





## Welcome

This is lululemon's 2021 Impact Report, a detailed account of the progress we are making in our commitments to support the wellbeing of people and restore a healthier planet.

Our ambition is to be a brand leader in creating a positive impact for our planet and its people. Our transformative role is to help our industry accelerate wellbeing for all by celebrating our interconnectedness, relentlessly pursuing progress, and advancing collective action. This report lays out our growth throughout 2021 on our path to realizing this vision.

### Front Cover Illustration

"We begin our breathing journey at the point when we become aware with the intensity of our emotions. We feel compressed, rhythm is short, fast movement. Lines are tighter with focus on the colour red (power, makes heartbeat faster, commands attention)."

– *Jacque Comrie, report illustrator*



## ABOUT THIS REPORT

This report serves as a platform to share lululemon's enterprise impact strategy. It discloses our progress against publicly stated goals as well as performance related to environmental, social, and governance (ESG) topics under the three pillars of our Impact Agenda—Be Human, Be Well, and Be Planet. It covers global business activity performance for our direct operations (including offices, retail locations, e-commerce, guest education centres, and distribution centres) and supply chain (including manufacturing suppliers and distribution logistics). We're reporting for the fiscal year ending January 31, 2022 (referred to throughout this report as "2021"), unless otherwise noted. Except for greenhouse gas (GHG) emissions data in the Climate Action section, our report does not include information on MIRROR, which we acquired in 2020 and represents a small portion of our business. As our business evolves, we will continue to assess our reporting approach.

Our Supplement includes detailed performance information. It was developed in line with the Sustainable Accounting Standards Board (SASB) framework and references select Global Reporting Initiative (GRI) Standards. We have obtained limited external assurance on select reported metrics, including energy consumption and renewable electricity use in owned and operated facilities, Scope 1 and 2 GHG emissions, and Scope 3 emissions from business travel.

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Thank you for taking the time to read our second annual Impact Report. This report represents our commitment to transparently sharing our impact journey progress and details our work in implementing and further developing innovative solutions to accelerate lasting, positive change for our people, communities, and environment.

The world continues to face many challenges—from the ongoing COVID-19 pandemic to challenges related to mental wellbeing, from racial injustice to the impacts of climate change. At lululemon, we are guided by our three Impact Agenda pillars: **Be Human, Be Well,** and **Be Planet.** This holistic approach enables us to drive our actions in support of our people, the wellbeing of our communities, and a healthier planet for us all.

Earlier this year, we evolved our purpose at lululemon—to elevate human potential by helping people feel their best. I am pleased to see how our purpose is reflected throughout this report, as we embed our impact into our day-to-day practices in order to underpin our company growth strategy and to inspire innovation and progress across our entire organization. To preview our report, here are just a few examples of our actions to help drive change.

In support of our **people and communities**, we have continued to deliver against our Inclusion, Diversity, Equity, and Action (IDEA) commitments. We increased the diversity of our employees to better reflect the communities we serve, broadened our inclusive design programs, maintained gender pay equity for the fifth year in a row, and maintained full pay equity for 100 percent of all US employees. In addition, through the launch of the lululemon Centre for Social Impact, we invested US \$11.9 million in support of our goal to provide access to wellbeing tools to 10 million people by 2025.

To help create a healthier **planet**, and as part of our climate action plan, lululemon procures 100 percent renewable electricity to power all our owned and operated facilities. In our men's business, our products are now made with more than 75 percent sustainable materials, and we are almost a third of the way toward our goal of 100 percent sustainable products by 2030. And in our work toward a circular ecosystem, on Earth Day, we expanded our lululemon Like New resale program to all stores within the United States to keep our products in use longer, which is one of many actions that helped us earn recognition by *Fast Company* as the #1 retailer for corporate responsibility.

To take our actions even further, we recognize that we cannot do this alone, and we have continued to invest in strategic partnerships to accelerate innovation. We partnered with Genomatica to take a leadership role in raw material innovation, developing the first plant-based nylon in the world. And we were especially proud to be one of the two lead investors in the creation of the Apparel Impact Institute Fashion Climate Fund, a US \$250 million fund to decarbonize the fashion value chain.

On behalf of everyone at lululemon, I am proud of the contributions we have made over the past year to create a healthier world. Our progress reinforces the importance of the impact we can continue to make in the years ahead. While we remain early in our journey, one thing is clear—we are more focused than ever on bringing about thoughtful, more sustainable innovation and design, creating ways to connect and inspire, and seizing the opportunity to disrupt and lead our industry for people and planet.

I want to close by thanking our teams around the world for their continued passion and commitment to advancing wellbeing for all. It is the hard work and creativity of our people that makes all of this possible, and enables all that we have yet to achieve.

Sincerely,



**CALVIN MCDONALD**  
Chief Executive Officer

# A note from our impact leadership

As a global business rooted in wellbeing and mindfulness, we have a responsibility and opportunity to contribute to the wellbeing of people and our planet.

Since setting lululemon's Impact Agenda two years ago, we have continued to accelerate our pace toward achieving our social and environmental ambitions. In the last year, we have continued to build our foundation and move toward more transformational and collective initiatives. Through our Centre for Social Impact, we have engaged with both local and global social impact organizations—such as The Trevor Project, the Girls Opportunity Alliance, and The Resilience Fund for Women in Global Value Chains—that help scale solutions to deeply rooted systemic issues around mental health, wellbeing, and empowerment. Our roots in materials innovation lead us to help unlock new technologies for our products and planet, with industry leaders such as LanzaTech and Genomatica. Recognizing the importance of collaboration, we are especially proud of being a lead investor in the Apparel Impact Institute Fashion Climate Fund, to help decarbonize apparel manufacturing and supply chains.

Our employees and partners around the world are creating conditions that help us move toward a more equitable, sustainable, and healthy future. We know the goals in our Impact Agenda are bold, and require courage, energy, and learning. We are thrilled to share our second annual Impact Report with you, celebrating and reflecting on our progress and path, and will continue to share the successes and challenges along the way.

Join us on our journey to achieve our impact goals.



**ESTHER SPECK**

Vice President, Sustainable Business and Impact

Our IDEA mission at lululemon is to expand being well to encompass a culture of inclusion where diversity is celebrated, equity is the norm, and action is the commitment. At the heart of that mission is expanding our definition of wellbeing and our commitment to action. This second annual report highlights the strides we have made by listening, learning, and, most importantly, acting.

We have integrated IDEA throughout the business and established targeted programs that advance accessibility, address systemic barriers, promote career development for all, including traditionally underserved groups, and positively impact our broader communities. For everything we create—whether it be employment policies, how we design our stores, how we interact with business partners, or how we engage with our guests and communities—we strive to approach it from a place of inclusive design. We centre those most impacted and those who may be currently experiencing the greatest barriers so that we generate delightful and equitable experiences for all.

Together, we are building an ecosystem of inclusion that results in increased representation and a healthier work- and marketplace. We know that the path forward is together and that it will not be a sprint. It will require endurance, courage, integrity, and mutual care.

I invite you to celebrate and reflect on our progress and fuel up for the journey we have ahead of us.



**STACIA JONES**

Vice President, Inclusion, Diversity, Equity, and Action

We are lululemon. Our vision is to create transformative products and experiences that build meaningful connections, unlocking greater possibility and wellbeing for all. We are a business rooted in purpose: we elevate human potential by helping people feel their best. With a company history that dates back nearly a quarter century, we are working to leverage our passion for product innovation, wellbeing, and mindfulness into platforms from which we can inspire and accelerate positive change. We are using our expanding global presence to support people and communities, develop innovative products and services for our varied markets, and engage partners toward achieving a sustainable, healthy, and inclusive future, together.

<sup>1</sup> Included within the People's Republic of China as of January 31, 2022, there were nine stores in Hong Kong Special Administrative Region, five stores in Taiwan, and two stores in Macao Special Administrative Region.

### lululemon in 2021 numbers

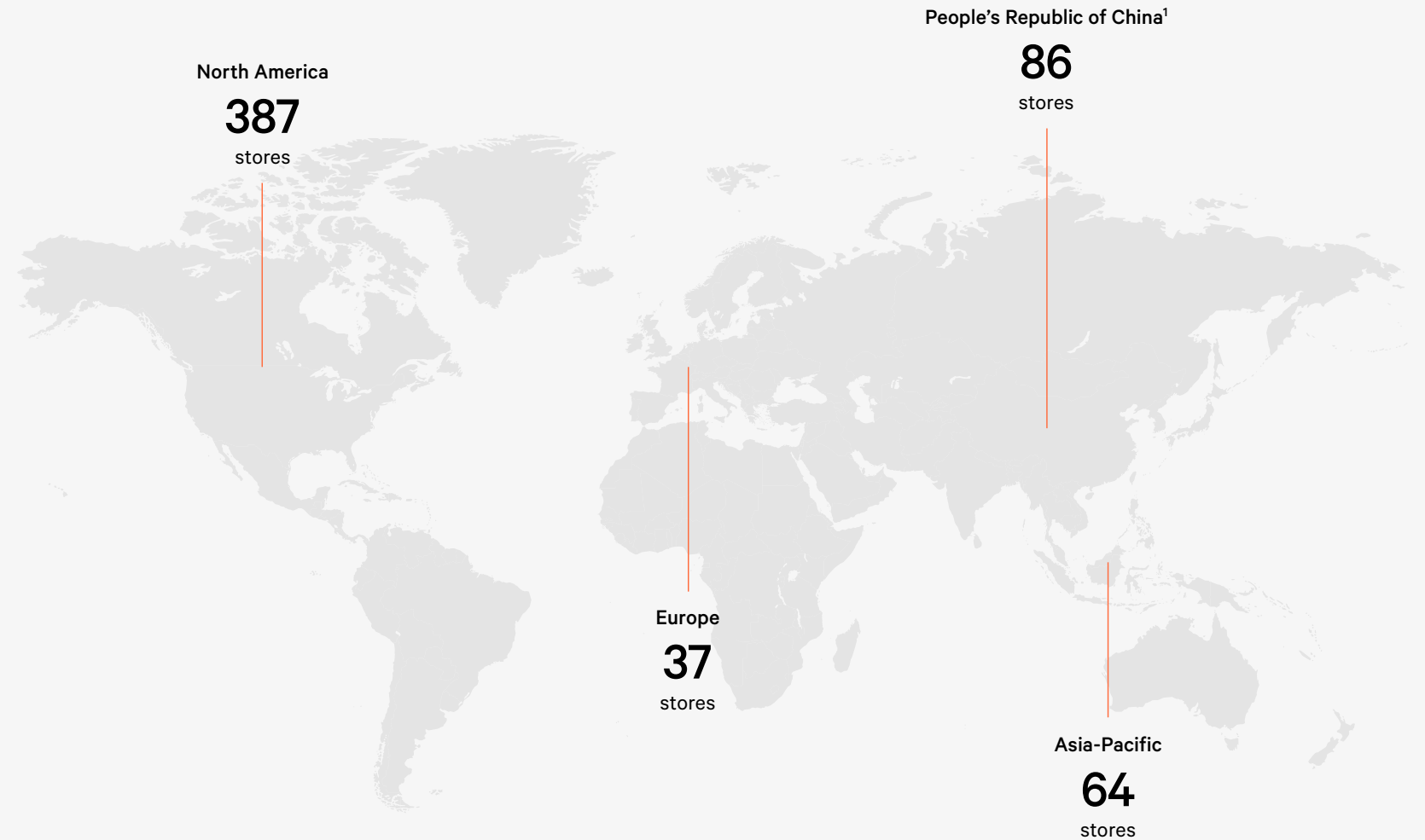
**29,000+**  
employees

**574**  
stores

**53**  
new stores opened

**17**  
countries where we have retail stores

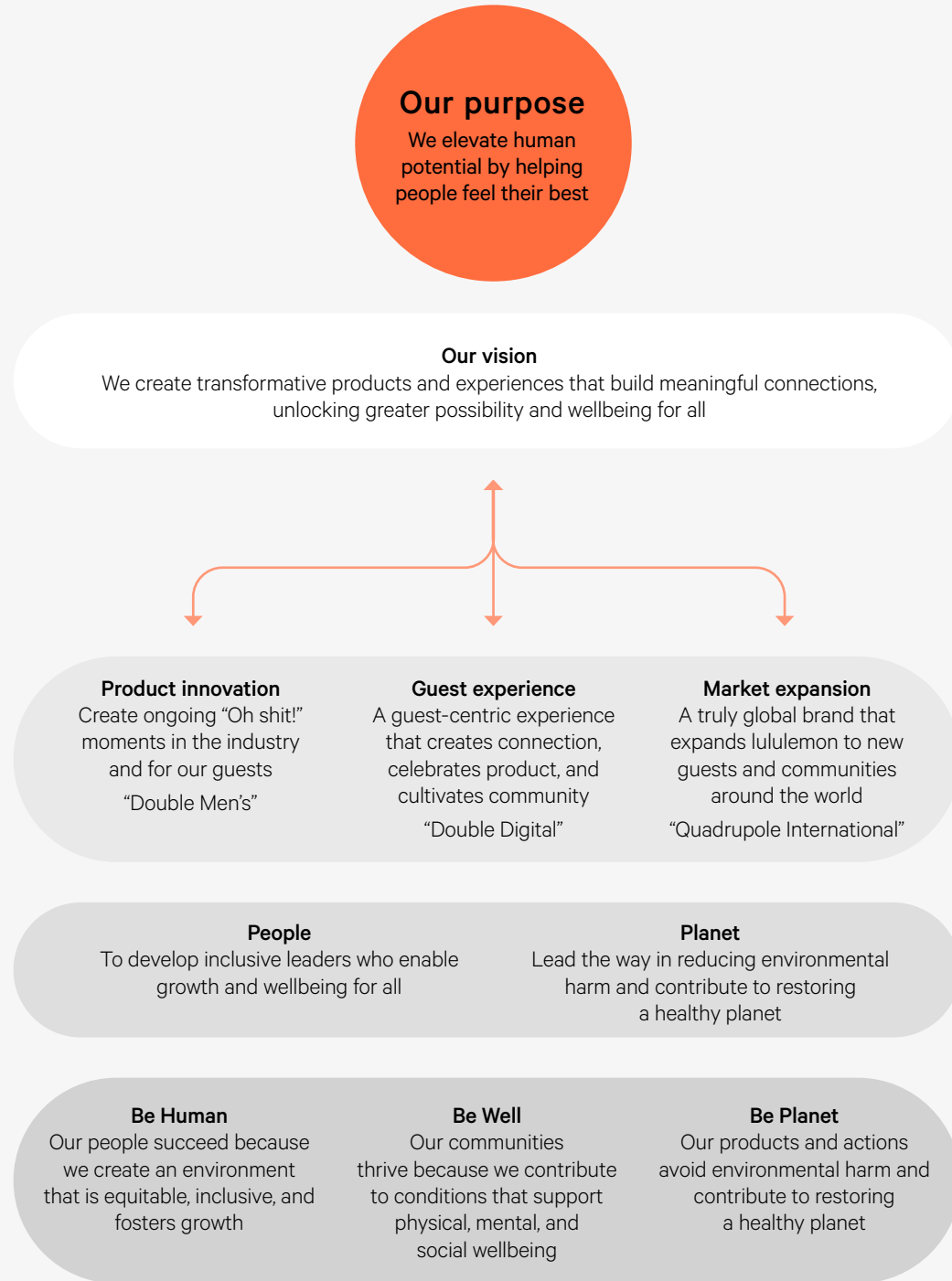
**240,000+**  
workers of suppliers  
who make our products



The **Power of Three x2** is our enterprise growth plan to 2026. It builds on the success of our achievements and speaks to the priorities that will drive revenue over the next five years. It is underpinned by our Impact Agenda.

Our **Impact Agenda** is our strategy toward a sustainable, equitable, healthy future. It guides the goals we have set to advance positive social and environmental impact as part of enacting our enterprise growth plan.

Together, the Power of Three x2 and our Impact Agenda form our enterprise strategy, a comprehensive and strategic roadmap for delivering on our purpose as a business.



## Our values

**Personal responsibility**  
We act with honesty and integrity, taking full accountability for our choices and their impact.

**Inclusion**  
We remove barriers to equity so that everyone has a sense of belonging.

**Connection**  
We build trusting relationships by valuing and celebrating each human’s uniqueness.

**Courage**  
We have the heart and strength to do big, challenging, and important things for each other and our planet.

**Fun**  
We infuse fun and laughter into all we do, which allows us to turn work into play.

## Value creation model

We create societal, environmental, and economic value throughout our value chain. Below are key examples of value creation and how we track progress.



### Innovation and design

We advance more sustainable materials and circular, inclusive product design, innovate manufacturing processes, and deliver guest opportunities that extend product life and divert product from landfill.



### Manufacturing and supplier ecosystem

Manufacturing and supplier ecosystems contribute to economic value and job creation in countries around the world. We prioritize our work with suppliers to foster more sustainable and equitable initiatives. These include safe and respectful working conditions, as well as wellbeing and empowerment initiatives. We also work with our suppliers to improve manufacturing processes that use less water and energy, better chemistry, and more sustainable packaging solutions.



### Logistics and distribution

We have six owned distribution centres and operate a global system of logistics and transportation. While pandemic supply chain challenges make this difficult, we are working to advance more carbon-efficient ways to get our products from factory to retail. We are maintaining zero waste status in our owned distribution centres and have shifted to renewable electricity by purchasing [Energy Attributes Certificates \(EACs\)](#) for our owned and operated facilities.



### Leadership and employees

We are a team of committed people who care deeply for each other, believe anything is possible, and relentlessly pursue our growth together. We employ over 29,000 people globally. Our highest focus is on employee growth and development. Our inclusive leadership programs support employees in developing their skills and growing as leaders in the world.



### Omni-channel guest experience

Our products and experiences support physical, mental, and social wellbeing. Through our omni-channel strategy, we deliver product options that meet the diverse needs of our guests, as well as experiences that strengthen community connections around the world.



### Community engagement

With our [Educators](#), ambassadors, and events, our ecosystems support thriving studios and livelihoods, as well as more equitable access to wellbeing through social impact grants and partnerships with local non-profit organizations. Globally, we build large-scale partnerships and support organizations that offer tools and resources for physical, mental, and social wellbeing.

#### KEY

- Be Human
- Be Well
- Be Planet

### SELECT 2021 METRICS

**3** innovative partnerships (Mylo™ Consortium, Genomatica, LanzaTech)

**38%** more sustainable materials in products

**60** cross-functional leaders certified in inclusive design practice

**240k+** makers

**20k** makers with access to wellbeing tools and resources

**US \$2.4M+** on maker wellbeing programs

**100%** renewable electricity

**6** zero waste distribution centres

**5,500+** employees attended leadership training programs, including a new 1x1 coaching program

**429** mentees and mentors participated in our Mentorship program

**400+** new styles launched

**10k+** classes on demand through MIRROR

**750+** organizations collaborated with Centre for Social Impact since 2016

**1.4M** people accessed tools and resources for wellbeing

**550+** global and store ambassadors



Our Impact Agenda guides—and is integrated into—our business strategy and operations, helping to accelerate inclusive and more sustainable progress and advance a shared culture of positive impact throughout lululemon. We recognize that the wellbeing of people, communities, and the planet are connected. This holistic approach is reflected through the three pillars of our Impact Agenda: Be Human, Be Well, and Be Planet.

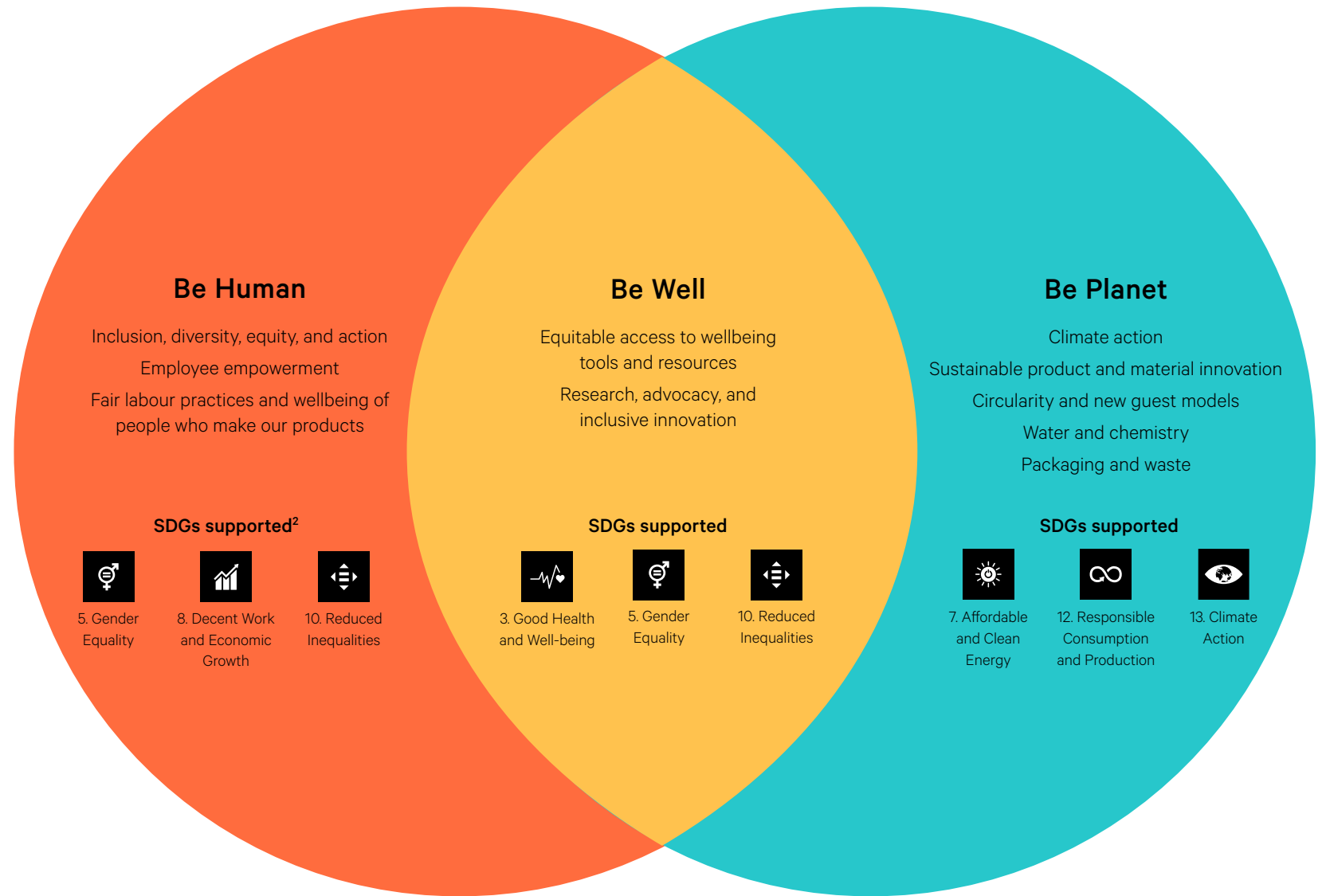
We created our Impact Agenda in response to the need for businesses to deliver end-to-end impact, accelerating a step change in how our company—and the wider industry—operates.

### Refining our focus

To drive positive change, we must understand the global sustainability context as well as the landscape of our industry today, including the social and environmental topics that matter most to our business and stakeholders. In 2019, we conducted a materiality assessment to define key issues that would inform our strategy, laying the groundwork for meaningful, measurable action. In 2022, we conducted research and interviewed select stakeholders, including academics, non-governmental organizations (NGOs), and industry associations, to review and refresh the issues that matter most. Our analysis did not change our Impact Agenda focus areas or goals but did highlight emerging topics such as biodiversity. Detailed results of this strategic refresh can be found in the [Supplement](#).

We map each key issue to focus areas within our Impact Agenda and relevant sections of our Impact Report, ensuring our strategy and efforts target and positively impact these critical areas. To ensure alignment of our impact with global requirements, we align our three pillars with relevant United Nations Sustainable Development Goals (SDGs). We then activate them by:

- Embedding the pillars in our culture and building accountability for actioning goals
- Leading by example and partnering to innovate for the future
- Communicating with and engaging our [collective](#)
- Collaborating and advocating for systems change



<sup>2</sup> Numbers tied to [UN Sustainable Development Goals](#)

Collaboration invites change and accelerates progress. With this in mind, we developed a governance structure that brings together diverse people who have accountability as business leaders and are passionate about transforming the current social and environmental status. We have developed a multi-level governance structure to foster collective progress against our Impact Agenda as part of our enterprise strategy. This includes activating meaningful, company-wide practices that deliver on our commitments and evolve our ambitions to stay relevant in a changing world.

GROUP	RESPONSIBILITY
<b>Board of Directors</b> Including: <ul style="list-style-type: none"> <li>• <a href="#">Corporate Responsibility, Sustainability, and Governance (CRS&amp;G) Committee</a></li> <li>• <a href="#">People, Culture, and Compensation (PC&amp;C) Committee</a></li> <li>• <a href="#">Audit Committee</a></li> </ul>	Acts as a fiduciary to: <ul style="list-style-type: none"> <li>• <b>CRS&amp;G:</b> Oversees our Impact Agenda. Reviews stakeholder engagements, reviews goals and policies, and monitors progress and ESG reporting.</li> <li>• <b>PC&amp;C:</b> Oversees compensation, talent management, succession planning, and diversity and inclusion, as well as risk monitoring, compliance, and related activities.</li> <li>• <b>Audit:</b> Oversees risk assessments, including compliance risks to our business and supply chain, and monitoring and complying with disclosure requirements.</li> </ul>
<b>Executive Impact Council</b> <b>Inclusion, Diversity, Equity, and Action (IDEA) Advisory Council</b>	<ul style="list-style-type: none"> <li>• CEO and Senior Leadership team, as well as members from supply chain, product, legal, brand, finance, and people and culture, led by VP Sustainable Business and Impact and VP, IDEA.</li> <li>• Oversees, executes, and reports on Impact Agenda and IDEA commitments.</li> <li>• Integrates the Impact Agenda into our business strategy.</li> </ul>
<b>IDEA Function</b>	<ul style="list-style-type: none"> <li>• Sets global IDEA goals and supports a culture of inclusion to expand inclusion, diversity, and equity across the organization.</li> <li>• Oversees <a href="#">People Networks</a> and task forces for regions and specific business functions.</li> </ul>
<b>Sustainable Business and Impact (SBI) Function</b>	<ul style="list-style-type: none"> <li>• Drives social, environmental, and governance strategy across the organization.</li> <li>• Sets Impact Agenda strategy, goals and commitments, enterprise integration, and stakeholder management.</li> <li>• Works cross-functionally to advance a culture of impact and delivers progress in key areas.</li> </ul>
<b>Steering Committees and Advisory Groups</b>	Includes: <ul style="list-style-type: none"> <li>• <b>IDEA External Advisory Council:</b> Provides expertise on programs.</li> <li>• <b>Responsible Supply Chain Council:</b> Oversees key programs for a responsible supply chain and current public developments.</li> <li>• <b>Centre for Social Impact Advisory Board:</b> Advises and provides input to strategy and key program areas.</li> <li>• <b>Climate Activation Council:</b> Drives strategy and collaboration to identify and execute a pathway to science-based targets.</li> <li>• <b>Select Strategic Initiative Steering Committees:</b> Oversee initiatives that require global cross-functional engagement, including lululemon Like New and more sustainable packaging.</li> </ul>

## RESPONSIBLE BUSINESS CONDUCT

### Ethical conduct

Ethical conduct is the foundation of how we do business. To root integrity and respect for everyone in our company culture, we maintain a [Global Code of Business Conduct and Ethics](#)—a blueprint for responsible business. At the same time, our [Vendor Code of Ethics \(VCoE\)](#) establishes expectations of our suppliers.

