



Be human.

Be well.

Be planet.

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We are all in.

A NOTE FROM OUR CEO

Thank you for your interest in our social and environmental commitments and strategy—our Impact Agenda. I am proud to introduce the work lululemon has been engaged in—and the goals that we have set—to contribute to a healthier world.

We share our strategy against the backdrop of the COVID-19 pandemic, a global climate crisis, and systemic inequities in our society. The world is calling on us all to learn, act, and do better for future generations.

In formulating our Impact Agenda, we started with a simple and challenging question: How might we create and accelerate meaningful, positive change?

As a global brand rooted in yoga and mindfulness, lululemon has a unique opportunity, responsibility, and platform. One of our core values, connection, plays a critical role in the wellbeing of people and planet, mind and body, and individual and collective. When we focus on one, we also impact another.

Connection is the foundation of our Impact Agenda. Grounded in a holistic approach that reflects who we are, our strategy is based on three interconnected pillars that lay the groundwork for how we will create a more sustainable, compassionate future: be human, be well, and be planet.

I am grateful to the many voices across our global collective who have contributed their knowledge, expertise, and experience to help us define our approach. As a global brand, as an industry, and as individuals, we all have a part to play and we have considerable work to do. In all, we are better together.

Our Impact Agenda is more than a set of commitments. It embodies our way of being, guided by our purpose to elevate the world by realizing the full potential within every one of us. It is achieved through a regular practice of mindful choices, and is rooted in the belief that our collective actions drive meaningful change.

This journey will not always be smooth, and we don't have all the answers. But, we commit to continuous progress, adapting through uncertainty, and welcome opportunities for dialogue and perspectives that inform future action.

Calvin McDonald
Chief Executive Officer

Our Impact Strategy

lululemon is a brand rooted in sweaty pursuits and personal growth, and our purpose is to elevate the world by realizing the full potential within every one of us.

In this moment, we see possibility within each of us to reflect on our priorities, evolve our strategies, and act boldly to contribute to a better world.

The costs of inaction are high. The global community must be more resilient in the face of global crises, including addressing inequity and turning the tide on climate change. To achieve a better and more sustainable future for all, we must accelerate progress in meeting the global challenges we all face, as outlined by the United Nations Sustainable Development Goals for 2030.

That's why we're bringing a new level of ambition to our impact work: to be responsible and do what's right. To activate the innovators and enable the doers. To create the space for each of us to make a difference, take action, and change the world for the better.

This Impact Agenda is our stake in the ground toward an equitable, sustainable future. Developed through internal and external engagement, it is rooted in the social and environmental contexts in which we operate and the societal issues that matter most for our business and industry. Our first holistic impact strategy, this agenda outlines our commitments to improve environmental impact, contribute to a healthier future, and create long-term value. It creates a path for change for our employees, guests, and communities that is grounded in who we are as a brand, building on our values, progress, and learnings over the past two decades.

Our Impact Agenda is organized into three interconnected pillars, each with a vision for success, goals, and commitments and strategies:

Be human. Our people succeed because we create an environment that is equitable, inclusive, and fosters growth.

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

Be planet. Our products and actions avoid environmental harm and contribute to restoring a healthy planet.

We have a long way to go to meet our goals. We'll scale our successes, learn from our setbacks, and will report on our environmental, social, and governance progress at least annually.

Together, we will learn from today and build a healthier future—for ourselves, for our communities, and for our planet.

A Dozen Goals for the Future

These are some of our goals going forward. They are the foundation of our strategic vision to minimize negative impact and contribute to a healthier future.



Be human.

01 INCLUSION, DIVERSITY, EQUITY, AND ACTION

Reflect the diversity of the communities we serve and operate in around the world by 2025.

02 EMPLOYEE LEADERSHIP OPPORTUNITIES

Be the place where people come to develop and grow as leaders for the world by 2023.

03 EMPLOYEE PAY EQUITY

Expand gender pay equity to full pay equity by 2022.

04 PEOPLE WHO MAKE OUR PRODUCTS

Achieve Fair Labor Association (FLA) accreditation, and make empowerment programs available to more than 100,000 makers across our supply chain by 2025.

Be well.

05 WELLBEING FOR ALL

Provide access to wellbeing tools for more than 10 million people by 2025.

06 SCALE ACCESS

Invest US \$75 million to advance equity in wellbeing in our global and local communities by 2025.

07 LULULEMON.ORG

Establish a lululemon centre of excellence for social impact to support wellbeing by 2021.

Be planet.

08 SUSTAINABLE PRODUCT INNOVATION

Make 100 percent of our products with sustainable materials and end-of-use solutions, toward a circular ecosystem by 2030.

09 SUSTAINABLE MATERIALS

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

10 CIRCULARITY

Offer our guests new options to extend the life of our products by 2025.

11 CLIMATE CHANGE

Source 100% renewable electricity to power our own operations by 2021, and reduce carbon emissions across our global supply chain by 60 percent per unit of value added, meeting our Science-Based Targets by 2030.

12 WATER & WASTE

Reduce freshwater use intensity by 50 percent to manufacture our products, and reduce single-use plastic packaging by 50 percent by 2025.

Be human.

Our people succeed because we create an environment that is equitable, inclusive, and fosters growth.



FOCUS AREAS

- Advance a culture of Inclusion, Diversity, Equity, and Action
- Support our employees through whole-person opportunities
- Support the wellbeing of the people who make our products



We envision an equitable world.

At lululemon, we support our employees and ambassadors in their unique journey to realize their full potential. We are taking tangible steps to create an inclusive work environment so that everyone has equitable access to opportunities and feels welcome, respected, and valued. Through this work, we will live up to our purpose and empower a diverse, thriving collective¹ to make a bold impact on the world.

We work together to support the wellbeing of the people who make our products. We take seriously our responsibility to run our business in an ethical way, a responsibility that extends to our manufacturing partners and suppliers. We uphold robust standards, collaborate to address systemic challenges, and support the safety and wellbeing of our makers.

