



November 9, 2022

Dear Business & Human Rights Resource Center,

Thank you for providing lululemon with the opportunity to respond to concerns about workers being retrenched in Sports City International (SCI) factories in the Mactan Economic Processing Zone in Cebu, Philippines.

Feeder Apparel and Metrowear, two of the facilities owned by Sports City in the Mactan Economic Processing Zone in Cebu, Philippines have been production facilities for lululemon since 2012 / 2021 respectively. Throughout 2022, we continued to provide orders to Sports City in line with past practices.

Our guideline for responsible retrenchment is based on FLA and Better Work guidance, and is shared with suppliers when they plan to conduct worker layoffs. It clearly outlines our expectations for a fair retrenchment process, including selection criteria, communication and consultation, adherence to all legal provisions, and providing additional support and dispute resolution mechanisms.

Ahead of the planned retrenchment, Sports City established a detailed retrenchment plan that included clear selection criteria, options for voluntary retrenchment, and detailed severance packages. This plan was presented and approved by the Department of Labor and Employment (DOLE). On the day of layoffs, DOLE was present to oversee the retrenchment process, provide additional guidance for searching employment, and answer any questions by workers.

lululemon's aim is to ensure that our suppliers adhere to all provisions of our Vendor Code of Ethics, and additional guidelines, as well as legal requirements. We remained in close connection to Sports City throughout the retrenchment planning and implementation, and all impacted workers have signed their termination agreement and received their lawful severance, including additional in-kind assistance from SCI and the Department of Social Welfare & Development. We have encouraged Sports City to continue to foster their active relationship with worker representatives, which they have agreed to do.

As a responsible and committed brand, we will continue to be in close contact with the supplier and with the other buyers in the facility to monitor the situation and understand where we can provide further support through this difficult situation.

Sincerely,

A handwritten signature in black ink that reads "Esther Speck". The signature is written in a cursive, flowing style.

Esther Speck
Senior Vice President, Sustainable Business & Impact