

Impact Report 2022



WELCOME

lululemon is on a mission to contribute  
to a more *equitable, sustainable future.*

Our 2022 Impact Report details lululemon's progress in our commitments to advance the wellbeing of people and our planet, for a resilient business, thriving industry, and healthier future. Our role is to help transform the wellbeing of people and planet by innovating our business and accelerating progress in our industry through collective action. This report presents our journey throughout 2022 on our path to realizing this vision.

# About this report

In this report, we share lululemon's enterprise impact strategy. We outline our progress against publicly stated goals as well as performance related to environmental, social, and governance (ESG) topics across the three pillars of our Impact Agenda—Be Human, Be Well, and Be Planet. This report covers global business activities and performance for our direct operations (including offices, retail locations, e-commerce, guest education centres, and owned distribution centres) and supply chain (including manufacturing suppliers, transportation, and logistics). We're reporting for the fiscal year ending January 31, 2023 (referred to throughout this report as "2022"), unless otherwise noted. Except for greenhouse gas (GHG) emissions data in the Climate Action section, our report does not include information on lululemon Studio (formerly MIRROR) or Selfcare which represent a small portion of our business. Our footwear line, launched in 2021, is included, unless otherwise noted. As our business evolves, we continuously assess our reporting scope and approach.

Our Supplement at the end of this report includes detailed performance information. It was developed in line with the Sustainable Accounting Standards Board (SASB) framework and references select Global Reporting Initiative (GRI) Standards. This year we have also included a disclosure aligned with recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD). We obtained limited external assurance on select reported metrics, including energy consumption and renewable electricity use in owned and operated facilities, Scope 1 and 2 GHG emissions, and Scope 3 emissions from business travel.

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# A note from our CEO

At lululemon, our purpose is to elevate human potential by helping people feel their best. We believe that the wellbeing of people and our planet are deeply interconnected, and this drives our holistic approach to impact. That is why our Impact Agenda is embedded at the center of our enterprise growth strategy—to inspire innovation and value creation across every aspect of our business and bring our purpose to life in a powerful way.

As the world continues to navigate complex social, environmental, and economic challenges, we recognize our opportunity and responsibility to lead with our purpose for the wellbeing and resilience of people and planet. Our third-annual Impact Report details our journey and year-over-year progress across our three pillars of **Be Human, Be Well, and Be Planet**.

For our **people**, we invested in creating inclusive environments that foster growth and wellbeing. We deepened our commitment to Inclusion, Diversity, Equity, and Action (IDEA) both internally and externally, achieving our goal to increase the representation of racially diverse employees in our stores a year early, and more than doubled membership within our People Networks. We continue to evolve the scope of our Responsible Supply Chain program to uphold international human rights and standards, and launched the first phase of our Supplier Inclusion & Diversity program.

For our **communities**, we partnered and supported grassroots and global non-profit organizations with funding through our Centre for Social Impact to advance equity in wellbeing. On our journey to increase equitable access to wellbeing tools, we released our annual Global Wellbeing Report that explores the drivers and barriers to being well, and we were proud to receive the United Nations Goal 17 Innovation in Partnership Award for our Peace on Purpose program, co-created with the United Nations Foundation to provide mindfulness tools to UN humanitarian workers.

For our **planet**, we continued to act with urgency and intention to reduce our value chain environmental impact, including advancing progress towards our science-based climate targets, sustainable product offerings, and circularity goals. Sustainable innovation plays a critical role in the future of our brand and industry, and partnerships are integral to a healthier future. We are committed to being a net-zero company by 2050 or earlier as signatories of the UN Fashion Industry Charter for Climate Action. We scaled the Carbon Leadership program to 57 percent of our key suppliers through our collaboration with the Apparel Impact Institute (Aii). And we continue to advance material innovation with partners such as Geno and Samsara.

We are proud of the momentum and progress within our company and across our communities, and we recognize the need to continue to learn and accelerate our efforts to achieve our industry goals. I am grateful to our employees, partners, and guests around the world—it is clear throughout this report that shared vision, passion, and commitment can take our actions and contributions even further.

As a growing global business, lululemon is more dedicated than ever to accelerating our impact at scale through policies, metrics, partnerships, and transparency across our collective and industry. In the years ahead, we will continue to action against our Impact Agenda with urgency on this journey to advance wellbeing and create lasting change for people and planet.

Sincerely,



CALVIN MCDONALD  
Chief Executive Officer



# Notes from our *impact leaders*



We formalized our Impact Agenda three years ago, inspired by the vital question: How might we build on our previous efforts and accelerate meaningful, positive change in the face of pressing societal, environmental, and industry challenges?

Since then, we have integrated social and environmental impact into our enterprise growth strategy and focused the power of our collective towards advancing wellbeing for people and planet. As a brand rooted in wellbeing and human potential, we have a unique role to play. We are listening, learning, and taking action. While the road is long, our steps are strong and steady.

Climate remains a central priority for us and we continue to advance sustainable innovation across our value chain. In 2023, we named climate as an enterprise imperative to reflect the urgency of the climate crisis and accelerate our efforts to reduce supply chain (Scope 3) emissions. As we work to become a net-zero company, we're focused on decarbonizing our supply chain, with 57 percent of our key suppliers by volume actively implementing carbon reduction roadmaps in 2022. We also continue to build on successes that include powering our owned and operated facilities with 100 percent renewable electricity and contributing as a lead funder in the US \$250 million Fashion Climate Fund established by the Apparel Impact Institute.

On our mission to disrupt inequity in wellbeing, the lululemon Centre for Social Impact has granted US \$25 million and partnered with hundreds of non-profit organizations around the world, providing access to wellbeing tools to over 5 million, putting us ahead of schedule toward our goal of impacting 10 million people by 2025.

Our Responsible Supply Chain work is essential to our commitment towards wellbeing for all. We continue to uphold robust standards and invest in the wellbeing of the people who make our products, reaching 35,000 makers through wellbeing projects in 2022 alone.

The distance we've covered and the progress we've made are core to our efforts in the years ahead. Every day, our global teams extend their dedication to the wellbeing of people and the planet, for which we are truly grateful.

Thank you for learning with us, as we share our progress towards building a healthy, resilient future for all.

**ESTHER SPECK**

Senior Vice President, Sustainable Business and Impact



Three years ago, we set forth on a transformative journey to foster a more inclusive, diverse, and equitable lululemon. Today, I am delighted that we have continued to deliver on our IDEA commitments, accomplishing our goal to increase the representation of racially diverse employees in our stores one year ahead of schedule. In our pursuit of building an inclusive organization, we have broadened our application of inclusive design and elevated our IDEA programs. These initiatives have played a pivotal role in raising awareness, encouraging dialogue, and driving meaningful change.

At the heart of our mission is the wellbeing of our people, and that includes their mental health. This year, we took a significant step forward by expanding our mental health training to all store managers and people leaders globally. We firmly believe that nurturing the mental health of our team members is vital to creating a thriving and accessible workplace. This includes continuing to work with mental health professionals to offer our Lift Our Voices (L.O.V.) programming and offering listening sessions with employees impacted by social injustices.

One of our proudest achievements is maintaining gender pay equity across our global employee population for the fifth consecutive year. To deepen our commitment to gender and race equity, we've launched Women Of, a visionary initiative designed to create a space where everyone has equal opportunities to grow, succeed, and lead. We also continue Learning in Equity, Actioning Now (LEAN) offerings, which provide actionable learning to our collective on how to be the most impactful ally.

As we reflect on the progress we have made, we are humbled by the distance we have covered and are cognizant that our journey is far from complete. We are determined to build upon our efforts in the coming years; to keep pushing boundaries, breaking barriers, and embracing change.

We thank you for being with us on this continuous journey as we shape a brighter, healthier future for all.

**STACIA MARIE JONES, ESQ.**

Vice President, IDEA, Employee Relations & Compliance

# Who we are

lululemon's vision is to create transformative products and experiences that build meaningful connections, unlocking greater possibility and wellbeing for all. Our purpose is to elevate human potential by helping people feel their best. To achieve that, we're doing what we believe we do best: tapping into our passion for product innovation, wellbeing, and mindful movement to inspire and accelerate positive change. We are leveraging our global scale to develop innovative products and services for our varied markets, and support people, communities, and partners in achieving a healthy, sustainable, and inclusive future.

## LULULEMON IN 2022 NUMBERS

34,000+

employees globally

300,000

makers<sup>1</sup> employed by our suppliers

81

new company-owned stores opened

6

owned distribution centres<sup>2</sup>

655

company-owned stores

18

countries with company-owned stores

US \$10 million

contributed directly to social impact organizations

<sup>1</sup> Makers are the people who work for the suppliers that manufacture our products.

<sup>2</sup> A distribution centre (DC) is a specialized warehouse that stores and ships the goods a company produces.

# Enterprise strategy

The Power of Three  $\times 2$  is our enterprise growth plan and takes us through 2026. It leverages our past accomplishments and aligns with the priorities that will drive responsible revenue growth. The Impact Agenda outlines our enterprise goals to accelerate key social and environmental impacts. It guides our progress for responsible and resilient growth, and a more sustainable, equitable future. Our Power of Three  $\times 2$  and Impact Agenda bring our purpose and business goals to life. Together, these form our enterprise strategy, creating a comprehensive roadmap for the future.



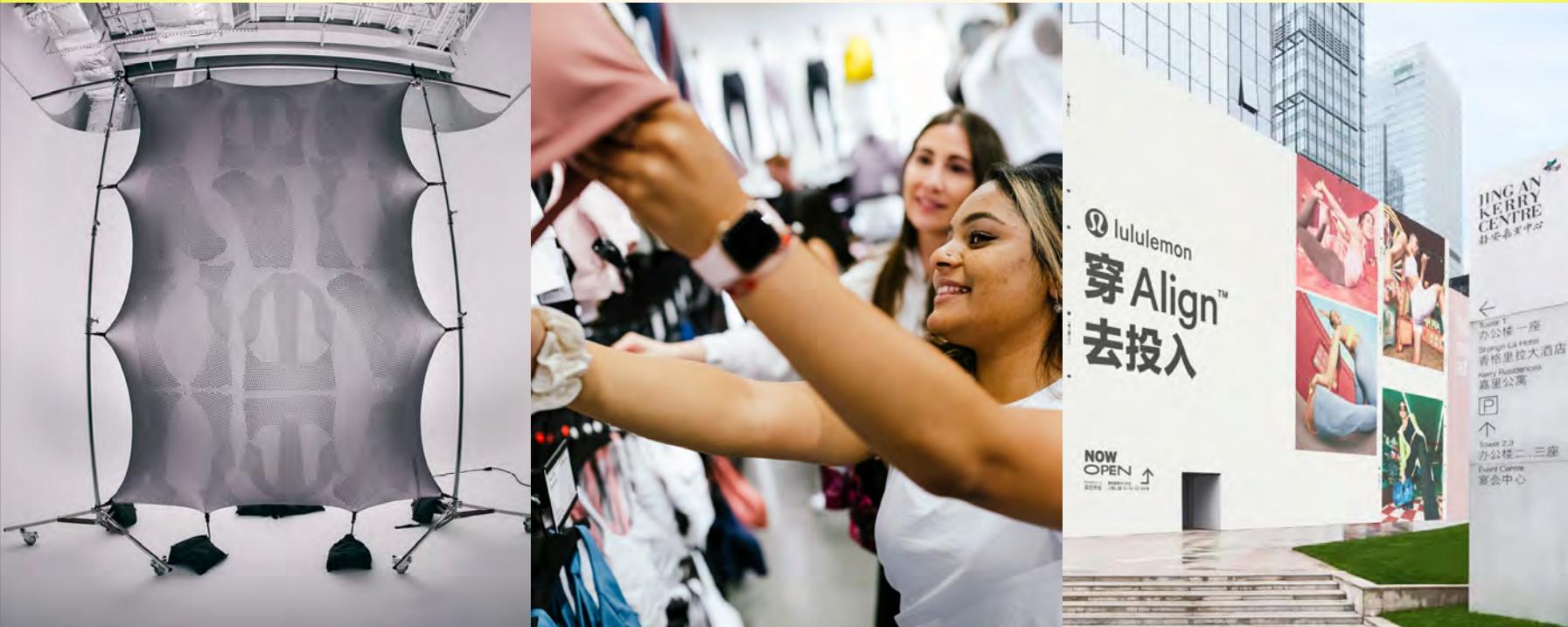
## OUR VISION

We create transformative products and experiences that build meaningful connections, unlocking greater possibility and wellbeing for all.

## OUR PURPOSE

We elevate human potential by helping people feel their best.

### POWER OF THREE ×2



**Product innovation**  
Create ongoing “Oh shit!” moments in the industry and for our guests.

×2 Men's

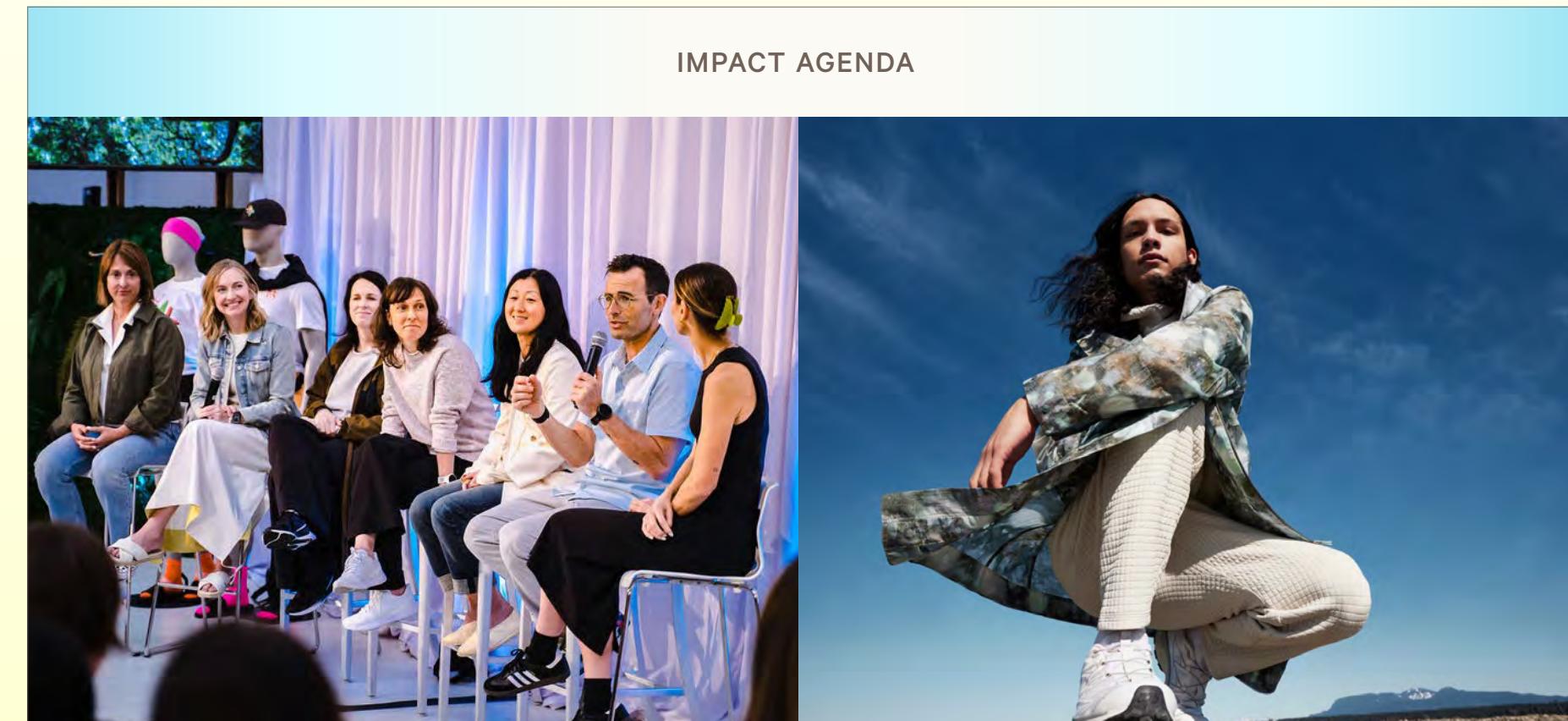
**Guest experience**  
A guest-centric experience that creates connection, celebrates product, and cultivates community.

×2 Digital

**Market expansion**  
A truly global brand that expands lululemon to new guests and communities around the world.

×4 International

### IMPACT AGENDA



**People**  
Develop inclusive leaders who enable growth and wellbeing for all.

**Be Human**  
Our vision: People succeed because we create an environment that is equitable, inclusive, and fosters growth.

**Planet**  
Innovate low-impact products and reduce operational and supply chain impacts.

**Be Well**  
Our vision: Communities thrive because we contribute to conditions that support physical, mental, and social wellbeing.

**Be Planet**  
Our vision: Our products and actions help lead our industry toward a climate-stable future where nature and people thrive.

# How we create value

## WHAT WE RELY ON

### PEOPLE

#### Employees

We rely on the skills, expertise, and passion of people across our organization, including Educators,<sup>3</sup> as well as employees at our Guest Education Centre,<sup>4</sup> distribution centres, and Store Support Centre.<sup>5</sup>

#### Supply chain

Our contract manufacturing suppliers, makers (the people who make our products), goods and services providers, and transportation and logistics partners are critical to our business success.

#### Stakeholders

Our relationships with guests, Ambassadors,<sup>6</sup> shareholders, civil society, governments, and other organizations help advance long-term value creation and impact.

## RESOURCES

#### Natural resources

We rely on natural resources such as water, energy, raw materials, and ecosystem functions, including carbon absorption, to create products, operate our business and industry, and help people feel their best.

#### Financial resources

We invest financial resources to drive innovation and responsible operations.

#### Assets

We have critical assets including offices, stores, and distribution centres, as well as non-physical assets such as patents and innovative technologies. To expand our portfolio, we build partnerships to develop and pilot new technology innovations.

## WHAT WE DO



### INNOVATION AND DESIGN

We advance the use of preferred materials<sup>7</sup> and are moving towards circular, inclusive product design. We innovate manufacturing processes and deliver guest opportunities to extend product life and divert products from landfill.



### MANUFACTURING AND SUPPLIER ECOSYSTEM

We work with suppliers to foster safe and respectful working conditions, enhance maker wellbeing and empowerment initiatives, minimize environmental harm, and advance lower-impact manufacturing processes.



### COMMUNITY ENGAGEMENT

We support our Educators and Ambassadors in creating thriving studios and livelihoods. We partner with non-profits and organizations that support physical, mental, and social wellbeing.



### LOGISTICS AND DISTRIBUTION

We are working on more carbon-efficient ways to move our products. Our owned distribution centres report against their zero waste<sup>8</sup> progress (as per our definition) or are working towards it. Our owned and operated facilities<sup>9</sup> use 100 percent renewable electricity.



### OMNI-CHANNEL GUEST EXPERIENCE

We deliver products that meet the diverse needs of our guests, and experiences that strengthen community connections such as our new membership program.



### LEADERSHIP

We champion employee growth and development. Our inclusive leadership programs support employee development and their growth as inclusive leaders for the world.

## WHO WE CREATE VALUE FOR

#### People

We put people first and actively create an inclusive work environment that reflects the global communities we serve.

#### Guests

We engineer products that solve the unmet needs of our guests and continually engage them in new and compelling ways.

#### Ambassadors

We support local studios and athletes through our ambassador program.

#### Suppliers and their communities

We actively safeguard the working and living conditions of our makers.

#### Community

We are committed to advancing equity in physical, mental, and social wellbeing with local and global communities around the world. We are doing this by advancing development and growth of non-profit organizations through grants, research, and capacity building.

#### Planet and society

By innovating within our business, products, and partnerships, we work toward our vision of a climate-stable future where people and the planet thrive. We collaborate with suppliers to decrease their energy consumption and advance the use of clean, renewable energy.

#### Shareholders

By staying true to our longer-term vision and values, we drive loyalty, market share, and strong results throughout the year and into the future.

<sup>3</sup> The Educator role is the foundation of our success as an organization. Educators are experts in creating world-class customer service, or guest experience, in our retail stores. They are responsible for engaging and connecting with our guests, sharing top-quality product education, and speaking authentically about our community and culture.

<sup>4</sup> lululemon's Guest Education Centre (GEC) is our customer service team.

<sup>5</sup> Our Store Support Centre is lululemon's head office operations.

<sup>6</sup> Extensions of the lululemon brand, Ambassadors test new products, connect with a network of fellow Ambassadors, and provide feedback to lululemon.

<sup>7</sup> We follow the Textile Exchange definition for preferred materials, currently defined as "one which results in improved environmental and/or social sustainability outcomes and impacts compared to conventional production." The Textile Exchange is proposing an updated definition, and more information can be found in their 2022 Preferred Fiber and Materials Market Report.

<sup>8</sup> We define zero waste as consistently reusing, recycling, or composting over 90 percent of waste materials each year.

<sup>9</sup> Facilities where lululemon has direct operational control: stores, distribution centres, and offices. Does not include manufacturing or transportation and logistics along our value chain.

# Impact Agenda

Our Impact Agenda guides—and is integrated with—our business strategy and operations. This helps us accelerate progress in areas that matter to our business and industry, propelling a culture of positive impact. Fundamental to this strategy is our understanding that the wellbeing of individuals, communities, and the planet are interconnected. To reflect this holistic approach, our Impact Agenda has three pillars: Be Human, Be Well, and Be Planet.

lululemon's Impact Agenda was created to accelerate innovation and resilience, hold ourselves accountable for end-to-end impact results, and meet stakeholder expectations. It marks a step-change in how we create value and operate.

## Refining our focus

We can drive positive change when we understand both the global sustainability context and the landscape of our industry. This includes the social and environmental topics (key material topics) that are most important to our business and our stakeholders. In 2022, we reviewed and refreshed our focus areas, including their materiality and relevance, by conducting research and interviewing select stakeholders, including academic institutions, non-governmental organizations (NGOs), and industry associations. This deeper work did not change our current Impact Agenda focus areas or goals, but did highlight emerging topics such as biodiversity.

Please see the [Supplement](#) for detailed results of this strategic refresh. We will continue to evolve our materiality assessment process to align with upcoming regulations and global best practices.

Each key material topic is mapped to focus areas within our Impact Agenda and relevant sections of our Impact Report. This ensures our strategy and efforts positively impact these critical areas. We also align our three pillars with relevant [United Nations Sustainable Development Goals \(SDGs\)](#).

We activate focus areas by:

- Taking a science-based approach to our work.
- Creating a culture of impact and embedding accountability for goals within key business functions.
- Collaborating within and beyond our industry to innovate new technologies and processes at scale.
- Inspiring and engaging our [collective<sup>10</sup>](#) through storytelling and activation.
- Advocating for systems to change through thoughtful collaboration, communication, and select policy engagement.





# Impact governance

To drive collective progress against our Impact Agenda, we utilize a multi-level governance structure that brings together business leaders across the enterprise to transform the current social, environmental, and operational status. Our governance structure advances company-wide strategies and practices to embed impact across the enterprise, ensure clear cross-functional accountabilities, and deliver on public commitments.



## GROUP

## RESPONSIBILITY

Board of Directors (BoD), including:

- [Corporate Responsibility, Sustainability, and Governance \(CRS&G\) Committee](#)
- [People, Culture, and Compensation \(PC&C\) Committee](#)
- [Audit Committee](#)

- BoD: Reviews and approves Strategic and Annual Operating Plans, including resource allocation/investment decisions.
- CRS&G: Oversees Impact Agenda strategy. Reviews and evaluates programs, policies and practices, goals and their progress, and Impact/ESG reporting.
- PC&C: Oversees compensation, talent management, succession planning, and diversity and inclusion, as well as risk monitoring, compliance, and related activities.
- Audit: Oversees risk assessments, including compliance risks to our business and supply chain, and monitoring and compliance with disclosure requirements, including ESG.

Executive Impact Council

- Consists of executive leadership representatives from Finance, Supply Chain, Product, Legal, Brand, and People and Culture. Chaired by SVP, Sustainable Business and Impact.
- Oversees and executes our social and environmental Impact Agenda, and related strategy, policies, and implementation plans.
- Ensures integration of the Impact Agenda in our business strategy and responsible operations.

