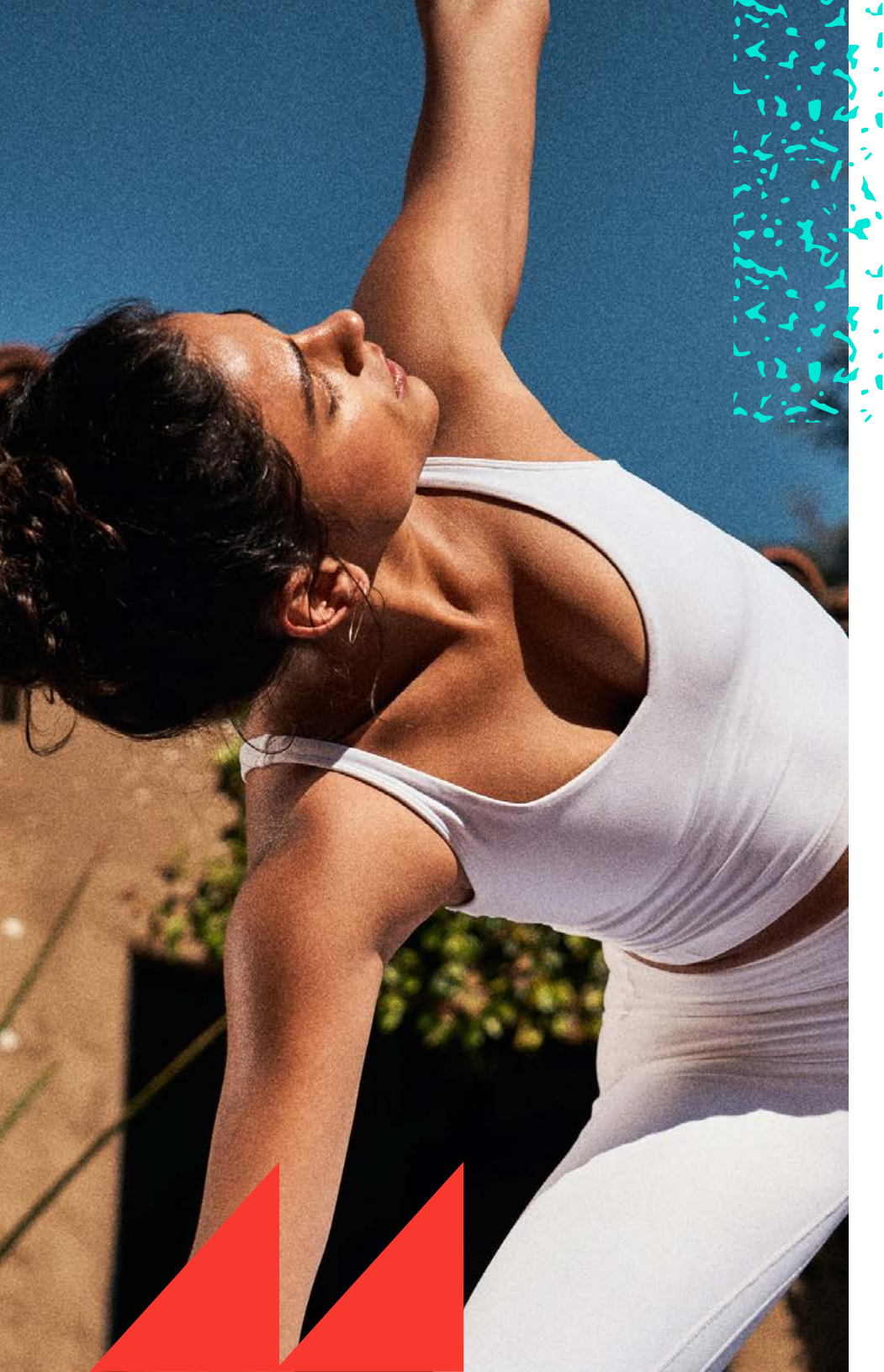






## WELCOME

Welcome to lululemon's inaugural Impact Report. In 2020, we released our Impact Agenda which set out a broad vision and plan to help transform our industry and create a healthier world. This Impact Report demonstrates how we are working toward that.



ABOUT THIS REPORT

This baseline report is our first annual publication and covers performance across the three pillars of our Impact Agenda unless otherwise specified.

This report serves as a platform for tracking and disclosing progress against publicly stated goals and material environmental, social, and governance (ESG) topics. It covers performance across the global business activities of 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 report for the fiscal year ended January 31, 2021 (referred to throughout this report as “2020”) and reference activities we have undertaken through the fall of 2021 (referred to throughout this report as “2021”). Our report does not include information on MIRROR, which we acquired during 2020. While this is our first Impact Report, we’ve been reporting on our social and environmental initiatives for many years and will continue to report through the CDP, Bloomberg Gender-Equality Index, Disability Equality Index, KnowTheChain, and Modern Slavery Statement, among others.

Our goals address topics that matter to our stakeholders and business strategy, and are informed by science-based context. Our Impact Supplement, at this end of this report, includes detailed performance information and is informed by international reporting frameworks, including the Sustainable Accounting Standards Board and select Global Reporting Initiative Standards.

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We are proud to share our first annual Impact Report, detailing progress against our ambitious commitments to accelerate lasting, positive environmental and social change.

In the year since we set forth our long-term vision and goals for an equitable, sustainable future in our Impact Agenda, the speed and magnitude of change around us all has been unprecedented. The urgency of the risks to people and our planet has only intensified. We continue to listen closely to our people, communities, and stakeholders, and work to take bold, meaningful action for a healthier world.

We are in a unique position to help contribute to global wellbeing. This year we published lululemon's first Global Wellbeing Report, which revealed that the ongoing COVID-19 pandemic, strained mental health conditions, systemic inequity, and the ecological and climate crisis have fundamentally impacted wellbeing, and optimism for the future is on the decline. Understanding these challenges has sharpened our focus and commitment to drive consequential action, now and in the future.

Through our three Impact pillars—Be Human, Be Well, Be Planet—we are striving to take a holistic approach to contribute to wellbeing conditions for people, communities, and our planet. All are interconnected and making strides in one area has intrinsic and tangible benefits for the others. This enables us to innovate unique solutions that address a broad range of barriers in our society and industry.

From the many initiatives detailed in this report, here are three specific examples that embody our strategy. Through our **Be Human** pillar, we acted decisively, and empowered our people to co-design our inclusion, diversity, equity, and action practices and embed them into our culture and business. For our **Be Well** pillar, we launched our lululemon Centre for Social Impact, through which we will leverage our expertise, resources, and communities to break down barriers to wellbeing and advocate for the wellbeing of those most in need. As part of our **Be Planet** pillar, we leaned into investments and partnerships to develop sustainable materials that demonstrate our leadership in product innovation and environmental harm reduction.

What follows in this report is grounded in our foundational principles—connection, community, and entrepreneurship. Impact is an essential part of our culture and our business. Our Impact Agenda is the ultimate opportunity to live into our purpose. As we strive to create greater value, I am excited to continue to be on this journey with the leaders and people of lululemon, along with our many partners and collaborators.

In closing, I want to thank our teams around the world for your passion and commitment to this work, particularly during a difficult year. You rise to every challenge and truly embody our core values. It will take continuous learning and sustained dedication to achieve our goals and much more, but we are firmly committed to accountability, transparency, and doing the necessary work to help build a safer and healthier world.

Until next year,

**CALVIN MCDONALD**  
Chief Executive Officer

lululemon’s purpose is to elevate the world by realizing the full potential within every one of us. Rooted in over 20 years of product innovation, yoga, and mindfulness, we have an opportunity and platform from which to inspire change. We are harnessing opportunities to support our people and communities, innovate our products and services, and collaborate with industry and organizational partners to achieve a healthier and more inclusive world.



<sup>1</sup> Store count listed is as of January 31, 2021.  
<sup>2</sup> Included within Greater China as of January 31, 2021, there were 44 stores in Mainland China, 7 stores in Hong Kong Special Administrative Region, 2 stores in Taiwan, and 2 stores in Macao Special Administrative Region.



# Our enterprise strategy

Our enterprise strategy is comprised of the Power of Three and our Impact Agenda. Power of Three is our company growth plan for the future, and has three pillars: product innovation, omni-guest experience, and market expansion. Our Impact Agenda frames the impact we want to have as we implement the Power of Three, including goals to achieve the culture we want to create, and our vision of wellbeing for all.



# Our Impact Agenda

In 2020, we formalized our social and environmental commitments in a public-facing strategy—our Impact Agenda. It supports our business strategy and outlines our ambition to contribute to a healthier world by creating better ways to be well, embracing the interconnectedness of our product, people, communities, and the planet.

Building on our social and environmental initiatives, we created our Impact Agenda because we wanted to address the rising importance for our business to deliver end-to-end impact and to contribute to an industry-wide shift in how things are done. To drive positive change, we seek to understand the social and environmental context in which we operate, and the issues that matter most in our industry and to our stakeholders.

In 2019, we conducted a materiality assessment as an input to the development of our Impact Agenda. We reviewed the most important issues for our business and built the foundation to address them in meaningful, measurable ways. Our 2019 assessment included more than 40 interviews and surveys with external experts, our senior leaders, employees, ambassadors, and guests to understand their perspectives. All material topics informed the creation of the Impact Agenda focus areas, which are most important to our business. These focus areas support United Nations Sustainable Development Goals (SDGs), 17 goals which were adopted by all UN member states as part of the 2030 Agenda for Sustainable Development to help combat urgent global environmental, political, and economic challenges. We have identified the SDGs aligned to our Impact Agenda and will share further plans to contribute to these goals in the future.

<sup>3</sup> Our collective is comprised of our global employees, guests, partners (e.g., ambassadors), and communities.

## SDGS SUPPORTED



5. Gender Equality



8. Decent Work and Economic Growth



10. Reduced Inequalities

## SDGS SUPPORTED



3. Good Health and Well-being



## How we activate

Embed in our culture and build accountability

Lead by example and partner to innovate for the future

Communicate with and engage our collective<sup>3</sup>

Collaborate and advocate for systems change

## SDGS SUPPORTED



7. Affordable and Clean Energy



12. Responsible Consumption and Production



13. Climate Action

# How we manage our impact

Since our inception we have attracted entrepreneurial employees committed to sparking social and environmental change.

We created this governance structure to manage our Impact Agenda, evolve our ambitions, and implement meaningful practices throughout the organization to help reach our commitments.

Group	Responsibility
<b>Board of Directors</b> Including: <ul style="list-style-type: none"><li>Corporate Responsibility, Sustainability, and Governance Committee (CRS&amp;G)</li><li>People, Culture, and Compensation Committee (PC&amp;C)</li><li>Audit Committee</li></ul>	Acts as a fiduciary to: <ul style="list-style-type: none"><li>Oversee our Impact Agenda. Reviews stakeholder engagement output, establishes goals and policies, and monitors progress. Identifies and nominates candidates for the Board and monitors corporate governance practices.</li><li>Responsible for compensation, talent management, succession planning, and diversity and inclusion, as well as risk monitoring, compliance, and related activities.</li></ul>
<b>Executive Leadership Team</b> <b>Impact Councils</b>	Led by the global VP, Sustainable Business and Impact (SBI), and the global VP, Inclusion, Diversity, Equity, and Action (IDEA). Executes our Impact Agenda and IDEA commitments. <ul style="list-style-type: none"><li>Oversees and delivers on Impact Agenda goals and commitments.</li><li>Integrates Impact Agenda into business strategy.</li></ul>
<b>Sustainable Business and Impact Function (SBI)</b> Including: <ul style="list-style-type: none"><li>lululemon Centre for Social Impact</li><li>Responsible Supply Chain</li><li>Product Sustainability and Environment</li><li>Strategy, Integration, and Reporting</li></ul>	Led by the global VP, SBI. Integrates social and environmental impact through four teams that oversee key areas. <ul style="list-style-type: none"><li>Leads Impact Agenda strategy and stakeholders. Sets public goals and innovation strategies. Works cross-functionally with external partners to create a culture of impact and achieve progress. Tracks progress toward goals.</li><li>Reports to Chief Brand Officer. Meets with Board, including CRS&amp;G and Audit Committees.</li></ul>
<b>Inclusion, Diversity, Equity, and Action Function (IDEA)</b>	Led by the global VP, IDEA. Drives inclusion, diversity, and equity across the organization. <ul style="list-style-type: none"><li>Sets and meets global IDEA goals and supports a culture of inclusion.</li><li>Reports to SVP, People and Culture. Meets with CEO, senior leadership, and Board, including PC&amp;C Committee.</li><li>Oversees eight employee resource groups: Asian, South Asian, Women in STEM, Black, Indigenous, LatinX, and LGBTQ2IA+, as well as Chronic Illness, Mental Health, and Disabilities. In addition, IDEA oversees more than 10 task forces for the regions and specific business functions.</li><li>Stewards IDEA Executive Steering Committee, North American Advisory Council, APAC Advisory Council, EMEA Advisory Council, and Global Ambassador Advisory Council.</li></ul>
<b>Steering Committees and Advisory Groups</b>	Provide ongoing advisory support on critical programs and strategic initiatives, including: <ul style="list-style-type: none"><li>IDEA Advisory Council: oversees efforts to implement IDEA commitments. Consists of global senior leaders. Meets monthly. Led by global VP, IDEA.</li><li>Centre for Social Impact Steering Committee: oversees the establishment of the Centre. Led by the global VP, SBI. Establishing an external and internal advisory council.</li><li>Responsible Supply Chain Council: oversees building and maintenance of a responsible supply chain. Consists of global senior leaders. Meets monthly. Led by the global VP, SBI with quarterly updates to the CEO.</li><li>Strategic Initiative Steering Committees: oversees strategic initiatives that require global cross-functional engagement such as lululemon Like New or our sustainable packaging integration. Meet monthly.</li><li>IDEA External Advisory Council: provides expertise on programs. IDEA Advisory is made up of ambassadors and meets monthly.</li></ul>

## RESPONSIBLE BUSINESS CONDUCT

### Ethical business code of conduct

We require everyone at lululemon to act respectfully and ethically. Our Global Code of Business Conduct and Ethics is our code for responsible business. It guides how we act with integrity, in line with all applicable laws and guidelines, to create a company that respects all people, customs, and cultures. Our Vendor Code of Ethics outlines our commitment and expectations throughout our supply chain.

### Privacy protection

People trust us with their personal information. It is our responsibility to protect that data, preventing disclosure of confidential information with strict company security policies. We follow applicable local data protection and privacy laws to ensure employees, guests, and business partners feel assured their information is in safe hands. Data protection is overseen by the Audit Committee, our Data Privacy Officer, and our Chief Compliance Officer. The Audit Committee is also responsible for financial risk assessment and risk management policies, procedures, and practices.

### Performance-related compensation

We believe in a compensation strategy that supports our values and rewards exceptional performance. The People, Culture, and Compensation 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. We are assessing options to drive further progress against our Impact Agenda.



# Highlights and results

This past year was one of global turmoil and unexpected challenges. However, it was also a time of opportunity. We were able to pause and reset our priorities, evaluate our role as leaders in contributing to a healthier world, and accelerate our support of people and communities.

Here are some highlights of the progress we have made that we are celebrating and building on for the future.

## Be Human

75%

of employees, 50% of VPs and above, and 55% of our Board of Directors are women.

100%

gender pay equity for all our global employees, and full pay equity for all US employees.

US \$670k

in donations by employees and lululemon to the We Stand Together Fund, a hardship fund for employees.

2,700+

workers reached through the foreign migrant work no-fee program.

## Be Well

1m

people around the world supported via our social impact Here to Be grants and partnerships with 650 non-profit organizations since 2016.

US \$6.4m

provided in social impact grants and donations to disrupt inequity in wellbeing.

30k

humanitarian and frontline workers reached through free Peace on Purpose meditation courses.

US \$4.1m

donated to the Ambassador Relief Fund to support with hardships during COVID-19.

## Be Planet

39%

recycled polyester of total polyester content for our products.

82

stores launched product takeback pilot lululemon Like New resale program in 2021.

Founding Partner

of the Carbon Leadership Project.

75%+

less water used in solution-dyed Wunder Under collection than traditional methods.

# 16 goals for a healthier future

We first launched our goals with the release of our Impact Agenda in October 2020. In 2021, we refined the goals to ensure all have quantitative metrics. We take a holistic view of our efforts, understanding that the wellbeing of people, planet, and communities are deeply intertwined. We are committed to leadership and partnership with others. Progress toward all goals is on track.

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

<sup>5</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.

<sup>6</sup> 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.

<sup>7</sup> Priority suppliers are wet processing suppliers that produce 80% or more of our value annually and any supplier with production in a water-scarce region.

## Be Human

### INCLUSION, DIVERSITY, EQUITY, & ACTION

Reflect the diversity of communities we serve and operate in by 2025.<sup>4</sup>

### EMPLOYEE EMPOWERMENT

Be the place where people come to develop and grow as leaders for the world by 2025.

Expand gender pay equity to full pay equity for 100% of employees in all markets that permit collection of that data by 2022.<sup>5</sup>

### PEOPLE WHO MAKE OUR PRODUCTS

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

Achieve Fair Labor Association accreditation by 2024.