### Data privacy protection

People trust us with their personal information. It is our responsibility to protect that data with strict company security policies. We also follow applicable data protection and privacy laws to ensure employees, guests, and business partners know their information is in safe hands. This is overseen by the Audit Committee, our Chief Information and Security Officer, Data Privacy Officer, and Chief Compliance Officer.

### Performance-related compensation

We believe in rewarding exceptional performance. The PC&C Committee sets competitive levels of compensation to attract, retain, and motivate the most qualified directors and executive officers who contribute to success and align with our culture. As we evolve our Impact Agenda, we continue to monitor the future role ESG metrics could play in our compensation program.

# A year of progress and learning

2021 represents the first full year of implementing our Impact Agenda, building on years of previous impact work. lululemon is committed to continuous learning to evolve and improve how we contribute to wellbeing for people and our planet. We achieved several impact goals, demonstrating our commitment to action.

Here is some of the progress we have made over the past year.



We maintained gender pay equity across our entire global employee population and full pay equity in the United States for the fifth year in a row.



We launched the lululemon Centre for Social Impact in 2021, which aims to break barriers that prevent access to wellbeing.



We met our Scope 1 and 2 science-based target to achieve a 60% absolute reduction of GHG emissions in all owned and operated facilities.



We procured 100% renewable electricity to power our owned and operated facilities.



We implemented ZDHC Manufacturing Restricted Substances List (MRSL) at 100% of priority suppliers in 2021, one year ahead of our target date.

# A year of progress and learning

It is important to celebrate our shared wins and build on these, and to recognize progress is ongoing, with significant industry-wide challenges ahead of us. To achieve our vision, we are always innovating—building on our successes, learning from our failures, and taking every new challenge as an opportunity to learn and grow. We appreciate the connectedness of our business to the wider global context and acknowledge our impact on the future and those around us, as well as the effect that changes in important areas can have for others.

The global business environment presents challenges that can negatively impact lululemon and our ability to deliver on our Impact Agenda commitments. We approach these dynamic, complex challenges by listening, engaging with a variety of stakeholders, taking intentional steps to make change, and continuously adjusting as we learn more. In 2021, we identified our most pressing challenges, and have taken steps to address them, ensuring the best path forward.

## Global challenges we are addressing:



Increasing global inequities in wellbeing.



Interconnectedness of global context and events, and our business and industry operations (e.g., supply chain complexity).



Legislation and regulatory changes. Regional and national regulating bodies continue to evolve legislation on environmental, social, and due diligence topics.



Shifting consumer and employee expectations and preferences (e.g., options for pre-owned products).



Evolution in product and value chain traceability expectations.

# 16 goals for a healthier future

The wellbeing of people, communities, and the planet are intricately intertwined. We developed our Impact Agenda with these connections at the forefront: three distinct pillars designed to work together to achieve a rapid, equitable, and more sustainable transition. Driving our actions are 16 targeted goals that, together, will deliver progress toward shared wellbeing.

- KEY**
- ▶ Getting started
  - ▶▶ Making progress
  - Complete
  - Off track, plans in place

## PERFORMANCE DASHBOARD

Topic	Goal	Metric	Baseline Year	Baseline	2021	Goal	Goal Year	Status
					Results <sup>3</sup>			
Inclusion, Diversity, Equity, & Action	Reflect the diversity of communities we serve and operate in	% of racial diversity of assistant store managers and directors <sup>4</sup>	2020	21%	23%	30%	2023	▶▶
		% of racial diversity of all employees in global stores <sup>4</sup>	2020	31%	37%	40%	2023	▶▶
Employee Empowerment	Be the place where people come to develop and grow as inclusive leaders for the world	# of hours of paid training and volunteer time for all full-time employees <sup>5</sup>	2021	13.5	13.5	40	2025	▶
	Expand full pay equity	% of employees with full pay equity	2020	100% <sup>6</sup>	100%	100%	2022	●
People Who Make Our Products	Make wellbeing programs available to makers <sup>7</sup>	# of cumulative makers in our supply chain who participate in wellbeing programs	2021	20,000	20,000	100,000	2025	▶
	Achieve Fair Labor Association (FLA) accreditation	Qualitative	2020	Updated Vendor Code of Ethics	Completed onboarding stage	Achieve FLA accreditation	2024	▶▶
Topic	Goal	Metric	Baseline Year	Baseline	2021 Results <sup>3</sup>	Goal	Goal Year	Status
Inclusive Access to Wellbeing & Advocacy	Provide access to wellbeing tools and resources	# of cumulative people reached	2021	1.4M	1.4M	10M	2025	▶▶
	Invest to advance equity in wellbeing through the lululemon Centre for Social Impact	Total amount invested	2021	\$13.7M <sup>8</sup>	\$13.7M	\$75M	2025	▶▶
	Launch the lululemon Centre for Social Impact	Qualitative	NA	NA	Centre launched	Launch Centre	2021	●

<sup>3</sup> For more information on our 2021 results, please refer to the relevant sections of the Impact Report.

<sup>4</sup> Includes stores in North America, Australia, New Zealand, Europe, and Middle East.

<sup>5</sup> Beyond onboarding training and mandatory compliance training.

<sup>6</sup> We maintain 100% gender pay equity within our entire global employee population, meaning equal pay for equal work across genders. We have achieved pay equity across all areas of diversity in the United States and are seeking, to the extent permitted under local law and regulation, to collect the data necessary to confirm complete pay equity globally.

<sup>7</sup> In 2021, we updated the language of this goal from “maker empowerment programs” to “maker wellbeing programs” as we further refined our strategy. Our goal to reach 100,000 makers is included within our goal to provide tools and resources to 10 million people.

<sup>8</sup> lululemon made a US \$13.7 million contribution to the Centre for Social Impact, \$11.9 million of which has been contributed directly to social impact organizations. The remaining \$1.8 million includes \$1 million toward a Donor-Advised Fund to be advised for future grantmaking as well as operational costs.

# 16 goals for a healthier future

## PERFORMANCE DASHBOARD

Be Planet

Topic	Goal	Metric	Baseline Year	Baseline	2021 Results <sup>3</sup>	Goal	Goal Year	Status
Climate Action	Meet our 2030 science-based climate targets	% of absolute reduction in GHGs in all owned and operated facilities (Scope 1 and 2)	2018	18,248 tCO <sub>2</sub> e	-82%	-60%	2030	●
		% of intensity reduction in GHGs in purchased goods and services, and upstream transportation and distribution (Scope 3)	2018	99.2 tCO <sub>2</sub> e/net revenue from operations	+4%	-60%	2030	■
	Source renewable electricity to power our owned and operated facilities <sup>9</sup>	% of renewable electricity	2018	<1%	100%	100%	2021	●
Sustainable Product & Material Innovation	Make our products with sustainable materials and end-of-use solutions	% of products made with sustainable materials	2020	27%	29%	100%	2030	▶▶
	Achieve sustainable materials for our products	% of total sustainable materials procured for our products	2020	30%	38%	75%	2025	▶▶
Circularity & New Guest Models	Offer our guests new business models that extend the life of products	% of stores in North America + piloting internationally	2021	22%	22%	100%	2025	▶
Water & Chemistry	Reduce freshwater use intensity with our priority wet process suppliers	% of reduction in freshwater use intensity	2021	126 l/kg	Baseline year	-20%	2025	▶
	Implement ZDHC MRSL at priority suppliers	% of compliance from priority suppliers with the ZDHC MRSL	2021	100%	100%	100%	2022	●
Packaging & Waste	Reduce single-use plastic packaging per unit	% of intensity reduction of single-use plastic packaging	2021	0.016kg/unit	Baseline year	-50%	2025	▶▶

- KEY**
- ▶ Getting started
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<sup>9</sup> We procured 100% renewable electricity to power our owned and operated facilities, with 99% sourced in compliance with the RE100 technical criteria. However, due to unavailability of an Energy Attribute Certificate (EAC) program, lululemon was unable to source renewable electricity in South Korea. Consequently, renewable energy credits were procured from a nearby geography.

# Be Human

## IN THIS SECTION

- 17 Inclusion, Diversity, Equity, and Action
- 20 Employee empowerment
- 22 People who make our products





## **We envision an equitable world.**

We are taking thoughtful steps toward a more equitable future so our guests, employees, ambassadors, and business partners, including the people who make our products (our makers) feel represented, welcome, respected, and valued. We actively create an inclusive work environment that reflects the global communities we serve. We support the safety and wellbeing of our makers, collaborating with partners and stakeholders to advance positive impact.

### **Be Human Chapter Illustration**

“Humans are a spectrum of colours. Every human being is different, yet we all have the same point of origin—our first breath. Through energy we live, grow, and nurture our bodies. We sustain ourselves to continue the cycle of life handed down from our ancestors.”

– *Jacquie Comrie, report illustrator*



# Inclusion, Diversity, Equity, and Action

## WHY IT MATTERS

Inclusion, diversity, and equity are foundational for shaping and building our company, industry, and communities, and for creating a shared sense of respect and belonging. This is particularly important when it comes to underrepresented groups. As an organization committed to wellbeing, we work to understand actual and perceived inequities and take action at all levels. We must widen our lens, work collaboratively, and be in a constant state of learning, unlearning, and relearning. Taking action requires us to think differently, listen intently, and understand that a “one size fits all” approach doesn’t work. By continuously developing toward an inclusive, diverse, and equitable organization, we reflect a variety of perspectives and meet the needs of the global communities we serve.



**SDG 5.** Gender Equality  
**SDG 10.** Reduced Inequalities

## OUR GOALS

Reflect the diversity of communities we serve and operate in by 2025. To reach that ambition, we will increase representation of racially diverse backgrounds to at least:

- 30% of assistant store managers (ASMs), directors, and above by 2023<sup>10</sup>
- 40% of all employees in our global stores by 2023<sup>10</sup>

## WHAT WE'RE DOING

Inclusion, Diversity, Equity, and Action (IDEA) is complex and transformative. To have maximum impact on people, culture, and business performance, we are deliberately integrating IDEA beyond human resources into every part of our organization. This requires intentional pursuit at our most senior levels, with clear ownership and commitment to creating accountability across the business. In 2021, we refined our approach to focus on five key areas: Listening & Advocacy, Policy & Process, Programming & Initiatives, Learning & Development, and Strategy & Partnering.

By listening to employees and acting on their feedback, we make business decisions that positively impact our IDEA targets. Our CEO, as well as many of our senior leaders, continue to participate in intimate listening forums and discussions with employees, with a focus on underserved groups, and act based on what they learn. In 2021, we held nearly 50 listening and connection sessions throughout our global Store Support Centres (SSCs), retail operations, and distribution centres.

We have 10 People Networks (formerly known as Employee Resource Groups) to represent employees who have marginalized and historically underrepresented identities. Our global advisory board is made up of lululemon ambassadors who bring diverse knowledge and skills to inform our actions, hold us accountable, and drive meaningful change. We also integrate IDEA into training including IDEA toolkits to help build actionable, inclusive behaviours. Where possible, we partner with other organizations to strengthen our approaches and broaden our influence.

## Inclusive design

When we design with inclusion in mind, we design for as many people as possible and honour human diversity. We strive to use inclusive design across our business, including future physical and digital workspaces, creation of employment policies and programs, marketing, and delivery of product and guest interactions.

In 2021, we launched the Inclusive Design Certification program with OCAD (Ontario College of Art & Design) University’s Inclusive Design Research Centre (IDRC). This 12-week program supports employees in applying inclusive design principles in their roles. Following the course, 94 percent of participants reported being able to articulate the business and social impact of inclusive design, and 97 percent were able to identify and mitigate common design errors that create barriers for usability.

## Diverse representation

Companies traditionally focus on diverse representation, which is important but doesn’t always provide an accurate picture of the nuances of inclusion. We use a comprehensive Demographic Survey + Inclusion Index, an annual, voluntary global employee survey. This helps us understand the demographics of our employee base and assess our inclusion performance.

Our 2021 survey had a 78 percent participation rate. Results indicate we have made meaningful progress toward our representation goals of racial diversity. As of 2021, our global workforce is 38 percent racially diverse, a three percent increase from 2020. In 2021, racial diversity of employees at our global stores saw the largest increase of all functions, at six percent. Building diverse leadership is important, and we increased racial diversity of assistant store managers, directors and above, by two percent in 2021.

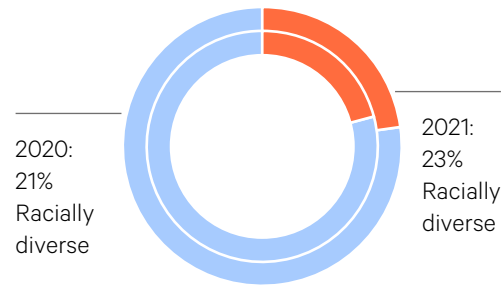
<sup>10</sup> Includes stores in North America, Australia, New Zealand, Europe, and Middle East.

# Inclusion, Diversity, Equity, and Action

We also learned that our inclusion scores increased slightly. To further this work, in 2021, we worked closely with our senior leaders to discuss inclusion opportunities and held our senior leaders accountable through function-specific objectives and key results. We also continued to roll out our company-wide IDEA education toolkits, conducted regular store and DC visits to meet with and listen to employees, and further evolved our listening channels. We acknowledge diversity and inclusion can take on different meanings depending on the region or country, so we are working on evolving our goals to better serve each community.

## EMPLOYEE RACIAL DIVERSITY DATA

### Director and ASM or above



### Equitable solutions

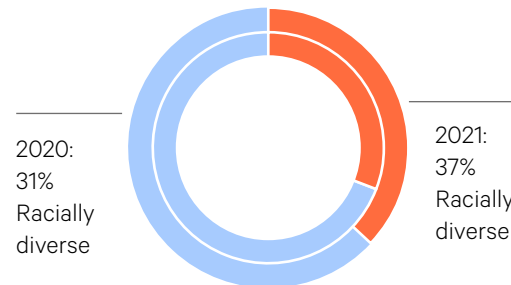
Creating a culture of inclusion requires us to address inequitable systems and processes. To this end, we launched ongoing, cyclical reviews of our policies and practices in 2021. This process, in addition to our Demographic Survey + Inclusion Index, uncovered key opportunities to address systemic barriers experienced by women of colour, and by individuals who live with mental and physical disabilities.

### Supplier inclusion and diversity

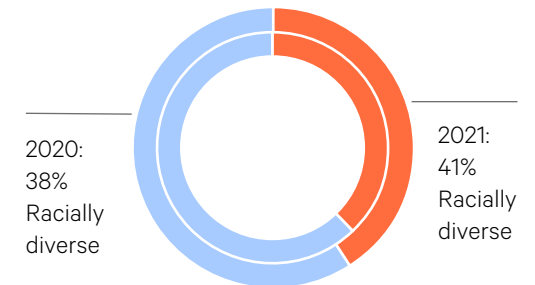
We are expanding our IDEA initiatives to our suppliers to support diverse and inclusive business growth that positively

impacts our communities. In 2021, we developed a Supplier Inclusion and Diversity Strategy, with a focus on indirect suppliers (i.e., companies that provide non-product goods and services to our stores and offices). To start, we will concentrate on US suppliers and expand globally over time. This program intends to grow engagement with companies that are at least 51 percent owned, operated, and controlled by women, underrepresented racial groups, veterans, persons with disabilities, or those who identify as LGBTQ2IA+. Our goal is to launch the program by the end of 2022.

### Store employees



### Store Support Centre (SSC) employees



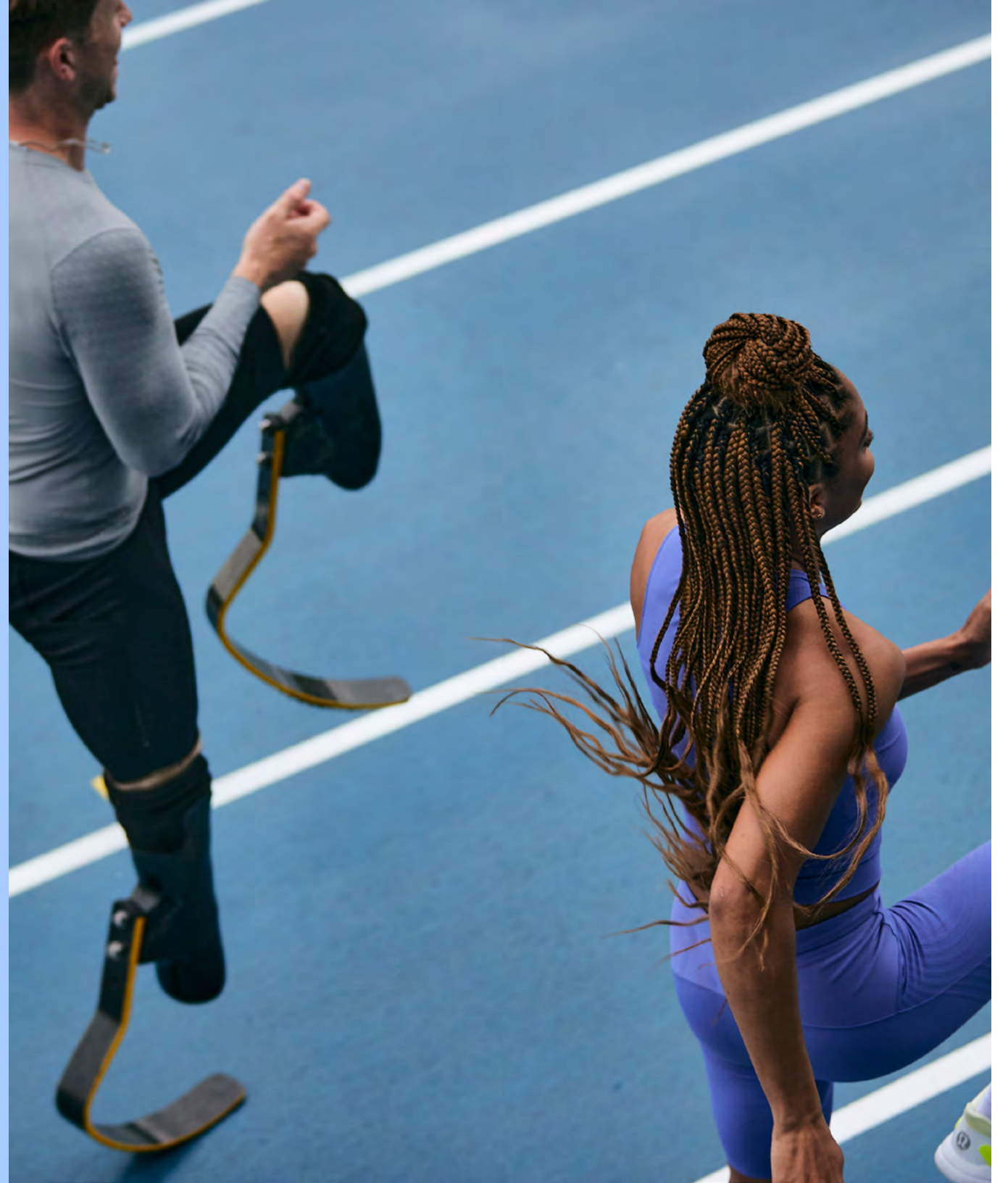
# Inclusive design for a better world

Through inclusive design, we foster innovation that promotes access to all. Inclusive design enables us to develop digital and physical products, policies, and services by, with, and for historically marginalized communities. And we build solutions that affirm and support our people globally. When we design for inclusion, we generate resilient solutions so we can adapt with changes to culture, technology, and emerging needs.

The impacts of our Inclusive Design Pilot program stretch across functions, portfolios, and global markets. For instance, last year the Futures Innovation team created an inclusive scoring matrix to select research agencies that centre on marginalized communities and use equitable design practices. Our Product and IDEA teams engaged an Inclusive Sizing Advisory Board to ensure the many identities and lived experiences of our diverse collective are represented in our approach to product size assortment and stance on body neutrality. Our Product team applied these learnings to outfit Team Canada's Olympic and Paralympic athletes in lululemon's first Olympic Games as the official outfitter.

Inclusive design also propels our partnership with the Adaptive Training Foundation (ATF), a training facility in Texas for people with disabilities. They are participating in a field-testing program developed and launched by our Product Design team and are providing feedback on how to adapt our gear to people with disabilities. Internally, our People and Culture team co-designed key aspects of our evolved talent development philosophy with employees from underserved communities. By centering their voices through the creation of the processes and policies used to manage performance and develop talent, we work to ensure any unique barriers they experience are addressed and lifted.

We are committed to being in a community of practice that designs inclusively through participatory approaches and building relationships to get to community-driven solutions that bring joy and equity to all. In the coming years, we will be deepening our learning and practice of inclusive and equitable design.



## WHY IT MATTERS

Empowered employees are central to our culture, values, and business success. They help us achieve sustainable, inclusive business growth and stay resilient to change. They also help us ensure we remain innovative and at the forefront of our industry to best support our guests and future generations. When we invest in leadership and develop opportunities for our employees, we are investing in our business success.



SDG 5. Gender Equality

SDG 8. Decent Work and Economic Growth

## OUR GOALS

Be the place where people come to develop and grow as inclusive leaders for the world.

To reach that ambition, we will:

- Provide at least 40 hours of paid training and volunteer time to all full-time employees by 2025 per year<sup>11</sup>
- Expand gender pay equity to full pay equity for 100% of employees in all markets that permit collection of that data by 2022<sup>12</sup>

## WHAT WE'RE DOING

We have an essential role in supporting our employees in their unique journey to realize their full potential. We believe in cultivating leaders within lululemon who also promote betterment in the world. We foster an environment where our employees have equitable access to opportunities, are paid equitably, and feel their wellbeing is supported. We are striving to create an inclusive work environment so everyone feels respected and valued. Through our employee leadership programs and support programs, we are creating an organization where each leader has the power to find and fulfill their unique purpose and contribute to a healthy future.

### Leadership

We invest in people to uncover and appreciate their unique strengths. We offer many types of learning that are accessible to all full-time, part-time, and fixed-term employees.

Below are a few of the highlights from 2021:

- Through the lululemon Mentorship program, we're supporting our people, building their knowledge, growing their careers, and strengthening inclusive leadership skills. In 2021, 429 mentees and mentors signed up for the program. 55 percent of mentees and 25 percent of mentors self-identified as part of an underrepresented group.
- We offered a new Leader Series to nurture and grow inclusive leaders for a better world. Cohorts were delivered in six languages. In 2021, over 1,200 employees (representing 89 percent of our people managers) attended the Leader Series.
- In 2021, over 5,500 employees attended leadership training programs, including a new 1x1 coaching program, an ExecOnline Learning Platform, a Business Acumen program, and our global lululemon Leadership Summit.
- We continue to provide ongoing culture offerings, which include monthly skill-builders tied to our Values in Action, Purpose, Vision & Goals, and Practice of Leadership.

It's challenging to measure the exact number of hours of paid training for all our employees. We do know that as of 2021, our Educators in North America (representing approximately 17,000 out of our 29,000 global workforce) received a minimum of 13.5 hours of training. This included an eight-hour paid VALUES Day (Volunteer, Awareness, Life, Unity, Empowerment, Support), so they can take time off for activities such as volunteering, observance, and self-reflection. Educators also got a minimum of 5.5 hours per year dedicated to personal and professional development. While many other employees may receive more training, we are using 13.5 hours as our conservative 2021 baseline. In 2022, we launched lululemonU, an online learning portal for all employees. This will expand training for all employees, helping us meet our 2025 goal of 40 hours. Moving forward, we will continue to improve our measurement and monitoring of global development opportunities.

## EMPLOYEE LEADERSHIP GOAL

# hours of paid training and volunteer time for all full-time employees



<sup>11</sup> Paid learning and volunteer time is in addition to onboarding training and mandatory compliance training.

<sup>12</sup> We follow local laws and regulations and where we are able to collect the data necessary to confirm complete pay equity, we will do so. Full pay equity includes gender and race and our reporting scope is currently limited to US only.

## EMPLOYEE WELLBEING

To foster the wellbeing of our employees, we provide a range of benefits, including health and dental, retirement savings plans, an employee share purchase plan, and yoga and fitness. We also work to support work-life balance and personal goals. We continue to provide an annual paid VALUES Day (Volunteer, Awareness, Life, Unity, Empowerment, Support) globally, so employees can take time off for activities such as volunteering, observance, and self-reflection. We also offer competitive paid time off and sick leave, as well as a Sweaty Pursuits benefit, which provides \$200+ in local currency for full-time employees to participate in wellbeing and fitness activities.

We know mental wellbeing is imperative—lululemon resources include a mental wellbeing toolkit and Employee Assistance program. We've also expanded mental health training to reach store managers and people leaders, as well as our employees. In 2021, 275 employees participated in the program, bringing the total number of trained people to just over 400. By the end of 2022, we will offer mental health training to all people leaders globally and by the end of 2023, to all employees.

To advance our culture of impact for employees and build our collective capacity for positive social change, we will launch an Impact Fellowship program in 2022. These paid, application-based fellowships will provide the opportunity for employees to take time away from their current role to develop valuable career experience working directly with the [Centre for Social Impact's](#) non-profit partners.

### We Stand Together Fund

The We Stand Together Fund was originally created to provide support to employees experiencing additional financial hardship during COVID-19. In 2021, we expanded the fund to assist employees who face other challenges, such as natural disasters, humanitarian issues, and personal hardship. At the end of 2021, over US \$250,000 had been contributed to the fund by lululemon and employees, and 107 applicants were awarded a total of US \$107,373. Remaining funds will continue to support beneficiaries in future years.



Morning warm-up at our Distribution Centre

### Compensation and pay equity

lululemon is committed to being in the top quartile of global retailers for store compensation. As part of this commitment, in 2021, we raised starting base pay for Educators in North America to US \$15–\$17 per hour, depending on store location. Our starting base pay for Key Leaders in North America is now US \$17–\$19.50 per hour, depending on store location. As a result, 93 percent of Educators and 78 percent of Key Leaders received a base pay increase. This increase is on top of our team-based bonus program, which remains unchanged and provides our people with the potential to earn up to an additional US \$3 per hour on average, and up to an additional US \$6 per hour, depending on store-based goals and results achieved. Increases in compensation improve our ability to attract and retain talent to maintain our high-caliber store experience for our guests.

We maintain 100 percent gender pay equity within our entire global employee population, meaning equal pay for equal work across genders. We have achieved full pay equity in the United States, and are seeking, to the extent permitted under local laws and regulations, to collect the data necessary to confirm complete pay equity globally.

# People who make our products

## WHY IT MATTERS

People have the right to safe, healthy working conditions. Challenges in working conditions and labour rights have been well documented across the apparel industry. As a global brand, we take our responsibility for supporting the safety and wellbeing of suppliers' employees (our makers) seriously. Because we don't own our manufacturing facilities, we take great care in selecting our suppliers through a screening process that helps identify suppliers who share our company values. We believe a strong, resilient supply chain that retains and empowers its workers is critical to the success of our business and industry, and is the foundation for a more equitable, sustainable future for all.



**SDG 5.** Gender Equality  
**SDG 8.** Decent Work and Economic Growth  
**SDG 10.** Reduced Inequalities



## OUR GOALS

- Make wellbeing programs available to more than 100,000 makers across our supply chain by 2025.
- Achieve Fair Labor Association (FLA) accreditation by 2024.



Makers at Tan De facility, Vietnam

## WHAT WE'RE DOING

To create a responsible supply chain, and effect lasting, positive change, we are actively leaning into our commitment to safeguard the working and living conditions of people who make our products.

In 2021, we worked with 90 finished goods facilities (Tier 1) in 17 countries and approximately 65 raw material suppliers (Tier 2) in 14 countries.<sup>13</sup> Our suppliers employ over 240,000 people in the factories that make our products, and approximately 74 percent are women. We expect all suppliers to uphold the strict responsible supply chain and labour practices outlined in our [Vendor Code of Ethics \(VCoE\)](#). We disclose our facilities twice per year, and report to the [Open Apparel Registry](#). Refer to our public [Supplier Declaration List](#) for more information about the suppliers we work with.

