

Company Name Lululemon Athletica
Industry Apparel (Supply Chain only)
UNGP Core Score (*) 11.5 out of 26

| Score | Out of | For indicators |
|---|-----------|--|
| Governance and Policy Commitments | | |
| 1 | 2 | A.1.1 Commitment to respect human rights |
| 0.5 | 2 | A.1.2 Commitment to respect the human rights of workers |
| 2 | 2 | A.1.4 Commitment to engage with stakeholders |
| 0 | 2 | A.1.5 Commitment to remedy |
| Embedding respect and Human Rights Due Diligence | | |
| Embedding respect | | |
| 0.5 | 2 | B.1.1 Embedding - Responsibility and resources for day-to-day human rights functions |
| Human Rights Due Diligence (HRDD) | | |
| 0.5 | 2 | B.2.1 HRDD - Identifying: Processes and triggers for identifying human rights risks and impacts |
| 2 | 2 | B.2.2 HRDD - Assessing: Assessment of risks and impacts identified (salient risks and key industry risks) |
| 1 | 2 | B.2.3 HRDD - Integrating and Acting: Integrating assessment findings internally and taking appropriate action |
| 0 | 2 | B.2.4 HRDD - Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts |
| 0.5 | 2 | B.2.5 HRDD - Reporting: Accounting for how human rights impacts are addressed |
| Remedies and Grievance Mechanisms | | |
| 1.5 | 2 | C.1 Grievance channels/mechanisms to receive complaints or concerns from workers |
| 0.5 | 2 | C.2 Grievance channels/mechanisms to receive complaints or concerns from external individuals and communities |
| 1.5 | 2 | C.7 Remedying adverse impacts and incorporating lessons learned |
| 11.5 | 26 | |

(*) Instead of the full list of indicators in the 2020 CHRB Methodology, this year's assessment uses the CHRB Core UNGP Indicators. These are 13 non-industry specific indicators that focus on three key areas of the UNGPs: high level commitments, human rights due diligence and access to remedy.

The 13 indicators selected from the full CHRB Methodology are scored on a simple unweighted basis, with a maximum of 2 points for each indicator for a maximum total of 26 points.

In addition, allegations of severe human rights impacts (Measurement Theme E) were also assessed but do not impact overall final scores

Please note that the "Not met" labels in the Explanation boxes below do not necessarily mean that the company does not meet the requirements as they are described in the bullet point short text. Rather, it means that the analysts could not find information *in public sources* that met the requirements *as described in full* in the CHRB 2020 Methodology document. For example, a "Not met" under "General HRs Commitment", which is the first bullet point for indicator A.1.1, does not necessarily mean that the company does not have a general commitment to human rights. Rather, it means that the CHRB could not identify a public statement of policy in which the company commits to respecting human rights.

