

Lululemon Athletica Inc. (Lululemon)

TICKER
 NAS:LULU

MARKET CAPITALISATION
 US\$41.37 billion

HEADQUARTERS
 Canada

DISCLOSURES

 UK Modern Slavery Act: [Yes](#)

 California Transparency in Supply Chains Act: [Yes](#)

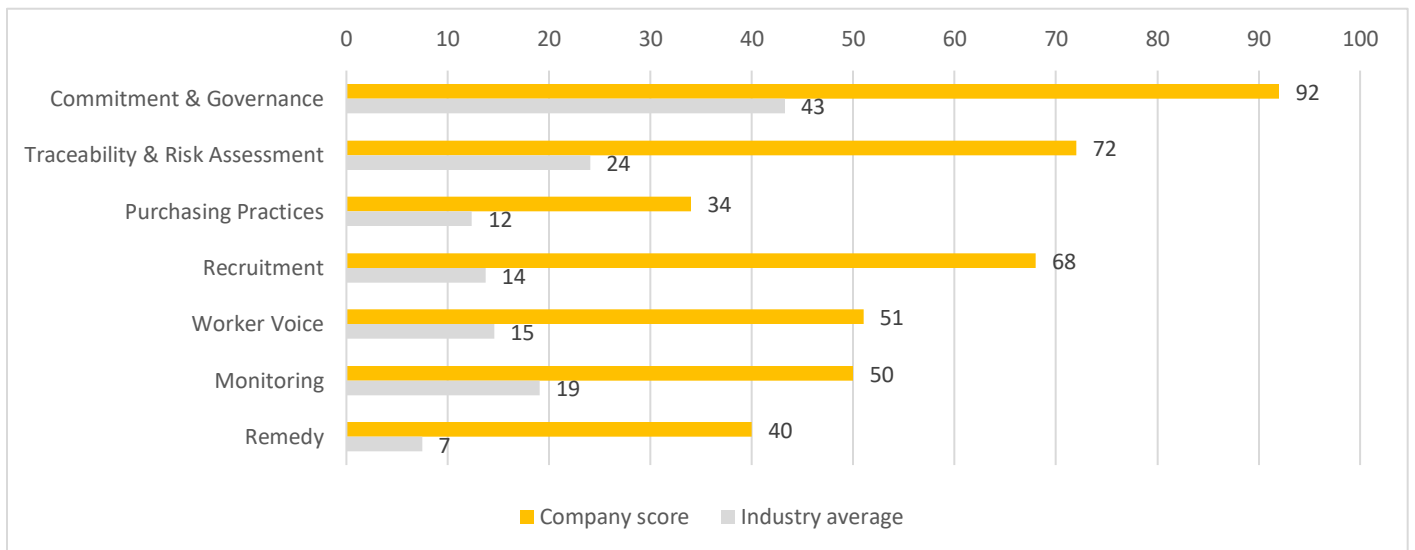
 Australia Modern Slavery Act: [Yes](#)
OVERALL RANKING

1 out of 65

[2021 Rank](#): 1 out of 37

OVERALL SCORE

63 out of 100

THEME-LEVEL SCORES

KEY DATA POINTS
FIRST-TIER SUPPLIER LIST

Yes

RISK ASSESSMENT

Yes

DATA ON PURCHASING PRACTICES

Yes (one data point)

ENGAGED WITH KNOWTHECHAIN²

Yes

NO-FEE POLICY

Yes (Employer Pays Principle)

REMEDY FOR SUPPLY CHAIN WORKERS

Yes

HIGH-RISK RAW MATERIALS¹

Cotton, rubber, wool

SUMMARY

Lululemon Athletica Inc. (Lululemon), one of the largest sportswear companies in the world,³ ranks 1st out of 65 companies. Compared to 2021, the company maintained its rank. This is because the company began disclosing data on migrant workers in its supply chains, new training for second-tier suppliers in Taiwan on how to cascade its policies addressing forced labour to their subcontractors, and further examples of remedy outcomes for supply chain workers, including the remediation of recruitment-related fees at second-tier subcontractors. Notably, the company is the highest-scoring company on the themes of Commitment & Governance and Recruitment. However, with a score of 63/100, the company continues to have substantial scope for improvement on its prevention and management of forced labour risks.