GOAL

By 2025, the lululemon workforce will reflect the diversity of the communities we serve and operate in around the world.



Advance a Culture of Inclusion, Diversity, Equity, and Action.

We are listening, learning, and taking action to eliminate barriers to equity so that everyone has a sense of belonging, a responsibility to contribute to an inclusive culture, and the agency to act.

OUR APPROACH

We aspire to create an environment where everyone can thrive, make an impact, and be celebrated. A diverse, inclusive, and equitable global organization leads to cultivating better decisions, individual and shared growth, increased resilience and adaptability, and a deeper understanding of the communities we serve. To power real and lasting change, we're investing in [Inclusion, Diversity, Equity, and Action \(IDEA\)](#) with a commitment to meaningful transformation, which means we're not just checking boxes. We're focused on shifting our own mindsets and behaviour with the goal of living our core value of inclusion every day.

WHAT WE'RE DOING

Reflect the diversity of our communities.

We will increase diverse representation among our senior leaders, employees, and collective to reflect the communities we serve and operate in around the world.

Increasing representation starts with understanding employee and community demographics.² We will regularly assess and publish this data. We are committed to supporting the career progress of our diverse talent, increasing access to internal opportunities and professional development, as well as attracting talent through a global internship program in partnership with educational institutions. When it comes to recruitment and hiring, we've reviewed our practices. We are training our teams to mitigate unconscious bias, and as of 2020, we require a diverse pool of candidates to be interviewed for each role.

Dialogue, learning, and development.

We will expand our learning and development offerings to support IDEA.

Change begins with understanding, and we invite our collective to bring their experience and skills to help evolve our actions. We commit to ongoing dialogue and IDEA discussions, especially between underrepresented and marginalized members of our collective and our Senior Leadership Team. To continue learning and holding ourselves accountable, we have created employee-led resource groups and a global ambassador advisory committee to set the pace for change. We offer IDEA education, training, and guided conversations for all employees on a variety of topics, including anti-racism, anti-discrimination, and inclusive leadership behaviours.

Inclusive culture.

We are embedding IDEA into everything we do so that it becomes a mindset woven into our culture and experiences.

We foster a culture of inclusion by making IDEA part of our everyday conversation. We continually review our policies, programs, and practices, and we identify ways to be more inclusive and equitable. This includes the creation of inclusive and accessible product assortments and experiences for our guests and communities.

Global representation:

19,000+

Total employees

506

Stores

17

Countries

Data as of September, 2020.

Spotlight on Inclusive Product

A next step.

Our inclusive product assortment celebrates bodies in all forms.

This year, we're taking an important first step of evolving our sizing and fit offerings, starting with introducing sizes 0-20 in our top six women's styles. As always, our focus on fit is uncompromising, so our guests can expect the same technical and beautiful design, quality, comfort, and performance across every new product and size offering.

We've also introduced size 14 within core bra styles and offer support up to a 40DD/38E. And, we're adding new sizing and fits to our men's assortment, including offering a 46" waist in our ABC Classic Pant as well as new inseam lengths across our On The Move, Run, and Train categories, with plans to roll out sizes XS-3XL across select styles online by late 2021.

This is just the beginning. We'll continue to add new size and fit offerings every season going forward.



GOALS

By 2023, we will be the place where people come to develop and grow as leaders for the world.

We will expand gender pay equity to full pay equity by 2022.

Support our employees through whole-person opportunities.

We understand that health and wealth programs need to offer choice at all stages of life. That's why we're committed to bringing innovative, customized, and competitive offerings to our people globally.

OUR APPROACH

We commit to developing leaders, equitable compensation practices, and ensuring our people have the right support at the right time.

WHAT WE'RE DOING

Leaders for the world.

We will be the place where people come to develop and grow as leaders for the world.

We invest in every employee and team to create conditions for people to discover their purpose and put it into practice, be it at lululemon or beyond. We care for and support the whole person, wherever their journey takes them. Our commitment to developing leaders for the world has three components. First, we build from a place of strength; our development offerings begin by supporting people in uncovering and appreciating their strengths and uniqueness. Second, we invest in team co-creation with the belief that diversity of experience, skill, and perspective leads to meaningful innovation. Finally, we create intentional opportunities for people to discover how they can leave a legacy for the world.

Pay equity.

Globally, we will expand gender pay equity to full pay equity by 2022.

As a global organization composed of 78 percent women, including 60 percent of our Senior Leadership Team and 50 percent of our Board of Directors, we know that gender pay equity is imperative. In 2018, we achieved gender pay equity for every employee in our stores and support centres globally. In 2020, we published our gender pay equity figures and built gender pay equity into our annual compensation process. We are proud of this progress and know that full pay equity includes gender and race. We will achieve full pay equity in 2022 and commit to maintaining it moving forward.

Mental wellbeing.

We will offer industry-leading mental wellbeing training and benefits to all our employees globally by 2021.

We take a holistic approach to supporting mental wellbeing. Our Employee Assistance Program offers professional support for employees. We also offer personal resilience tools to employees, ambassadors, and suppliers. In 2021, we'll expand our existing psychological counselling benefits and offer mental wellbeing first-aid training to support conversations in the workplace. Recognizing that different groups of people require varying levels of support, we continually review and calibrate our tools to offer inclusive approaches for wellbeing.

Support for working parents.

We empower parents of all genders to take time off to focus on new family members.

Our Parenthood Program is a gender-neutral benefit providing up to six months of paid leave for all levels of employees around the globe, from educator to CEO.

We stand together fund.

We stand together to offer short-term financial support for employees.

Life isn't always a straight road. At the beginning of the COVID-19 pandemic, we created our We Stand Together Fund to support employees facing significant financial hardship with relief grants for basic and critical needs. Initially funded through executive contributions and employee donations, this program will continue to be funded by the company, with the ongoing opportunity for employees to contribute.