## Be Well

### INCLUSIVE ACCESS TO WELLBEING & ADVOCACY

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.

Launch the lululemon Centre for Social Impact in 2021.

## Be Planet

### SUSTAINABLE PRODUCT & MATERIAL INNOVATION

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.<sup>6</sup>

### CIRCULARITY & NEW GUEST MODELS

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

### CLIMATE ACTION

Meet our 2030 science-based climate targets.

Source 100% renewable electricity to power our owned and operated facilities by 2021.

### WATER & CHEMISTRY

Reduce freshwater use intensity with our priority wet process suppliers by at least 20% by 2025.<sup>7</sup>

Implement ZDHC Manufacturing Restricted Substances List (MRSL) at 100% of priority suppliers by 2022.<sup>7</sup>

### WASTE & PACKAGING

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

16 goals for  
a healthier future

PERFORMANCE DASHBOARD

Be Human

Topic	Goals	Metric	Baseline Year <sup>8</sup>	Baseline	2020 Results <sup>9</sup>	Goal	Goal Year	Status
Inclusion, diversity, equity, & action	Reflect the diversity of communities we serve and operate in.	% racial diversity of assistant store managers+ and directors+	2020	21%	21%	30%	2023	▶▶
		% racial diversity of all employees in global stores	2020	31%	31%	40%	2023	▶▶
Employee empowerment	Be the place where people come to develop and grow as leaders for the world.	# hours of paid training and volunteer time for all full-time employees beyond required training	2021	NA	NA	40	2025	▶▶
	Expand gender pay equity to full pay equity for employees in all markets that permit collection of that data.	% of employees with full pay equity	2020	100% US	100% US	100%	2022	▶▶
People who make our products	Make empowerment programs available to makers.	# of makers who participate in empowerment programs	2021	NA	NA	100,000	2025	▶
	Achieve Fair Labor Association accreditation.	Qualitative	NA	NA	Updated Vendor Code of Ethics	NA	2024	▶▶

Be Well

Topic	Goal	Metric	Baseline Year	Baseline	2020 Results	Goal	Goal Year	Status
Inclusive access to wellbeing & advocacy	Provide access to wellbeing tools and resources.	# of people reached	2021	NA	NA	10 million	2025	▶
	Invest to advance equity in wellbeing through the lululemon Centre for Social Impact.	Total amount invested	2021	NA	NA	US \$75 million	2025	▶
	Launch the lululemon Centre for Social Impact.	Qualitative	NA	NA	NA	NA	2021	●

- KEY
- ▶ Getting started
  - ▶▶ Making progress
  - To be complete in 2021

<sup>8</sup> Unless otherwise noted, the measurement year is the fiscal year ending January 31.  
<sup>9</sup> For more information on our 2020 results, please refer to the relevant sections of the Impact Report.

16 goals for  
a healthier future

Be Planet

Topic	Goal	Metric	Baseline Year	Baseline	2020 Results	Goal	Goal Year	Status
Sustainable product & material innovation	Make our products with sustainable materials and end-of-use solutions.	% of products made with sustainable materials	2020	27%	27%	100%	2030	▶▶
	Achieve sustainable materials for our products.	% of total sustainable materials procured for our products	2020	30%	30%	75%	2025	▶▶
Circularity & new guest models	Offer our guests new business models that extend the life of products.	% of stores in North America and regions piloting programs	2021	22% of total North American stores (82 total)	NA	100%	2025	▶▶
Climate action	Meet our 2030 science-based climate targets.	% absolute reduction in GHGs in all owned and operated facilities (Scope 1 and 2)	2018	18,248 tCO <sub>2</sub> e	-29% (12,927 tCO <sub>2</sub> e)	-60%	2030	▶▶
		% intensity reduction in GHGs in purchased goods and services, and upstream transportation and distribution (Scope 3)	2018	96.6 tCO <sub>2</sub> e/ revenue from operations	-9% (87.8 tCO <sub>2</sub> e/ revenue from operations)	-60%	2030	▶▶
	Source renewable electricity to power our owned and operated facilities.	% renewable electricity in our owned and operated facilities	2018	<1%	42%	100%	2021	●
Water & chemistry	Reduce freshwater use intensity with our priority wet process suppliers.	% reduction of freshwater use intensity	2021	NA	NA	-20%	2025	▶
	Implement ZDHC Manufacturing Restricted Substances List at priority suppliers.	% compliance from priority suppliers with the ZDHC MRSL	2021	NA	NA	100%	2022	▶▶
Waste & packaging	Reduce single-use plastic packaging per unit.	% intensity reduction of single-use plastic packaging	2020	0.02 kg/unit	0% (0.02 kg/unit)	-50%	2025	▶▶

- KEY
- ▶ Getting started
  - ▶▶ Making progress
  - To be complete in 2021



# Be Human

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

## IN THIS SECTION

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



We envision an equitable world.

We are taking thoughtful and intentional steps toward a more equitable world so that our guests, employees, ambassadors, and the people who make our products (our makers) feel 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 stakeholders to advance positive impact for the world.

In 2020, we created a comprehensive strategy to address inclusion and diversity across all areas of our operations—committing US \$5 million to fund global activities. We also provided funds for employees facing hardship due to COVID-19, maintained 100 percent gender pay equity across all global employees, and continued to prohibit foreign migrant hiring fees in Taiwan.



# Inclusion, Diversity, Equity, and Action

## WHY IT MATTERS

Social justice issues came to a critical juncture in 2020, including the inequitable impact of COVID-19, continued history of injustices toward underrepresented groups including Black Americans and Indigenous peoples, and the rise in violence against Asian and Pacific Islander communities. These events ignited a global movement and calls to action. At lululemon, we were on our own journey and knew we had to confront uncomfortable truths to evolve, address inequities within our organization and across our communities, and take action. Our leaders, starting with our CEO, participated in a variety of listening forums and open discussions with employees and underrepresented groups. As we learned more, we committed to enacting organizational change to attract diverse talent, creating opportunity for all employees and building a more inclusive culture. Having a diverse, inclusive, and equitable organization makes our business more resilient and future oriented as we incorporate a variety of perspectives and backgrounds that reflect the 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, directors, and above by 2023.
- 40% of all employees in our global stores by 2023.<sup>10</sup>

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

<sup>11</sup> From top athletes to yoga teachers, creatives to entrepreneurs, our ambassadors elevate their communities through the power of sweat. Our ambassadors inform everything we do, from product and store design to how we show up in our communities.



## WHAT WE'RE DOING

To support real and lasting change, we have created Inclusion, Diversity, Equity, and Action (IDEA), an enterprise function that helps grow a diverse and inclusive workforce by furthering systemic changes throughout our organization. IDEA focuses on four key groups: our employees, guests, communities, and business partners, including ambassadors<sup>11</sup> and suppliers. We are ensuring that everything we do—from hiring talent to designing our products to interacting with guests—centres around inclusivity.

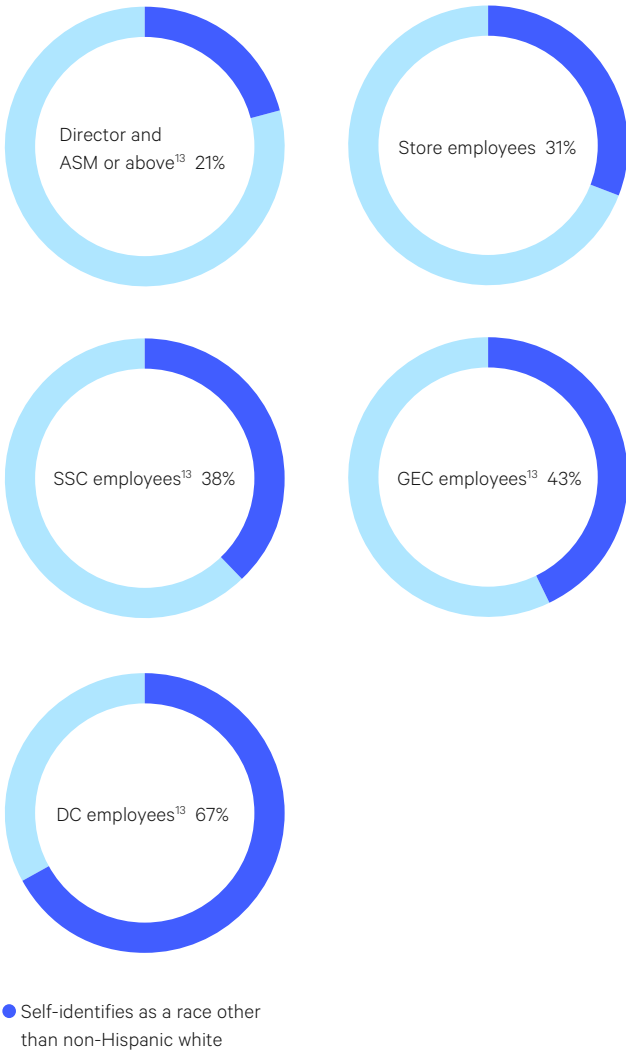
Our employees were pivotal in co-designing IDEA. The IDEA function was officially formed in November 2020 and now—along with several advisory, steering, and work committees—we have activated initiatives to fulfill our mission and commitments.

Partnership is critical to make systemic changes to diversity and inclusion. Where possible, we partner with other organizations—such as hiring, training, and procurement experts—to strengthen our approaches and influence others.

### Diverse representation

Increasing diverse employee representation starts with a shared understanding of where we are as an organization. We undertook a comprehensive review of our practices, policies, and processes to help mitigate bias and identify further opportunities for improvement, and will continue to do so as a regular practice. These include internal diverse hiring playbooks, IDEA toolkits, and inclusive hiring training sessions.

Racial diversity across lululemon employees in 2020<sup>12</sup>



<sup>12</sup> Includes stores in North America, Australia, New Zealand, Europe, and Middle East. This voluntary information was collected through our demographic survey in October and November 2020.  
<sup>13</sup> ASM-assistant store manager, SSC-Store Support Centre, GEC-Guest Education Centre, DC-Distribution Centre.

Understanding employee and community demographics is key to this work. In 2020, we conducted our first-ever voluntary and anonymous demographic survey to better understand our global employee base. The survey was designed with intersectionality in mind, and covered topics related to race, gender, LGBTQ2IA+ status, disability, and employee inclusion sentiment. The findings helped us understand our current state of diverse representation and inclusion and set the basis for our 2023 goals to increase racial diversity across our people leaders and store employees. Moving forward, we will continue to conduct annual demographic surveys to measure the progress of our initiatives, and to publicly share this data.

We also expanded and integrated policies and services to increase diversity in hiring pools at all levels of the organization, including:

- Setting expectations that at least 50 percent of candidate slates for open roles are from underrepresented backgrounds.
- Launching a standardized interview process within our global retail business to mitigate bias and support all applicants to have equal opportunity to be hired.
- Launching an interview playbook for our SSCs<sup>13</sup> focused on mitigating bias, expanding sourcing connects and opportunities, and driving towards consistency and equity in our hiring practices.
- Launching a global internship program to provide practical work experience and professional development opportunities. Over 87 percent of interns were from underrepresented groups.

### Inclusive design

When we design with inclusion in mind, we design for as many people as possible, and consider the full range of human difference. We strive to use inclusive design across our entire business, including the design of future store locations, the creation of employment policies, and the delivery of product and guest interactions.

To further this work, we partnered with the Inclusive Design Research Centre of OCAD University to build a 12-week Inclusive Design Certification Program. In 2021, we launched this program to help employees learn how to apply these principles in their respective work roles. They explored equity and access issues and learned how to think broadly and design more inclusive products, programs, policies, and experiences. Inclusive design will be an ongoing, iterative process as we continue to integrate in our organization.

### IDEA learning

We integrate IDEA in training, from orientation to departmental-specific learning to retail programs (e.g., in 2020, senior leaders engaged in Yale University’s Fostering Inclusion and Diversity course). In 2021, we developed and piloted IDEA Toolkits to help build actionable, inclusive behaviours. This year we are focusing on inclusive languages, conscious and unconscious behaviours, cultural humility, social location, and harm reduction practices. Through the toolkits we are also raising awareness and education in IDEA leadership behaviours and inclusive design principles.

### Employee Resource Groups

Our Employee Resource Groups (ERGs) create spaces for underrepresented groups to connect, restore, grow, be supported, and develop individually and as a group. We have ERGs across eight key areas: Asian, South Asian, Women in STEM, Black, Indigenous, LatinX, and LGBTQ2IA+, as well as an ERG focused on Chronic Illness, Mental Health, and Disabilities. They consist of approximately 1,000 employees, from educators to our Senior Leadership Team. Their input directly shapes policies and procedures across the entire organization, from accessibility standards to co-design of community activations.

### Ambassador advisory

We have a global advisory committee comprised of lululemon ambassadors who bring diverse knowledge and skills to inform our actions, hold us accountable, and drive meaningful change. These ambassadors (who are compensated for their contributions) have helped drive changes to organization-wide policies and practices, including adaptations to our benefits program and expansion of our mental wellbeing resources.

## WHY IT MATTERS

We believe that everyone has the right to work in an environment where they have equal access to opportunities, are paid equitably, and feel their wellbeing is supported. Employee empowerment is also a business decision. We must continue to bring innovative, customized, and competitive offerings to our people and remain at the forefront of our industry.



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

## OUR GOALS

Be the place where people come to develop and grow as leaders for the world. To reach that ambition, we will:

- Provide 40 hours of paid learning and volunteer time to all full-time employees by 2025.<sup>14</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>15</sup>

## WHAT WE'RE DOING

Through our employee leadership and support initiatives, we are creating an inclusive, purpose-driven organization.

### Leadership

We are investing in every employee to help them develop leadership skills and discover their purpose. We also support people in uncovering and appreciating their unique strengths and invest in team co-creation. Inclusivity is woven through all aspects of our development offerings.

In 2020 and 2021, our actions included:

- Accelerated equitable development of employees through career development and mentorship programs (see Spotlight story, page 18)
- Offered a new Leader Series with IDEA principles embedded to train 1,4000+ managers on how to become leaders
- Added a Purpose component to our self-led training, to help people connect with and express their personal purpose inside and outside of work
- Improved our performance management processes to better recognize individual and collective contribution

### COVID-19 support

The COVID-19 pandemic has affected the world in unprecedented ways, including our employees, ambassadors, suppliers, and global communities. To support through this difficult time, we acted with both immediate relief as well as supporting longer term resilience and recovery. First, even when the majority of our stores were closed, we continued to pay 100 percent of our store employees, with no COVID-related layoffs. As many employees face additional hardships (e.g., partner out of work), we also offered support through the We Stand Together Fund and created a curriculum of wellbeing tools and initiatives. Curriculum content helped to navigate the stress of the pandemic, with offerings such as meditations, mental health support and applied practices. All global employees had access to multiple sessions per day.

The pandemic had a profound effect on the livelihoods of our ambassadors around the world, the heartbeat of our communities. That's why we created the ambassador Relief Fund—a US \$4.1 million global fund to support our ambassador studio owners, by helping with basic operating costs and support to get back on their feet as we recover, together. Through Peace on Purpose, we worked with the United Nations Foundation to launch a partnership with Insight Timer and offer global UN employees and frontline workers access to free meditations. For our non-profit partners, we maintained our annual global Here to Be grant program with US \$2 million in 2020, enabling recipients to use funds in any way they needed to help overcome pandemic challenges.

COVID-19 has affected global supply chains in challenging ways, and continues to do so. We remain committed to upholding our responsible supply chain practices and work closely with our suppliers and stakeholders to understand impacts and make decisions for the wellbeing of all. We pay in full for orders completed and in production, do not change terms of agreements due to COVID-19, and, on a case-by-case basis, work with suppliers that experience cash flow challenges. Read more about COVID-19 and our supply chain [here](#).

### We Stand Together Fund

Life isn't always a straight road, and we want to support our employees in navigating the hurdles. Many of our employees have been profoundly affected by COVID-19. That's why we created the We Stand Together Fund. It was created to provide support to employees experiencing additional financial hardship during COVID-19. The initial seeding for this fund came from our Senior Leadership Team and Board of Directors, as well as donations from our employees. At the end of 2020, over US \$670,000 was contributed to the fund, and nearly 500 applicants were awarded a total of US \$430,000. The remaining dollars are being used for ongoing funding, and we will continue to solicit donations to keep the fund at a steady level. In 2021, we launched a gift-matching campaign with employees, to double the impact of any employee donation received, up to US \$50,000. We've also expanded the fund to assist employees who face other challenges, such as natural disasters or death of a family member.

<sup>14</sup> Paid learning and volunteer time is in addition to regular required training, including onboarding and compliance.

<sup>15</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.



# Mentorship

## Supporting equitable career development

Our employees are at the heart of every lululemon success—every innovation, guest interaction, and community initiative. For them to show up for us, we want to show up for them too.

With this thought, the lululemon Mentorship Program was born. It's one way we're making moves to accelerate the equitable development of our employees. Through our Mentorship Program, we're supporting our people, building their knowledge, growing their careers, and strengthening inclusive leadership skills in our mentors.

The program kicked off in early 2021 with over 400 mentees and mentors signing up. With our IDEA commitment as the driving force, we were encouraged to see that 55 percent of mentees and 25 percent of mentors self-identified as part of an underrepresented group.

