



Vendor Code of Ethics and Benchmarks

JANUARY 2021 VERSION 3.0



Code Provisions and Benchmarks

This document outlines lululemon's Vendor Code of Ethics v3.0 in further detail and provides a practical explanation for how suppliers will be assessed for each standard. lululemon's philosophy on compliance follows a continuous improvement approach and our goal is for suppliers to address assessment findings in a sustainable way.

Founded in 1998, lululemon's purpose is to elevate the world by realizing the full potential within every one of us, and that includes those of you who are contributing to making our products. Our values of personal responsibility, honesty, entrepreneurship, connection, courage and inclusion are embedded in everything we do and are the foundation of our business. They guide us when choosing our partners.

On our path to become a truly global brand, we strengthen our commitment to our business partners and their employees and we want to ensure that we are all guided by a clear and consistent code that outlines our unwavering commitment to contributing to healthy communities by fostering respectful and inclusive workplaces.

This document details our global compliance principles and expectations of how our vendors conduct business, despite cultural and legal differences among countries where we produce, source goods or require services. All vendors engaged in providing products and services to lululemon are expected to act with integrity and adhere to rules and conditions of employment that respect workers and that, at a minimum, safeguard their rights by adopting this code and implementing its related benchmarks.

This code:

- Is based on international standards, International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Universal Declaration of Human Rights, the United Nations Guiding Principles, the OECD Due Diligence Guidance for Responsible Supply Chain in the Garment and Footwear sectors and those of the Fair Labor Association, to which we are affiliated as a Participating Company. A commitment to these internationally recognized principles is the starting point for all our business partners.
- Outlines our minimum standards that we expect all of our Vendors to comply with, and we will work with our Vendor partners to ensure they are upheld. Requirements in this Code apply to owned facilities as well as subcontractors, and upstream suppliers. Where differences or conflicts in standards arise between this Code and national or local regulations, the strictest standard applies. This code is complemented by compliance benchmarks and shall not be used to prevent international labour standards or national and/or local legislations from being exceeded.
- Provides the foundation for our vendor partners and us to evaluate a facility's social and environmental performance and progress. Vendors must implement this Code, submit to verification and monitoring, be in accordance with lululemon's contract terms and regulated according to the law.

We expect vendors and facilities to have management systems in place for how they operate their businesses to ensure the protection of workers, the community and environment across their operations. This includes, but is not limited to, having designated personnel, defined policies and procedures, and a continuous improvement practice. Appropriate processes and procedures must be in place to effectively manage and prevent issues from arising regarding all the topics highlighted in this code.

We will never tolerate any substantial interference to the life, rights and health of workers or damage to the environment. If we find that a Vendor is not in compliance with this Code and benchmarks, we will require immediate attention to corrective action. Compliance with the Vendor Code of Ethics is a condition to either start or maintain a business relationship with lululemon.



RESPECTFUL AND INCLUSIVE WORKPLACES

1 Employment Relationship

The Vendor shall adopt and adhere to rules and conditions of employment that respect workers and, at a minimum, safeguard their rights under national and international labour and social security laws and regulations.

Employment Management Systems

ER.1 Human Resources

ER.1.1 Vendors shall have in place written policies and practices and maintain proper and accurate records governing all aspects of employment from recruitment, hiring and probation, including written terms and conditions of employment, job descriptions, administration of compensation, and working hours for all positions, through to retrenchment and termination processes.

ER.1.2 Vendors shall assign responsibility for the administration of human resources to a clearly defined and adequately qualified staff member and ensure workers at all levels receive communication and training about existing policies and procedures or any revisions.

ER.1.3 Vendors should implement an annual review process with input from workers of all policies, procedures and their implementation to ensure they meet legal requirements and the lululemon VCoE.

ER.2 Special Categories of Workers

Vendors shall ensure that all legally mandated requirements for the protection or management of special categories of workers, including migrant, juvenile, contract/contingent/temporary, probationary workers, home workers, pregnant or disabled workers, are implemented. Where local laws and lululemon standards differ, the Vendor is expected to follow the highest applicable standard.

ER.3 New Employee Orientation

ER.3.1 Vendors shall provide an orientation to new employees at the time of hiring, which includes explanations of the Vendors' rules, compensation package and policies for human resources, grievance systems, industrial relations, including respect of the right to freedom of association, workers' rights and responsibilities, lululemon VCoE, health and safety, and environmental protection.

ER.3.2 Training should be updated on a regular basis, and in particular, when any policies and procedures are revised.

ER.3.3 Workers should be provided with written documentation that substantiates all the issues covered in orientation briefings.

ER.4 Communication

ER.4.1 Vendors shall inform workers about workplace rules, environmental protection systems, health and safety information, and laws regarding workers' rights with respect to freedom of association, compensation, working hours, and any other legally required information, the lululemon VCoE, through appropriate means, including posted in local language(s) throughout the workplace's common areas.

ER.5 Supervisor Training

ER.5.1 Vendors shall ensure that all supervisors are trained in national laws, workplace regulations, the lululemon VCoE, workplace grievance systems, and the appropriate practices to ensure compliance.

ER.5.2 Vendors shall inform supervisors that they should not use any form of harassment or abuse to maintain labour discipline.

ER.5.3 Trainings should be updated on a regular basis.

ER.6 Skills Development Training

ER.6.1 Vendors shall have written policies and procedures and implement practices that encourage ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers within the factory or beyond.

ER.6.2 The policies and procedures should include how workers will be informed of training opportunities, eligibility requirement for participation, if the training will be compulsory or voluntary, if it will take place during or after working hours, and if the training time will be compensated.

ER.7 Performance Reviews

ER.7.1 Vendors shall have written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirements.

ER.7.2 The performance review process should be communicated to the workforce and reviewed regularly.



ER.8 Promotion, Demotion and Job Reassignment

ER.8.1 Vendors shall have written policies and procedures with regard to promotion, demotion, and job reassignment that (1) outline the criteria, demonstrate linkages to job grading, and prohibit discrimination or use of demotion or job reassignment as a form of penalty or punishment, (2) are provided in writing and seek feedback from employees in writing, and (3) follow all local legal requirements.

Recruitment and Hiring

ER.9 Contract, Contingent or Temporary Workers

ER.9.1 Vendors shall hire contract/contingent/temporary workers only if such hiring is consistent with the national law of the country of production.

ER.9.2 Vendors shall have in place written policies and procedures regulating the recruitment and hiring of contract/contingent/temporary workers.

ER.9.3 Contract/contingent/temporary workers shall only be hired if one of the following conditions is met: (1) the permanent workforce of the enterprise is not sufficient to meet unexpected or unusually large volume of orders; (2) exceptional circumstances may result in great financial loss to the supplier if delivery of goods cannot be met on time; or (3) work that needs to be done is outside the professional expertise of the permanent workforce.

ER.10 Invalid Use of Contract, Contingent or Temporary Workers

Vendors shall not:

ER10.1 Hire contract/contingent/temporary workers as a means to support continuing business needs on a long-term;

or

ER10.2 Renew contracts for multiple successive short-terms in lieu of providing regular employment.

ER.11 Terms for Contract, Contingent, Migrant, or Temporary Workers

Vendors must ensure the following minimum terms and conditions are met in the employment of contract/contingent/temporary workers:

ER.11.1 The Vendor defines the job functions or tasks that contract/contingent/temporary workers are hired to perform and maintains information on the use of contract/contingent/temporary workers in relation to production needs;

ER.11.2 Contract/contingent/temporary workers shall be provided an employment agreement in their native language setting out the employment terms and conditions. For migrant workers, a copy of their employment contract in their native language should be provided prior to departure from their country of origin;

ER.11.3 Workplace rules and regulations apply to contract/contingent/temporary workers the same as for permanent workers;

ER.11.4 National laws governing contract/contingent/migrant/temporary workers are observed.

ER.11.5 Personnel files and all relevant employment information for contract/contingent/temporary workers are maintained and accessible at the workplace site, at all times;

ER.11.6 Contract/contingent/temporary workers who are hired on more than one occasion for seasonal production and specialization sign a separate contract for each new hire event. The workplace retains all relevant information in each worker's personnel file; and

ER.11.7 Contract/contingent/temporary workers are given priority when the enterprise is seeking 'new' permanent employees.

ER.12 Terms and Conditions/Contract, Contingent or Temporary Worker to Permanent Employee

For any contract/contingent/temporary worker who becomes a permanent employee, seniority and other benefits eligibility must be dated from the first date as a contract/contingent/temporary worker and not from the first day of permanent employment.



ER.13 Apprenticeships and Vocational Training

ER.13.1 Vendors shall comply with all regulations and requirements of apprentice or vocational education programs and shall be able to document to monitors that these are legally recognized programs. Informal arrangements of any kind are not acceptable.