Female representation:

78%

Of employees

>75%

Female workers in our supply chain

50%

Of board of directors

60%

Of senior leadership

Data as of September, 2020.
More comprehensive employee demographic data will be published by the end of 2021.



GOAL

We will achieve Fair Labor Association (FLA) accreditation, and make empowerment programs available to more than 100,000 makers across our supply chain by 2025.

Support the wellbeing of the people who make our products.

Through our suppliers, tens of thousands of people are involved in manufacturing our products globally—and all our makers matter. We partner with our suppliers to create safe, healthy, and equitable environments that support the wellbeing of the people who make our products.

OUR APPROACH

A responsible supply chain starts with the decisions we make. Just as our Global Code of Business Conduct and Ethics lays out commitments for our brand, our Vendor Code of Ethics is the foundation of our supplier partnerships. The code adheres to international standards for working conditions, workers' rights, and environmental protection, and its implementation focuses on prevention, monitoring and improvement. Beyond labour compliance, we are committed to supporting worker wellbeing, building on years of partnerships with our suppliers around workplace practices and community support initiatives. Building on these values, our commitments continually strengthen our program and collective impact. Learn more [here](#).

WHAT WE'RE DOING

Responsible supply chain and FLA accreditation.

We will achieve Fair Labor Association (FLA) accreditation of our Responsible Supply Chain program

We continually elevate our program and impact, work in partnership with our suppliers, and strive to take a systems-level approach to influence change beyond our direct supply chain operations. In 2020, we became a participating company of the FLA and are working to achieve FLA accreditation for our Responsible Supply Chain program.

Fair compensation.

Responsible supply chain and FLA accreditation.

We want every maker in our supply chain to receive fair compensation. We recognize that this can be achieved only through multi-stakeholder collaboration. Our strategy is rooted in collaboration, shared data, and joint pilot projects.

Worker empowerment and wellbeing.

We will make empowerment programs available to more than 100,000 makers across our supply chain by 2025.

We are invested in the wellbeing of the people who make our products. Across our supply chain, our empowerment programs will cover a range of issues, including human rights education, women in leadership, and practices for resilience and wellbeing.

Our global supply chain.

FINISHED GOODS:

55 15

Factories Countries

RAW MATERIALS:

65 19

Fabric mills Countries

180,000+

Factory workers

>75%

Female workers in our supply chain

Data as of April, 2020.

Spotlight on Our Supply Chain

Better Together.

We're partnering for real, lasting change in our supply chain.

Moving the needle on systemic issues can happen only in partnership. The development and implementation of our Foreign Migrant Worker Standard is no exception. It 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 garment industry.

Initially, we rolled out the standard in Taiwan and engaged with our vendors to understand and raise awareness of ethical recruitment and some of the unique challenges faces by foreign migrant workers. Together we created a two-year program that included collective dialogue and problem solving and the development of tools necessary to effectively implement "no fees" road maps. By the end of the program, our Taiwanese vendors had eliminated worker-paid fees, with the exception of one that is still working on implementation. This benefitted approximately 2,700 foreign migrant workers.

Based on lessons learned, we are now scaling this program beyond Taiwan.

Be human partnerships.

We collaborate with industry groups, NGOs, and governments to create change.

Fair Labor Association

Brings together universities, civil society organizations, and companies to find sustainable solutions for improving workers' lives worldwide.

Responsible Labor Initiative

A program of the Responsible Business Alliance, a multi-stakeholder, multi-industry initiative focused on ensuring that the rights of workers who are vulnerable to forced labour are respected and promoted consistently.

Social and Labour Convergence Program

Brings together unique perspectives as an opportunity to create an efficient, scalable, and sustainable solution for social audits.

Be Well.

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



FOCUS AREAS

- Scale inclusive access to wellbeing tools



Everyone has the right to be well.

Yet globally, more people are facing stress and anxiety in their everyday lives, exacerbated by COVID-19, social injustice, and environmental anxiety. At lululemon, we're committed to wellbeing for all. When we all have the tools, resources, and agency to be well, we can realize our full potential and contribute to a healthier future.

As a brand rooted in movement, mindfulness, and connection, we know these practices have the power to support mental, physical, and social wellbeing.³ To support the critical need for wellbeing, we are providing access to tools for at least 10 million people globally, including our guests, suppliers, and members of our communities.

GOAL

By 2025, we will provide access to wellbeing tools for more than 10 million people.



Spotlight on Mental Wellbeing

Being well.

Our ongoing commitment to elevating mental wellbeing.

As a brand focused on investing in and empowering the whole person, we know that for people to realize their full potential they need to be well. In today's world, mental wellbeing support is needed more than ever.

By 2021, we are committed to offering our people leading mental health benefits, such as real-time psychological first aid support to critical incidents as well as mental health first aid training to managers to ensure they are equipped to support mental wellbeing conversations. Going forward, we'll continue the journey to deepen our understanding of mental wellbeing and support dialogue as well as access to tools inside and outside our organization.



GOALS

By 2025, we will invest US \$75 million to advance equity in wellbeing in our global and local communities.

By 2021, establish a lululemon centre of excellence for social impact to support wellbeing.

Scale inclusive access to wellbeing tools.

We believe that to build a healthier, equitable future, we must all have the tools, resources, and agency to be well. Supported by research and evidence-based practices, we embrace movement, mindfulness, and advocacy as necessary building blocks for wellbeing.

OUR APPROACH

We support communities that face economic, social, or cultural barriers by partnering with organizations that embrace movement and mindfulness practices and advocate for social justice. We support our guests by offering tools and experiences directly.

WHAT WE'RE DOING

Establish lululemon.org

In 2021, we will establish a lululemon centre of excellence for social impact.

The lululemon centre for social impact will unify and amplify existing social impact programs such as Here to Be and innovate new programs to advance equity in wellbeing in our communities. We will invest US \$75 million over the next five years, driving impact through direct funding, partnerships, co-creation, and advocacy.

Scaling Here to Be.

We will scale Here to Be, our flagship social impact program.