Being inclusive means giving everyone a chance to get involved. That's why our mentors range from store managers to VPs to our CEO. It's also why we are piloting live translation in monthly mentoring calls, breaking down barriers between colleagues who speak different languages.

This isn't a one-and-done initiative. We care about seeing our employees grow and will continue to follow each mentee's career path even after they've completed the program. And, starting in 2022, we will expand the program to reach even more employees.







## Pay equity and competitive compensation

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 across gender and race in the US and are seeking to the extent permitted under local laws and regulations to collect the data necessary to confirm complete pay equity globally. Please see our [2020 Annual Report](#) for more information.

lululemon is committed to being in the top quartile of global retailers for store compensation. As part of this commitment in 2021, we raised entry pay rates in North America to at least \$15 per hour across all regions. As part of this plan, 93 percent of educators<sup>16</sup> and 78 percent of key leaders<sup>17</sup> who were at or above previous minimum rates received a base pay increase. This is on top of our best-in-retail team-based bonus program, which remains unchanged and provides our people with the possibility to earn up to an additional \$3 per hour on average, and up to an additional \$6 per hour, depending on store-based goals and results achieved. Raises in compensation improve our ability to attract and retain talent and maintain the high caliber of store experience our guests expect.

<sup>16</sup> Our store employees.




<sup>17</sup> Team leads who oversee educators.

# People who make our products

## WHY IT MATTERS

The global apparel and footwear industry employs over 75 million people worldwide.<sup>18</sup> Women represent approximately 68 percent of the garment workforce, giving the apparel industry the potential to positively impact the lives of millions of women.<sup>19</sup> At the same time, challenges in working conditions and labour rights have been well documented across the industry.

Our products are made globally through contract suppliers. In 2020, we worked with suppliers in 14 countries, including 74 finished goods facilities (Tier 1) and approximately 65 raw material facilities (Tier 2).<sup>20</sup> Our suppliers employ approximately 200,000 people, and approximately 70 percent are women. We expect all suppliers to uphold strict responsible supply chain and labour practices, outlined in our Vendor Code of Ethics (VCoE), for the safety and wellbeing of our makers (the people who make our products). A strong, resilient supply chain that retains and empowers its workers is also critical to our success as a business. 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.



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

## OUR GOALS

Make empowerment programs available to more than [100,000 makers](#) across our supply chain by 2025.

[Achieve Fair Labor Association accreditation by 2024.](#)

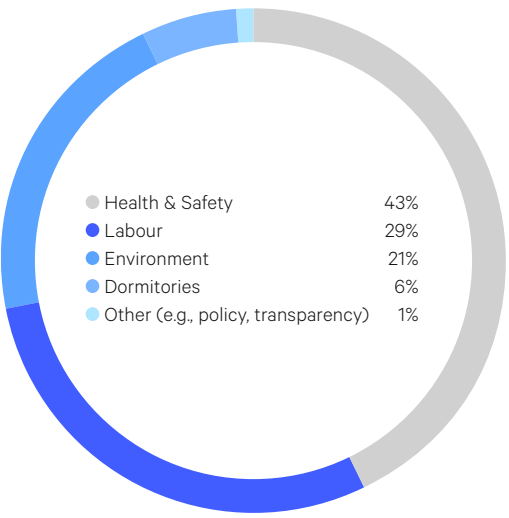
<sup>18</sup> United Nations Economic Commission for Europe.  
<sup>19</sup> Business for Social Responsibility (BSR).  
<sup>20</sup> We disclose the facilities for our top 10 raw material vendors, which accounts for approximately 75% of our business. See [Supplier Declaration List](#) for details.  
<sup>21</sup> For more information, please read our [KnowTheChain](#) disclosure.

## WHAT WE'RE DOING

We work with suppliers who share our values and collaborate as partners to uphold robust standards, address systemic challenges, and improve the wellbeing of people who make our products. We are also pursuing accreditation with the [Fair Labor Association \(FLA\)](#), providing us with an industry-leading framework for responsible supply chain practices. As a part of the accreditation process, we evolved our VCoE, the foundation of our responsible supply chain program in 2020. Beyond labour compliance, we support worker wellbeing, building on years of partnership with our suppliers around workplace practices and community support initiatives. Our responsible supply chain approach contains three pillars, built on a foundation of management systems and data analytics:

- **Monitoring:** Conduct supplier monitoring and risk analysis, remediate issues, and support supplier capacity to address root causes and meet or exceed VCoE expectations.
- **Internal Practices:** Integrate responsible sourcing and worker wellbeing practices throughout our company, including purchasing practices and internal training.
- **Building Better:** Offer worker empowerment and supplier training programs, collaborating to tackle industry-wide challenges such as fair compensation.

Findings breakdown by category, 2020<sup>21</sup>



## Vendor Code of Ethics

Our VCoE outlines our unwavering commitment to respect human and labour rights, and to promote safe and fair working conditions for people in our supply chain. The code is based on international standards for workers' rights with regard to their employment, wages and working hours, occupational health and safety, access to confidential grievance mechanisms without retaliation, and environmental protection. All of our finished goods and mill suppliers are assessed against the VCoE prior to forming a business relationship, and regularly thereafter; we only work with factories that can uphold our strict requirements. Success depends on strong management systems and continuous improvement. In 2020, we conducted almost 200 VCoE assessments. Six percent of facilities did not pass. In all cases, we worked with our suppliers to implement Corrective and Preventative Action Plans (CAPAs). If sustainable resolutions cannot be achieved, as a last resort, we exit the business relationship.

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 area of aspects, including personal protection, hygienic safety, and fire preparedness, and corrective actions generally focus 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 employ migrant workers, 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 CAPAs. Our team supports with guidance around maintaining appropriate management systems, and measures to remediate and prevent issues going forward.

# People who make our products

We continually evolve our VCoE to ensure industry-leading practices. As part of that work, we updated our VCoE in 2020 to reflect the FLA's workplace standards and benchmarks. In 2021, we will enhance our processes and data collection to ensure detailed compliance requirements and facility monitoring align with our updated VCoE. We are implementing a new responsible supply chain and data management system to better identify trends in working conditions and remediation processes. For more information on our compliance initiatives, refer to our [KnowTheChain](#) disclosure and [Impact 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 basic but decent standard of living, where wages are sufficient to meet their needs for housing, goods, water, healthcare, transportation, and clothing, as well as some discretionary income. As a participating company in the FLA, our definition of fair compensation is aligned with the FLA Workplace Code of Conduct.

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. 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.

Achieving fair compensation in supply chains is a global challenge that must be approached in collaboration with governments, industry, and civil society. Our approach follows the recommendations of the FLA. In 2020, we carried out research to create a landscape assessment and identify best practices. We updated our VCoE to include the expectation that makers receive fair compensation, based on FLA and Global Living Wage Coalition (GLWC) definitions.

We are in the process of establishing our fair compensation action plan. As a next step, we will collect wage data from select key suppliers to understand wage structures and gaps in fair compensation. Going forward, we will engage in multi-stakeholder collaboration, share data, and launch pilot projects to support our fair compensation roadmap.



## COVID-19 and our supply chain

COVID-19 has affected workers in global supply chains in unprecedented ways, with particularly dire effects on garment workers. Factory closures and unstable production demand have led to reduced or lost wages for many makers in the apparel industry.

From the beginning of the pandemic, we have taken a strong stand on being a responsible buying partner to suppliers and providing support wherever possible. We made a clear commitment to responsible purchasing practices, including not cancelling orders in production or completion, and providing flexibility in purchasing agreements. We regularly survey all finished goods and raw material facilities to understand their operations and worker implications, and to offer guidance. We also endorsed the International Labour Organization [Call to Action](#) to support the establishment of robust social safety measures in countries where these practices are currently underdeveloped.

We are committed to partnering with stakeholders, including government, industry, and civil society, to develop more resilience in global garment supply chains. Learn more about how we continue to support our suppliers [here](#).

## Maker empowerment

We are committed to making empowerment programs available to over 100,000 makers within the next five years. We will achieve this goal by collaborating on existing industry partnerships and working directly with our suppliers through training as well as grants to support community wellbeing projects. In the past two years, we contributed funding for 27 wellbeing projects in supplier communities, described in the Be Well section of this report. In the future, we will increase funding and launch programs for direct maker empowerment.



# Foreign migrant workers

## Raising standards and building shared approaches to benefit garment workers

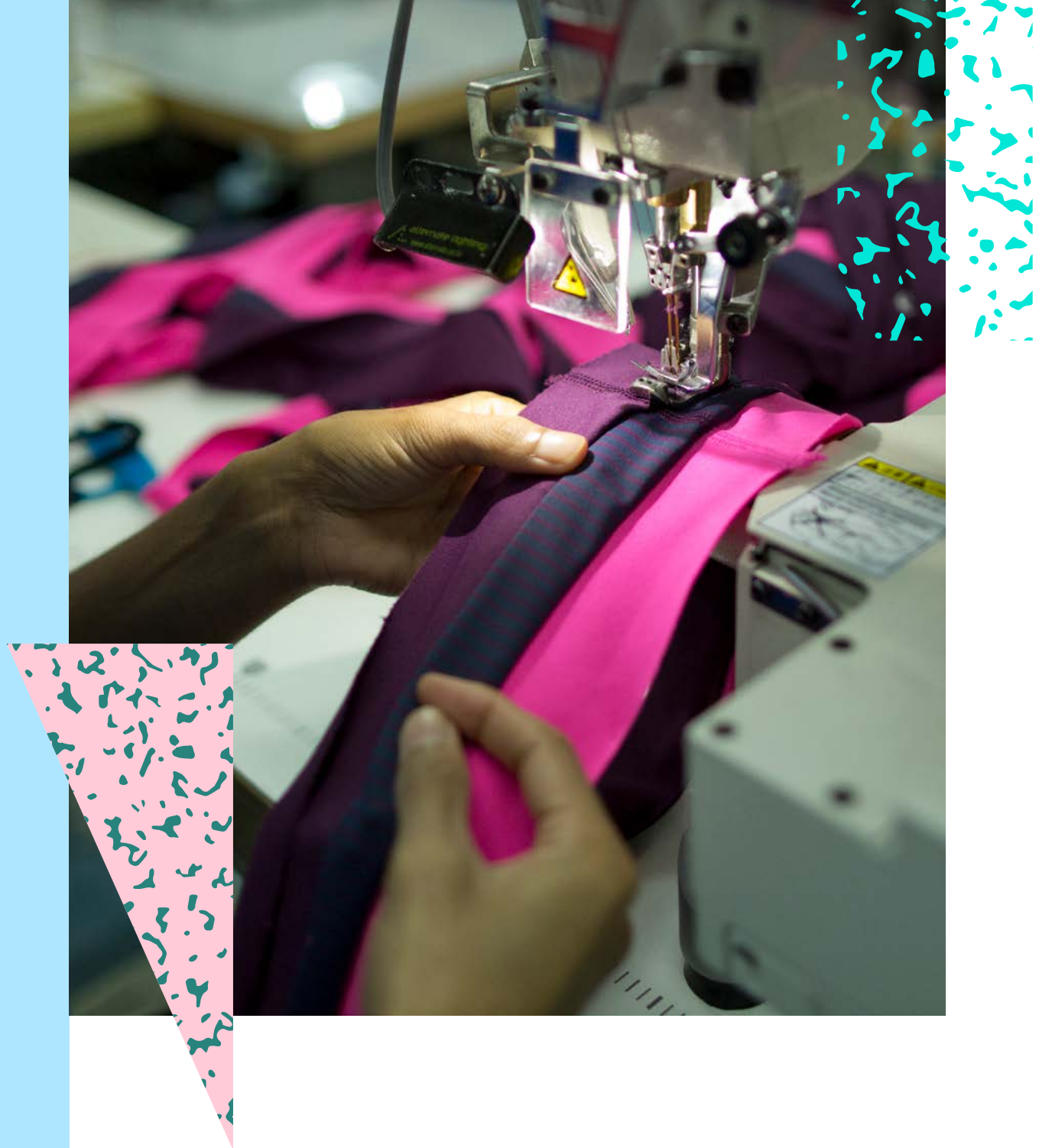
In 2015, while assessing factory practices in Taiwan, we discovered that commonly accepted practices around foreign migrant workers (FMWs) didn't align with our expectations. For example, workers would pay recruitment fees to gain their jobs, which significantly reduced their wages as they paid back these fees. We teamed up with like-minded suppliers, brands, and expert organizations to affect change.

What began as aspiration for better conditions has evolved into a robust FMW Standard and program. From that emerged the No Fees Brand Collaborative—seven brands committed to improving practices overall and ending financially challenging hiring fees for foreign migrant workers. We set a goal that no workers would pay recruitment fees by 2019.

By the end of 2019, all but one of our Taiwanese suppliers had achieved no fees and established processes for continued improvement. Translated into impact, this means better standards and financial relief for approximately 2,700 foreign migrant workers. We parted ways with one supplier who did not align with our policy. It's this dedication to a better supply chain that contributed to our #1 ranking in the KnowTheChain benchmark in 2021.

No one brand can do it alone. It takes the collaboration of conscientious players working towards a shared goal. Workers' rights NGO Verité, and third-party consultant Interpraxis, supported us to create the FMW Standard and program. They opened the door to discussions with our suppliers and other brands to get to the heart of the issues.

And we're not stopping now. We're taking our learnings and applying them to our supplier networks in Thailand, Japan, and Korea, and encouraging others to help turn the tide around workers' rights and to globally implement these standards.





# Be Well

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

**IN THIS SECTION**

27 lululemon Centre  
for Social Impact



We believe that everyone has the right to be well. Eighty-six percent of people worldwide face barriers that impact their physical, mental, or social wellbeing.<sup>22</sup> In recent years there has been a rise in awareness of the importance and complexity of mental wellbeing, including its impact on communities around the world. As a global company rooted in yoga and committed to whole-person development, we have a unique opportunity to advance physical, mental, and social wellbeing for all.

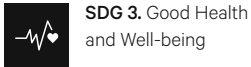


Since 2016, our Here to Be social impact program has reached almost one million people around the globe. We celebrate this impact and are on track to achieve our commitment through the Clinton Global Initiative by the end of this year, which included a financial commitment of US \$25 million. In 2021, we expanded our efforts by launching the lululemon Centre for Social Impact, with a goal of positively impacting 10 million people by 2025.

<sup>22</sup> lululemon Global Wellbeing Report.

WHY IT MATTERS

Stress and anxiety are prevalent in our lives and are compounded by global challenges including COVID-19, climate change, and social injustices. Stress and trauma can be harmful to our wellbeing—from mental health issues to physical problems—and inhibit our ability to fully function as individuals and communities. This is particularly true for people facing economic, social, or cultural barriers—particularly systemic inequities such as racial and ethnic identity, LGBTQ2IA+ and disabilities—and those experiencing crises (e.g., pandemics, natural disasters). The path to feeling good physically, mentally, and socially is easier when you have access to the right tools, support, and resources. That’s why lululemon is on a mission to disrupt inequity in wellbeing through movement, mindfulness, and connection.



WHAT DOES IT MEAN TO BE WELL?

Across our efforts, we want to ensure our definition of being well is inclusive and considers everyone we serve—including our guests, makers, and communities around the world. In 2021, we worked with key internal and external stakeholders to gather insights, and developed a guiding definition of wellbeing as a lifetime practice of three interconnected elements:<sup>23</sup>

**Physical wellbeing**  
Feeling healthy and capable.  
I can perform the activities I want or need to do.

**Mental wellbeing**  
Feeling emotionally present.  
I am able to handle what life has in store for me.

**Social wellbeing**  
Feeling connected to others.  
I am part of something larger than myself and contribute to a supportive community.

OUR GOALS

Provide access to wellbeing tools and resources to more than 10 million people by 2025.<sup>24</sup>

Invest at least US \$75 million to advance equity in wellbeing through the lululemon Centre for Social Impact by 2025.<sup>25</sup>

Launch the lululemon Centre for Social Impact by 2021—complete.

WHAT WE’RE DOING

We seek out and nurture wellbeing programs and solutions, scale access to inventive wellbeing tools, and advocate for practices and policies that advance equity in wellbeing.

EMPLOYEE WELLBEING

Being well starts with our employees. To help them in their journey, we have a range of benefits including health and dental, an employee share purchase plan, and free yoga and fitness. We also work to support work life balance and personal goals. Mental health is as important as physical health, so our people also have access to a range of tools and resources to help maintain wellbeing. (See the Spotlight story, page 26.)



<sup>23</sup> For more information, refer to our lululemon Global Wellbeing Report.  
<sup>24</sup> Between 2016 and 2020, our Here to Be grant program reached almost one million people. Our goal is to reach 10 million people between 2021 and 2025.  
<sup>25</sup> Our commitment of investing at least US \$75m is a new financial commitment spanning 2021 to 2025.

# Mental wellbeing

## Providing our team with mental wellbeing tools and resources

Life can be stressful. That's why we offer our people resources to prioritize their health, including a mental wellbeing toolkit, Employee Assistance Program, and mental health first aid support. When times are tough, we also have mental health counsellors who can support them.