<sup>13</sup> We disclose the facilities for our Top 10 raw material suppliers, which account for approximately 80% of our fabric mills. See [Supplier Declaration List](#) for details.

# People who make our products

We work with suppliers who share our values and collaborate with us to uphold robust standards, address systemic challenges, and improve the wellbeing of our makers. We are a participating company of the Fair Labor Association (FLA) and are pursuing FLA accreditation. This provides us with an industry-leading framework for responsible supply chain practices, and the opportunity to help advance progress within the industry. Beyond labour compliance, we support maker wellbeing, building on years of collaboration with our suppliers on workplace practices and community support initiatives. Our responsible supply chain approach is built on three pillars, and supported by a foundation of global standards and best practices, management systems, and data analytics:

- **Monitoring:** Conduct supplier monitoring and risk analysis, work with suppliers to remediate issues to meet or exceed VCoE expectations, support their capacity to address root causes, and elevate suppliers to go beyond compliance for more sustainable development.
- **Internal Practices:** Integrate responsible sourcing and maker wellbeing practices throughout our company, including responsible purchasing practices and internal training.
- **Building Better:** Collaborate to address industry-wide systems challenges, such as fair compensation and maker wellbeing, and offer supplier training.

## Location of disclosed suppliers<sup>14</sup>

North America	
El Salvador	1
Haiti	1
Mexico	1
United States	2
South America	
Colombia	1
Peru	7
Europe, Middle East, and Africa	
Egypt	1
Turkey	2
Asia-Pacific	
Bangladesh	3
Cambodia	10
China Mainland	30
Indonesia	7
Japan	2
Philippines	4
South Korea	2
Sri Lanka	16
Taiwan	22
Thailand	1
Vietnam	33

<sup>14</sup> Includes all facilities on our [Supplier Declaration List](#). This includes all Tier 1 finished good facilities, the subcontractors of our Top 10 finished goods facilities, and our Top 10 strategic raw material suppliers, which represent about 80% of our total fabric mills.



Maker at Tan De facility, Vietnam

# People who make our products

## Monitoring, Vendor Code of Ethics, and our responsible supply chain

Building innovative products requires many hands and considerable expertise. Our Responsible Supply Chain team prioritizes the wellbeing of our makers by helping our suppliers address systemic challenges to workplace standards, including support with best practices and resources throughout the COVID-19 pandemic.

Our Vendor Code of Ethics (VCoE) outlines our unwavering commitment to respect human and labour rights and promote safe and fair working conditions for people in our supply chain. In 2021, we published our evolved VCoE and Compliance Benchmarks, which align with international standards and FLA requirements. We also updated our facility assessment methodology and will be implementing these new tools in 2022 to meet continuously evolving industry standards. We completed the onboarding stage of the FLA accreditation process and the FLA Sustainable Compliance Initiative (SCI) assessments in three of our facilities. We're supporting facilities to complete remediations as required. These assessment results and corrective action plans are publicly available on the [FLA website](#).

In 2021, we monitored our active suppliers through annual assessments and self-assessments, as well as follow-up assessments where required. We also onboarded new suppliers through our new supplier approval process. 183 total VCoE assessments were completed in 2021, with 128 conducted by lululemon, 38 by an accredited third party, and 17 as supplier self-assessments. Two percent of our active facilities did not pass their assessments. In all cases, we worked with our suppliers to implement Corrective and Preventative Action Plans (CAPAs). As a last resort, if more sustainable resolutions cannot be achieved, we responsibly exit the business relationship. We did not exit any suppliers in 2021 due to VCoE performance. See our [Supplement](#) for more details on our findings.

In 2021, we enhanced our data collection and performance monitoring processes to ensure detailed compliance and facility monitoring aligns with our updated VCoE. We are implementing a new responsible supply chain data management system to better identify trends in working conditions and remediation processes. In 2021, we ranked #1 on the KnowTheChain benchmark, which focuses on eliminating forced labour in global supply chains. For more information, refer to our [KnowTheChain disclosure](#) and [Supplement](#).

## Fair compensation in our supply chain

We believe that every maker in our supply chain should earn a wage that allows them to have a decent standard of living. However, due to the structure of the global apparel industry, garment workers' wages remain low in many regions. The COVID-19 pandemic has further intensified this issue. Achieving fair compensation in supply chains is a global challenge that must be approached in collaboration with governments, industry, and civil society.

As a participating company in FLA, our definition of fair compensation is aligned with the FLA Workplace Code of Conduct. Through our VCoE facility assessments, we verify that all makers in our suppliers' facilities are consistently paid, at a minimum, in compliance with legal requirements for regular work and overtime. Many of our suppliers already pay above legal minimum wage. We work with the FLA to collect and analyze worker wage data to benchmark progress and will develop a fair compensation blueprint as part of our accreditation journey.

In 2022, we are collecting wage data from key suppliers to carry out a fair compensation gap analysis and further develop our fair compensation roadmap.



Maker at RSI facility, Vietnam



# People who make our products

## Supply chain evolution

In the apparel industry, the pandemic has resulted in numerous factory closures, unstable production demand, and reduced or lost wages for many makers. Since the beginning of COVID-19, we have been committed to responsible purchasing practices, including not cancelling orders in production or completion, and providing flexibility in purchasing agreements. We maintain close contact with our suppliers to support safe conditions and adequate wage payment for makers. We have publicly endorsed the International Labour Organization's Call to Action to support robust global social safety measures.

lululemon has worked in collaboration with our suppliers to support payment to makers throughout the pandemic. For example, in 2021, we worked with our Vietnam suppliers to encourage payment of at least 50 percent of worker wages, despite government-mandated factory closures that did not legally require wage payment.

Our supply chain continues to grow to support our business, with new countries and facilities added to our portfolio to allow for production risk diversification and added capacity. We use industry tools to assess human rights, and environmental and business continuity risk before entering new countries.

## Maker wellbeing

We collaborate on existing industry partnerships and work directly with our suppliers through training as well as grants to support community wellbeing projects.

In 2021, we contributed US \$160,000 toward maker wellbeing through our annual Supplier Grant program, reaching 20,000 makers in service of our 2025 goal to reach 100,000 makers.. We supported 16 projects with 12 different suppliers across 10 countries. This program supports projects that offer health, education, yoga, and meditation initiatives for factory workers and their local communities. We share costs with the supplier by paying up to 50 percent of each project. We also supported our suppliers in pivoting the use of supplier wellbeing grants for COVID-19 relief instead.

Some examples of recent initiatives include:

- **Far Eastern Apparel (Suzhou) Co., Ltd., Vietnam**—A Women's Healthcare project to provide training on health and wellness and financial management for female workers.
- **Sintex International Ltd., Philippines**—A Food Gardens Movement project to provide capacity training on setting up, creating, and maintaining food gardens.
- **Textil del Valle S.A., BIC, Peru**—Makes bicycles available to employees to provide access to movement as alternative transportation, and to reduce their carbon footprint. Textil del Valle also provided harvested organic vegetables from their farm to their employees.
- **MAS Active Trading Pvt. Ltd., Sri Lanka**—Renovation support for the Manikhinna Divisional Hospital, focusing on the women's and pediatric wards. MAS also funded a project to provide employees and families with all-inclusive access to healthcare.

In 2021, we also engaged Women Win, a non-profit organization focusing on strengthening women's economic resilience through impactful partnerships and holistic approaches. They supported us to conduct industry benchmarking and an expanded multi-year plan for wellbeing programs that will start in 2022. For more information on maker wellbeing, please refer to the [Spotlight Story](#) and [Be Well section](#) in this report.

## Makers' rights

We're partnering for real, lasting change in our supply chain. Through our Foreign Migrant Worker Standard and program, we are helping to raise standards and build shared approaches that benefit garment workers. Our [Foreign Migrant Worker Standard](#) outlines our expectations with respect to foreign migrant workers, including a commitment to ensuring that workers will no longer pay hiring fees, a long-standing practice in the apparel industry.

Through our supply chain traceability work, we are focusing on the rights and treatment of makers in Tiers 3 and 4 in the supply chain, more sustainable fibres and [materials](#), and animal welfare in alignment with current and future certification standards. This work helps us gain visibility and develop strategic programs to improve rights deeper into our extended supply chain.

In 2021, we also participated in the [Better Buying Partnership Index](#). This will deepen our understanding of our suppliers' perceptions of lululemon and help us learn about ways to continuously improve our program. In 2022, we will participate in the Better Buying Purchasing Practices Index, which will help us go into greater detail and find out how our suppliers are rating us across a range of purchasing practices.

# Tightly knit

In Thai Binh City, Vietnam, near Hanoi, surrounded by acres of green space and on-site gardens sits Tan De 6, one of lululemon's newer manufacturing partner facilities. It is here that cut and sew specialists create some of the lululemon gear we love.

lululemon has been partnering with Tan De since 2017, bringing the Tan De 6 facility on board in March 2021. Well-trained hands and keen eyes for detail have kept Tan De as one of our top finished goods vendors.

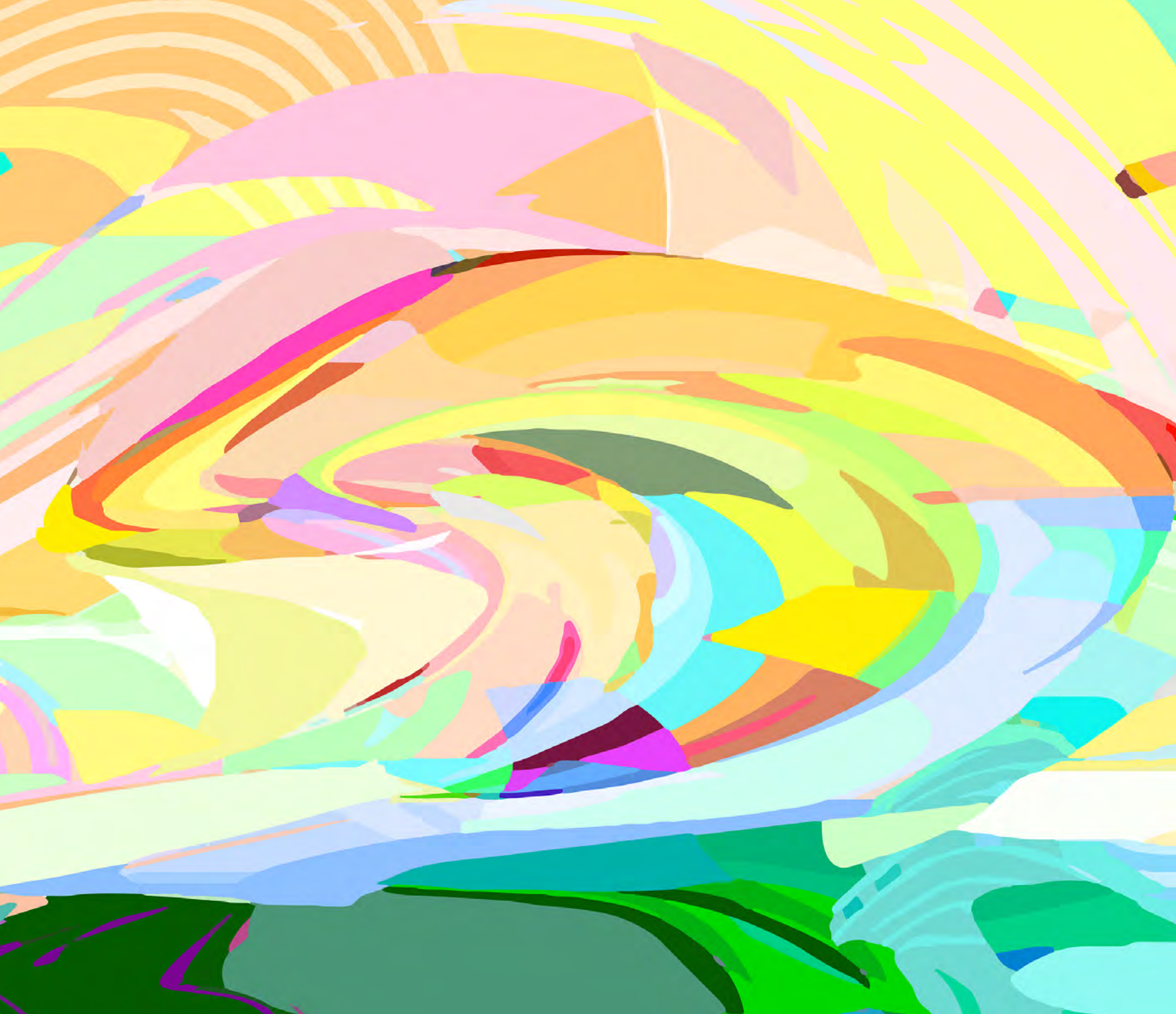
lululemon and the manufacturing facilities we choose to have as partners help our industry build a healthier world. In 2022, Tan De was selected as one of lululemon's 2022 Vendor Here to Be grant recipients, for a project that aims to provide more than 1,000 female employees with access to information and services for sexual and reproductive health.

Throughout the past year, Tan De 6 worked hard to create a better community for both the employees and the neighbours of the facility. Using the company-owned garden, they grow fresh food for makers and their families. Leftover strips of fabric are ingeniously reused as ties to give support to the growing plants. They also provide summer holiday activities for makers' children, offer assistance for the elders in the surrounding communities, and help flood victims in the central areas of Vietnam.

We will continue recognizing, celebrating, and nurturing our interconnected wellbeing.



Maker at Tan De facility, Vietnam



# Be Well

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## **We believe that everyone has the right to be well.**

In recent years, there has been increasing awareness of the importance and complexity of mental wellbeing, and research shows that wellbeing is strongest among those who focus on all three dimensions—physical, mental, and social.<sup>15</sup> We also recognize that planetary health is a fundamental condition for wellbeing—for humanity and for business. As a global company committed to helping people feel their best, we have a unique opportunity to advance physical, mental, and social wellbeing for all. What we can envision, we can create.

### **Be Well Chapter Illustration**

“We begin to find balance, connection within one self—mind, body, and soul. Movement becomes broader, more intentional, grounded. Warmth and vibrancy hold us in yellow (happiness, optimism, joy, energy). Hold for the count of four.”

– *Jacquie Comrie, report illustrator*

15 [lululemon 2022 Global Wellbeing Report](#)

# Our approach to wellbeing

## WHY IT MATTERS

We are experiencing a global decline in physical, social, and mental wellbeing. This has been worsened by events such as the COVID-19 pandemic, the climate emergency and related natural disasters, geopolitical instability, and uncertainty about the future. According to Gallup,<sup>16</sup> nearly 4 in 10 people report they have been affected by depression and anxiety. Far too many people are unable to access the tools and resources necessary to face and overcome challenges. This is especially true for those experiencing disproportionate rates of stress and trauma due to systemic inequities. Wellbeing is also directly linked to planetary health; negative impacts on the environment and eco-systems directly and indirectly affect people and communities. As a company dedicated to achieving a healthier and more inclusive world for all, we have a responsibility to provide access to the right tools, support, and resources, and to disrupt inequity in wellbeing through movement, mindfulness, and connection.



**SDG 3.** Good Health and Well-being

**SDG 5.** Gender Equality

**SDG 10.** Reduced Inequalities



## OUR GOALS

- **Launch the lululemon Centre for Social Impact by 2021 (complete).**
- **Provide access to wellbeing tools and resources to more than 10 million people by 2025.**
- **Invest at least US \$75 million to advance equity in wellbeing through the lululemon Centre for Social Impact by 2025.**

## WHAT DOES IT MEAN TO BE WELL?

We understand wellbeing as a lifetime practice of three interconnected elements.

### Physical wellbeing

Feeling healthy and capable.

I can perform the activities I want or need to do.

### Mental wellbeing

Feeling emotionally prepared.

I am able to handle what the future holds for me.

### Social wellbeing

Feeling connected to others.

I am part of something larger than myself and contribute to a supportive community.

This definition, framed by planetary wellbeing, aligns our focus on global wellbeing throughout the business, informs the Centre for Social Impact framework, and allows us to advance wellbeing across our collective.

We recognize that our lives are interconnected with the health of the planet. As our business grows and our work progresses, we are evolving our definition of wellbeing to explicitly integrate our dependence on a healthy planet and the transformative power of thriving environments.

## WHAT WE'RE DOING

We are breaking down the barriers that prevent access to wellbeing tools and resources. Through the lululemon Centre for Social Impact, which launched in 2021 with a commitment of US \$75 million by 2025, we are leveraging our business, expertise, resources, and communities to invest in and advocate for the wellbeing of those most impacted by systemic inequity around the world. The Centre is led and managed by a global internal team of experts in social impact, innovation, and wellbeing. In 2021, lululemon contributed US \$11.9 million to social impact organizations, and an additional US \$758,000 toward crisis response.

Our integrated strategy advances this work within the communities where we operate and across the globe, and we are engaged in a set of extensive and inclusive partnerships to collectively realize this ambition. For example, for over five years we have collaborated with the United Nations Foundation to co-create the Peace on Purpose program, which proactively cares for the wellbeing of UN humanitarian workers around the world and aids in crisis response. Through our work with the Girls Opportunity Alliance, an initiative of the Obama Foundation, we are empowering adolescent girls around the world through education and wellbeing, allowing them to achieve their full potential and transform their families, communities, and countries.

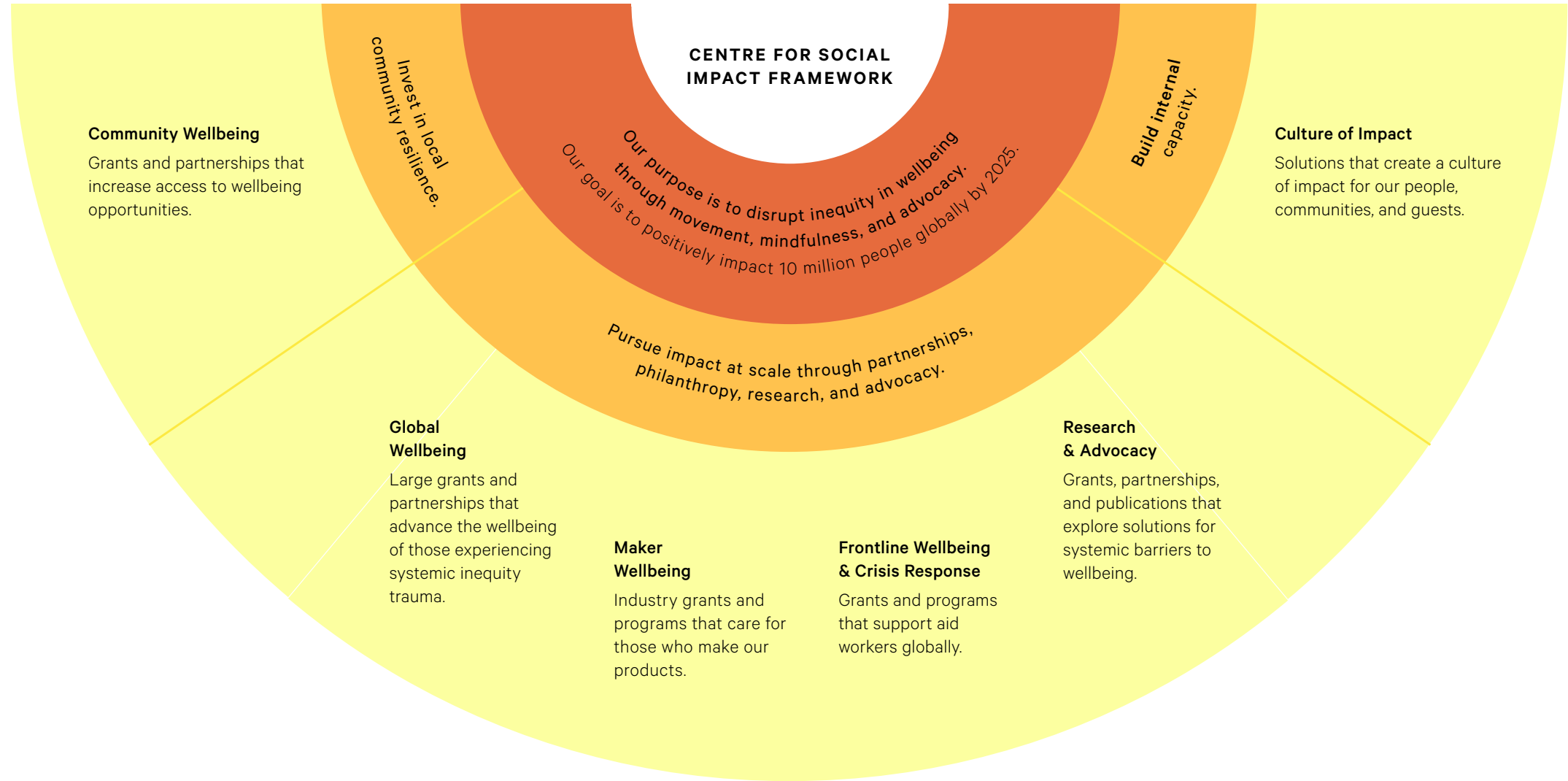
In early 2022, we released our second annual Global Wellbeing Index. The findings from this report guide us to define where and how we support further research and advocacy efforts. We also evolved our collaboration with the National Alliance on Mental Illness (NAMI), powering their work to reimagine crisis response in the United States, through the establishment of 9-8-8 as a nationwide mental health crisis and suicide prevention number.

<sup>16</sup> Wellcome Global Monitor Project

# Our approach to wellbeing

## Be Well vision

Our communities thrive because we contribute to conditions that support physical, mental, and social wellbeing.



We are nurturing global wellbeing through collaborations and innovations that advance the wellbeing of people experiencing disproportionate rates of stress and trauma. Global initiatives include support for the [Girls Opportunity Alliance](#), a program of the Obama Foundation that empowers girls through wellbeing and education, and [The Trevor Project](#), the world's largest suicide prevention and mental health organization for LGBTQ young people. We invested US \$1.5 million and \$1 million in these partnerships respectively, and as importantly, are bringing forward access to lululemon resources, platforms, support, and communities.

### Indigenous wellbeing

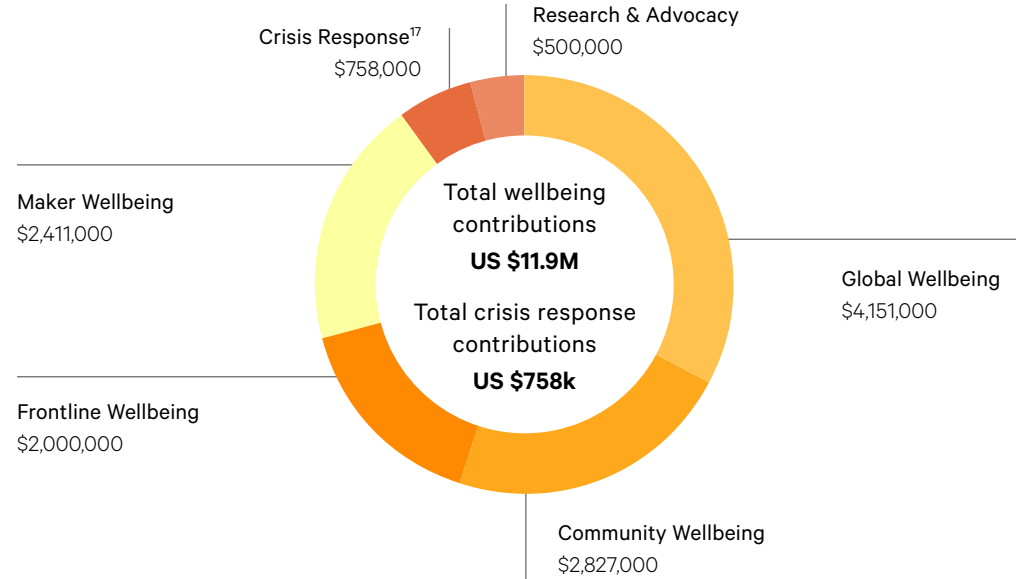
We continue our commitment to amplifying Indigenous voices, supporting Indigenous communities, and sustaining ongoing partnerships with First Nations, Indigenous-led organizations, and ambassadors. As a full member of [The Circle on Philanthropy \(The Circle\)](#), we work to contribute to Indigenous Peoples in meaningful ways. In the past two years, we worked with The Circle to donate CAD \$250,000 each to the Musqueam, Tsleil-Waututh, and Squamish Nations and support the following organizations:

- [Matriarch Movement](#), which is shifting the mainstream narrative around Indigenous women by amplifying their voices through podcasts, social media, and interviews.
- [Rising Hearts](#), an Indigenous-led grassroots organization working to elevate Indigenous voices and promote intersectional collaborative efforts.
- [Métis Nation Columbia River Society](#), which acts as the advocate, voice, representative, and protectors of the traditional values of the Métis People(s), and acts as a friendship centre to all Indigenous peoples in the Golden, British Columbia area.
- [Finding Our Power Together](#), whose primary goal is to end preventable death by suicide in Indigenous communities and support young people to thrive.
- [Saskatchewan Indigenous Yoga Association](#), which facilitates the training of First Nations and Métis people to be yoga teachers, with the goal of embedding the healing benefits of yoga within Indigenous communities.

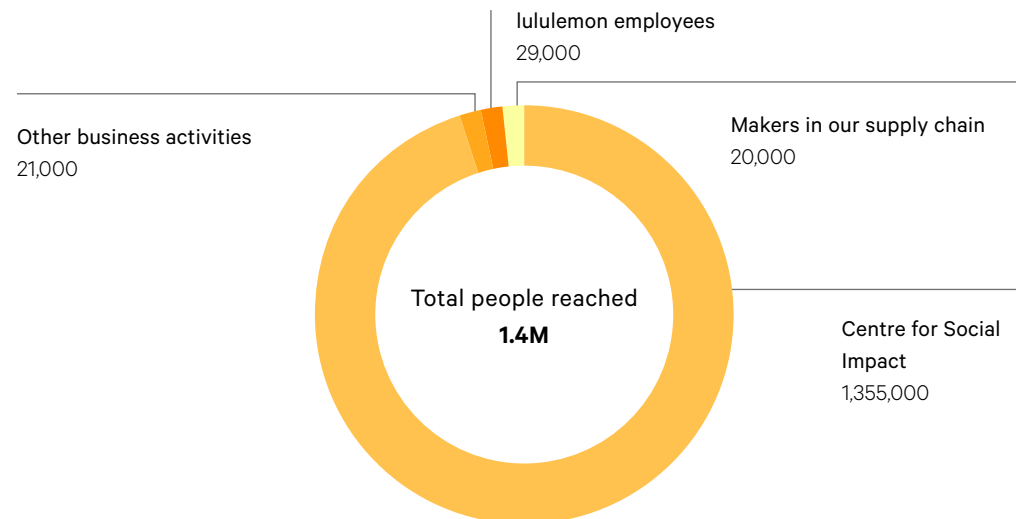
<sup>17</sup> Crisis response is not included in our US \$75 million commitment; this is an additional contribution.

<sup>18</sup> We measure the number of people reached by collecting impact reports from our global and community partners, which include both expected and realized reach numbers. This number includes recipients of grants and donations, participants in free activities run by lululemon such as yoga and meditation classes, our employees, and makers.