Detailed assessment

Governance and Policies

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|--|
| A.1.1 | Commitment to respect human rights | 1 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: General HRs commitment: The Company states: 'lululemon athletica Inc. is committed to respecting human rights, and we recognize our role in upholding these rights'. [2019-2020 Modern Slavery Statement, 06/2019: pnimages.lululemon.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: UNGPs • Not met: OECD |
| A.1.2 | Commitment to respect the human rights of workers | 0.5 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: ILO Core: The Code states that 'We will not use forced or involuntary labor, child labor, or engage in human trafficking-nor will we tolerate any other individual or organization who engages in such practices.' However, no evidence found of the Company being committed to respect the human rights that the ILO has declared to be fundamental rights at work. [Global Code of Business Conduct and Ethics: investor.lululemon.com] • Not met: UNGC principles 3-6 • Not met: Explicitly list ALL four ILO for AP suppliers: The Vendor Code of Ethics includes explicit commitment against child labour, forced labour and discrimination. In relation to freedom of association and collective bargaining, the Company indicates the following: 'the vendor must allow employees the right to choose, form, belong or not belong to a union, or any other type of employees' organization, and take part in related activities'. However, it is not clear whether it is committed to respect the right to collective bargaining. [Vendor Code of Ethics, 02/2018: info.lululemon.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Explicit commitment to All four ILO Core: As indicated above, explicit commitments found in relation to forced or involuntary labour, child labour, or human trafficking. In addition, the Company has a statement against discrimination. No evidence found on freedom of association and collective bargaining. [Global Code of Business Conduct and Ethics: investor.lululemon.com] • Met: Respect H&S of workers: The Code states that 'Lululemon promotes and maintains a safe and healthy work environment that complies with all relevant laws, rules, regulations, and policies, as well as our own standards and guidelines.' [Global Code of Business Conduct and Ethics: investor.lululemon.com] • Met: H&S applies to AP suppliers: The Vendor code states that 'the vendor must provide safe and healthy workplace facilities [...] which meet the applicable laws and regulations. The vendor must take adequate steps to prevent accidents and injuries related to work or otherwise on vendor owned properties.' [Vendor Code of Ethics, 02/2018: info.lululemon.com] • Not met: working hours for workers • Not met: Working hours for AP suppliers: The Vendor code contains commitments on maximum working hours, overtime, time off and breaks: 'WORKING HOURS AND OVERTIME: The Vendor must ensure employee working hours do not exceed 60 hours per week or the local legal limit, whichever is less, including overtime, on a regular basis, except under extenuating circumstances. All overtime must be voluntary and compensated at a premium rate. TIME OFF AND BREAKS: The Vendor must provide a 24 hour rest day at least once in every seven-day period and recognize statutory leave and holidays. Breaks must be respected.' However, this does not include the international standard of a regular work week not exceeding 48 hours. [Vendor Code of Ethics, 02/2018: info.lululemon.com] |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|--|
| A.1.4 | Commitment to engage with stakeholders | 2 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Regular stakeholder engagement: The Company states it works with 'stakeholder groups and other brands to evaluate and address human rights and labour risks, including modern slavery, human trafficking and forced labour.' Additionally, the Company indicates that it engages directly with workers through 'on -site conversations during assessments, indirectly through third parties, or through our suppliers.' Regarding on-site conversations, the Company states: ' Worker interviews are an important part of our facility assessments, and we use worker feedback in the development of Corrective Action Plans, which drive necessary improvements'. [2019-2020 Modern Slavery Statement, 06/2019: pnimages.lululemon.com & Know the Chain 2020, 06/2020: pnimages.lululemon.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Commits to engage stakeholders in design • Met: Regular stakeholder design engagement: As above. The company indicates 'we use worker feedback in the development of Corrective Action Plans, which drive necessary improvements.' [Know the Chain 2020, 06/2020: pnimages.lululemon.com] |
| A.1.5 | Commitment to remedy | 0 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Commits to remedy: The Company discloses its remedy programs, it states: 'We are committed to operating our business in a manner that respects human rights, fair, healthy and safe working conditions across our supply chain. Individuals and organizations can bring to our attention any non-compliances with our Vendor Code of Ethics in our supply chain. If an allegation is made through lululemon's corporate grievance mechanism (or via indirect sources), the following process is applied. It aims to remediate any adverse impact on individuals, workers and communities'. However, the statement does not include the Company's own operations. [Know the Chain 2020, 06/2020: pnimages.lululemon.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Not obstructing access to other remedies: The Company discloses its remedy programs. However, it does not include its own operations. [Know the Chain 2020, 06/2020: pnimages.lululemon.com] • Not met: Collaborating with other remedy initiatives: The Company states: 'We want to hear from you if you have input or complaints about conditions in our vendors' factories, or grievances related to human rights in our business activities'. However, it does not indicate a commitment to collaborate with others to remedy. [Vendor Code of Ethics, 02/2018: info.lululemon.com] • Not met: Work with AP suppliers to remedy impacts: As previous stated, the Company indicates that is 'committed to operating our business in a manner that respects human rights, fair, healthy and safe working conditions across our supply chain. Individuals and organizations can bring to our attention any non-compliances with our Vendor Code of Ethics in our supply chain. If an allegation is made through lululemon's corporate grievance mechanism (or via indirect sources), the following process is applied. It aims to remediate any adverse impact on individuals, workers and communities'. However, the indicator looks for actual evidence of collaboration with suppliers and it is not clear how the company is actively collaborating with suppliers to remedy through the business relationships' own mechanism or collaborating with them in the development of third party non-judicial remedies. [Know the Chain 2020, 06/2020: pnimages.lululemon.com] |