ER.13.2 Apprentice and vocational training programs shall be reserved exclusively for workers who lack necessary training or experience and therefore cannot yet be hired as regular workers.

ER.13.3 Apprentice and vocational training programs shall be subject to workplace conditions as set by the lululemon VCoE and national laws and regulations.

ER.14 Vendors Agreement with Employment Agencies

ER.14.1 Vendors shall use standard contract language with employment agencies that specifically imparts power to Vendors to directly pay wages to migrant/contract/contingent/temporary workers and ensures equality of compensation and workplace standards as set under the lululemon VCoE, the FLA Workplace Code, and national laws and regulations.

ER.14.2 Vendors shall use standard contract language with employment agencies or intermediaries that specifically prohibits practices that restrict any worker's freedom of movement or ability to terminate their own employment.

ER.15 If Foreign Migrant Workers are employed, the rules of lululemon's Foreign Migrant Worker (FMW) Standard shall apply.

Termination and Retrenchment

ER.16 Termination Payouts

ER.16.1 Vendors shall have in place a procedure for determining termination payouts, including methods for correct assessment of payouts for all modes of termination/retrenchment, taking into account national legal requirements.

ER.16.2 Vendors shall establish channels for workers to confidentially express any concerns or problems they may be experiencing around legally owed payment during a retrenchment process.

ER.16.3 Vendors shall not demand that workers sign any declaration of good health, waivers or releases of other rights as a condition of receiving severance pay or other legal benefits from the company and shall not threaten to withhold benefits if workers do not sign.

ER.16.4 Upon termination, severance shall be based upon the worker's current salary and seniority as calculated from the initial date of hire. Where vendors provide advance termination payouts as allowed by law, these amounts may be subtracted from the final severance payment but must be included as itemized deductions in the final severance calculation.

ER.16.5 Where Vendors provide annual indemnization, original contracts should remain without being terminated.

ER.17 Policies and Procedures

ER.17.1 Vendors shall maintain proper and accurate records in relation to termination and retrenchment.

ER.17.2 When Vendors are faced with major changes in production, program, organization, structure, or technology and those changes are likely to result in temporary or permanent layoffs, employers shall communicate any alternatives to retrenchment that have been considered and consult any workers' representatives as early as possible with a view to averting or minimizing layoffs.

ER.17.3 Where temporary or permanent layoffs are unavoidable, a plan should be developed and implemented that mitigates the adverse effects of such changes on workers and their communities.

ER.17.4 The plan should be clearly communicated and posted, and include feedback channels for workers to ask questions and provide feedback.

ER.17.5 Vendors shall give retrenched workers opportunity to transfer to other owned facilities in the country at a comparable wage and make all efforts to facilitate re-employment in other enterprises in the country.



Grievance System

ER.18 Worker-Management Communication

ER.18.1 Vendors shall have a clear and transparent system of worker and management communication that enables workers to consult with and provide input to management. This might include workers committees, designated spaces for worker meetings, union representatives, meetings between management and workers' representatives, suggestion boxes, or other forms of the processes explained in Section 12: Effective Grievance Mechanisms.

Workplace Conduct and Discipline

ER.19 General Principles

ER.19.1 Vendors shall have written disciplinary rules, procedures and practices that comprise a system of progressive discipline (e.g. a system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally to termination), such that (1) the disciplinary system shall be applied in a fair and nondiscriminatory manner and include a management review of the actions by someone senior to the manager who imposed the disciplinary action, and (2) employers shall maintain written records of all disciplinary actions taken.

ER.19.2 Vendors shall ensure managers and supervisors are fully familiar with the workplace disciplinary system and in applying appropriate disciplinary practices.

ER.19.3 Workplace rules, policies, and disciplinary procedures and practices shall be clearly communicated to all workers in the language(s) spoken by workers. Any exceptions to this system (e.g. immediate termination for gross misconduct, such as theft or assault) shall also be in writing and clearly communicated to workers, including: (1) workers must be informed when a disciplinary procedure has been initiated against them, (2) workers have the right to participate and be heard in any disciplinary procedure against them, (3) workers must sign all written records of disciplinary action against them, and (4) records of disciplinary action must be maintained in the worker's personnel file.

ER.19.4 The disciplinary system shall include a third-party witness during imposition, and an appeal process.

ER.19.5 Vendors shall inform workers that any form of harassment or abuse in the workplace shall be subject to disciplinary measures.

ER.19.6 The workplace shall commit to non-retaliation for all steps of the disciplinary process, including for a worker requesting a witness and filing an appeal of disciplinary action.

General Compliance

ER.20 Documentation and Inspection

ER.20.1 Vendors shall maintain on file all documentation needed to demonstrate compliance with the lululemon VCoE, FLA Workplace Code, and required laws. Vendors shall make these documents available to third-party assessors commissioned by lululemon or its associates and shall submit to inspections without prior notice.

ER.20.2 All notices that are legally required to be posted in the workplace work areas shall be posted by Vendors.





RESPECTFUL AND INCLUSIVE WORKPLACES

2 Employment is Freely Chosen

The Vendor shall not use forced labour in recruitment, hiring, or employment, including but not limited to involuntary overtime, human trafficking, prison labour, indentured servitude, or bonded labour.

F.1 General Compliance Forced Labour

F.1.1 Vendors, employment agencies, and intermediaries shall comply with all national laws, regulations and procedures concerning the prohibition of forced labour and human trafficking.

F.1.2 If not provided by law, employers must provide protection to workers who allege violations of forced labor.

F.2 Freedom in Employment

F.2.1 All workers shall have the right to enter into and to terminate their employment freely.

F.2.2 Employment terms shall be those to which the worker has voluntarily agreed, in as far as those terms do not fall below (1) provisions of national laws; (2) freely negotiated and valid collective bargaining agreements; or (3) the lululemon VCoE or FLA Workplace Code.

F.2.3 There can be no employment terms which allow Vendors (1) to hold wages already earned; or (2) use earned back wages as penalties; and (3) in any way punishes workers for terminating employment.

F.3 Debt/Bonded Labour

F.3.1 Vendors, employment agencies, and intermediaries must not require workers to lodge any monetary deposits, or require mandatory saving.

F.3.2 Vendors, employment agencies, and intermediaries shall not bind workers to employment as a condition of fulfilling terms of a debt.

F.3.3 Vendors, employment agencies, or intermediaries may provide loans directly to workers only if they are a component of a larger loan program (e.g. housing or education loans) available to all workers. Lending and savings programs provided to workers by employers, employment agencies, or intermediaries must comply with all national laws and regulations for such programs.

F.3.4 The continuance of loans may not be dependent on continued employment at the workplace, and no penalties may be assessed on the loan for workers ending employment at the workplace.

F.3.5 Interest may not exceed the cost of administering the loan program and any tax liabilities incurred by the program, and according to legal limits.

F.4 Freedom of Movement

F.4.1 If workplace entrances are locked or guarded to prevent nonemployee access to the premises for security reasons, workers shall have free egress at all times.

F.4.2 No terms imposed by the employer or any employment agencies or intermediaries shall confine or restrict employees' freedom of movement or free transit.

F.5 Vendor Controlled Residence

F.5.1 Vendors shall not require or influence workers to live in Vendor-owned or -controlled residences as a condition of recruitment, continued employment or to receive the same terms of employment and working conditions as other workers in the same position.

F.5.2 The freedom of movement of workers who live in Vendor-owned or -controlled residences shall not be unreasonably restricted.





F.6 Threat of Penalty

Vendors shall not utilize nor shall they use employment agencies or intermediaries that utilize, practices that restrict any worker's freedom of movement, ability to terminate his or her employment, or that create a threat of penalty. Examples of such practices include, but are not limited to:

- F.6.1** (the threat of) physical or mental coercion;
- F.6.2** requiring deposits;
- F.6.3** imposing financial penalties;
- F.6.4** requiring workers to pay recruitment and/or employment fees;
- F.6.5** providing precarious employment;
- F.6.6** using false information to recruit workers.

F.7 Forced Overtime

The imposition of overtime where workers are unable to leave the work premises constitutes forced labour.

F.8 Personal Workers Identification and Other Documents

Vendors, employment agencies and intermediaries must not require workers to lodge their identity papers. Identity papers include passports, travel documents, and other personal legal documents. Vendors may obtain copies of original documents for record-keeping purposes.

F.9 Storage for Employee Documents

F.9.1 Vendors shall provide at employee request secure storage for employees' documents such as passports, identity papers, travel documents, and other personal legal documents. Such storage shall be freely accessible to workers at all times.

