a robust responsible supply chain program and collaboration with suppliers and partners who share our values and support us in advancing positive impact and wellbeing. As our business grows, we will continue to leverage collective action to elevate our practices and drive industry improvements.

This joint statement sets out our global practices, policies, and business processes to identify and address risks related to modern slavery in our operations and product supply chain. This statement has been adopted by lululemon athletica inc. and our consolidated subsidiaries and is intended to meet the modern slavery disclosure requirements in certain jurisdictions: lululemon athletica UK Ltd. pursuant to the UK Modern Slavery

Act; lululemon athletica australia holding Pty Ltd. and its subsidiary, lululemon athletica australia Pty Ltd, pursuant to the Australian Modern Slavery Act 2018 (Cth); and lululemon athletica inc. pursuant to the California Transparency in Supply Chains Act. This statement has been prepared in consultation with these reporting entities.<sup>1</sup>

Our 2022 [Responsible Supply Chain Disclosure](#) (RSC Disclosure) provides additional information on our responsible business conduct due diligence to identify, mitigate, and address supply chain risks and impacts on the people who make our products and to support their wellbeing.

## Organizational Structure and Operations

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 other subsidiaries (collectively, referred to as 'lululemon', 'we' or 'our' throughout this statement).

Established in 1998, lululemon is a designer, distributor and retailer of healthy lifestyle inspired



<sup>1</sup> This statement does not cover lululemon Studio.

This statement has been published for the 2022-2023 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).

athletic apparel and accessories. We have developed a distinctive corporate culture, and our vision is to create transformative products and experiences that build meaningful connections, unlocking greater possibility and wellbeing for all. We offer a comprehensive line of apparel and accessories under the lululemon brand.

Headquartered in Vancouver, Canada, lululemon operates 655 company stores in 18 countries and employs over 34,000 people globally. More information about lululemon athletica inc. can be found on our [website](#).

## Our Supply Chain

We do not manufacture our own products; rather, we rely on a consolidated, curated supply chain. In 2022, we worked with 45 Tier 1 suppliers who manufactured our products and 60 Tier 2 suppliers who provided the fabrics for our products. In 2022, 39 percent of our products were manufactured in Vietnam, 14 percent in Cambodia, 12 percent in Sri Lanka, 8 percent in Bangladesh, 7 percent in Indonesia, and the remainder in other locations. Forty-three percent of our fabrics originated from Taiwan, 19 percent from China Mainland, 16 percent from Sri Lanka, and the remainder from other locations. The factories that make our products employ almost 300,000 people.

We publish a list of our Tier 1 and Tier 2 supplier facilities and Tier 1 subcontractors biannually on our [website](#). This information can also be found on the [Open Supply Hub website](#).

## Responsible Supply Chain Program

Our Responsible Supply Chain (RSC) program advances our commitments to fair labour practices and the wellbeing of the people who make our products. Our program is based on the principles of the [OECD Due Diligence Guidance for Responsible Business Conduct](#) and is designed to identify, cease, prevent, or mitigate supply chain risks throughout our value chain.<sup>2</sup>

The program is built on three pillars:

- **Monitoring**—Assessing and improving working conditions in factories.
- **Integration**—Integrating responsible purchasing practices across enterprise strategies, processes, and tools.
- **Collaboration**—Working with multi-stakeholder organizations, industry, suppliers, and brands to support systems change and impact.

We apply a continuous improvement approach to due diligence and continue to strengthen our RSC practices and align with global standards. For example, we joined the Fair Labor Association (FLA) in 2020, and we are working to become an accredited member company by 2024. In 2022, we commissioned industry experts to conduct a thorough review of our global RSC program with respect to forced labour and are implementing evolved actions.



<sup>2</sup>Per the [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#), supply chain risks are defined as risks of harm to individuals, other organizations and communities in relation to human rights, labour rights and the environment.

## Policies and Commitments

We are committed to responsible business conduct and to acting ethically and with integrity in all our business dealings and requiring the same from our supply chain partners. Our policies are based on international human and labour rights standards, including:

- [Universal Declaration of Human Rights](#)
- [United Nations Guiding Principles on Business and Human Rights](#)
- [International Labour Organization's \(ILO\) Declaration on Fundamental Principles and Rights at Work](#)
- [ILO Indicators of Forced Labour](#)

We operationalize our responsible supply chain expectations through global policies, which help us mitigate the risks of modern slavery.