In 2016, we launched our social impact program and committed \$25 million USD over five years to partner with nonprofit organizations that create equitable access to yoga, running, and meditation. This year, in response to a growing need for wellbeing we took action to scale Here to Be and deepen its impact. We evolved its mission with a clear focus on equity. We expanded partnerships to include organizations that advocate for social justice.

The program provides support that includes funding, connection to tools and resources, and amplification across our platforms. Through partnerships in regions where we operate, we'll scale our reach and impact.

Peace on Purpose for humanitarian workers.

We will offer continued support for Peace on Purpose, created in partnership with the United Nations Foundation, to provide mindfulness tools to UN humanitarian workers.

Working on the front lines of global crises and natural disasters, UN staff report high rates of burnout, stress, compassion fatigue, and mental health stigmas in their work. Peace on Purpose is an evidence-based and trauma-informed program that equips UN workers with mindfulness resources to support their mental, physical, and emotional wellbeing. To date, Peace on Purpose has reached humanitarian employees in 11 countries through in-person workshops and in 87 countries through digital workshops.⁴ In 2020, we launched mindfulness tools in partnership with Insight Timer, a global meditation app. Our goal for the future is to support the UN in reaching 30,000 UN humanitarian employees by 2022 and to scale access to other global relief organizations by 2025.

Guest-facing experiences and offerings.

We will launch personal development experiences and offerings for our guests to introduce key concepts around emotional fitness and mental wellbeing.

Since our inception, lululemon has offered products for physical movement. While sweat, personal development, and connection are the foundations of our brand, to date our personal development offerings have been for our employees and ambassadors. In 2020, we designed and are piloting bespoke development tools and experiences for guests to enjoy as part of our membership program. We'll expand these into the future through evidence-based and science-informed tools and other offerings to build a practice for emotional fitness and mental wellbeing.

Impact since 2016:

575+

Nonprofit and supplier partners

500,000

People reached

3,500

Yoga teachers trained

40,000

Yoga mats donated

3

Changemaker summits hosted

Spotlight on Here to Be

Collective impact.

A snapshot of our Here to Be partners.

Every community around the world is different, and what each one needs to create access to movement and mindfulness practices differs, too. That's the approach our Here to Be nonprofit and vendor partners take to their work.

In Washington State, USA, Yoga Behind Bars is reimagining the criminal justice system by offering trauma-informed yoga classes to incarcerated youth and adults and 200-hr yoga teacher trainings in prisons. In Hong Kong, the YAMA Foundation offers free or subsidized outreach yoga programs for people in their community with disabilities or chronic illness or who are facing other barriers to wellbeing. Meanwhile, one of our supplier partners in Peru, Textil Del Valle, created a yoga program for its employees that includes offering biweekly yoga sessions in a dedicated space outside the factory. The company also implemented a program that provides bicycles for staff to safely get to its factory in Chincha Alta, and to encourage wellbeing through daily movement.

Different communities, different solutions—but the same healing power of movement and mindfulness.

Be planet.

Our products and actions avoid environmental harm and contribute to restoring a healthy planet.



FOCUS AREAS

- Innovate sustainable materials
- Create circularity through new guest models
- Act on climate and renewable energy
- Use less water and better chemistry
- Make waste obsolete



Our lives are one with the health of our planet.

We envision a future where we thrive within the limits of our one planet. That is why we act to avoid environmental harm and contribute to restoring a healthy planet.

At lululemon, we create products and experiences that reflect the values of our guests and our aspirations for a healthier world.

We will work to be part of a circular ecosystem, based on principles of designing out waste and pollution, keeping products and materials in use, regenerating natural systems, and using clean renewable energy.⁹ Underlying is the

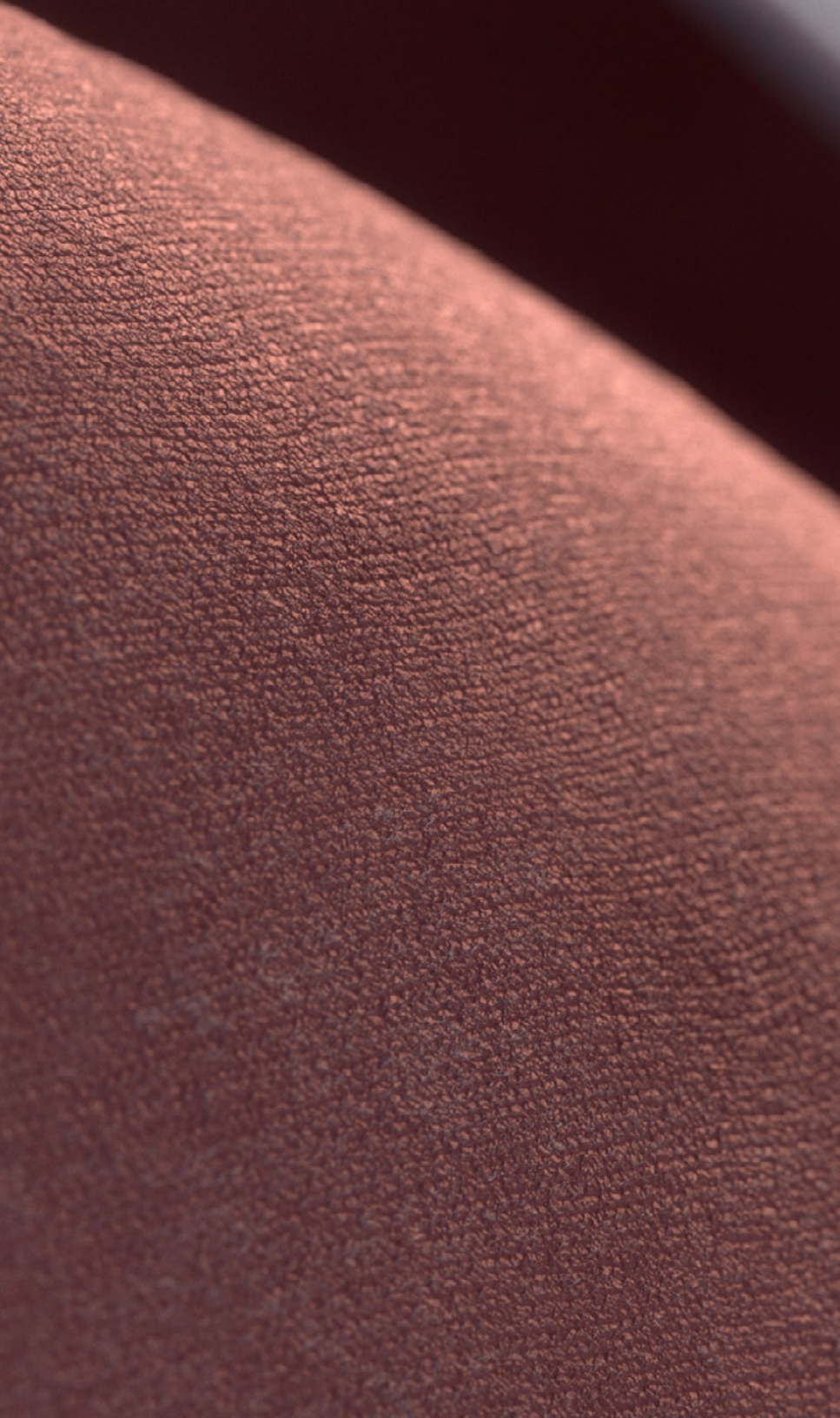
imperative to act on climate change, and we've set ambitious, science-based carbon targets that are linked to all of our Be Planet goals.