Embedding Respect and Human Rights Due Diligence

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|---|
| B.1.1 | Responsibility and resources for day-to-day human rights functions | 0.5 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Commits to ILO core conventions: See indicator A.1.2. Companies are awarded this if they are committed either to the ILO Declaration (or each ILO Core area) or the UN Global Compact. • Not met: Senior responsibility for HR <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Day-to-day responsibility |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|--|
| | | | <ul style="list-style-type: none"> • Met: Day-to-day responsibility for AP in supply chain: The Company describes the following: 'Chief Operating Officer: Ultimately accountable for Global Code of Conduct and Business Ethics, and Vendor Code of Ethics (VCoE) program performance.' 'VP Global Sustainability: Responsibility includes VCoE and Foreign Migrant Worker (FMW) standards, strategy, management approach, implementation and performance.' 'Global Director of Partner Sustainability and Supplier Sustainability Team: Responsibility includes implementation of VCoE and FMW standard implementation. Responsible for supplier assessments, managing performance improvement, and building capacity within the supply chain.' etc., describing who is held accountable for what part of managing human rights issues in the supply chain. [Know the Chain disclosure 2018, 24/8/2018: info.lululemon.com] |
| B.2.1 | Identifying: Processes and triggers for identifying human rights risks and impacts | 0.5 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Identifying risks in own operations [Modern Slavery Statement, 06/2018: pnimages.lululemon.com] • Met: Identifying risks in AP suppliers: The Company states that annually, 'we review four risk categories, refine risk criteria and evaluate thresholds,' one of which is human rights issues, practices and legislation. They then 'use this information to update our processes and due diligence approach. On-the-ground findings from our teams trigger updates to our risk assessments.' [Modern Slavery Statement, 06/2018: pnimages.lululemon.com & 2019-2020 Modern Slavery Statement, 06/2019: pnimages.lululemon.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Ongoing global risk identification: As indicated above, the process is carried out annually. [Modern Slavery Statement, 06/2018: pnimages.lululemon.com & 2019-2020 Modern Slavery Statement, 06/2019: pnimages.lululemon.com] • Not met: In consultation with stakeholders • Not met: In consultation with HR experts: The Company states: '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 participate in working groups and 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'. [Know the Chain 2020, 06/2020: pnimages.lululemon.com] • Not met: Triggered by new circumstances: The Company indicates its risk assessment related to its suppliers evaluation. It states: 'We assess human rights risks within our supply chain by identifying and monitoring risk factors by region and country, worker type, and key processes. We mitigate risk through careful screening and selection of values-aligned suppliers, targeted strategies, strict policies and procedures, oversight built into our business operations, and the knowledge and skills of our employees.' Furthermore, the Company discloses its supply chain risk assessment, which includes tracking human rights issues according to country risk, worker type risk and process risk. The Company explains each of the items indicated, but there is no actual evidence of how the system is triggered by these circumstances. [Know the Chain 2020, 06/2020: pnimages.lululemon.com] |
| B.2.2 | Assessing: Assessment of risks and impacts identified (salient risks and key industry risks) | 2 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Salient risk assessment (and context): The Company indicates its risk assessment process. It states: 'We assess, mitigate and avoid 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.' Additionally, the Company describes its supply chain risk assessment, which covers human rights in general. [Know the Chain 2020, 06/2020: pnimages.lululemon.com & 2019-2020 Modern Slavery Statement, 06/2019: pnimages.lululemon.com] • Met: Public disclosure of salient risks: The Company states that 'we consider that the greatest risk of modern slavery and human trafficking to exist in our supply chain as we do not manufacture our own apparel'. The Company also indicates that 'Through our VCoE findings, country practices, and business volume, Taiwan was prioritized as a country of focus due to high likelihood of vulnerable populations (foreign migrant workers) and the scope of our operations (a high proportion of our raw materials are sourced from Taiwan)'. [Modern Slavery Statement, 06/2018: pnimages.lululemon.com] |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|--|