Policy	Purpose	Application
<a href="#">Global Code of Business Conduct and Business Ethics (CoC)</a>	Our policy sets out our ethical business practices, including our commitment to a responsible supply chain. It prohibits the use of forced or involuntary labour, child labour, and human trafficking within our operations and supply chain.	Directors, officers, employees, ambassadors, contractors, and suppliers (where relevant)
<a href="#">Vendor Code of Ethics (VCoE)</a>	Our VCoE outlines our unwavering commitment to respect human and labour rights and promote safe and fair working conditions for people in our supply chain. It sets the minimum standards for our supplier partners, including prohibiting the use of forced labour. Our VCoE is a component of all our supplier agreements with both Tier 1 and Tier 2 <sup>3</sup> suppliers and aligns with the <a href="#">FLA Fair Labor Code</a> .	Suppliers, supplier-owned facilities, subcontractors, and upstream suppliers
<a href="#">Vendor Code of Ethics Compliance Benchmarks (VCoE Compliance Benchmarks)</a>	Our VCoE Compliance Benchmarks outline our VCoE requirements in detail, including our global compliance principles and expectations of supplier business conduct. They also provide the foundation for assessing a facility's performance and progress against VCoE requirements. Our VCoE Compliance Benchmarks align with the <a href="#">FLA Workplace Code of Conduct and Compliance Benchmarks</a> .	Suppliers, supplier-owned facilities, subcontractors, and upstream suppliers
<a href="#">Foreign Migrant Worker Standard (FMW Standard)</a>	Our FMW Standard sets out minimum requirements for the appropriate and ethical recruitment, employment, and repatriation of foreign migrant workers, a group vulnerable to forced labour practices.	Tier 1 and Tier 2 suppliers and their subcontractors (with foreign migrant workers in their facilities)
Supplier Agreement	The legal contract between lululemon and our suppliers includes a supplier acknowledgement of the VCoE requirements and requires suppliers to commit that their facilities, suppliers, contractors, subcontractors, and employees that manufacture lululemon's products comply with the VCoE.	Tier 1 and Tier 2 suppliers
Certificate of Acknowledgement and Approval (CoAA)	All suppliers and subcontractors are required to sign the CoAA, a component of the Supplier Agreement. This certifies they understand and will conform with the VCoE requirements and, if applicable, the FMW Standard. The CoAA includes a commitment to continuous improvement.	Tier 1 and Tier 2 suppliers and their subcontractors

<sup>3</sup> Tier 1: final product manufacturing. Tier 2: facilities that supply our Tier 1 factories with materials.



## Risk Assessment and Due Diligence (Verification)

### Identifying risks

Because we do not manufacture our own products, we consider the greatest risk of modern slavery to exist in our product supply chain. As part of our due diligence approach, we conduct regular human rights and social risk mapping across our supply chain. We assess known sector risks and other risks that may be prevalent in a particular geography or production process. We also look at the economic, social, and political contexts across sourcing regions, as well as other indicators that could signal increasing severity of risks and impacts. This enables us to identify and prioritize actual and potential impacts and informs the way we assess our suppliers and drive improvements and change through our global impact programs.

We monitor and assess risk as follows:

- **Sector and sourcing region:** We monitor general and specific sector risks across sourcing regions to identify relevant risks and inform our decisions. Where our monitoring identifies potential severe risks, we conduct heightened due diligence. Prior to entering a new sourcing region, we conduct an in-depth risk assessment. Where certain risk factors are present, we may choose not to source from that country or region and/or develop targeted strategies to manage the risks identified.
- **Stakeholder engagement:** Through our memberships in industry and multi-stakeholder initiatives (e.g., [Fair Labor Association](#), [American Apparel & Footwear Association](#), [Sustainable Apparel Coalition](#), [Responsible Labor Initiative](#)), we collaborate and engage with industry partners, civil society, stakeholder groups, and peer brands to identify, evaluate, and address risks, including modern slavery and forced labour.

- **Maker Grievance Reporting Mechanism:** Our grievance mechanism provides a way for individuals and organizations in our supply chain to raise non-compliance issues related to our VCoE. We review all cases, take action where appropriate, and then analyze cases and incorporate the learnings into our broader ongoing understanding of risks in our supply chain.
- **Internal data and expertise:** Our global Responsible Supply Chain team is based in key sourcing regions and global head offices and is responsible for conducting or overseeing facility assessments to verify VCoE compliance, supporting the remediation of issues, and informing global impact programs. Their knowledge directly informs our understanding of local and regional risks.

### Supplier Selection and Certification

We take great care to select and work with values-aligned suppliers and collaborate to build or enhance supplier capacity to meet and exceed compliance requirements. We have an extensive process for approving new suppliers and will approve a new supplier only if they successfully meet the requirements of our New Vendor Approval Process (NVAP), a holistic process through which we evaluate suppliers from a social and environmental, sourcing, quality, and production perspective at the facility level.

Our VCoE prohibits the use of unauthorized subcontractors or homework. We require all subcontractors to be approved by lululemon and undergo RSC assessments. Suppliers are required to monitor subcontractor compliance with lululemon's VCoE.