KnowTheChain identified one allegation in the company's supply chains, related to the use of alleged Uyghur forced labour. However, the company does not disclose the steps it has taken to address the risks of alleged Uyghur forced labour across raw materials and supply chain tiers.

The company has an opportunity to improve its performance and disclosure on the themes of Traceability & Risk Assessment, Purchasing Practices, and Worker Voice.

LEADING PRACTICES

Commitment & Governance: The company discloses how it has facilitated the cascading of its supply chain standards addressing forced labour beyond the first tier, including providing both first- and second-tier suppliers with mandatory training on forced labour prevention. It further reports training second-tier suppliers in Taiwan on how to cascade its supply chain requirements to their subcontractors, including in addressing context-specific risks related to foreign migrant workers. Lululemon also discloses monitoring second-tier suppliers, and states it has found that 60% of tier 2 supplier assessments found that grievance mechanisms were established for workers.

Recruitment: Lululemon discloses strong detail on how it ensures the implementation of the Employer Pays Principle in its Taiwan supply chains, ensuring no worker pays for a job. It outlines how it obtains an understanding of the recruitment channels used for hiring migrant workers and assesses recruitment costs. It states 19 suppliers hire migrant workers and use around 50 recruitment agencies in both Taiwan and the sending countries. Lululemon discloses the practices that some suppliers are using to meet no-fee requirements: for example, one supplier has a system to hire migrant workers from Indonesia through a direct hiring channel without using overseas labour agents which could reduce 70% of recruitment costs; another supplier is using Vietnam and Thailand facilities to provide local recruitment services and therefore reducing costs charged by overseas labour agents. The company reports it is expanding this programme to Japan, Korea, and Thailand.

Remedy: Lululemon discloses remediation at a second-tier supplier where workers paid excessive hiring fees and travel costs. It states it ensured the repayment of fees to the workers and remediation also included ensuring all workers had bank accounts so they had full control over their wages. The company states it verified worker satisfaction with the remedy. It also reports in response to reports regarding mandatory overtime at an Indonesian supplier, it ensured the worker received correct remuneration for overtime and the supplier updated its policies and procedures on overtime.

OPPORTUNITIES FOR IMPROVEMENT

Traceability & Risk Assessment: The company discloses strong supply chain transparency over first-tier suppliers and 75% of second-tier suppliers, as well as data on women and migrant workers in its supply chains. While the company notes it is collecting wage data from some supplier facilities, the company is

encouraged to adopt and disclose a strategy for measuring and achieving a living wage in its supply chains, as well as data on living wages in its supply chains.

Purchasing Practices: The company discloses some information on planning and forecasting, as well as its payment terms of 30 days. To address forced labour risks in its supply chains, the company is encouraged to adopt and disclose purchasing practices that decrease the risk of forced labour, and disclose quantitative data evidencing the implementation of responsible purchasing practices. The company may further consider ring-fencing labour costs such that they are not impacted during pricing negotiations. The company should consider integrating responsible buying practices in its contracts with suppliers, to ensure that the responsibility for respecting human rights is shared.

Worker Voice: While the company discloses some limited engagement with unions in its supply chains, as well as data on collective bargaining agreements, to support collective worker empowerment, the company is encouraged to disclose examples covering different supply chain contexts of how it worked with local or global unions to improve freedom of association and/or collective bargaining for its suppliers' workers, such as migrant workers. To guarantee protections for supply chain workers on freedom of association and collective bargaining, the company may consider entering into a global framework agreement or enforceable supply chain labour rights agreements with trade unions or worker organisations.

¹ For further details on high-risk raw materials and sourcing countries, see KnowTheChain's 2023 apparel & footwear benchmark [findings report](#).

² Research conducted through June 2023 or through September 2023, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the Business & Human Rights Resource Centre [website](#).

³ All Top Everything (2023), "[Top 10 Biggest Sportswear Brands in the World](#)." Accessed 21 November 2023.