| | | | Score 2 <ul style="list-style-type: none"> Met: Both requirements under score 1 met |
| B.2.3 | Integrating and Acting: Integrating assessment findings internally and taking appropriate action | 1 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Action Plans to mitigate risks Met: Including in AP supply chain: The Company states: 'We assess human rights risks within our supply chain by identifying and monitoring risk factors by region and country, worker type, and key processes. We mitigate risk through careful screening and selection of values-aligned suppliers, targeted strategies, strict policies and procedures, oversight built into our business operations, and the knowledge and skills of our employees'. Furthermore, it discloses: 'Annually, we review three risk categories, refine category criteria and evaluate thresholds. We use this information to update our processes and due diligence approach accordingly. On-the ground findings from our teams trigger updates to our risk assessments.' Also, the Company states that risks categories are worker type, country and process risk and provides examples of forced labour risks identified in different tiers of its supply chain. [Know the Chain 2020, 06/2020: pnimages.lululemon.com] Met: Example of Actions decided: The Company reports the following example: 'Through our supplier assessment and risk processes, lululemon became aware that many of our tier 2 suppliers employed foreign migrant workers (only one tier 1 factory audited employs foreign migrant workers). Taiwan was prioritized as a country-of-focus due to high likelihood of foreign migrant workers and the fact a high proportion of our fabrics are sourced from here. Our response was to develop a Foreign Migrant Worker Standard, initially focused on Taiwan, and being rolled out in other countries, starting in 2020. We also 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.' [Know the Chain 2020, 06/2020: pnimages.lululemon.com] Score 2 <ul style="list-style-type: none"> Not met: Both requirements under score 1 met |
| B.2.4 | Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts | 0 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: System to check if Actions are effective: The Company states: 'We work in partnership with our suppliers. Since 2015 we have engaged both tier 1 and tier 2 suppliers in Taiwan using foreign migrant workers in the development of the FMW Standard and Program. We have provided capacity building and support to addressing supplier concerns by providing clear and ongoing guidance, developing supplier-requested tools that support effective implementation (e.g. Recruitment agency checklist), and facilitating sharing experiences from other suppliers in peer-to-peer conversations'. Additionally, it provides examples of outcomes and practices of its suppliers. However, no evidence found of a systematic approach to track effectiveness of actions taken to mitigate the different salient risks and impacts. [Know the Chain 2020, 06/2020: pnimages.lululemon.com] Not met: Lessons learnt from checking effectiveness Score 2 <ul style="list-style-type: none"> Not met: Both requirement under score 1 met |
| B.2.5 | Communicating : Accounting for how human rights impacts are addressed | 0.5 | The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Not met: Comms plan re identifying risks: In order to be awarded this indicator, the Company needs to achieve at least 1,5 points in B.2.1 Met: Comms plan re assessing risks: See indicator B.2.2 Not met: Comms plan re action plans for risks: In order to be awarded this indicator, the Company has to achieve a full score in B.2.3 Not met: Comms plan re reviewing action plans: In order to be awarded this indicator, the Company has to achieve a full score in B.2.4 Not met: Including AP suppliers: In order to be awarded this indicator, the Company has to achieve a full score in B.2.2/B.2.3/B.2.4 and at least 1,5 points in B.2.1 Score 2 <ul style="list-style-type: none"> Not met: Responding to affected stakeholders concerns: The Company has provided comments to CHRB regarding this indicator. However, evidence was not material. Not met: Ensuring affected stakeholders can access communications |

