



Immigration, Refugees and Citizenship Canada

Immigration, Réfugiés et Citoyenneté Canada

Deputy Minister

Sous-ministre

Ottawa K1A 1L1

F# 2022-01265879

SECRET

## MEMORANDUM TO THE MINISTER

### PROPOSAL FOR A SIGNIFICANT INVESTMENT PROJECT AGREEMENT BETWEEN LULULEMON ATHLETICA AND BRITISH COLUMBIA

#### FOR INFORMATION

#### SUMMARY

- The purpose of this memorandum is to inform you about a proposal from British Columbia to establish a Significant Investment Project with lululemon athletica under the terms of the Foreign Worker Annex of the Canada-British Columbia Immigration Agreement (CBCIA). British Columbia is the lead on this initiative, with the Department's support as final signing authority as per the Annex.
- Lululemon is planning to invest and build a new global headquarters in Vancouver, and establish a Centre of Training Excellence that will make Vancouver the focal point for the firm's talent development strategies (see Annex A). A Significant Investment Project will result in a dedicated Labour Market Impact Assessment exemption for work permits of skilled workers to support lululemon athletica's growth strategy.
- Social and Temporary Migration Branch (STMB) has assessed the proposal and has determined that it meets the criteria for Significant Investment Projects articulated in the Annex of the CBCIA.
- In memo 2022-01265880, we have recommended that the Senior Assistant Deputy Minister approve BC's proposal.

#### BACKGROUND:

- The Foreign Worker Annex of the Canada-British Columbia Immigration Agreement (CBCIA) includes a provision that enables the government of British Columbia (BC) to recommend a Significant Investment Project (SIP) that allows companies to hire temporary foreign workers in higher skilled occupations without undergoing a Labour Market Impact Assessment (LMIA). Only the Ontario and BC immigration agreements contain a SIP provision in their Foreign Worker Annexes, under which only one SIP has been submitted and approved to date: the Microsoft

Centre of Excellence located in Vancouver, which was launched in 2014 as one of Microsoft's six development and training centers in the world.

- In order to be approved, a SIP proposal must meet several requirements, including the involvement of highly mobile capital (i.e. liquidity to support new investments) which require access to corporate funds which are subject to a positive investment decision vis a vis hiring from a global talent pool in order to ensure investment success, result in a quantifiable significant investment in the BC economy, facilitate high wage occupations only, not significantly displace employment for Canadians and permanent residents and lastly, result in knowledge transfer to local workers. While the final project approval lies with IRCC, as outlined in the CBCIA, Employment and Social Development Canada (ESDC) must also support the assessment of the final recommendation of the SIP proposal.
- Lululemon asserts existing immigration programs constrain their ability to grow their workforce with the specialized skills they need. The key issues identified relate to delays in processing, limitations around eligible occupations under the Global Talent Stream, and advertising requirements that necessitate disclosure of salaries that put them at a competitive disadvantage in recruiting global talent. Despite extensive efforts to recruit Canadian citizens or permanent residents, lululemon continues to face vacancies in areas such as product design creation, global distribution, and operational functions (finance and human resources) in order to maintain a leading edge in the retail industry and ensure a global perspective.
- From January 2018 to October 2022, approximately 205 work permits have been issued to foreign nationals destined to work for lululemon athletica under the International Mobility Program. Almost half were issued under code C20-Reciprocal Benefits, in which lululemon has demonstrated reciprocal work opportunities are available to Canadians abroad in their international offices.
- In the fiscal year 2021-2022, 1,489 Labour Market Impact Assessment (LMIA) applications for a total of 1,526 positions were approved in British Columbia by ESDC for occupations included in lululemon's SIP proposal. A positive LMIA signals that the hiring of a foreign national for a given occupation is unlikely to have a negative impact on the labour market.

#### CURRENT STATUS:

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- As outlined in the SIP criteria, companies who are approved for a SIP must still endeavor to facilitate workers under current Temporary Foreign Worker Program and International Mobility Program streams where possible.

- The Memorandum of Understanding (Annex B) signed between lululemon athletica and the BC Government outlines roles and responsibilities of each organization, as well as the conditions that must be met in order for temporary foreign workers to be facilitated under the SIP. This gives assurance to BC, as the lead government overseeing this initiative, that lululemon athletica must abide by certain parameters, including the project's evaluation criteria.
- STMB's assessment (see Annex C for detailed assessment) indicates that lululemon athletica's proposal meets the SIP requirements: there is a demonstrated need for high wage workers (possible occupations include purchasing and marketing managers, industrial and software engineers, graphic arts technicians and human resources professionals), it outlines an employee development approach that centers around onboarding, functional training and internships; and it includes commitments to continue quantifiable significant investments in BC communities beyond the duration of the SIP proposal via job creation and a number of philanthropic commitments (which has been further endorsed by municipal and provincial governments). For every subsequent year, lululemon's intention is to decrease dependency on the SIP by continuing to train and recruit local staff, thereby creating a pathway to hire a higher number of Canadians and permanent residents year over year.

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The Department consulted with ESDC who is also supportive of the proposal, as outlined in the annexed letter (Annex D) from the ESDC ADM.

- The SIP facilitation will expire in conjunction with the current CBCIA on April 1, 2026. This SIP can be re-negotiated as part of the renewal process of the Foreign Worker Annex if desired. As per section 13.6 of the CBCIA, IRCC, ESDC or BC can terminate the Annex by providing at least 12 months notice in writing to the other signatories.

### **COMMUNICATIONS IMPLICATIONS:**

- When the 'significant investment project' (SIP) provision of the Canada-BC Immigration Agreement was used in 2014 to the benefit of a Microsoft training centre, there was some criticism. However, at that time, there had been a number of high-profile controversies related to Canadian workers being displaced by foreign workers. Against the backdrop of Canada facing severe labour shortages, it is less likely that the provision's use for lululemon's development of a global headquarters in Vancouver will be controversial.
- While no plans have yet been shared by either the provincial government or other federal partners in this project, a high-profile approach is expected. The Minister could be invited to participate in a broader-scale announcement related to this project and the Department will work with those partners to support that type of event.
- When the implementation date is approaching, an issue note with key messages and responsive Qs and As will be developed to support and explain the use of the SIP provision to support lululemon's project.

**NEXT STEP(S):**

- The Senior Assistant Deputy Minister will send a letter to the Assistant Deputy Minister of Immigration Services and Strategic Planning at the British Columbia Ministry of Municipal Affairs to confirm the department's acceptance of the proposal.
- The Department will work with BC to clarify the timing of the project's implementation and the associated communications required, both of which BC will lead. As required under the CBCIA, IRCC and BC will review the SIP at least one year prior to the expiry of the facilitation to measure outcomes. Additionally, lululemon will submit an annual report on the SIP performance to BC and IRCC to monitor outcomes.

Scott Harris  
Associate Deputy Minister

Arun Thangaraj  
Associate Deputy Minister

Christiane Fox  
Deputy Minister

**Annexes (4):**

- A: Significant Investment Project Proposal
- B: Memorandum of Understanding between BC and lululemon athletica
- C: BC-lululemon SIP Proposal Assessment
- D: Letter of Support from ESDC ADM