Inclusion, Diversity, Equity, and Action (IDEA) Executive Steering Committee and Advisory Councils

- An executive steering committee supported by advisory councils in North America, Europe, and Asia-Pacific which consist of cross-functional leaders ranging from the CEO to Senior Manager levels including Retail, Logistics, Finance, Product, Brand, Technology, Legal, and International.
- Oversees and executes IDEA commitments, strategies, and programs.

Sustainable Business and Impact (SBI) Function

- Sets enterprise Impact Agenda strategy, goals, and commitments; advances enterprise integration and stakeholder management; delivers key programs and subject matter expertise. Led by SVP, Sustainable Business and Impact.
- Works cross-functionally to operationalize end-to-end and deliver progress across functions such as Product, Sourcing, Logistics, Finance, Brand, Technology, Legal, and International.

IDEA Function

- Sets global IDEA goals and supports a culture of inclusion to expand inclusion, diversity, and equity across the organization, led by VP, IDEA, Employee Relations & Compliance.
- Oversees [People Networks](#)<sup>11</sup> and task forces for regions and specific business functions.

Steering Committees and Advisory Groups

Includes:

- Responsible Supply Chain Steering Committee - Environmental and Social: Oversees key programs for a responsible supply chain and current public developments.
- [Centre for Social Impact](#)<sup>12</sup> Steering Committee: Advises and provides input on strategy and key program areas.
- Climate Council: Drives strategy and collaboration to identify and execute a pathway to science-based targets.
- Product Sustainability Steering Committee: Drives alignment and progress toward product sustainability goals on a multi-year time horizon.
- Additional steering committees: Oversee initiatives that require global cross-functional engagement, including ESG regulatory compliance, lululemon Like New, and more sustainable packaging.

<sup>11</sup> lululemon's employee resource groups. People Networks are safe spaces to gather, connect, and restore based on shared identity, equity-centred spaces for development, and communities of choice, where employees have power over their own engagement and contribution.

<sup>12</sup> Launched in 2021 with a commitment of US \$75 million by 2025, the lululemon Centre for Social Impact invests in and advocates for the wellbeing of those most impacted by systemic inequity around the world. The Centre is led and managed by a global internal team of experts in social impact, innovation, and wellbeing.

## RESPONSIBLE BUSINESS CONDUCT

### Ethical conduct

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

### Data privacy protection

Our guests and employees trust us with their personal information, and we are committed to the protection and security of the data we use and collect. We have a data privacy program—a global function administered by our Chief Compliance Officer—as well as a robust security program directed by our Chief Information and Security Officer sitting within our Global Technology team. Both programs are overseen by the Audit Committee and are designed to comply with industry standards, best practices, and applicable laws and regulations. Through our [Privacy Policy](#), we share how we process and protect personal data, in accordance with local privacy laws. Data protection and privacy laws are continually evolving.

To mitigate the risk of non-compliance, we apply privacy and security requirements to guide our enterprise functions on the collection, use, and access of personal information. We also employ the expertise of external organizations and law firms to stay up to date on emerging privacy and security risks and track the evolution of privacy regulations and security standards.

### Performance-related compensation

We reward exceptional performance. Our People, Culture and Compensation (PC&C) Committee strategically sets competitive levels of compensation to attract, retain, and motivate the most qualified directors and executive officers. These individuals play a pivotal role in contributing to our success and aligning with our culture. We will continue to monitor and evolve the future role ESG metrics can play in our compensation program.



# A year of progress and learning

Since 2020, we have been advancing our work to meet our Impact Agenda goals, learning and building on our successes and challenges along the way. We are committed to action, have achieved several impact goals, and continue to maintain performance. There are also areas where we need to accelerate our efforts. We are committed to acting with purposeful urgency.

Building on shared wins is an essential part of creating sustainable progress. We recognize that progress is rarely linear, and that we face significant industry-wide challenges that require us to partner and collaborate. We approach these challenges by engaging with stakeholders, taking thoughtful steps to make change, continuously adjusting as we learn more, and sharing our journey and learnings.



## 40% racial diversity

We achieved 40 percent racially diverse representation within our retail stores.<sup>13</sup>

<sup>13</sup> Our voluntary demographic survey results relate to all of our employees in North America, Europe, Australia, and New Zealand.

## ~6,000 coaching sessions

Our 200 professionally trained internal coaches held 6,000 one-on-one coaching sessions with our employees in 2022.

## ~35,000 makers

We provided an additional 35,000 makers in our supply chain with access to wellbeing tools and resources, bringing us halfway (55,000 makers to date) toward our goal of reaching 100,000 makers by 2025.

## US \$10 million to social impact organizations

Through the lululemon Centre for Social Impact, we contributed US \$10 million directly to social impact organizations, and an additional US \$415,000 toward crisis response.

## 100% renewable electricity

We continued to procure 100 percent renewable electricity in our owned and operated facilities.

## 57% of Tier 2 suppliers

We expanded the Carbon Leadership Program to include 57 percent of our Tier 2 suppliers by volume.

## 100% of US stores

We expanded our lululemon Like New resale program to all stores<sup>14</sup> across the United States.

<sup>14</sup> Includes all mainline stores; excludes outlets.

## 44% preferred materials

We increased our overall use of preferred materials<sup>15</sup> to 44 percent, a 6 percent increase from 2021.

<sup>15</sup> We follow the Textile Exchange definition for preferred materials, currently defined as “one which results in improved environmental and/or social sustainability outcomes and impacts compared to conventional production.” The Textile Exchange is proposing an updated definition, and more information can be found in their 2022 Preferred Fiber and Materials Market Report.

# 16 goals for a healthier future

Our Impact Agenda is formed around three distinct pillars that are interconnected and designed to work together to achieve a more equitable and sustainable future. Within the pillars are 16 targeted goals that drive action and help us progress toward shared wellbeing.

- |     |   |
|-----|---|
| Key | <span style="color: #0070C0;">●</span><br>Goal met, must maintain<br><span style="color: #A9A9A9;">▶</span><br>In progress, on track<br><span style="color: #E69138;">▶▶</span><br>Needs acceleration |
|-----|---|

Pillar	Focus area	Goal	Metric	Baseline year	Baseline	2021	2022 <sup>16</sup>	Goal	Goal year	Status
<b>Be Human</b>	Inclusion, diversity, equity, and action	Reflect the diversity of communities we serve and operate in	Percentage of racial diversity <sup>17</sup> of assistant managers <sup>18</sup> and directors	2020	21%	23%	27%	30%	2023	<span style="color: #A9A9A9;">▶</span>
			Percentage of racial diversity of all employees in global stores <sup>19</sup>	2020	31%	37%	40%	40%	2023	<span style="color: #0070C0;">●</span>
	Employee empowerment	Be the place where people come to develop and grow as inclusive leaders for the world	Total number of hours employees participate in volunteering, professional learning, and development <sup>20</sup>	2022	658K	-	658K	4.5M	2025	<span style="color: #E69138;">▶▶</span>
			Expand gender pay equity to full pay equity	2020	100%	100%	100%	100%	2022	<span style="color: #0070C0;">●</span>
	People who make our products	Make wellbeing programs available to makers	Total number of makers who participate in wellbeing programs	2021	20K	20K	55K	100K	2025	<span style="color: #A9A9A9;">▶</span>
			Achieve Fair Labor Association accreditation	Qualitative	2020	Updated Vendor Code of Ethics	Completed onboarding stage	Completed Milestone 2	Achieve FLA accreditation	2024
<b>Be Well</b>	Inclusive access to wellbeing and advocacy	Provide access to wellbeing tools and resources	Total number of people reached	2021	1.4M	1.4M	4.4M	10M	2025	<span style="color: #A9A9A9;">▶</span>
		Invest to advance equity in wellbeing through the Centre for Social Impact	Total amount invested	2021	\$13.7M	\$13.7M	\$29.4M <sup>22</sup>	\$75M	2025	<span style="color: #A9A9A9;">▶</span>
		Launch the Centre for Social Impact	Qualitative	2021	Centre launched	Centre launched	-	Centre launched	2021	<span style="color: #0070C0;">●</span>

<sup>16</sup> For more information on our 2022 results, please refer to the relevant sections of this report.

<sup>17</sup> Defining racial and ethnic categories is complex; the objective is to create categories that address significant global patterns of racial and ethnic dynamics. The term “racially diverse” is used to measure the non-white population as an aggregate for purposes of identifying disparate impact based on race. This data enables us to expand our response to the historical and cultural politics of race and gender.

<sup>18</sup> The Assistant Manager (AM) role is an essential part of the store leadership team, impacting team member and guest experience every day. AMs are responsible for leading and coaching team members, holding the team accountable to results, and ensuring an outstanding guest experience in the store. AMs are also responsible for accomplishing administrative and operations-focused activities, including floor management and scheduling.

<sup>19</sup> Results presented above relate to all our employees in North America, Europe, Australia, and New Zealand.

<sup>20</sup> Learning and volunteer time is in addition to onboarding training and mandatory compliance training. In 2022, we adjusted our metric to allow for more precise tracking of hours actually spent by employees on learning and volunteer time, rather than time allocated. Our goal takes projected company growth into account.

<sup>21</sup> We seek to maintain 100% gender pay equity within our entire global employee population, meaning equal pay for equal work across genders, by geography. We have achieved full pay equity, including gender and race, in the United States. We follow local laws and regulations and where we are able to collect the data necessary to confirm complete pay equity, we do so.

<sup>22</sup> \$21.2 million of this has been contributed directly to social impact organizations. The remaining \$8.2 million includes \$6 million towards a donor-advised fund to be advised for future grant making as well as operational costs.

Key

- Goal met, must maintain
- In progress, on track
- Needs acceleration

Pillar	Focus area	Goal	Metric	Baseline year	Baseline	2021	2022 <sup>23</sup>	Goal	Goal year	Status
Be Planet	Climate action	Meet our 2030 science-based climate targets	Percentage of absolute reduction in GHGs in all owned and operated facilities (Scope 1 and 2)	2018	18,248 tCO <sub>2</sub> e	-82%	-78%	-60%	2030	●
			Percentage of intensity reduction in GHGs in purchased goods and services, and upstream transportation and distribution (Scope 3)	2018	112.7 tCO <sub>2</sub> e per million USD of revenue from operations	0%	-7%	-60%	2030	►►
		Source renewable electricity to power our owned and operated facilities	Percentage of renewable electricity in our owned and operated facilities	2020	<1%	100%	100% <sup>24</sup>	100%	2021	●
	Product and material innovation	Make our products with preferred materials <sup>25</sup> and end-of-use solutions	Percentage of products procured with preferred materials	2020	27%	29%	44%	100%	2030	►
		Achieve preferred materials for our products	Percentage of total preferred materials procured for our products	2020	30%	38%	44%	75%	2025	►►
	Circularity and new guest models	Offer our guests new business models that extend the life of products	Percentage of stores in North America <sup>26</sup>	2021	21%	21%	84%	100%	2025	►
	Water and chemistry	Reduce freshwater use intensity <sup>27</sup> with our priority wet process suppliers <sup>28</sup>	Percentage of reduction of freshwater use intensity	2021	134 l/kg <sup>29</sup>	0%	-5%	-20%	2025	►
		Implement ZDHC Manufacturing Restricted Substances List (MRSList) at priority suppliers <sup>30</sup>	Percentage of compliance from priority suppliers with the ZDHC MRSList	2021	100%	100%	100%	100%	2022	●
Packaging and waste	Reduce single-use plastic packaging per unit	Percentage of intensity reduction of single-use plastic packaging	2021	0.016kg/unit	0%	-11%	-50%	2025	►	

<sup>23</sup> For more information on our 2022 results, please refer to the relevant sections of this report.<sup>24</sup> We procured 100% renewable electricity to power our owned and operated facilities, with 99% sourced in compliance with the RE100 technical criteria. Due to unavailability of an Energy Attribute Certificate (EAC) program, we were unable to source renewable electricity in South Korea. Consequently, renewable energy credits were procured from a nearby geography.<sup>25</sup> To count toward this goal, product must contain at least 25-50% or over 50% preferred materials, and the attributes defining preferred materials must be transparently communicated. We follow the Textile Exchange definition for preferred materials, currently defined as "one which results in improved environmental and/or social sustainability outcomes and impacts compared to conventional production." The Textile Exchange is proposing an updated definition, and more information can be found in their [2022 Preferred Fiber and Materials Report](#).<sup>26</sup> Includes all mainline stores; excludes outlets.<sup>27</sup> Freshwater use intensity: Total liters of freshwater used per kg of raw material by volume. Freshwater refers to naturally occurring water that is with low concentration of dissolved salts. This could include rain water collected from reservoir or by factory, river water and ground water or municipal water which is clean to use.<sup>28</sup> Priority wet process suppliers produce 80 percent or more of our value annually and include any supplier with production in a water-scarce region. Wet processing is defined as any water-intense process such as dyeing and finishing of materials.<sup>29</sup> In 2022, we discovered errors in factory-provided data that required us to revise our baseline. This number reflects the corrected update.<sup>30</sup> This refers to a subset of wet processing supplier facilities that produced 84 percent of production value in 2021. Data from this segment was used for our baseline and goal progress.



*Be Human*

- 21 INCLUSION, DIVERSITY, EQUITY,  
AND ACTION
- 27 EMPLOYEE EMPOWERMENT
- 30 PEOPLE WHO MAKE OUR  
PRODUCTS

# We envision an *equitable world.*

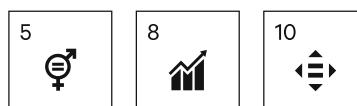
We strive for a more equitable future where our employees, guests, Ambassadors, and business partners—including the people who make our products (our makers)—are represented, welcomed, respected, and valued. We are taking thoughtful steps to actively create and foster an inclusive environment that reflects the global communities we serve. The safety and wellbeing of our makers is central to our operations, so we partner with contract suppliers, partners, and stakeholders to advance working conditions and wellbeing across our supply chain.



# Inclusion, diversity, equity, and action

## WHY IT MATTERS

Our mission is to encompass a culture of inclusion where diversity is celebrated, equity is the norm, and action is the commitment. Inclusion, diversity, equity, and action are fundamental for shaping and building our company, industry, and communities, and for creating a shared sense of respect and belonging. This is particularly important when it comes to historically marginalized groups. Driving equity and inclusion requires us to be vigilant in finding opportunities to consistently elevate all our people. We must widen our lens, work collaboratively, and be in a constant state of learning, unlearning, and relearning. By continuously striving to be an inclusive, diverse, and equitable organization, we will reflect a variety of perspectives and meet the needs of the global communities we serve.



<sup>5</sup> Gender equality

<sup>8</sup> Decent work and economic growth

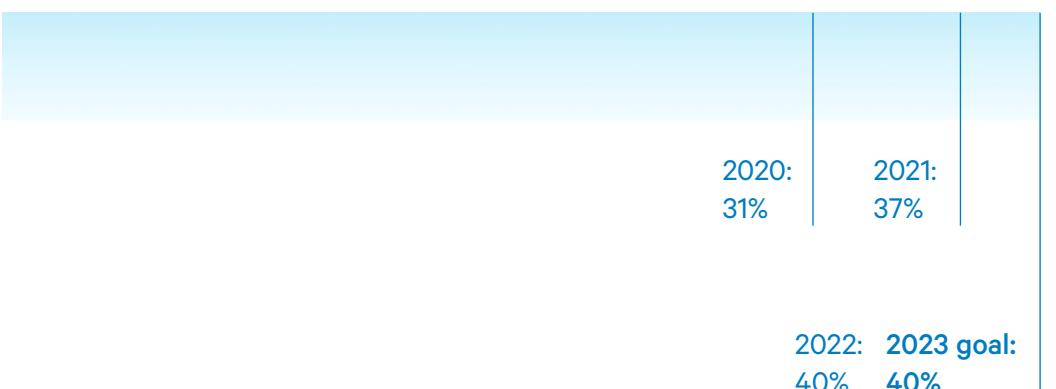
<sup>10</sup> Reduced inequalities

## OUR GOALS

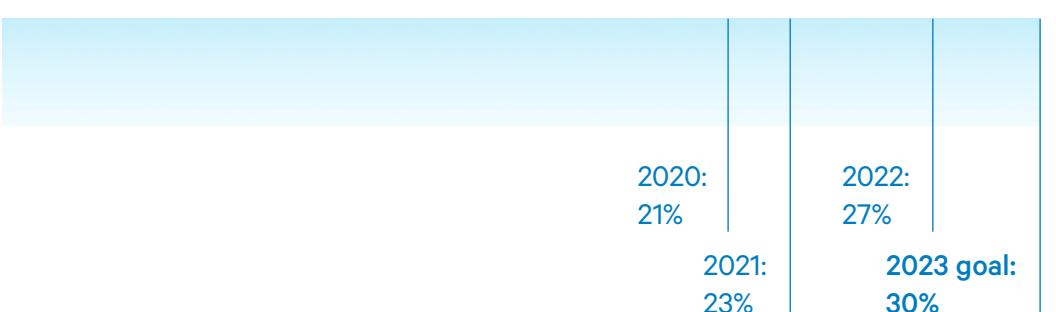
Reflect the diversity of communities we serve and operate in by 2025. To reach that ambition, we will increase representation of racially diverse<sup>31</sup> backgrounds to at least:

- 40% of all employees in our global stores by 2023 [Goal met]
- 30% of assistant managers (AMs), directors, and above by 2023<sup>32</sup> [In progress]

## % OF RACIAL DIVERSITY OF ALL EMPLOYEES IN GLOBAL STORES



## % OF RACIAL DIVERSITY OF ASSISTANT MANAGERS AND DIRECTORS



<sup>31</sup> Defining racial and ethnic categories is complex; the objective is to create categories that address significant global patterns of racial and ethnic dynamics.

The term “racially diverse” is used to measure the non-white population as an aggregate for purposes of identifying disparate impact based on race. This data enables us to expand our response to the historical and cultural politics of race and gender.

<sup>32</sup> The voluntary demographic survey results presented above relate to all our employees in North America, Europe, Australia, and New Zealand.

## WHAT WE'RE DOING

Inclusion, Diversity, Equity, and Action (**IDEA**) is an enterprise function that drives inclusion, diversity, and equity across the organization, sets and meets global IDEA goals, and supports a culture of inclusion. Through IDEA, we are designing and implementing initiatives, programs, and policies that impact stakeholders including our employees, guests, communities, Ambassadors, makers, and suppliers. Doing this work requires intentional pursuit at our most senior levels, with clear ownership and commitment to creating accountability across the business. In 2022, we continued to focus on listening, developing, and implementing policies and processes, delivering programs, elevating learning, and evolving strategy.

Our employees are a critical part of this process. We succeed by creating avenues for listening at various levels and generating action from what we learn. We hold listening forums and discussions with employees, with a focus on underserved groups. These sessions are also attended by the CEO and many of our senior leaders. In 2022, we held more than 100 hours of sessions throughout our global [Store Support Centres \(SSCs\)](#)<sup>33</sup>, retail operations, and distribution centres. We integrate IDEA into employee training and all new employee onboarding. Our offerings include three IDEA toolkits that support employees to align with IDEA's priorities and operationalize inclusion for their teams. Where possible, we work with other organizations to strengthen our approaches and broaden our influence.

### Inclusive and equitable design

We strive to use inclusive and equitable design across our business, including future physical and digital workspaces, creation of employment policies and programs, marketing, and delivery of product and guest interactions.

Now in its second year, our 14-week Inclusive and Equitable Design Certification program skilled up 70+ cross-functional participants in 2022, helping them apply inclusive and equitable design principles to their work at lululemon. Following course completion, participants reported that they were able to make substantial impacts to our IDEA commitments in their current roles and could identify and mitigate common design errors that create barriers for usability.

Some of the ways we are integrating inclusive design include:

- Crafting Inclusive styling guides, which will help elevate our visual merchandising styling practices and support our teams' ability to fully attend to the unique needs of each guest by considering their identities and experiences. We are launching the styling guides in our North American retail stores in 2023.
- Utilizing inclusive design principles. In 2022, over 600 employees and 160 external participants attended events and panels organized by our Technology IDEA Council, gaining fundamental knowledge.
- Hosting Awareness Days, which are internal events in which we celebrate, acknowledge, and honour the diversity of our people. They are led in partnership with people within our organization who have lived experiences.

### Supporting and uplifting our people

A key component of IDEA is supporting our employees to foster an inclusive culture where people from all backgrounds are welcomed, careers are developed, and all can thrive. Our 2022 programs included:

- **Learning in Equity, Actioning Now (LEAN):** Open to all employees, LEAN is designed to help people actively learn about the history, experience, and impact of systemic injustices on marginalized communities. Allyship, for all and by all, is a key element in fostering an inclusive environment and enabling every human to live into the authenticity of their identity.

▪ **IDEA Career Development pilot:** Though we have diversity of talent in our retail stores, the greatest barrier for career growth in our racialized population is in our assistant store manager and above roles.<sup>34</sup> To address this challenge, we launched an IDEA Career Development pilot program for retail key leaders in North America, store inventory leads, store business leads, and lululemon Studio leads who want to grow through our retail career pathways. The pilot included training in interviewing, leadership, and networking skills, and created a pipeline of diverse internal candidates.

▪ **IDEA Global Internship program:** The IDEA Global Internship program is a 12-week full-time, paid opportunity that provides practical work experience and professional development for eligible employees and external interns who are interested in enhancing their knowledge and skills in select SSC functions. While this program is open to all employees, we strongly encourage applications from people who identify as part of a group that has been historically marginalized in the workforce. We expanded the internship program to include both summer and fall cohorts of interns with 46 participants in Hong Kong SAR, North America, Australia, and New Zealand. They reported 90 percent and 89 percent satisfaction respectively.

▪ **People Networks (PNs):** PNs create spaces, avenues, and community support for employees who have marginalized and historically underrepresented identities and allies (as determined by each network). They help foster a more diverse, inclusive, and equitable workplace, aligned with lululemon's values and purpose. Since 2021, PN membership has more than doubled, with over 2,600 employees represented across 10 PNs.

<sup>33</sup> lululemon's head office operations.

<sup>34</sup> Determined from 2022 Inclusion Index results and EEOC (Equal Employment Opportunity Commission) US Race & Ethnicity Reporting.

# All rise

Leaders who are Black, Indigenous, or Women of Color (BIWOC) face unique barriers that negatively impact their employee experience and ultimately their success at work. Knowing this, we uphold our collective responsibility to advance equity and break down barriers for our BIWOC talent, especially those who exist at the intersection of multiple historically marginalized identities.

In 2022, we leveraged insights gained from our three years of listening sessions and external research to curate an initiative to remove barriers, support success, and celebrate all people who identify as women, especially those from diverse racial and ethnic groups. We call it Women Of.

Women Of is designed through an intersectional lens to support, empower, and develop women—with an emphasis on those who identify as

BIWOC leaders—and transform the teams that surround them. This year, we piloted the program with the goals of cultivating community, engaging allies, expanding networking opportunities, supporting personal and professional development, and empowering healing, storytelling, visioning, and goal setting.

To enable success, Women Of offers learning and development opportunities such as company-wide sessions on supporting, managing, and working with and for people from diverse backgrounds. We are also piloting a six-month leadership course for 44 people leaders in 2023 to cultivate community and expand networking opportunities, support personal leadership and professional development, empower healing, storytelling, visioning, and goal setting, and engage allies who directly support and surround Women Of.



Women Of In Tech event

What does Women Of mean for the future of leadership at lululemon?

“It looks like a lot more representation. We will empower women to step into roles with *confidence and courage*. As a Korean American, I’m very proud of the fact that I can be someone who inspires people to see leadership opportunities for themselves.”

SUN CHOE  
Chief Product Officer

## Diverse representation

We use an annual, voluntary global employee survey<sup>35</sup> called the Demographic Survey + Inclusion Index, which helps us understand the demographics of our employee base and provides us with access to tangible metrics to help us understand our employees' sense of inclusion and belonging.