Remedies and Grievance Mechanisms

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|--|
| C.1 | Grievance channel(s)/mechanism(s) to receive complaints or concerns from workers | 1.5 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Channel accessible to all workers: The Company offers various means of receiving concerns from its workers, both internally and externally. If reported to a manager, they 'should refrain from conducting any independent investigation, and promptly forward the report to the legal department, who will advise on next steps.' An address and email of the Audit Committee Chair is also published in the Code of Conduct. There are also publicly available hotlines in various countries, as well as a third-party website to report violations of the Code of Conduct. [Global Code of Business Conduct and Ethics: investor.lululemon.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Number grievances filed, addressed or resolved: The Company indicates: 'Through our corporate grievance mechanism, which tracks tier 1 and tier 2 suppliers' workers concerns, workers can contact us via email or SMS. From January 2019 to April 2020, we received grievances concerning 5 facilities in the following categories: unjust dismissal, impediments to freedom of association, harassment, health and safety.' Of these cases: Grievances related to two facilities 2 have been resolved and closed; 3 remain open and are under active resolution; Grievances related to two facilities 2 were submitted by workers in the facilities directly; 3 were submitted by 3rd party NGOs on behalf of workers; 4 of the cases related to facilities in Asia, 1 from the Americas.' However, the statement applies only to its supply chain. [Know the Chain 2020, 06/2020: pnimages.lululemon.com] • Met: Channel is available in all appropriate languages: The Integrity Line website is available in many languages, including those of relevant countries in the Company's supply chain. [EthicsPoint, 02/2019: secure.ethicspoint.com] • Not met: Expect AP supplier to have equivalent grievance systems: The Vendor Code of Ethics states that the Vendor 'must ensure there is an internal grievance system that allows for anonymity and confidentiality.' However, it is not clear whether suppliers convey the same expectations to their own suppliers. [Vendor Code of Ethics, 02/2018: info.lululemon.com] • Met: Opens own system to AP supplier workers: The Company discloses: '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, 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.' [2019-2020 Modern Slavery Statement, 06/2019: pnimages.lululemon.com] |
| C.2 | Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities | 0.5 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Grievance mechanism for community: The Company uses a publicly available third-party website, however, it is unclear whether external stakeholders are allowed to use it. [Global Code of Business Conduct and Ethics: investor.lululemon.com & EthicsPoint, 02/2019: secure.ethicspoint.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Describes accessibility and local languages: The Company states: 'Lululemon has a corporate-level grievance mechanism. Each supplier is required to have a site-level mechanism.' Additionally, it indicates the contacts to report grievances. However, the statement is not material to the indicator, as it aims to identify grievance mechanism to communities affected by the Company's operations. [Know the Chain 2020, 06/2020: pnimages.lululemon.com] • Met: AP supplier communities use global system: The Company discloses that 'takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives Lululemon has a corporate-level grievance mechanism. Each supplier is required to have a site-level mechanism.' [...] 'Any third-party stakeholder, including NGOs and unions, may contact us at sustainablepartner@lululemon.com. This address is located on the How we Partner page of our website, as well as on the VCoE and Supply Chain Transparency Acts pages.' [Know the Chain 2020, 06/2020: pnimages.lululemon.com] |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|---|
| C.7 | Remedying adverse impacts and incorporating lessons learned | 1.5 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Describes how remedy has been provided: The Company indicates: 'In 2019, we received reports of mistreatment of workers (including verbal harassment and abuse) for a facility in Bangladesh (Youngone KSI, see here for statement). Following an in-depth investigation, lululemon, together with major buyers in the facility, created a Corrective Action and Preventative Action Plan (CAPA). CAPA requirements to remediate the identified issues included training for all supervisors and workers on acceptable behaviour in the workplace (including antiharassment), improvements to the facility's grievance mechanism, as well as improved sick leave procedures and on-site clinic services. Follow-up verification visits confirmed a substantial increase in worker satisfaction'. However, it is not clear how victims received remedy. The Company indicates in the know the chain response (2016) that, in 2015, saw the need to publish a Foreign Migrant Workers Standard, which identified issues regarding documentation of workers. By December 2016 100% of fabric mills had returned documents to workers. This disclosure is from 2016 and no equivalent information has been found for the last three reporting years. To alleviate the reporting burden for companies during the Covid-19 crisis, the CHRB will (on an exceptional basis) relax the three-year timeframe and include information from 2016 in the 2020 assessment. [Know the Chain 2020, 06/2020: pnimages.lululemon.com & Know the Chain 2016, 2016: business-humanrights.org] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Changes introduced to stop repetition: The Company indicates: 'Our risk processes had identified foreign migrant workers as a group particularly vulnerable to forced labour practices in our industry, due to recruitment practices, inability to speak local language and understand rights, and limited recourse. Our country risk research indicated the highest number of foreign migrant workers are found in Taiwan, Japan, Korea, Malaysia and Thailand. 'In 2018, we launched our FMW Standard Program in Taiwan, which includes an initiative to achieve "no fees" by December 2019. (The largest portion of our factories employing FMWs are in Taiwan.) This program required suppliers to exceed legal requirements and develop policies, plans, and management systems to effectively implement a "no fees" roadmap.' [Know the Chain 2020, 06/2020: pnimages.lululemon.com] • Not met: Evaluation of the channel/mechanism |

Performance: Responses to Serious Allegations (Not included in the overall score)

