

April 13, 2021

**INDEPENDENT INVESTIGATION REGARDING ALLEGED FREEDOM OF
ASSOCIATION AND COLLECTIVE BARGAINING RIGHTS VIOLATIONS AT
CHARTER LINK CLARK, INC. FACTORY**

In October 2020, FLA-affiliated company lululemon athletica (lululemon) requested the FLA to undertake an independent investigation with respect to several allegations concerning freedom of association and collective bargaining rights at the Charter Link Clark, Inc. factory in the Clark Special Economic Zone, Pampanga, Philippines, a supplier to lululemon.

The FLA agreed to conduct what is referred to as a brand-commissioned Safeguard investigation, one of its tools for addressing “instances of significant and persistent compliance” with the FLA’s Workplace Code of Conduct and Compliance Benchmarks in production facilities used by FLA-affiliated companies, suppliers, or university licensees.¹ The FLA commissioned independent investigator Michael B. Ocampo to conduct the investigation.

The request for the independent investigation followed on lululemon’s active engagement with respect to the underlying issues at the factory through monitoring, dialogue with factory management, and other oversight dating back to 2019. These are summarized in the Overview section of the full report.

The FLA appreciates the diligence and thoroughness with which Mr. Ocampo undertook his investigation, notwithstanding particular challenges posted by the ongoing COVID-19 pandemic. The FLA also recognizes the high degree of cooperation afforded both by factory management and union officials during the course of the investigation, as a result of which the investigator was able to obtain the information necessary for him to complete his investigation and report in a timely manner. This included visits to the factory, the conduct of interviews with workers and management officials, a detailed review of pertinent documents, and a substantial worker survey he prepared that is set out in Annexes A and B of the report.

Among his important findings, the investigator verified that a range of serious issues raised concerning anti-union practices and alleged “union favoritism” – as documented in his report – have been largely addressed, with lululemon playing an important role through its engagement with factory management and the parent company and its support for efforts to advance social dialogue and good faith collective bargaining. He also noted that while there were earlier delays in negotiations toward a collective bargaining agreement (CBA) that contributed to the serious issues between workers and factory management documented in the report, a CBA was signed with the CLIEU-FFW union on March 26, 2021 and ratified by a majority of factory workers roughly two weeks later.

¹ While the investigation did not originate as a result of a Third Party Complaint (TPC) received from a union and/or workers at the factory, it proceeded in the same manner as a TPC investigation.

Beyond the investigator's careful analysis of the factory's responses to specific allegations of anti-union practices, verbal harassment and related mistreatment of workers, overtime procedures, the functioning of the Labor-Management Council, and additional areas of concern, his report underscores the central importance of a sustained social dialogue between management and the authorized union in promoting a healthy industrial relations structure. To that end, the report takes note of the recent developments with respect to the signing and ratification of the CBA and the importance of good faith negotiations moving forward – as well as the importance of finding a solution concerning the reinstatement of the two senior union officials, as discussed in both the Findings and Recommendations sections.

The FLA notes the thorough nature of the report's coverage of the issues raised, and how the Findings section at pages 17-35 sets forth Mr. Ocampo's analysis of each issue and the extent to which it has been addressed. In setting out which issues have been resolved sufficiently and those for which improvements are still needed, he provides a foundation for the six specific sets of recommendations for corrective actions that follow at pages 36-39, as well as two additional recommendations now that the CBA has been signed and ratified.

The FLA looks forward to continued communication with lululemon concerning its engagement with factory management on implementation of these recommendations, which will be important to building on the progress to date and to fulfilling the objectives that prompted the request roughly six months ago to initiate this Safeguard investigation.