F.9.2 Vendors shall not withhold any such documents or restrict workers' access to them for any reason including to ensure that workers shall remain in employment in the workplace.

F.10 Employment Fees

Fees and other costs associated with the employment of workers, including migrant / contingent / contract / temporary workers, shall be the sole responsibility of the employer.

F.11 Free Disposal of Wages

F.11.1 Vendors may not limit in any manner the freedom of workers to dispose of their wages.

F.11.2 Workers must be free from any coercion to make use of Vendor-operated stores.





RESPECTFUL AND INCLUSIVE WORKPLACES

3 Child labour must not be used

The Vendor shall not employ workers below, at least 15 years of age, the age for completing compulsory education, or meet the local legal working age, whichever is highest. Any workers under 18 shall be protected from working overtime, night shifts, hazardous work, and their tasks shall respect boundaries set out by legal requirements and best practices.

CL.1 General Compliance Child Labour

CL.1.1 Vendors shall comply with all national laws, regulations and procedures concerning the prohibition of child labour.

CL.1.2 If not provided by law, employers must provide protection to workers who allege violations of child labor.

CL.2 Child Labour

Vendors shall not employ anyone under the age of 15 or under the age for completion of compulsory education, whichever is higher.

CL.3 Government Permits and Parental Consent Documentation

Vendors shall abide by all relevant rules and procedures where the law requires government permits or permission from parents as a condition of employment, and shall keep documentation on-site for inspection at all times.

CL.4 Employment of Young Workers

Vendors shall comply with all relevant laws that apply to young workers (e.g. those between the minimum working age and the age of 18), including regulations related to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime.

CL.5 Hazardous Work for Young Workers

No person under the age of 18 shall undertake hazardous work, i.e. work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of persons under the age of 18.

CL.6 Young Workers Identification System

Vendors shall have a system for identifying workstations and operations that are inappropriate for young workers according to applicable laws.

CL.7 Apprenticeships and Vocational Training/Minimum Working Age

Apprentices or vocational students shall not be under the age of 15 or under the age for completion of compulsory education, whichever is higher.

CL.8 Proof of Age Documentation

CL.8.1 Vendors shall collect and maintain all documentation necessary to confirm and verify date of birth of all workers, such as birth certificates.

CL.8.2 Vendors shall take reasonable measures to ensure such documentation is complete and accurate.

CL.8.3 In those cases where proof of age documentation is not readily available or unreliable, employers shall take all necessary precautions which can reasonably be expected of them to ensure that all workers are at least the minimum working age, including requesting and maintaining medical or religious records of workers, or through other means considered reliable in the local context.



RESPECTFUL AND INCLUSIVE WORKPLACES

4

Nondiscrimination

The Vendor shall not discriminate in recruitment and employment practices. All employees shall have equal access to employment, including hiring, salary, benefits, advancement, training, allocation of work, or retirement, and are not subject to discrimination in discipline or termination, regardless of their race, sex, gender identity, religion, nationality, marital status, ethnic origin, caste, sexual orientation, disability, illness, pregnancy, age, language, social origin, migration status, membership in or sympathy with worker organizations including unions, political affiliation or belief, any other personal characteristics, social group, protected status, or any other status.

ND.1 General Compliance Nondiscrimination

ND.1.1 Vendors, employment agencies, and intermediaries shall comply with all national laws, regulations and procedures concerning nondiscrimination. Where local laws and lulemon standards differ, the Vendor, employment agency, and/or intermediary is expected to follow the highest applicable standard.

ND.1.2 If not provided by law, Vendors must provide protection to workers who allege discrimination in any form, including recruitment and employment practices, compensation, marital, or health status.

ND.2 Employment Decisions

ND.2.1 All employment decisions shall be made solely on the basis of a person's qualifications, in terms of education, training, experience, demonstrated skills and/or abilities, as they relate to the inherent requirements of a particular job.

ND.2.2 Employment decisions shall not be made on the basis of gender, race, religion, age, sexual orientation, nationality, political opinion, social group, ethnic origin, marital status, or union affiliation or sympathy.

ND.3 Job Advertisements, Job Descriptions and Evaluation Policies

Recruitment and employment policies and practices, including job advertisements, job descriptions, and job performance/evaluation policies and practices shall be free from any type of discriminatory bias.

ND.4 Disclosure of Personal Information

Vendors may not request the disclosure of any personal, non-job-related information during the application, recruitment, or hiring process; including, but not limited to, gender, race, religion, disability, sexual orientation, nationality, political opinion, social group, ethnic origin, or marital status.

ND.5 Marital, Partnership, or Family Discrimination

ND.5.1 Vendors shall not discriminate on the basis of marital, partnership, or family status.

ND.5.2 Vendors shall not threaten workers with dismissal or any other employment decision that negatively affects their employment status in order to prevent them from changing their marital, partnership, or family status (including getting married or becoming pregnant.)

ND.5.3 Vendors shall not, on the basis of a worker's marital, partnership, or family status (including pregnancy), make any employment decisions that negatively affect employment status, including decisions concerning dismissal, demotion, loss of seniority, or deduction of wage.

ND.5.4. Female employees shall be entitled to maternity protection – leave and benefits as well as protection against discrimination – in accordance with the requirements of national laws and regulations.

ND.6 Pregnancy Testing

ND.6.1 Vendors shall not use pregnancy tests or the use of contraception as a condition of hiring or of continued employment.

ND.6.2 Vendors shall not under any circumstances use pregnancy tests or the use of contraception in their hiring or employment decisions, even in cases where pregnancy tests are required by national law.



ND.7 Protection and Accommodation of Pregnant Workers and New Mothers

Vendors shall abide by all protective provisions in national laws and regulations benefitting pregnant workers and new mothers, including provisions concerning maternity leave and other benefits; prohibitions regarding night work, temporary reassignments away from work stations and work environments that may pose a risk to the health of pregnant women and their unborn children or new mothers and their new born children, temporary adjustment of working hours during and after pregnancy, and the provision of breast-feeding breaks and facilities.

ND 7.1 Where such legal protective provisions are lacking, Vendors shall take necessary measures to ensure the safety and health of pregnant women and their unborn children. Such measures shall be taken in a manner that shall not unreasonably affect the employment status, including compensation of pregnant women.

ND 7.2 Where legal protective provisions are lacking, Vendors shall, at minimum provide paid leave for regular pre-natal and post-natal doctor visits as well as breast-feeding breaks.

ND.8 Health-Related Discrimination

Vendors shall not, on the basis of a person's health status, make any employment decisions that negatively affect the persons employment status, including decisions concerning recruitment, termination, promotion, or assignment of work, unless such decision is dictated by the inherent requirements of the job or a medical necessity to protect the worker and/or other workers.

ND.9 Medical Examination

Vendors are allowed to require routine medical examination to assess general fitness as a condition for recruitment or continued employment but shall not include testing for any disease or illness, such as HIV/AIDS, that does not have an immediate effect on a person's fitness and is not contagious.

ND.10 Confidentiality of Health Status

Vendors shall respect the confidentiality of workers' health status and not undertake any action that could lead to a breach of said confidentiality, including screening, whether by direct or indirect testing (for instance, by making an assessment of risk behavior), or asking questions about previously taken tests or medications.

ND.11 Reasonable Accommodation for Health Reasons

Vendors shall take measures to reasonably accommodate workers with (chronic) illnesses, including HIV/AIDS-related illnesses, which could include rearrangement of working time, the provision of special equipment, opportunities for rest breaks, time-off for medical appointments, flexible sick leave, part-time work and return-to-work arrangements.

ND.12 Reasonable Accommodation, Modifications, and Adjustments

ND.12.1 Vendors shall make all reasonable modifications and adjustments to accommodate specific religious, ethnic, gender, and disability-based needs of all workers within the workplace as well as within any employer-provided facilities such as dormitories or transportation.

ND.12.2 Workers shall not be required to reimburse the factory for the cost of these accommodations.

ND.13 Dress Codes and Uniforms

ND.13.1 Vendors shall not impose any discriminatory restrictions on the dress or appearance of workers.

ND.13.2 In cases where the workplace requires uniforms or other specific clothing, accommodations shall be made for religious practice or disability.

ND.13.3 In cases where a workplace dress code is in place, the dress code shall not discriminate against or set different standards for ethnic or cultural groups.

ND.14 Spoken Languages

ND.14.1 Vendors shall not require specific languages to be spoken in the work environment, nor shall they prohibit the use of any languages among workers.

ND.14.2 Vendors shall make every reasonable effort to communicate to workers in their native language.



RESPECTFUL AND INCLUSIVE WORKPLACES

5 Harassment, Abuse and Disciplinary Action

The Vendor shall treat every employee with respect and dignity. There shall be no room or tolerance for verbal, psychological, physical, or sexual harassment, abuse, threats, or intimidation in the workplace.