By transforming our materials and products, guest experience models, and supply chains and by partnering with our collective, suppliers, and industry stakeholders, we take responsibility to help evolve our industry toward a more sustainable future—one that is truly better for our planet.

We know we have a long way to go, but we're committed to accelerating our progress and being part of the solution.

GOAL

By 2030, we will make 100 percent of our products with sustainable materials and end-of-use⁵ solutions, toward a circular ecosystem.



GOAL

By 2025, we will achieve at least 75 percent sustainable materials for our products—including fibres that are recycled, renewable, regenerative, sourced responsibly, or some combination thereof,⁷ and/or are manufactured using low-resource processes.⁸

Innovate sustainable materials.

Extracting and processing virgin materials takes a toll on land, water, and air. Our fabrics account for roughly 50 percent of our carbon impacts, not including guest use. That's why materials innovation is the cornerstone of our journey to a more sustainable future.

OUR APPROACH

Our intent is to design all our products for long-lasting performance, beauty, and sustainability. We adopt better fibres, evolve manufacturing processes, innovate net new materials, and engage industry collaborations to help evolve collective solutions. And we assess impacts using the Sustainable Apparel Coalition Higg Materials Sustainability Index (Higg MSI) and select life-cycle analysis methodologies. Our goal is for all our materials to come from traceable sources.

WHAT WE'RE DOING

Polyester.

At least 75 percent of the polyester we source will be recycled content (with a stretch goal of 100 percent) by 2025.

Compared with virgin polyester, recycled polyester made from pre- and post-consumer fibres lessens our dependence on fossil fuels and can reduce carbon emissions by over 30 percent. We've transitioned franchises such as our Metal Vent Tech 2.0—and are transitioning all core programs—to recycled polyester. To contribute to a sustainable supply of recycled content for the future, we'll invest in industry development of fibre-to-fibre recycling.

Nylon.

We will transition all the nylon we source to renewable or recycled content by 2030 and commit to launching alternative platforms by 2025.

We'll accelerate the transition from virgin nylon to renewable, recycled, or net new materials that reduce our dependence on fossil fuels and lessen carbon emissions. While high-performing nylon fibre makes up the biggest portion of our fabric mix, today renewable and recycled nylon exists in limited quantities. We're challenging ourselves to innovate and re-engineer our nylon materials into more sustainable solutions that are uncompromising in feel and performance

for our guests. This is by far our most challenging materials goal, requiring collaboration with innovators and supply chain leaders for industry solutions, internal test-and-learn programs to achieve our standard-setting performance, and scaling across our major product platforms. In 2020, we formed an internal team dedicated to this work, and we're investing resources in strategic innovation partnerships. We're also committed to evolving elastane—an important component in our stretch product—toward renewable sources.

Cotton.

All the cotton we source—100 percent—will be from responsible platforms—including organic, Better Cotton Initiative (BCI), recycled, or regenerative—by 2025.

Responsible cotton choices reduce water and pesticide use. For example, as a member of BCI, we're committed to supporting the improvement of cotton farming practices globally.⁹

Animal-derived materials.

A full 100 percent of our animal-derived materials will be traceable or certified in line with our Animal-Derived Materials Policy by 2025.

Since 2016, 100 percent of our down has been fully traceable and certified to meet the Responsible Down Standard. We are working toward responsibly sourced wool that is traceable and preferably certified by a third party, such as the Responsible Wool Standard. We'll continue to increase visibility and transparency for the rest of our supply chain.

Forest-based materials.

We commit that 100 percent of our forest-based materials will be third-party audited or certified by 2023.

As of 2018, 100 percent of our forest-based cellulosic fibres are sourced responsibly, assessed through CanopyStyle Audits. We're transitioning all our yoga mats to natural rubber certified by the Forest Stewardship Council® (FSC).





Spotlight on Sustainable Innovation

Meet Mylo™.

Adopting new materials to create a sustainable future.

Our commitment to create a healthier environment comes with investing in sustainable materials and developing unique alliances for collective impact. We are a founding member of the Mylo Consortium, an unprecedented group of forward-thinking global companies coming together to contribute to a more sustainable future for fashion. Made from renewable mycelium, Mylo™ is an innovative material made using vegan inputs, grown by expert mushroom farmers and scientists, that looks and feels like leather. The process of making Mylo doesn't involve raising livestock or any of the associated greenhouse gases or material wastes, minimizing environmental impact.