### 2021 CONTRIBUTIONS



### 2021 NUMBER OF PEOPLE REACHED<sup>18</sup>

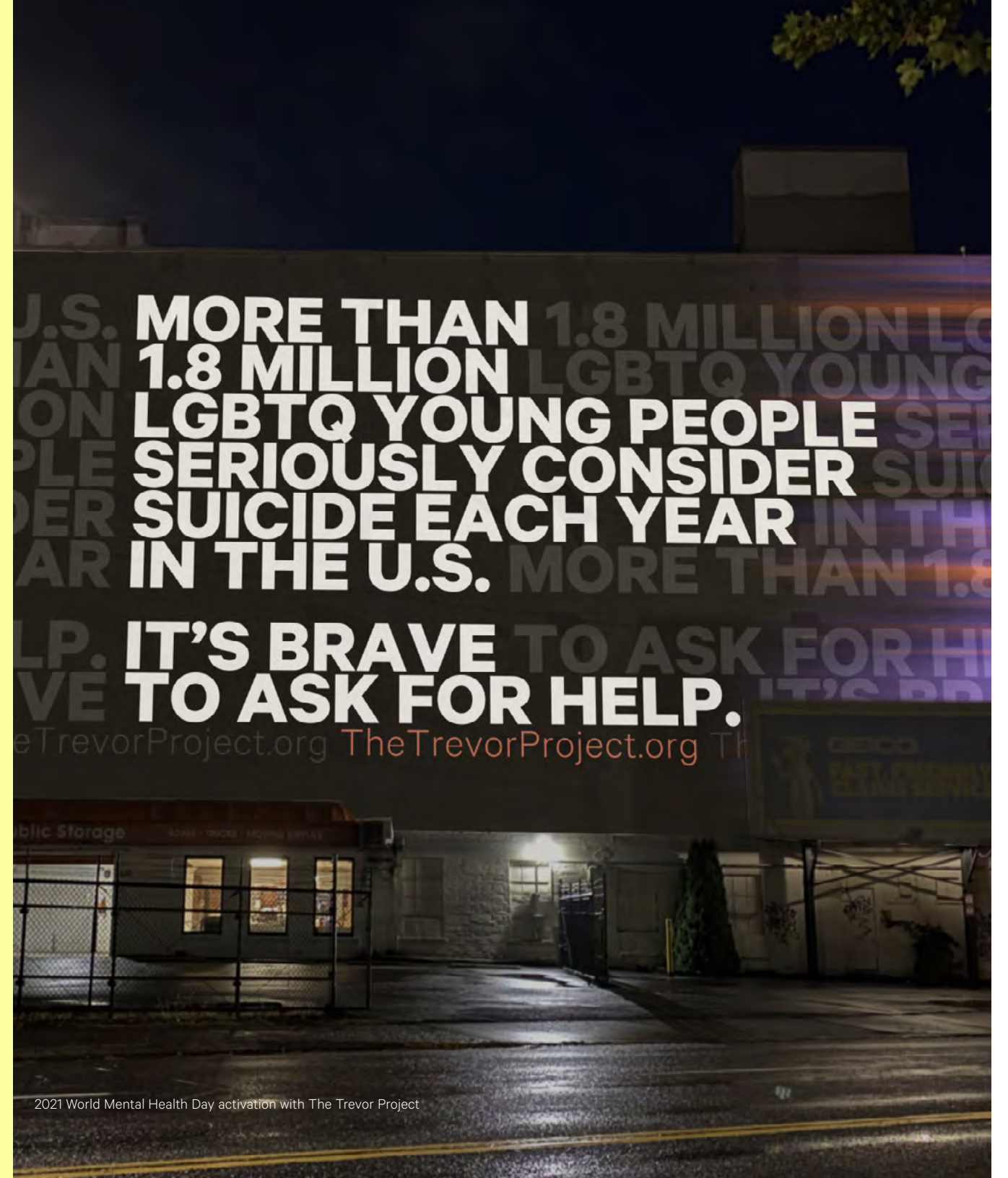


# Wellbeing is for everyone

We believe everyone has the right to be well and recognize the opportunities we must address to bring this belief to life. Last year, lululemon launched the Centre for Social Impact with the mission to disrupt inequity in wellbeing through movement, mindfulness, and advocacy. We leverage our expertise, resources, and global community networks to advance wellbeing for those most impacted by systemic inequity. At launch, the Centre invested US \$5 million with new and long-term local grassroots partners through global and national non-profits, as well as lululemon's [Here to Be grant program](#), which supports organizations around the globe that create inclusive access to movement and mindfulness, and/or advocate for civil and human rights.

For World Mental Health Day 2021, we highlighted the work of three collaborators with the Centre through an awareness campaign: [Girls Opportunity Alliance](#), which aims to empower girls through education, the [National Alliance on Mental Illness \(NAMI\)](#), which promotes better mental health and has established a 9-8-8 crisis number with lululemon, and [The Trevor Project](#), which works to end suicide among LGBTQ youth.

This campaign created wide-reaching positive impact by amplifying calls to action and building awareness of much-needed wellbeing tools, resources, and support alongside our co-creators. For more information on social impact organizations we contribute to, refer to [Partnering for change](#).



2021 World Mental Health Day activation with The Trevor Project



Through our annual application-based [Here to Be grant program](#), we invest in community resilience and support local organizations around the globe that create inclusive access to movement, mindfulness, and connection. Grant recipients advance equity in wellbeing in many ways, including financial accessibility, culturally sensitive programming, and local community needs. Our goal is that through this partnership with our Here to Be grantees, communities will experience improved mental, physical, and/or social wellbeing. In 2021, 80 organizations across the United States, Canada, United Kingdom, New Zealand, Australia, China, and Asia comprised the Here to Be cohort, including: the Run Beyond Project, Women in Sport Empowered, and the Prison Yoga Project.

Our 2021 Here to Be cohort received a combined US \$2.3 million in grants, with an average grant size of US \$28,650 impacting more than 250,000 people around the world. lululemon accelerated the growth of these organizations through capacity building, leadership development, mentorship, skills-building, and storytelling trainings.

## **THE RUN BEYOND PROJECT**

### **Country: Australia**

The Run Beyond Project empowers young people beyond the finish line. It uses a program based around running, to develop personal and social capabilities in high school students from marginalized backgrounds. The project prepares students for a challenging but achievable Goal Race and empowers these young people beyond the finish line.

Shogufa, an immigrant from Afghanistan, became the first woman in the Run Beyond Project to complete a half marathon. With limited access to sports in Afghanistan, she had never run long distance before. Her mantra, “I learned to never be scared,” helped drive her dedication and resilience. Shogufa is now training to be a doctor and is applying the skills she learned in running to her studies and beyond. Watch her story [here](#).

## **WOMEN IN SPORT EMPOWERED**

### **Country: Hong Kong**

Women in Sport Empowered uses sports as a way to empower, educate, and connect women and girls to realize their aspirations. Their vision is a world where women and girls can thrive without limitations.

While completing our S.H.E Mentoring program, Rabia was proud to wear a hijab during all her workouts. She wanted to break stereotypes and be brave enough to be herself while maintaining her identity. Her efforts set an important example for women who may otherwise feel discouraged from doing sports.

## **PRISON YOGA PROJECT**

### **Country: United States**

PYP supports incarcerated people with trauma-informed yoga and mindfulness practices to promote rehabilitation, reduce recidivism, and improve public safety.

After participating in the Prison Yoga Project (PYP) Yoga Teacher Training program, Deva said, “This course literally opened new dimensions of awareness and healing on a level that is beyond anything I thought possible... As a social security disability recipient, I am so aware of the challenges with finances while living on disability checks. No one should have to juggle food, rent, and then yoga classes if they already live in impoverishment. My desire is to use my certification to reach people in my community.”

# Play it forward

The lululemon Playmaker program, first piloted in 2021, complements our Team Canada partnership,<sup>19</sup> with a mission to accelerate equitable access to wellbeing through sport. This work ladders into our shared purpose with the Canadian Olympic and Paralympic Committees to realize the full potential in every Canadian to inspire, unite, and transform the world through sport.

Playmaker is a four-month pilot program that supports leaders from four Canadian non-profit or charitable organizations: Spirit North, Cruisers Sports, Fast and Female, and Swim Ontario. lululemon provided CAD \$200,000 total in funding for mentorship, coaching, and community building. lululemon also matched the funding of the Canadian Olympic Committee's 2021 Olympic Legacy Grant Program, which supports 10 community projects led by Canadian Olympic alumni.

In addition to the funding, Playmaker organizations received meaningful skill-building opportunities, including leadership and development, purpose and values, brand consulting, and community partnership building, enabling them to create impact.

<sup>19</sup> Official Outfitter of Team Canada through 2028



Fast and Female organization in Calgary, Alberta.  
Photographer: Dave Holland

The people who make our products are one of our most important communities. While global trade brings opportunities for many in global garment supply chains, we are aware that makers in these supply chains, who are primarily women, face many challenges, such as earning low wages, working excessive hours, and experiencing workplace harassment. The COVID-19 pandemic and the tangible effects of the climate emergency have increased these struggles.

Over the past several years, we have developed programs that benefit our makers, their families, and communities. In 2021, we funded 16 wellbeing projects in supplier communities, contributing US \$160,000 and reaching over 20,000 makers. See [Be Human](#) section for more information.

In 2021, we contributed US \$2.25 million to fund women's initiatives at local grassroots organizations and global non-profits. The fund recipients include [CARE's Made by Women](#), to support programs ranging from violence prevention to leadership, as well as [Women Win](#), which aims to economically empower girls and women through impactful partnerships and holistic approaches.

We also made contributions to [The Resilience Fund for Women in Global Value Chains](#). The first of its kind, The Resilience Fund for Women is a funding initiative that invests in the long-term health, safety, and economic resilience of women in global value chains. Our funding will help enable them to expand grantmaking to support locally driven solutions to systemic problems.



Makers in Tan De facility, Vietnam

# Access to reproductive healthcare

Our culture is grounded in the importance of fostering wellbeing and instilling the ability to pursue choice. This is an important time in history for us to use our voice externally to share our perspectives on reproductive rights. In 2022, through our Centre for Social Impact and our Public Affairs team, we made a US \$500,000 contribution to the [Center for Reproductive Rights](#), a non-partisan legal and non-profit advocacy group.

Additionally, our US benefits plan allows lululemon employees to receive treatment regardless of where they live, including comprehensive reproductive healthcare and family planning. Our actions reflect our commitment to ensuring access to reproductive healthcare. This is not about partisan politics. It is about using our voice to advocate for wellbeing and the importance of having choice.



We are committed to supporting frontline workers to care for their physical and mental wellbeing, so they can effectively care for others. In 2019, we launched [Peace on Purpose](#) in partnership with the United Nations Foundation. Through evidence-based practices, this initiative supports the wellbeing of UN development and humanitarian workers on and off the front lines of global conflicts and challenges.

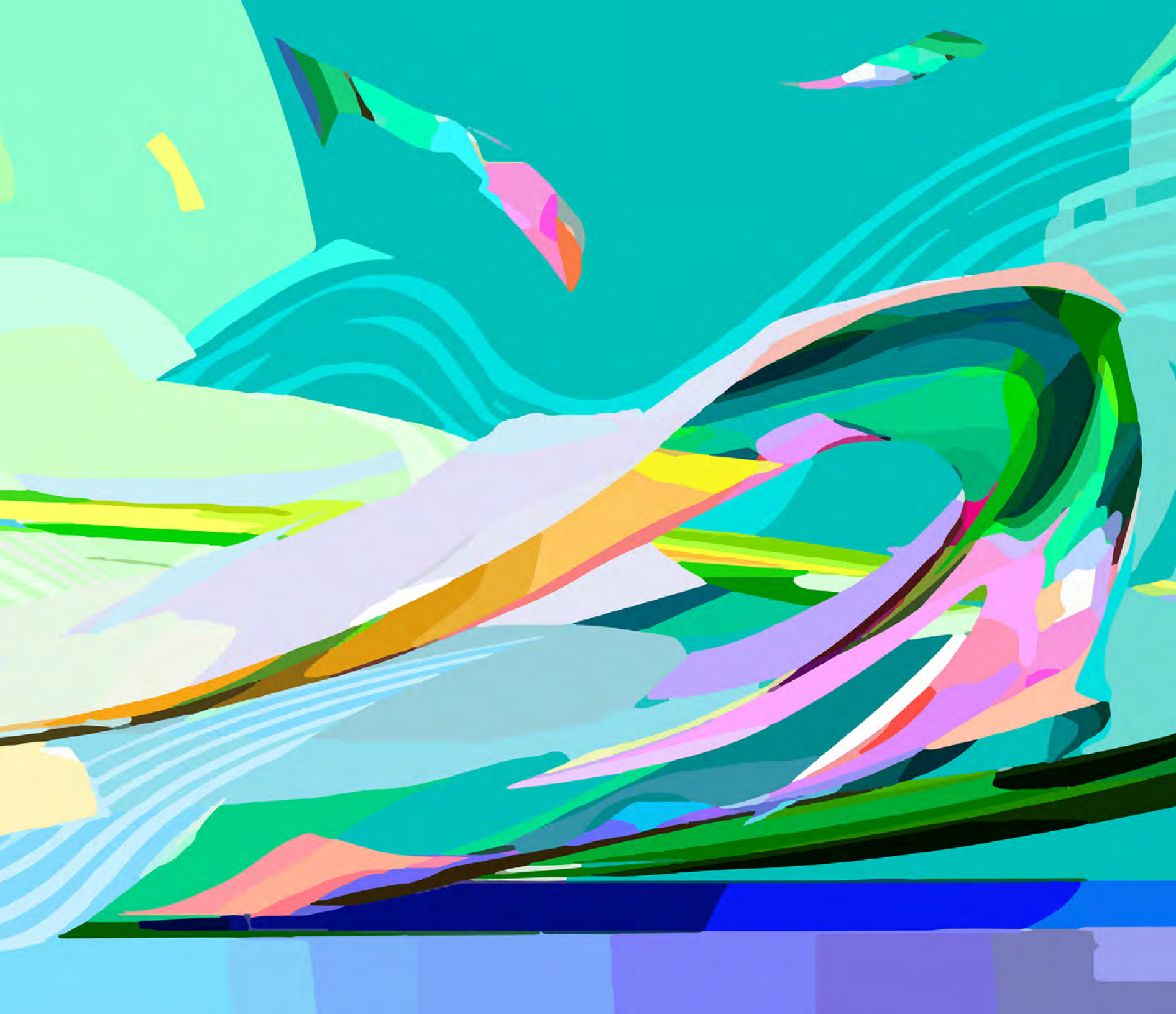
In 2020, with the UN Foundation, we radically accelerated this program for online delivery. Our shared work in 2021 will have an even deeper impact. We awarded the UN Foundation an additional US \$1.25 million for Peace on Purpose, to accelerate program reach and increase crisis response over the next two years. As the largest funding commitment Peace on Purpose has received to date, this will help build a multidisciplinary approach to support staff during times of crisis.

### **Crisis response**

Crisis response is an important part of our direct support of frontline workers, communities, and individuals affected by natural or other disasters and events. We prioritize community-led organizations that support collaborative community solutions wherever possible, working with our regions to identify what basic needs have to be met. In 2021, we provided over US \$750,000 to crisis response initiatives. This included US \$250,000 for COVID-19 relief in India and Bangladesh, and over US \$500,000 toward relief efforts for natural disasters around the world.



United Nations Foundation Peace on Purpose program



# Be Planet

## IN THIS SECTION

- 40 Climate action
- 45 Sustainable product and material innovation
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- 53 Water and chemistry
- 55 Packaging and waste



## **Our lives are interconnected with the health of the planet.**

We've set science-based targets that are the foundation for our climate action goals. We seek to lead in innovating more sustainable materials and working toward a circular ecosystem by designing out waste and keeping materials in use for as long as possible—eventually integrating end-of-life products into new products. We work across our value chain to reduce our carbon, waste, and water footprint, improve chemicals management, develop and sell products that reflect the values of our guests, and contribute to a healthier world.

### **Be Planet Chapter Illustration**

"We feel the tension dissipating, the lines begin to loosen, relax. There is transformation here. Rebirth, renewal, connection to Mother Earth in the colour green (safety, love, support). Exhale for the count of four."

– *Jacquie Comrie, report illustrator*

## WHY IT MATTERS

There is an ever-growing awareness of climate change, and a pressing urgency for solutions. Climate change threatens our living environments, as well as food and water supplies. It accelerates biodiversity impacts, and contributes to increased inequities and economic disruptions. Mental health is also affected. More than two-thirds of Americans report feeling anxious about how climate change is affecting the planet.<sup>20</sup> In addition, estimates show that climate change impacts such as rising sea levels, extreme weather events, and failed crop yields could decrease global economic output by 10 percent by 2050.<sup>21</sup> Most likely, these impacts will disproportionately impact under-resourced people and countries. As a contributor to climate change, the apparel industry must be part of the solution.

## OUR GOALS

**Achieve 100% renewable electricity to power our owned and operated facilities by 2021 (complete).**

**Meet our 2030 science-based targets by achieving:**

- **60% absolute reduction of GHG emissions in all owned and operated facilities (Scope 1 and 2) (complete)**
- **60% intensity reduction of GHG emissions across our global supply chain<sup>22</sup> (Scope 3)**

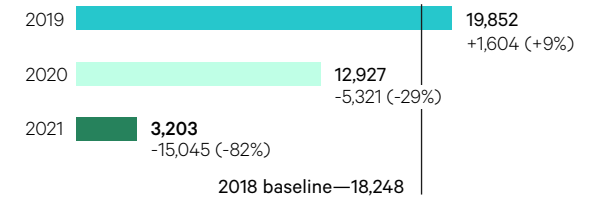
## WHAT WE'RE DOING

As signatories of the [UN Fashion Industry Charter for Climate Action](#), we committed to achieve net zero carbon by 2050 or earlier. We take a science-based approach. Our climate targets, approved by the [Science Based Targets initiative](#), help us align our goals with the Paris Climate Agreement—to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

Achieving a net zero future requires ambitious strides for cutting emissions across our value chain and within our industry. We started where we have the most control—in our owned and operated facilities. We are proud to have achieved our goals of 100 percent renewable electricity and a 60 percent absolute reduction of GHGs in our owned and operated facilities. As our business grows, we will also continue our focus on reducing our Scope 1 and 2 emissions. However, our biggest challenge lies in our value chain, which represents 99.7 percent of our emissions (Scope 3).

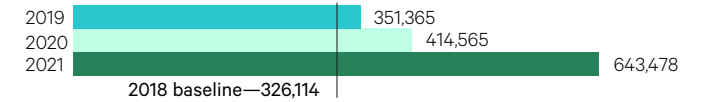
In 2021, we launched our Climate Activation Council, a cross-functional team with participation from the Product, Transportation, Fulfillment, Manufacturing, Materials, Quality, and Sustainable Business teams, which are accountable for contributing to enterprise shifts and enacting change in their respective functions. Moving forward, we are embedding sub-targets into specific business areas in line with our science-based emissions targets to track performance.

### Total Scope 1 and 2 (tCO<sub>2</sub>e)<sup>23</sup> Absolute emissions change from 2018 baseline

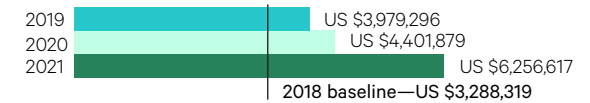


### Scope 3 science-based target (tCO<sub>2</sub>e)

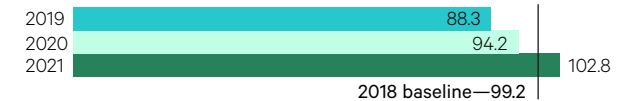
#### Total Scope 3 within science-based target<sup>24</sup>



#### Net revenue from operations ('000s)



#### Emissions intensity (tCO<sub>2</sub>e per million US dollars of revenue from operations)



#### Scope 3 emissions intensity change from 2018 baseline



<sup>20</sup> [American Psychiatric Association](#)

<sup>21</sup> [Swiss Re Institute](#)

<sup>22</sup> Includes purchased goods and services, and upstream transportation and distribution only. Intensity reduction is per net revenue from operations. For more information on our science-based target, refer to the [Supplement](#).

<sup>23</sup> For a breakdown of our Scope 1 and 2 emissions and science-based target, please refer to our [Supplement](#).

<sup>24</sup> Our science-based target for Scope 3 emissions is a subset of our total Scope 3 emissions. For a breakdown of total Scope 3 and science-based target, please refer to our [Supplement](#).

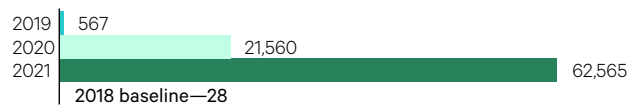


## Renewable electricity

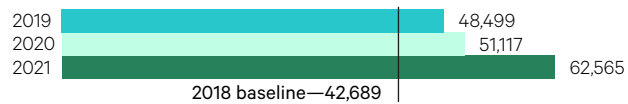
In achieving our 100 percent renewable electricity goal, our Scope 1 and 2 emissions decreased by 82 percent from our 2018 baseline. This was due to the purchase of [Energy Attributes Certificates \(EACs\)](#). We purchase EACs from accredited tracking agencies and, where possible, from wind and solar energy sources. In 2021, we signed a 10-year [Virtual Power Purchase Agreement \(VPPA\)](#) with renewable energy company [Enel Green Power](#) (see [Spotlight Story](#)).

### Renewable electricity in our owned and operated facilities

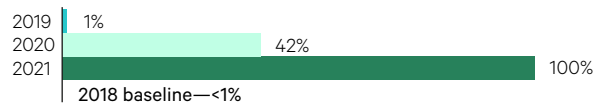
Total renewable electricity purchased<sup>25</sup> (MWh)



Total purchased electricity (MWh)



Total renewable electricity (%)



## Energy efficiency

We continue to improve energy efficiency in our owned and operated facilities. In 2021, we expanded our pilot of Energy Management Systems (EMS) in stores to better control our HVAC systems, reduce energy use, and improve guest and employee comfort. In total, we have installed EMS in 38 stores, with plans to continue expanding across our stores in North America in 2022.

## Transportation and logistics

Transportation and logistics currently make up approximately 22 percent of our total carbon footprint. During the COVID-19 pandemic, we experienced longer lead times and delivery challenges due to factory closures and pressure on ocean freight and seaports. This meant we increased our use of air freight, significantly impacting our Scope 3 target performance. We see these challenges continuing into 2022 and are working on rebalancing transportation modes as we emerge from the pandemic.

In 2021, we focused on three logistics initiatives to reduce emissions:

- Choosing emissions-friendly transportation modes—** We saw a 104 percent increase in emissions from transportation between 2020 and 2021. We launched an Air Freight Management Task Force and are shifting transportation methods where possible from air freight to ocean, truck, or train.
- Using more sustainable logistics service providers (LSPs)—** Currently, all inbound LSPs have an approved science-based target or are working toward setting a target.
- Selecting more sustainable fuels—** In 2021, we explored using more sustainable fuels as part of our broader strategy, including more sustainable aviation fuel (SAF), electric vehicles, and biofuels for ocean freight. We are working on securing an SAF supplier to conduct pilot work in 2022.

<sup>25</sup> We procured 100% renewable electricity to power our owned and operated facilities, with 99% sourced in compliance with the RE100 technical criteria. However, due to unavailability of an Energy Attribute Certificate (EAC) program, lululemon was unable to source renewable electricity in South Korea. Consequently, renewable energy credits were procured from a nearby geography.

# Winds of change

lululemon is committed to helping create an apparel industry that is both sustainable and inclusive. We are working to address the serious implications of climate change, including working toward achieving a net zero future and cutting carbon emissions across our value chain.

In 2021, lululemon signed a 10-year VPPA with Enel Green Power, a leading developer, long-term owner, and operator of renewable energy plants in North America. This partnership will help us accelerate the transition to renewable energy and reduce our emissions footprint for our owned and operated facilities. The power will be supplied by the Azure Sky wind farm located in Texas, which became operational in May 2022.

VPPAs are an important component of our strategy as they enable financing and construction of new renewable energy projects in our operating regions. As we identify feasible renewable energy development opportunities, including VPPAs in international markets, we plan to continue to transition from EACs.



Azure Sky wind farm, Texas



Solar panels on Eclat facility, Vietnam

### Supplier environmental initiatives

Manufacturing of finished goods and raw materials (Tier 1 and 2) makes up approximately 25 percent of our total carbon footprint. To measure and manage manufacturing impacts, data, and changes, we use the [Higg Materials Sustainability Index \(Higg MSI\)](#) and the [Higg Facility Environmental Module \(Higg FEM\)](#). These tools help us understand and benchmark our supply chain performance, establish targets and priorities, and inform the design and procurement of products.

Our work focuses on the following supply chain initiatives:

- **Scaling carbon and energy supplier programs**—We are a founding member of the [Carbon Leadership Project](#), led by the Apparel Impact Institute (Aii) and RESET Carbon. At the end of 2021, we scaled the program to an additional four suppliers, bringing the total to 11 that have participated in the program and set carbon targets. We are also a founding member of the [Fashion Climate Fund](#), launched in 2022, which aims to unlock a total of US \$2 billion in blended capital toward climate solutions in the apparel supply chain.
- **Supporting suppliers in setting science-based targets**—As signatories of the UNFCCC convened Fashion Industry Charter for Climate Action, we have committed to having all relevant supplier sites implement approved science-based aligned targets by 2025. Suppliers also have the option to adopt a 50 percent absolute target by 2030 and net zero target by 2050.

- **Phasing out direct use of coal**—As members of the UNFCCC, we are working to phase out direct use of coal from owned and supplier sites. In 2021, we joined a coal phase-out working group led by Aii and RESET Carbon, with the goal to replace coal-fired boilers. Through this collaboration, Vietnam facilities are undertaking a coal phase-out assessment and identifying an action plan. This program will scale to additional facilities and regions.
- **Promoting renewable energy**—In 2021, along with other leading brands, we partnered with the [Clean Energy Investment Accelerator \(CEIA\)](#) and contributed funds to Aii and CEIA to increase renewable energy adoption in Vietnam and across the apparel supply chain. We are establishing manufacturing renewable energy goals in collaboration with our suppliers in 2022.