H/A.1 General Compliance Harassment or Abuse

H/A.1.1 Vendors shall comply with all national laws, regulations and procedures concerning discipline, violence, harassment and abuse, including that which is gender-based.

H/A.1.2 If not provided under law, Vendors must provide protection to workers who allege harassment or abuse violations.

H/A.1.3 If not provided under law, Vendors must provide protection to workers who are victims of domestic violence.

H/A.2 Discipline / Monetary Fines and Penalties

Vendors shall not use monetary fines and penalties as a means to maintain labour discipline, including for poor performance, for broken or lost tools/machinery, or for violating company rules, regulations, and policies.

H/A.3 Discipline / Access to Facilities

Access to food, water, toilets, medical care or health clinics or other basic necessities shall not be used as either reward or as a means to maintain labour discipline.

H/A.4 Discipline / Physical Abuse

Vendors shall not use any form of — or threat of — physical violence, including slaps, pushes or other forms of physical contact as a means to maintain labour discipline.

H/A.5 Discipline / Verbal Abuse

Vendors shall not use any form of verbal violence, including screaming, yelling, or the use of threatening, demeaning, or insulting language, as a means to maintain labour discipline.

H/A.6 Discipline / Psychological Abuse

Vendors shall not use any form — or threat — of psychological abuse, such as forcing workers to sign letters of self-criticism or posting names of workers subject to disciplinary measures as a means to maintain labour discipline.

H/A.7 Discipline / Freedom of Movement

Vendors shall not restrain the freedom of movement of workers, including movement in canteens, during breaks, using toilets, accessing water, or accessing necessary medical attention, as a means to maintain labour discipline.

H/A.8 Whistleblower Protection / Harassment and Abuse

All workers, shall be protected from retaliation for complaining about harassment and abuse (whistleblowing).

H/A.9 Elimination of Violence, Harassment and Abuse in the Workplace

H/A.9.1 Vendors shall ensure that the workplace and all workplace facilities (such as employer-provided transportation or dormitories) are free from any type of violence, harassment or abuse, be it physical, sexual, psychological, verbal, or otherwise.

H/A.9.2 Employers, in consultation with worker/union representatives, shall assess specific hazards and risks of harassment and abuse in the workplace, including gender-based violence. This includes risks arising from working conditions, work arrangements (such as night shifts or other schedules,) work organization, and third parties such as recruitment agencies, contractors, or any other intermediaries.

H/A.9.3 Employers, shall develop, implement and monitor policy and procedures for eliminating the risk of violence, harassment, and abuse in the workplace. Policies and procedures shall include a clear statement that violence, harassment, and abuse will not be tolerated, procedures for the investigation of allegations, and measures to protect any complainants, victims, and witnesses.

H/A.9.4 Employers shall take all necessary precautions to eliminate any action (by the employer, between or among employees, or by third-parties who are retained by the employer or whose work is connected with the workplace) that would result in gender-based violence and/or harassment, regardless of whether such actions occur in or outside of the workplace and/or working hours.



H/A.10 Sexual Harassment

H/A.10.1 Vendors shall refrain from: (1) any act of sexual harassment, including inappropriate remark, insult, joke, insinuation, and comment on a person's dress, physique, age, family situation, etc; (2) a condescending or paternalistic attitude with sexual implications undermining dignity; (3) any unwelcome invitation or request, implicit or explicit, whether or not accompanied by threats; (4) any lascivious look or other gesture associated with sexuality; and (5) any unnecessary physical contact such as touching, caresses, pinching or assault.

H/A.10.2 Vendors shall not offer, or take any action that may suggest an offer of, recruitment, continued employment, promotion, improved working conditions, preferential work assignments or other preferential treatment in exchange for a sexual relationship.

H/A.10.3 Vendors shall not subject workers to prejudicial treatment of any kind in retaliation for refused sexual advances or corrected inappropriate behavior.

H/A.10.4 Vendors shall refrain from any action and shall take all appropriate action to ensure that all workers refrain from any action, that would result in a sexually intimidating, hostile or offensive work environment for workers.

H/A.11 Security Practices / Body Searches

All security practices shall be gender appropriate and non-intrusive, so that the dignity of workers concerned is protected when a search is undertaken.

H/A.11.1 Searching of bags and other personal items to prevent theft is acceptable.

H/A.11.2 Body searches and physical pat downs shall only be undertaken when there is a specific, legitimate reason to do so and upon consent of workers, unless a state official with the power to do so (e.g. police officer) has ordered the search. Body searches shall not be undertaken in public and the person who undertakes the search shall be of the same sex as the person who is being searched.

H/A.12 Punishment of Abusive Supervisors/Managers/Workers

Vendors shall have a system to discipline supervisors, managers or workers who engage in any physical, sexual, psychological or verbal violence, harassment or abuse, through measures such as compulsory counseling, warnings, demotions, and terminations or a combination thereof regardless of whether such action was intended as a means to maintain labour discipline with a view to preventing the reoccurrence of violence and harassment, and facilitating their reintegration into work, where appropriate.



RESPECTFUL AND INCLUSIVE WORKPLACES

6

Freedom of Association and Collective Bargaining

The Vendor shall recognize and respect the right of employees to join and organize associations of their own choosing and to bargain collectively without any interference from Vendors. Where the right to freedom of association and collective bargaining is restricted under law, the Vendors shall facilitate, and must not hinder, the development of parallel means for independent and free association and collective bargaining.

FOA.1 General Compliance Freedom of Association

FOA.1.1 Vendors shall comply with national laws, rules, and procedures protecting the rights of workers to organize and bargain collectively. Where local laws and international standards differ, the employer is expected to follow the highest applicable standard.

FOA.1.2 If not provided by law, employers must provide protection to workers who allege violations of freedom of association.

FOA.2 Right to Freely Associate

Workers, without distinction whatsoever, shall have the right to establish and to join organizations of their own choosing, subject only to the rules of the organization concerned, without previous authorization. The right to freedom of association begins at the time that workers seek employment and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers.

FOA.3 Legal Restriction / Alternative Means

When the right to freedom of association and collective bargaining is restricted under law, the Vendor will facilitate, and must not hinder, the development of parallel means for independent and free association and collective bargaining. Vendors shall not obstruct legal alternative means of worker association.

FOA.4 Anti-Union Violence / Harassment or Abuse

Vendors shall not use any form of physical or psychological violence, threats, intimidation, retaliation, harassment or abuse against union representatives and workers seeking to form or join an organization of their own choosing. Such practices shall not be used against workers' organizations or workers participating or intending to participate in formal or informal organizing activities, including strikes.

FOA.5 Anti-Union Discrimination / Dismissal, Other Loss of Rights, and Blocklisting

FOA.5.1 Vendors shall not engage in any acts of anti-union discrimination or retaliation, i.e. shall not make any employment decisions which negatively affect workers based wholly or in part on a workers' union membership or participation in union activity, including the formation of a union, previous employment in a unionized facility, participation in collective bargaining efforts or participation in a legal strike.

FOA.5.2 Employers shall not use blocklists to restrict freedom of association, for instance blocklists based on union membership or participation in union activity.

FOA.6 Restoration of Workers Rights / Reinstatement

Workers who have been unjustly dismissed, demoted or otherwise suffered a loss of rights and privileges at work due to an act of union discrimination shall, subject to national laws, be entitled to restoration of all the rights and privileges lost, including reinstatement and retroactive payment of wages, if they so desire.

FOA.7 Protection of Union Representatives

Vendors shall comply with all relevant provisions where national laws provide special protection to workers or worker representatives engaged in a particular union activity (such as union formation) or to worker representatives with a particular status (such as founding union members or current union office holders).



FOA.8 Production Shift / Workplace Closure

FOA.8.1 Vendors shall not (threaten to) shift production or close a workplace site in an attempt to prevent the formation of a union, in reaction to the formation of a union, in reaction to any other legitimate exercise of the right to freedom of association and collective bargaining, including the right to strike, or in an effort to break up a union.

FOA.8.2 If a workplace is closing and there is a dispute that the closure was done to prevent or hamper the legitimate exercise of the right to freedom of association, Vendors shall provide proof that can be assessed by a third party to determine the validity of the reasons given for closure.

FOA.9 Severance Pay

Vendors shall not offer or use severance pay in any form or under any other name as a means of contravening the right to freedom of association, including attempts to prevent or restrict union formation or union activity, including strikes.

FOA.10 Vendor Interference

Vendors shall refrain from any acts of interference with the formation or operation of workers' organizations, including acts which are designed to establish or promote the domination, financing or control of workers' organizations by Vendors.