Before beginning a relationship with lululemon, suppliers and their subcontractors sign a Certificate of Acknowledgement and Agreement certifying they understand and will conform with the VCoE requirements and, if applicable, the FMW Standard.



## Supplier Assessments (Audits)

All facilities producing for lululemon are regularly assessed against the requirements of our VCoE Compliance Benchmarks. Our policy is to assess all Tier 1 and Tier 2 facilities every 12 months at a minimum. Additional assessments may be triggered by certain risks or grievance investigations. Subcontractor re-assessment frequency is based on risk factors such as geography, production processes, or elevated risk of severe issues such as forced labour or foreign migrant workers.

Assessments are conducted by either our internal RSC team or nominated third-party assessors. Selected facilities are also assessed through our membership with the FLA. Assessments are carried out on-site and include visual inspections of the entire facility, including on-site dormitories, documentation reviews, and interviews with management and workers. If an assessment indicates potential for severe risks, we conduct heightened due diligence.

Our RSC assessment tool evaluates facility performance against the ILO's 11 forced labour indicators. In regions with elevated risk, such as the presence of foreign migrant workers, we include additional checks pertaining to hiring channels and recruitment fees. During on-site assessments, we evaluate the working and living conditions of foreign migrant workers and give special consideration to benefits (e.g., social security, pension payments), as well as inclusive working practices and worker-management communication.

In 2022, we carried out 452 RSC assessments; 74 percent were conducted by our internal RSC team, and 26 percent were conducted via nominated third-party assessors. The FLA carried out assessments of five percent of our Tier 1 facilities. If an issue is flagged in an assessment, we work with the supplier on a Corrective and Preventative Action Plan (CAPA).

To strengthen our RSC program, in 2022, we enhanced our assessment tools to enable more detailed data analysis on non-compliances, root causes, and other trends. In 2023, we will roll out a new data management system.

## Addressing risk

### Training and Capacity Building

We build supplier knowledge and capacity through regular training. On an annual basis, we:

- Train all new Tier 1 and 2 suppliers, through our onboarding process, on our RSC program and VCoE expectations, management systems and measures needed to remediate issues, and CAPA commitment delivery expectations.
- Provide existing suppliers with training on any RSC program updates and new tools.
- Deliver targeted training to address specific regional risks, such as forced labour, and support facility improvements.

In 2022, we delivered 36 mandatory supplier trainings on program updates and our evolved assessment tool. We also provided all Tier 1 and Tier 2 suppliers with mandatory e-learning on forced labour prevention.

Internally, we build the requisite organizational competencies through training on human rights and our RSC program requirements. Our RSC team provides training for key lululemon decision-makers from supply chain and product functions on updates to the RSC program, strengthening their ability to support all stages of responsible supply chain management, including identification and management of human rights-related risks, such as forced labour. In 2022, 190 employees were trained on the updated RSC program, and 229 internal decision makers participated in mandatory forced labour training.



## Corrective Actions and Accountability

We require our suppliers to develop CAPAs to address issues identified through internal, third-party, or shared assessments. Our approach to corrective action is one of root cause analysis and continuous improvement, with the intention of creating positive and lasting change. Our RSC team reviews and approves the CAPAs and offers guidance to effective solutions where required. We verify supplier implementation through document review or on-site assessments.

We assess whether risks can be addressed by the supplier via a CAPA or if we need to support through additional measures. Our goal is to always work in partnership with suppliers to resolve issues. However, we maintain the right to terminate supplier relationships in cases of severe or persistent non-compliance.

## Responsible Purchasing Practices

We recognize that our purchasing practices can impact our suppliers and in turn, their makers—the people who make our products. We review our purchasing practices alongside suppliers' responsible supply chain performance. This helps us identify areas where we can strengthen our own practices to mitigate risks of adverse impacts.

In 2022, we created a cross-functional internal Responsible Purchasing Practices Task Force, which is working to advance applied practices and formalize a Responsible Purchasing Practices Policy and accountabilities. We also participated in the [Better Buying Purchasing Practices Index](#). Together, with suppliers and internal product and

supply chain leaders, we reviewed the results of the Index and identified areas of opportunity within design and development, planning and forecasting, order placement and costing, and sustainable partnerships.

## Remedy

We address supplier human rights complaints that are material, substantiated, and raised through legitimate processes. These issues may be related to our VCoE, or potential/actual breach of international human rights directly linked to lululemon's operations, products, or services. Where possible, every complaint is investigated, and a response or resolution is provided to the complainant. When appropriate, we provide for or cooperate in remediation within our supply chain.

We require all our suppliers to have site-level grievance mechanisms available to their workers. Through our membership in the FLA, makers and their advocates can also raise complaints via the [Fair Labor Association's Complaint Channel](#). In these cases, the FLA will work with us to investigate, remediate, and resolve complaints. Our Maker Grievance Reporting Mechanism ([sustainablepartner@lululemon.com](mailto:sustainablepartner@lululemon.com)) enables individuals and organizations in our supply chain to raise non-compliance issues. Makers can also raise grievances directly with regional RSC team members or representatives.