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|--|------------------|---|
| E(1).0 | Serious allegation No 1 | | <ul style="list-style-type: none"> • Headline: Lululemon's supplier is facing allegations of workers' mistreatment in Bangladesh • Area: Discrimination, working hours • Story: On October 16, 2019, the Canadian Press Broadcast wire reported that Lululemon Athletica was investigating a factory, owned by Youngone Corp, a Youngone Holdings company, in Bangladesh over the treatment of female workers. <p>According to an investigation by The Guardian, factory workers said that they face physical violence and regular humiliation at the hands of their managers, who called them "whores" and "sluts". Workers were forced to work overtime to hit targets, saying they sometimes felt immense pressure not to leave their work stations.</p> <ul style="list-style-type: none"> • Sources: [The Guardian - 14/10/2019: theguardian.com][Reuters - 15/10/2019: reuters.com][The Canadian Press - 16/10/2019: bnnbloomberg.ca][|
| E(1).1 | The Company has responded publicly to the allegation | 1 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Public response available: The Company released a statement on its website relating to an investigation at the Youngone factory. 'Conducted on-the-ground in Bangladesh with more than 650 confidential worker interviews, the investigation identified findings in line with those that were brought to our attention.' [Youngone's KSI Facility in Bangladesh, N/A: info.lululemon.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Response goes into detail: The company explains some actions it has taken as part of their submission to Know the Chain where the company discloses that it conducted an investigation but there is only basic information about the allegation itself. [Global Code of Business Conduct and Ethics: investor.lululemon.com & Know the Chain 2020, 06/2020: pnimages.lululemon.com] |

| Indicator Code | Indicator name | Score (out of 2) | Explanation |
|----------------|---|------------------|--|
| E(1).2 | The Company has appropriate policies in place | 0.5 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Not met: Company policies address the general issues raised: The Company's Global Code of Conduct states that it 'will not tolerate harassment or unlawful behaviors of any kind, including derogatory comments or conduct based sexual orientation, race or ethnicity.' However, no policy about working hours in own operations could be found. [Global Code of Business Conduct and Ethics: investor.lululemon.com] • Met: Policies apply to the type of business relationships involved: The Vendor Code of Ethics includes requirements about harassment, abuse, disciplinary action, and working hours. [Vendor Code of Ethics, 02/2018: info.lululemon.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Policies address the specific rights in question |
| E(1).3 | The Company has taken appropriate action | 1.5 | <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: Engages with affected stakeholders: The Company conducted an independent investigation into the matters, which included over 650 worker interviews. [Youngone's KSI Facility in Bangladesh, N/A: info.lululemon.com] • Met: Provides remedies to affected stakeholders: The supervisors allegedly responsible for the reported actions were removed following the investigation. [Youngone's KSI Facility in Bangladesh, N/A: info.lululemon.com] • Met: Has reviewed management systems to prevent recurrence: 'A thorough review and overhaul of the current management systems for harassment and abuse to ensure a zero-tolerance environment is in place. This includes updating of current policies and procedures, as well as proper training with management and workers.' <p>In its review the company days 'Following an in-depth investigation, lululemon, together with major buyers in the facility, created a Corrective Action and Preventative Action Plan (CAPA). CAPA requirements to remediate the identified issues included training for all supervisors and workers on acceptable behaviour in the workplace (including antiharassment), improvements to the facility's grievance mechanism, as well as improved sick leave procedures and on-site clinic services' [Youngone's KSI Facility in Bangladesh, N/A: info.lululemon.com & Know the Chain 2020, 06/2020: pnimages.lululemon.com]</p> <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Remedies are satisfactory to the victims: The company claims that the its improvements in the facilities led to 'a substantial increase in worker satisfaction', this is not remedy to the individuals who were the victims in this case. [Know the Chain 2020, 06/2020: pnimages.lululemon.com] • Met: Has improved systems and engaged affected stakeholders: See above [Youngone's KSI Facility in Bangladesh, N/A: info.lululemon.com & Know the Chain 2020, 06/2020: pnimages.lululemon.com] |

Disclaimer

A score of zero for a particular indicator does not mean that bad practices are present. Rather it means that we have been unable to identify the required information in public documentation.

See the 2020 Key Findings report and the 2019 technical annex for more details of the research process.

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