In 2020, we started offering mental health first aid training to our people. 137 employees participated in the program in the first year. We continue to expand this training, reaching store managers and people leaders.

While having the right tools is important, people need time off and support to maintain a healthy and balanced life. That's why we've introduced a variety of wellbeing initiatives, including:

- Introducing an annual, paid VALUES Day (Volunteer, Awareness, Life, Unity, Empowerment, Support) globally, so employees can take time off for a range of activities (e.g., volunteering, observance, self-reflection).
- Introducing four summer rest-and-restore days for global headquarters employees in 2021. These are additional work days off to create long weekends, switch off entirely, and avoid a backlog of work upon returning to office.
- Holding over 3,000 online coaching sessions throughout the pandemic to support employee wellbeing.



# lululemon Centre for Social Impact

In 2021 we launched the lululemon Centre for Social Impact. The path to wellbeing is possible when tools, support, and resources are accessible to all. However, too often around the world barriers persist, making access too difficult for far too many people.

This is especially true for those experiencing disproportionate rates of stress and trauma due to identity, ability, economic opportunity, and occupation. The lululemon Centre for Social Impact (the Centre) is setting out to break the barriers that prevent access to wellbeing, with a commitment of at least US \$75 million over five years.

We will leverage our expertise, resources, and communities to invest in and advocate for the wellbeing of those most impacted by systemic inequity around the world, guided by our goal of impacting 10 million people by 2025.

The Centre will identify and incubate emerging wellbeing solutions and will partner with local and global organizations driving progress in wellbeing. It will unify, scale, and amplify our existing social impact programs including the [Here to Be grant program](#) (see below) and our collaboration with the UN Foundation, [Peace on Purpose](#). The Centre will also have a distinct focus on maker wellbeing—the people who make our products—and will foster and guide a culture of impact for lululemon employees and guests.

Centre framework

BE WELL VISION	Our communities thrive because we contribute to conditions that support physical, mental, and social wellbeing.					
CENTRE PURPOSE AND GOAL	We disrupt inequity in wellbeing through movement, mindfulness, and advocacy. Our goal is to positively impact 10 million people globally by 2025.					
WHAT THE CENTRE DOES	Invest in local community resilience.	Pursue impact at scale through partnerships, philanthropy, research, and advocacy.				Build internal capacity.
FOCUS AREAS	<b>Community Wellbeing</b> Community grants and partnerships that increase access to wellbeing through movement and mindfulness.	<b>Global Wellbeing</b> Larger scale grants and partnerships that advance the wellbeing of people experiencing disproportionate rates of stress and trauma due to systemic inequity.	<b>Maker Wellbeing</b> Industry partnerships, grants, and programs that care for the wellbeing of the people who make our products.	<b>Frontline Wellbeing &amp; Crisis Response</b> Grants, partnerships, and programs that support humanitarian and frontline workers around the globe.	<b>Research &amp; Advocacy</b> Grants, partnerships and publications that examine systemic barriers to wellbeing and amplify collaborative solutions.	<b>Culture of Impact</b> Programs and products that create a culture of impact for our people, communities, and guests.
ONGOING FOCUS AREAS	Crisis Response	Social Justice	Indigenous Peoples	Thought Leadership	Convening Communities	



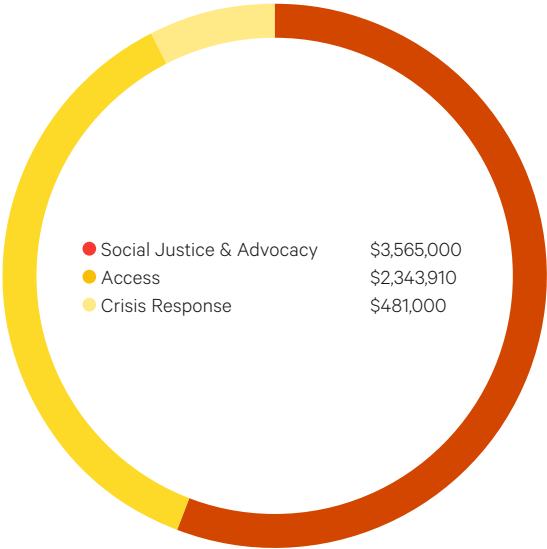
COMMUNITY WELLBEING—HERE TO BE  
GRANT PROGRAM

Together, with our local non-profit and community partners around the world, we are increasing access to wellbeing through movement and mindfulness. We support with bi-annual application grants, peer network building, and yoga mat donations. Grant recipients help to advance equity in wellbeing in many different ways, including financial accessibility, culturally sensitive programming, and community needs. You can view our [Grants Portal](#) to learn more.

Since the inception of our Here to Be grant program in 2016, we have reached almost 1 million people around the world and will have contributed US \$25 million to non-profit organizations by the end of 2021. We celebrate this impact and are on track to meet our commitments to action through the Clinton Global Initiative. Moving forward, the Here to Be grant program will become part of the lululemon Centre for Social Impact as we scale our efforts in the years to come.

In 2020, we built a new grant management platform to create the infrastructure to enable more equitable access to grants and scale partnership management globally. We provided over US \$6 million in grants to over 200 organizations and donated 13,341 yoga mats across North America and internationally.<sup>26</sup> With a focus on trust-based philanthropy, grant recipients had the opportunity to repurpose funds within their communities during COVID-19, as many of the organizations we fund were forced to pause or pivot their programming.

Grant allocations 2020<sup>26</sup>



MAKER<sup>27</sup> WELLBEING

In 2020 and 2021, we contributed US \$260,000 towards maker wellbeing through our annual Supplier Grant Program. This program supports projects that offer health, yoga, meditation, and education initiatives to factory workers and their local communities. We share costs with the vendor by paying up to 50 percent of each project.

- In 2020, we supported 10 projects with 7 different suppliers across 7 countries.
- In 2021, we supported 17 projects with 13 different suppliers across 10 countries.

Some examples of recent initiatives include:

- Trischel Fabric Pvt Ltd, Sri Lanka—Renovation of a children’s ward was supported at the rural hospital of Alawwa, accessed by more than 200,000 people each year. This hospital also provides healthcare facilities for about 40 percent of Trischel employees. (2021)
- MAS Active Trading Pvt Ltd, Haiti—Water supplies were created for both employees and those in the surrounding community through the provision of wells for over 15,000 people. This is part of an ongoing partnership with lululemon that includes a community development centre. (2020 and 2021)
- Sabrina Fashion Industrial Corp, Taiwan—Meditation and yoga was provided in four primary schools, eight villages, and four factories, reaching 800 school children, 240 children in communities, and 15 teachers. (2020)

For more information on our efforts with supplier wellbeing, please see the Be Human chapter.

<sup>26</sup> Totals for year ended January 31, 2021.  
<sup>27</sup> “Maker” refers to people who make our products—employees of contract suppliers that we work with.



# Supplier communities

## Offering healthcare and health awareness

Ours is a company built on health and wellbeing. That's why, when Sports City—the supplier behind our fleece, French terry, and woven bottoms—approached us to support their healthcare initiatives in Vietnam, we were immediately on board.

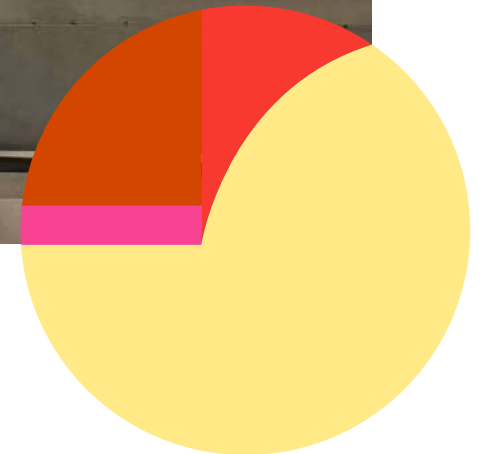
Sports City isn't about a one-size-fits-all approach when it comes to healthcare. They tailor resources to the needs of different groups. Geared toward employees and local community members, their The First Wealth is Health initiative spans several projects designed to provide lasting benefits. Through training they have reached 6,500 factory employees with information on pregnancy, nutrition, personal hygiene, and HIV/AIDS prevention.

Sports City supported free health services to 500 people in underserved areas, including x-rays, ultrasounds, bone density scans, doctor consultation, and medication prescriptions. Then they funded the construction and renovation of toilets in remote villages and schools, and installed drinking systems so students had clean water. Doctors were brought in to conduct personal hygiene education with roughly 1,800 students.

Our supplier has a long-term vision: provide ongoing monthly healthcare training to employees, and work with local government and NGOs to provide more healthcare options for communities. We will continue to support this vision.



Photo credit: Sports City



# Indigenous communities

## Respecting the wellbeing of Indigenous communities

We are a company founded on the Indigenous territories of the Musqueam, Squamish, and Tsleil-Waututh Nations in British Columbia, Canada. We honour and support the wellbeing of Indigenous communities.

We are committed to being a platform for amplifying Indigenous voices, and maintaining ongoing partnerships with First Nations organizations, community members, and ambassadors. To approach this work meaningfully, we engaged with The Circle on Philanthropy and Aboriginal Peoples in Canada (The Circle). The Circle describes itself as “an Indigenous-led organization working to mobilize settler philanthropic dollars to Indigenous-led projects, movements, organizations and nations. Our work contributes to positive change between the settler philanthropic sector and Indigenous communities by creating spaces of learning, relationship building, co-creation, and activation.”

The Circle guides us in contributing in meaningful ways. In 2020, with their guidance, we contributed CAD \$1 million between the Musqueam, Squamish, and Tsleil-Waututh Nations, as well as the Urban Native Youth Association. As a full member of The Circle, we will continue to learn, grow, and honour these communities, establishing a relationship of reciprocity and respect.



Clara John and Barry Dan opening the Here to Be Summit in Whistler, BC, Canada.



We work with institutional and NGO partners to create tools and resources that support humanitarian and frontline workers to care for their physical and mental wellbeing, so they can effectively care for others. This includes support for essential workers.

## PEACE ON PURPOSE

We continue to support Peace on Purpose, created in partnership with the United Nations Foundation, to provide mindfulness tools to UN humanitarian workers. In 2020, Peace on Purpose partnered with Insight Timer to launch 17 free meditations in 12 languages, focused on supporting humanitarian and frontline healthcare workers during the initial intense pressures of the COVID-19 pandemic. In addition to tools hosted on Insight Timer and lululemon's website, all UN employees were granted free access to Insight Timer's Premium Membership.

In further response to COVID-19, Peace on Purpose offered a series of online mindfulness "masterclasses" and promoted the offering across the entire UN system. Over 2,400 UN staff attended the masterclasses.

With the UN Foundation, we also reimaged the Peace on Purpose core curriculum and piloted a new three-part virtual "explorations series" with 13 country offices from two UN agencies and the Peacekeeping Mission in Mali. This included translation of the curriculum in three languages, and the training of 13 facilitators. In 2021, Peace on Purpose will offer the virtual explorations series to 25 UN country offices and translate the curriculum into Arabic.



## RESEARCH AND ADVOCACY

To address systemic barriers to wellbeing, we support research and advocacy efforts. We have laid the foundation for this work by developing a Global Wellbeing Index and annual [report](#). In 2020, we released our inaugural report setting out a vision for well-rounded wellbeing through movement, mindfulness, and connection. In partnership with Edelman Insights Group, we surveyed approximately 10,000 people across 10 countries. The questions covered a spectrum of physical, mental, and social health, and set the groundwork for a Global Wellbeing Index.

In 2021, we established a partnership with the [National Alliance on Mental Illness \(NAMI\)](#) to support their work to designate 9-8-8 as a nationwide 3-digit number for mental health crisis and suicide prevention services. We will support research and amplification of solutions. Also in 2021, we partnered with Wysdom.AI, Queen's University, Microsoft, and Mitacs, Canada's Digital Technology Supercluster to launch [Wellbeing.ai](#), a digital wellbeing platform for people to better understand their physical and mental health by interacting with virtual agents.

### Social justice

We leverage our resources and community to advocate for the wellbeing of those most impacted by systemic inequity, and to address barriers that prevent physical, mental, and social wellbeing.

In 2020, we provided over US \$3 million in funding to organizations that support social justice. For example, we partnered with two US organizations—[When We All Vote](#) and [Time to Vote](#)—to create access to educational tools and resources that provide information on how to vote and volunteer, including a US \$250,000 contribution to When We All Vote.



# Be Planet

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

## IN THIS SECTION

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- 48 Waste and packaging

Our lives are one 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 sustainable materials and working toward a circular ecosystem by designing out waste and keeping materials in use as long as possible—eventually integrating end-of-use products into new products. We focus on our value chain to reduce our carbon, waste, and water footprint to develop and sell products that reflect the values of our guests and contribute to a healthier world.

We are stepping into our journey to improve our impacts. To advance our sustainable product offering, we entered new material innovation partnerships. We also launched the lululemon Like New program to extend the life of our products. We conducted water tech assessments to help guide our water reduction strategy, rolled out our new Vendor Chemical Management Policy, and are reporting zero waste at distribution centres.





WHY IT MATTERS

Creating products draws on natural resources. In 2018, the apparel and footwear industry was estimated to produce approximately 2.1 billion tonnes of GHG emissions—4 percent of the world’s total emissions.<sup>28</sup> For lululemon, the production of raw materials makes up the largest portion of our carbon footprint—approximately 67 percent. Developing products with sustainable materials is an essential step in reducing the industry’s use of fossil fuels and lowering its climate impact. Our guests and stakeholders also expect us to use sustainable options where possible, while delivering high-performance, beautiful products that last.



SDG 12. Responsible Consumption  
and Production

OUR GOALS

Make 100% of our products with sustainable materials<sup>29</sup> and end-of-use solutions to advance a circular ecosystem by 2030.



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

- 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>30</sup>

<sup>28</sup> McKinsey & Company, Fashion on Climate Report, 2020.

<sup>29</sup> 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.

<sup>30</sup> Forest-based materials consist of regenerated cellulose and natural rubber.

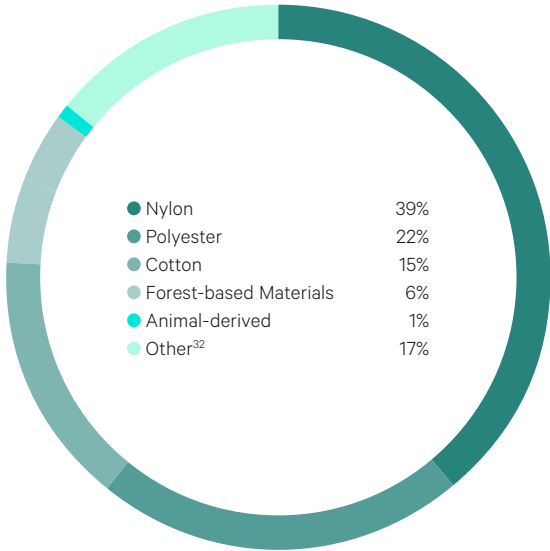
# Sustainable product and material innovation

## WHAT WE'RE DOING

We are focused on converting conventional materials and processes to more sustainable options. We assess impacts using the Sustainable Apparel Coalition Higg Materials Sustainability Index (Higg MSI) and apply select life-cycle analysis methodologies. Our largest procured materials by weight is nylon, followed by polyester and cotton. We are converting to recycled and renewable synthetic fibres, as well as responsibly sourced natural fibres made from renewable mycelium, the root structure of mushrooms.

Inclusive and minimal design, material innovation, and longevity in performance inspire us. Our teams transform practices at every step of the process, including design, merchandising, raw materials, product development, colour, and prints.

Key materials<sup>31</sup>



31 A material is considered a key material when it accounts for at least 15% of total volume by weight (kg) purchased or is an important product material (e.g., rubber) that we have established a strategy for.

32 Elastane (11%), and various other materials (6%).

33 Units purchased between January 2020 and January 2021.

Whether innovating new materials and experiences, or contributing to industry-wide approaches, we engage through strategic partnerships and collaboration. By partnering with cutting-edge technology organizations and suppliers, we can help create and scale solutions that may eventually have industry-wide impact. For example, we are partnering with biotech organizations such as Bolt Threads, LanzaTech, and Genomatica to help accelerate progress in polyester, nylon, and other materials. (See Spotlight stories on pages 38 and 39). With the Textile Exchange, we participate in expanding the use of more sustainable materials across the industry, for collective benefit. See the [Impact Supplement](#) for a full list of partnerships.

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

In 2020, we established our baseline for our goal of achieving 100 percent of our products with more sustainable materials.

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

In 2020, we established a baseline for our goal of achieving 75 percent of sustainable materials for our products.

## Products made with sustainable materials

	2020 baseline (units, '000s)	2020 (%)
Total products procured <sup>33</sup>	95,526	100%
<b>Total products made with sustainable materials</b>	<b>26,005</b>	<b>27%</b>
Products made with >50% sustainable materials	14,337	15%
Products made with 25-50% sustainable materials	11,668	12%

## Total sustainable materials procured

	2020 baseline (kg, '000s) <sup>34</sup>	2020 (%)
Total materials procured	27,260	100%
<b>Total sustainable materials procured<sup>35</sup></b>	<b>8,279</b>	<b>30%</b>

34 Materials purchased between January 2020 and January 2021.

35 Our sustainable materials are calculated by total sustainable materials (kg) divided by total input materials procured for each material type (kg).