FOA.11 Vendor Interference / Constitution, Elections, Administration, Activities and Programs

Employers shall not interfere with the right of workers to:

FOA.11.1 Draw up their constitutions and rules

FOA.11.2 Elect their representatives

FOA.11.3 Organize their administration and activities

FOA.12 Vendor Interference/Registration

Vendors shall not attempt to influence or interfere in any way, to the detriment of workers' organizations, with government registration decisions, procedures and requirements regarding the formation of workers' organizations.

FOA.13 Vendor Interference / Favoritism

Vendors shall not interfere with the right to freedom of association by favoring one workers' organization over another. In cases where a single union represents workers, Vendors shall not attempt to influence or interfere in any way in workers' ability to form other organizations that represent workers.

FOA.14 Vendor Interference / Police and Military Forces

Vendors shall not in any way threaten the use of or use the presence of police or military, to prevent, disrupt or break up any activities that constitute an exercise of the right to freedom of association, including union meetings, assemblies and strikes.

FOA.15 Facilities for Worker Representatives

Worker representatives shall have the facilities necessary for the proper exercise of their functions, including access to workplaces and office space where required by law.

FOA.16 Right to Collective Bargaining / Good Faith

FOA.16.1 Vendors shall recognize the rights of workers to free and voluntary collective bargaining with a view to the regulation of terms and conditions of employment by collective agreements.

FOA.16.2 Vendors and worker representatives shall bargain in good faith, i.e. engage in genuine and constructive negotiations and make every effort to reach an agreement.

FOA.17 Right to Collective Bargaining / Exclusive Bargaining and Other Recognized Unions

Vendors shall bargain with any union that has been recognized by law or by agreement between the Vendor and that union, provided such agreement does not contravene national law, as a, or the exclusive, bargaining agent for some or all of its workers.

FOA.18 Right to Collective Bargaining / Unorganized Workers

Vendors can only engage in collective bargaining with representatives of unorganized workers when no workers' organization exists.



FOA.19 Right to Collective Bargaining / Compliance with Collective Bargaining Agreement

FOA.19.1 Vendors, unions and workers shall honor in good faith, for the term of the agreement, the terms of any collective bargaining agreement they have agreed to and signed.

FOA.19.2 Worker representatives and workers shall be able to raise issues regarding compliance with a collective bargaining agreement by Vendors without retaliation or any negative effect on their employment status.

FOA.19.3 Where a union exists in the workplace, employers shall make available a copy of the collective bargaining agreement to all workers and other interested parties.

FOA.20 Right to Collective Bargaining / Validity of Collective Bargaining Agreement

FOA.20.1 Collective bargaining agreements that have not been negotiated freely, voluntarily and in good faith shall be considered not applicable.

FOA.20.2 Provisions in collective bargaining agreements that contradict national laws, rules and procedures or offer less protection to workers than provisions of the lululemon VCoE or the FLA Workplace Code shall also be considered not applicable.

FOA.21 Rights of Minority Unions and their Members

Unions not recognized as a bargaining agent of some or all of the workers in a facility shall have the means for defending the occupational interests of their members, including making representations on their behalf and representing them in cases of individual grievances and disciplinary actions, within limits established by applicable law.

FOA.22 Right to Strike / Sanction for Organizing or Participating in Legal Strikes

Vendors shall not impose any sanction on workers organizing or having participated in a strike in accordance with ILO standards and jurisprudence.

FOA.23 Right to Strike / Replacement Workers

Vendors shall not hire replacement workers in order to prevent or break up a strike that is in accordance with ILO standards and jurisprudence, or to avoid negotiating in good faith.



RESPECTFUL AND INCLUSIVE WORKPLACES

7

Compensation & Benefits

The Vendor shall acknowledge that every worker has a right to compensation for a regular work week that is sufficient to meet the worker's basic needs and provide some discretionary income. Workers shall be paid at least the minimum wage or the appropriate prevailing wage, whichever is higher, and compensated at a premium rate for overtime. Vendors must comply with all legal requirements on wages, and provide any benefits required by law, contract, or global best practice. Where compensation does not meet workers' basic needs and provide some discretionary income, each Vendor shall work with lululemon to take appropriate actions to progressively realize a level of compensation that does. Female employees must be entitled to maternity protection — leave and benefits as well as protection against discrimination — in accordance with the requirements of national laws and regulations.

C.1 General Compliance Compensation

C.1.1 Vendors shall comply with all national laws, regulations and procedures concerning the payment of compensation to workers. In any case where differences or conflicts in national law, lululemon VCoE, and the FLA Workplace Code arise, Vendors are expected to apply the highest standard.

C.1.2 In any case where national laws, regulations and procedures do not address the payment of compensation to workers, Vendors shall follow all standards in the lululemon VCoE and the FLA Workplace Code that apply to administration and payment of compensation and shall provide an employment contract that includes stipulation of compensation payment to workers.

C.1.3 If not provided by law, Vendors must provide protection to workers who allege violations of compensation laws, regulations, and procedures.

C.1.4 There shall be no differences in compensation for workers for work of equal value on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, social group or ethnic origin. This includes that (1) compensation includes the basic minimum or prevailing industry wage and fringe benefits arising out of the workers employment made directly or indirectly, whether in cash or in-kind, by the Vendors to the workers, (2) fringe benefits include wage differentials or increments based on seniority or marital status, cost of living allowances, housing or residential allowances, family allowances, and nonwage compensation (e.g. allotment for cleaning of work clothes or safety equipment) and social security benefits, and (3) Vendors shall ensure that migrant/contract/contingent/temporary workers are compensated directly and in full, without deduction for recruitment fees or any other agency charge for services, such as obtaining residency permits or work visas on behalf of workers.

C.1.5 If not provided by law, Vendors must provide protection to workers who allege discrimination in compensation.

C.2 Minimum Wage

Vendors shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher, for regular working hours (not including overtime). Workers should also be informed about the legal minimum wage.

C.3 Training and Probation Wage

Where probationary employment is legally allowed, the wage shall workers shall:

C.3.1 Receive at least the minimum wage for regular workers or the prevailing industry wage for regular workers, whichever is higher;

C.3.2 Receive all legally mandated benefits;

C.3.3 No worker shall work more than three months in this employment category.

C.4 Apprenticeship/Vocational Training Wage

For the time-period during which they receive training, apprentices and vocational trainees shall:

C.4.1 Receive at least the minimum wage for regular workers or the prevailing industry wage for regular workers, whichever is higher;

C.4.2 Receive all legally mandated benefits; and

C.4.3 If local law allows for a lower minimum wage for apprentices/trainees, this lower minimum wage may only be applied for the first 30 days, if that time is dedicated primarily to training and not to production or other essential tasks.



C.5 Contract, Contingent or Temporary Workers Wage

Contract/contingent/migrant/temporary workers shall:

C.5.1 Receive at least the minimum wage for regular workers or the prevailing industry wage for regular workers, whichever is higher;

C.5.2 Receive all legally mandated benefits;

C.5.3 Receive at least the same compensation as regular workers performing the same job functions or tasks with similar levels of experience or seniority.

C.6 Timely and Direct Payment of Wages

All wages, including payment for overtime, shall be paid within legally defined time limits. When no time limits are defined by law, compensation shall be paid at least once a month.

C.7 Accurate Calculation, Recording, and Payment of Wage

All payments to workers, including hourly wages, piecework, benefits and other incentives shall be calculated, recorded, and paid accurately.

C.8 Accurate Length of Service Calculation

All workers shall be credited with all time worked for a Vendor for purposes of calculating length of service and determine the benefits to which workers are entitled.

C.9 Calculation Basis for Overtime Payment

Vendors shall compensate workers for all hours worked.

C.9.1 The factory shall comply with all applicable laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days, and overtime.

C.9.2 Workers shall be compensated for overtime hours at such premium rate as is legally required in the producing country. In those countries where there is no legally established overtime premium, employees shall be compensated for overtime hours at the prevailing industry premium rate or at the internationally recognized overtime rate, whichever is higher.

C.10 Overtime Wage Awareness

Workers shall be informed, orally and in writing, in language(s) spoken by workers about overtime wage rates prior to undertaking overtime.

C.11 Nonpayment of Incentives

Regardless of any production quotas, incentives shall not be reduced or not paid if the result shall be wages below the legal minimum wage or the prevailing industry wage, whichever is higher.

C.12 Deposit of Legally Mandated Deductions

C.12.1 All legally mandated deductions for taxes, social insurance, or other purposes shall be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc.

C.12.2 Vendors shall not hold over any of these funds from one pay period to the other unless the law specifies that deposits are to be made less frequently than pay periods (e.g. monthly deposits, weekly pay).

C.12.3 If the law does not specify, then deposits shall be made before the next pay period in all cases.