We were proud to achieve an 81 percent Inclusion Index score in 2022, a 3 percent increase from 2021. Results indicate we have made meaningful progress toward our racial diversity representation goals. As of 2022, our workforce<sup>36</sup> was 41 percent racially diverse, a 3 percent increase from 2021. Racial diversity of employees at our distribution centres saw the largest increase of all functions, with a four percent increase. Additionally, we achieved 40 percent racially diverse representation within our retail stores.

Building diverse leadership is important. We increased racial diversity of assistant managers, directors, and above, by four percent last year. As we look to 2023, we will continue advancing diverse representation in retail and toward our year-end goal of 30 percent diverse representation in director+ and assistant store manager+ roles. To highlight IDEA's proactive commitment to action, we will also collaborate with other lululemon teams to co-create evolved diverse representation goals. We also acknowledge diversity and inclusion can take on different meanings depending on the region or country, so we are working on evolving our goals to better serve each community.

## Equitable solutions

To create a culture of inclusion, we must comprehensively address inequitable systems and processes. In 2022, we continued a cross-functional review of all lululemon policies and practices. By doing this work through an integrated anti-oppressive lens, we can identify policies and practices that must be eliminated or evolve to meet our commitment to inclusion. Our goal is for every employee at lululemon to have an excellent work experience, with equitable access to benefits and opportunities. Through this process, along with our Demographic Survey + Inclusion Index, we uncovered and addressed key issues around access to reproductive healthcare, and made updates to both our gender inclusivity policies and our discipline and workplace investigation policies and practices.

## IDEA in our non-product supply chain

Our Supplier Inclusion & Diversity program for our non-product goods and services spend puts our commitments to equitable and inclusive business practices in action. Through this program, we work with suppliers to build resilient, inclusive supply chains that eliminate barriers to equity in economically or socially disadvantaged communities by supporting business and job growth.

In January 2023, we launched the first phase of our Supplier Inclusion & Diversity program in the United States. This program focuses on third-party certified businesses that are 51 percent or more owned, operated, and controlled by underrepresented racial groups, women, people with disabilities, those who identify as LGBTQ2IA+, and US veterans. We recognize that each region defines socially or economically disadvantaged groups differently, which will be addressed as we launch subsequent phases of our program in Canada, Asia-Pacific, and Europe by 2026.

Supplier inclusion happens when diverse suppliers are proactively given the opportunity to compete for business. In the latter part of 2022, we launched our [Supplier Inclusion & Diversity policy and executive statement](#); this outlines our commitment to supplier inclusion and diversity, our role as leaders and buying decision makers, and our commitment to communities. By 2026, we will launch two additional programs to support supplier inclusion and diversity:

- **Diverse Supplier Development program:** Will focus on developing diverse suppliers, spurring business growth, and deepening our relationships with communities. This will include training along with mentorship offerings.
- **Prime Supplier Diversity program:** Will engage large non-diverse suppliers by encouraging them to report on their diversity and inclusion efforts, as well as their spend with diverse suppliers. Our large suppliers will also be engaged in our Diverse Supplier Development program, where we will encourage them to share market insights and industry best practices to support diverse business growth through mentorship.



<sup>35</sup> The voluntary demographic survey results presented above relate to all our employees in North America, Australia, New Zealand, and Europe.

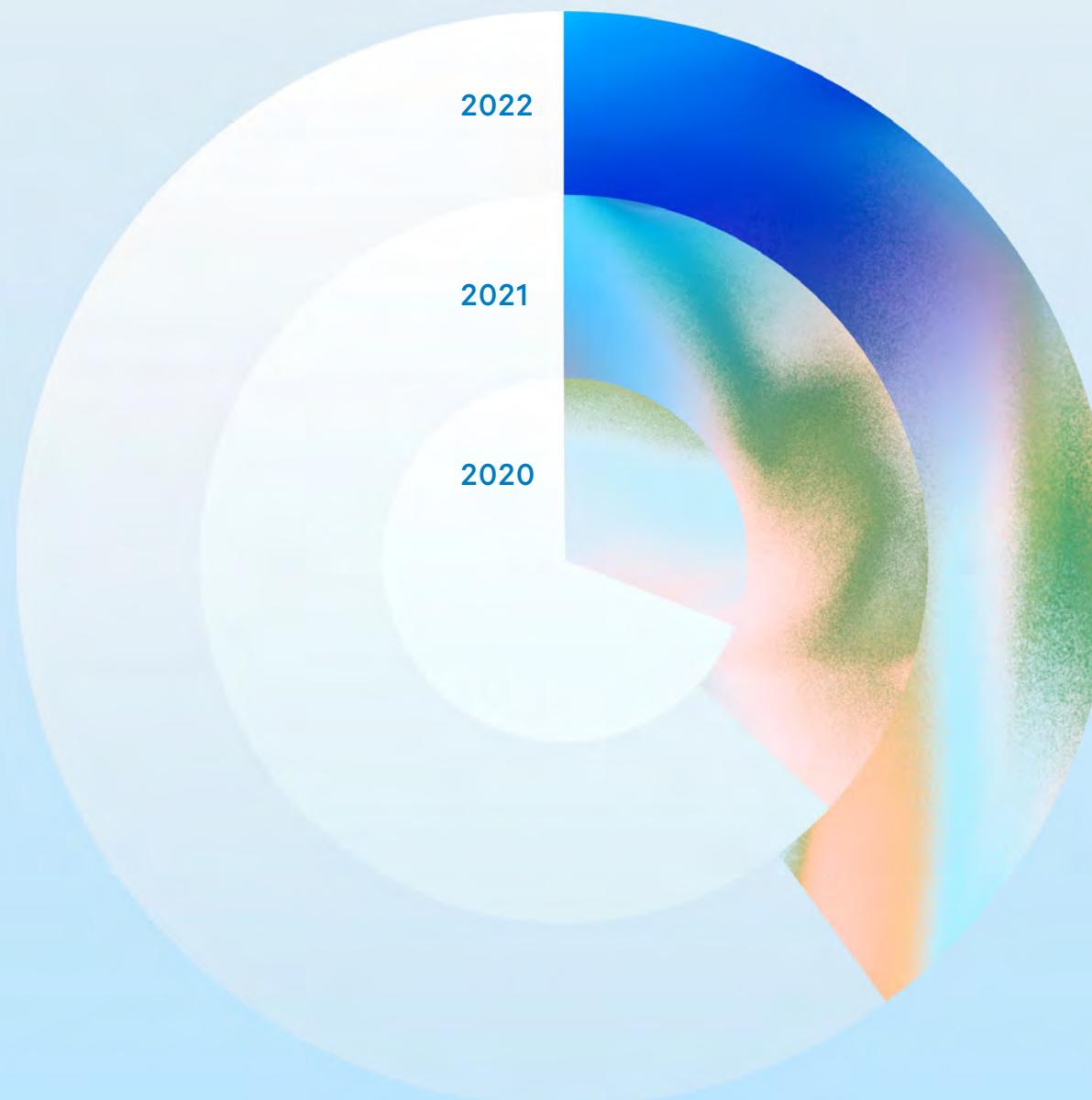
<sup>36</sup> Includes employees in North America, Australia, New Zealand, and Europe.

**DIRECTOR AND ASM OR ABOVE**

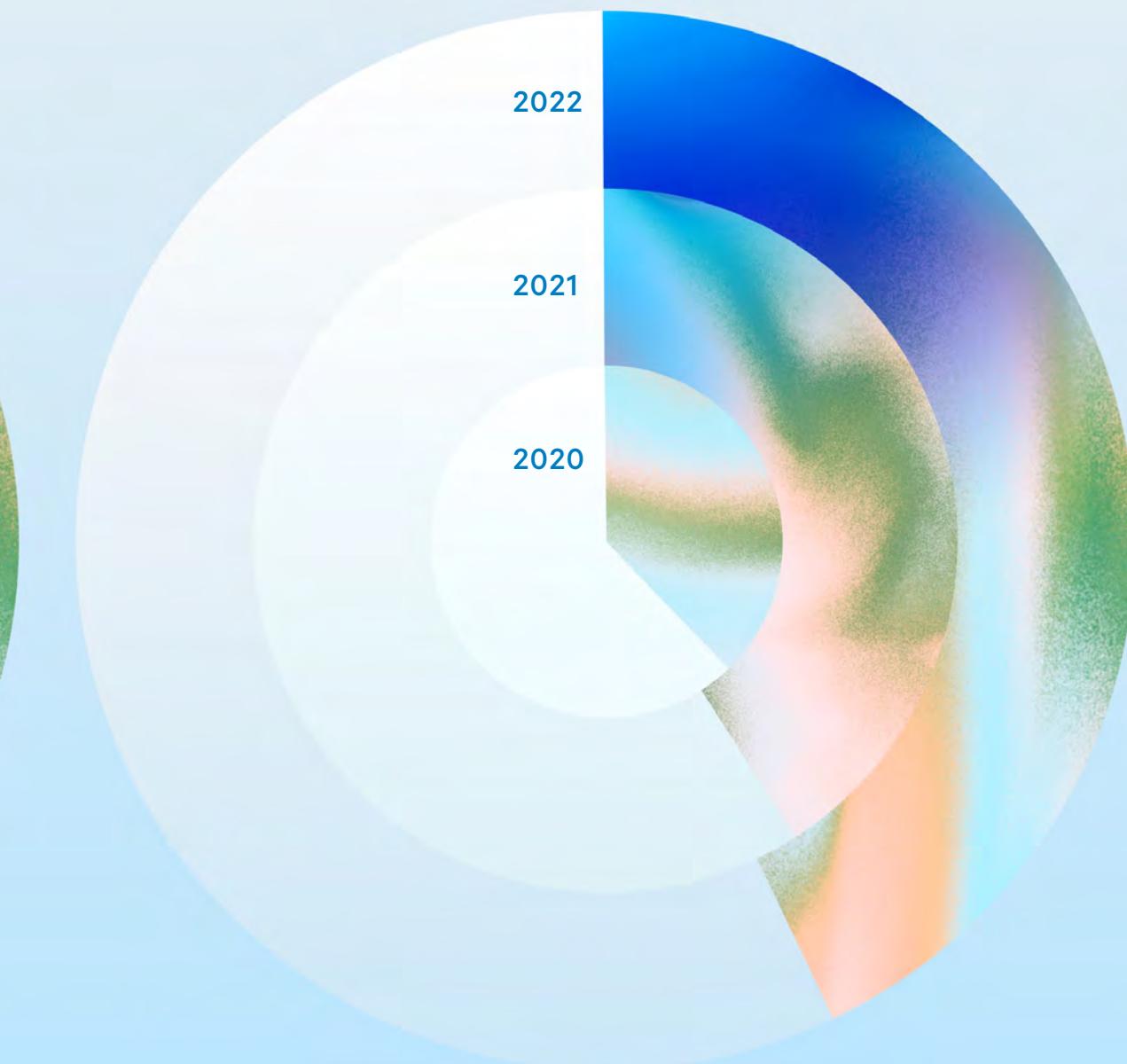
2022	27%
2021	23%
2020	21%

**STORE EMPLOYEES**

2022	40%
2021	37%
2020	31%

**STORE SUPPORT CENTRE (SSC) EMPLOYEES**

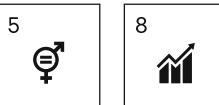
2022	43%
2021	41%
2020	38%



# Employee empowerment

## WHY IT MATTERS

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



<sup>5</sup> Gender equality

<sup>8</sup> Decent work and economic growth

## OUR GOALS

Develop inclusive leaders who enable growth and wellbeing for all. To reach that ambition, we will:

- **Provide a total of 4.5M cumulative hours in volunteering, professional learning and development for employees by 2025.<sup>37</sup> [Needs acceleration]**
- **Expand gender pay equity to full pay equity for 100% of employees by 2022.<sup>38</sup> [Goal met]**

## WHAT WE'RE DOING

We support our employees along their unique journey to realize their full potential and cultivate internal leaders who promote a more equitable world. Our employees should have access to opportunities, be paid equitably, and feel their wellbeing is supported. Through employee development and support programs, we are creating an inclusive work organization where everyone feels respected and valued, and each person has the power to find and fulfill their unique purpose and contribute to a healthy future.

### A culture of learning

People, teams, and the entire organization run better when we invest in each other's growth. Every day we provide more people with the skills and experiences needed to grow inside and outside of lululemon. Our internal development offerings serve three purposes: support the person with their personal growth, strengthen their skills in their current role, and fuel their career progression.

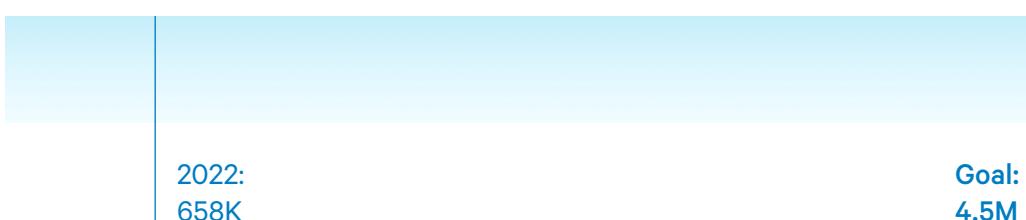
We offer many types of learning experiences that are accessible to all full-time, part-time, and fixed-term employees, that we track towards our goal for employees to spend a total of 4.5 million cumulative hours on professional learning and development for employees. Below are a few highlights from 2022:

- **Purpose, vision, and goals:** All employees are given paid time to explore a six-module learning experience to declare their personal purpose, articulate a compelling life vision, and write goals that are congruent with those ambitions.
- **Professional coaching:** All employees have access to one-on-one professional coaching through our internal Coaching program. We have trained over 200 coaches as internal resources for employees at all levels and offered more than 6,000 sessions in 2022.
- **Mentoring:** Through the lululemon Mentorship program, we're supporting our people, building their knowledge, growing their careers, and strengthening inclusive leadership skills. In 2022, 446 mentees and mentors signed up for the program. Fifty-five percent of mentees and 25 percent of mentors self-identified as part of an underrepresented group.

- **Leader Series:** We continue to offer the Leader Series to nurture and grow inclusive leaders for a better world. Cohorts are delivered in six languages. In 2022, over 350 participants attended the Leader Series.
- **Learning opportunities:** We launched lululemonU, an online learning portal for all employees. We also invested in LinkedIn Learning to provide quality learning opportunities. This partnership provides access to over 20,000 courses that can help prepare people for their next roles. Additionally, our employees can now enroll in Strategic Thinking, Business Acumen, Human Centered Design, and Storytelling courses, which are specifically designed by lululemon to build some of the most valuable skills needed in the organization. To date, 1,649 people have completed the courses.

## EMPLOYEE DEVELOPMENT DATA

Number of total hours per year employees participate in volunteering, professional learning, and development



<sup>37</sup> In 2022, we adjusted our metric to allow for more precise tracking of hours actually spent by employees on learning and volunteer time, rather than time allocated. Paid learning and volunteer time is in addition to onboarding training and mandatory compliance training. Our goal takes projected company growth into account.

<sup>38</sup> We seek to maintain 100% gender pay equity within our entire global employee population, meaning equal pay for equal work across genders, by geography. We have achieved full pay equity, including gender and race, in the United States. We follow local laws and regulations, and where we are able to collect the data necessary to confirm complete pay equity, we do so.

# On the go

Change occurs when we take action. When we use our time and contribute our talents, we can be the catalyst for change we want to see in the world.

We empower our people to give to and be part of organizations that are accelerating the wellbeing of people and our planet. Recently we launched two opportunities: Impact Fellowships, which pay employees to take on full-time, three-month volunteer roles at non-profit partners, and Deed, an online giving and volunteering platform.

The Impact Fellowship is a unique development program that connects non-profit partners with eligible employees. Employees receive a paid sabbatical to take on a three-month volunteer role with an assignment at a non-profit organization while remaining a paid employee of lululemon.

In early 2023, six employees were paid to volunteer with the [Universal Access Project](#), [Movember](#), [The Trevor Project](#), and the [National Alliance on Mental Illness \(NAMI\)](#). Based on the experience, one participant shared: “The experience has given me deeper knowledge in how to advocate for the most vulnerable in our community and how to better create a welcoming environment for them.” Three words another participant used to describe the experience: “Challenging, humbling, and rewarding.”

Through Deed, employees can donate directly to lululemon non-profit partners, nominate organizations for partnerships, find volunteering opportunities, participate in impact events, and join People Network communities as members or allies. This platform helps develop leadership capabilities, connect with others who are passionate about a cause, and create positive change.

In 2023, we are expanding the program to include the launch of Deed Actions in alignment with Earth Day. Through Deed Actions, lululemon will plant a tree every time an employee completes a carbon-reducing action such as biking to work. Additionally, we are scaling our Deed offering to most of our global employees, giving everyone the opportunity to test the platform by donating to an organization of their choice.

By providing giving, volunteering, and working opportunities, we hope to educate, inspire, and enable our employees to transform the wellbeing of people and the planet while developing as powerful changemakers for the world.



Vanessa Johnson, a 2022 Impact Fellow, pictured here with Daniel H. Gillison, Jr., Chief Executive Officer at NAMI.

## EMPLOYEE WELLBEING

We provide a range of benefits to cultivate the overall wellbeing of our employees. These include health and dental, retirement savings plans, and an employee share purchase plan. Employees receive an annual paid VALUES Day. We also offer competitive paid time off and sick leave, as well as a Sweaty Pursuits benefit, which provides a monthly US \$160+ (converted to their local currency) allowance for full-time employees to participate in fitness activities.

Mental wellbeing is imperative. We provide our employees with a range of resources, including a mental wellbeing toolkit and Employee Assistance program. Our mental health training has expanded to include store managers and people leaders, as well as our employees. In 2022, 86 employees participated in mental health first aid training, bringing the total number of trained people to over 400. In 2023, we will introduce our own internally created mental health training, lululemonCARE; by the end of 2023, all employees will have access to the training.

## Impact Fellowship

To advance a culture of impact for employees and build our collective capacity for positive social change, we launched our inaugural Impact Fellowship program in 2022. This unique development program connects our non-profit partners with eligible lululemon employees who step out of their roles to take on three-month full-time temporary assignments with one of the Centre for Social Impact's non-profit partners. All lululemon fellows receive their full salaries while doing this work.

Each organization submitted unique project proposals that were matched to the skillsets and experience of eligible lululemon candidates. The organizations each received a US \$15,000 stipend to support their project, as well as the full-time contribution of lululemon Fellows for three months in early 2023. The program allows selected employees to contribute their skills in new and meaningful ways, and receive opportunities for additional training, learning, skill building, connection, and collaboration.

## We Stand Together Fund

During COVID-19, we created the We Stand Together Fund to support employees experiencing financial hardship during COVID-19. In 2021, we expanded the fund to assist employees who face other challenges, such as natural disasters, humanitarian issues, and personal hardship. In 2022, we've taken We Stand Together even further, and we now include events that involve extended family members. To further support the needs of our people, we increased the 12-month and lifetime grant maximums. This fund also contributed to global humanitarian relief efforts in providing emergency aid to impacted employees and their families during the Ukraine war. At the end of 2022, over US \$225,000 had been contributed to the fund by lululemon and employees, and 114 applicants were awarded a total of US \$117,000. The fund's balance continues to support beneficiaries when hardships arise.

## Reproductive healthcare

At lululemon, we believe in the importance of wellbeing, the importance of choice, and in the removal of barriers to equity. Advocating for reproductive healthcare and family planning in a proactive way is true to who we are and reflects our purpose, vision, and culture.

Achieving equity requires people to have access to the reproductive healthcare they need. Our benefits plan in the United States allows lululemon employees to receive treatment regardless of where they live, including comprehensive reproductive healthcare and family planning.

## Compensation and pay equity

We are committed to being in the top quartile of global retailers for store compensation. In 2022, we raised starting base pay for Educators in North America to US \$16-\$18 per hour (up from US \$15-\$17 per hour in 2021), depending on store location. Our starting base pay for Key Leaders in North America is now US \$19-\$21.50 per hour, depending on store location. This increase is on top of our team-based bonus program, which provides our people with the potential to earn up to an additional US \$3 per hour on average, and up to an additional US \$12 per hour, depending on store-based goals and results achieved. Increases in compensation improve our ability to attract and retain talent to maintain a best-in-class store experience for our guests.

We maintained 100 percent gender pay equity within our entire global employee population, meaning equal pay for equal work across genders, by geography. We have achieved full pay equity, including gender and race, in the United States. We follow local laws and regulations, and where we are able to collect the data necessary to confirm complete pay equity, we do so.

# People who make our products

## WHY IT MATTERS

Every person has the right to safe and healthy working conditions. As a global brand, we understand the challenges in working conditions and labour rights that have been well documented across the apparel industry. We take responsibility for supporting the safety and wellbeing of our suppliers' employees (our makers). We do not own our manufacturing facilities, but we take great care in selecting our suppliers through a rigorous screening process that helps identify suppliers that share our company values. A strong, resilient supply chain that retains and empowers its workers is critical to the success of our business and industry, and key to ensuring a more equitable, sustainable future for all.



<sup>5</sup> Gender equality

<sup>8</sup> Decent work and economic growth

<sup>10</sup> Reduced inequalities

## OUR GOALS

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

## NUMBER OF MAKERS WITH ACCESS TO WELLBEING PROGRAMS

	2021:	2022:	2025 goal:
	20,000	35,000	100,000
Total	55,000		

<sup>39</sup> Final product manufacturing.

<sup>40</sup> Facilities that supply our Tier 1 factories with materials.

<sup>41</sup> Facilities completing a process of production.

## WHAT WE'RE DOING

lululemon's Responsible Supply Chain (RSC) program advances our commitments to fair labour practices and the wellbeing of the people who make our products. It is built on three pillars:

- Monitoring—Assessing and improving working conditions in factories.
- Integration—Integrating responsible purchasing practices across enterprise strategies, processes, and tools.
- Collaboration—Working with multi-stakeholder organizations, industry, suppliers, and brands to support systems change and impact.

We are committed to responsible business conduct and to acting ethically and with integrity in our business dealings. Our policies, which are regularly reviewed and updated, are based on international standards (see our [Responsible Supply Chain \(RSC\) Disclosure](#) for list of policies and commitments). Our [Vendor Code of Ethics](#) (VCoE) is the cornerstone of our approach to a responsible supply chain. It establishes our commitment to contributing to healthy communities by fostering respectful, inclusive workplaces and sets the minimum standards for our suppliers.

We work with suppliers who share our values and collaborate with us to uphold robust standards, address systemic challenges, and improve the wellbeing of our makers. New suppliers must undergo an extensive approval process to ensure they meet the expected requirements.

In 2022, we worked with 45 [Tier 1 suppliers](#)<sup>39</sup> that manufactured our products, and 60 [Tier 2 suppliers](#)<sup>40</sup> that provided the fabrics for our products. These suppliers employ almost 300,000 people, approximately 65 percent of whom are women. Biannually, we publish a list of our suppliers and [subcontractors](#)<sup>41</sup> on our [website](#); this is where the most up-to-date information can be found. Our latest supplier list includes 101 Tier 1 facilities and 27 Tier 2 facilities, as well as 16 Tier 1 subcontractors. This information can also be found on the [Open Supply Hub](#) website.

We're always seeking to improve our program, learning from and collaborating with peers in the industry. Our membership in the [Fair Labor Association](#) (FLA) provides us with an industry-leading framework for responsible supply chain practices, and a forum to collaborate with peers and industry stakeholders to advance systemic industry issues. In 2022, we finished Milestone 2 (Implementation and Monitoring) of the accreditation process, which included FLA evaluations of our social compliance systems and processes to implement FLA's [Principles of Fair Labor and Responsible Sourcing](#), as well as independently conducted factory on-site assessments. In early 2024, we will publish a Human Rights Due Diligence policy, covering our own operations, supply chain, and partnerships.



Maker in Eclat facility in Vietnam.