Sustainable materials procured by type, 2020

Material	Type	Unit	2020 results ('000s)
Nylon	Recycled	kg	241
		% of total nylon	2%
	Renewable	kg	0
		% of total nylon	0%
	Total	kg	10,646
Polyester	Recycled	kg	2,357
		% of total polyester	39%
	Total	kg	6,056
Cotton	Sustainably sourced cotton	kg	1,498
		% of total cotton	36%
	Total	kg	4,124
Down	Responsible Down Standard	kg	91
		% of total down	100%
	Total	kg	91
Animal-derived materials	Responsible/traceable	kg	91
		% of total animal-derived materials	37%
	Total	kg	245
Forest-based materials	FSC-certified rubber	kg	65
		%	4%
	Responsible regenerated cellulose materials procured	kg	748
		%	48%
	Total	kg	1,575

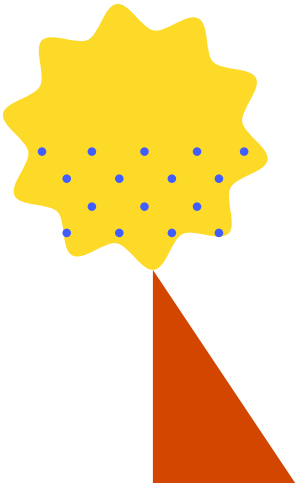
NYLON

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

Nylon makes up the biggest portion of our materials and provides product performance and quality that cannot currently be replicated with other materials. Our goal is to transition from virgin nylon fibre to renewable, recycled, or net new fibres that reduce our dependence on fossil fuels and lessen carbon emissions, while simultaneously ensuring uncompromising feel and performance. This is by far our most challenging materials goal.

Innovating renewable bio-nylon is our primary approach for converting from virgin synthetic material. Our advanced materials innovation team has engaged in extensive research and development for renewable nylon, and recently announced a partnership with Genomatica, an expert in bioengineered manufacturing, to drive the transition to renewable fabric. (See Spotlight story, page 38.)

Recycled nylon (generally made from post-industrial material waste) is another option. However, recycled alternatives that align with our performance standards are available in limited quantities. Currently, two percent of our nylon is made of recycled content. We will scale through existing and emerging industry solutions.



POLYESTER

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

In 2020, almost 40 percent of our total procured polyester was made of recycled content (post-consumer recycled PET from plastic bottles).<sup>36</sup> Over the last year, we continued to convert to recycled polyester content in our core products, including our classic men's ABC Pant and Commission Pant, which began to roll out in stores in the fall of 2020. We also joined the [2025 Recycled Polyester Challenge](#), a joint initiative between the Textile Exchange and the United Nations' Fashion Industry Charter for Climate Action. In 2021, we will continue to drive the transition to recycled polyester across our assortments.

We recognize the challenges associated with relying on plastic bottles for recycled polyester supply. To start to move beyond supply challenges and address carbon in new ways, we recently engaged in a partnership that is creating the world's first polyester yarn and fabric partially made from recycled carbon emissions, with LanzaTech, Far Eastern New Century, and India Glycols. We are also taking steps to pilot textile-to-textile recycling, to upcycle existing fabric as input for recycled polyester.

COTTON

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

We take a portfolio approach to achieving sustainable cotton by producing and supporting market growth for preferred sources including organic, recycled, regenerative, and other third-party certified platforms. Sustainable cotton platforms measurably improve environmental and/or social practices and outcomes compared to conventional cotton. All of our pima cotton is sourced from Peru and the US. We are creating a roadmap to scale currently available sustainable cotton platforms and partnering to develop new solutions.

<sup>36</sup> We measure our materials by weight (kg).



ANIMAL-DERIVED MATERIALS

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

Animal-derived fibres represent a small amount of our overall material portfolio (one percent by weight). Since 2016, all down has been fully traced and certified to meet the [Responsible Down Standard](#). We are also working toward responsibly sourced wool that is traceable and certified by a third party, such as the [Responsible Wool Standard](#). We are committed to advancing traceability across all material sources in our supply chain.

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, 49 percent of our volume is forest-based cellulosic fibres and 51 percent is rubber. Almost 100 percent of our forest-based 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. We are also committed to transitioning all our yoga mats to [Forest Stewardship Council](#) (FSC) certified natural rubber. We use the FSC standard because it promotes and certifies the responsible management of forests and traces the path of certified materials through the supply chain. In 2020, we released our Arise Mat, which uses at least 70 percent FSC-certified natural rubber, and will continue to launch products using FSC-certified natural rubber, such as the Take Form Mat.



# Nylon innovation

## Taking the lead on biobased alternatives

With its performance, durability, and moisture-wicking qualities, nylon is the choice for a lot of our products. In fact, it currently makes up the largest proportion of our fabric mix. It's also the most significant hurdle we face when it comes to achieving our sustainable materials goal.

There isn't enough recycled, post-industrial nylon for the uses we require, so to design new solutions we turned to Genomatica, a leader in biotech innovation and materials. Genomatica has been successful at using biotechnology and fermentation to turn naturally derived ingredients into the building blocks for more sustainable materials, and to deliver these at commercial scale. We are working together to bring renewably sourced, biobased materials into our product lines, including lower-impact, plant-based nylon. Our multi-year collaboration with them also includes our first equity investment in a sustainable materials company.

This partnership represents the next step in transitioning our nylon to high-performance biomaterials and impacting over half of the synthetic materials we use in our supply chain. It won't be easy. We recognize that there are challenges and trade-offs that need to be addressed between carbon reduction, water, and land use. We will work with our suppliers to better understand these issues and champion lower-impact, more sustainable farming practices that support workers' wellbeing.





# Mylo™

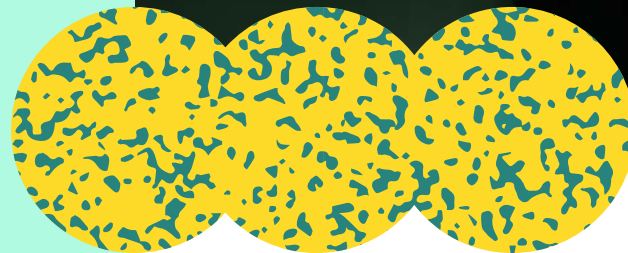
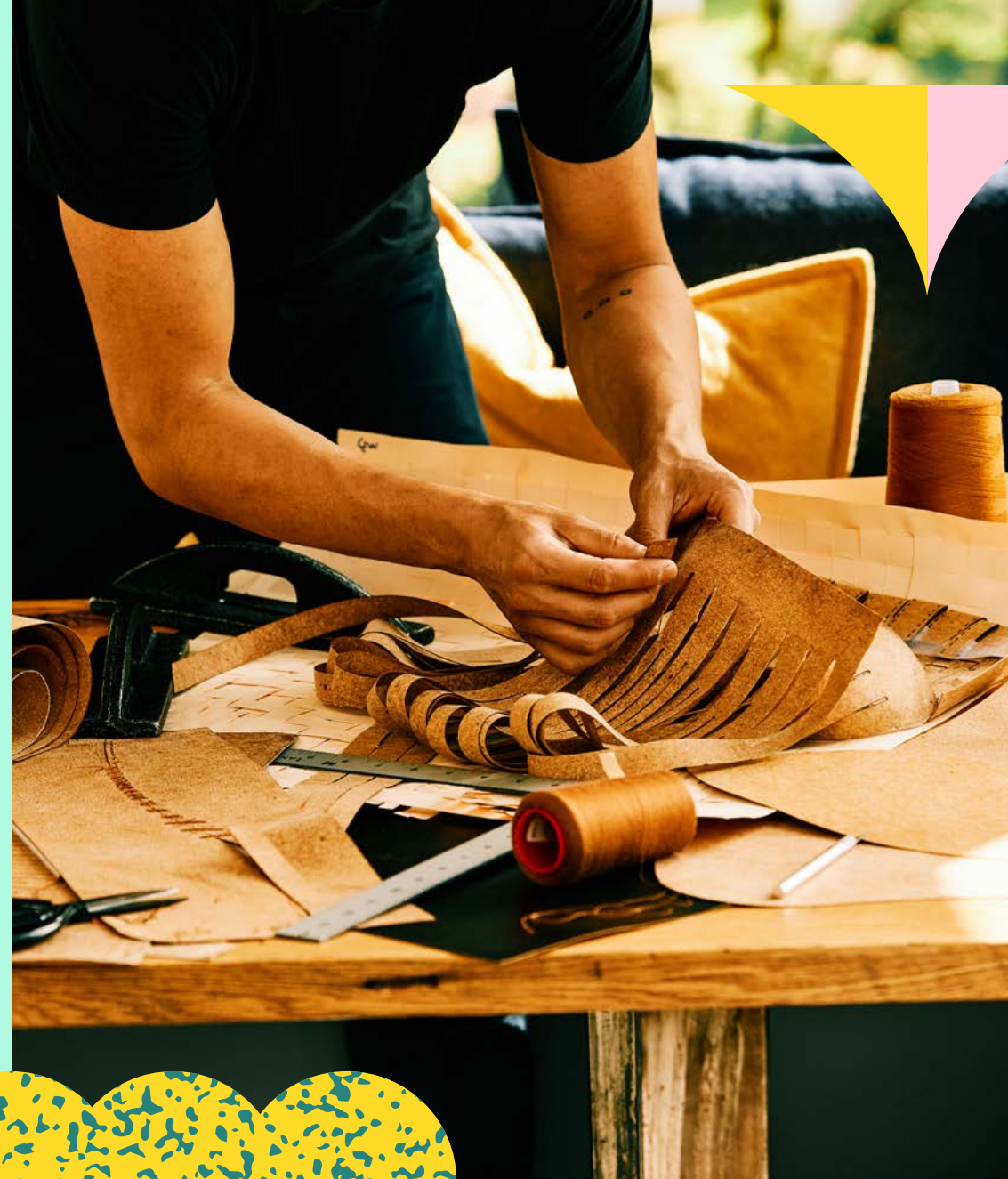
## Innovating through nature

When it comes to creating better products, sometimes the answer is right beneath our feet.

Imagine a product that looks like leather and feels like leather, but is designed to avoid the negative impacts related to livestock. Enter Mylo, an innovative material made from renewable mycelium, the root system of mushrooms.

As with all our materials, we used life cycle assessments to measure the impacts, considering carbon emissions, water, and chemical use. And, as with so much of our work, progress was made possible by working together with a committed community that shares our values. For Mylo, we partnered with Bolt Threads, a material solutions company that specializes in developing next-generation fibres, inventing and scaling cutting-edge materials inspired by nature. We're proud to be a founding member of the Mylo Consortium, working together with other forward-thinking global brands committed to a more sustainable future.

In 2022, we'll launch our Meditation and Yoga Mat Bag and Barrel Duffel Bag, both of which feature Mylo in their handles and trims.



# Circularity and new guest models

## WHY IT MATTERS

All apparel and product manufacturing depletes resources and increases waste and carbon emissions. Creating a circular economy is a critical pathway toward achieving global climate targets.<sup>37</sup> By reusing and recycling products, fewer and better materials and resources are needed to produce goods. Circularity is good for the planet and also contributes to our business model. Through new guest models such as resale, we can reduce use of resources, offer new product channels, and strengthen our relationships with guests and communities.



**SDG 12.** Responsible Consumption and Production

## OUR GOALS

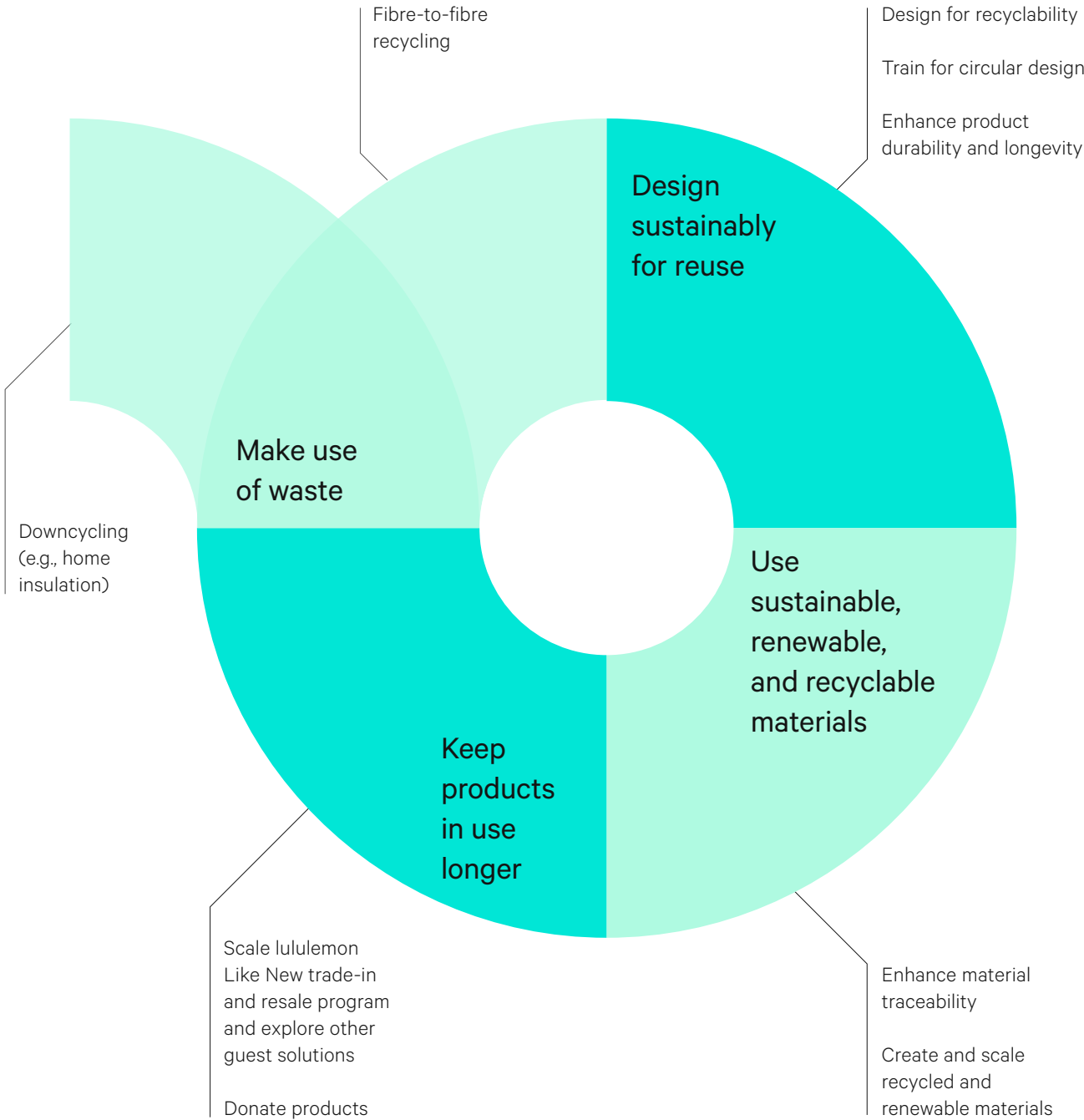
Offer our guests new business models that extend the life of products—reaching 100% of North American guests and piloting internationally by 2025.

## WHAT WE'RE DOING

We design our products for function, longevity, and sustainability. To make lasting change, we are taking the first steps to shift away from a traditional linear business model toward a circular ecosystem.

We want to offer all our guests options for extending the life of products they love and accessing products through new channels such as resale. In 2021, we launched lululemon Like New, a product resale program to offer guests the chance to trade in and buy gently used lululemon products. (See Spotlight story, page 42.) We are also launching circular design training to our product-related teams across our organization and considering all inputs including chemistry. Circularity is a significant challenge, but it's also enormously exciting. It sparks creativity and innovation across our value chain and allows us to connect with our guests in new and meaningful ways.

<sup>37</sup> Ellen MacArthur Foundation, *Circular Economy in Detail*.

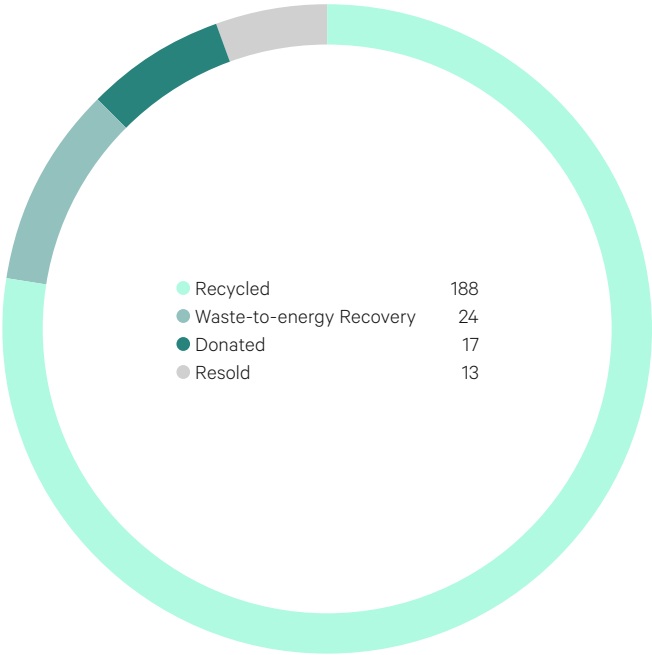




Textile waste

Through internal initiatives and partnerships, approximately 90 percent of our damaged and excess products (e.g., returns, in-store damages, quality issues) are resold, donated, or recycled. Where possible, we sell any lightly damaged products externally through outlets or internally through staff sales. For donations, we partner with [Good360](#) and in some markets, donate products such as yoga mats directly to community partners.