## Our climate journey

### 2021

- Signed VPPA in North America
- Launched vendor pilots for renewables and energy efficiency
- Finalized materials innovation partnerships with the Mylo™ Consortium, Genomatica, and LanzaTech

### 2020

- Launched an energy management system pilot
- Became a founding member of the Carbon Leadership Project with the Aii and RESET Carbon

### 2019

- Set approved near-term science-based targets for 2030
- Joined the Climate Group's RE100

### 2016

- Implemented a Global Energy Tracking System
- Implemented energy efficiency upgrades at our distribution centres (DCs)

### 2013

- Submitted first CDP Climate Change submission

## 2021 carbon footprint

### RAW MATERIALS

#### Our efforts

- Converting synthetics and innovating toward low-impact materials
- Selecting more sustainable natural materials with a push toward regeneration
- Innovating in low-impact coloration solutions

### MANUFACTURING

#### Our efforts

- Accelerating supplier transition to renewable energy
- Scaling carbon and energy vendor programs
- Promoting renewable energy
- Supporting vendors in setting science-based targets

### ENERGY IN STORES / DCS / OFFICES

### STAFF COMMUTING

### OTHER CATEGORIES

### CAPITAL GOODS

### OUTBOUND LOGISTICS

### INBOUND LOGISTICS\*

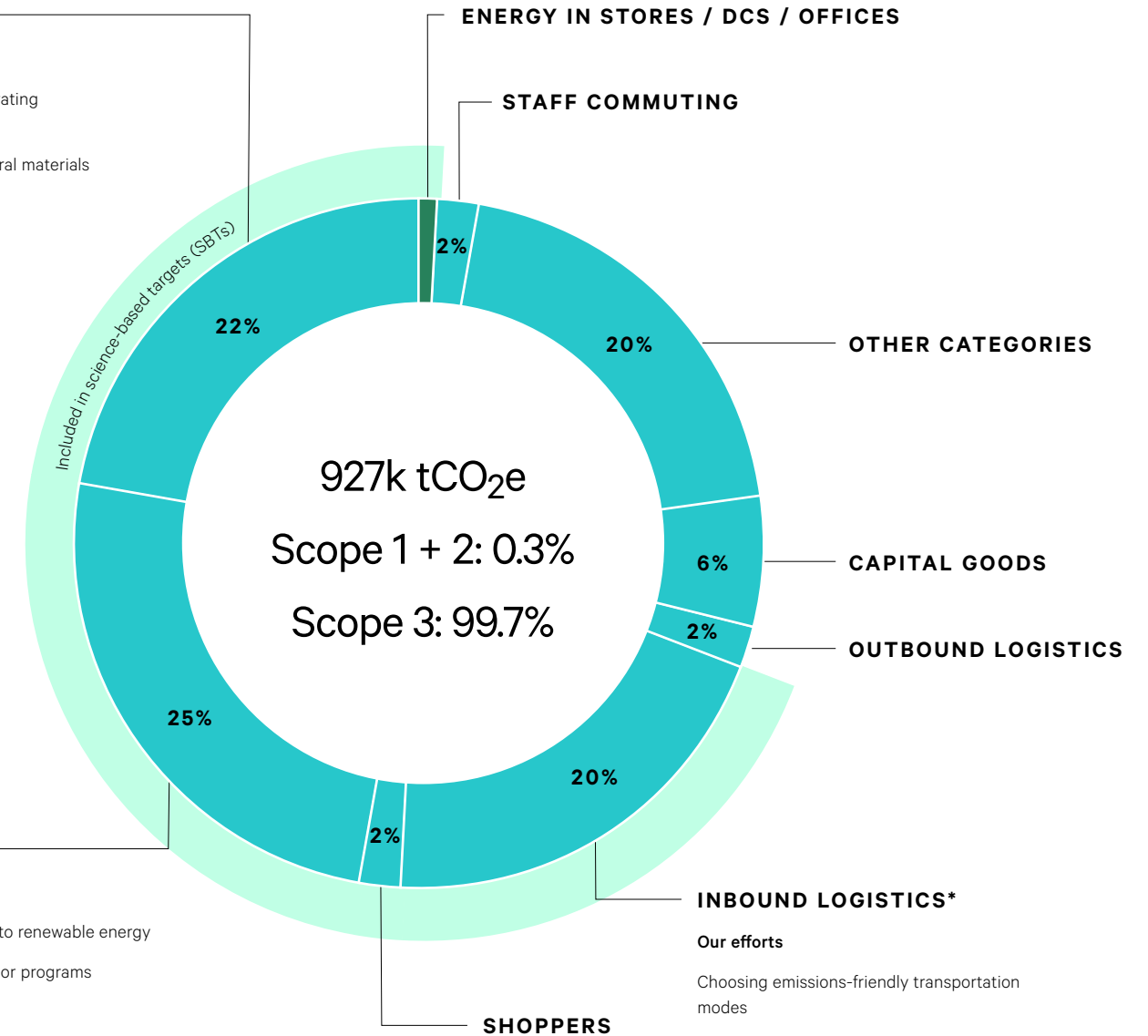
#### Our efforts

- Choosing emissions-friendly transportation modes
- Using more sustainable logistics service providers
- Selecting more sustainable fuels

\*Includes MIRROR logistics

### KEY

- Scope 1 + 2
- Scope 3
- Included in SBT



# Sustainable product and material innovation

## WHY IT MATTERS

It is estimated the apparel and footwear industry produces approximately 2.1 billion tonnes of GHG emissions—four percent of the world’s total emissions.<sup>26</sup> And 70 percent of those emissions came from upstream activities such as materials production, preparation, and processing. In addition, when products use virgin materials, they place a strain on natural resources and negatively impact the planet, including biodiversity, water quality and quantity, clean air, and soil health. Creating circular products with more sustainable materials is one of many essential steps in lowering our environmental impact, and envisioning reversing that impact in the future. Our guests and stakeholders expect us to use more sustainable options where possible, while delivering innovative, high-performance, beautiful products that last.



**SDG 12.** Responsible Consumption and Production

## OUR GOALS

**Make 100% of our products with [sustainable materials](#) and [end-of-use solutions](#) to advance a circular ecosystem by 2030.**

**Achieve at least 75% sustainable materials for our products by 2025.**

**To reach 75% sustainable materials, we will:**

- **Launch alternative nylon solutions by 2025**
- **Source 100% renewable or recycled content nylon for our products by 2030**
- **Source at least 75% recycled polyester by 2025**
- **Source 100% of cotton from more sustainable sources by 2025**
- **Trace or certify as sourced responsibly 100% of our animal-derived materials by 2025**
- **Certify or assess by a third party that 100% of our forest-based materials are sourced responsibly by 2023<sup>27</sup>**

## WHAT WE'RE DOING

We focus on innovating and converting to materials that have a lower environmental impact, including those that are recycled, renewable, responsibly sourced, or use a lower-impact manufacturing process.

We assess impacts using the Higg MSI and apply select [lifecycle assessment \(LCA\)](#) methodologies. We have modelled 60 of our top volume materials on the [Higg MSI](#), representing 45 percent of our entire portfolio volume. To better understand the role of our materials within the product lifecycle, we have also modelled 20 key product categories in the [Higg Product Module \(PM\)](#). Our largest procured material by weight is nylon, followed by polyester, then cotton. We are converting to recycled and renewable synthetic fibres, as well as responsibly sourced natural materials. We are also aligning our wool sourcing with industry sustainability standards and researching regeneratively farmed cotton.

In addition, we partner with our vendors to conduct LCAs on materials where we do not have data, and strive to improve and fill data gaps in our materials portfolio.

<sup>26</sup> McKinsey & Company, [Fashion on Climate Report](#), 2020

<sup>27</sup> Forest-based materials consist of regenerated cellulose and natural rubber.

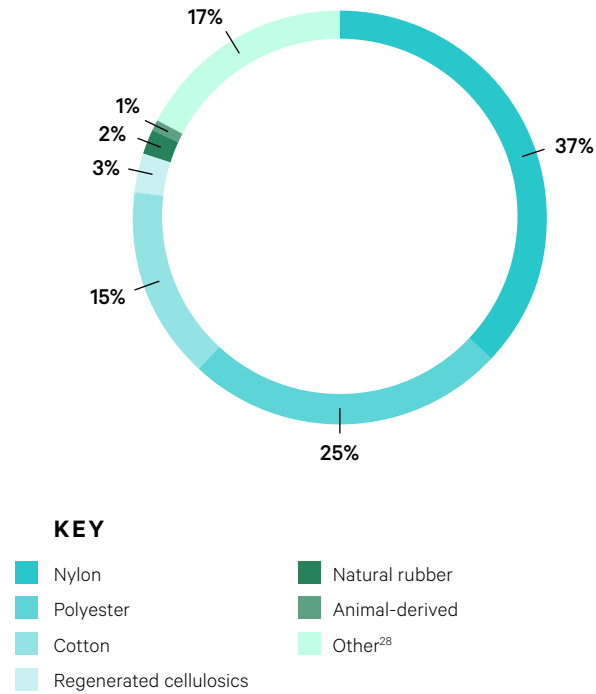
# Sustainable product and material innovation

Our teams transform practices at every stage of the process, including design, merchandising, raw materials, product development, colour, and printing. By working together with cutting-edge technology organizations such as [LanzaTech](#) and [Genomatica](#), we help create and scale solutions that deliver more sustainable products to our guests. With our [Textile Exchange](#), we participate in expanding our use of more sustainable materials across the industry, for collective benefit. See the [Supplement](#) for a full list of partnerships.

Sustainable material innovation requires years of investment in research, development, and partnership. While working toward scalable, permanent solutions, we also need to integrate temporary measures that are commercially available. For example, recycled polyester made from post-consumer single-use packaging (e.g., plastic bottles) isn't an ultimate solution, but is an improvement over traditional polyester.

In 2022, we are building our strategy to enhance our existing traceability system. This will allow greater visibility into our supply chain, including our more sustainable fibres and materials. This traceability strategy will also help us identify opportunities in lululemon's overall supply chain visibility as we move toward our 2025 and 2030 goals.

2021 key materials used in our products (kg)



**KEY**

- Nylon
- Polyester
- Cotton
- Regenerated cellulose
- Natural rubber
- Animal-derived
- Other<sup>28</sup>

Products made with sustainable materials

Disclosure	2020	2021
Total products procured <sup>29</sup> (units, '000s)	95,526	142,040
Total products made with sustainable materials (units, '000s)	26,005	41,704
Products made with >50% sustainable materials (units, '000s)	14,337	24,837
Products made with 25–50% sustainable materials (units, '000s)	11,668	16,867
Products made with >50% sustainable materials	15%	17%
Products made with 25–50% sustainable materials	12%	12%
<b>Products made with sustainable materials</b>	<b>27%</b>	<b>29%</b>

Total sustainable materials procured

Disclosure	2020	2021
Total materials procured <sup>30</sup> (kg, '000s)	27,260	37,727
Total sustainable materials <sup>31</sup> procured (kg, '000s)	8,279	14,265
<b>Sustainable materials procured</b>	<b>30%</b>	<b>38%</b>

<sup>28</sup> Elastane (10%), elastomultiester (4%), other fibre not identified (2%), synthetic rubber (1%), various materials (1%). Elastomultiester is a bi-component fibre made of different polyester types. We've converted one of the components to a recycled version but given its complexity, our system cannot yet break and allocate the different polyester fibre volumes accordingly.

<sup>29</sup> Units purchased between January 2021 and January 2022.

<sup>30</sup> Materials purchased between January 2021 and January 2022.

<sup>31</sup> Our sustainable materials are calculated by total sustainable materials (kg) divided by total input materials procured for each material type (kg).

# Sustainable product and material innovation

## SUSTAINABLE MATERIALS PROCURED BY TYPE

Material	Type	Unit*	2020	2021
Nylon	<b>Total</b>	<b>kg</b>	<b>10,646</b>	<b>14,066</b>
	Recycled	kg	241	819
		%	2%	6%
	Renewable	kg	0	0
		%	0%	0%
	Polyester	<b>Total</b>	<b>kg</b>	<b>6,056</b>
Recycled		kg	2,357	4,655
		%	39%	50%
		%	39%	50%
Cotton	<b>Total</b>	<b>kg</b>	<b>4,124</b>	<b>5,580</b>
	Sustainably sourced cotton	kg	1,498	2,050
		%	36%	37%
		%	36%	37%
Down	<b>Total</b>	<b>kg</b>	<b>91</b>	<b>109</b>
	Responsible Down Standard	kg	91	109
		%	100%	100%
		%	100%	100%
Animal-derived materials	<b>Total</b>	<b>kg</b>	<b>245</b>	<b>216</b>
	Responsible/traceable	kg	91	109
		%	37%	50%
		%	37%	50%
Forest-based materials	<b>Total</b>	<b>kg</b>	<b>1,575</b>	<b>1,857</b>
	Forest Stewardship Council (FSC)-certified natural rubber	kg	65	498
		%	4%	27%
	Responsible regenerated cellulose	kg	748	1,185
		%	48%	64%

\*kgs in '000s

## NYLON

### Source 100 percent renewable or recycled content nylon for our products by 2030.

Our nylon goal is ambitious and challenging. Nylon makes up the biggest portion of our materials and provides lululemon products with the characteristically unique performance, feel, and quality we have become known for. Our goal is to transition from virgin nylon fibre to 100 percent renewable, recycled, or net new fibres that reduce our dependence on fossil fuels while maintaining uncompromising feel and performance.

Our initial approach is to innovate into renewable bio-nylon at scale. We have a multi-year collaboration with [Genomatica](#), a leader in biotech innovation and materials, to bring renewably sourced, biobased materials into our product lines, including lower-impact, plant-based nylon. We are collaborating with Genomatica on plant source and traceability to optimize the overall environmental benefits from plant-based nylon. We are developing the technology and working toward commercialization at scale, to help achieve our 2030 product goals.

Recycled nylon (generally made from post-industrial material waste) is another option. However, recycled alternatives that align with our product performance standards are currently only available in limited quantities. We will scale through existing and emerging solutions, such as textile-to-textile recycling. We are exploring environmental impact reductions in other areas of the nylon value chain, including solution dye finishes, manufacturing, and facility improvements.

### % renewable or recycled content nylon

Baseline Year	Baseline	2021 Results	Goal	Goal Year
2020	2%	6%	100%	2030

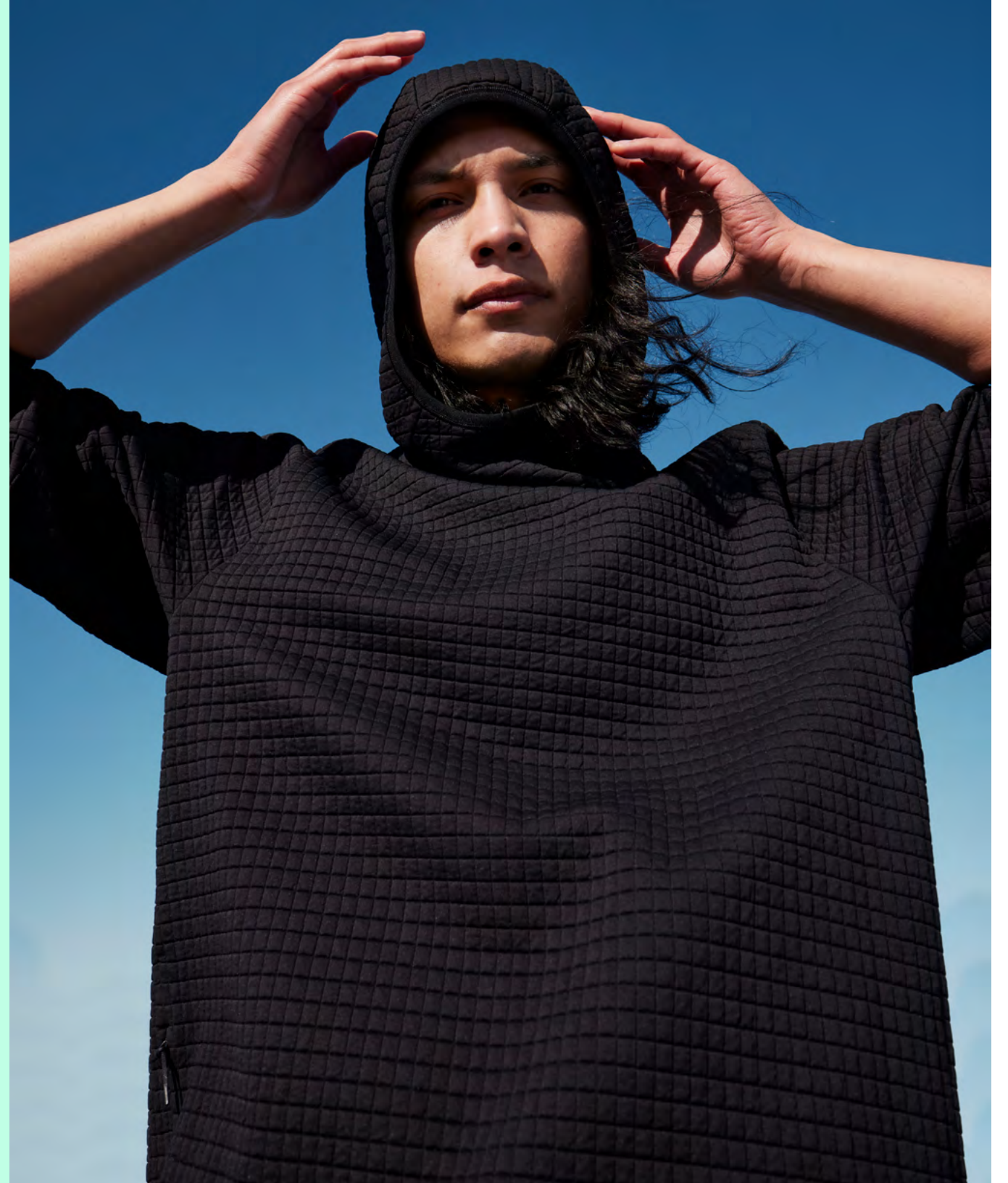
# Raising the bar on product

While we are proud of the work we've done with more sustainable materials, we must continue to elevate our practices to build the sustainable future we envision.

We committed to meeting our ambitious sustainable product targets and are making strides. In 2019, we set a goal of achieving 75 percent sustainable materials for all our products by 2025. In 2021, our men's apparel line hit that goal early.

Sustainable materials innovation is a galvanizing focus across our design teams. Recycled polyester was incorporated into one of our most beloved products—the Metal Vent Tech 2.0 shirts—setting the groundwork for scaling to our Swiftly women's products. In 2021, we developed a 100 percent recycled polyester fabric and used it for the pockets of our men's apparel. Warpstreme—the fabric for our bestselling ABC and Commission pants and shorts—also uses recycled polyester. The Always In Motion boxers underwent a complete redesign, using a responsibly regenerated cellulosic fabric that doesn't sacrifice performance.

We will continue to grow our men's apparel business and play our part to reset sustainability as the industry standard.





## POLYESTER

### Source at least 75 percent recycled polyester by 2025.

In 2021, 50 percent of our total procured polyester was made of recycled content (mostly post-consumer recycled PET from plastic bottles). Over the last year, we continued to drive the transition to recycled polyester across all our assortments. We are also participating in the [2025 Recycled Polyester Challenge](#), a joint initiative between Textile Exchange and the United Nations Fashion Industry Charter for Climate Action, supporting the industry's ambition to increase the global recycled polyester uptake from 14 percent to 45 percent by 2025.

However, relying on plastic bottles for recycled polyester supply is a stop-gap measure, and not a long-term solution. With our partners [LanzaTech](#), Far Eastern New Century, and India Glycols, we have developed a successful proof of concept for a polyester yarn and fabric partially made with recycled carbon emissions. We are currently working on the feasibility of a variety of yarn sizes, while optimizing the supply chain to scale the technology. We are also looking at feedstock sources such as post-consumer textiles.

### % recycled polyester

Baseline Year	Baseline	2021 Results	Goal	Goal Year
2020	39%	50%	75%	2025

## COTTON

### Source 100 percent of cotton from more sustainable sources by 2025.

We take a portfolio approach to achieving more sustainable cotton that includes organic, recycled, regenerative, and other third-party certified platforms. Most of our Pima cotton is sourced from Peru. We are working to make meaningful and rapid progress, as we approach our 2025 goal.

We are expanding our current program of better cotton sourcing by enrolling the balance of our short-staple suppliers. We are also expanding our commitment to precision farming programs (e.g., US Cotton Trust Protocol) and planning regenerative agriculture sourcing projects in our existing supply chains. These two techniques help capture more environmental impact data from our cotton supply chain. They also support farmers in transitioning to not only minimize but eventually restore the local environment through regenerative farming techniques. In addition, they ensure greater visibility into social and animal welfare as a direct or indirect result of cotton farming.

### % sustainably sourced cotton

Baseline Year	Baseline	2021 Results	Goal	Goal Year
2020	36%	37%	100%	2025

## ANIMAL-DERIVED MATERIALS

### Trace or certify as sourced responsibly 100 percent of our animal-derived materials by 2025.

Animal-derived fibres—down, wool, cashmere, and silk—represent a small amount of our overall material portfolio (one percent by weight). In 2021, 55 percent of our animal-derived materials were traced or certified as responsibly sourced. All down has been fully traced and certified to meet the [Responsible Down Standard](#) for many years. We are at the initial stages of sourcing more sustainable, third-party certified wool, and will continue with the assessment of responsible sources for our cashmere and silk.

### % traceable or certified animal-derived materials

Baseline Year	Baseline	2021 Results	Goal	Goal Year
2020	37%	50%	100%	2025

## FOREST-BASED MATERIALS

### Certify or assess by a third party 100 percent of our forest-based materials are sourced responsibly by 2023.

Of our forest-based materials, 64 percent of our volume consists of regenerated cellulosic fibres, while 27 percent is natural rubber. Almost 100 percent of our regenerated cellulosic fibres have been sourced responsibly since 2018. They are assessed through [CanopyStyle Audits](#) to verify producers are at low risk of sourcing from ancient or endangered forests, or controversial sources. In 2021, we celebrated transitioning all our core yoga mats to [Forest Stewardship Council® \(FSC®\)](#)-certified natural rubber, representing 74 percent of the natural rubber we procured this year (FSC® N002716). We continue innovating materials in our yoga mats and are exploring further use of [Mylo™](#), a material made of renewable mycelium.<sup>32</sup>

### % certified or third-party assessed forest-based materials

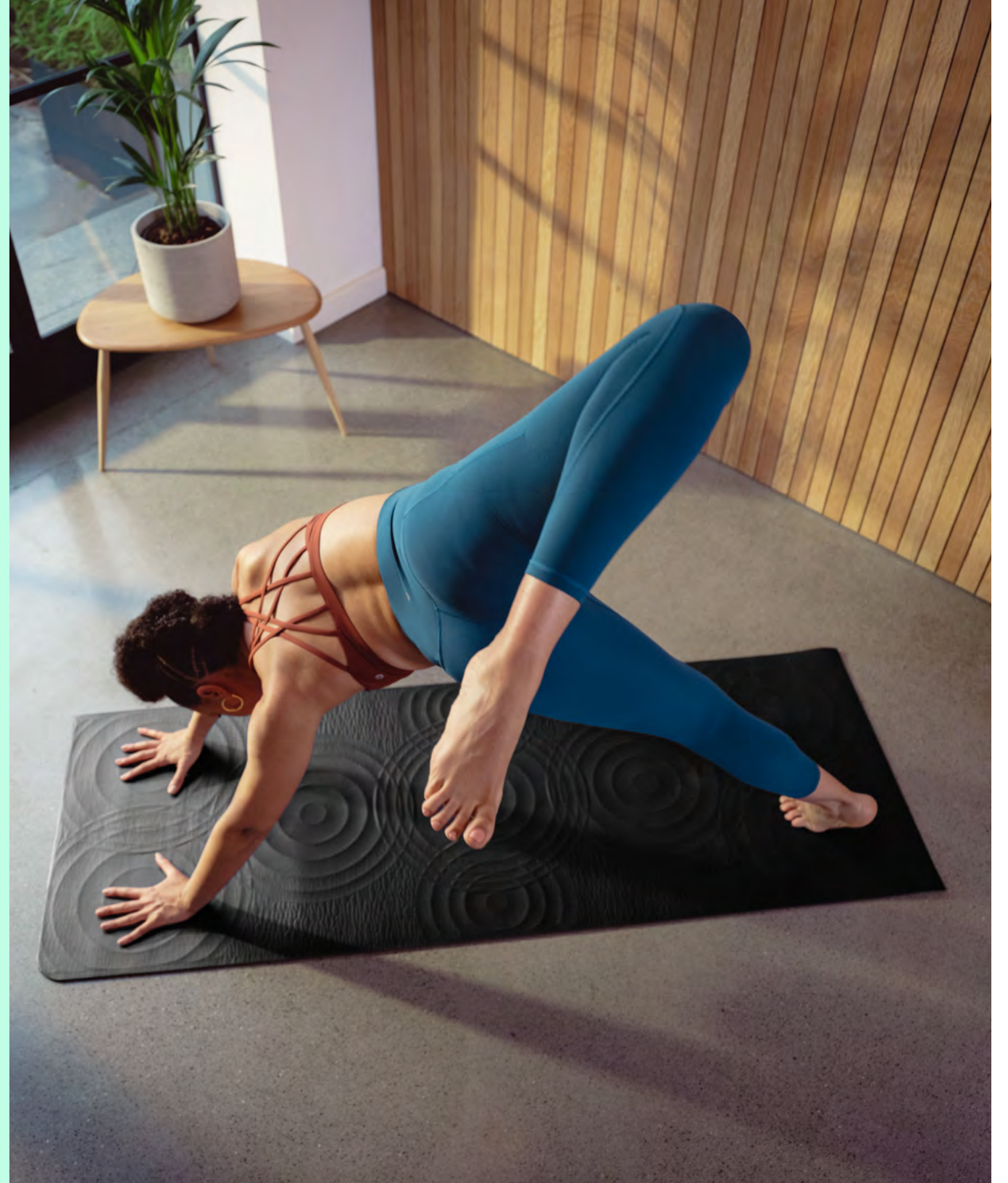
Baseline Year	Baseline	2021 Results	Goal	Goal Year
2020	52%	91%	100%	2023

32 The root system of mushrooms

# Rooted in mindfulness

lululemon approaches wellbeing with mindfulness, from our movement practices to the products we make. To keep us grounded in our goal to have all forest-based materials responsibly sourced by 2023, we are converting to use natural rubber that is [FSC](#) certified. As one of the most recognized sustainable forest management organizations, the FSC grants certifications for suppliers that prioritize environmental protection, respect Indigenous Peoples' rights, and enhance the social and economic wellbeing of workers and local communities.

In 2021, all our core yoga mats used FSC-certified natural rubber, representing 74 percent of the natural rubber we sourced in this year. The Mat, The (Un) Mat and The (Big) Mat are the newest products to transition, joining the Take Form, Arise, and Carry Onward mats that began using FSC-certified natural rubber as early as 2019. By the end of 2022, close to 100 percent of the natural rubber used in our core mats will be FSC certified, and we are introducing new, more sustainable materials, such as recycled polyvinyl butyral (PVB).



# Circularity and new guest models

## WHY IT MATTERS

It is no longer tenable to continue the pattern of extracting natural resources for products that end up in landfill. This cycle drains economic resources, creates environmental damage, and, due to the production and consumption chain, threatens social inequities. By transforming to a circular economy we can collectively reduce waste and achieve global climate targets. But circularity reaches further. Circularity sparks creativity and innovation, evolving product design and offering opportunities to engage with our guests in new and meaningful ways. According to a study done by McKinsey, 54 percent of survey participants in California anticipate buying more clothes with recycled materials and 92 percent would participate in a brand-sponsored apparel recycling program if offered the opportunity.<sup>33</sup>



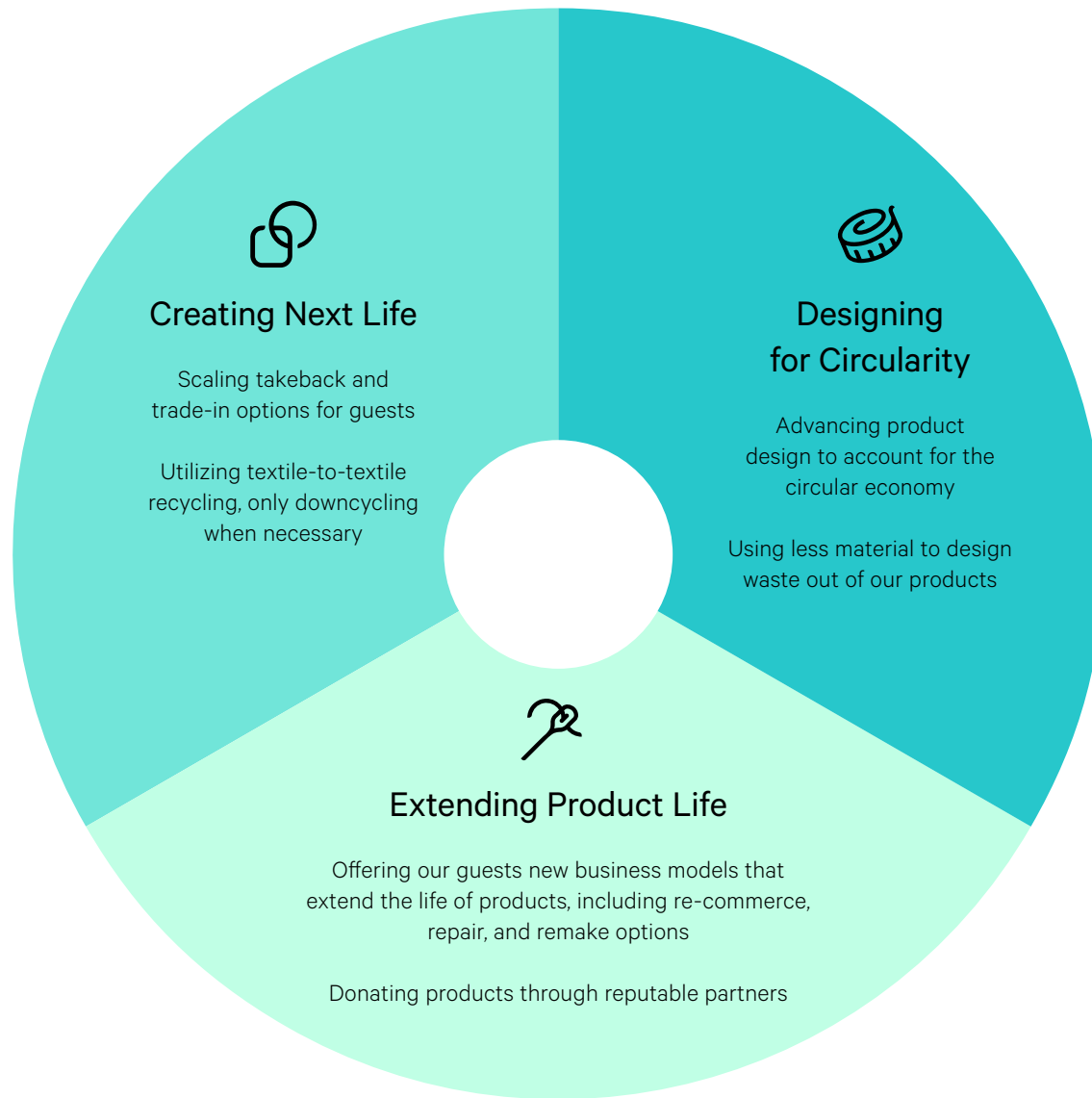
**SDG 12.** Responsible Consumption and Production

## OUR GOAL

Offer our guests new business models that extend the life of products—reaching 100% of North American guests and piloting internationally by 2025.