### Monitoring our supply chain

Our RSC team prioritizes the wellbeing of our makers by helping our suppliers address systemic challenges to workplace standards, including support with best practices and resources. All facilities producing for lululemon are required to be regularly assessed against the requirements of our VCoE Assessments. These assessments are carried out on-site and include visual inspections of the entire facility, documentation reviews, and interviews with management and workers. This allows assessors to gain an in-depth understanding of the working conditions in the facility and any deviations from the VCoE.

We require suppliers to develop Corrective and Preventative Action Plans (CAPAs) to address issues identified through the assessments. Our approach to corrective action is one of continuous improvement, with the intention of creating positive and lasting change. Our RSC team works closely with the suppliers and provides guidance on implementation.

In 2022, we expanded our RSC team to include more on-the-ground capacity in key sourcing regions. We successfully rolled out our enhanced RSC assessment tool to enable more detailed data analysis of non-compliances and root causes. Over 450 RSC assessments were carried out in Tier 1 and Tier 2 facilities. The FLA also conducted verification assessments of five percent of our Tier 1 facilities. These assessment reports and Corrective Action Plans can be accessed on the [FLA website](#).

Moving forward, we will foster continuous improvement of our RSC monitoring program and, where appropriate, adopt industry tools to eliminate audit fatigue. In 2023, we will roll out a new data management system. See our [2022 RSC Disclosure](#) for more information on how we assess suppliers, and work toward remediation and continuous improvement.

## Responsible purchasing practices and fair compensation

We recognize that our purchasing practices impact our suppliers and the people who make our products. We build and maintain long-term partnerships with suppliers, many of whom have been working with us for over 10 years. We are committed to upholding fair dealings in our relationships, and partner in creating long-lasting solutions. In 2022, we participated in the Better Buying Purchasing Practices Index, and conducted an internal analysis of our purchasing practices. At an in-person workshop with our strategic suppliers and leaders from the supply chain and product functions, we discussed the results of the survey and identified areas of opportunity. These areas will be further explored by a cross-functional Responsible Purchasing Practices Task Force.

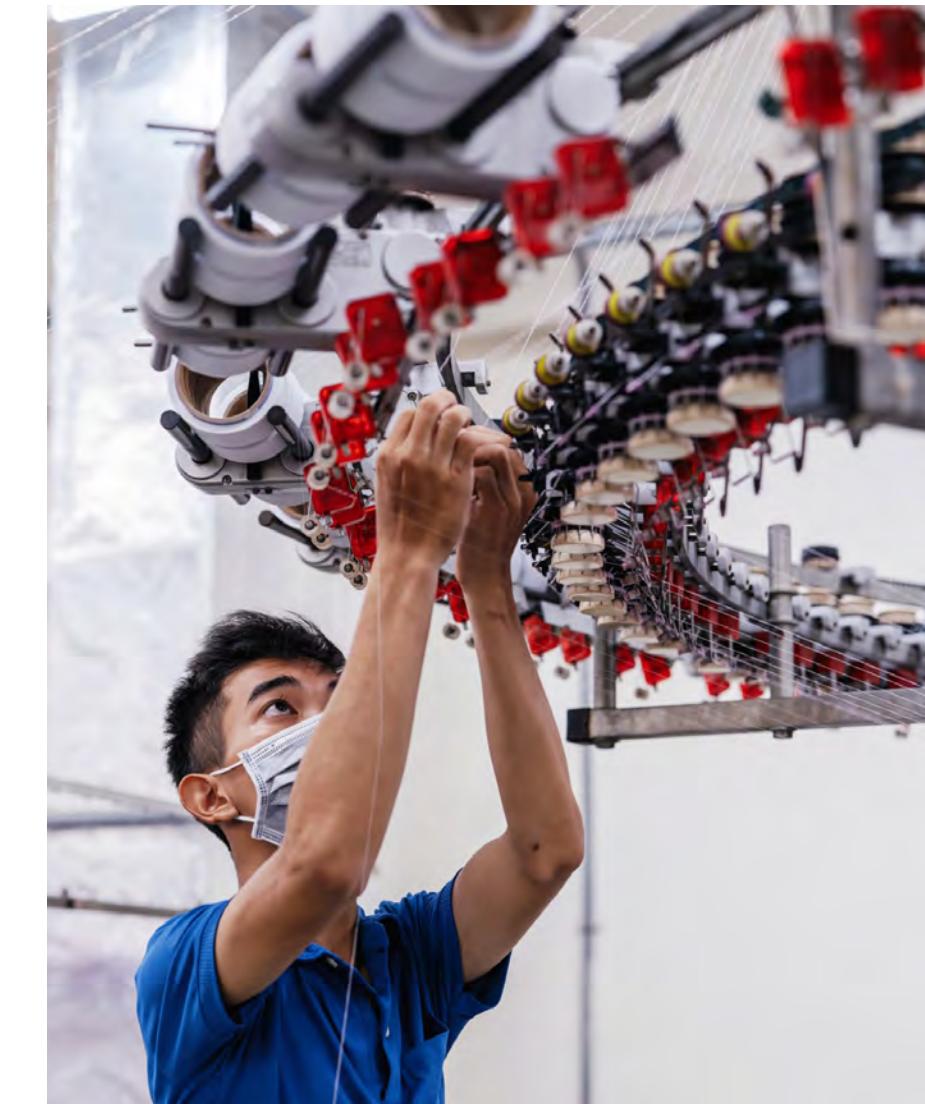
We know that achieving fair compensation in supply chains is a global challenge that must be approached in collaboration with governments, industry, and civil society. Through our RSC assessments, we verify that all makers in our suppliers' facilities are consistently paid, at a minimum, in compliance with legal requirements for regular work and overtime. In 2022, we also collected wage data from key supplier facilities in Vietnam and Cambodia to better understand wage management systems, gaps in fair compensation levels, and the effects of our purchasing practices on maker wages. This wage data analysis and ongoing collection will inform the development of fair compensation program activities for people who make our products. Looking ahead, we will establish a Responsible Purchasing Practices Policy and implementation strategy in 2023, and publish a summary of our fair compensation roadmap—our strategy for continuing the journey toward fair compensation.

## Collaborating for maker wellbeing

Everyone has the right to be well. We know the path to wellbeing is possible when tools, support, and resources are accessible to all. We collaborate on existing industry partnerships and work directly with our suppliers through training as well as grants to support wellbeing projects in factories and communities.

Through our Vendor Grant program, we partner directly with our suppliers to support projects that address the wellbeing of their employees and communities. In 2022, our suppliers identified access to physical and mental wellbeing as a prevalent need. To address this, we contributed US \$200,000 toward 14 physical and mental wellbeing projects in 9 countries, and health education in factories and communities. Projects included yoga classes in two facilities, and psychological support for makers in five facilities across four countries. Our 2022 Vendor Grants reached over 35,000 makers in service of our goal to reach over 100,000 makers.

Together with the lululemon Centre for Social Impact, we are fostering sector-wide collaboration to tackle industry challenges. See the [Be Well](#) section for an update of the CARE Made by Women initiative and the Resilience Fund for Women in Global Value Chains.



Maker in Eclat facility in Vietnam.

# Made by Women

One of the global organizations we are investing in through our maker wellbeing portfolio is [CARE](#). CARE has been working with women in garment factories for more than 20 years. Their [Made by Women](#) initiative drives meaningful change throughout the industry by promoting improved practices in global supply chains, strengthening women's leadership, and working with governments to promote public policies to accelerate gender equality and seek to end violence and harassment in the workplace.

In 2022, with funding support from lululemon, CARE was able to implement Made by Women programs in three countries: Cambodia, Indonesia, and Vietnam.

CARE Cambodia promotes worker wellbeing across multiple garment factories, improving the capacity of factory management, and strengthening existing policies and systems across factories.

CARE Indonesia is focusing their efforts on securing and strengthening support for women's rights, and access to sexual and reproductive health information and services. They established empowerment and leadership groups with 183 participants from two different districts, representing 14 villages. Participants learned methods to reduce gender-based violence and increase advocacy for women's rights.

CARE Vietnam is strengthening economic empowerment and wellbeing. They launched a job-matching tool to provide workers with employment information. Over 1,600 workers are utilizing the platform with work underway to continue developing it. They also hosted a social media campaign to promote positive messages around women workers' leadership capacity, and their contributions to workplaces, communities, and national economy.

In 2023, we will add Peru as a funding country in our support of CARE's Made by Women initiative.



Photo from CARE's Made by Women.

A person is shown in a dynamic stretching pose, with one arm extended forward and the other behind their back. They are wearing a light-colored tank top and dark leggings. The background is a vibrant, abstract color gradient of orange, yellow, green, and pink.

Be Well

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

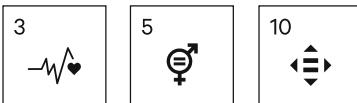
Wellbeing is reported as strongest among people who focus on all three dimensions: physical, mental, and social.<sup>42</sup> It is also fundamentally linked to the health of the planet. As a global company dedicated to empowering people to feel their best, we believe we have a unique opportunity—and responsibility—to advance physical, mental, and social wellbeing for all.

# Our approach to *wellbeing*

## WHY IT MATTERS

Only 29 percent of people feel well across all three dimensions of wellbeing: physical, mental, and social.<sup>43</sup> The COVID-19 pandemic exacerbated a global crisis in mental health, contributing to a 25 percent increase in the prevalence of anxiety and depression worldwide.<sup>44</sup> Far too many people are unable to access the tools and resources necessary to face and overcome challenges. This is especially true for those experiencing disproportionate rates of stress and trauma due to systemic inequities.

Wellbeing is directly linked to planetary health; mental health risks are predicted to increase as people experience more extreme weather events.<sup>45</sup> We are a company dedicated to achieving a healthier and more inclusive world for all. We believe we have a responsibility to provide access to the right tools, support, and resources to disrupt inequity in wellbeing.



<sup>3</sup> Good health and well-being

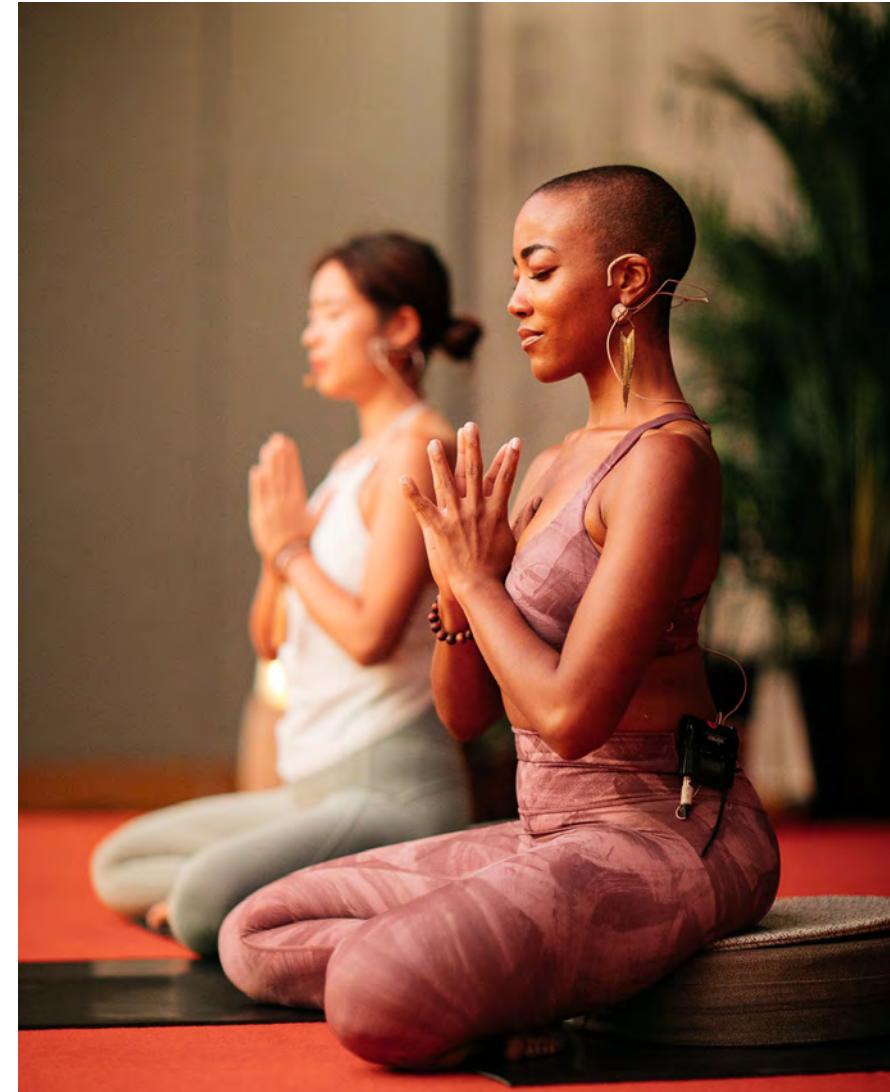
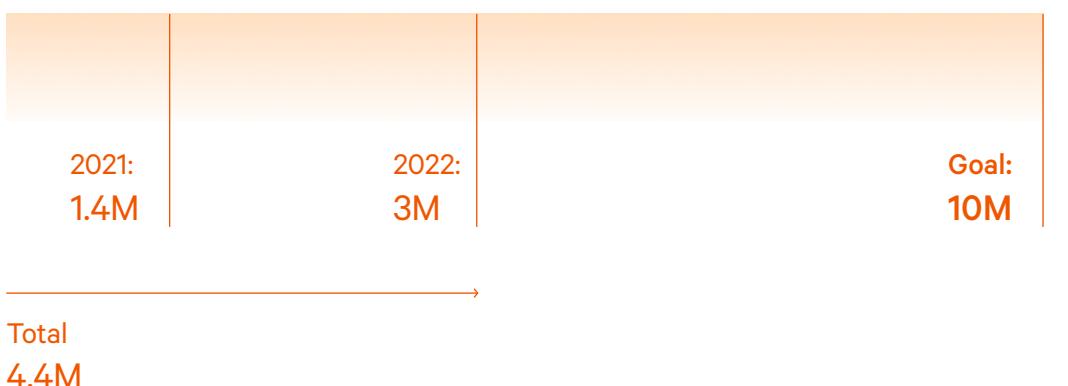
<sup>5</sup> Gender equality

<sup>10</sup> Reduced inequalities

## TOTAL LULULEMON CONTRIBUTIONS THROUGH THE CENTRE FOR SOCIAL IMPACT:



## TOTAL PEOPLE REACHED:



## OUR GOALS

- Launch the lululemon Centre for Social Impact by 2021. [Goal met]
- Provide access to wellbeing tools and resources to more than 10 million people by 2025. [In progress]
- Invest at least US \$75 million to advance equity in wellbeing through the lululemon Centre for Social Impact by 2025. [In progress]

<sup>43</sup> lululemon 2022 Global Wellbeing Report

<sup>44</sup> World Economic Forum

<sup>45</sup> Intergovernmental Panel on Climate Change

<sup>46</sup> \$21.2 million of this has been contributed directly to social impact organizations. The remaining \$8.2 million includes \$6 million towards a donor-advised fund to be advised for future grant making as well as operational costs.

## Centre for Social Impact Framework

### COMMUNITY WELLBEING

Grants and partnerships that increase access to wellbeing opportunities

Invest in local community resilience.

### GLOBAL WELLBEING

Large grants and partnerships that advance the wellbeing of those experiencing systemic inequity trauma

Our purpose is to disrupt inequity in wellbeing through movement, mindfulness, and advocacy.  
Our goal is to positively impact 10 million people globally by 2025.

Build internal capacity.

### CULTURE OF IMPACT

Solutions that create a culture of impact for our people, communities, and guests

Pursue impact at scale through partnerships, philanthropy, research, and engagement.

### RESEARCH & ENGAGEMENT

Grants, partnerships, and publications that explore solutions for systemic barriers to wellbeing

### MAKER WELLBEING

Industry grants and programs that care for those who make our products

### FRONTLINE WELLBEING & CRISIS RESPONSE

Grants and programs that support aid workers globally

### CENTRE FOR SOCIAL IMPACT

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

## WHAT DOES IT MEAN TO BE WELL?

At lululemon we define wellbeing as a lifetime practice of three interconnected elements.

### Physical wellbeing

Feeling empowered.

- I am able to give my body what it needs for health and quality of life.<sup>47</sup>

### Mental wellbeing

Feeling emotionally prepared.

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

### Social wellbeing

Feeling connected to others.

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

This definition provides a framework for addressing global wellbeing throughout our business, informs the Centre for Social Impact, and enables us to advance wellbeing across our collective.

Planetary health is playing an ever greater role in our overall wellbeing. As our business grows and our work progresses, we are evolving our definition of wellbeing to explicitly integrate our dependence on a healthy planet.

## WHAT WE'RE DOING

One of the most critical actions we can take is to break down barriers that prevent access to wellbeing tools and resources. The lululemon Centre for Social Impact leverages our business, expertise, resources, and communities to invest in and advocate for the wellbeing of those most impacted by systemic inequity. In 2022, lululemon contributed US \$10 million to social impact organizations, and an additional US \$415,000 toward crisis response.

Through a robust, integrated strategy, we advance this work around the world and within the communities where we operate. To collectively realize this ambition, we engage in extensive and inclusive partnerships. Our model uniquely approaches impact at scale, and within and for distinct communities.

Since 2016, we have invested in community resilience by supporting grassroots organizations across the globe, which are creating inclusive access to wellbeing practices through our annual [Here to Be grant program](#).<sup>48</sup> With the launch of the Centre, we expanded our focus on global maker and frontline wellbeing to support organizations driving equity in wellbeing at scale, including [CARE](#), [PATH](#), and the [United Nations Foundation](#). In 2023, we established a Mental Wellbeing Global Advisory Board made up of external experts who will guide and support us as we continue to evolve our work.

Within the Centre, our evolved Here to Be strategy prioritizes organizations that are community-led, have diverse and representative leadership, and serve populations most impacted by systemic inequities. Through partnerships with 71 Here to Be grant recipients, our goal is to partner with communities worldwide as they work to improve physical, mental, and/or social wellbeing.

In early 2022, we released our second annual [Global Wellbeing Report](#). The findings from this report guide where and how we support further research and engagement efforts.



<sup>47</sup> We have updated our definition to be inclusive of all bodies and abilities.

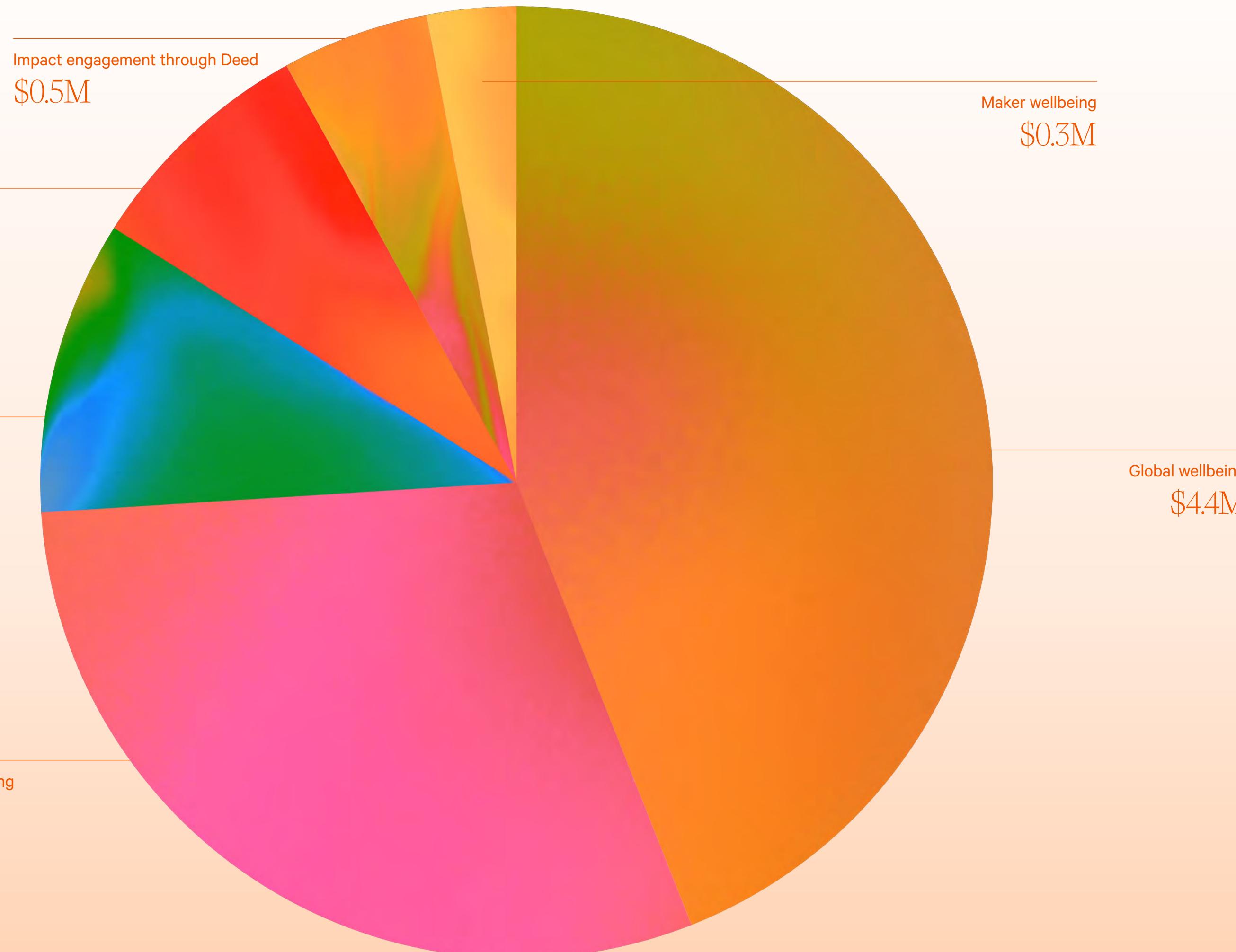
<sup>48</sup> The Here to Be grant program supports organizations around the globe that create inclusive access to movement and mindfulness, and those that advocate for civil and human rights. To date, the Here to Be program has supported 750 organizations and positively impacted more than 1 million people.

Total contributions to social impact organizations in 2022

US \$10M

Crisis response contributions

US \$0.4M



# Global wellbeing

By collaborating and innovating with others, we believe we can best advance the wellbeing of people experiencing disproportionate rates of stress and trauma. In 2022, we invested US \$4.4 million in global wellbeing partnerships, and provided access to lululemon resources, platforms, support, and communities. Global initiatives include support for 16 organizations, including:

- [The Trevor Project](#), the leading suicide prevention and crisis intervention organization for LGBTQ young people
- [United for Global Mental Health](#), dedicated to creating a world where everyone, everywhere has access to mental health support, free of stigma or restrictions
- [PATH](#), which ensures communities around the world have access to high-quality, affordable essential health services, when and where they need them

## Indigenous wellbeing

We have a commitment to amplifying Indigenous voices, supporting Indigenous communities, and sustaining ongoing partnerships. As a member of [The Circle on Philanthropy \(The Circle\)](#), we work to contribute to Indigenous Peoples in meaningful ways. We have been working with—and learning from The Circle—for the past three years, and annually donate CAD \$250,000 each to the Musqueam, Squamish, and Tsleil-Waututh Nations. In 2022, we supported ten additional organizations through our Here to Be grants, including:

- [Matriarch Movement](#), which is shifting the mainstream narrative around Indigenous women by amplifying their voices through podcasts, social media, and interviews
- [Yogazeit](#), which educates and empowers Australian youth and seniors with yoga and mindfulness classes, programs, training, and professional development courses founded on the principles of education, ethics, and research

# Community wellbeing

Our [Here to Be grant program](#) invests in community resilience and supports local organizations around the world in creating inclusive access to wellbeing practices. We provide grants to a wide array of recipients, with the goal of advancing mental, physical, and social wellbeing. These organizations are advancing equity in wellbeing in several ways, including facilitating financial accessibility, offering culturally sensitive programming, building community-driven solutions, and advocating for systemic change. Our 2022-23 cohort is comprised of 71 organizations across 13 countries in North America, Europe, Asia, India, Australia, and New Zealand.