Damaged and excess product<sup>38</sup>  
(kg, '000s)



38 Data from 2020 calendar year, North America.

Our product recycling partner, Debrand, recycles our apparel to be used as home insulation, including stuffing for mattresses, furniture, cars, and sporting equipment. Our yoga mats are recycled into an equestrian footing product called ReitenRight. When we are unable to find recycling solutions, items are sent to a waste-to-energy facility that generates electricity.

In 2020, we conducted a landscape assessment of international textile recycling options to find recycling partners in local Europe, Asia, and Australia markets. We also continued to investigate opportunities for fibre-to-fibre textile recycling of blended materials. In 2021, we are piloting recycling with vendors in international markets. We will also initiate pilot partnerships to help advance blended-material recycling technology and broader recycling infrastructure solutions.



Recycled fibre for use as insulation. Photo credit: Debrand.



# lululemon Like New

## Innovating new models for our guests

We want to keep our products in use for as long as possible and believe the resale market offers an opportunity for previously loved clothing to bring joy to a guest while doing right by the planet.

This was the thinking behind lululemon Like New, an initiative where guests can trade in and buy used gear. By buying lululemon Like New over brand-new, guests are doing their part to reduce carbon emissions, waste, and water use—all of which minimize the environmental impacts of our products. But that's not all. To further chip away at our footprint, 100 percent of lululemon Like New profits will be reinvested into our sustainability initiatives,<sup>39</sup> including circular product design, renew and recycle programs, and store environmental programs.

In partnership with Trove, a company specializing in take back and recommerce of premium brands, we launched our trade-in pilot in 82 Texas and California stores, enabling guests to bring in gently used lululemon gear in exchange for store credit. Shortly after, we launched our online resale shop, where guests can browse thousands of verified, quality-checked, gently used gear and have it ground-shipped directly to their home. In the first three months of operations, guests traded in over 66,500 items (the average guest bringing in seven items in one go) and resale shopping exceeded expectations for growth by 200 percent.

<sup>39</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.



For more information visit [lululemon Like New](#).

## WHY IT MATTERS

Climate change is a defining challenge of our time. Human activity produces more carbon dioxide than nature can absorb, and we know that the apparel industry contributes to this problem. The impacts from climate change cross geopolitical boundaries, economics, and cultures—disproportionately impacting vulnerable people, and contributing to increasing inequities and economic disruptions.<sup>40</sup> Extreme weather events can also cause disruptions to our supply chain and store communities and put our business at risk. Our guests and investors are aware of the challenges of climate change and expect us to act.

## OUR GOALS

Meet our 2030 science-based targets by achieving:

- 60% absolute reduction of greenhouse gas (GHG) emissions in all owned and operated facilities<sup>41</sup> (Scope 1 and 2).
- 60% intensity reduction of GHG emissions across our global supply chain<sup>42</sup> (Scope 3).

Source 100% renewable electricity to power our owned and operated facilities by 2021—on track to be complete in 2021.

<sup>40</sup> World Resources Institute.

<sup>41</sup> Owned and operated refers to where lululemon has direct operational control. This goal refers to Scope 1 and 2 emissions.

<sup>42</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 [Impact Supplement](#).



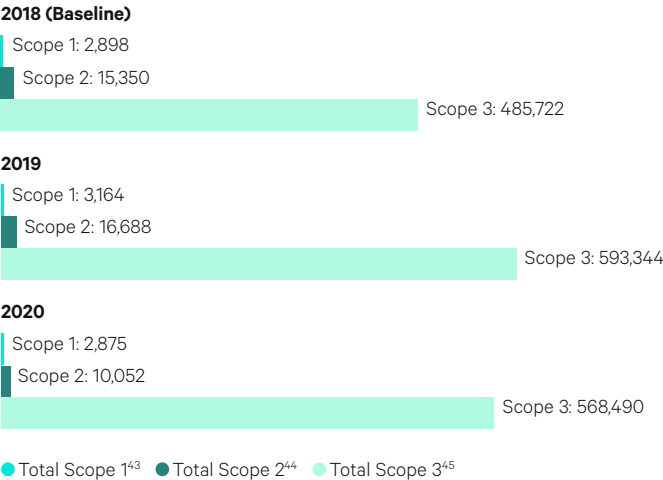


WHAT WE'RE DOING

In 2019, we set climate targets approved by the Science Based Targets initiative. Science-based targets 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. We are working towards a net zero carbon future, starting with cutting emissions across our value chain. We work with brands and stakeholders to accelerate change in our industry and support global action.

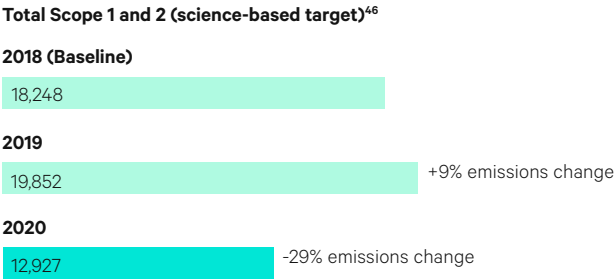
We know from our annual carbon footprint (our GHG emissions) that our supply chain (Scope 3) represents the majority of our emissions. Our direct emissions within owned and operated facilities (Scope 1 and 2) were 12,927 tCO<sub>2</sub>e in 2020. We are on track to transition to 100 percent renewable electricity and continue to prioritize energy efficiency measures.

Carbon footprint (tCO<sub>2</sub>e), 2018–2020



43 Scope 1: Direct emissions from owned and operated facilities.  
44 Scope 2: Market-based indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling. Only purchased electricity and cooling are relevant to lululemon.  
45 Scope 3: All indirect upstream and downstream emissions that are not included in Scope 2 that occur across our value chain, excluding customer use. For more information on our science-based target, refer to the Impact Supplement.  
46 For a breakdown of our Scope 1 and 2 emissions and science-based target, please refer to the Impact Supplement.

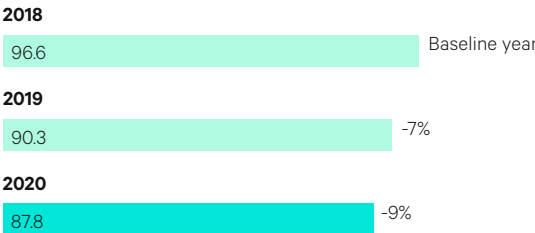
Absolute reduction of GHG emissions across all owned and operated facilities (tCO<sub>2</sub>e), 2018–2020



Intensity reduction of GHG emissions across our global supply chain (tCO<sub>2</sub>e), 2018–2020

	2018	2019	2020
Total Scope 3 (science-based target) <sup>47</sup>	317,718	359,400	386,557
Revenue from operations	US \$3,288,319	US \$3,979,296	US \$4,401,879

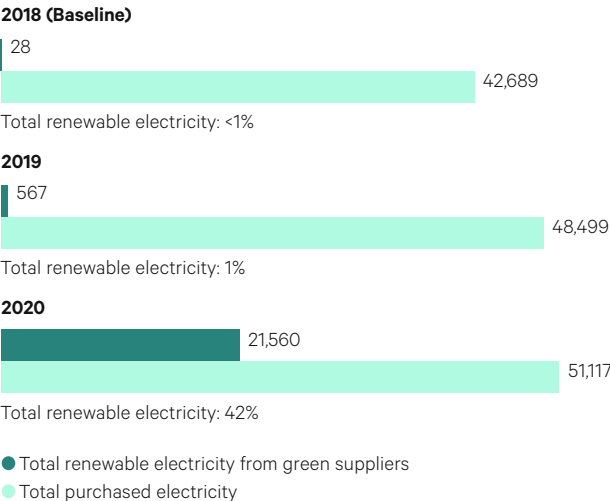
Emissions intensity (tCO<sub>2</sub>e/revenue operations) and change from 2018 baseline



Renewable electricity

In 2020, our Scope 1 and 2 emissions decreased by 29 percent from our 2018 baseline. Part of that was due to the basket of regional renewable energy certificates (RECs) that we purchased. We developed plans to transition to 100 percent renewable electricity, are on track to achieve this goal in 2021, and will maintain into the future. As of 2022, renewable electricity in North America will be sourced through a virtual power purchase agreement (VPPA), and internationally through RECs and green suppliers. We purchase RECs from accredited tracking agencies, so they are not double counted, and where possible, from wind and solar energy sources. As we identify feasible renewable energy development opportunities, including VPPAs in international markets, we will transition from RECs. (See Spotlight story, page 46.)

Renewable electricity in our owned operations (MWh)<sup>48</sup>, 2018–2020



47 Our science-based target for Scope 3 emissions represents approximately two-thirds of our total Scope 3 emissions as per Science Based Targets initiative (SBTI) requirements. For a breakdown of our total Scope 2 and science-based target, refer to the Impact Supplement.  
48 Data is based on calendar year. We purchased and retired our RECs after the CDP (formerly Carbon Disclosure Project) reporting deadline. Therefore our reported renewable electricity for 2020 is higher in our Impact Report than in our CDP disclosure.

## Energy efficiency

In our owned and operated facilities, we’re continuing to improve energy efficiency, building on existing initiatives such as LED lighting. In 2020, we started piloting an Energy Management System in stores to better control our HVAC systems, reduce energy use, and improve comfort. We will roll out a broader program based on results. We also moved a third-party distribution centre in Europe to a building built to Building Research Establishment’s Environmental Assessment Method (BREEAM) guidelines, and runs on 100 percent renewable electricity.

## Transportation and logistics

Transportation and logistics currently make up approximately 14 percent of our total carbon footprint.<sup>49</sup> We are investing in new systems to support more efficient planning processes and optimize inbound transportation to reduce air freight. We will shift transportation methods where possible, including a shift from air freight to ocean, truck, or train. During the COVID-19 pandemic, we experienced longer lead times and delivery challenges due to some factory closures and pressure on ocean freight and seaports. This meant we had to increase use of air freight. We see these challenges continuing at least through 2021 and are working on rebalancing transportation modes as we emerge from the pandemic.<sup>50</sup>

## Supplier environmental initiatives

Developing a comprehensive supplier engagement framework is key to achieving our climate and energy goals. To measure and manage raw material and 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.

We collaborate with our suppliers to help improve their energy reduction efforts. In 2020, we were a founding member of the [Carbon Leadership Project](#) with the [Apparel Impact Institute](#) and [RESET Carbon](#). They bring together action-oriented brands to implement supply chain carbon targets and develop approaches that can be replicated industry-wide. Seven of our priority suppliers participated in carbon management training through in-depth assessments and capacity building workshops. All have established carbon reduction targets and committed to action plans. In 2020, in partnership with the Clean Energy Investment Accelerator (CEIA) and other brands, we supported a factory in Vietnam to participate in a group procurement approach alongside other factories to source renewable energy from rooftop solar systems. We’re participating in the next phase of this renewable energy program, contributing funds to build tools and resources to increase renewable energy adoption across the apparel supply chain in Vietnam and the region.

Building on foundational information, we will establish manufacturing renewable energy goals in collaboration with our priority suppliers next year. We meet bi-annually to understand their progress and challenges, and to support them in achieving their environmental goals. We believe that collaboration and two-way transparency is the way to achieve the greatest impact.

## Industry collaboration

Renewable energy policies, government engagement, and energy sources vary from country to country, making it challenging to implement a globally consistent approach. By working with stakeholders across our supply chain, we have an opportunity to influence and invest in renewable energy initiatives that meet country-specific needs. As signatories of the [UN Fashion Industry Charter for Climate Action](#), we committed to net zero carbon by 2050 or earlier. Our work with the Carbon Leadership Project is an important start, and we are fast tracking solutions through working groups. Moving forward, we will deepen our exploration of strategies and partnerships to further supplier financial incentives and policy levers toward cleaner energy grids and manufacturing investments.

49 For detailed breakdown of our carbon footprint (GHG emissions), please see page 55.

50 For more information on supplier relations during COVID-19, please see the [Be Human](#) chapter.

# Renewable electricity

## Reducing our carbon footprint

We know there is power in partnership. In 2019, we signed on to Climate Group's RE100, a global coming together of businesses committed to 100 percent renewable electricity. Just two years later, we are on track to achieve this goal across our owned and operated facilities by the end of 2021.

Public statements of commitment must lead to action. That's why in 2021 we signed a 10-year Virtual Power Purchase Agreement (VPPA) with renewable energy company Enel Green Power, a move that will match the electricity needs of our direct operations in North America with clean energy. The power we purchase will be supplied by the Azure Sky wind farm, which is currently under construction and set to be operational by mid-2022. In the meantime, we have purchased regionally based renewable energy credits to help us achieve our goal.

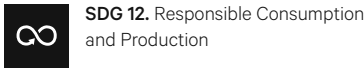
Our next step is focusing in on manufacturing-related emissions. Through industry groups like the UN Fashion Industry Charter for Climate Action we are tracking the evolution of renewable energy policy and regulations in the Asian markets where we manufacture products. We are working to identify opportunities to support our suppliers to convert to renewable energy sources and reduce carbon emissions in our extended supply chain.



Photo credit: Enel Green Power

WHY IT MATTERS

The World Resources Institute estimates that the textile industry uses five trillion litres of water every year for fabric dyeing alone—enough to fill two million Olympic-sized swimming pools.<sup>51</sup> However, around one billion people live in areas where access to fresh water is scarce. By 2025, it is expected that approximately two-thirds of the world's population may struggle to access enough clean water to meet their needs. Climate change is altering patterns of weather and water around the world, causing shortages and droughts in some areas and floods in others.<sup>52</sup> Access to water is also critical to our business, and to sustaining the communities where we and our suppliers operate.



OUR GOALS

Water

Reduce freshwater use intensity with our priority wet process suppliers by at least 20% by 2025.<sup>53</sup>

Chemistry

Implement ZDHC Manufacturing Restricted Substances List (MRSL) at 100% of priority suppliers by 2022.<sup>53</sup>

WHAT WE'RE DOING

Water

To build better understanding of business and contextual water risks, in 2021 we engaged RESET Carbon to conduct a water risk and scarcity assessment and a water use reduction analysis of our supply chain. RESET used lululemon's supply chain data, Water Resources Institute's (WRI) water risk tool,<sup>54</sup> and local regulatory and policy research to assess overall water risk.

Based on the results, our water approach prioritizes suppliers with the highest production volume and water reduction potential, as well as those located in high-risk water regions. We are focusing primarily on Tier 2 and Tier 3 wet processing suppliers which produce more than 80 percent of our production volume. While our supplier locations in these countries are not in the extreme-risk category, they do have water concerns that require focused attention to reduce freshwater consumption. Assessing water scarcity risk is also a component of our vendor exploration and onboarding process.

Based on this assessment, we have restated our 2025 goal to 20 percent reduction in freshwater use.<sup>55</sup> We will formalize our water strategy in 2021, including actions and targets required to meet our 2025 goal. Increasing extreme weather events, geopolitical issues, and regulatory policies across our supply will continue to impact water risk. We will continue to evolve our strategy beyond 2025.

We are developing innovative solutions to work towards our freshwater use intensity goal. One example is solution-dyed nylon, which uses at least 75 percent less water than conventionally dyed nylon and reduces chemical use and carbon emissions. Scaling solution-dyed nylon has challenges, requiring high volumes to dye the fabric at the fibre level with limited colours. Nevertheless, we are approaching this work because of the significant water-savings potential. On Earth Day 2020, we launched a limited-edition water-wise version of our Wunder Under collection. This program will scale in upcoming years.

Chemistry

When it comes to chemistry, we strive to bring better and safer chemicals into our products and supply chain. We work to restrict and manage chemicals upstream in production facilities and products to a safer limit for people and planet. Our Restricted Substances List (RSL) is aligned to the Apparel and Footwear International RSL Management (AFIRM) Group. It lists substances that are banned or restricted from lululemon products and processes. All suppliers are required to participate.


We have adopted the ZDHC Manufacturing Restricted Substances List (MRSL) v2.0 and ZDHC Wastewater guidelines as part of our Vendor Environmental Program. In 2020, we implemented our new Vendor Chemical Management Policy with all suppliers. Among others, this policy requires reporting on a baseline of chemical inventories and industrial wastewater test results. In 2021, we became Friends of ZDHC so we can advance our work and leverage ZDHC guidelines, solutions, and platforms. Nearly one-third of the mills that supply our raw materials are bluesign® system partners, an independent verifier of sustainable processing claims.