As leaders in product innovation, Mylo will allow us to continue creating products that reflect the values of our guests and our aspirations for a healthier world. We expect to start seeing a variety of Mylo applications beginning in 2021.



Spotlight on Product Development

Innovation in action.

Celebrating sustainability in product development.

Creating products that are better in every way requires an unwavering commitment to sustainable innovation. We take seriously our responsibility to lead by example.

On Earth Day 2020, we launched a water-wise version of our iconic Wunder Unders made with solution dye, which uses over 75 percent less water than traditional methods. Solution dye is used typically for polyester, but we're challenging ourselves to transfer this approach to more complex nylon materials without compromising the feel, beauty, or performance of our products.

Building on this momentum, we're committed to launching new sustainable innovations as we celebrate moments like Earth Day moving forward.



GOAL

By 2025, we will offer our guests new options to resell, repair, and/or recycle our products, extending the life of our products.

Create circularity through new guest models.

We're in the early stages of a transformation toward a circular ecosystem. Circularity inspires a whole new way of creating and accessing products—away from a linear approach and toward a creative and regenerative model that engages guests and keeps products in use as long as possible. It's a significant challenge, but it's also enormously exciting, because it sparks creativity and innovation across our value chain and industries, from design to textile collection services to fibre-to-fibre recycling innovation—we can only be successful through partnerships and evolution within the industry.

OUR APPROACH

Progress toward circularity requires new systems and rethinking how we do things—internally and externally.

WHAT WE'RE DOING

New guest options.

We will offer new models and options to our guests for extending the lives of the products they love by reselling the products to others by 2021.

As we learn from take-back and resell pilot projects in North America, we'll scale to new offerings and international markets.

Circular design.

We'll engage designers in bringing circularity to life through training tools and innovation labs. By engaging design from the beginning, we can evolve product creation and apply design solutions that consider impacts throughout the product life cycle.

Product recycling.

We'll adapt infrastructure to take back products after first use and recycle materials into a valuable next life, including fibre-to-fibre. Internally, this requires evolving our logistics and processes to take back products and offer extended life solutions. Externally, this requires material collection and processing infrastructure to enable products to be upcycled into a next life at scale.





GOALS

By 2021, we will source 100 percent renewable electricity for our own operations.

By 2030, we will decarbonize our value chain, meeting ambitious, science-based targets.

Act on climate change and renewable energy.

Climate change is the defining challenge of our time. Humans produce more carbon dioxide than nature can absorb, and the apparel industry contributes to this problem. We're working toward a carbon-neutral future, starting with cutting our own emissions across our value chain and supporting a global movement for action.

OUR APPROACH

In 2019, we created science-based targets approved by the Science Based Targets initiative.¹¹ We're implementing strategies to invest in the transition to renewable energy, drive carbon reduction and energy efficiency across our value chain, and collaborate across industries for progress. We report our carbon footprint to the CDP, an international investor-facing nonprofit.

WHAT WE'RE DOING

Science-based targets.

We will decarbonize our value chain, meeting ambitious, science-based targets by 2030. Our specific targets are:

- A 60 percent absolute reduction in greenhouse gas (GHG) emissions in all owned and operated facilities (2018 base year)
- A 60 percent intensity reduction of GHG emissions in purchased goods and services and upstream transportation and distribution (2018 base year)

Interim targets and carbon reduction measures define our roadmap to 2030, focusing on renewable energy, sustainable materials and circularity, supplier engagement and operational efficiency.

Renewable energy.

We will source 100 percent renewable electricity across our direct operations by 2021.

We'll achieve this in North America primarily through virtual power purchase agreements and internationally through certified renewable energy credits.

Carbon reduction.

We will implement strategies across our value chain to drive carbon reduction and energy efficiency.

In our own operations, we're achieving energy efficiency by building on existing initiatives like transitioning to LED lighting, performing data centre retrofits, and piloting energy management systems in stores.

In our supply chain, we focus on a three-pronged strategy:

- Source more sustainable raw materials and fibres
- Engage our manufacturing partners to achieve energy efficiency improvements in manufacturing processes and transition toward renewable energy
- Optimize logistics, including reductions in use of air freight

Industry collaboration.

As signatories of the UN Fashion Industry Charter for Climate Action, we participate actively with our industry for shared solutions toward net zero carbon by 2050.

Our 10-year focus is on reducing our carbon emissions in line with the latest science and the Paris Agreement toward a vision of net zero carbon by 2050.



GOALS

By 2025, we will reduce freshwater use intensity by 50 percent to manufacture our products.

By 2022, our priority suppliers have implemented ZDHC Manufacturing Restricted Substances List (MRSL) and use better chemistry toward our goal of eliminating the discharge of harmful chemicals.

Use less water and better chemistry.

We use water wisely, avoid contributing to watershed stress, and innovate chemistry to create exceptional products.

OUR APPROACH

Creating, processing, and dyeing materials requires clean water—from 50 to over 100 litres per kilogram of fabric, depending on the type of fibre.¹⁰ As part of the solution, we're assessing water limits in our supply chain and have initiated projects with our suppliers to manufacture products in ways that are radically more water-efficient. And we'll continue to elevate chemicals management and promote the use of better chemistries to achieve the highest product performance, protect people and the environment, and comply with regulation and industry standards.

WHAT WE'RE DOING

New dyeing techniques.

We will scale solution-dyed nylon, reducing water use by at least 75 percent over traditional methods.

Developing innovative, water-wise solutions is one of the avenues to using less fresh water to manufacture our products. Solution-dyed nylon uses over 75 percent less water than traditional dyeing techniques, and colour pigment is added at the raw material stage to reduce both water use and carbon emissions.

Water-reduction road map.

