

Responsible Recruitment: Steps taken to date in sourcing countries outside of Taiwan

Following the success of our Foreign Migrant Worker No Fee program in Taiwan, we have extended the program to further countries where our vendors employ Foreign Migrant Workers (FMW): Thailand, Malaysia and Japan. We started to engage with a total of 5 facilities in these countries between 2019 and 2020. The first step is to provide vendors and facilities with our Foreign Migrant Worker Standard 2.0 (attached to our KTC submission), to clarify our expectations as a brand and have an open discussion with the vendors around implementing these requirements. In early 2020, we organized vendor trainings via zoom. The 90-minute sessions were held individually with vendors to cover the specific issues and challenges with regards to forced and bonded labor, lululemon's expectations, and approaches to implement the no fee program. Following the training, we work together with our vendors in establishing a roadmap towards no fees. The COVID19 pandemic caused a slight shift in the timeline, and we are currently in the process of finalizing these roadmaps. To date, one vendor confirmed completion, and we are awaiting on-site verification.

2,700 workers benefitted from the eradication of recruitment fees

- *Understanding recruitment channels: How do you work to understand where workers are coming from, and what practices recruitment agencies have in place?*

As a first step, we ask the vendor to map all foreign migrant workers in the facility, including the sending countries and recruitment channels. Together with Verité, we then interview the workers as well as the recruitment agencies, both in the sending and the receiving country. The interviews allow us to gain a better understanding of recruitment paths, and the policies and procedures that govern this process, from the worker's, recruitment agency's and vendor's perspective. In Taiwan, we also engaged with the Direct Hiring Office, to understand further hiring channels not connected to professional recruitment agencies. The Direct Hiring Office also joined a training session for vendors to provide training and guidance on hiring through the DHO.

- *Mapping costs of fees: How do you understand what fees workers have been paid?*

We start by engaging Verité, who created Migration Corridors Fact Sheets, and by researching industry available information, e.g. through partnership with the Responsible Labor Initiative and the IOM to gain a better understanding of the typical and possible costs. In partnership with Verité, we then connect with our vendors and their workers, as well as the labour departments and recruitment agencies in the sending country and receiving country, to gain visibility over the process and the costs connected for each of the parties. On-site at our vendors, assessors conduct a thorough documentation check, including worker pay slips, payment records and employment contracts, as well as contracts between workers and the recruitment agency, as well as the vendor and the recruitment agency. Our checks include mandatory costs like work visa, health check, evidence of payment from workers, agents or vendors. Wherever workers bore costs, we ensure that they are fully reimbursed by the vendor in a timely manner (usually within 1 month upon their arrival at the factory).

- *How do you make sure workers did not have to pay fees? E.g., what documents have been checked (such as contractual relationships with recruiters, letters regarding worker visa, etc.)?*

We require full visibility and traceability of the documentation related to Foreign Migrant Worker recruitment, hiring, training etc. from our vendors and their recruitment partners. During on-site verification visits, we check the worker's personnel file, pay slips, the contract with the vendor as well as with the recruitment agency, among others. We also conduct interviews with foreign migrant workers to verify that no fees have been paid and assess their understanding of their rights and the recruitment process. Where we find discrepancies, we engage with the vendor as well as with the recruitment company in the sending and receiving countries (together with the vendor) to ensure that the no fee commitment for Foreign Migrant Workers is upheld, outstanding fees are reimbursed to the worker immediately, and the documentation is correct.

- *Details on worker involvement in the program – how did you verify this with worker interviews? Were workers otherwise involved in the program?*

We conduct worker interviews in the beginning of the program covering all foreign migrant workers' nationalities to understand the recruitment process and connected costs. Together with information gathered through research and from vendors and recruitment agencies in the sending and receiving countries, this informs how vendors are supported in establish their action plans to no fee implementation. During on-site verification visits, worker interviews form an essential part in assessing whether the no fee commitment has been effectively implemented by the vendor, and the level of understanding that the worker has of their rights during the process. It is a requirement of the program for our vendors to ensure that foreign migrant workers fully understand their rights and responsibilities through the recruitment process and as an employee in the facility.

In early 2021, we completed the program in Taiwan, and all our Taiwanese vendors now adhere to the no fee commitment. We follow up on this commitment by regularly tracking the number of foreign migrant workers recruited and repatriated on a regular basis. This allows us visibility, continuity and further improvement.