We use the Higg Facility Environmental Module (Higg FEM) to inform our Vendor Environmental Program. In 2020, 98 facilities, including finished goods, raw material mills, and supplier subcontractors, completed the Higg FEM. This represented approximately 96 percent of our production value in dollars. Our Vendor Environmental Manual outlines how to treat wastewater in accordance with the ZDHC Wastewater Guidelines. In 2021, we will begin collecting data aligned with these guidelines, and will report on this in 2022. Of the supplier facilities that completed Higg FEM in 2020, 100 percent of Tier 1 facilities and 94 percent of facilities beyond Tier 1 reported compliance with wastewater discharge permits where required.

51 World Resources Institute.  
52 World Wildlife Fund.  
53 Priority suppliers are wet processing suppliers that produce 80% or more of our value annually and any supplier with production in a water-scarce region.  
54 Including sub-national and sub-watershed level data.  
55 This goal replaces a previously estimated target of 50% freshwater use reduction.

WHY IT MATTERS

Waste is produced at every stage of our value chain, from manufacturing to logistics and packaging, to the product itself at end of use. The more waste we eliminate, the better our operational efficiency, as well as our carbon and water savings. That’s why we take a holistic approach that considers the entire value chain.



**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

**Plastic packaging**  
To reach our goal of reducing our single-use plastic by 50 percent, we are focusing on eliminating packaging throughout our supply chain and converting to preferred materials (e.g., FSC-certified, recycled content minimums). To identify our biggest levers to reach our goal, we measured our packaging waste footprint across our value chain and developed a strategy based on packaging volume and ease of conversion. Our focus is on optimizing our polybag packaging to reduce single-use vendor plastics by 30 percent. We will continue to update our Sustainable Packaging Policy as we find new packaging technologies.

Although our shopper (shopping bag) is durable and contains 65 percent traceable recycled content, we are exploring new future shopper options as well as e-commerce packaging.

2020 packaging baseline<sup>56</sup>

	Unit	Results ('000s)
Product packaging	kg	57
E-commerce bag packaging	kg	944
Transport packaging	kg	898
Total packaging procured	kg	1,899
Total units procured <sup>57</sup>	units	95,526
Intensity	kg/units	0.02

Zero waste distribution centres

In terms of waste, four of our five global distribution centres have reported achieving zero waste, which is defined as consistently reusing, recycling, or composting over 90 percent of their waste materials each year. In 2020, they achieved 94 percent. Our newest distribution centre (opened in 2019) is on track to achieve zero waste by 2021. 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. In 2020, 78 percent of boxes were reused. We will continually improve diversion from landfill and expand our program to third-party operated distribution centres.



<sup>56</sup> As noted in-text, our packaging baseline excludes our shopper.  
<sup>57</sup> Units purchased between January 2020 and January 2021.

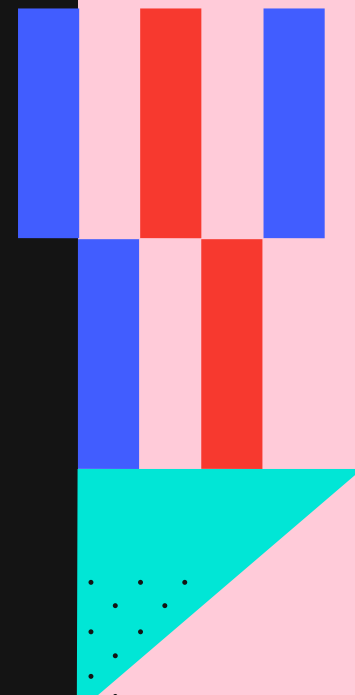


# Impact Supplement

## IN THIS SECTION

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Our Impact Report is our stake in the ground toward an equitable, sustainable future. It is rooted in the social and environmental context in which we operate and reflects the interests and needs of our stakeholders. We align our efforts with internationally recognized experts and include detailed data and information on our performance.



# How we create value

## What we rely on

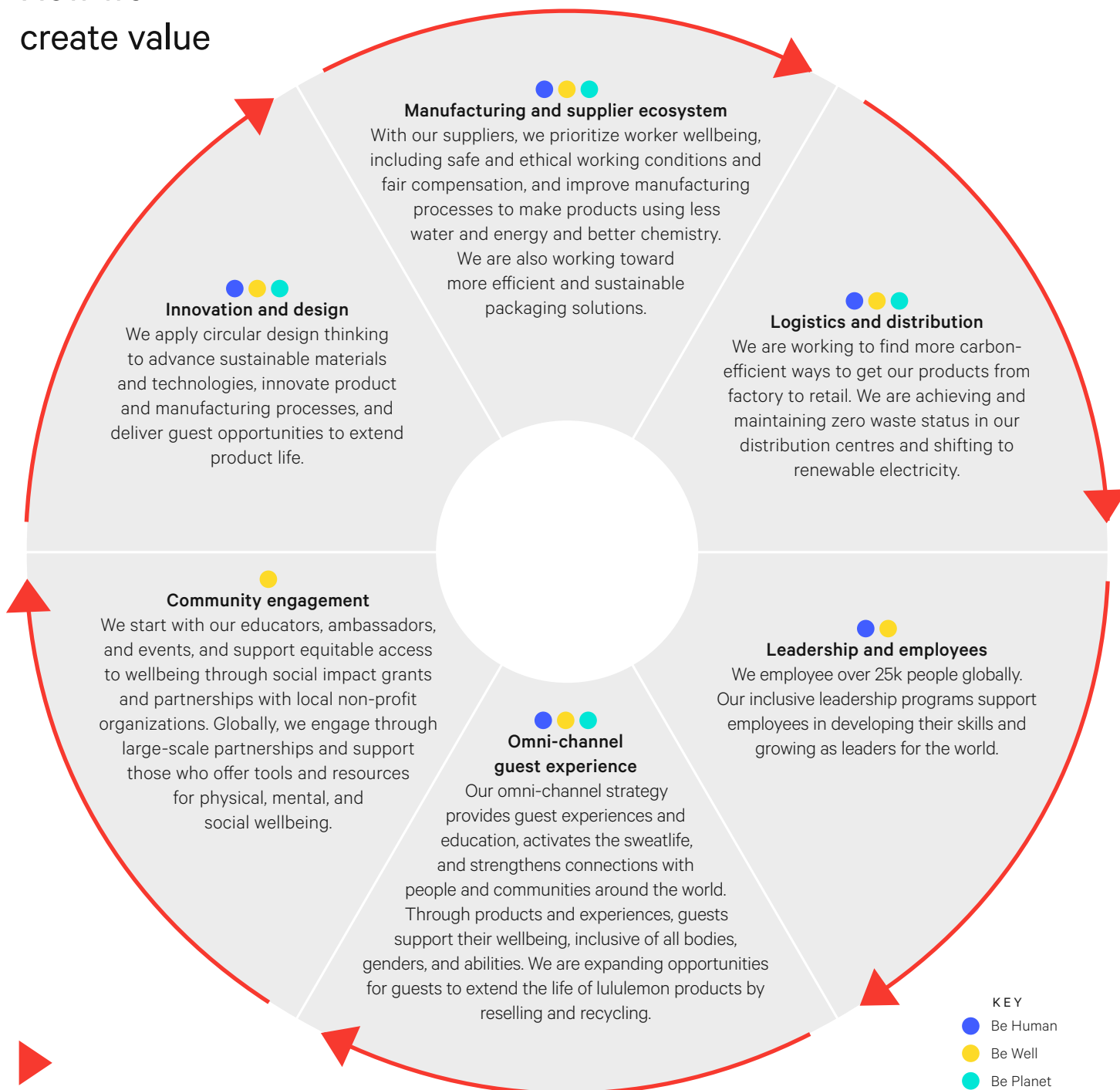
To drive positive impact and value creation, we rely on:

**Global value chain:**  
from raw material sourcing to manufacturing to our omni guest channels to our product end-of-life

**People and partnerships**  
including employees, suppliers, guests, community stakeholders, and organizations that support our vision

**Natural resources**  
including water, energy, and raw materials

## How we create value



## What we create

We create value through new innovations, jobs created, taxes and investment, sustainable and inclusive product, environmental improvements, community programs, and individuals benefited. We will continue to evolve our tracking and reporting of societal, environmental, and economic value.

**KEY**  
 ● Be Human  
 ● Be Well  
 ● Be Planet

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, achieve global climate goals, and create meaningful, sustainable change. This is only a sample of organizations we work with and value.

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)**  
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.
- 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.
- Social and Labor Convergence Program (SLCP)**  
A multi-stakeholder initiative, the SLCP provides tools and systems to measure working conditions in global supply chains.

Be Well

Since 2016, we have partnered with over 650 organizations to increase access to wellbeing through movement, mindfulness, and advocacy.

- The Circle on Philanthropy and Aboriginal Peoples in Canada (The Circle)**  
In 2021, we became a member of The Circle, which contributes to positive change between philanthropy and Indigenous communities by creating spaces of learning, innovation, relationship building, co-creation, and activation.
- United Nations Foundation**  
We partnered with the United Nations Foundation to establish Peace on Purpose, which provides yoga and mindfulness resources to help workers combat stress and build resiliency.

Be Planet

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

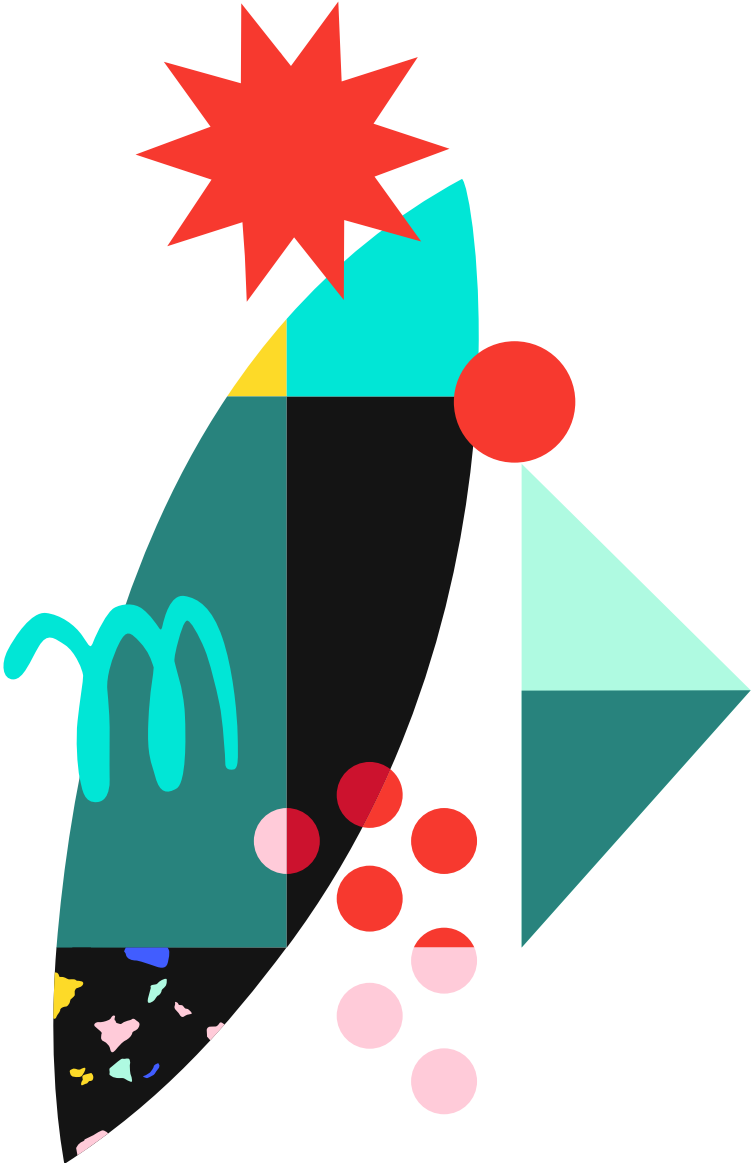
- Canopy Planet Program**  
Protecting endangered forests is at the heart of the work of the Canopy Planet Program, an environmental non-profit that works with forestry customers and suppliers.
- Carbon Leadership Project**  
In 2020, lululemon became a founding member of the Carbon Leadership Project with the SAC Apparel Impact Institute 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 a global partnership of over 300 influential 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 that invests in meaningful material innovation with Mylo.
- Textile Exchange (TE)**  
A global non-profit, TE drives industry transformation by accelerating the use of preferred fibres, integrity, and standards.
- 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.
- UN Fashion Industry Charter for Climate Action (UNFCCC)**  
Signatories of the UNFCCC 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.



By collaborating with stakeholders, we can best reflect their perspectives 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. In 2022, we will update our stakeholder engagement strategy.

Who We Engage	How We Engage
Employees	Annual employee pulse surveys let us know what employees love about lululemon and how we can improve. We also host employee resource groups, 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 ways, including in-store and online with our educators, our Guest Education Centre, guest insights surveys, focus groups, emails, and social media channels.
Investors and shareholders	On our Investor Relations site, we share key shareholder information and details on financial performance. We host earnings calls, hold investor summits, and engage in individual dialogue.
Suppliers	We engage with suppliers through robust onboarding, ongoing engagement with sustainability and production teams and senior leaders, annual assessments, and vendor summits.
Civil society	We work with various non-governmental organizations (NGOs) on issue-specific initiatives, at local and global levels.
Industry	We participate in multilateral industry associations and working groups to collectively make progress within our industry and collaborate with peer companies.
Other	We continually engage with ambassadors, the communities where we operate, media, government, rating, and benchmark agencies. By maintaining connections with these groups, we work to align with current issues, relevant legislation, and leading practices.



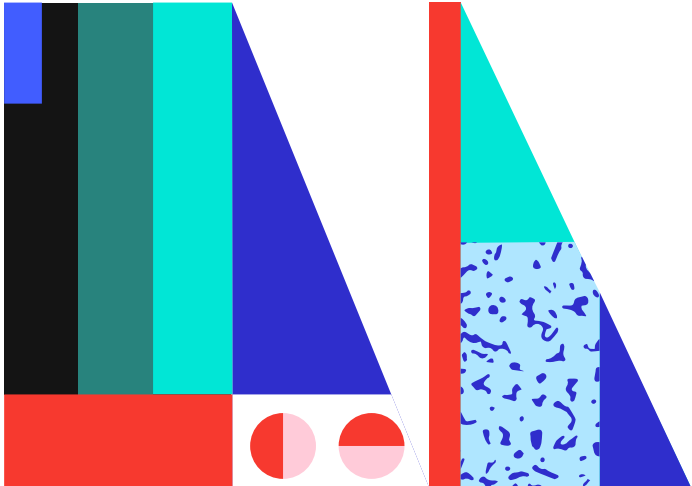
# Sustainable product and materials

To achieve our larger goal of achieving at least 75% sustainable materials, we have set five supporting goals. These reflect the key materials and important product materials used to make lululemon products.

Be Planet

Topic	Goal	Metric	Baseline Year	Baseline	2020 Results	Goal	Goal Year	Status
Sustainable product & material innovation	Achieve sustainable materials for our products.	% of total sustainable materials procured for our products	2020	30%	30%	75%	2025	▶▶
		% renewable or recycled content nylon	2020	2%	2%	100%	2030	▶
		% recycled polyester	2020	39%	39%	75%	2025	▶▶
		% sustainably sourced cotton	2020	36%	36%	100%	2025	▶▶
		% traceable or certified animal-derived materials	2020	37%	37%	100%	2025	▶▶
		% certified or third-party assessed forest-based materials	2020	52%	52%	100%	2023	▶▶

- KEY
- ▶ Getting started
  - ▶▶ Making progress
  - To be complete in 2021



TIMEFRAME

All emissions data provided is for the calendar year ending December 31, 2020.

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 58–59.

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. For a list of our Scope 3 emissions inclusions and exclusions, refer to the chart on pages 58–59.

GHG EMISSIONS BASELINE

In 2019, we created science-based targets approved by the Science Based Targets initiative. 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 complete and comprehensive, before using it as the base year to assess progress towards our science-based targets.

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.

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

Scope 1 and 2 fuel & electricity consumption (MWh)

Region	Natural Gas Scope 1 <sup>3</sup>	Propane Scope 1 <sup>4</sup>	Electricity Scope 2	Chilled Water/Cooling Scope 2	Total Scope 1 and 2	Renewable Electricity Scope 2 <sup>5</sup>
US	4,557	65	30,849	59	35,530	12,650
Canada	7,119	0	11,218	0	18,337	4,250
Australia/New Zealand	5	0	1,921	0	1,926	160
UK (incl. Ireland)	192	0	1,103	19	1,314	829
Europe	41	0	615	0	656	0
Asia	53	0	5,411	544	6,008	3,671
Total	11,968	65	51,117	622	63,772	21,560

Scope 3 fuel & electricity consumption (MWh)

Region	Natural Gas Scope 3 <sup>6</sup>	Propane Scope 3 <sup>7</sup>	Electricity Scope 3	Chilled Water Scope 3	Total Scope 3	Renewable Electricity Scope 3
US	421	0	618	0	1,039	0
Europe	0	0	393	0	393	0
Asia	0	0	969	0	969	0
Latin America	0	0	235	0	235	0
Middle East	0	0	290	0	290	0
Total	421	0	2,505	0	2,926	0

1 Most stores and DCs are owned and operated. However, we have a limited number of franchise stores and several 3rd-party operated Distribution Centres. While energy use for these locations falls under Scope 3, we have reported them here with Scope 1 and 2 because we will be purchasing renewable electricity for these locations along with all of our owned and operated facilities (starting in 2021).