Employees of lululemon are strongly encouraged to report actual or perceived violations of lululemon's [Global Code of Business Conduct and Ethics](#). We provide an Integrity Line for anonymous reporting.



## Risk Mitigation

We take a zero-tolerance stance against forced labour, defined by the ILO as “any work or service which is extracted from any person under the menace of any penalty, and for which the said person has not offered themselves up voluntarily.”

Our VCoE Compliance Benchmarks set out the minimum requirements for all suppliers and include the ILO’s 11 forced labour indicators. They also include the employer pays principle, which states that fees and other costs associated with the employment of workers—including recruitment, travel, and processing fees—shall be the sole responsibility of the supplier. We are a signatory of the AAFA’s and FLA’s Commitment to Responsible Recruitment.

To mitigate risks of forced labour in our supply chain, we are focusing primarily on two areas:

### Agricultural Commodities

There are high numbers of lower-skilled workers in the agriculture sector, and informal work arrangements often exist. Depending on regional infrastructure and other factors, the potential for limited oversight and protection can lead to an increased risk of forced labour. We have identified the potential risk of forced in the production of agriculture-based raw materials, such as cotton and rubber. Our policy is to source agricultural commodities from regions where there is a lower risk of forced labour, as determined through our risk assessments, and to certify commodities through the adoption of appropriate industry traceability standards.

Cotton represents approximately 16 percent of our raw material usage by volume. Our approach continues to focus on sourcing cotton fibre from Australia, South America, and the United States. We are also working to adopt more responsibly grown cotton platforms in our portfolio, including

traceable cotton initiatives, as well as organic and regenerative cotton chain of custody models.

Rubber constitutes approximately one percent of our raw material usage by volume. One hundred percent of the natural rubber we sourced in 2022 came from [Forest Stewardship Council \(FSC\)](#) certified forests in Guatemala and Sri Lanka. FSC certification prohibits the use of forced labour.

We continue to expand our traceability work to support and facilitate our due diligence approach to identifying, preventing, and mitigating modern slavery risks in the upstream supply chain of our suppliers. See our annual [Impact Report](#) for more information on traceability.

### Foreign Migrant Workers

Makers who leave their homes to work in another country or region can be vulnerable to forced labour through unethical recruitment, hiring, and employment practices, such as withheld documentation or the lack of repayment of recruitment fees.

We have identified foreign migrant workers as an at-risk group in specific sourcing locations, including Japan, Korea, Taiwan, and Thailand. In these locations, we are working with suppliers and their subcontractors to align with our [Foreign Migrant Worker Standard](#). We are also providing guidance in ethical recruitment and ongoing employment of foreign migrant workers, including the eradication of recruitment fees.

Since 2017, we have been supporting Tier 1 and Tier 2 suppliers in Taiwan through a Foreign Migrant Worker “No Fee” program, with the aim of eradicating recruitment fees for foreign migrant workers. As of 2022, all 33 of our Taiwanese supplier facilities complied with the program’s no-fee requirements. We are currently expanding the “No Fee” program to Japan, Korea, and Thailand.



## Assessing Effectiveness

We strive to continuously evolve our approach to eradicating modern slavery from our supply chain. Our steps toward continuous improvement are outlined within each section of this statement.

To assess the effectiveness of our RSC work, we monitor, verify, and validate progress against our programs, measures, and indicators. We have included specific performance indicators in this statement. Performance on additional indicators is covered in our [2022 RSC Disclosure](#) and [Impact Report](#).

## 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 [2022 RSC Disclosure](#).

We welcome your feedback on our disclosure and our efforts to prevent modern slavery. Please email us at [sustainablepartner@lululemon.com](mailto:sustainablepartner@lululemon.com).

lululemon athletica inc. consulted the relevant subsidiaries we own or control in the development of this statement.

lululemon athletica UK Ltd. is headquartered in London, operates 20 stores, and has approximately 570 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.



Sarah Clark,  
Board Member, lululemon athletica UK Ltd.,  
June 2023

lululemon athletica australia holding Pty Ltd. and its subsidiary, lululemon athletica australia Pty Ltd are headquartered in Melbourne, operate 32 stores, and have approximately 1,320 employees. lululemon australia engages in retailing, marketing and distributing lululemon products and does not engage in manufacturing. This statement has been approved by the boards of directors of lululemon athletica australia holding Pty Ltd. and lululemon athletica australia Pty Ltd.



Paul Tinkler,  
Board Member, lululemon athletica australia holding Pty Ltd. and lululemon athletica australia Pty Ltd.,  
June 2023