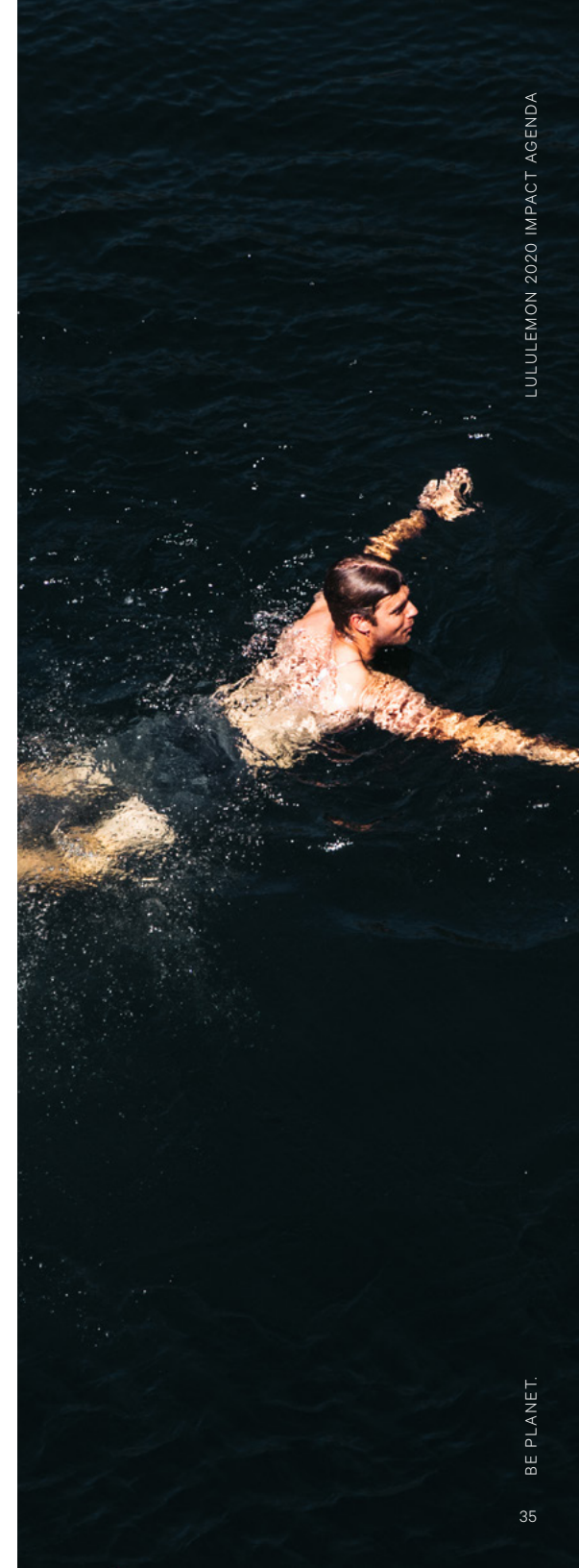
We commit to developing a water strategy by 2021.

We are creating a water strategy and road map informed by a water scarcity assessment of our production locations, an analysis of our baseline average water required to produce our products, and an understanding of technology gaps and opportunities to inform freshwater-reduction pathways. This data will be used to refine our targets and measure progress toward our reduction goal.

Supplier chemicals management.

We will implement ZDHC Manufacturing Restricted Substances List (MRSL) and wastewater guidelines by 2022.

Foundational to our approach is our product Restricted Substances List (RSL), which is aligned to the Apparel and Footwear International RSL Management Group guidelines. We also adopted the ZDHC MRSL and wastewater guidelines and will implement these across our supply chain to achieve better and well-managed chemistry by 2022. As a long-standing member of bluesign®, a system that improves chemistry and environmental impacts throughout the manufacturing process, we'll continue to increase the percentage of materials that are certified to internationally recognized standards, including bluesign's.





GOALS

By 2025, we will reduce single-use plastic packaging by 50 percent.

By 2023, we will achieve zero-waste distribution centres.

Make waste obsolete.

We want to make waste a thing of the past.

OUR APPROACH

The apparel industry has opportunities to reduce waste across our value chain—in manufacturing, in stores and distribution centres, and in our shipping and product packaging.

WHAT WE'RE DOING

Textile waste.

We are committed to finding the best reuse solutions for our products.

For nearly 10 years, we've been recycling damaged products that can't be sold or donated, such as using them as fill for boxing bags or as material for equestrian footing. Our manufacturing processes are optimized to minimize textile waste. We also donate excess fabric through charitable partners whenever possible.

Distribution centres and stores.

We will achieve zero-waste distribution centres.

Today, four of our five lululemon-operated distribution centres are zero-waste facilities, and our newest is about to reach this milestone. Specific initiatives include our Box Reuse program, which reduced the number of boxes used by more than 1 million each year. Starting in 2021, we'll also evolve our store programs to minimize waste.

Sustainable packaging.

We will continue to develop and implement sustainable packaging solutions.

Our Sustainable Packaging Policy focuses on eliminating packaging where possible, using low-impact materials (especially recycled and FSC-certified content) and developing end-of-life solutions. Moving forward, we'll reduce polybags and mailers and improve reusable shopping bags to achieve our goals.



Spotlight on Product Circularity

Unrolling impact.

When it comes to our yoga mats, we're putting our vision into practice. Yoga mats are often referred to as the gateway to practice, and we're committed to providing the healthiest foundation for every practice. Our Arise Mat is made with natural rubber that is sustainably sourced and FSC certified.

To continue to reduce our impact, we're in the process of elevating all our yoga mats to FSC-certified natural rubber. All our damaged mats that can't be sold or donated are recycled into material for a premium equestrian footing product called ReitenRight. Turns out the high-end natural rubber we use in our mats is the perfect cushion and spring for our four-legged friends.

This is just the beginning, with more to come on our journey toward circularity.

Be planet partnerships.

We collaborate with industry groups, NGOs, and governments to create change.

UN Fashion Industry Charter for Climate Action

Whose signatories work together to reduce carbon emissions across the fashion and broader textile sectors.

The Climate Group's RE100

A global partnership of influential businesses committed to 100 percent renewable electricity.