C.13 Voluntary Wage Deductions

Voluntary wage deductions including for savings clubs, loan payments, union membership dues, or any other union fees, can only be made with the express and written consent of individual workers unless (in the case of union dues and fees) specified otherwise in freely negotiated and valid collective bargaining agreements. In all cases, voluntary wage deductions must fall within the limits and conditions specified by law, such that (1) written consent shall be documented in employee files, and (2) all such voluntary deductions shall be credited to proper accounts, and Vendors shall not hold funds illegally or inappropriately.

C.14 Voluntary Wage Deduction / Workers Access to Information

Workers shall have access to regular and full information concerning the status of relevant accounts and the status and level of their payments thereto.

C.15 Pay Statement

Vendors shall provide workers a pay statement in languages understood by workers each pay period and not less frequently than once a month, which shall show:

C.13.1 earned wages,

C.13.2 wage calculations,

C.13.3 total number of hours worked,

C.13.4 regular and overtime pay,

C.13.5 bonuses,

C.13.6 all deductions, and

C.13.7 final total wage.



C.16 Compensation Receipt

C.16.1 All compensation records, including wages and benefits whether in cash or in-kind, must be properly documented and their receipt and accuracy must be confirmed by the relevant worker in writing (e.g. signature, thumbprint).

C.16.2 No one can receive wages on behalf of a worker, unless the worker concerned has, in full freedom, authorized in writing for another person to do so.

C.17 Record Maintenance

Vendors shall ensure that all legally required payroll documents, journals and reports are available, complete, accurate and up-to date.

C.18 False Payroll Records

Vendors shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason. Payroll records maintained shall be authentic and accurate.

C.19 Workers Awareness and Understanding of Compensation

Vendors shall make every reasonable effort to ensure workers understand their compensation, including: (1) the calculation of wages, (2) incentives systems, (3) benefits, and (4) bonuses they are entitled to at the workplace and under applicable laws. (6) Vendors shall communicate orally and in writing to all workers all relevant information in the local language or language spoken by the workers, if different from the local language.

C.20 Vendor Provided Benefits

C.20.1 All workers have a right to use or not to use services provided by Vendors, such as housing or meals.

C.20.2 Deductions for services to workers shall not exceed the cost of the service to Vendors.

C.20.3 Vendors must be able to demonstrate the accuracy or reasonableness of these charges.

C.21 Legally Mandated Benefits

C.21.1 Vendors shall provide all legally mandated benefits, including holidays, leave, bonuses, severance payments and 13th month payments to all eligible workers within legally defined time periods.

C.21.2 All benefits shall be calculated correctly.

C.22 Compensation Disputes

Vendors must establish a system through which workers can dispute compensation and receive clarifications in this respect in a timely manner.

C.23 Fair Compensation / Basic Needs

Where compensation for a regular work week is not sufficient to meet workers' basic needs and provide some discretionary income, each Vendor shall work with lululemon to take appropriate actions that seek to progressively realize a level of compensation that does.

C.24 Piece Rate / Minimum Wage

C.24.1 Vendors shall not set production targets, piece rates or any other incentive or production system at such a level that workers need to work beyond regular working hours as set under the lululemon VCoE, excluding overtime, in order to make at least the minimum wage or the prevailing industry wage, whichever is higher.

C.24.2 Vendors shall not set production targets, piecework, or any other incentive or production system at such a level that the payment for overtime work performed is less than the premium pay required by law or the lululemon VCoE.

C.25 Wage Advances

C.25.1 Wage advances shall not exceed three months' pay or legal limits, whichever is less.

C.25.2 Advances shall only be made following clearly established rules which have been communicated to workers. Advances must be properly documented and their receipt and accuracy must be confirmed by the relevant worker in writing (e.g. signature, thumbprint).

C.25.3 No interest may be charged for wage advances.

C.26 The above benchmarks also apply for workers who reached retirement age and continue to work as full-time workers doing the same type of work.



RESPECTFUL AND INCLUSIVE WORKPLACES

8

Working Hours and Overtime

The Vendor shall not require workers to work over 48 hours in a regular workweek. All overtime work must be voluntary, compensated at a premium rate and must not be requested on a regular basis. Vendors must provide at least a consecutive 24-hour rest day in every seven-day period, as well as statutory leave and holidays. Vendors must ensure that workers' working hours, including overtime, do not exceed 60 hours per week or the local legal limit, whichever is less, except under extraordinary circumstances. Break time must be respected as per the national laws and regulations.

HOW.1 General Compliance Hours of Work

HOW.1.1 Vendors shall comply with all national laws, regulations and procedures concerning hours of work, public holidays and leave.

HOW.1.2 If not provided by law, employers must provide protection to workers who allege violations of regulations governing work hours.

HOW.2 Rest Day

Workers shall be entitled to at least 24 consecutive hours of rest in every seven-day period. If workers must work on a rest day, an alternative consecutive 24 hours must be provided within that same seven-day period or immediately following.

HOW.3 Meal and Rest Breaks

Vendors shall provide reasonable meal and rest breaks, which, at a minimum, must comply with national laws.

HOW.4 Protected Workers (Women and Young Workers) / Regulations on Hours of Work

The workplace shall comply with all applicable laws governing work hours regulating or limiting the nature, frequency and volume of work performed by women or workers under the age of 18.

HOW.5 Protected Workers (Women and Young Workers) / Record Keeping

Vendors shall maintain necessary records identifying all women workers and all workers under the age of 18 entitled to legal protection concerning work hours.

HOW.6 Maintenance of Reasonable Levels of Staff

Vendors' personnel practices shall demonstrate an effort to maintain a level of staffing that is reasonable in view of predictable or continuing fluctuations in business demand.

HOW.7 Overtime/Calculation over Period Longer than One Week

Vendors are allowed to calculate regular hours of work as an average over a period of longer than one week, where national laws, regulations and procedures provide for such a possibility, but only when all formal and procedural requirements attached to such calculation (for instance, obtaining official permission from the relevant authorities or limits to the period during which such calculations can be made) are met. However, the basis for such calculation shall not exceed 48 hours per week.

HOW.8 Forced Overtime

HOW.8.1 Vendors shall not require workers to work more than the overtime hours allowed by the law of the country where the workers are employed.

HOW.8.2 All overtime work shall be consensual, and vendors shall enact a voluntary overtime system, including for any overtime utilized in exceptional circumstances.

HOW.9 Exceptional Circumstance / Overtime Explanation

HOW.9.1 Vendors shall be able to provide explanation for all periods when the exceptional circumstances exception has been used.

HOW.9.2 Vendors shall take reasonable steps to inform workers about the nature and expected duration of the circumstances sufficiently in advance to allow workers to make alternative plans.



HOW.10 Public Holidays

HOW.10.1 Vendors shall provide workers with all official public holidays as required under national laws, regulations and procedures.

HOW.10.2 If not prohibited by local law, any replacement of official holidays with alternative days off must be voluntary and agreed upon in writing by the worker in advance.

HOW.10.3 When using replacement holidays, all legal and lululemon requirements regarding overtime and hours of work apply.

HOW.11 Annual Leave

HOW.11.1 Vendors shall provide workers with paid annual leave as required under national laws, regulations and procedures.

HOW.11.2 Even where national law allows employers to pay extra compensation in lieu of paid annual leave, employers shall ensure that this option is not utilized.

HOW.12 Annual Leave / Determination

HOW.12.1 Vendors shall not impose any undue restrictions on workers' use of annual leave.

HOW.12.2 The time at which annual leave is taken is determined by Vendors in consultation with workers, taking into account work requirements and the opportunities for rest and relaxation available to workers.

HOW.13 Annual Leave / Procedures

HOW.13.1 Any workplace procedures regulating timing of annual leave (e.g., requiring a minimum period of service before being allowed to use annual leave, written requests to be submitted a certain time before the annual leave) must be in line with national laws, regulations, and procedures.

HOW.13.2 Workplace procedures regulating the timing of annual leave must be communicated in full to all workers.

HOW.14 Annual Leave / Wage Payments

Vendors shall provide workers taking annual leave their normal or average wages for the full period of annual leave in advance, unless specified differently under national laws, regulations and procedures.

HOW.15 Leave/Retaliation

Vendors shall not impose any sanction on workers for requesting or taking any type of leave, such as annual, sick, or maternity, in line with all applicable rules and procedures.

HOW.16 Sick Leave

Vendors shall provide workers with sick leave as required under national laws, regulations and procedures.

HOW.17 Sick Leave/Restrictions

Vendors shall not impose any undue restrictions on sick leave. Any workplace procedures regulating sick leave (e.g. informing the Vendor as soon as possible, the provision of medical certificates) must be in line with national laws, regulations and procedures and must be communicated in full to all workers.