33 [McKinsey & Company](#)

## Our Strategic Focus Areas



# Circularity and new guest models

## WHAT WE'RE DOING

### DESIGNING FOR CIRCULARITY

We design our products for function, longevity, and sustainability. Product design includes multiple key decision points that impact carbon footprint and lifecycle, including material choice, manufacturing processes, intended product use, and ultimately, disposal. Incorporating principles of circular design into our products is a critical step to extending their useful life, enabling end-of-life solutions toward a circular ecosystem and building long-lasting value.

We have created a product education and engagement framework that covers lifecycle impacts and innovation techniques to reduce product footprint. Moving forward, we will conduct training on more sustainable design and circularity. In 2022, we will launch multiple modules of this framework, including a pilot of a circular design workshop.

### EXTENDING PRODUCT LIFE

Our goal is to ensure our products maintain the highest value and maximize use for as long as possible.

Through our Like New product resale program, launched as a pilot in 2021, we offer guests the chance to trade in and buy gently used lululemon products. In our first year of the program, we offered trade-in at 82 stores across Texas and California, representing 22 percent of our stores in North America. We also have an online resale shop, where guests can purchase verified, quality-checked, gently used gear. By buying lululemon Like New over brand new, guests are doing their part to reduce carbon emissions, waste, and water use. We reinvest 100 percent of Like New profits into sustainability initiatives, including our recent founding investment in the [Fashion Climate Fund](#), led by the Aii.<sup>34</sup>

After launching the program, resale shopping exceeded our business projections by 200 percent.

On Earth Day 2022, we announced the expansion of lululemon Like New to all US stores. To support this work, we are exploring ways to create resale models that work for different regions. We are actively researching additional programs to extend the life of products, including evaluating the expansion of repair options for our guests.

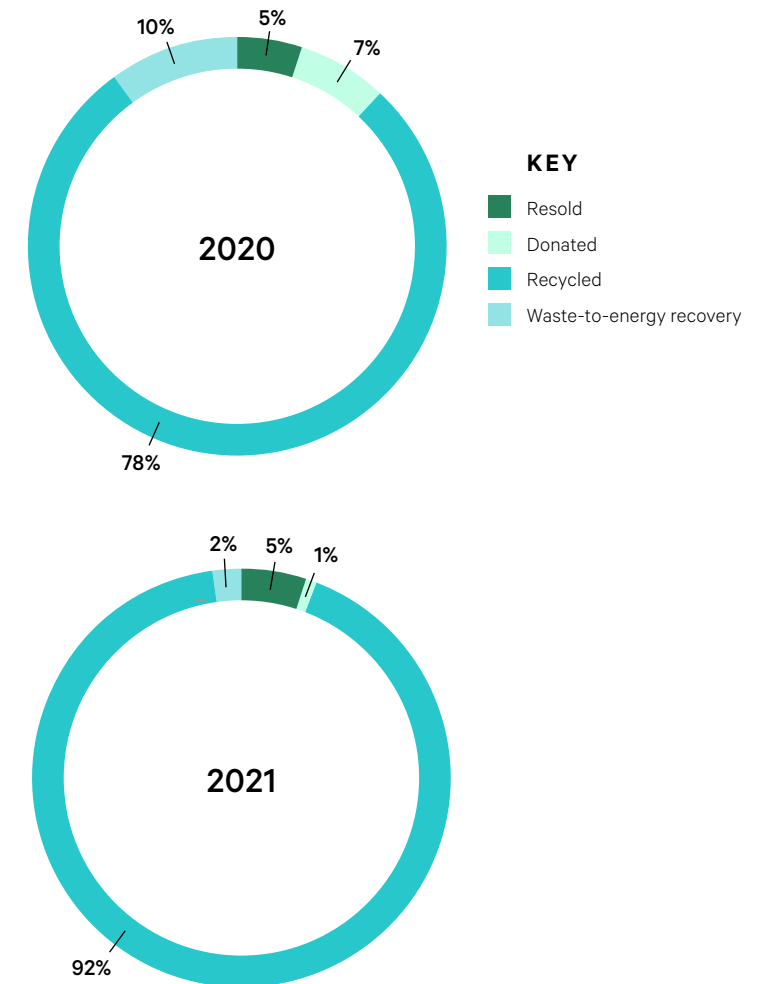
### CREATING NEXT LIFE<sup>35</sup>

To create a next life, over 90 percent of our damaged and excess products (e.g., returns, in-store damages, quality issues) are resold, donated, or recycled through internal initiatives and partnerships—not including Like New. Where possible, we sell any lightly used products through lululemon Like New or staff sales. We partner with [Good360](#) to donate products directly to community partners.

Our product recycling partner is [Debrand](#). They recycle our apparel into insulation, including stuffing for mattresses, furniture, cars, and sporting equipment. Damaged yoga mats are recycled into an equestrian footing product called ReitenRight. As a last resort, when there are no recycling solutions, items are processed into a waste-to-energy facility that generates electricity.

One of our most significant innovation challenges is the ability to develop solutions to turn manufactured textiles back into yarn. Technical solutions for textile recycling beyond polyester and cotton are limited. In 2021, we continued to seek out recycling partners in global markets. We are also collaborating with [debrand](#) to pilot textile-to-textile recycling technology and broader recycling infrastructure solutions.

### Damaged and excess products



<sup>34</sup> 100% of pilot program profits or 2% of revenue, whichever is higher. Initiatives include circular product design, renew and recycle programs, and store environmental programs.

<sup>35</sup> Manufacturing material waste, samples, returns, and end of use

## WHY IT MATTERS

The textile industry uses large amounts of freshwater throughout the production and manufacturing process. Around one billion people live in areas where access to freshwater is scarce.<sup>36</sup> With rising temperatures and unequal access to freshwater sources, it is imperative that we protect and steward this precious resource. In addition, there is a growing body of evidence that microplastics in water discharge are making their way to our lakes, rivers, and oceans. When it comes to chemistry, it is important to continually find better chemicals that mitigate harm to people and the planet. By reducing freshwater use, protecting water discharge from hazardous chemicals, and improving chemicals management, we can also reduce our energy usage, improve biodiversity, and decrease air pollution.



**SDG 12.** Responsible Consumption and Production

## OUR GOALS

### Water

Reduce freshwater use intensity with our priority wet process suppliers by at least 20% by 2025.

### Chemistry

Implement ZDHC MRS� at 100% of priority suppliers by 2022 (complete).

<sup>36</sup> World Wildlife Fund

<sup>37</sup> In 2020 we had an average freshwater consumption intensity of 136 l/kg compared to an average freshwater consumption intensity of 126 l/kg in 2021. We felt this is a significant year-over-year reduction that can at least partially be attributed to an increase in production capacity utilization. By using 2021 as a baseline year, we feel more confident we will be tracking improvements from intentional water reduction opportunities.

## WHAT WE'RE DOING

### Water

In 2021, we worked with RESET Carbon to identify a freshwater reduction roadmap and baseline to achieve our 20 percent freshwater reduction target and developed a strategy to enroll our suppliers into the program. This work focuses on three opportunities for freshwater reduction at supplier facilities: water efficiency and process optimization, technology upgrades, and increased water recycling capabilities.

To achieve our water reduction goal, we are working with priority Tier 1 and Tier 2 suppliers, which represent more than 84 percent of our Tier 2 value and 65 percent of Tier 1 value in dollars. We prioritize suppliers located in high water-risk regions. While finished goods manufacturing is typically less water intense, we have included some of these facilities because of their locations in high water-risk areas and, in many cases, the use of washing processes in the finishing of garments. We explore different reduction opportunities based on production volume, current and future water risk, and reduction potential.

We set 2021 as a baseline year for our water reduction target. After reviewing data from 2020 and 2021, we felt 2021 was more representative of a typical production year due to the impact of COVID-19.<sup>37</sup>

In 2021, four suppliers enrolled in the Carbon Leadership Project, which now includes a water component. Through this program, suppliers set a water baseline, determine water reduction targets, and develop a water reduction action plan. Once suppliers have completed the program, we will continue to meet with them biannually to understand any challenges they are facing and how they are tracking toward their goals. We aim to enroll five to eight additional suppliers in this program in 2022.

We are participating in a Higg monthly data collection pilot to standardize monthly data collection, in addition to the annual Higg FEM assessments we already collect. This will enable suppliers to share environmental data more quickly, efficiently, and accurately with multiple brands.

### Freshwater use baseline

Disclosure	Unit	2021 (baseline)
Number of priority supplier facilities	#	30
Total liters of freshwater used at priority suppliers	liter	30.2 billion
Total kg of fabric produced	kg materials	239k
Freshwater use intensity (l/kg) at all facilities	l/kg	126

## Chemistry

In 2021, we connected with 23 priority supplier facilities to support their implementation of the [ZDHC MRSL](#) and [Wastewater Guidelines](#). We provided webinars about chemical inventory program tools and expectations and followed up with individual suppliers to ensure they understood our requirements. As a result of this work, we achieved our goal to implement ZDHC MRSL and Wastewater Guidelines at 100 percent of our priority suppliers.

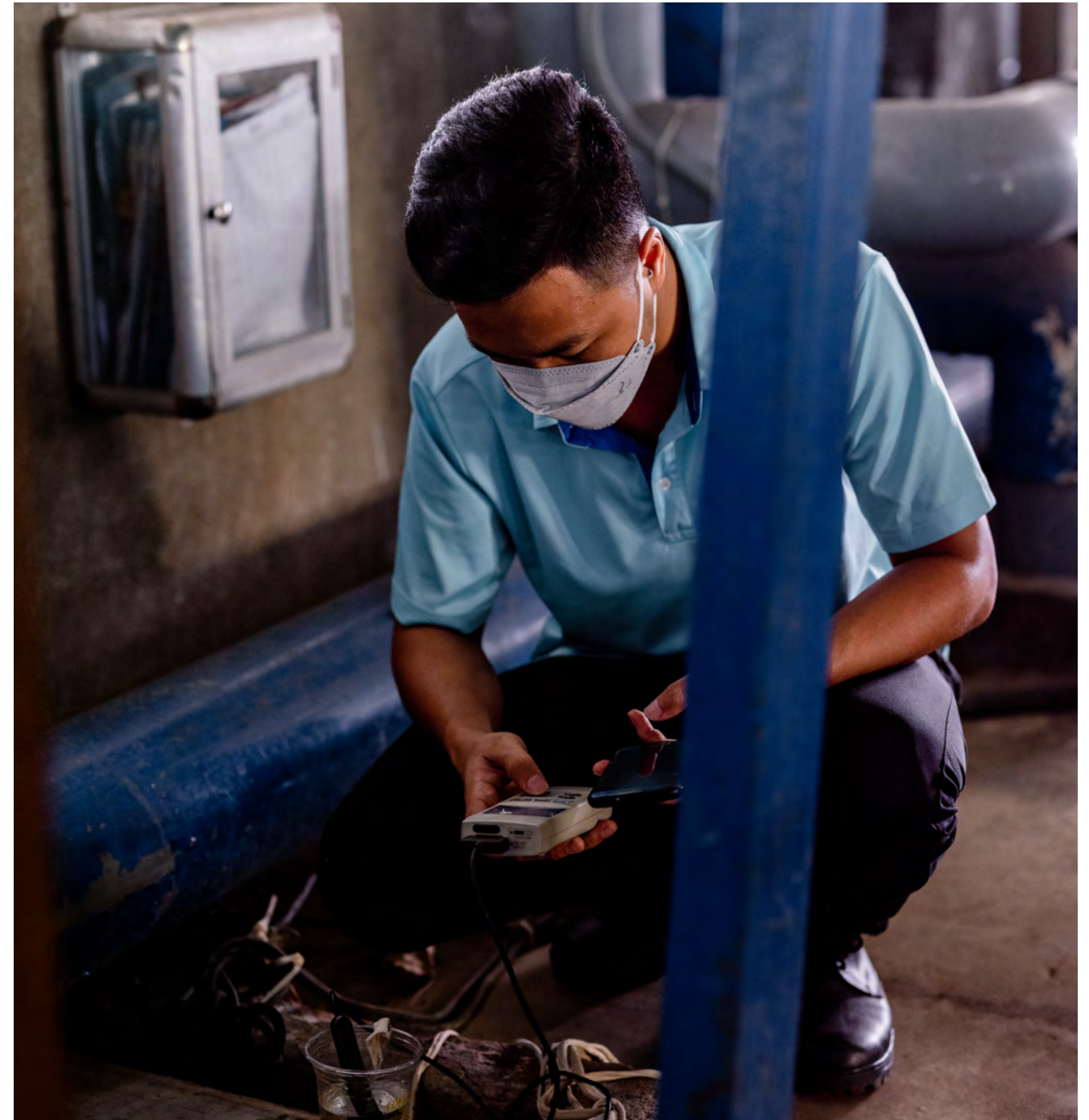
In 2021, we also partnered with GIZ FABRIC<sup>38</sup> to deliver chemical management training to 25 lululemon finished goods suppliers in Vietnam. All relevant staff were trained by local chemical experts through an e-learning platform to strengthen their knowledge and to improve supplier chemical action plans. Supplier chemical improvement teams received consultation and benefited from peer learning, resulting in an average score increase of 55 percent in the Higg FEM chemical section.

In 2022, we will continue to work with suppliers to improve their ZDHC MRSL and wastewater conformance and Higg FEM chemical scores by providing additional training opportunities and other ways to support them. We will also continue to work with industry organizations, brand peers, and chemistry experts to drive progress both within our business and across our industry.

## MRSL implementation

Disclosure	Unit	2021 (baseline)
Number of priority suppliers	#	23
Number of priority suppliers who have implemented MRSL	#	23
Percentage of priority suppliers who have implemented MRSL	%	100%

<sup>38</sup> GIZ (Deutsche Zusammenarbeit) fosters and advances sustainable business and responsible industrial practices in the apparel industry in Asia.



Water treatment activities at Eclat facility, Vietnam

## WHY IT MATTERS

Global waste generation has grown to two billion tonnes annually, with expectations that it could reach 3.4 billion tonnes by 2050.<sup>39</sup> Waste is created at every stage of production, from manufacturing, logistics, and packaging to the product itself at end of use. Reducing packaging and waste is interconnected with everything we do: the more packaging and waste we eliminate, the more we improve other areas of our Impact Agenda, including operational efficiency, and carbon and water savings.



**SDG 12.** Responsible Consumption and Production

## OUR GOAL

Reduce single-use plastic packaging by at least 50% per unit by 2025.

## WHAT WE'RE DOING

### Packaging

We are targeting more mindful packaging choices, envisioning packaging that generates zero carbon emissions and never becomes waste.

Packaging serves many purposes. It must ensure damage-free delivery. It must communicate product features. And it must do these with minimal environmental impact—from production-related emissions to end-of-life waste.

Our aim is to advance packaging circularity and find responsible end-of-life solutions for materials. Our sustainable packaging principles support improved design and sourcing decisions. By focusing first on minimal design, we reduce material consumption from the start. We also prioritize sourcing more sustainable materials with smaller environmental footprints.

In 2021, we did a complete packaging review, developing a roadmap for progress and redefining our packaging principles. We also published an updated [Forestry Statement](#), highlighting our commitment to responsibly sourced forest-based materials.

<sup>39</sup> [World Bank](#)

## Our Packaging Principles

### WE PRIORITIZE MINIMAL DESIGN.



#### Material efficiency

We aim to use only what we need—nothing less, nothing more. We do this by designing minimally, rightsizing our packaging, and optimizing packaging for transport. We aim to continually reduce our total packaging weight per unit as we grow our business.

### WE ARE MINDFUL OF OUR MATERIAL CHOICES.



#### Recycled content

We work to increase our use of recycled content in our packaging and have minimum requirements of at least 50 percent post-consumer recycled content.



#### Sustainably sourced

We choose better materials and are committed to work with suppliers that can provide Forest Stewardship Council (FSC), Sustainable Forestry Initiative (SFI), or Programme for the Endorsement of Forest Certification (PEFC) supply chain certifications for our forest-based packaging materials.



#### LCA impact

We use evidence-based lifecycle tools to inform our material choices in an evolving packaging landscape. We work to gather the best available data from our vendors throughout our supply chain to inform our strategy.

### WE DESIGN WITH CIRCULARITY IN MIND.



#### Recyclability

We endeavor to create a next life for all our packaging and consider the current landscape of recycling infrastructure available to our guests in our design choices. Our aim is to make all our packaging widely recyclable.



#### Recycling labeling

We support our guests to make informed choices and include appropriate icons indicating material components and how to recycle wherever possible. And we encourage our guests to reuse our shopping bags to tote personal belongings—only taking a new one from our stores when necessary.

## Transformation of packaging materials

In 2021, we took steps to evaluate our materials and further align with our sustainable packaging principles to reach our goal of reducing single-use plastic packaging by 50 percent per unit.

### Plastic packaging baseline<sup>40</sup>

Packaging type	Unit ('000s)	2021 (baseline)
Product packaging	kg	28
E-commerce mailers	kg	806
Transport packaging	kg	1,468
Packaging procured (total)	kg	2,302
Total units procured (products)	units	142,040
Intensity (weight/units)	kg/units	0.016

In 2020, we calculated our baseline against our goal. During 2020, many of our stores were closed due to the COVID-19 pandemic and our e-commerce sales were high. As we collected data for our 2021 performance, we observed that our e-commerce packaging use decreased as our stores reopened globally. As a result, although it appeared that we had made significant progress toward our single-use packaging goal, the root cause was due to shifts in market conditions. We felt 2021 was a more accurate representation of our baseline performance and decided to move our baseline year to 2021.



Below are a few of our highlights from 2021:

**Polybags:** We developed a program (launched in early 2022) to optimize polybag packaging for our key product categories. This reduces our polybag volume by 35 percent on average.

**E-commerce mailers:** We tested the use of paper e-commerce mailers through the lululemon Like New program. Based on its success, we are expanding our trials to launch a paper mailer in Europe.

**Shoppers:** We improved the recycled content of our durable shopper, and it now contains an average of 65 percent traceable recycled content. We are exploring future shopper options, including further increasing sustainability components.

### Zero waste distribution centres

Our six owned DCs reported zero waste, with four reporting diversion rates of 94 percent in 2021.<sup>41</sup> We define zero waste as consistently reusing, recycling, or composting over 90 percent of their waste materials each year. To continuously improve, we will be working with all our DCs to track and collect data and are moving toward external verification of our zero waste program.

Our box reuse program, in effect since 2015, saves more than one million boxes annually, and teams recycle all the soft plastics and corrugate used to transport products to our facilities. Unexpected global supply chain disruptions in 2021 resulted in a significant increase in air shipments, which meant that boxes were handled more often and experienced more wear and tear. As a result, only 57 percent of boxes were reused in 2021. We are currently exploring options to reduce air freight to meet our carbon targets, which will also help restore our box reuse rates.

### Store recycling

In 2021, we rolled out a store recycling revamp in our European stores, improving our store recycling rate from 49 percent to 84 percent. This will save over 40 tonnes of waste from going into the landfill every year. In Australia and New Zealand, we scaled our store recycling guidelines and were able to maintain a 95 percent waste diversion rate in 2021, saving 110 tonnes of waste from landfill.

<sup>40</sup> Data is self-reported by our suppliers. Our packaging baseline excludes our shopper.

<sup>41</sup> In 2021, our DCs missed some data collection due to turnover. For our Sumner, Melbourne, Columbus, and Delta DCs we collected all four quarters of data, but we only collected one quarter of data for Milton and Toronto. The 94 percent diversion rate is based on the information we collected.



# Supplement

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Achieving change at a systems level is only possible by building and nurturing strategic partnerships. We collaborate with a wide range of organizations to address both systems-level and industry-wide changes. In this way, we empower the people who make our products, foster wellbeing in our communities, make progress toward our global climate goals, and create meaningful, sustainable change. This is only a sample of organizations we work with and value.

It is our practice to defer to the language that our partners use to describe their work and the populations that they serve.

## Be Human

By partnering with others, we contribute to systemic changes in diversity and inclusion, as well as the wellbeing of people who make our products.

### **Creatives Want Change (CWC)**

CWC is dedicated to the cultivation of Black creative talent beginning at the high school level and continuing into early professional development.

### **Fair Labor Association (FLA)**

The FLA is an international network promoting human rights at work. In 2020, we joined the FLA, publicly declaring our commitment to protect and uplift the people throughout our supply chain who make our products. We are currently pursuing FLA accreditation.

### **Inclusive Design Research Centre (IDRC)**

Based out of Toronto's OCAD University, the IDRC creates and promotes inclusive design and development practices. We partnered with IDRC to create a 12-week inclusive design program for our employees.

### **Responsible Labor Initiative (RLI)**

The RLI is a multi-stakeholder, multi-industry initiative focused on ensuring the rights of workers vulnerable to forced labour are respected and promoted consistently.

## Be Well

Since 2016, we have partnered with over 750 organizations to disrupt inequity in wellbeing through movement, mindfulness, and advocacy.

### **The Circle on Philanthropy (The Circle)**

In 2021, we became a member of The Circle, which is an Indigenous-led organization working to mobilize settler philanthropic dollars to Indigenous-led projects, movements, organizations, and nations.

### **The Girls Opportunity Alliance**

An Obama Foundation program that aims to empower adolescent girls globally through education and wellbeing.

### **Minus18**

For nearly 25 years, Minus18 has been Australia's charity improving the lives of LGBTQIA+ youth via life-affirming events, digital resources, and education for the whole community.

### **National Alliance on Mental Illness (NAMI)**

NAMI is the United States' largest grassroots mental health organization dedicated to building better lives for the millions of Americans affected by mental illness. In 2021, we established a multi-year partnership with NAMI to support their work to designate 9-8-8 as a US nationwide 3-digit number for mental health crisis and suicide prevention services, and reimagine the nation's response to people in crisis.

### **The Resilience Fund for Women**

We are a member of The Resilience Fund for Women in Global Value Chains, a first-of-its-kind pooled funding initiative for companies, corporate foundations, and private foundations to invest in the long-term health, wellbeing, and economic resilience of women who form the backbone of global supply chains.

### **The Trevor Project**

The world's largest suicide prevention and mental health organization for lesbian, gay, bisexual, transgender, queer, and questioning (LGBTQ) young people.

## Be Planet

Achieving a shared aspiration of a sustainable apparel industry and accelerating product innovation requires collaboration with innovators and partners.

### **Apparel impact institute (Aii)**

The Aii launched the Fashion Climate Fund, a US \$250 million fund with key brand partners including lululemon, aiming at unlocking collaborative supply chain solutions and reducing greenhouse gas (GHG) emissions.

### **CanopyStyle Initiative**

Protecting ancient and endangered forests is at the heart of the work of Canopy, a solutions-driven environmental non-profit that works with companies to transform unsustainable supply chains, catalyze innovative solutions, advance community rights, and keep forests standing.

### **Carbon Leadership Project**

In 2020, lululemon became a founding member of the Carbon Leadership Project with the SAC, Aii, and RESET Carbon. This project brings together action-oriented brands to implement supply chain carbon targets and develop collaborative approaches that can be replicated industry-wide.

### **The Climate Group's RE100**

RE100 is the global corporate renewable energy initiative bringing together hundreds of large and ambitious businesses committed to 100 percent renewable electricity.

### **The Microfibre Consortium (TMC)**

TMC facilitates practical solutions to help the textile industry minimize fibre fragmentation and release into the environment from manufacturing and the product lifecycle.

### **The Mylo™ Consortium**

This consortium is a partnership with Bolt Threads, adidas, Kering, lululemon, and Stella McCartney, and invests in meaningful material innovation with Mylo™.

### **Sustainable Apparel Coalition (SAC)**

A global multi-stakeholder non-profit alliance for the consumer goods industry, the SAC transforms business through collaborative tools and solutions including the Higg Index, a suite of tools that standardizes value chain sustainability measurements.

### **Textile Exchange**

Textile Exchange is a global non-profit driving positive impact on climate change across the fashion and textile industry. It guides a growing community of brands, manufacturers, and farmers toward more purposeful production from the very start of the supply chain.

### **UN Fashion Industry Charter for Climate Action**

Signatories of the Charter are committed to science-based targets and work together to achieve a vision of net zero carbon emissions by 2050, across the fashion industry and broader textile sectors.

We directly engage stakeholders to understand their perspectives, share our impact work, and create shared value. We take a multilateral approach, working with a range of people and organizations, including civil society, employees and ambassadors, guests, investors and shareholders, suppliers, industry and peer companies, and the communities where we operate.

We define stakeholders as those who affect or are affected by our business operations. They hold us accountable, help us understand and progress on topics that matter, and support us in being proactive in the face of opportunities and challenges. Stakeholder engagement informs our overall strategy and is undertaken throughout the year.

WHO WE ENGAGE	HOW WE ENGAGE THEM
Civil society	We work with various non-governmental organizations (NGOs) on issue-specific initiatives on an ongoing basis, at local and global levels.
Employees	Annual employee pulse surveys let us know what employees love about lululemon and how we can improve. We also host People Networks, listening sessions, focus groups, and townhalls, and conduct additional periodic surveys such as our voluntary annual demographic survey.
Guests	We engage with our guests in a variety of ongoing ways, including in-store and online with our <a href="#">Educators</a> , our <a href="#">Guest Education Centre</a> , guest insights surveys, focus groups, emails, and social media channels.
Industry	We participate in multilateral industry associations and working groups on an ongoing basis to collectively make progress within our industry and collaborate with peer companies.
Investors and shareholders	On our <a href="#">Investor Relations site</a> , we share key shareholder information and details on financial performance. We host quarterly earnings calls, hold investor summits, and engage in individual dialogue on an ongoing basis on ESG topics.
Other	We regularly engage with ambassadors, the communities where we operate, and media, as well as government, rating, and benchmark agencies. By maintaining connections with these groups, we work to align with current issues, relevant legislation, and leading practices.
Supplier employees (makers)	We engage with people who make our products directly during our on-site assessments in facilities and during special projects. They also have the ability to reach out to us with any grievance they have through <a href="mailto:sustainablepartner@lululemon.com">sustainablepartner@lululemon.com</a> .
Suppliers	We engage with suppliers through robust onboarding, ongoing engagement with sustainability and production teams and senior leaders, annual assessments, and supplier summits.