Sustainable Apparel Coalition

A global member-based industry organization moving the apparel, footwear, and textile industries toward environmental and social sustainability through collaborative impact measurement and reduction.

Textile Exchange

A global nonprofit helping to drive industry transformation in preferred fibres, integrity, and standards.

Canopy Planet Program

An environmental nonprofit that works with forestry customers and suppliers to protect endangered forests.

The Microfiber Consortium

Which develops practical solutions for the textile industry to minimize fibre fragmentation and release into the environment.



WE'RE ALL IN

As we brought together the strategies and elements of our Impact Agenda, our excitement and enthusiasm about its possibilities and opportunities have continued to grow. With a clear and realistic understanding of the global challenges we're facing, we're laying out work that's aspirational and motivating.

At lululemon, we know we're connected with each other and our planet, and our aim is to inspire positive change through mindful choices, innovation, and collaboration. Across our company and our collective, we're confident in our commitments and our capacity to make a difference. We believe in an exchange of ideas to continue to learn and enhance our solutions—and to share our progress.

Real change happens together, through collective action, and we appreciate you taking the time to read our impact agenda. In this moment, we see possibility within each of us to reflect on our priorities and evolve our strategies. Now is the time to act boldly, and we're committed to doing the necessary work to create a better future for all of us.

ENDNOTES

- 1 Our collective consists of lululemon's employees, guests, ambassadors, makers, and Here to Be partners.
- 2 Employee demographics will be tracked through voluntary annual surveys.
- 3 Kelly McGonigal, *The Joy of Movement: How Exercise Helps Us Find Happiness, Hope, Connection and Courage* (New York: Avery, 2019).

Khalsa SB. Yoga for psychiatry and mental health: an ancient practice with modern relevance. *Indian J Psychiatry*. 2013 Jul; 55(Suppl 3):S334-6. PMID: 24049194.

Büssing A, Michalsen A, Khalsa SB, Telles S, Sherman KJ. Effects of yoga on mental and physical health: a short summary of reviews. *Evid Based Complement Alternat Med*. 2012; 2012:165410. PMID: 23008738.
- 4 Evaluation research conducted after training suggests up to a 40 percent reduction in psychological risk factors such as anxiety and depression and a reported increase in overall wellbeing and resilience (UN Foundation, 2019).
- 5 End-of-use: solutions that extend the life of products through new models such as resale, repair, and/or rental and create next life through recycling into new materials and products.
- 6 "What Is the Circular Economy?," Ellen MacArthur Foundation, accessed July 2020, <https://www.ellenmacarthurfoundation.org/circular-economy/what-is-the-circular-economy>

- 7 **Renewables:** materials that have the natural ability to be renewed frequently within a set period of time and have been vetted for responsible production and processing.

Recycling: making regenerated raw materials for new products from discarded materials. Recycling includes clipping waste or garments reprocessed into new fibre and/or yarn as well as regenerated raw materials that resemble the quality of virgin raw materials.

Regeneration: producing materials using regenerative agriculture or grazing techniques.
- 8 "Low-resource" refers to processes that achieve significant and measurable impact reduction, such as solution-dyed nylon.
- 9 BCI does not currently exist in our South American supply chain, where we'll work toward alternative solutions.
- 10 Alexandra Freitas, Guoping Zhang, Ruth Mathews, *Water Footprint Assessment of Polyester and Viscose: And Comparison to Cotton*, Water Footprint Network, March 2017, https://waterfootprint.org/media/downloads/WFA_Polyester_and_Viscose_2017.pdf
- 11 lululemon is a high-growth company and used the GEVA (greenhouse gas emissions per unit of value added) method to set an economic intensity target based on a unit of value added (earnings from operations).



We welcome your thoughts and ongoing dialogue as we continue our impact work. Email us at: sustainability@lululemon.com



This Impact Agenda and any related information we share contains statements concerning our commitments, goals and future plans relating to our social and environmental impact strategy that are forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995 including, but not limited to, statements related to our goals and efforts to create an environment that is equitable, inclusive and fosters growth, to our goals and efforts to contribute to conditions that support mental, physical and social wellbeing, and to our goals and efforts to minimize impact and contribute to restoring a healthy environment, and other goals and commitments described in the Impact Agenda. Forward-looking statements are generally identified by words such as “goal,” “believe,” “aspire,” “expect,” “commitment,” “strategy,” “future,” “opportunity,” “will,” and similar words and expressions. Forward-looking statements are based on our expectations, plans, strategies and assumptions as of the original date of the Impact Agenda. The realization of our goals, expectations, plans and strategies, and the accuracy of our assumptions, are subject to a number of risks

and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. These risks and uncertainties include, but are not limited to, our ability to maintain the value and reputation of our brand; the acceptability of our products to our guests; the current COVID-19 coronavirus pandemic and related government, private sector, and individual consumer responsive actions; our highly competitive market and increasing competition; our reliance on and limited control over third-party suppliers to provide fabrics for and to produce our products; suppliers or manufacturers not complying with our Vendor Code of Ethics or applicable laws; the operations of many of our suppliers are subject to international and other risks; an economic downturn or economic uncertainty in our key markets; increasing product costs and decreasing selling prices; our ability to anticipate consumer preferences and successfully develop and introduce new, innovative and updated products; our ability to accurately forecast guest demand for our products; our ability to safeguard against security breaches with respect to our information technology systems; any material disruption of

our information systems; our ability to have technology-based systems function effectively and grow our e-commerce business globally; changes in consumer shopping preferences and shifts in distribution channels; the fluctuating costs of raw materials; global economic and political conditions and global events such as health pandemics; our ability to deliver our products to the market and to meet guest expectations if we have problems with our distribution system; our ability to manage our growth and the increased complexity of our business effectively; seasonality; fluctuations in foreign currency exchange rates; conflicting trademarks and the prevention of sale of certain products; our exposure to various types of litigation; actions of activist stockholders; and others described from time to time in our other public statements, reports, registration statements, prospectuses, information statements and other filings with the SEC. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events, or otherwise.