HOW.18 Calculation of Absences

Absences from work for reasons beyond the control of workers, such as sick leave or periods during which workplace operations are suspended, shall not be counted as annual leave nor shall they be deducted from calculations concerning length of service, unless specified differently under national laws, regulations and procedures.

HOW.19 Suspension of Work

HOW.19.1 Vendors can only suspend work in accordance with national laws, regulations and procedures.

HOW.19.2 Workers shall be paid in full during periods of suspension, unless national laws stipulate otherwise, workers and their representative organizations agree otherwise, or the relevant national authorities authorize the alternative arrangement.

HOW.19.3 Conditions of suspension should be communicated in full to all workers.



HOW.20 Excessive Hours / Administration

Vendors shall have in place practices that conduct regular analysis of hours of work in their workplaces and procedures that demonstrate a commitment to progressively reducing excessive hours of work.

HOW.21 Overtime Hours

Other than in exceptional circumstances, the total weekly work hours (regular work hours plus overtime including any alternative shifts such as 4x4 or 3x3) shall not exceed 60 hours per week.

HOW.22 Time Recording System

HOW.22.1 Vendors shall have in place policies for managing all working hour, overtime, and leave records in normal and exceptional circumstances.

HOW.22.2 Accurate time records shall be maintained by Vendors, including overtime, breaks, and leave.

HOW.22.3 Time worked by all workers, regardless of wage system, shall be fully documented by timecards or other mechanical or electronic recording systems.

HOW.22.4 Vendors shall not maintain multiple time-keeping systems and/or records.

HOW.22.5 Time records maintained shall be authentic and accurate.

HOW.22.6 If not provided by law, employers must provide protection to workers who allege existence of multiple time-keeping systems or falsification of work time records.





SAFE AND HEALTHY WORKERS AND COMMUNITIES

9 Health and Safety

The Vendor shall provide safe and healthy workplace and accommodation settings to prevent accidents and injury to health arising out of, linked with, or occurring in, the course of work or as a result of the operation of Vendors' facilities. Workers must have sufficient health and safety training, access to clean washroom facilities and potable water, and clean and safe accommodations that meet their basic needs.

HS.1 General Compliance / Health and Safety

HS.1.1 Vendors shall comply with all national laws, regulations and procedures concerning health and safety.

HS.1.2 If not provided by law, employers must provide protection to workers who allege violations of health and safety protections.

HS.2 Health & Safety Management Policies & Procedures

HS.2.1 Vendors shall develop, maintain, and regularly review health and safety policies to ensure that they comply with all national laws, regulations and the lululemon VCoE concerning health and safety standards, regulations and procedures.

HS.2.2 The health and safety policies shall contain the framework for a comprehensive health and safety management system including a health and safety risk assessment within which the following are clear and regularly tested and reviewed: (1) Vendors' responsibilities, (2) workers' rights and duties, (3) responsibilities of designated personnel, (4) procedures that enable workers to raise health and safety concerns, (5) procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents), (6) protections to workers who allege health and safety violations, and (7) conducting root cause analysis on workplace accidents and taking proactive action to prevent future accidents.

HS.2.3 Vendors shall identify potential safety risks and hazards in the workplace and inform and train workers accordingly.

HS.3 Document Maintenance/Workers Accessibility and Awareness

All documents required to be available to workers and management by applicable laws (e.g. health and safety policies, SDS, environmental emergency procedures) shall be made available in the prescribed manner and in the local language and language spoken by the workers, if different from the local language.

HS.4 Notification and Record Maintenance

HS.4.1 Vendors shall notify the relevant national and/or local authorities of all illnesses and accidents and environmental emergencies as required by applicable laws.

HS.4.2 All illness, safety, accident, and emergency reports shall be maintained on site for at least one year, or longer if required by law.

HS.5 Permits and Certificates

Vendors shall at all times be in possession of all legally required and valid permits and certificates related to health, safety, and environmental issues, such as:

HS.5.1 Purchase and storage of chemicals

HS.5.2 Fire safety inspections

HS.5.3 Machinery inspections

HS.5.4 Waste disposal

HS.5.5 Environmental licenses/permits

HS.5.6 Sanitation permits, including those required for canteens

HS.5.7 Vehicle inspection and driver permits for all employer provided transportation



HS.6 Evacuation Requirements and Procedure

HS.6.1 All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: (1) posting evacuation plans, (2) installation and maintenance of fire alarms, (3) installation and maintenance of emergency lighting, (4) ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, (5) employee education and training, (6) evacuation procedures and fire drills.

HS.6.2 Workers shall be trained in evacuation procedures.

HS.6.3 Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually.

HS.6.4 The emergency evacuation procedure (EEP) includes procedures for notifying local community authorities in case of accidental discharge or release of chemical/waste products or any other environmental emergency.

HS.6.5 Workers must have access to at least two unlocked exits opening outwards, located in different directions from their workstations, at all times.

HS.7 Safety Equipment and First Aid Training

HS.7.1 All safety and medical equipment (e.g. firefighting equipment, first aid kits) shall be available in sufficient numbers throughout the workplace, maintained and stocked as prescribed, and easily accessible to workers.

HS.7.2 A sufficient number of workers, during each shift, shall be trained in first aid and firefighting techniques. Training shall be upon hire and with periodic refresher training.

HS.8 Personal Protective Equipment (PPE)

Workers shall be provided at no cost with all the appropriate and necessary personal protective equipment (e.g. gloves, eye protection, hearing protection, respiratory protection) to effectively prevent unsafe exposure (e.g. inhalation or contact with solvent vapors, noise, dust) to health and safety hazards, including medical waste.

HS.9 Use of Personal Protective Equipment

Workers shall be provided with training on the use and maintenance of personal protective equipment. Training shall be upon hire with periodic refresher training offered to all workers. Management will ensure use of PPE as necessary.

HS.10 Chemical Management and Training

HS.10.1 All chemicals and hazardous substances shall be properly labeled and stored in secure and ventilated areas and disposed of in a safe and legal manner, in accordance with applicable laws and international standards. Labels shall be placed in the local language and the language spoken by workers, if different from the local language.

HS.10.2 Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances.

HS.11 Safety Data Sheets / Workers Access and Awareness

HS.11.1 Vendors must properly manage and use Safety Data Sheets (SDS) and Technical Data Sheets (TDS) to select the chemicals to be used in lululemon products.

HS.11.2 Safety Data Sheets (SDS) for all chemicals and hazardous substances used in the workplace must be available at the usage and storage sites of the chemicals and hazardous substances, in the local language and the language spoken by workers, if different from the local language.

HS.11.3 Workers shall have free access to SDS.

HS.12 Chemical Management / Pregnant Women and Young Workers

To prevent unsafe exposure to hazardous chemicals and hazardous substances, appropriate accommodations shall be made for pregnant women and workers under the age of 18, as required by applicable laws or the provisions of the lululemon VCoE or the FLA Workplace Code, in a manner that does not unreasonably disadvantage workers.

HS.13 Protection Reproductive Health

Vendors shall ensure that women are not engaged in work that constitutes a substantial risk to their reproductive health.

HS.14 Ventilation/Electrical/Facility Installation and Maintenance

All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and to prevent or minimize hazardous conditions to workers in the facility.



HS.15 Machinery Safety, Maintenance and Workers Training

HS.15.1 All production machinery, equipment and tools shall be properly guarded and regularly maintained.

HS.15.2 Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use.

HS.15.3 Vendors shall ensure safety instructions are either displayed or posted near all machinery or are readily accessible to the workers in language(s) spoken by workers.

HS.16 Proper Use of Machinery

Vendors shall not use negative incentives like monetary penalty schemes to ensure workers use machinery, equipment and tools safely and properly. Rather, training on risk awareness, proper machine use, as well as positive incentives like bonuses should be used.

HS.17 Workers Refusal to Use Unguarded or Unsafe Machinery

Workers shall not suffer any negative consequences for refusing to work with machinery, equipment or tools that are not properly guarded or reasonably considered unsafe.

HS.18 Ergonomics

HS.18.1 Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains.

HS.18.2 Vendors shall train workers in proper lifting techniques, and items such as lifting belts shall be provided.

HS.19 Medical Facilities

HS.19.1 Medical facilities shall be established and maintained in factories as required under applicable laws.

HS.19.2 Medical staff shall be fully licensed and recognized under applicable national rules and regulations. An appropriate number of medical staff shall be on duty during all working hours, including during overtime, as required under national law.

HS.19.3 An appropriate stock of medical supplies shall be maintained at all times. Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner.

HS.20 Sanitation in Workplace Facilities

All facilities including workplace buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical, and safety and health regulations.