Our 2022-23 Here to Be cohort received a combined US \$2.8 million<sup>49</sup> in grants, with an average grant size of US \$40,000, impacting more than 250,000 people around the world. lululemon accelerated the growth of these organizations through grantee offerings rooted in connection, growth, and wellbeing, such as coaching sessions, wellbeing tools and resources, and skills-building. This cohort includes organizations such as [Mindwalk Yoga](#) (United Kingdom), [M3 Mindfulness](#) (New Zealand), [Vinyasa Yoga for Youth](#) (Canada), [Bright & Beautiful](#) (China Mainland), [Sista Afya Community Care](#) (USA), or [Action for Climate Emergency](#) (USA).



Photo courtesy of United for Global Mental Health.

<sup>49</sup> An additional US \$300,000 went out to community organizations supporting initiatives such as Orange Shirt Day, bringing our total community wellbeing contributions to US \$3.1 million.

# Maker wellbeing

The approximately 300,000 people who make our products (our [makers](#)) form one of our most important communities. Global trade brings opportunities for many in apparel supply chains, but makers, who are primarily women, continue to face systemic challenges, including gender-based harassment and violence, lack of access to education, and structural economic inequities. The COVID-19 pandemic and tangible effects of the climate emergency have increased these struggles.

We continue to develop programs that benefit our makers, their families, and communities. In 2022, we funded 14 wellbeing projects in supplier communities, contributing US \$200,000 and reaching 35,000 makers. We provided an additional US \$113,000 to CARE's partner organization, [Chrysalis](#), to support Sri Lanka relief efforts, bringing our total maker wellbeing contribution to over US \$313,000.

In 2022, we continued three multi-year partnerships, totaling US \$2.25 million, to fund women's initiatives at local grassroots organizations and global non-profits. The fund recipients include:

- CARE's [Made by Women](#), which supports programs ranging from violence prevention to leadership.
- [Women Win](#), which aims to economically empower girls and women through impactful partnerships and holistic approaches.
- [The Resilience Fund for Women in Global Value Chains](#). The first of its kind, this funding initiative invests in the long-term health, safety, and economic resilience of women in global value chains.



Movement break at Tan De 5 Facility in Vietnam.

# Frontline wellbeing

Frontline workers play an essential role in creating safe, healthy communities, and responding to the world's toughest crises. In 2019, we launched [Peace on Purpose](#) in partnership with the [United Nations Foundation](#). Through evidence-based practices, this initiative supports the wellbeing of UN development and humanitarian workers on and off the front lines of global conflicts.

In 2022, lululemon was the proud recipient of the [United Nations Goal 17 Innovation in Partnership Award](#) for our co-created Peace on Purpose program. Read more in the [Spotlight Story](#).

## Crisis response

We provide assistance with crisis response as part of our direct support of frontline workers, communities, and individuals affected by natural or other disasters and events. Where possible, we prioritize community-led organizations that support collaborative community solutions, and work with our regions to identify the basic needs that must be met. In 2022, we provided US \$415,000 to crisis response initiatives. This included US \$250,000 for relief in the Ukraine and US \$165,000 toward relief efforts for natural disasters around the world.

# Research and engagement

We support and conduct research to examine systemic barriers to wellbeing and amplify collaborative solutions through engagement and advocacy. In 2022, this included the following:

### NAMI

We continue to evolve our collaboration with the [National Alliance on Mental Illness \(NAMI\)](#), helping to power their work to reimagine crisis response in the United States through the establishment of 988 as a nationwide mental health crisis and suicide prevention number. In 2022, the new three-digit number became available nationwide in the United States, enabling people to call or text 988 to connect with trained crisis counselors who provide de-escalation and mental health intervention services by phone. This is a major step in creating a national mental health crisis response system, and helping address the millions of mental health or suicidal crisis calls made to 911 and local crisis lines every year.

### The Trevor Project

[The Trevor Project](#)—the leading suicide prevention and crisis intervention organization for lesbian, gay, bisexual, transgender, queer, and questioning young people—has been a key partner in bringing 988 to life. Through our collaboration, The Trevor Project is providing specialized access to 988 to LGBTQ youth, a group consistently found to be at higher risk for suicide compared to their peers.

### Global Wellbeing Report

We released our second annual Global Wellbeing Report to guide where and how we support further research and advocacy efforts. This report includes a Global Wellbeing Index, which measures wellbeing by country.

### Center for Reproductive Rights

Our culture is grounded in the importance of creating wellbeing and being in choice. Our Centre for Social Impact made a US \$500,000 contribution to the [Center for Reproductive Rights](#), a non-partisan organization that uses the power of law to advance reproductive rights as fundamental human rights around the world.

To learn more about lululemon's reproductive healthcare policy, see our [Be Human](#) chapter.



Participants in Peace on Purpose program.

# Four years of impact

When a global crisis occurs, humanitarian and frontline workers are there to care for others. However, these workers need support too, particularly in regard to their mental wellbeing. This is the mission of Peace on Purpose, a program created by lululemon and the United Nations Foundation.

Since its launch in 2019, Peace on Purpose has substantially scaled its work and made tremendous impact on the wellbeing of UN humanitarian and development workers. To date, Peace on Purpose has reached over 9,000 UN staff from over 160 countries through its digital and in-person programming. In 2022 alone, they impacted over 3,000 workers.

Through the continued development of their virtual programs, Peace on Purpose is now able to deliver timely support to UN staff who were previously difficult to reach—those on the frontlines of crises worldwide.

In 2022, Peace on Purpose reached several major milestones in their journey to help others: they were invited to integrate their programming into training provided by UN partners, kicking off the United Nations Development Program's (UNDP) Leadership Summit for 200 of UNDP's most senior leaders from around the world. In June, Peace on Purpose was a part of United Nations High Commissioner for Refugees (UNHCR) signature training: the Workshop on Emergency Management.

Peace on Purpose also provided their signature workshop in Geneva, the second largest UN headquarters in the world. Attendees represented 14 different UN agencies and NGOs. And in November, Peace on Purpose was called on by UNHCR to provide virtual mindfulness training for colleagues in Ukraine.

On November 3, 2022, the eve of its 25th anniversary, the United Nations Foundation hosted its annual Global Leadership Awards, which recognize extraordinary individuals and organizations whose work creates a safer, healthier, and fairer world. lululemon is honoured to have received an award from the UN Foundation for our work with Peace on Purpose.

In the face of global challenges, we are on a journey to address social and environmental barriers to collective wellbeing. Through incredible partnerships with organizations such as the UN Foundation, we can continue to advance equity in wellbeing and drive meaningful, positive change in our world.



Peace on Purpose program delivery.





*Be Planet*

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

The potential of people is limitless, but the planet—our home—is not. At lululemon, we are on a journey to become a net-zero company and have set science-based targets that are the foundation for our climate action goals. We seek to lead in innovating preferred materials and create a circular ecosystem by designing out waste and keeping materials in use for as long as possible. We work across our value chain to reduce our carbon and water footprint, improve chemical management, develop and sell products that reflect the values of our guests, and contribute to a healthier environment.

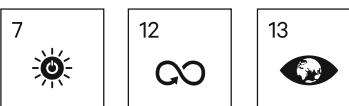


# Climate action

## WHY IT MATTERS

The stakes are high. There is a race to advance sustainable solutions to climate change and act on systemic threats to the resilience of our planet and our wellbeing. The effects of climate change—including sea level rise, extreme weather events, and reduced crop yields—contribute to biodiversity loss, social inequities and human suffering, and economic disruption. Climate change could decrease economic output by at least 10 percent by 2050<sup>50</sup>, and poses a serious risk to health and wellbeing.<sup>51</sup> We recognize the scale of this challenge, and how it affects us as a business, industry, and as humans. We have a critical role to play, and we act to drive decarbonization of our business' and our industry's value chain in a way that supports wellbeing. The path collectively ahead of us is undeniably challenging and complex, requiring unprecedented levels of collaboration, learning, and transformation. We have taken steps and know that much more is required.

We recognize the urgency. We are committed to being a net-zero company by 2050. We know it will take action to achieve the goals outlined in this report, as well as future commitments, investments, and collaborations. Our climate strategy works to mitigate future risks, advance innovation, and uphold our commitments to our stakeholders. We share our progress at least annually and will release our evolved Climate Plan in 2024.



<sup>7</sup> Affordable and clean energy

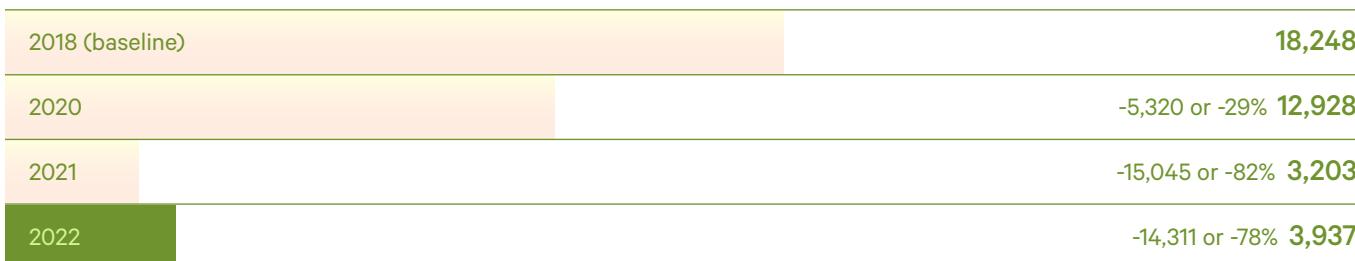
<sup>12</sup> Responsible consumption and production

<sup>13</sup> Climate action

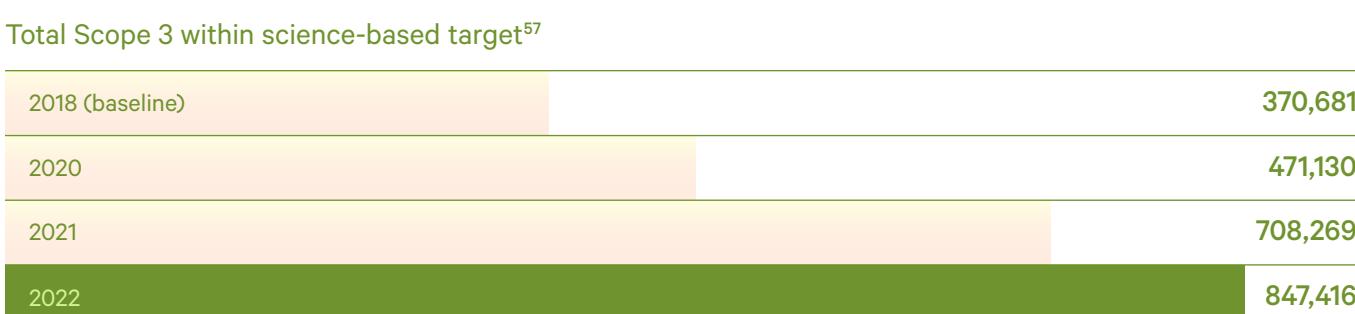
## OUR GOALS

- Achieve 100% renewable electricity to power owned and operated facilities by 2021. [Goal met]
- Meet our 2030 science-based targets by achieving:
  - 60% intensity reduction in GHGs in purchased goods and services, and upstream transportation and distribution (Scope 3<sup>52</sup>) [Needs acceleration]
  - 60% absolute reduction of GHG emissions in all owned and operated facilities from a 2018 baseline (Scope 1<sup>53</sup> and 2<sup>54</sup>) [Goal met]
- Become a net-zero company by 2050.<sup>55</sup>

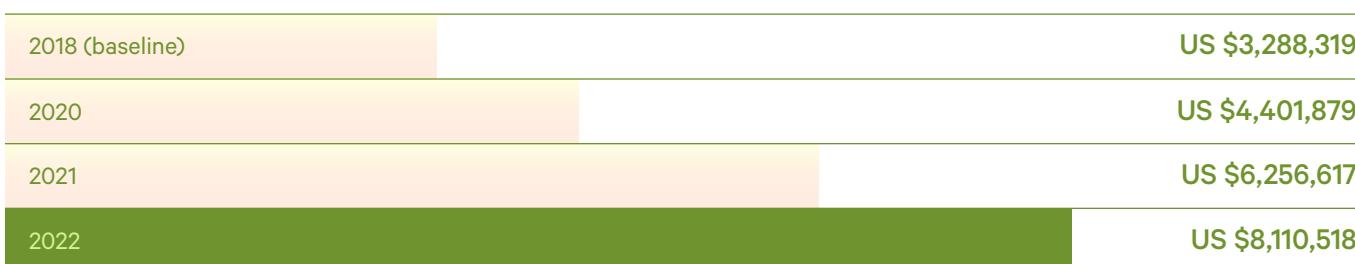
Total Scope 1 and 2 absolute emissions and percent change from 2018 baseline (tCO<sub>2</sub>e)<sup>56</sup>



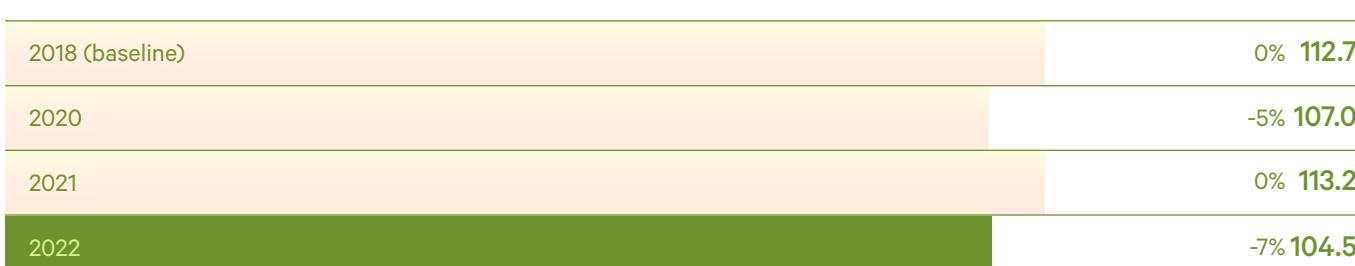
Scope 3 science-based target (tCO<sub>2</sub>e)



Net revenue from operations ('000s)



Emissions intensity and percent change from 2018 baseline (tCO<sub>2</sub>e per million US dollars of revenue from operations)



<sup>50</sup> Swiss Re Institute

<sup>51</sup> World Health Organization

<sup>52</sup> Scope 3 emissions: All indirect upstream and downstream emissions that are not included in Scope 2 that occur across our value chain, excluding customer use.

<sup>53</sup> Scope 1 emissions: Direct emissions from owned and operated facilities.

<sup>54</sup> Scope 2 emissions: Indirect emissions from the generation of purchased energy. The Supplement contains both market-based and location-based emissions. Our goal is to use market-based emissions.

<sup>55</sup> The Science Based Target Initiative's (SBTi) Net-Zero standard requires companies to cut emissions by >90% and use permanent carbon removal and storage to counterbalance the final <10% of residual emissions that cannot be eliminated. We are submitting our application for SBTi's Net-Zero Standard certification in 2023.

<sup>56</sup> For a breakdown of our Scope 1 and 2 emissions and science-based target, please refer to our Supplement.

<sup>57</sup> Our science-based target for Scope 3 emissions is a subset of our total Scope 3 emissions. In 2022, we adjusted our baseline for Scope 3 emissions. This was primarily due to improvements in data availability and quality that we were able to implement and back cast, particularly around Category 1: Purchased Goods and Services. We also made some methodology updates to reflect best practices in our industry.

For a breakdown of total Scope 3 and science-based target emissions, please refer to our Supplement.

## Our 2030 Climate Approach

We are committed to leadership in our industry's response to climate change. To achieve our 2030 goals, we continue to accelerate action to reduce GHG emissions across our supply chain and our owned operations. We are guided by climate science, carbon footprint data, and materiality, focusing where we have the biggest impacts and influence for change.

We drive decarbonization by designing lower-impact products and processes, increasing resource use efficiency in our supply chain and facilities, accelerating the use of renewable energy in our operations and supply chain, and directly and indirectly abating carbon emissions.

All climate efforts require deep collaboration across our supply chain, industry partners, and policymakers. We aim to be a catalyst for scalable solutions, participating in and helping to lead policy advancement.

EMISSIONS REDUCTIONS IN OUR SUPPLY CHAIN (SCOPE 3)	EMISSIONS REDUCTIONS IN OUR OWNED AND OPERATED FACILITIES (SCOPE 1 AND 2)	CARBON REMOVAL		
 <b>MANUFACTURING</b>  Partner with suppliers and industry to expand access to and use of renewable electricity, phase out coal boilers, increase energy efficiency, and invest in manufacturing innovation.	 <b>PRODUCT AND PACKAGING</b>  Design lower-impact products using preferred and innovative materials—converting to recycled, renewable, and regenerative inputs where possible.	 <b>TRANSPORTATION AND LOGISTICS</b>  Move product using lower emission transportation modes, optimize logistics, and advance use of more sustainable fuels.	 <b>OWNED AND OPERATED FACILITIES</b>  Improve energy efficiency, electrify heating where feasible, and continue to invest in 100% renewable electricity in our stores, distribution centres, and offices.	While first focusing on emission reductions, seek to invest in high-quality carbon removal projects, including nature-based solutions that protect and restore valuable ecosystems.

## WHAT WE'RE DOING

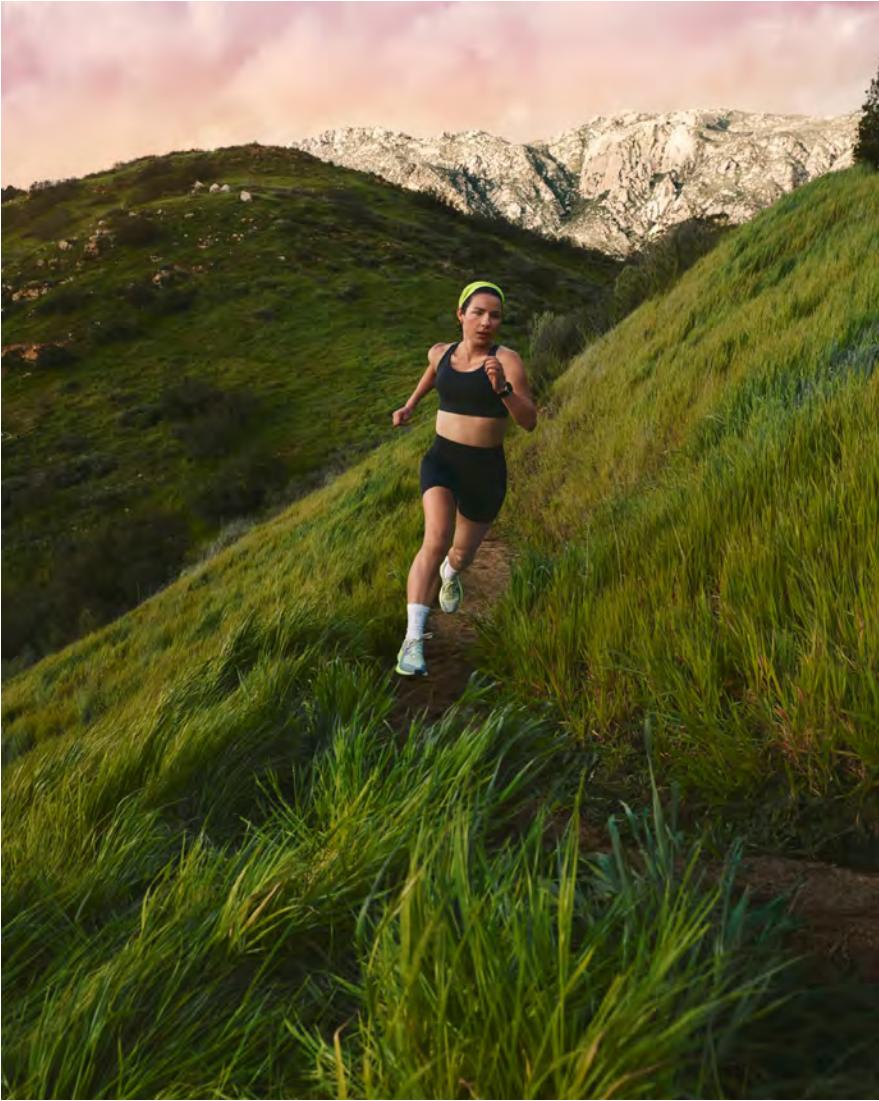
In 2019, we set our 2030 climate goals, which are approved by the [Science Based Target initiative \(SBTi\)](#).<sup>58</sup> However, as a company committed to net zero, our ambitions go further—to achieve an absolute emissions reduction of 90 percent by 2050, as required to limit global warming to the 1.5C degree pathway.<sup>59</sup> In 2023, we will submit our net-zero target<sup>60</sup> application to SBTi.

The majority of our total emissions—over 95 percent in 2018—occur in the supply chain and represent our biggest challenge and opportunity. To reduce emissions we need to drive energy efficiency and transition to renewable, clean sources across our supply chain, as well as in our own operations (Scope 1).

We approach our climate action based on the following principles:

- **We are informed by data and science.** We use guidance from the SBTi to set targets based on evolving climate science. We work to gather the best available data throughout our supply chain to inform our strategy and actions.
- **We take responsibility for our direct and indirect carbon footprint.** Where possible, we work to understand and incorporate social impacts, to ensure an equitable future and wellbeing for all.

- **We collaborate with industry to advance systems change.** The apparel and footwear industry largely works with factories that engage with several brands at any given time. As such, we recognize that we must work together to succeed in achieving our climate goals.
- **We actively support policies and projects that advance a rapid transition to renewable energy.** We work to support public policy initiatives and infrastructure projects that advance growth of and access to renewable, clean energy across countries where we manufacture and operate.
- **We are committed to transparency.** We make annual disclosures on climate progress to the [CDP \(Carbon Disclosure Project\)](#), and report against our goals in our annual Impact Report. We are transparent about our progress and take ownership when we fall short, learning from and sharing challenges to advance thoughtful solutions within our industry.

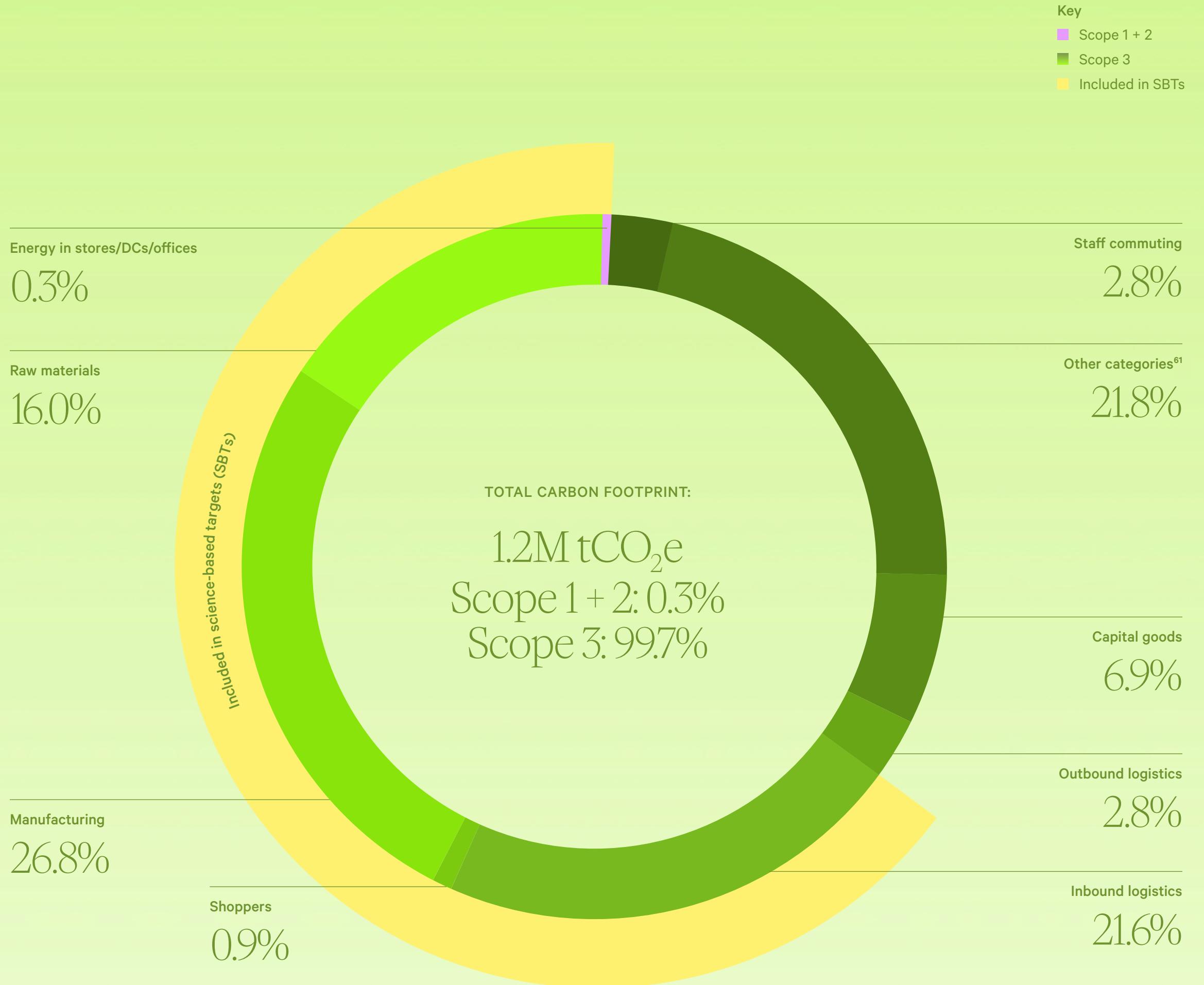


<sup>58</sup> Our Scope 1 and 2 target aligns with limiting global temperature increases to 1.5°C. Our Scope 3 target aims to limit emissions to well below 2°C above pre-industrial levels. We are also pursuing efforts to limit warming to 1.5°C.