Every year, we assess our material topics to ensure strategic alignment of our Impact Agenda with the topics that matter most for our business and the world. Materiality assessments help us evolve our strategy, reporting, and action as a company. Our annual process is as follows:

- **Topic identification:** Conduct research to develop a list of potential material topics.
- **Stakeholder identification:** Review key stakeholder groups and organizations representing topics.
- **Topic prioritization:** Through internal and external engagement, group topics, define scope, and assess whether they should be focus areas, emerging topics, or immaterial.
- **Strategic alignment:** Align identified material topics to our Impact Agenda and initiatives underway.
- **Communication and disclosure:** Use insights from the materiality assessment to shape our environmental, social, and governance disclosures, including the Impact Report.
- **Review:** Review annually to capture evolving priorities while delivering on our Impact Agenda.

In addition to the 16 material topics listed in this table, the following emerging topics were identified for lululemon: nature and biodiversity, and just and equitable transition to a low carbon future. We are assessing and integrating these into our Impact Agenda strategy, as appropriate.

MATERIAL TOPICS	DEFINITION	IMPACT REPORT SECTION(S)
Chemistry	Management and improvement of the chemicals used throughout our value chain, particularly in making materials and products	<a href="#">Water and chemistry</a>
Circular ecosystems	An enterprise model that eliminates waste and pollution, designs for durability and recyclability, circulates product and materials, and regenerates nature	<a href="#">Circularity and new guest models</a>
Climate change mitigation	Reducing GHG emissions and energy use in our owned and operated facilities (Scope 1), associated indirect emissions (Scope 2), and supply chain (Scope 3).	<a href="#">Climate action</a>
Data privacy protection	Protection of our guests, employees, and others in our collective's privacy and personal data	<a href="#">How we govern impact</a>
Diversity, equity, and inclusion	Fair treatment and compensation across all levels of the business. Designing products, services, and marketing inclusive of the full range of human difference.	<a href="#">Inclusion, Diversity, Equity, and Action</a>
Employees, supplier employees, and community wellbeing (physical, mental, and social)	Physical, mental, and social wellbeing of employees, supplier employees (makers), guests, and market communities.	<a href="#">Our approach to wellbeing</a> <a href="#">Community wellbeing</a> <a href="#">Maker wellbeing</a> <a href="#">Frontline wellbeing</a> <a href="#">Employee empowerment</a>
Environmental pollution	Pollutants to air and water from operations, products, services, supply chain, and waste; their impacts on people and communities.	<a href="#">Water and chemistry</a>
Ethical business practices and corporate governance	Implementing policies and practices that are in line with business codes of conduct for ethical operations.	<a href="#">How we govern impact</a> <a href="#">Proxy Statement</a>
Fair and ethical labour practices	Protection and monitoring of the rights of our employees and makers in our supply chain, including operations and suppliers identified as having significant risk of forced or compulsory labour.	<a href="#">People who make our products</a>
Human rights	Ensuring that basic international standards aimed at securing dignity and equality for all is embedded at all levels of the organization, including business values and culture. These human rights are outlined in the International Bill of Human Rights.	<a href="#">How we govern impact</a> <a href="#">People who make our products</a>
Natural disaster and crisis response	Unforeseen extreme events (natural or human-driven) that result in significant damage, displacement, or loss of life. Includes the response to these events as well as relief efforts aimed at mitigating their impacts.	<a href="#">Frontline wellbeing</a>
Packaging and waste	Reducing the environmental and social impact of packaging and waste, especially single-use plastic. Striving for resource efficiency in our packaging and materials.	<a href="#">Packaging and waste</a>
Supply chain traceability	Transparent processes and systems that help ensure suppliers uphold environmental, social, and governance standards, secure our license to operate, and build credibility with consumers.	<a href="#">People who make our products</a> <a href="#">Sustainable product and material innovation</a>
Sustainable products and materials	Prioritization of lower environmental impact options when assessing environmental and social impacts associated with the lifecycle of materials.	<a href="#">Sustainable product and material innovation</a> <a href="#">Circularity and new guest models</a>
Sustainable product innovation and design	Taking a stewardship approach to the design of products and services, working to create value through innovation and circularity, ultimately reducing our social and environmental impact.	<a href="#">Sustainable product and material innovation</a> <a href="#">Circularity and new guest models</a>
Water management and stewardship	Managing water wisely in our operations and supply chain to contribute to sustainable long-term use, especially in water-scarce regions where we operate.	<a href="#">Water and chemistry</a>

# Responsible supply chain data

In 2021, we monitored our active suppliers through annual assessments and self-assessments, as well as follow-up assessments where required. We also onboarded new suppliers through our new supplier approval process. 183 total Vendor Code of Ethics (VCoE) assessments were completed in 2021, with 128 conducted by lululemon, 38 by an accredited third party, and 17 as supplier self-assessments.

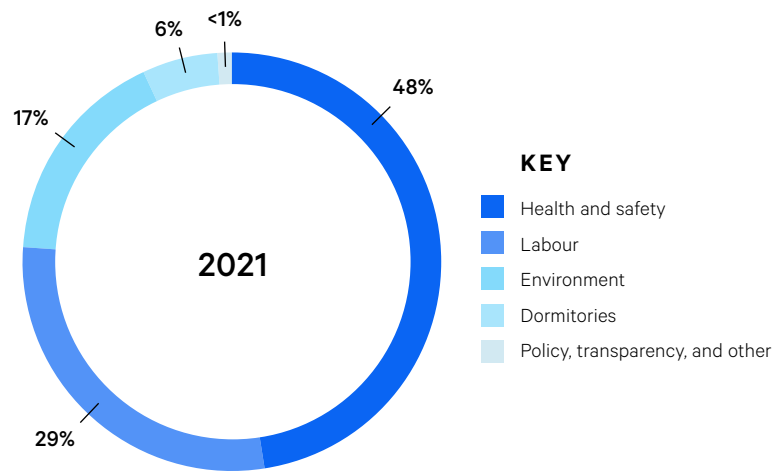
In terms of typical findings, areas for improvement fall under health and safety, labour, dormitories, environment, and other. In the health and safety category, we assess a wide array of aspects, including personal protection, hygienic safety, fire preparedness, and corrective actions generally focused on improving occupational health and safety management systems. Issues assessed under labour include wages and working hours (including overtime and break regulations), social benefits and contractual issues, as well as grievance mechanisms. Where factories have workers living on-site, dormitories are assessed for their safety and living conditions, including personal space and hygiene.

Our assessments also include aspects of environmental management, such as the labeling and storage of chemicals, training for chemical and waste handling, and wastewater treatment. Other issues include policy or transparency shortcomings, such as the use of unapproved subcontractors. Where we identify improvement potential, our suppliers remediate issues by implementing Corrective and Preventative Action Plans (CAPAs). Our team supports with guidance around maintaining appropriate management systems, and measures to remediate and prevent issues going forward.

In 2021, we enhanced our data collection and performance monitoring processes to ensure detailed compliance and facility monitoring aligns with our updated VCoE. We are implementing a new data management system to better identify trends in working conditions and remediation processes.

For more information, refer to [People who make our products](#).

Findings breakdown by category



## TIMEFRAME

All emissions data provided is for the calendar year ending December 31, 2021.

## OVERVIEW

lululemon captures, calculates, and reports direct and indirect (Scope 1 and 2) GHG emissions in accordance with:

- The Greenhouse Gas Protocol: Scope 2 Guidance
- US EPA Center for Corporate Climate Leadership: Direct Fugitive Emissions from Refrigeration, Air Conditioning, Fire Suppression, and Industrial Gases
- US EPA Center for Corporate Climate Leadership: Indirect Emissions from Purchased Electricity
- US EPA Center for Corporate Climate Leadership: Direct Emissions from Stationary Combustion Sources
- US EPA Center for Corporate Climate Leadership: Direct Emissions from Mobile Combustion Sources

In addition to the above selected methodologies, we use Facility Environmental Module (FEM) and Materials Sustainability Index (MSI) data from the Sustainable Apparel Coalition. The MSI helps us determine material and process impacts at a more granular level, and the FEM provides us with facility data. lululemon management is responsible for the collection, assessment, quantification, and reporting of energy and emissions data. For a list of Scope 3 calculation methodologies, refer to the chart on pages [66](#) and [67](#).

## ORGANIZATIONAL BOUNDARY

lululemon uses the operational control approach in conformance with the GHG Protocol to report energy consumption, and direct and indirect GHG emissions for all facilities where lululemon has operational control. There are no sources (e.g., facilities, specific GHGs, activities, geographies) excluded from our selected reporting boundary for direct and indirect GHG emissions, with the exception of purchased heat and steam, which were deemed immaterial. For a list of our Scope 3 emissions inclusions and exclusions, refer to the chart in the [Be Planet](#) section.

## GHG EMISSIONS BASELINE

In 2019, we created science-based targets approved by the Science Based Targets initiative (SBTi). Our Scope 1 and 2 science-based targets are 1.5°C aligned. We updated our total carbon footprint in 2018 to add detail and additional categories to make it more comprehensive, before using it as the base year to assess progress toward our science-based targets.

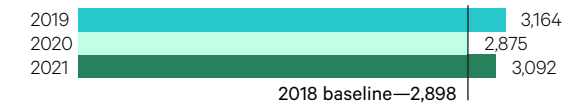
In 2021, we adjusted our baseline for Scope 3 emissions. This was primarily due to improvements in data availability and quality that we were able to implement and back cast, particularly around Category 1: Purchased Goods and Services. We also made some methodology updates to reflect best practices in our industry.

## UNCERTAINTY

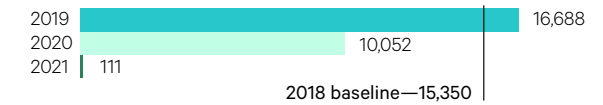
GHG emissions quantification is subject to some inherent measurement uncertainty. For example, GHG emissions factors are used in mathematical models to calculate GHG emissions and, due to incomplete scientific knowledge and other factors, these models are unable to measure the relationship between various inputs and the resultant GHG emissions accurately under all circumstances. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for measuring such data. The selection by management of different but acceptable measurement techniques could result in material differences in reporting.

## Summary of Scope 1, 2, and 3 GHG emissions (tCO<sub>2</sub>e)

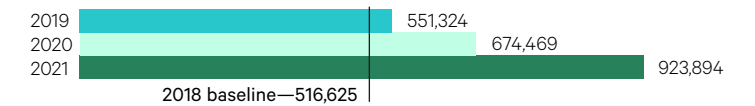
### Total Scope 1



### Total Scope 2



### Total Scope 3



## SCOPE 1, 2, AND SELECT SCOPE 3<sup>42</sup> (FRANCHISES AND THIRD-PARTY DISTRIBUTION CENTRES) FUEL AND ELECTRICITY CONSUMPTION BY REGION<sup>43</sup>

### Scope 1 and 2 fuel and electricity consumption (MWh)

Disclosure	Natural Gas (MWh)	Propane (MWh)	Electricity (MWh)	Chilled Water/Cooling (MWh)	Total (MWh)	Renewable Electricity (MWh)
Region	Scope 1 <sup>44</sup>	Scope 1 <sup>44</sup>	Scope 2	Scope 2	Scope 1 & 2	Scope 2
US	4,847	91	34,478	86	39,502	34,478
Canada	7,436	0	13,861	0	21,297	13,861
Australia/New Zealand	1	0	1,826	0	1,827	1,826
UK (incl. Ireland)	221	0	1,194	0	1,415	1,194
Europe	0	0	629	0	629	629
Asia	87	0	7,449	530	8,066	7,449
<b>Total</b>	<b>12,591</b>	<b>91</b>	<b>59,437</b>	<b>616</b>	<b>72,735</b>	<b>59,437</b>

### Scope 3 fuel and electricity consumption (MWh)

Disclosure	Natural Gas (MWh)	Propane (MWh)	Electricity (MWh)	Chilled Water (MWh)	Total (MWh)	Renewable Electricity (MWh)
Region	Scope 3 <sup>44</sup>	Scope 3 <sup>44</sup>	Scope 3	Scope 3	Scope 3	Scope 3
US	0	0	888	0	888	888
Canada	0	0	51	0	51	51
Europe	0	0	385	0	385	385
Asia	0	0	1,153	0	1,153	1,153
Latin America	0	0	279	0	279	279
Middle East	0	0	372	0	372	372
<b>Total</b>	<b>0</b>	<b>0</b>	<b>3,127</b>	<b>0</b>	<b>3,127</b>	<b>3,127</b>

42 Most stores and DCs are owned and operated. However, we have a limited number of franchise stores and several third-party operated distribution centres. While energy use for these locations falls under Scope 3, we have reported them here as Scope 1 and 2 because we purchase renewable electricity for these locations, along with all of our owned and operated facilities.

43 Acquired heat and steam consumption are considered to be immaterial energy sources for lululemon.

44 Emission factor source: US EPA MRR - Mandatory Reporting of GHG; Final Rule (40 CFR 98) - Commercial Sector Applicable as of 11/29/2013.



## Scope 1, 2, and 3 (franchises, third-party distribution centres) fuel and electricity emissions (Tonnes CO<sub>2</sub>e)

Disclosure	Scope 1 (Tonnes CO <sub>2</sub> e)	Scope 2 (Tonnes CO <sub>2</sub> e)	Scope 2 (Tonnes CO <sub>2</sub> e)	Scope 3 (Tonnes CO <sub>2</sub> e)	Scope 3 (Tonnes CO <sub>2</sub> e)
Region		(Location-based)	(Market-based)	(Location-based)	(Market-based)
US	898	12,372	15	399	0
Canada	1,348	1,079	0	1	0
Australia/New Zealand	0	1,240	0	0	0
UK (incl. Ireland)	40	256	0	0	0
Europe	0	140	0	142	0
Asia	16	4,521	95	722	0
Latin America	0	0	0	111	0
Middle East	0	0	0	197	0
<b>Total</b>	<b>2,302</b>	<b>19,607</b>	<b>111</b>	<b>1,573</b>	<b>0</b>

## Gases and global warming potential used for Scope 1 and 2 emissions

Greenhouse gas <sup>45</sup>	GWP	GWP Reference
CO <sub>2</sub>	1	IPCC Fourth Assessment Report (AR5 - 100 year)
CH <sub>4</sub>	28	IPCC Fourth Assessment Report (AR5 - 100 year)
N <sub>2</sub> O	265	IPCC Fourth Assessment Report (AR5 - 100 year)

## Gases and global warming potential used for Scope 3 emissions

Greenhouse gas <sup>45</sup>	GWP	GWP Reference
CO <sub>2</sub>	1	IPCC Fourth Assessment Report (AR4 - 100 year)
CH <sub>4</sub>	25	IPCC Fourth Assessment Report (AR4 - 100 year)
N <sub>2</sub> O	298	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs (R-410-a)	2088	IPCC Fourth Assessment Report (AR4 - 100 year)

<sup>45</sup> Carbon dioxide emissions from biogenic carbon are an immaterial emissions source for lululemon. PFCs, SF<sub>6</sub>, and NF<sub>3</sub> are not included.

Scope 3 GHG emissions by category and operational boundaries

2021 Scope 3 GHG emissions (Tonnes CO<sub>2</sub>e)

Emissions Source	2021 Emissions	Included in Our SBT <sup>46</sup>	Calculation Methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners
Category 1: Purchased goods and services	622,229	Yes <sup>47</sup>	<p>For supplier emissions, the percentage of emissions is calculated using the number of suppliers that reported on the Higg platform. Higg collects supplier activity energy data and calculates emissions for each supplier. We allocated emissions to lululemon by using total lululemon units compared to total facility units to calculate the amount of the facility that is dedicated to lululemon. 89.59% of our suppliers reported via this platform. Higg data is reviewed to determine if it is usable for our footprint. We extrapolate to 100% to ensure our footprint is not understated.</p> <p>For material emissions, lululemon uses its internal database of material quantities and a collection of custom-built and standard Higg MSI emissions factors to calculate impact. lululemon then extrapolates emissions to include liability fabric.</p> <p>lululemon collects packaging data (including shoppers) from suppliers and applies emissions factors to understand associated emissions.</p> <p>For all other purchased goods and services, spend data is collected from lululemon and MIRROR financial teams. The spend is categorized and mapped to a commodity type and an associated emission factor using the EPA US Environmentally extended input-output (EEIO) factors.</p> <p>Omissions from this category include subcontractor raw data, trims material, hard good material, self-care products, and MIRROR packaging. The omissions are a result of a lack of reliable data to adequately estimate emissions.</p> <p>GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).</p>	42%
Category 2: Capital goods	62,146	No	<p>Capital goods categories examined includes buildings, furniture and fixtures, equipment, computer hardware, and computer software. We use a spend-based method; therefore, we do not collect from suppliers or value chain partners. Spend data is collected from lululemon and MIRROR financial teams. The spend is categorized and mapped to a commodity type and an associated emission factor using the EPA US Environmentally extended input-output (EEIO) factors.</p> <p>GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).</p>	0%
Category 3: Fuel and energy related (not Scope 1 or 2)	4,894	No	<p>The activity data used to quantify these activities' emissions are the quantity consumed of each energy type, such as electricity or natural gas. Consumption by fuel type is then multiplied by emission factors for each of the three activities included in this category. Emission factors for upstream emissions of purchased fuels are based on lifecycle analysis software. Emission factors for upstream emissions of purchased electricity are based on lifecycle analysis software for the US, and on UK Defra Guidelines for other countries. Emission factors for transmission and distribution losses are location-based and taken from EPA's eGRID database for the US, and on UK Defra Guidelines for other countries. GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).</p>	0%
Category 4: Upstream transportation and distribution	201,838	Yes <sup>48</sup>	<p>Upstream logistics activity data is collected directly from our suppliers and in-house systems. This includes the distance travelled by mode and the weight of product shipped which are multiplied to calculate tonne-kilometers. We then multiply the tonne-kilometers by the appropriate mode factor from the 2021 Guidelines to Defra/DECC's GHG Conversion Factors for Company Reporting emission factors to calculate emissions. Roughly 1% of the data was extrapolated using actual data due to incomplete supplier data. Less than 10% of logistics emissions are estimated using a spend-based approach with the EPA US Environmentally extended input-output (EEIO). GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).</p>	90%
Category 5: Waste generated in operations	5,827	No	<p>Actual waste weight data for recycling, landfill, compost, and incineration is reported from the distribution centres, which represent 48.98% of our data reported in 2021 for waste. The remaining is estimated by applying a waste per square foot (SF) intensity per store type from previous store data to the 2021 SF of each store. To account for impacts during COVID-19, we estimated a 15% reduction of waste in our franchises and stores. Emission factors used are the 2016 National Inventory Report specific to Canada. GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).</p>	0%
Category 6: Business travel	2,052	No	<p>Hotel stays, air travel, corporate jets, rental cars, and rail travel are all accounted for in Category 6. Air travel, rail travel, and hotel stay records are obtained from our travel agency partner, Egencia. This is actual data to account for each trip. We extrapolate hotel data from 90% to 100% to account for bookings not made through Egencia. Roughly 75% of rental car data comes directly from the rental agencies which is then extrapolated to 100%. For corporate jets, we estimate a fuel burn rate based on aircraft type and apply this to the routes that were flown in 2021. The EPA Emission Factors for Greenhouse Gas Inventories, Apr 2022 are then applied to the actual data for total emissions. GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).</p>	96%
Category 7: Employee commuting	17,926	No	<p>Emissions are updated on an annual basis utilizing our commuting survey from 2017 and extrapolated to 2021 numbers. To account for impacts during COVID-19, we calculated a 15% reduction to office staff. UK Government GHG Conversion Factors for Company Reporting emission factors are applied to actual data and GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).</p>	0%

<sup>46</sup> Science-based target

<sup>47</sup> Our SBT includes shoppers, Tier 1 factory energy usage, Tier 2 mill energy usage, and Tier 4 raw material resource extraction. It excludes other packaging, Tier 3 yarn formation, and other services in Category 1.

<sup>48</sup> Our SBT includes inbound and MIRROR logistics but excludes outbound logistics for Category 4.

Emissions Source	2021 Emissions	Included in Our SBT <sup>49</sup>	Calculation Methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners
Category 8: Upstream leased assets	NA	No	lululemon does not have upstream leased facilities; therefore, there are 0 emissions in this category.	NA
Category 9: Downstream transportation and distribution	NA	No	lululemon does not have downstream transportation and distribution emissions. Therefore, the emissions are zero.	NA
Category 10: Processing of sold products	NA	No	lululemon stores sell final products only, rather than intermediate products. Therefore, processing of sold products is not relevant and emissions for this category are 0.	NA
Category 11: Use of sold products	419,755	No	<p>The Use phase is calculated by counting the total number of washes across the entire life of the garments produced for 2021. We use the ENERGY STAR Appliance Calculator to calculate the annual energy and water used to wash our garments. We make assumptions for our data such as cold-water wash and machine dried, as well as average washer size. This allows us to capture the impact and compare saving techniques.</p> <p>Use phase emissions for MIRROR are calculated based on assumed annual energy use per unit, number of units sold in each state/province and the associated grid emission factor.</p> <p>This includes the use of our MIRROR products which is calculated by using an average usage per unit amount and applying eGRID 2020 emission factors. GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).</p>	0%
Category 12: End-of-life treatment of sold products	6,912	No	<p>We use the EPA's material management approach to make assumptions on the end-of-life process for products (generation, recycles, incineration, or landfilled). We then use GHG factors for two materials that capture the products: PET/Polyester and Textiles, soiled. These factors are taken from Ecolvent. This allows us to multiply the weight of product per year by the GHG factor to calculate the GHG emissions.</p> <p>End-of-life emissions for MIRROR are calculated based on the number of units sold, the material composition, and emissions factor using the US EPA's 2020 waste reduction model (WARM).</p> <p>This includes the use of our MIRROR products which is calculated by using total weight per material and applying WARM emission factors. GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).</p>	0%
Category 13: Downstream leased assets	NA	No	lululemon does not lease any portfolio space to third parties, so the emissions are 0.	NA
Category 14: Franchises	70	No	Emissions from franchises represent 0.1% of our total Scope 3 emissions. Electricity and natural gas activity data is collected and tracked by our utility management software for all locations that have utility bills. All locations without utility bills are estimated from the sites that do have utility bills. Our franchise locations do not have direct utility bills, so their energy use is estimated. Emissions are calculated by multiplying the activity data by the appropriate emission factors for electricity and natural gas. Emission factors from the latest release of eGRID are applied to US locations and IEA electricity factors are applied to international locations. In addition, we estimate refrigerant usage by applying EPA assumptions on the refrigerant charge, operating loss factor, and refrigerant type to calculate the kg of refrigerants. This is then multiplied by the appropriate GWP to obtain MT CO <sub>2</sub> e. GWPs are IPCC Fourth Assessment Report (AR4 - 100 year).	0%
Category 15: Investments	NA	No	The carbon impact of the investments that lululemon makes outside its normal retail business were estimated and deemed immaterial. We estimated the emissions to be less than 0.1% of our footprint.	NA
<b>Total Scope 3: all Greenhouse Gas Protocol categories</b>				<b>1,343,649</b>
<b>Total Scope 3 less "Use of Sold Products"</b>				<b>923,894</b>
<b>Total Scope 3 in our science-based target<sup>49</sup></b>				<b>643,478</b>

49 Our science-based target for Scope 3 emissions represents approximately 2/3 of our total Scope 3 emissions as per SBTi requirements.

Outlined below are our disclosures against the SASB Index of Apparel, Accessories and Footwear Standard.

## Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting Metric	Category	Unit of Measure	Code	Data	Reference
Management of Chemicals in Products	Discussion of processes to maintain compliance with restricted substances regulations	Discussion and Analysis	NA	CG-AA-250a.1	NA	<a href="#">Water and chemistry</a>
Management of Chemicals in Products	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Discussion and Analysis	NA	CG-AA-250a.2	NA	<a href="#">Water and chemistry</a>
Environmental Impacts in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement	Quantitative	Percentage (%)	CG-AA-430a.1	Of the supplier facilities that completed Higg FEM in 2020, 94% of Tier 1 facilities and 100% of facilities beyond Tier 1 reported compliance with wastewater discharge permits where required.	<a href="#">Water and chemistry</a>
Environmental Impacts in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	Quantitative	Percentage (%)	CG-AA-430a.2	In the 2021 reporting period, 104 facilities, including finished goods, mills, and select subcontractors operated by our suppliers completed the Higg FEM. This represented approximately 94% of our Tier 1 production value and 98% of our Tier 2 production value in US dollars.	<a href="#">Water and chemistry</a>
Labor Conditions in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	Quantitative	Percentage (%)	CG-AA-430b.1	100% of active finished goods (Tier 1) and mill (beyond Tier 1) facilities have been assessed to lululemon's Vendor Code of Ethics (VCoE). However, we know there are data gaps, and we are continuing to evolve our traceability program to capture data on all facilities that we work with, particularly beyond Tier 1. 21% of total assessments in 2021 were conducted by a third party.	<a href="#">People who make our products</a> <a href="#">Supplier Declaration List</a>
Labor Conditions in the Supply Chain	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	Quantitative	Rate	CG-AA-430b.2	In 2021, 183 VCoE assessments were conducted. 2% of our active facilities did not pass their assessments. In all cases, we worked with our suppliers to implement Corrective and Preventative Action Plans (CAPAs).  If more sustainable resolutions cannot be achieved, as a last resort, we exit the business relationship. We did not exit any suppliers in 2021 due to VCoE performance.	<a href="#">People who make our products</a> <a href="#">KnowTheChain disclosure</a>

Topic	Accounting Metric	Category	Unit of Measure	Code	Data	Reference
Labor Conditions in the Supply Chain	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	Discussion and Analysis	NA	CG-AA-430b.3	NA	<a href="#">People who make our products</a> <a href="#">Climate action</a> <a href="#">Water and chemistry</a>
Raw Materials Sourcing	Description of environmental and social risks associated with sourcing priority raw materials	Discussion and Analysis	NA	CG-AA-440a.1	NA	<a href="#">Sustainable product and material innovation</a>
Raw Materials Sourcing	Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard	Quantitative	Percentage (%) by weight	CG-AA-440a.2	Recycled polyester: 50% Recycled nylon: 6% Sustainable cotton—third-party platform: 37% RDS down: 100% Responsible forest-based materials: 91% (responsible regenerated cellulose 64%, FSC-certified rubber 27%)	<a href="#">Sustainable product and material innovation</a>

### Activity metrics

Activity Metric	Category	Unit of Measure	Code	Data	Reference
Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Quantitative	Number	CG-AA-000.A	As of our December 2021 Supplier Declaration List, we worked with 90 finished goods facilities (Tier 1), which represent 100% of the suppliers we work with. We work with approximately 65 raw material facilities (Tier 2) and disclose the top 19 facilities, which account for approximately 80% of our fabric mills on our Supplier Declaration List.	<a href="#">People who make our products</a> <a href="#">Supplier Declaration List</a>

Below is lululemon’s GRI reference table. We have referenced below the specific sections of each standard that we have disclosed against.