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

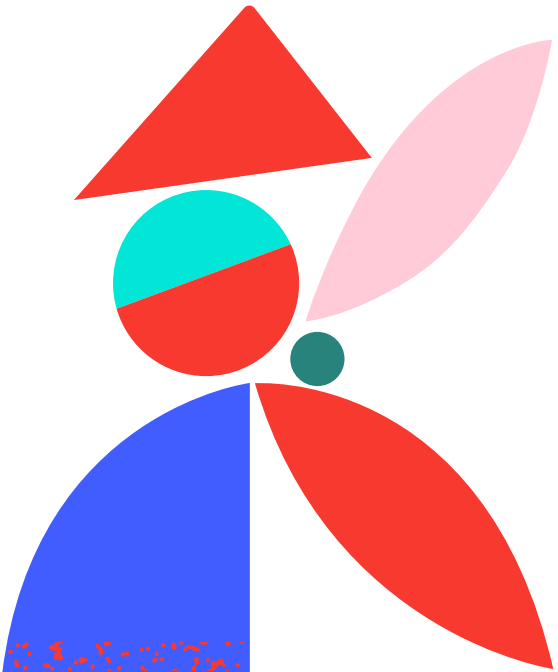
3 Emission factor: 5311. Source: EPA Emission Factors for Greenhouse Gas Inventories, April 2021.

4 Emission factor: 6196. Source: EPA Emission Factors for Greenhouse Gas Inventories, April 2021.

5 Green electricity products (e.g., green tariffs) from an energy supplier, supported by energy attribute certificates.

6 Emission factor: 5311. Source: EPA Emission Factors for Greenhouse Gas Inventories, April 2021.

7 Emission factor: 6196. Source: EPA Emission Factors for Greenhouse Gas Inventories, April 2021.





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

Region	Scope 1	Scope 2 (Location-based)	Scope 2 (Market-based)	Scope 3 (Location-based)	Scope 3 (Market-based)
US	839	11,597	6,846	378	378
Canada	1,290	893	555	0	0
Australia/New Zealand	1	1,341	1,326	0	0
UK (incl. Ireland)	35	268	110	0	0
Europe	7	129	207	164	218
Asia	10	3,271	1,008	598	598
Latin America	0	0	0	107	107
Middle East	0	0	0	148	148
Total	2,182	17,499	10,052	1,395	1,449

Gases and global warming potential used for Scope 1, 2, and 3 emissions

Greenhouse Gas <sup>8</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)	2,088	IPCC Fourth Assessment Report (AR4 – 100 year)

8 Carbon dioxide emissions from biogenic carbon are not relevant to lululemon.

Scope 3 GHG emissions by category and operational boundaries

2020 Scope 3 GHG emissions (mTons CO<sub>2</sub>e)

Emissions Source	2020 Emissions	Included in SBT <sup>9</sup>	Calculation Methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners
Category 1: Purchased goods and services	381,797	Yes <sup>10</sup>	The emissions from purchased raw materials are the largest source of our purchased goods emissions and are quantified using raw material activity data from suppliers multiplied by cradle-to-gate emission factors derived from the Higg MSI database for each material type. Tier 1 and Tier 2 energy use and emissions are calculated using data reported from suppliers through the Higg FEM. Other smaller sources of purchased goods include packaging and shoppers. Packaging is calculated using the weight of packaging materials provided by vendors multiplied by life-cycle factors from the Gabi database. Shoppers are calculated using the weight purchased from vendor records multiplied by an emission factor determined by previous LCA studies on lululemon shoppers. Consulting spend is included and calculated by multiplying the total spend by the Defra emission factor for legal, consultancy, and other business activities.	85%
Category 2: Capital goods	72,813	No	Capital spend was evaluated using the Carnegie Mellon Input/Output LCA model.	0%
Category 3: Fuel and energy related (not Scope 1 or 2)	3,854	No	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 life-cycle 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).	0%
Category 4: Upstream transportation and distribution	71,803	Yes	The logistics providers that manage inbound shipments and GHG emission calculations provided data in 2020. Data is provided by the carriers based on lululemon's shipments with their company and the year-over-year trend analysis is confirmed with the internal lululemon inbound team. Emissions were primarily calculated using 2020 guidelines to Defra reporting by deriving the tonne.km from logistics activity data and multiplying this by the emission factor specific to the mode of travel from Defra 2020.	81%
Category 5: Waste generated in operations	4,586	No	Waste data from a 2014 study of a subset of our retail locations was used to derive a weight of waste per square footage intensity per retail store type. The 2020 square footage for each store is multiplied by the intensity factor to estimate weight for all retail locations. Actual waste weight activity data at distribution centres is measured and tracked. Waste for head offices is estimated based on waste audits. Emissions were calculated by multiplying the weight of waste by emission factors from Canada's 2016 National Inventory Report for CH <sub>4</sub> Generation Potential from 1941 to present.	56%
Category 6: Business travel	1,299	No	Air emissions are calculated by multiplying the passenger miles by class type with the appropriate Defra emission factors. Rental car emissions are calculated by multiplying the fuel usage by the appropriate emission factors.	100%
Category 7: Employee commuting	14,453	No	Staff survey was administered in May 2017 to measure employee commuting habits. Distances travelled by mode were multiplied by 2020 Defra emission factors and the results are extrapolated to the number of 2020 employees to obtain global commuting emissions.	0%
Category 8: Upstream leased assets	N/A	No	lululemon does not have upstream leased facilities. Therefore, there are 0 emissions in this category.	N/A
Category 9: Downstream transportation and distribution	12,221	No	Shipping records of products from lululemon distribution centres to all stores were obtained from the logistics partners. Internal tracking records were also used for Australia, New Zealand, APAC, and Europe. Emissions were primarily calculated using 2020 guidelines to Defra reporting by deriving the tonne.km from logistics activity data and multiplying this by the emission factor specific to the mode of travel from Defra 2020.	81%
Category 10: Processing of sold products	N/A	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.	N/A

9 Science-based target.

10 Our SBT includes shoppers' packaging, 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.

Emissions Source	2020 Emissions	Included in SBT <sup>9</sup>	Calculation Methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners
Category 11: Use of sold products	260,966	No	The use phase is calculated by counting the total number of washes across the entire life of the garments produced for 2020. 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.	0%
Category 12: End-of-life treatment of sold products	4,215	No	We use the EPA's material management approach to make assumptions on the end-of-life process for products (generation, recycling, incineration, or landfill). We then use GHG factors for two materials that capture the products: PET/polyester and textiles, soiled. These factors are taken from Ecolnvent. This allows us to multiply the weight of product per year by the GHG factor in order to calculate the GHG emissions.	0%
Category 13: Downstream leased assets	N/A	No	lululemon does not lease any portfolio space to third parties so the emissions are 0.	N/A
Category 14: Franchises	1,449	No	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.	0%
Category 15: Investments	N/A	No	The carbon impact of the investments that lululemon makes outside its normal retail business were estimated and were deemed immaterial. We estimated the emissions to be roughly 0.016% of our footprint.	N/A
<b>Total Scope 3: all greenhouse gas protocol categories</b>	<b>829,456</b>			
<b>Total Scope 3 excluding "Use of Sold Products"</b>	<b>568,490</b>			
<b>Total Scope 3 in our science-based target<sup>11</sup></b>	<b>386,557</b>			

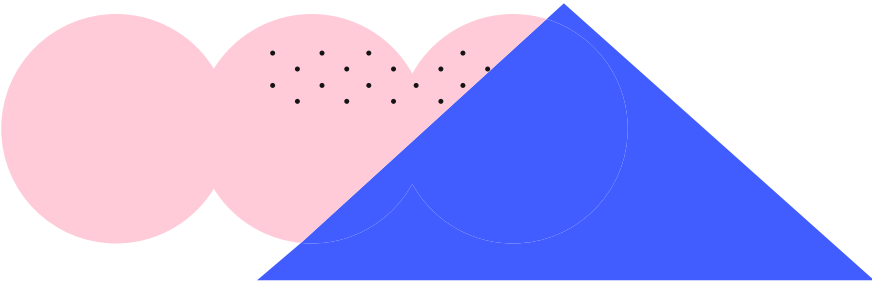
11 Our science-based target for Scope 3 emissions represents approximately 2/3 of our total Scope 3 emissions as per SBTi requirements.

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	N/A	CG-AA-250a.1	N/A	Be Planet—Water and chemistry
Management of Chemicals in Products	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Discussion and Analysis	N/A	CG-AA-250a.2	N/A	Be Planet—Water and chemistry
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, 100% of Tier 1 facilities and 94% of facilities beyond Tier 1 reported compliance with wastewater discharge permits where required.	Be Planet—Water and chemistry
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 2020 reporting period, 98 facilities, including finished goods, mills, and select subcontractors operated by our vendors completed the Higg FEM. This represented approximately 96% of our production value in dollars.	Be Planet—Water and chemistry
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) facilities have been assessed to lululemon's VCoE.  98% of mill facilities (beyond Tier 1) have been assessed to lululemon's VCoE.  11% of total assessments in 2020 were conducted by a third party.	Be Human—People who make our products Supplier Declaration List
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 2020, we conducted almost 200 VCoE assessments. 6% of facilities did not pass. In all cases, we worked with our suppliers to implement Corrective and Preventative Action Plans (CAPAs). If sustainable resolutions cannot be achieved, as a last resort, we exit the business relationship.	Be Human—People who make our products KnowTheChain disclosure
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	N/A	CG-AA-430b.3	N/A	Be Human—People who make our products Be Planet—Climate action Be Planet—Water and chemistry





Topic	Accounting Metric	Category	Unit of Measure	Code	Data	Reference
Raw Materials Sourcing	Description of environmental and social risks associated with sourcing priority raw materials	Discussion and Analysis	N/A	CG-AA-440a.1	N/A	Be Planet—Sustainable product and material innovation
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: 39% Recycled nylon: 2% Better cotton: 36% RDS down: 100% Responsible regenerated cellulosic: 96% FSC-certified rubber: 8%	Be Planet—Sustainable product and material innovation

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 May 2021, our most recent Supplier Declaration List, we worked with 74 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 17 facilities which account for approximately 75% of our business on our Supplier Declaration List.	Be Human—People who make our products Supplier Declaration List

Sustainable Accounting Standards Board (SASB) Disclosures

Below is lululemon’s GRI reference table. The Impact Report references the following GRI standards: 102-2016, 301-2016, 302-2016, 305-2016, 404-2016, 405-2016, and 414-2016. We have referenced below the specific sections of each standard that we have disclosed against.

GRI Reference Table

GRI Standard	Disclosure	Notes
GENERAL DISCLOSURES		
Organizational Profile	102-1 Name of the organization	lululemon athletica inc.
	102-2 Activities, brands, products, and services	<a href="#">2020 Annual Report</a> : Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations: page 23
	102-3 Location of headquarters	Vancouver, British Columbia, Canada
	102-4 Location of operations	<a href="#">2020 Annual Report</a> : Item 1. Business: page 1 and Item 2. Properties: page 20
	102-5 Ownership and legal form	<a href="#">FY21 Proxy Statement</a>
		<a href="#">2020 Annual Report</a> : Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities: page 21.
	102-6 Markets served	<a href="#">2020 Annual Report</a> : Item 1. Business: page 1
	102-7 Scale of the organization	<a href="#">2020 Annual Report</a> : Item 1. Business: page 1 and Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations: page 23
	102-9 Supply chain	<a href="#">KnowTheChain benchmark</a>
		<a href="#">Supplier Declaration List</a>
		<a href="#">Impact Report—People who make our products</a>
	102-10 Significant changes to the organization and its supply chain	<a href="#">2020 Annual Report</a> : Item 1. Business: page 1 and Item 2. Properties: page 20
	102-12 External initiatives	<a href="#">Impact Supplement—Partnering for change</a>
		Throughout our Impact Report, we reference external initiatives that we participate in.
Strategy	102-13 Membership of associations	<a href="#">Impact Supplement—Partnering for change</a>
		Throughout our Impact Report, we reference member associations that we participate in.
Strategy	102-14 Statement from senior decision-maker	<a href="#">Impact Report - A note from our CEO</a>
Ethics and Integrity	102-16 Values, principles, standards, and norms of behavior	<a href="#">Impact Report - A note from our CEO</a>
		<a href="#">lululemon Code of Business Conduct and Ethics</a>
		<a href="#">lululemon Vendor Code of Ethics</a>
		<a href="#">Lululemon Impact Report—Our enterprise strategy</a>

# Global Reporting Initiative (GRI) Standards

GRI Standard	Disclosure	Notes
Governance	102-18 Governance structure	Impact Report—How we manage our impact FY21 Proxy Statement: Corporate Governance: page 15 Corporate Responsibility, Sustainability and Governance Committee Charter Audit Committee Charter People, Culture & Compensation Committee Charter
	102-20 Executive-level responsibility for economic, environmental, and social topics	Impact Report—How we manage our impact
	102-29 Identifying and managing economic, environmental, and social impacts	Impact Report—How we manage our impact Impact Report—Our Impact Agenda Impact Supplement—How we create value
Stakeholder Engagement	102-40 List of stakeholder groups	Impact Supplement—Partnering for change Impact Supplement—Stakeholder engagement
	102-42 Identifying and selecting stakeholders	Impact Supplement—Partnering for change Impact Supplement—Stakeholder engagement
	102-43 Approach to stakeholder engagement	Impact Supplement—Partnering for change Impact Supplement—Stakeholder engagement
	102-44 Key topics and concerns raised	Impact Report—Our Impact Agenda
Reporting practice	102-45 Entities included in the consolidated financial statements	2020 Annual Report: Item 1. Business: page 1 Impact Report—About this report
	102-46 Defining report content and topic Boundaries	Impact Report—About this report Impact Report—Our Impact Agenda
	102-47 List of material topics	Impact Report—About this report Impact Report—Our Impact Agenda
	102-50 Reporting period	Impact Report—About this report
	102-51 Date of most recent report	We published the 2020 Impact Report in November 2021
	102-52 Reporting cycle	This Impact Report will be released on an annual cycle
	102-53: Contact point for questions regarding the report	sustainability@lululemon.com
	102-55 GRI content index	Impact Supplement—GRI Index

GRI Standard	Disclosure	Notes
ENVIRONMENT		
Materials		
GRI 301: Materials	301-2 Recycled input materials used	Impact Report—Sustainable product and material innovation
Energy		
GRI 302: Energy	302-1 Energy Consumption within the organization	Impact Report—Climate action Impact Supplement—Climate data
Climate Action		
GRI 305: Emissions	305-1 Direct (Scope 1) GHG emissions	Impact Report—Climate action Impact Supplement—Climate data
	305-2 Energy indirect (Scope 2) GHG Emissions	Impact Report—Climate action Impact Supplement—Climate data
	305-3 Other indirect (Scope 3) GHG emissions	Impact Report—Climate action Impact Supplement—Climate data
	305-4 GHG Emissions intensity	Impact Report—Climate action Impact Supplement—Climate data
	305-5 Reduction of GHG emissions	Impact Report—Climate action Impact Supplement—Climate data



GRI Standard	Disclosure	Notes
SOCIAL		
Training and Education		
GRI 404: Training and Education	404-2 Programs for upgrading employee skills and transition assistance programs	Impact Report—Employee empowerment
Diversity and Equal Opportunity		
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Impact Report—How we manage our impact Impact Report—Inclusion, diversity, equity, and action Impact Supplement—Stakeholder engagement FY21 Proxy Statement: Corporate Governance: page 15
Board of Directors by gender		FemaleMaleUndisclosed
Total		55%45%0%
Total employees by employment level and gender <sup>12,13</sup>		FemaleMaleUndisclosed
Total employees <sup>14</sup>		77%23%0.1%
Vice President and above		51%49%0%
Executive Vice President and above		63%37%0%
Total employees by employment level and age <sup>15</sup>		Under 3030–5051+
Total employees		64%33%3%
Vice President and above		0%70%30%
Executive Vice President and above		0%57%43%
Supplier Social Assessment		
GRI 414: Supplier Social Assessment	414-1 Suppliers screened using social criteria	Impact Report—People who make our products

12 Employee data as of January 1, 2021, pulled from our People and Culture employee database.

13 While we track male and female genders, we acknowledge this is not fully encompassing of all gender identities. We collect additional gender data in our demographic survey.

14 Our global employee base includes our retail, store support centre, guest education centre and lululemon liaison office employees.

15 Employee data as of January 1, 2021.

# Forward-looking statements

Our Impact Report and Summary and any related information we share contain 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 Report and Summary. 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 Report and Summary. 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

which 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.

Our use of the terms “partner,” “partnership,” or derivative terms in this statement does not mean or imply a formal legal partnership or other legal relationship with any third party, and is not meant in any way to alter the terms of our relationship with any third parties.

## 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).





Tierney Milne is a Montreal-born, Vancouver-based artist and muralist who focuses on interrupting people's days with positivity. With a background in Psychology and Illustration & Design and a keen interest in how simple shapes and colours affect our wellbeing, Tierney combines intentional compositions, bold palettes, and vibrant patterns to bring her work to life.