<sup>59</sup> [Intergovernmental Panel on Climate Change](#)

<sup>60</sup> The SBTi's Net-Zero standard requires companies to cut emissions by over 90 percent and use permanent carbon removal and storage to counterbalance the final less than 10% of residual emissions that cannot be eliminated.

We are committed to leadership in our industry's response to climate change. Climate action is a critical focus in our sustainability strategy, which recognizes the fundamental interconnectedness of climate, circularity, biodiversity, and the need to advance equity in wellbeing. Our approach to decarbonization focuses on the four critical areas of our carbon footprint: manufacturing, product and packaging, transportation and logistics, and owned and operated facilities.



## TACKLING REDUCTIONS IN MANUFACTURING

Manufacturing our finished products and materials makes up 27 percent of our carbon footprint (2022). We are committed to reducing our manufacturing GHG emissions by working with suppliers and coalitions to increase energy efficiency and renewable energy use and eliminate on-site coal boilers. We do not own any factories in our supply chain, and the majority of our suppliers produce for multiple brands.

We engage our suppliers directly and collaborate with multi-brand initiatives to support suppliers in reducing their energy use. On an annual basis, approximately 95 percent of our Tier 1 and 2 suppliers by value report data to lululemon on their energy use and renewable energy progress.<sup>62</sup>

### Energy efficiency

We actively target the processes in our supply chain that have the highest climate impact (Tier 2). Since 2020, we have been a founding member of the [Carbon Leadership Program \(CLP\)](#), led by the [Apparel Impact Institute \(Aii\)](#) and [RESET Carbon](#). By the end of 2022, 57 percent of our Tier 2 suppliers by volume participated in the CLP to set carbon targets and gain support in developing and implementing carbon reduction roadmaps. In addition to the CLP, 12 Vietnam suppliers completed trainings on energy efficiency and climate action in partnership with [GIZ FABRIC](#).<sup>63</sup>

Since 2020, we have also actively encouraged our suppliers to engage in [Clean by Design](#), which focuses on energy efficiency as well as chemistry and water reuse.

### Renewable electricity

The use of renewable electricity by suppliers in our manufacturing countries is critical to reducing our supply chain carbon footprint. In 2022, 15 percent of electricity used by our Tier 1 and 2 suppliers was reported to come from renewable sources.<sup>64</sup> This was a result of clean electricity grids in parts of South America as well as a smaller—but growing—contribution from on-site solar.

We also work with suppliers and industry experts to develop renewable electricity roadmaps, recognizing the complexity and level of infrastructure investment that is required. To inform the evolution of a manufacturing renewable electricity roadmap, we commissioned an independent study to better understand emissions hotspots and opportunities. In particular, we explored regional opportunities for on-site solar and direct and indirect power purchase agreements, as well as the evolution of grid energy sources in our manufacturing countries.

We see continued near-term opportunities with on-site solar and are actively exploring offsite opportunities that provide greater potential for decarbonization in the long term. Direct and indirect power purchase agreements are currently not available in many of the countries where we manufacture, but we are assessing pathways where the policy mechanisms exist.

### Coal boiler elimination

We are committed to eliminating any on-site use of coal and have mapped our supply chain to identify suppliers with coal boilers. From these suppliers, we have collected coal phase-out commitment letters and action plans that demonstrate a considered pathway to urgently exiting coal. We are assessing these plans and partnering with suppliers, including feasibility assessments for different fuels and thermal technologies.

Certain material manufacturing processes currently require high heat and are dependent on available energy sources. We are working with experts and innovators to assess the potential for emerging technology solutions—including clean electrification and evolved processes. However, these technologies require research, development, and testing to offer responsible and scalable alternatives to current energy sources.

To address this sectoral challenge we continue our ongoing participation in industry working group activities, such as the [UN Fashion Industry Charter for Climate Action's \(UN FICCA\) coal phase-out action group](#), focused on coal phase-out by 2030 and sustainable biomass guidelines.

### Supplier engagement

Our supplier engagement focuses on supplier selection, capacity building, and work to create tools and resources that incentivize and support progress and investments. We only approve new suppliers if they successfully meet our social, environmental, sourcing, quality, and production requirements.

In 2022, we rolled out our current Vendor Environmental Manual, containing detailed environmental guidelines and requirements. Focus areas include energy efficiency, coal phase out, renewable energy, water efficiency, wastewater, and chemistry. All suppliers were offered mandatory training, and there were over 290 workshop participants.

In addition, we formed a Global Vendor Environmental Council to foster learning and collaboration between lululemon and suppliers regarding critical impact areas. In this advisory council, members provide insights and feedback as lululemon develops strategy and scales programs with suppliers and others across the industry. lululemon executives representing sourcing, production, and sustainability participate in our council, which meets on a quarterly basis.

Securing viable financial options to invest in decarbonization solutions is one of the key challenges faced by many suppliers. We are funding actions within and beyond our supply chain through the Aii Fashion Climate Fund. In addition, we are evaluating a suite of independent and collaborative financing options that will further support manufacturing decarbonization projects.

<sup>62</sup> We have been collecting supplier energy use and energy source data through [Higg FEM](#) since 2016.

<sup>63</sup> (Deutsche Zusammenarbeit) fosters and advances sustainable business and responsible industrial practices in the apparel industry in Asia.

<sup>64</sup> This data is reported by suppliers through the HIGG FEM. We'll be working this year to further validate data, to be shared in our next Impact Report and evolved Climate Statement and Plan.

## Industry coalitions

Partnerships with brand and industry coalitions are critical for decarbonizing our supply chain, building influence with suppliers, and deploying scalable solutions with measurable outcomes.

In 2022, lululemon collaborated with other brands and foundations to support the All Fashion Climate Fund, with a goal to halve the fashion industry's carbon emissions by 2030. This is a novel collaborative funding model that works to identify, fund, scale, and measure verified impact solutions to decarbonize and modernize supply chains. We contribute to this Fund and participate in their board.

Alongside other lead partners, we aim to help unlock an estimated US \$2 billion in blended capital, driving collective action to tackle our industry's supply chain carbon emissions.

Since 2020, we have been signatories of the UN Fashion Industry Charter for Climate Action. We are aligned with their mission to drive the fashion industry to net-zero GHG emissions no later than 2050, in line with keeping global warming below 1.5 degrees.

Since 2019, we have been members of RE100, a global corporate renewable energy initiative that brings together over 400 businesses committed to renewable electricity with a view to accelerating change towards zero carbon grids at scale.

## REDUCING CARBON IN PRODUCTS, MATERIALS, AND PACKAGING

Materials for product and packaging made up just under 20 percent of our total carbon footprint in 2022. We're tackling the transformative work of making lower-impact products, which reduces our carbon footprint. Material selection and the way we make materials are critical levers, and advance innovations in function, feel, and impact. See our [Product and Material Innovation](#) section for information about our commitments, sub-targets, strategy, and progress.

### Preferred materials

Our goal is to use preferred materials in 100 percent of our products by 2030, transitioning to recycled, renewable, and regenerative content. This requires innovations such as investing in bio-nylon, requiring non-animal-based leather, collaborating in research in defining regenerative cotton, and investing to advance textile-to-textile recycling. See the [Product and Material Innovation](#) section for more information on our strategy and progress toward our materials goals.

### Product design and circularity

We are working to design our products to be more sustainable, incorporating circular principles and converting to low-carbon materials. When designing products, we address multiple decision points that impact carbon footprint and lifecycle, including material choice, manufacturing processes, intended product use, and ultimately disposal. Incorporating principles of circular design into our products is a critical step to extending their useful life, enabling end-of-life solutions toward more circular ecosystems, reducing waste, and building long-lasting value. See the [Circularity](#) section to learn more about steps we've taken toward designing for circularity.

## TRANSPORTATION AND LOGISTICS

In 2022, inbound and outbound transportation made up approximately 25 percent of our total carbon footprint. Our work focuses on minimizing use of air freight and using lower emissions transportation modes, engaging with our logistics providers and industry coalitions, and advancing conditions to convert to more sustainable fuels through industry partnerships.

Our transportation strategy includes:

- **Minimizing air freight and choosing alternative transportation modes:** In 2021, we established an Air Freight Management Task Force to focus on shifting transportation from air freight to ocean, where possible. We achieved positive progress in the latter half of 2022 and expect to see continued improvements through 2023. For final leg delivery, we are piloting the use of electric vehicles in key Canadian cities in 2023.
- **Using more sustainable logistics service providers (LSPs):** All of our inbound LSPs have an approved science-based target or are working toward setting a target.
- **Advancing use of more sustainable fuels:** We are working collaboratively on the use of more sustainable fuels, including more sustainable aviation fuel (SAF) and biofuels for ocean freight. This work requires shared effort. We are exploring options to participate in buyers' alliances to collectively send a strong market demand signal to fuel producers and carriers and accelerate a net-zero transportation pathway.

Early in 2022, the COVID-19 pandemic contributed to ongoing supply chain disruptions. As a result, we experienced longer lead times and delivery challenges, including pressure on ocean freight and seaports. This meant continued use of increased air freight in the first half of 2022, impacting our Scope 3 target performance. In the second part of the year, we started to see a normalization of production and shipping lead times, with improvement into 2023. As these pandemic-driven issues resolve, we are rebalancing transportation modes as a lever for reducing emissions.

## OWNED AND OPERATED FACILITIES

In 2022, owned and operated facilities made up 0.3 percent of our overall carbon footprint. We are proud to have achieved our goals of transitioning to 100 percent renewable electricity and exceeding 60 percent absolute reduction of GHG emissions in our owned and operated facilities. As our business grows, we will continue our focus on reducing our Scope 1 and 2 emissions to maintain and advance these efforts.

### Renewable electricity

Renewable electricity is critical to the transition to a climate stable future. By achieving our 100 percent renewable electricity goal in our owned and operated facilities in 2021, we exceeded our Scope 1 and 2 emissions goal to reduce GHG emissions by more than 60 percent.

This is in large part due to a 10-year [Virtual Power Purchase Agreement \(VPPA\)](#)<sup>65</sup> with renewable energy company [Enel Green Power](#) that we signed in 2021. In May 2022, Enel's Azure Sky wind farm came online and started producing renewable energy. Since it started operating, our renewable electricity in North America has come from the VPPA. We have continued to purchase [Energy Attributes Certificates \(EACs\)](#) and work with renewable utility providers for our international operations. We purchase EACs from accredited tracking agencies and, where possible, from wind and solar energy sources. We have installed solar panels on our distribution centre in Delta, British Columbia, with plans to install them on two additional distribution centres in the future.

### Energy efficiency

In 2022, we continued to roll out Energy Management Systems (EMS) in stores to better control our HVAC (heating, ventilation, and air conditioning) systems, reduce energy use, and improve guest and employee comfort. To date, we have installed EMS in 113 stores, representing about a quarter of our North American stores, and will continue to expand this program.

## CLIMATE GOVERNANCE AND OVERSIGHT

At lululemon, climate oversight is integrated at all levels of governance. The Corporate Responsibility, Sustainability, and Governance Committee of lululemon's Board of Directors oversees our climate action commitments, strategy, and performance. The Committee reviews and evaluates strategies, policies, practices, and reporting and has oversight on climate-related risks and opportunities.

In 2023, the CEO and Executive Leadership team prioritized climate as an enterprise imperative, with direct oversight and engagement on our roadmap to 2030 and associated multi-year investment plans. In addition, in 2022 we formed an Executive Impact Council, which meets quarterly to oversee progress against our roadmap and our business cases for key multi-year initiatives.

There are two additional governance bodies that oversee climate:

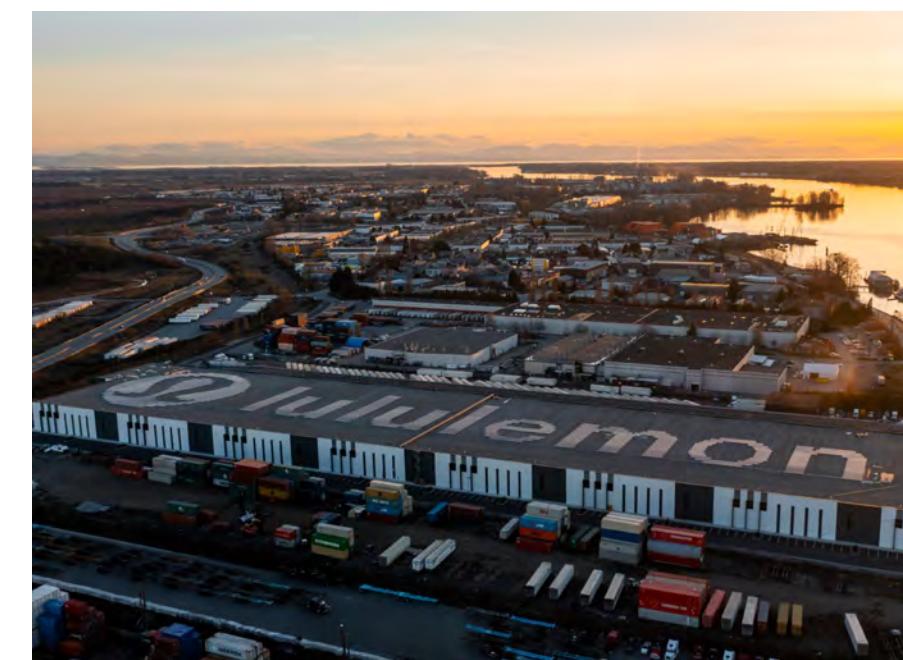
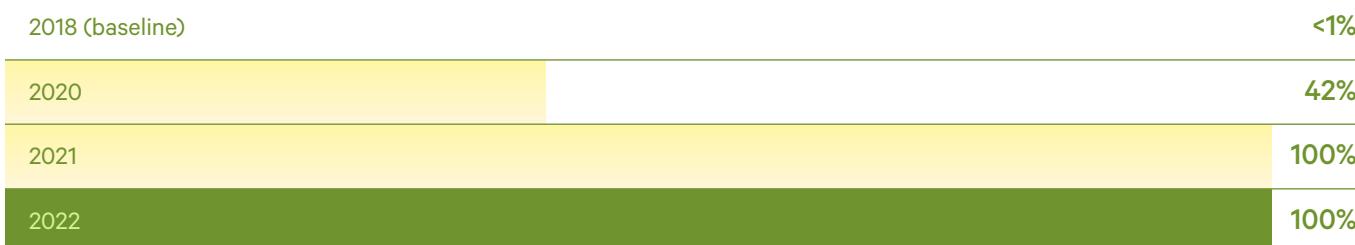
- The Climate Council is a cross-functional leadership team that is accountable for contributing to enterprise shifts and enacting change in their respective functions.
- The Responsible Supply Chain Steering Committee is responsible for overseeing development of the supplier climate and energy roadmap, its operationalization, and tool development to support supplier decarbonization.

### Understanding and assessing our risks

In 2022, we developed a climate risk register and undertook a climate scenario analysis to help understand potential climate risks and opportunities to lululemon over different time horizons. This work is foundational to integrating climate risk and resilience into future business decisions. We also created an index aligned to the Task Force on Financial-Related Climate Disclosures, which can be found in the [Supplement](#).

## Renewable electricity in our owned and operated facilities

Total renewable electricity<sup>66</sup>



Solar panels on our Delta distribution centre.

<sup>65</sup> A VPPA is a long-term contractual commitment to purchase clean energy from a specific offsite renewables project. A VPPA is key to enabling the project's development and construction, and adds new renewables to the grid, displacing fossil fuels. For more information, see the [Glossary](#).

<sup>66</sup> We procured 100% renewable electricity to power our owned and operated facilities, with 99% sourced in compliance with the RE100 technical criteria. However, due to unavailability of an Energy Attribute Certificate (EAC) program, lululemon was unable to source renewable electricity in South Korea. Consequently, renewable energy credits were procured from a nearby geography.

## Collective *climate action*

Big problems call for systemic solutions. That's why lululemon, H&M Group, H&M Foundation, PVH, Target, and the Schmidt Family Foundation have teamed up with the Apparel Impact Institute to invest and unlock funding for the Fashion Climate Fund, to seed and scale solutions to complex apparel industry problems.

The Fashion Climate Fund's primary goal is to halve the fashion industry's carbon emissions by 2030. This is a novel collaborative funding model that will identify, fund, scale, and measure verified impact solutions to decarbonize and modernize supply chains.

The Fund's Climate Solutions Portfolio will enable numerous initiatives, including a public resource hub for stakeholders to accelerate greenhouse gas reduction efforts, a tool for awarding grants, and a funding structure for lenders and policymakers to invest in carbon-reducing projects.

In addition to tackling emissions, the Fashion Climate Fund will support supplier interventions across the supply chain. This includes maximizing material and energy efficiency, accelerating the use of next-generation materials, eliminating coal boilers in material and product manufacturing, shifting to 100 percent renewable energy, and implementing circular business models.

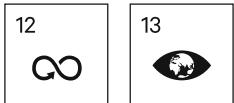
Climate action is an ongoing journey, and lululemon will continue to act on climate issues. We invite more collaborators to join us as we shift our industry toward a healthier planet.



# Product and material innovation

## WHY IT MATTERS

Products procured with virgin materials strain natural resources and impact the planet, including biodiversity, water quality and quantity, clean air, and soil health. Creating products with [preferred materials<sup>67</sup>](#) and end-of-use solutions is a core strategy for reducing our environmental impact and working toward long-lasting, positive solutions. Our guests and stakeholders expect us to use preferred options where possible, while delivering innovative, high-performance, beautiful products that last.



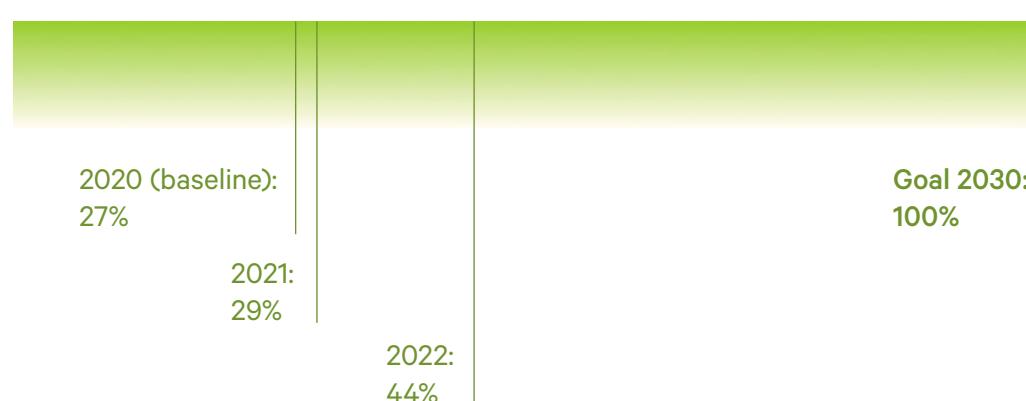
<sup>12</sup> Responsible consumption and production

<sup>13</sup> Climate action

## OUR GOALS

- Make 100% of our products with preferred materials and end-of-use solutions to advance a circular ecosystem by 2030.<sup>68</sup> [In progress]
- Achieve at least 75% preferred materials for our products by 2025. [Needs acceleration]

## % OF PRODUCTS PROCURED WITH PREFERRED MATERIALS



<sup>67</sup> We updated our language from “sustainable” to “preferred” materials to align with the Textile Exchange definition. This definition best reflects our industry’s best practices. Refer to [Glossary](#) for more information.

<sup>68</sup> To count toward this goal, products must contain at least 25-50% or over 50% preferred materials. The attributes defining preferred materials must be transparently communicated.

<sup>69</sup> The Higg MSI is a tool developed by the Sustainable Apparel Coalition to measure and score the environmental impacts of materials.

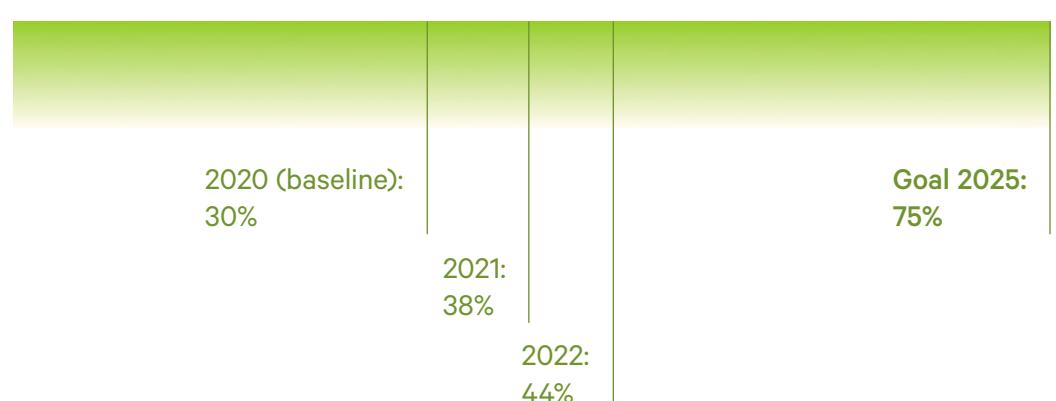
## WHAT WE'RE DOING

We remain focused on driving innovations in materials that have a lower environmental footprint, including those that are recycled, renewable, responsibly sourced, or use a lower-impact manufacturing process.

We assess material production and product impacts using multiple sources including the [Higg Materials Sustainability Index<sup>69</sup>](#) (Higg MSI) and [Product Module<sup>70</sup>](#) (PM), as well as select [lifecycle assessment<sup>71</sup>](#) (LCA) methodologies. We also partner with our suppliers to conduct LCAs on products and materials. We continuously strive to improve and fill data gaps in our materials portfolio. Through a multi-year initiative, we are developing tools and processes for evaluating the impact of our products and materials at scale. By investing in tools and processes, our product creation and innovation teams ([see Spotlight Story](#)) will be able to improve their ability to weigh trade-offs and optimize product design to meet a product’s intended function and reduce social and environmental impacts.

Our largest procured material by weight is polyester, followed by nylon, then cotton. We are converting to recycled and renewable synthetic fibres, as well as responsibly sourced cotton and other natural materials. We are also aligning our wool and cashmere sourcing with industry sustainability standards and evaluating opportunities to support regeneratively farmed cotton. All our down is independently certified to the Responsible Down Standard (RDS).