GRI Standard	Disclosure	Notes
<b>GENERAL DISCLOSURES</b>		
Organizational Profile	102-1 Name of the organization	<a href="#">lululemon athletica</a>
	102-2 Activities, brands, products, and services	<a href="#">2021 Annual Report: Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations: page 25</a>
	102-3 Location of headquarters	Vancouver, British Columbia, Canada
	102-4 Location of operations	<a href="#">2021 Annual Report: Item 1. Business: page 1 and Item 2. Properties: page 21</a>
	102-5 Ownership and legal form	<a href="#">FY22 Proxy Statement</a> <a href="#">2021 Annual Report: Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities: page 23</a>
	102-6 Markets served	<a href="#">2021 Annual Report: Item 1. Business: page 1</a>
	102-7 Scale of the organization	<a href="#">2021 Annual Report: Item 1. Business: page 1 and Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations: page 25</a>
	102-9 Supply chain	<a href="#">People who make our products</a> <a href="#">KnowTheChain benchmark</a> <a href="#">Supplier Declaration List</a>
	102-10 Significant changes to the organization and its supply chain	<a href="#">2021 Annual Report: Item 1. Business: page 1 and Item 2. Properties: page 21</a>
	102-11 Precautionary Principle or approach	<a href="#">Our Impact Agenda</a> <a href="#">Material topics</a> <a href="#">16 goals for a healthier future</a>
	102-12 External initiatives	<a href="#">Partnering for change</a> Throughout our Impact Report, we reference external initiatives we participate in.
	102-13 Membership of associations	<a href="#">Partnering for change</a> Throughout our Impact Report, we reference member associations we participate in.
	Strategy	102-14 Statement from senior decision-maker
Ethics and Integrity	102-16 Values, principles, standards, and norms of behavior	<a href="#">A note from our CEO</a>
		<a href="#">Our enterprise strategy</a>
		<a href="#">lululemon Global Code of Business Conduct and Ethics</a> <a href="#">lululemon Vendor Code of Ethics</a>

GRI Standard	Disclosure	Notes
Governance	102-18 Governance structure	<a href="#">How we govern impact</a> <a href="#">FY22 Proxy Statement: Corporate Governance: page 18</a> <a href="#">Corporate Responsibility, Sustainability and Governance Committee Charter</a> <a href="#">Audit Committee Charter</a> <a href="#">People, Culture &amp; Compensation Committee Charter</a>
	102-20 Executive-level responsibility for economic, environmental, and social topics	<a href="#">How we govern impact</a>
	102-29 Identifying and managing economic, environmental, and social impacts	<a href="#">How we govern impact</a> <a href="#">Our Impact Agenda</a> <a href="#">How we create value</a>
	102-30 Effectiveness of risk management processes	<a href="#">How we govern impact</a> <a href="#">Material topics</a> <a href="#">FY22 Proxy Statement: Corporate Governance: pages 21 and 25</a>
Stakeholder Engagement	102-40 List of stakeholder groups	<a href="#">Partnering for change</a> <a href="#">Stakeholder engagement</a>
	102-42 Identifying and selecting stakeholders	<a href="#">Partnering for change</a> <a href="#">Stakeholder engagement</a>
	102-43 Approach to stakeholder engagement	<a href="#">Partnering for change</a> <a href="#">Stakeholder engagement</a>
	102-44 Key topics and concerns raised	<a href="#">Material topics</a>
Reporting Practice	102-45 Entities included in the consolidated financial statements	<a href="#">About this report</a> <a href="#">2021 Annual report: Item 1. Business: page 1</a>
	102-46 Defining report content and topic Boundaries	<a href="#">About this report</a>
	102-47 List of material topics	<a href="#">Material topics</a>
	102-48 Restatements of information	Greenhouse gas emissions calculation methodologies continue to evolve and expand. In 2021, lululemon collected additional data and improved its methodology, further refining our Scope 3 emissions calculations. As a result, we have updated our 2018, 2019, and 2020 emissions to reflect these refinements.
	102-50 Reporting period	<a href="#">Material topics</a>
	102-51 Date of most recent report	We published the 2021 Impact Report in September 2022.
	102-52 Reporting cycle	Annual
	102-53: Contact point for questions regarding the report	<a href="mailto:sustainability@lululemon.com">sustainability@lululemon.com</a>
102-55 GRI content index	<a href="#">GRI Index</a>	
102-56 External assurance	<a href="#">Assurance statement</a>	

GRI Standard	Disclosure	Notes
<b>ENVIRONMENT</b>		
<b>Material aspects: Circular ecosystems, Sustainable products and materials, Sustainable product innovation and design</b>		
Management approach	103-1: Explanation of the material topic and its boundaries	<a href="#">Sustainable product and material innovation</a> <a href="#">Circularity and new guest models</a> <a href="#">Packaging and waste</a>
	103-2: The management approach and its components	<a href="#">Sustainable product and material innovation</a> <a href="#">Circularity and new guest models</a> <a href="#">Packaging and waste</a>
	103-3: Evaluation of the management approach	<a href="#">Sustainable product and material innovation</a> <a href="#">Circularity and new guest models</a> <a href="#">Packaging and waste</a>
Materials	301-2 Recycled input materials used	<a href="#">Sustainable product and material innovation</a> <a href="#">SASB disclosures</a>
<b>Material aspects: Climate change mitigation</b>		
Management approach	103-1: Explanation of the material topic and its boundaries	<a href="#">Climate action</a> <a href="#">Climate data</a> <a href="#">2021 CDP disclosure</a>
	103-2: The management approach and its components	<a href="#">Climate action</a> <a href="#">Climate data</a> <a href="#">2021 CDP disclosure</a>
	103-3: Evaluation of the management approach	<a href="#">Climate action</a> <a href="#">Climate data</a> <a href="#">2021 CDP disclosure</a>
Energy	302-1 Energy Consumption within the organization	<a href="#">Climate action</a> <a href="#">Climate data</a> <a href="#">2021 CDP disclosure</a>

GRI Standard	Disclosure	Notes
Emissions	305-1 Direct (Scope 1) GHG emissions	<a href="#">Climate action</a> <a href="#">Climate data</a> <a href="#">2021 CDP disclosure</a>
	305-2 Energy indirect (Scope 2) GHG Emissions	<a href="#">Climate action</a> <a href="#">Climate data</a> <a href="#">2021 CDP disclosure</a>
	305-3 Other indirect (Scope 3) GHG emissions	<a href="#">Climate action</a> <a href="#">Climate data</a> <a href="#">2021 CDP disclosure</a>
	305-4 GHG Emissions intensity	<a href="#">Climate action</a> <a href="#">Climate data</a> <a href="#">2021 CDP disclosure</a>
	305-5 Reduction of GHG emissions	<a href="#">Climate action</a> <a href="#">Climate data</a> <a href="#">2021 CDP disclosure</a>
<b>Material aspects: Chemistry, Water stewardship, Environmental pollution—water, chemicals, and wastewater</b>		
Management approach	103-1: Explanation of the material topic and its boundaries	<a href="#">Water and chemistry</a>
	103-2: The management approach and its components	<a href="#">Water and chemistry</a>
	103-3: Evaluation of the management approach	<a href="#">Water and chemistry</a>
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	<a href="#">Water and chemistry</a> <a href="#">SASB disclosures</a>



GRI Standard	Disclosure	Notes																																																
<b>SOCIAL</b>																																																		
<b>Material aspects: Employee, maker, and community wellbeing (Physical, mental, and social), natural disasters and crisis response</b>																																																		
Management approach	103-1: Explanation of the material topic and its boundaries	<a href="#">Employee empowerment</a> <a href="#">Our approach to wellbeing</a>																																																
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	103-3: Evaluation of the management approach	<a href="#">Employee empowerment</a> <a href="#">Our approach to wellbeing</a>																																																
Training and Education	404-2 Programs for upgrading employee skills and transition assistance programs	<a href="#">Employee empowerment</a>																																																
<b>Material aspects: Diversity, equity, and inclusion</b>																																																		
Management approach	103-1: Explanation of the material topic and its boundaries	<a href="#">Inclusion, Diversity, Equity, and Action</a>																																																
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	103-3: Evaluation of the management approach	<a href="#">Inclusion, Diversity, Equity, and Action</a>																																																
Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	<p>How we govern impact <a href="#">Inclusion, Diversity, Equity, and Action</a> <a href="#">Stakeholder engagement</a> <a href="#">FY22 Proxy Statement: Corporate Governance: page 18</a></p> <table border="1"> <thead> <tr> <th></th> <th>Female</th> <th>Male</th> <th>Undisclosed</th> </tr> </thead> <tbody> <tr> <td colspan="4"><b>Board of Directors by gender</b></td> </tr> <tr> <td>Total</td> <td>50%</td> <td>50%</td> <td>0%</td> </tr> <tr> <td colspan="4"><b>Total employees by employment level and gender</b></td> </tr> <tr> <td>Total employees</td> <td>77%</td> <td>23%</td> <td>&lt;1%</td> </tr> <tr> <td>Vice President and above</td> <td>49%</td> <td>50%</td> <td>1%</td> </tr> <tr> <td>Executive Vice President and above</td> <td>56%</td> <td>44%</td> <td>0%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th></th> <th>Under 30</th> <th>30-50</th> <th>51+</th> </tr> </thead> <tbody> <tr> <td colspan="4"><b>Total employment level and age</b></td> </tr> <tr> <td>Total employees</td> <td>64%</td> <td>33%</td> <td>3%</td> </tr> <tr> <td>Vice President and above</td> <td>0%</td> <td>73%</td> <td>27%</td> </tr> <tr> <td>Executive Vice President and above</td> <td>0%</td> <td>56%</td> <td>44%</td> </tr> </tbody> </table>		Female	Male	Undisclosed	<b>Board of Directors by gender</b>				Total	50%	50%	0%	<b>Total employees by employment level and gender</b>				Total employees	77%	23%	<1%	Vice President and above	49%	50%	1%	Executive Vice President and above	56%	44%	0%		Under 30	30-50	51+	<b>Total employment level and age</b>				Total employees	64%	33%	3%	Vice President and above	0%	73%	27%	Executive Vice President and above	0%	56%	44%
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GRI Standard	Disclosure	Notes
<b>Material aspects: Fair and ethical labor practices, Human rights and forced labor, Supply chain traceability</b>		
Management approach	103-1: Explanation of the material topic and its boundaries	<a href="#">People who make our products</a> <a href="#">Sustainable product and material innovation</a>
	103-2: The management approach and its components	<a href="#">People who make our products</a> <a href="#">Sustainable product and material innovation</a>
	103-3: Evaluation of the management approach	<a href="#">People who make our products</a> <a href="#">Sustainable product and material innovation</a>
Supplier Social Assessment	414-1 New suppliers screened using social criteria	<a href="#">People who make our products</a> <a href="#">SASB Disclosures</a>

**ASM:** Assistant Store Manager. The Assistant Store Manager role is an essential part of the store leadership team, impacting team member and guest experience every day. ASMs are responsible for leading and coaching team members, holding the team accountable to results, and ensuring an outstanding guest experience in the store. ASMs are also responsible for accomplishing administrative and operations-focused activities, including floor management and scheduling.

**Centre for Social Impact:** Launched in 2021 with a commitment of US \$75 million by 2025, the lululemon Centre for Social Impact invests in and advocates for the wellbeing of those most impacted by systemic inequity around the world. The Centre is led and managed by a global internal team of experts in social impact, innovation, and wellbeing.

**Collective:** Our collective is made up of our global employees, guests, partners (e.g., ambassadors), and communities.

**DC:** Distribution Centre. A DC is a product storage and shipping building that stores the goods a company produces.

**Educator:** The Educator role is the foundation of our success as an organization. Educators are experts in creating world-class customer service, or guest experience, in our retail stores. They are responsible for engaging and connecting with our guests, sharing top-quality product education, and speaking authentically about our community and culture.

**Energy Attributes Certificates:** Energy Attributes Certificates (EACs) are issued as proof of electricity produced by renewable sources. Each EAC endorses that 1MWh was generated and injected to the grid by a specific renewable source, such as wind or solar plant.

**Freshwater:** Refers to municipal, rain, surface, ground, and well water. Does not include brackish or sea water, or produced or recycled water.

**Futures Innovation:** Through a convergence of scientific, technological, and cultural foresight, our Futures Innovation team invents and validates product opportunities in strategically identified fields of wellbeing.

**GEC:** Guest Education Centre. lululemon's GEC is our customer service team.

**Here to Be grant program:** Supports organizations around the globe that create inclusive access to movement and mindfulness, and those that advocate for civil and human rights. To date, the Here to Be program has supported 750 organizations and positively impacted more than one million people.

**Higg FEM:** The Higg Facility Environmental Module (Higg FEM) is a tool developed by Higg Co. that informs manufacturers, brands, and retailers about the environmental performance of their individual facilities, empowering them to scale sustainability improvements. For more information, visit the [Sustainable Apparel Coalition website](#).

**Higg MSI:** The Higg Materials Sustainability Index (Higg MSI) is a tool developed by Higg Co. to measure and score the environmental impacts of materials. Designers and product developers can use the Higg MSI to assess and compare the cradle-to-gate impacts of different materials. For more information, visit the [Sustainable Apparel Coalition website](#).

**Higg Product Module:** The Higg Product Module (PM) is a tool developed by Higg Co. that measures the cradle-to-grave environmental impacts of a product from the point of resource extraction to manufacturing impacts, all the way through product durability, care, and end of use. For more information, visit the [Sustainable Apparel Coalition website](#).

**IDEA:** Inclusion, Diversity, Equity, and Action. lululemon's functional team that embeds, fosters, and accelerates inclusion, diversity, and equity across lululemon, including our products, partnerships, and collective.

**Lifecycle Assessment (LCA):** LCA is defined by the ISO 14040 as the compilation and evaluation of the inputs, outputs, and the potential environmental impacts of a product system throughout its lifecycle.

**Makers:** Makers are the people who work for the suppliers who manufacture our products.

**More sustainable materials:** We have defined sustainable materials as materials contributing to improved environmental and/or social impacts compared to conventional versions, including fibres that are recycled, renewable, responsibly sourced, or manufactured with low-resource processes.

**More sustainable products:** We have defined more sustainable products as products made with at least 25 percent sustainable materials.

**Owned and operated facilities:** Facilities where lululemon has direct operational control: stores, distribution centres, and offices. Does not include manufacturing or transportation and logistics along our value chain.

**People Networks:** lululemon's employee resource groups. People Networks are safe spaces to gather, connect, and restore based on shared identity, equity-centred spaces for development, and communities of choice, where employees have power over their own engagement and contribution.

**Priority suppliers for MRSL implementation:** A subset of wet processing supplier facilities that produced 84 percent of our production value in 2021.

**Priority wet process suppliers:** Priority wet process suppliers produce 80 percent or more of our value annually and include any supplier with production in a water-scarce region. Wet processing is defined as any water-intense process, such as dyeing and finishing of materials.

**Racially diverse:** Defining racial and ethnic categories is complex; the objective is to create categories that address significant global patterns of racial and ethnic dynamics. The term "racially diverse" is used to measure the non-white population as an aggregate for purposes of identifying disparate impact based on race. This data enables us to expand our response to the historical and cultural politics of race and gender.

**Scope 1 emissions:** Direct emissions from owned and operated facilities.

**Scope 2 emissions:** Indirect emissions from the generation of purchased energy. The Supplement contains both market-based and location-based emissions. Our goals use market-based emissions.

**Scope 3 emissions:** All indirect upstream and downstream emissions that are not included in Scope 2 that occur across our value chain, excluding customer use. Note that this includes a broader scope than what is included in our science-based target.

**SSC:** Store Support Centre. lululemon's head office operations.

**Virtual Purchasing Power Agreement (VPPA):** A VPPA is a long-term contractual commitment to purchase clean energy from a specific offsite renewables project. A VPPA is key to enabling the project's development and construction, and adds new renewables to the grid, displacing fossil fuels. Energy Attributes Certificates (EACs) generated alongside the renewable electricity are transferred to the corporate buyers to support their decarbonization efforts. lululemon's VPPA supplies an equivalent amount of renewable electricity to the grid that we use in our North America stores, SSCs, and DCs.

## VERIFICATION OPINION DECLARATION GREENHOUSE GAS EMISSIONS

To: The Stakeholders of lululemon athletica, Inc.

Apex Companies LLC, (Apex) was engaged to conduct an independent verification of the greenhouse gas (GHG) emissions reported by lululemon athletica, Inc. (lululemon) for the period stated below. This verification opinion declaration applies to the related information included within the scope of work described below.

The determination of the GHG emissions is the sole responsibility of lululemon and lululemon is responsible for the preparation and fair presentation of the GHG emissions statement in accordance with the criteria. Apex's sole responsibility was to provide an independent verification opinion on the accuracy of the GHG emissions reported and on the underlying systems and processes used to collect, analyze and review the information. Apex is responsible for expressing an opinion within the GHG emissions statement based upon the verification. Verification activities applied in a limited level of assurance are less extensive in nature, timing and extent than in a reasonable level of assurance verification.

### Boundaries of the reporting company GHG emissions covered by the verification:

- Operational Control
- Worldwide
- Exclusions from the scope of lululemon's GHG emissions assertion are:
  - Franchise and 3PL facilities are excluded because they are considered in the Scope 3 calculations

**Types of GHGs:** CO<sub>2</sub>, N<sub>2</sub>O, CH<sub>4</sub>, and HFCs

### GHG Emissions Statement:

- Scope 1: 3,092 metric tons of CO<sub>2</sub> equivalent
- Scope 2: Location-Based: 19,607 metric tons of CO<sub>2</sub> equivalent
- Scope 2: Market-Based: 111 metric tons of CO<sub>2</sub> equivalent
- Scope 3: Business Travel: 2,052 metric tons of CO<sub>2</sub> equivalent

Data and information supporting the Scope 1 and Scope 2 GHG emissions assertion were in some cases estimated rather than historical in nature.

Data and information supporting the Scope 3 GHG emissions statement were in some cases estimated rather than historical in nature.

### Period covered by GHG emissions verification:

- January 1, 2021 to December 31, 2021

### GHG Reporting Protocols against which verification was conducted:

- World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol, Corporate Accounting and Reporting Standard, Revised Edition (Scope 1 and 2) and the GHG Protocol Scope 2 Guidance, an amendment to the GHG Protocol Corporate Standard
- WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3)

### GHG Verification Protocols used to conduct the verification:

- ISO 14064-3 Second Edition 2019-04: Greenhouse gases - Part 3: Specification with guidance for the verification and validation of greenhouse gas statements

### Level of Assurance and Qualifications:

- Limited
- This verification used a materiality threshold of ±5% for aggregate errors in sampled data for each of the above indicators.

### GHG Verification Methodology:

Evidence-gathering procedures included, but were not limited to:

- Interviews with relevant personnel of lululemon;
- Review of documentary evidence produced by lululemon;
- Review of lululemon data and information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions; and,
- Audit of sample of data used by lululemon to determine GHG emissions.

### Verification Opinion:

Based on the verification process and procedures conducted to a limited assurance level of the GHG emissions statement shown above, Apex found no evidence that the GHG emissions statement:

- is not materially correct and is not a fair representation of the GHG emissions data and information; and
- has not been prepared in accordance with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard (Scope 1 and 2), and WRI/WBCSD Greenhouse Gas Protocol Corporate Value Chain Accounting and Reporting Standard (Scope 3).

It is our opinion that lululemon has established appropriate systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

## Statement of independence, impartiality and competence

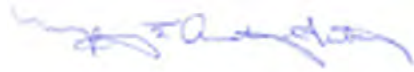
Apex is an independent professional services company that specializes in Health, Safety, Social and Environmental management services including assurance with over 30 years history in providing these services.

No member of the verification team has a business relationship with lululemon athletica, Inc., its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

Apex has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities.

The verification team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over 20 years combined experience in this field and an excellent understanding of Apex's standard methodology for the verification of greenhouse gas emissions data.

### Attestation:



Mary E. Armstrong-Friberg, Lead Verifier  
Senior Project Manager  
Apex Companies, LLC  
Akron, Ohio



Trevor Donaghu, Technical Reviewer  
Program Manager  
Apex Companies, LLC  
Pleasant Hill, California

June 30, 2022

This verification declaration including the opinion expressed herein, is provided to lululemon athletica, Inc. and is solely for the benefit of lululemon athletica, Inc. in accordance with the terms of our agreement. We consent to the release of this declaration by you to CDP in order to satisfy the terms of CDP disclosure requirements but without accepting or assuming any responsibility or liability on our part to CDP or to any other party who may have access to this declaration.

# Forward-looking statements

This Impact Report disclosure includes estimates, projections, statements relating to our business plans, objectives, and expected operating results that are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In many cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “outlook,” “believes,” “intends,” “estimates,” “predicts,” “potential” or the negative of these terms or other comparable terminology. These forward-looking statements also include our guidance and outlook statements. These statements are based on management’s current expectations but they involve a number of risks and uncertainties. Actual results and the timing of events could differ materially from those anticipated in the forward-looking statements as a result of risks and uncertainties, which include, without limitation: our ability to maintain the value and reputation of our brand; the current COVID-19 coronavirus pandemic and related government, private sector, and individual consumer responsive actions; our highly competitive market and increasing competition; increasing costs and decreasing selling prices; our ability to anticipate consumer preferences and successfully develop and introduce new, innovative and updated products; the acceptability of our products to guests; our ability to accurately forecast guest demand for our products; changes in consumer shopping preferences and shifts in distribution channels; our ability to expand in light of our limited operating experience and limited brand recognition in new international markets and new product categories; our ability to realize the potential benefits and synergies sought with the acquisition of MIRROR; our ability to manage our growth and the increased complexity of our business effectively; our ability to successfully open new store locations in a timely manner; seasonality; disruptions of our supply chain; our reliance on a relatively small number of vendors to supply and manufacture a significant portion of our products; suppliers or manufacturers not complying with our Vendor Code of Ethics or

applicable laws; our ability to deliver our products to the market and to meet guest expectations if we have problems with our distribution system; increasing labor costs and other factors associated with the production of our products in South Asia and South East Asia; our ability to safeguard against security breaches with respect to our technology systems; our compliance with privacy and data protection laws; any material disruption of our information systems; our ability to have technology-based systems function effectively and grow our e-commerce business globally; climate change, and related legislative and regulatory responses; increased scrutiny regarding our environmental, social, and governance, or sustainability responsibilities; an economic recession, depression, or downturn or economic uncertainty in our key markets; global economic and political conditions and global events such as health pandemics; our ability to source and sell our merchandise profitably or at all if new trade restrictions are imposed or existing trade restrictions become more burdensome; changes in tax laws or unanticipated tax liabilities; our ability to comply with trade and other regulations; fluctuations in foreign currency exchange rates; imitation by our competitors; our ability to protect our intellectual property rights; conflicting trademarks and patents and the prevention of sale of certain products; our exposure to various types of litigation; and other risks and uncertainties set out in filings made from time to time with the United States Securities and Exchange Commission and available at [www.sec.gov](http://www.sec.gov), including, without limitation, our most recent reports on Form 10-K and Form 10-Q. You are urged to consider these factors carefully in evaluating the forward-looking statements contained herein and are cautioned not to place undue reliance on such forward-looking statements, which are qualified in their entirety by these cautionary statements. The forward-looking statements made herein speak only as of the date of this disclosure and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances, except as may be required by law.

## CONTACT US

We’ll continue to report annually on our environmental, social, and wellness initiatives. We welcome your thoughts and ongoing dialogue as we move forward. Email us at [sustainability@lululemon.com](mailto:sustainability@lululemon.com).



#### JACQUIE COMRIE

Jacquie Comrie is a Toronto-based multimedia artist, mother, and mental health advocate.

Her work stands at the intersection of art and wellness, centering colour psychology and its benefits to the human body, psyche, and overall wellbeing.

Through a range of artistic mediums, Jacquie merges colour and scale to create vibrant, large-scale, chromatic public art experiences with a mindfulness approach aiming to serve as a much-needed tool for social impact.

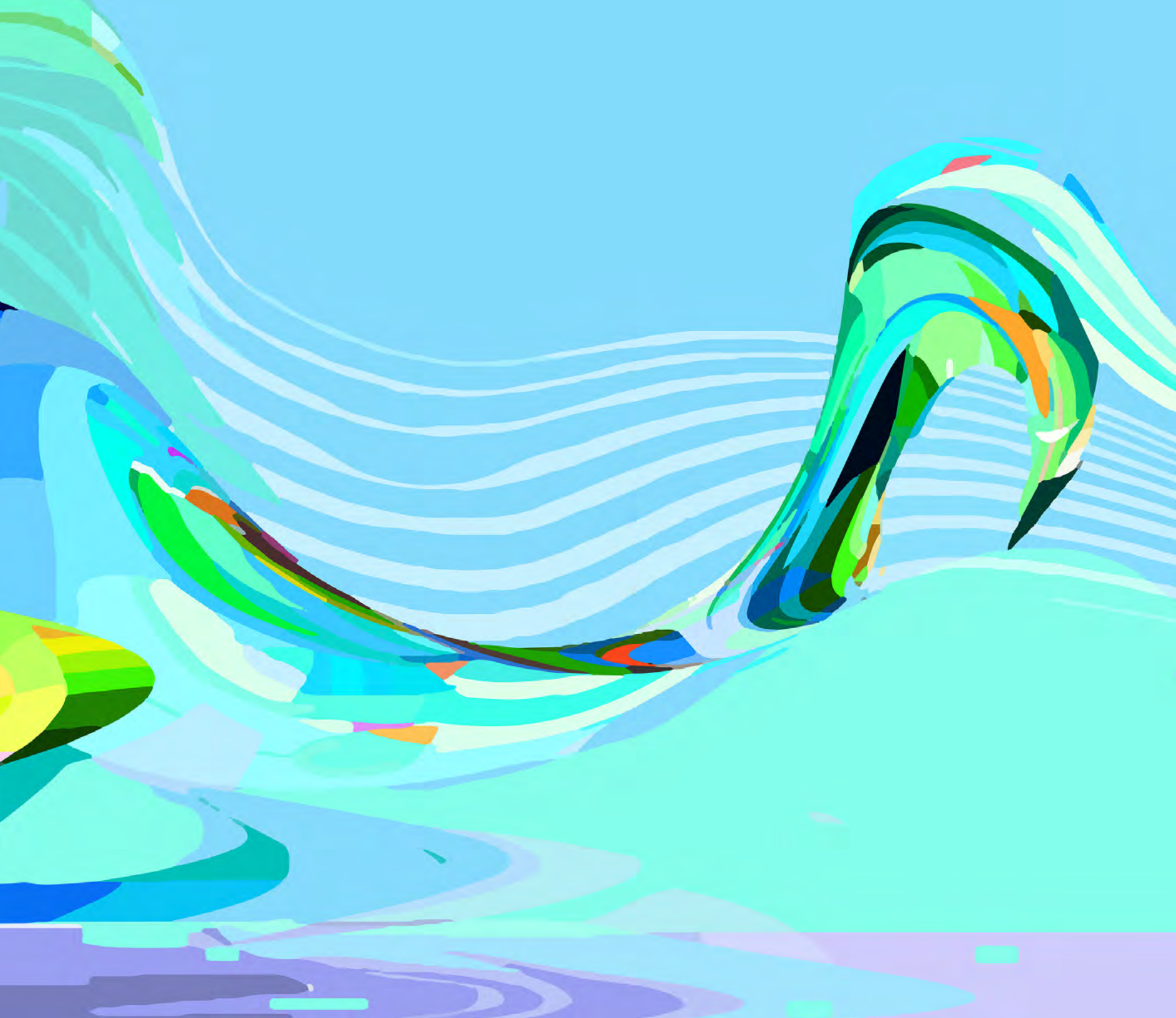
With mental health issues on the rise across the globe, Jacquie seeks to reimagine public art while holding space for colour therapy and healing that is accessible to everyone.

To learn more about Jacquie, visit [www.jacquiecomrie.com](http://www.jacquiecomrie.com) or follow [@jacquiecomrie](https://www.instagram.com/jacquiecomrie) on Instagram.

#### A GUIDE TO MINDFUL BREATHING

For humans, and all living beings, breathing is the most life essential function of the body—yet we often forget how to properly breathe. When facing difficult emotions such as stress or anxiety, breathing mindfully can help us regulate those emotions, return heartbeat to its normal rhythm, and improve focus and overall wellbeing.

This work is an exploration of the psychology of colour and its powerful effects on the human body and mind, bringing awareness to the importance of caring for one's mental health as much as our physical health. This is about holding space for much needed mindfulness and to remind us all to pause and BREATHE.



**Back Cover Illustration**

“Our breath has returned back to a calmer rhythm, our heart rate has lowered. Lines are wavy, lighter, flowing in the cooler colour palette (relaxation, calmness, balance, serenity). Hold for the count of four.”

– *Jacque Comrie, report illustrator*