HS.21 Toilets

Vendors shall establish the number of toilets required under applicable laws within reasonable distance of the workplace. In addition, the following should also be considered: number of toilets based on number of workers, privacy for each individual and gender, accessibility, and hygiene.

HS.22 Toilets / Restrictions

Employers shall not place any undue restrictions on toilet use in terms of time and frequency.

HS.23 Food Preparation

HS.23.1 All food made available to workers shall be prepared, stored, and served in a safe and sanitary manner in accordance with all applicable laws and international standards.

HS.23.2 All workers handling food must be trained and/or certified to work in the facility preparing or serving food.

HS.24 Drinking Water

HS.24.1 Safe and clean drinking water shall be freely available at all times, within reasonable distance of the workplace, such that (1) drinking water shall be of a reasonable temperature, and (2) the means to drink water (e.g. cups) must be safe and sanitary and available in an appropriate number.

HS.24.2 Vendors shall conduct and document regular water testing to ensure that drinking water is safe and potable.

HS.24.3 Vendors shall not place any undue restrictions on drinking water in terms of time and frequency.

HS.25 Dormitory Facilities

HS.25.1 Dormitory facilities, including those provided by employment agencies or intermediaries associated with the Vendor, shall meet all applicable laws and regulations related to health, safety, and environment, including fire safety, sanitation, risk protection and electrical, mechanical, and structural safety. All dormitories shall be kept secure, clean, and have safety provisions (e.g. fire extinguishers, first aid kits, unobstructed emergency exits, emergency lighting).

HS.25.2 Emergency evacuation drills shall also be conducted at least annually.



HS.26 Dormitories Separate from Production Facilities

All dormitory facilities must be structurally sound, in good repair, and located separately from production, warehouse and hazardous chemical storage areas

HS.27 Childcare Facilities / Children on Premises

HS.27.1 Childcare facilities shall not physically overlap with production areas and children shall not have access to production areas.

HS.27.2 Children under the minimum working age shall not be allowed in workplace areas at any time, unless they are part of a guided school tour or other such unusual event.

HS.27.3 Children may not visit workplace areas for any reason.

HS.27.4 All childcare workers must be fully trained and licensed to provide the level of care necessary at the factory. Where local legal requirements are missing, childcare workers must have at least some vocational training for childcare.

HS.27.5 Childcare facility hours must match the working hours of the factory shift schedule, following any regulations provided by local law.

HS.28 Safe Transport

Where management provides dedicated transport for the movement of the workforce within the workplace, these shall conform to the minimum standards set down in the appropriate national transport legislation. In the absence of such legislation, the management shall make every reasonable effort to minimize risk to the workforce whilst transporting them.

HS.29 External Contractors

Employers shall create a system to ensure that all necessary Health and Safety protections are provided for external contractors; including protection when working within, confined spaces, maintenance issues, and general Health and Safety Issues.

HS.30 High- Risk Areas

Employers shall provide all necessary protection for workers when working at heights, confined spaces, and other high-risk areas.



SAFE AND HEALTHY WORKERS AND COMMUNITIES

10 Environmental Stewardship

The Vendor shall mitigate negative impacts that their workplace has on the environment and surrounding communities, and must have policies and processes in place to manage chemicals used and wastewater generated in their facilities as stated in lululemon's Vendor Environmental Manual.



E.1 Vendors shall comply with all national laws, regulations and procedures the environment.

E.2 Vendors shall develop, maintain, and regularly review environmental policies to ensure that they comply with all national laws, regulations and the lululemon VCoE concerning environmental standards, regulations and procedures. The environmental policies shall contain the framework for a comprehensive environmental management system including a environmental risk assessment within which the following are clear and regularly tested and reviewed: (1) Vendors' responsibilities, (2) workers' rights and duties, (3) responsibilities of designated personnel, (4) procedures that enable workers to raise environmental concerns, (5) procedures for reporting other environmental issues (for instance, near-miss accidents), (6) protections to workers who allege environmental violations, and (7) conducting root cause analysis on environmental accidents and taking proactive action to prevent future accidents.

E.3 Environmental policies shall include procedures to minimize environmental impacts with respect to energy, air emissions, water, waste, hazardous materials, and other significant environmental risks.

E.4 If not provided by law, employers must provide protection to workers who allege violations of environmental protections.

E.5 Please refer to lululemon's Vendor Environmental Policy and Manual for further information on specific requirements.



HONEST COMMUNICATION

11 Informed Workers

The Vendor shall post this Code in the language(s) of employees in all major workspaces and dormitories, and employees must be trained on its contents.

IW.1 The Vendor must communicate accurate details and train workers on their rights, employment conditions, contract, including pay, hours, overtime, benefits, leave, discipline and grievance procedures as defined by this Code and applicable laws. Annual trainings and evaluations must be completed to measure effectiveness of workers understanding of their rights and benefits.

IW.2 The Vendor must post the lululemon “Vendor Code of Ethics” or related poster, in the language(s) of its employees in all major workspaces and dormitories.

HONEST COMMUNICATION

12 Effective Grievance Mechanism

The Vendor shall implement procedures that allow employees to raise and address workplace grievances confidentially, anonymously, and/or directly, without fear of reprisal or retaliation. The procedure shall be clearly communicated to all employees. Vendors must promptly respond to employees’ concerns.

GM.1 The Vendor must implement a mechanism that allows workers to report harassment and grievances confidentially, anonymously, and/or directly, without fear of reprisal or retaliation. The procedure shall be clearly communicated to all workers. The procedure must include workers’ ability to report any concerns or problems they may be experiencing around legally owed payments during a retrenchment process.

GM.2 The Vendor must have in place written procedures to address Workers’ concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned.

GM.3 The Vendor shall have in place written procedures that allow a direct settlement of the grievance by the worker and the immediate supervisor. Where this is inappropriate or has failed, there should be additional options for senior management review and consideration, depending on the nature of the grievance and the structure and size of the enterprise.

GM.4 The Vendor shall ensure that the grievance procedures and applicable rules are known to workers, and that workers are fully trained on their use.

GM.5 The grievance procedure must not be used to undermine the role of trade unions and collective bargaining processes and must not hinder access to other existing judicial, arbitration or administrative procedures.

GM.6 Where the above described procedures are inappropriate or have failed, there should be additional options for senior management review and consideration, depending on the nature of the grievance and the structure and size of the enterprise.

GM.7 The Vendor should ensure feedback mechanisms are open to members of communities where they operate allowing for communication of any concerns or suggestions.

GM.8 The Vendor shall have in place procedures to track the number, types, and timing and resolution of grievances, and to communicate the resolution of grievances to the workforce.

GM.9 The Vendor shall have a system in place to prevent retaliation against or discrimination towards workers who are filing grievances, including grievances regarding harassment, abuse, violations of factory procedures, compensation, or unsafe working conditions.



HONEST COMMUNICATION

13 Be Open, Transparent and Cooperative

The Vendor and lululemon shall cooperate and engage on a regular basis to actively mitigate negative impacts from operations and resolve findings that may affect the lives of workers, the environment, or the surrounding communities. Vendors shall not use unauthorized subcontracting or homework, and Vendors must provide access to lululemon or its third-party representatives, in order to fully cooperate with any audits or investigations.

T.1 The Vendor must be open, providing lululemon full disclosure to complete and accurate documentation and full access to workers and facility premises.

T.2 The Vendor must be transparent by providing lululemon with all production-related information, practices and resources related to the well-being of the workforce, the environment and material traceability (e.g. country of origin, supplier details, transaction certificates).

T.3 Vendors must inform lululemon within 24 hours in events of fire, serious worker injuries, legal violations, or incidents of similar or greater severity.

T.4 The Vendor must communicate any need to expand the lululemon supply base and due diligence of the subcontractor must be done before recommending to lululemon. Each new facility or subcontractor must be approved by lululemon prior to starting business.

T.5 Vendors are accountable to ensure approved subcontractors are making progressive improvement, as well as, monitoring for social and environmental responsibility using standards that meet or exceed our Code. The Vendor must have adequate policies and procedures to monitor subcontractor compliance. Vendors' contracts with their own subcontractors and upstream suppliers must stipulate that such businesses also uphold standards that meet or exceed the lululemon Code and Benchmarks.

T.6 Homework and labour-only contracting must not be used.

HONEST COMMUNICATION

14 Fair Dealings

The Vendor shall avoid all forms of corruption, including extortion, bribery, or other abuses of power to gain an advantage.

C/B.1 The Vendor must have their own anti-corruption/bribery policy and procedure with a zero tolerance stance.

C/B.2 The Vendor must not accept or offer inappropriate gifts, payment or other favours relating to business operations, including to lululemon representatives or auditors.