## % OF TOTAL PREFERRED MATERIALS PROCURED FOR OUR PRODUCTS



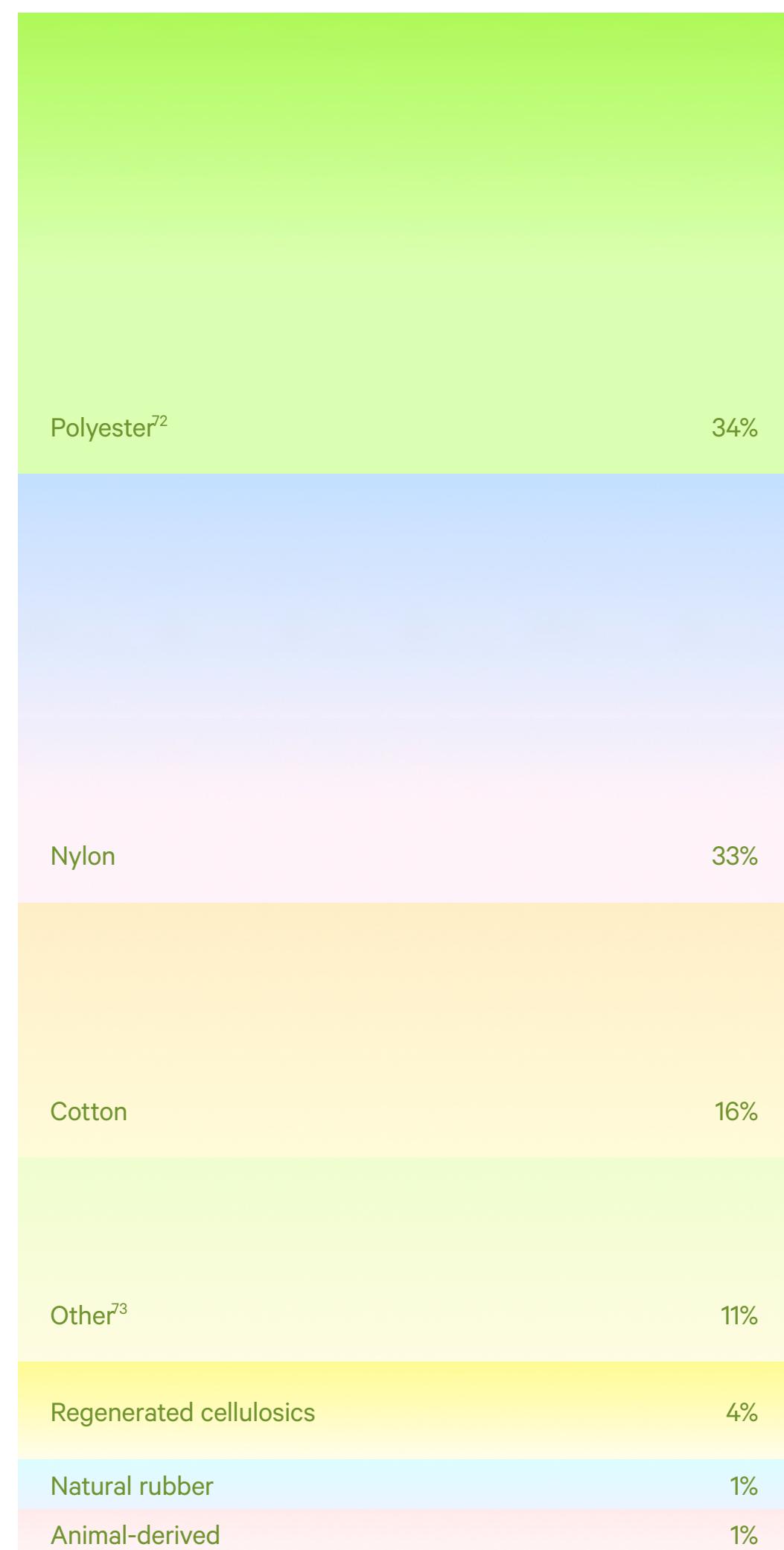
<sup>70</sup> The Higg Product Module (PM) is a tool developed by the Sustainable Apparel Coalition that measures the cradle-to-grave environmental impacts of a product from the point of resource extraction to manufacturing impacts, all the way through product durability, care, and end of use.

<sup>71</sup> LCA is defined by the ISO 14040 as the compilation and evaluation of the inputs, outputs, and the potential environmental impacts of a product system throughout its lifecycle.

<sup>72</sup> In 2022, we updated our definition of polyester to include elastomultiester. We have updated our 2020, 2021, and 2022 data to reflect this change.

<sup>73</sup> Elastane (9%), other fibre not identified (0.5%), synthetic rubber (0.5%), various materials (1%).

## 2022 KEY MATERIALS USED IN OUR PRODUCTS (KG)



PRODUCTS PROCURED WITH PREFERRED MATERIALS<sup>74</sup>

Disclosure	2020	2021	2022
Total products procured (units, '000s)	95,526	142,040	141,088 <sup>75</sup>
Total products procured with preferred materials (units, '000s)	26,005	41,704	61,433
Products procured with >50% preferred materials (units, '000s)	14,337	24,837	40,607
Products procured with 25–50% preferred materials (units, '000s)	11,668	16,867	20,826
Products procured with >50% preferred materials (% total)	15%	17%	29%
Products procured with 25–50% preferred materials (% total)	12%	12%	15%
Products procured with preferred materials (% total)	27%	29%	44%

## TOTAL PREFERRED MATERIALS PROCURED

Disclosure	2020	2021	2022
Total materials procured (kg, '000s)	27,260	37,727	36,884 <sup>76</sup>
Total preferred materials <sup>77</sup> procured (kg, '000s)	8,279	14,265	16,075
Preferred materials procured (% total)	30%	38%	44%

Our teams work on transforming practices at every stage of the process, including design, merchandising, raw materials, product development, colour, and printing. By working with innovative companies such as [Geno](#), we help create and scale solutions that deliver more sustainable products to our guests. With [Textile Exchange](#), we participate in expanding our use of preferred materials across the industry, for collective benefit. Specifically, we are co-sponsoring research into outcome measurement best practices for regenerative agriculture, led by Textile Exchange. See the [Supplement](#) for a full list of partnerships.

Sustainable material innovation is complex, requiring years of investment in research, development, and partnerships. Our goal is to find scalable, permanent solutions, but we also need to integrate temporary measures that are commercially available. For example, recycled polyester made from post-consumer single-use packaging (e.g., plastic bottles) isn't an ultimate solution, but is an improvement over traditional polyester. We have also been innovating on smaller-scale impact improvements outside of raw material fibres, such as recycled dye inputs, low-water garment dye washes, and low-water dye inputs.

In 2022, we continued building our strategy to enhance our existing traceability systems and processes. This will allow greater visibility into our supply chain, including more sustainable fibres and materials.

<sup>74</sup> In 2022, we launched a new footwear line. As this work is nascent, footwear is not included in any of our product or materials data in 2022. Trims are also not included in our product data; they are estimated to represent a small portion of our overall portfolio. Moving forward, we are working to establish processes and systems that allow us to track and report on the use of preferred materials in our footwear and in trims.

<sup>75</sup> Units purchased between January 2021 and January 2022.

<sup>76</sup> Materials purchased between January 2022 and January 2023.

<sup>77</sup> Our preferred materials are calculated by total preferred materials (kg) divided by total input materials procured for each material type (kg).

## FIBRES PROCURED BY TYPE

Material	Type	2020	2021	2022
Polyester	Total	6,508 kg	10,913 kg	12,138 kg
	Recycled	2,357 kg (36%)	4,655 kg (43%)	6,720 kg (55%)
Nylon	Total	10,646 kg	14,066 kg	11,172 kg
	Recycled	241 kg (2%)	819 kg (6%)	914 kg (8%)
	Renewable	0 kg (0%)	0 kg (0%)	0 kg (0%)
Cotton	Total	4,124 kg	5,580 kg	5,972 kg
	Responsibly sourced cotton	1,498 kg (36%)	2,050 kg (37%)	1,146 kg (19%)
Down	Total	91 kg	109 kg	293 kg
	Responsible Down Standard	91 kg (100%)	109 kg (100%)	293 kg (100%)
Animal-derived materials	Total	245 kg	216 kg	393 kg
	Responsible/traceable	91 kg (37%)	109 kg (50%)	293 kg (75%)
Regenerated cellulosics	Total	748 kg	1,185 kg	1,550 kg
	Assessed as sourced responsibly	748 kg (100%)	1,185 kg (100%)	1,550 kg (100%) <sup>78</sup>
Natural rubber	Total	796 kg	671 kg	429 kg
	Forest Stewardship Council (FSC)-certified	65 kg (8%)	498 kg (74%)	429 kg (100%)

<sup>78</sup> In 2023, we are utilizing a third-party system, Textile Genesis, as an additional verification step to continuously monitor and certify our regenerated cellulosics data.

**NYLON**

**Launch alternative nylon solutions by 2025.**

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

**% RENEWABLE OR RECYCLED CONTENT NYLON**

Baseline year	Baseline	2022 results	Goal	Goal year
2020	2%	8%	100%	2030

Nylon makes up a large portion of our materials and is essential in providing lululemon products with their characteristically unique performance, feel, and quality. We use nylon 6 and nylon 6,6 yarns in our products. Finding alternative solutions for both types of nylon yarn is critical to achieving our goal to transition from virgin nylon fibre to 100 percent renewable, recycled, or newly innovated fibres. This will reduce our dependence on fossil fuels without compromising feel and performance.

Our initial approach is to help bring plant-based nylon to scale. We have a multi-year investment with [Geno](#), a leader in biotech innovation and materials, to incorporate renewably sourced materials into our product lines, including lower-impact, plant-based nylon. We are working closely with Geno to optimize the overall environmental benefits from plant-based nylon and work toward commercial scaling to help achieve our 2030 product goals.

In 2023, we launched a plant-based nylon 6, which focuses on a bio-based solution for caprolactam, the precursor to nylon 6. In 2023, we are also working toward solutions for nylon 6,6, which will focus on bio-based or recycled sources for adipic acid and hexamethylenediamine (HMD), the building blocks to nylon 6,6.

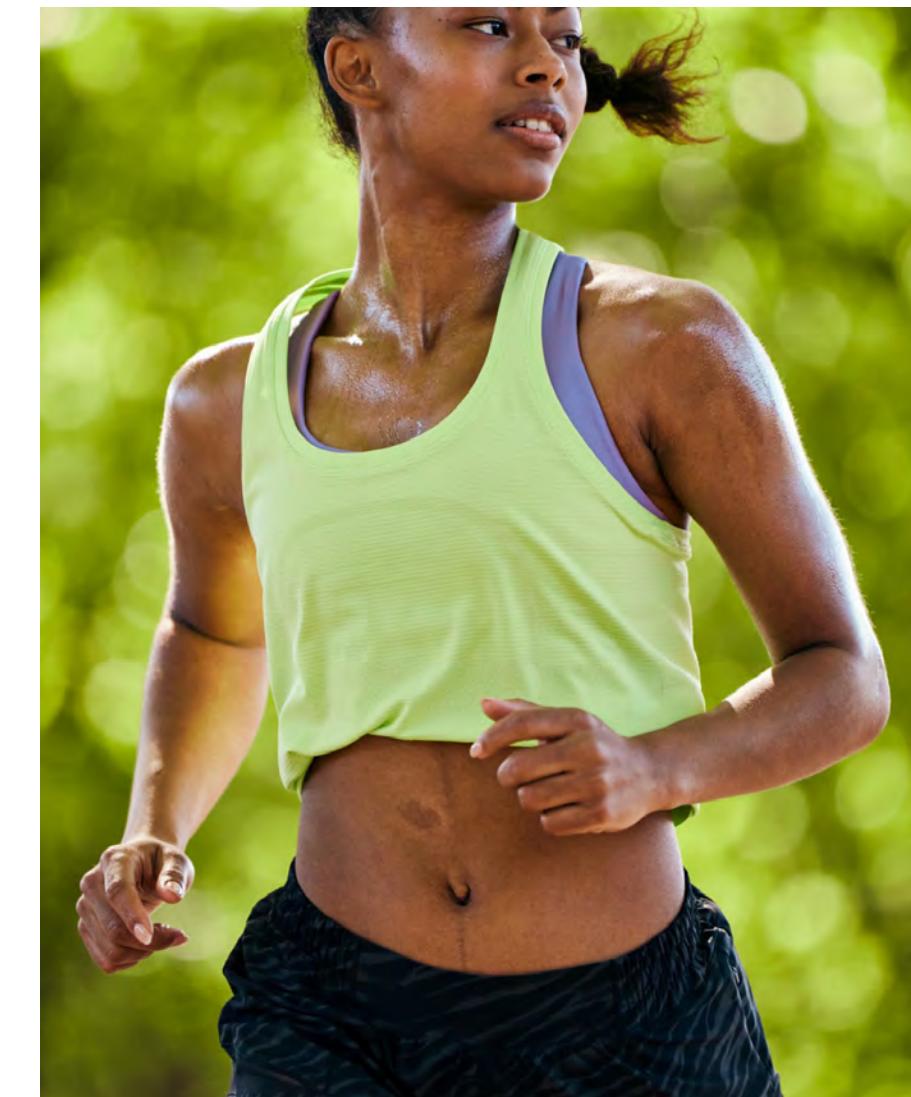
**Plant-based nylon**

In April 2023, we launched a pilot of our Swiftly and Metal Vent Tech Short Sleeve Shirts with plant-based nylon. With every new material launch, we continue to learn and adapt how we scale future sustainable innovations. See our [Spotlight Story](#) for more detail on this product launch.

**Recycled nylon**

We are also exploring the option of recycled nylon—generally made from post-industrial material waste. Currently, recycled alternatives that align with our product performance standards are only available in limited quantities. Our plan is to scale through both existing and emerging solutions such as textile-to-textile recycling. We are also exploring environmental impact reductions in other areas of the nylon value chain, including solution dye, bio-based finishes, and manufacturing improvements.

We are working closely with our Tier 3 nylon providers to understand available quantities of post-consumer recycled nylon to maximize adoption in our materials and products. Currently, recycled nylon is largely available in nylon 6, while many of our fabrics utilize nylon 6,6. Accessories and outerwear have the highest adoption of recycled nylon, and we will continue to explore opportunities to increase adoption.



## One step closer

We're always focused on innovation. Our latest success: a pilot to bring nylon from fermented plant sugars into our products. These products contain plant-based nylon, as well as recycled polyester and elastane that contains 30 percent plant-based content.

Partnering with others is key to this work. We have a multi-year collaboration with Geno, a leader in biotech innovation and materials, to bring renewably sourced, bio-based materials into our product lines.

Achieving this milestone was possible due to the close collaboration between our Raw Materials Innovation team and Geno, as well as the cross-functional cooperation required to bring the material from concept to product and into stores.

This exciting initiative is just one example of our environmental goals in action, paving the way to making 100 percent of our products with preferred materials and end-of-life solutions by 2030. Plant-based nylon offers the same quality, look, and feel of nylon, but comes from a renewable source.

We believe sustainable innovation will play a key role in the future of retail and apparel, and plant-based nylon represents a piece of what's to come as we unlock the possibilities of preferred materials derived from plant or waste-based feedstocks. Another challenge will be scaling these solutions; it takes time to embed infrastructure, technology, and capabilities.

Stay tuned for our next collection featuring plant-based nylon, coming soon.



Swiftly Tech Short-Sleeve Shirt 2.0 Race Length made with plant-based nylon, launched Earth Day 2023.



**POLYESTER**

Source at least 75 percent recycled polyester by 2025.

**% RECYCLED POLYESTER**

Baseline year	Baseline	2022 results	Goal	Goal year
2020	36%	55%	75%	2025

In 2022, 55 percent of our total procured polyester was made from recycled polyester (mostly made from post-consumer recycled polyester from plastic bottles). This is a 13 percentage point increase over 2021. We are also participating in the [2025 Recycled Polyester Challenge](#), a joint initiative between Textile Exchange and the United Nations Fashion Industry Charter for Climate Action, supporting the industry's ambition to increase the global recycled polyester uptake from 14 percent to 45 percent by 2025.

However, relying on plastic bottles for a recycled polyester supply is a temporary measure and not a long-term solution. We are also looking at alternative feedstock sources such as post-consumer textiles. See the [Circularity section](#) for more information on our innovations in textile-to-textile recycling.

**Recycled polyester**

Increasing the adoption of recycled polyester is a key priority for our cross-functional teams. We have converted our high-volume materials to recycled polyester and are working to update remaining styles to utilize these materials. In 2023, we are focusing on converting materials used in small amounts (e.g., liners, pocketing) to recycled polyester.

We also use elastomultiester fibre, a bi-component yarn often made with a high percentage of recycled polyester and/or plant-based polyester. We are working with our suppliers to identify the exact fibre breakdown within these materials to ensure we are maximizing the recycled content within the yarns. Updating our material portfolio to more sustainable options requires close cross-functional collaboration and communication to ensure we achieve our goals and streamline the process for upcoming sustainable innovations.

**COTTON**

Source 100 percent of cotton from responsible sources by 2025.

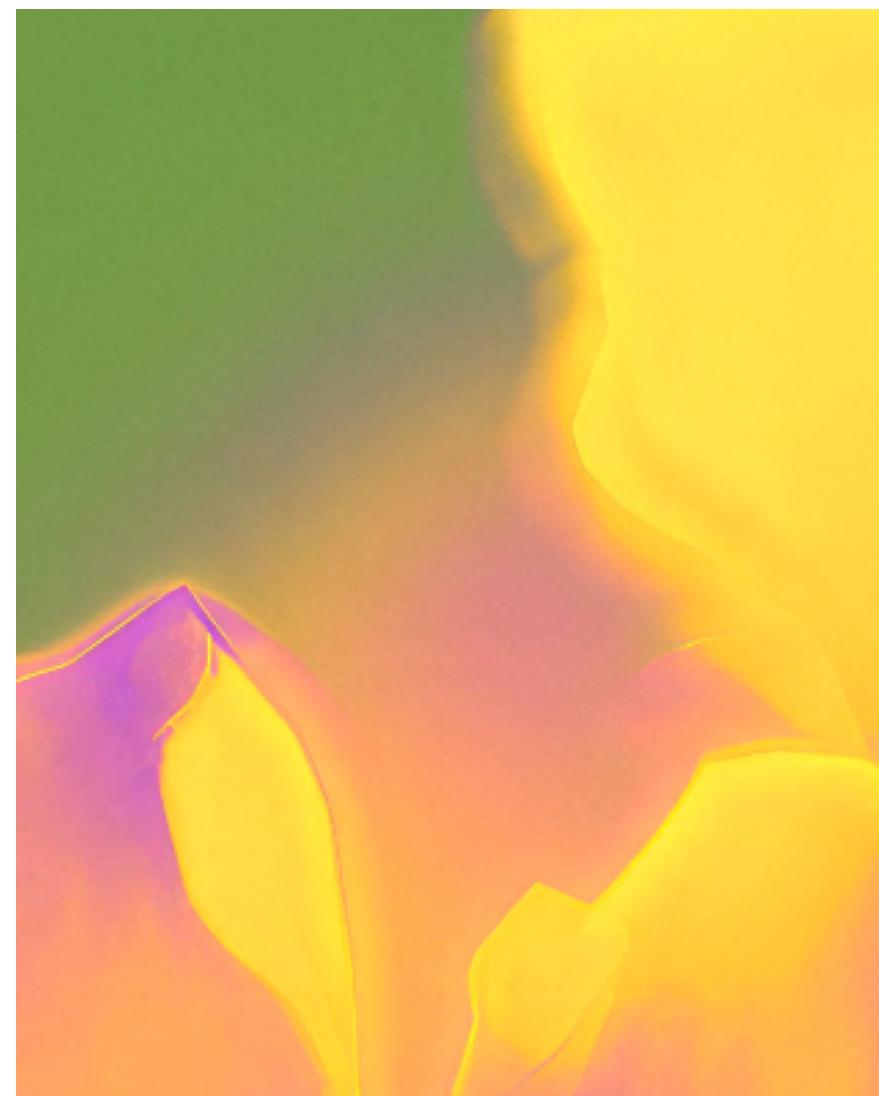
**% RESPONSIBLY SOURCED COTTON**

Baseline year	Baseline	2022 results	Goal	Goal year
2020	36%	19%	100%	2025

While we are advancing our traceability investments and our path to responsible cotton certification, we saw a temporary decline in the percentage of responsibly sourced cotton from 2021 to 2022. This was because we shifted production in our supply chain to include suppliers in the process of fully enrolling in our approved responsible cotton sourcing initiatives. Despite this temporary reduction, our programs remain in place and are growing through 2023 to achieve our 100 percent commitment.

Our approach is to continue to source cotton fibre from Australia, South America, and the United States. We are working to adopt more responsibly grown cotton platforms in our portfolio, including traceable cotton initiatives, as well as organic and regenerative cotton chain of custody models to make meaningful and rapid progress as we approach our 2025 goal.

Our strategy aligns with our continued commitment to precision farming programs, which measure and analyze field-specific soil conditions, nutrients, and water availability. We are also planning organic and regenerative organic agriculture sourcing projects in our existing supply chains. These techniques help capture more environmental impact data from our cotton supply chain, and support farmers in transitioning to more regenerative farming techniques. Adopting these practices can not only minimize environmental impact, but ultimately help restore local environments. In addition, these techniques ensure greater visibility into social and animal welfare as a direct or indirect result of cotton farming and often use practices developed by Indigenous communities.



**ANIMAL-DERIVED MATERIALS**

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

**% TRACEABLE OR CERTIFIED ANIMAL-DERIVED MATERIALS**

Baseline year	Baseline	2022 results	Goal	Goal year
2020	37%	75%	100%	2025

Only a small amount of our overall material portfolio (one percent by weight) utilizes animal-derived fibres, including down, wool, cashmere, and silk. In 2022, 75 percent of our animal-derived materials were traced or certified as responsibly sourced, and all our down is independently RDS-certified. We are at the initial stages of sourcing more sustainable, third-party certified wool and cashmere, and will continue with the assessment of responsible sources for our silk.

**FOREST-BASED MATERIALS**

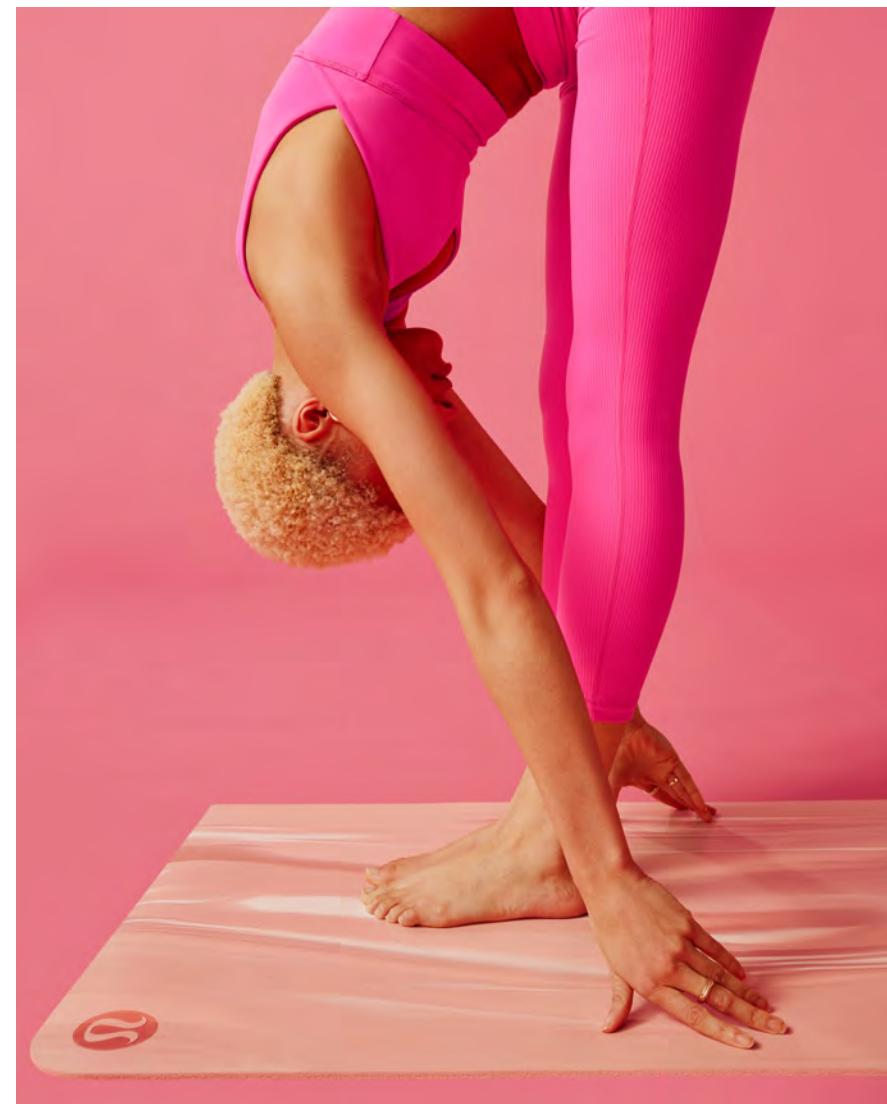
Certify or assess by a third party 100 percent of our forest-based materials are sourced responsibly by 2023.

**% CERTIFIED OR THIRD-PARTY ASSESSED FOREST-BASED MATERIALS**

Baseline year	Baseline	2022 results	Goal	Goal year
2020	52%	100% <sup>79</sup>	100%	2023

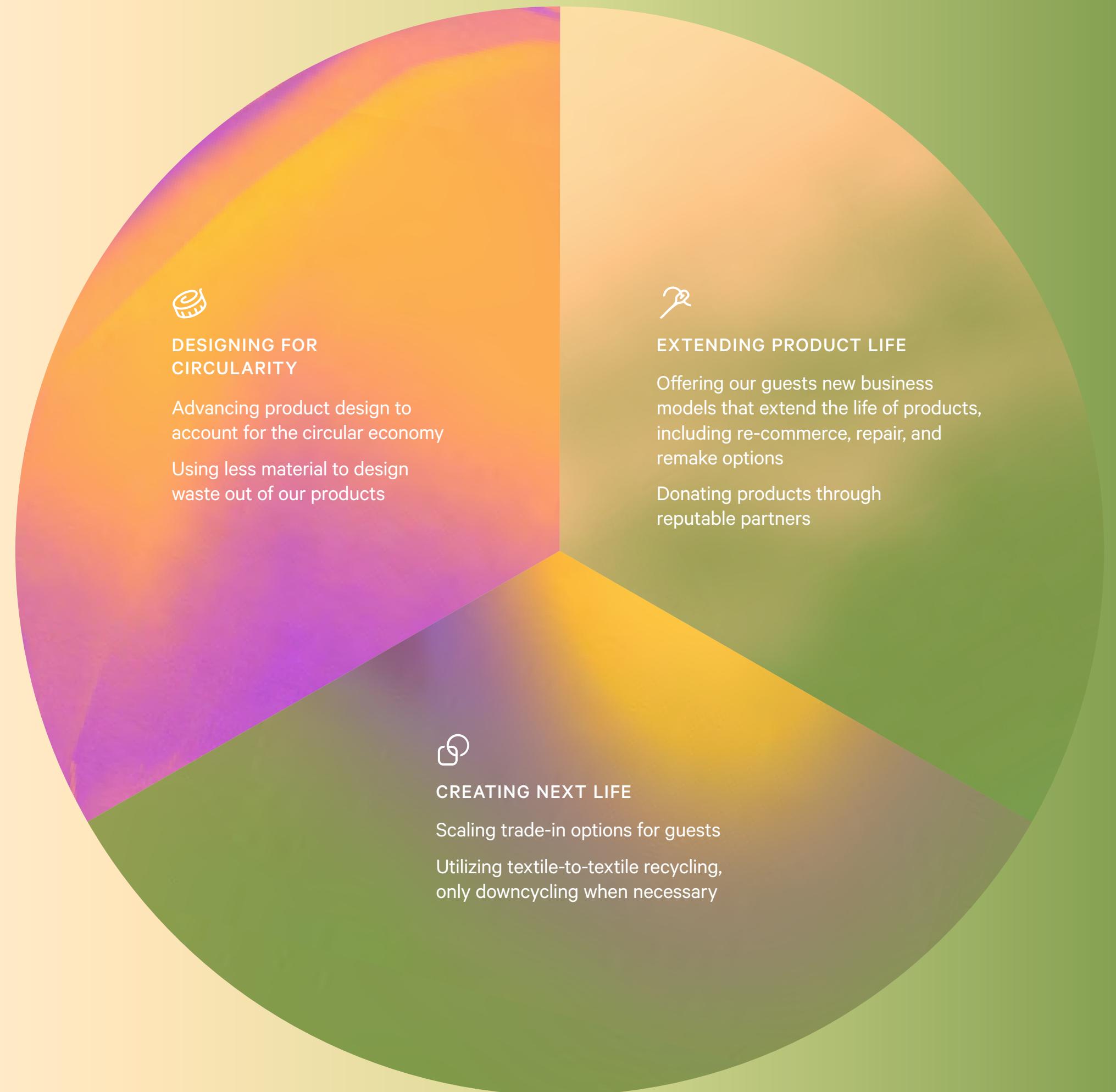
We use regenerated cellulosic materials—such as rayon, viscose, lyocell, and modal—as well as natural rubber in some of our products. Since 2018, almost 100 percent of our regenerated cellulosic fibres have been sourced responsibly. We use CanopyStyle Audits to verify producers are at low risk of sourcing from ancient or endangered forests, or controversial sources. We also launched products using REFIBRA™, a next-generation solution from [Lenzing](#) that is made with up to 30 percent recycled cellulose from waste cotton instead of virgin wood feedstock.

In 2022, all our core yoga mats contained Forest Stewardship Council® (FSC®)-certified natural rubber, representing 100 percent of the natural rubber we procured this year (FSC® N002716). We continue innovating materials in our yoga mats and have introduced recycled PVB (polyvinyl butyral), a material made by recycling a layer of resin from discarded safety glass such as windshields. As an animal-based leather-free company, we continue to explore alternative leather materials.



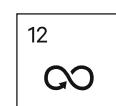
# Circularity and new guest models

## Our Strategic Focus Areas



### WHY IT MATTERS

Every second, the equivalent of a rubbish truck load of clothes is burnt or buried in landfill.<sup>80</sup> By transforming to a more circular economy, we can collectively reduce waste and achieve global climate targets. Circular economy also sparks creativity and innovation, evolving product design and offering opportunities to engage with our guests in new and meaningful ways.



<sup>12</sup> Responsible consumption and production

### OUR GOAL

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

### % OF STORES IN NORTH AMERICA OFFERING LIKE NEW



## WHAT WE'RE DOING

### Designing for circularity

We design our products to be functional, with long-lasting quality. When designing products, we address multiple key decision points that impact carbon footprint and lifecycle, including material choice, manufacturing processes, intended product use, and ultimately disposal. Incorporating principles of circular design into our products is a critical step to extending their useful life, enabling end-of-life solutions toward more circular ecosystems, reducing waste, and building long-lasting value.

Our product education and engagement framework covers lifecycle impacts and innovation techniques to reduce our product footprint. In 2022, we expanded these resources to include a product sustainability e-learning module. We also initiated partnerships to upskill our product and supply chain teams in circular design thinking.

### Extending product life

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

Our Like New resale program represents a key opportunity to extend product life. Through Like New, we offer guests the opportunity to trade in gently used gear. We then sell these products—which are verified, quality-checked, and cleaned—through our online resale shop. By purchasing lululemon Like New over brand new, guests are doing their part to reduce carbon emissions, waste, and water use. We reinvest 100 percent of Like New profits into sustainability initiatives. In 2022, 100 percent of Like New profits went to the Apparel Impact Institute's Fashion Climate Fund to accelerate projects to reduce carbon emissions by 2030. This is continuing into 2023.<sup>81</sup>

On Earth Day 2022, we announced the expansion of lululemon Like New across the United States. In addition, we are exploring ways to create resale models that work for different regions. We are also actively researching programs to extend the life of products, including evaluating the expansion of repair options for our guests.

### Creating next life

We resell, donate, or recycle over 90 percent of our damaged and excess products (e.g., returns, in-store damages, quality issues). Where possible, we sell any lightly used products through lululemon Like New or staff sales. We partner with Good360, which distributes our product to a network of diverse non-profits, supporting people in need. We also donate masks through Medshare.

Debrand sorts, grades, and prepares our products for recycling. Through the company's vetted and trusted network of reuse and recycling partners, Debrand recycles our damaged and excess products into next-life solutions such as insulation and stuffing for mattresses, furniture, cars, and sporting equipment. Damaged yoga mats are recycled into an equestrian footing product through Debrand's sister company, ReitenRight. Damaged and excess footwear are recycled into stable comfort pillows, blow-in insulation, and research and development. If products absolutely cannot be recycled or reused, they are processed in a waste-to-energy facility.

One of our biggest challenges is finding recyclers that can convert finished products back into yarn. Technical solutions for textile recycling beyond polyester and cotton are limited. We are collaborating with Debrand to pilot textile-to-textile recycling technologies with their vetted partners (see Circularity trials) and broader recycling infrastructure solutions. This will enable us to learn more about how our design decisions can make it easier for products to be recycled.

### Textile-to-textile recycling

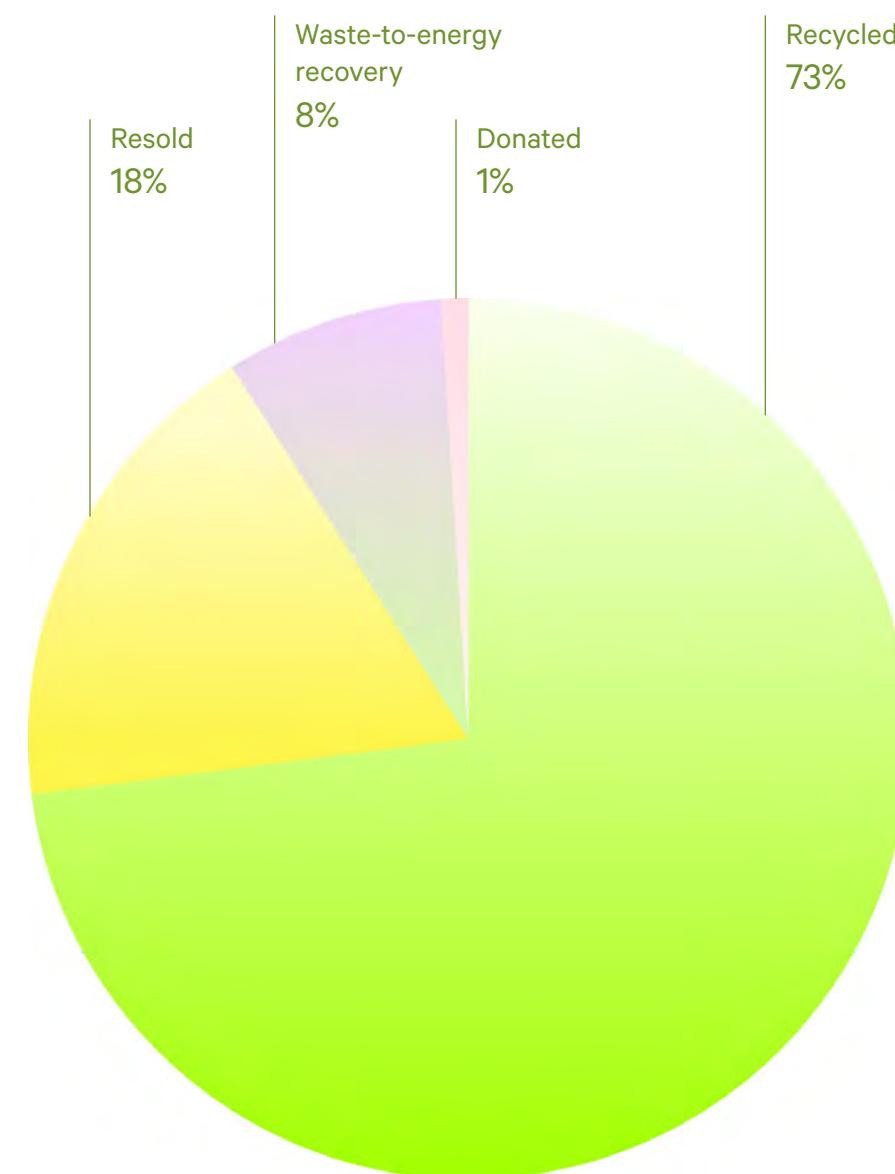
In May 2023, we announced a multi-year collaboration with Australian enviro-tech startup, Samsara Eco. Through this partnership, we're working towards recycling our apparel back into new products, bringing us one step closer to our end-to-end vision of circularity.

Samsara Eco is a leader in infinite plastic recycling, and their patented enzymatic process can recycle high-performance nylon and polyester blends that are core to lululemon products and the performance apparel industry. This collaboration represents our first-ever minority investment in a recycling company, and Samsara Eco's largest partnership within the apparel industry. Beginning in 2023, we're focusing on creating and testing fabrics for both nylon and polyester to inform future scaling and product plans.

### Circularity trials

We envision a future in which apparel at the end of its life is collected, sorted, prepared, and recycled into new products. The infrastructure around collecting, sorting, and recycling is still in its infancy. We continue to identify potential technologies and determine how we can help catalyze this ecosystem. We have work with Debrand to run circularity trials, to test which of our products can go to textile-to-textile recycling. Findings from initial trials concluded that most recycling technology can only accommodate products that contain at least 80 percent of one fibre type. Most of our materials are blends, and have certain dyes and metal components—such as zippers—that cannot be recycled. These key takeaways will be fed back into our circular design training and shared with our product team.

### DAMAGED AND EXCESS PRODUCTS IN 2022<sup>82</sup>



<sup>81</sup> 100% of profits or 2% of revenue, whichever is higher. Funds will support innovations to advance circular and low-carbon products, services, and supply chain solutions.

<sup>82</sup> Damaged and excess products in 2022 are inclusive of returns, in-store damages, quality issues, it does not include products returned through Like New that were not in good enough condition to be resold and had to be recycled.

## The *more* you know

As lululemon moves toward becoming a net-zero company, we recognize knowledge leads to action. That's why, in 2022, we launched the Sustainable Design Collective, a cross-functional group of designers helping to build the future of more sustainable performance apparel.

The collective, which meets once a month, aims to improve the sustainability of products that have the biggest environmental impact. They carefully examine each product category and identify products that require the biggest changes to support lululemon's sustainability goals. The first target: less resource-intensive ways to achieve our iconic colours.

To further our collective knowledge, in 2023 we will launch an internal Be Planet network, which will connect people from various teams, such as raw materials, finished goods sourcing, and colour, as well as global and regional merchandising. Through the network, we will expand our knowledge and expertise to accelerate our sustainability goals.

We are also extending sustainable design across all aspects of our business. To ensure everyone can learn about how sustainable design methods can be applied to their work, we launched an e-learning program for all employees. In 2023, all product team members will complete this sustainability module.



# Water and *chemistry*

## WHY IT MATTERS

By 2025, 1.8 billion people are expected to be living in countries or regions with absolute water scarcity, and two-thirds of the world population could be under water stress conditions.<sup>83</sup> The textile industry compounds this problem by using large amounts of freshwater throughout the production and manufacturing process. With rising temperatures and unequal access to freshwater sources, it is imperative we protect and steward this precious resource.

There is also a growing body of research that shows microplastics in water discharge are making their way into our lakes, rivers, and oceans. When it comes to chemistry, it is important to continually find better chemicals that mitigate harm to people and the planet. By reducing freshwater use, protecting water discharge from hazardous chemicals, and improving chemicals management, we can work towards our vision of minimizing harm and restoring a healthier planet.

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<sup>12</sup> Responsible consumption and production

## OUR GOALS

- Water: Reduce freshwater use intensity<sup>84</sup> with our priority wet process suppliers by at least 20% by 2025. [In progress]
- Chemistry: Implement ZDHC MRSL at 100% of priority suppliers by 2022. [Goal met]

## % REDUCTION OF FRESHWATER USE INTENSITY

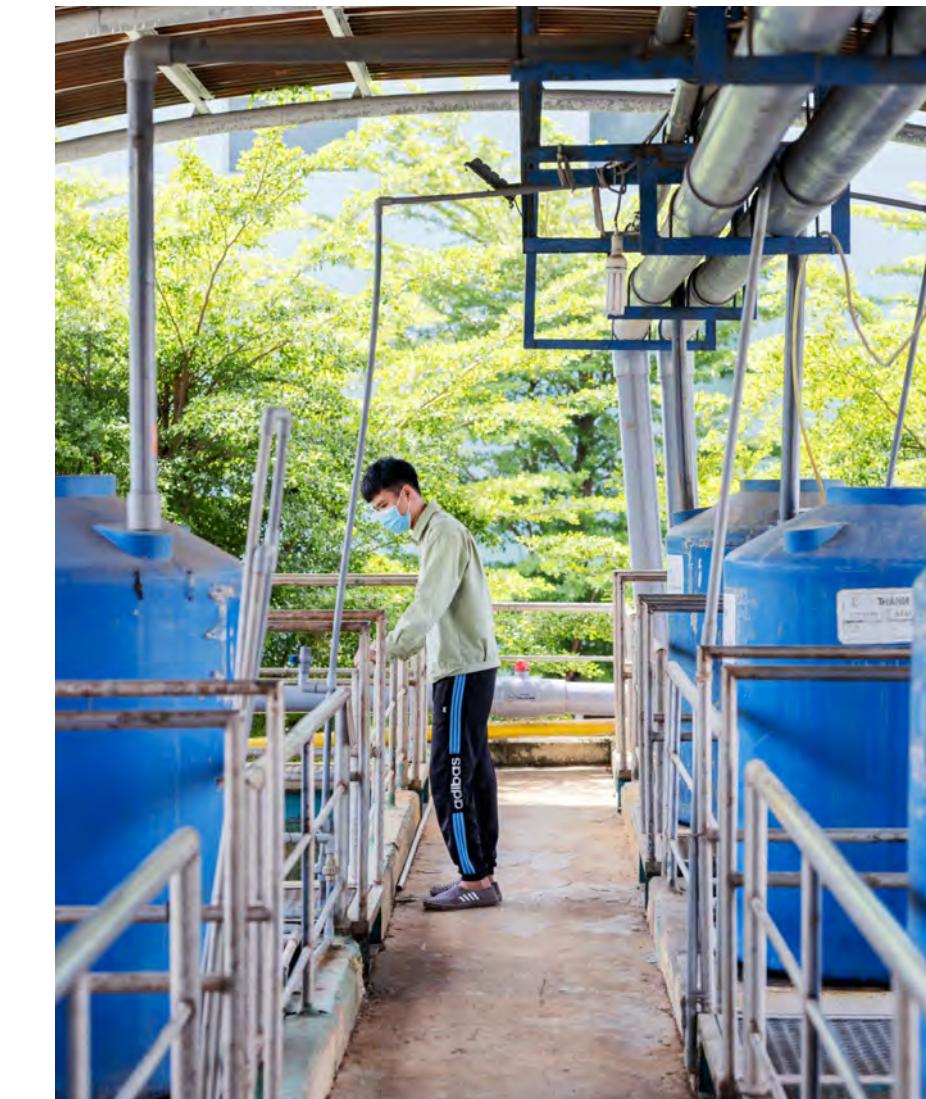


## WHAT WE'RE DOING

### Water

In 2022, we worked with priority Tier 1 and Tier 2 suppliers to reduce their water use intensity. These suppliers were identified based on the World Resources Institute (WRI) Aqueduct Water Risk Atlas, total annual water consumption, and strategic importance to our business. While finished goods manufacturing is typically less water intensive, we have included some of these facilities because of their locations in high water-risk areas and, in many cases, the use of washing processes in the finishing of garments. We explore different reduction opportunities based on production volume, current and future water risk, and reduction potential.

We continued working with the Apparel Impact Institute (Aii) to implement the new water component of the Carbon Leadership Program. This program component focuses on three opportunities for freshwater reduction at supplier facilities: water efficiency and process optimization, technology upgrades, and increased water recycling capabilities. In 2022, 10 of our supplier facilities enrolled in the water program and identified their freshwater reduction roadmap based on our 2021 baseline. Going forward, supplier facilities will be tracked biannually on their water reduction targets.



Water treatment at Eclat facility in Vietnam.

## FRESH WATER USE AT PRIORITY WET PROCESS SUPPLIERS

Disclosure	Unit	2021 <sup>85</sup> (baseline)	2022
Number of priority supplier facilities	#	31	31
Total liters of freshwater used at priority suppliers	liter	31.8 billion	29.2 billion
Total kg of fabric produced	kg materials	237 million	230 million
Freshwater use intensity (l/kg) at all facilities	l/kg	134	127 (-5%)

<sup>83</sup> UN-Water

<sup>84</sup> Total liters of freshwater used per kg of raw material by volume. Freshwater refers to naturally occurring water that is with low concentration of dissolved salts. This could include rain water collected from reservoir or by factory, river water and ground water or municipal water which is clean to use.

<sup>85</sup> In 2022, we discovered errors in factory-provided data that required us to revise our baseline. This number reflects the corrected update.

## Chemicals management and better chemistry

In 2022, we rolled out an updated Vendor Environmental Manual to our Tier 1, Tier 2, and subcontractor suppliers and shared our chemical management requirements. These include:

- Sourcing chemicals that conform to the ZDHC Manufacturing Restricted Substances List (MRSList).
- Establishing a chemical inventory and share the percentage of chemicals that meet the ZDHC MRSList through a ZDHC InCheck report.
- Twice per year, performing wastewater and sludge testing according to the ZDHC Wastewater Guidelines and sharing test results with lululemon through a ZDHC ClearStream report.

lululemon has been Friends of ZDHC since 2021. In 2022, we expanded our program from 23 priority suppliers who implemented the ZDHC MRSList to 107 suppliers. We also connected with 143 supplier facilities on the ZDHC Gateway and reviewed their InCheck and ClearStream reports. In July 2023, we became a ZDHC Signatory Brand.

In 2023, we will continue to expand our program and work with suppliers to improve their ZDHC MRSList and wastewater conformance, as well as their Higg FEM chemical management scores. To support them, we will provide additional training opportunities and tools. For facilities that use chemicals in production, we will roll out training courses on HIGG FEM, with a deep dive in chemical management. Finally, we will continue to drive progress on better chemistry goals within the industry.

## Microfibres

Microfibres—tiny fibres released from natural and synthetic clothing during manufacturing and consumer use—are a growing concern. The science behind the major factors leading to microfibre release and the potential environmental impacts of microfibers is currently not fully understood. We are working to better understand this issue and collaborating with our industry peers and industry associations. In 2018, lululemon participated in a cross-industry committee to develop a globally recognized AATCC (American Association of Textile Chemists and Colorists) testing methodology, which created a harmonized approach to quantifying the amount of microfibres released from materials and better understanding fibre loss in laundry.

Since 2019, we have been a signatory of The Microfibre Consortium (TMC) to collaborate and develop practical solutions to address microfibre release. TMC is an industry association leading the textile industry in reducing microfibre release to protect our environment. TMC's commitment is to work toward zero impact—from fibre fragmentation of textiles to the natural environment—by 2030. We have tested over 80 lululemon fabrics as a part of an internal study to understand microfibre release and shared our results on the TMC Data Portal. This Portal brings together testing results of all its signatories to study the underlying technical details and run a deep analysis of different yarns and materials. In January 2023, we joined the TMC Manufacturing task force to establish a common requirement for manufacturing facility testing of microfibre release in the wastewater.

We have also rolled out ZDHC Wastewater guidelines across our supply chain. ZDHC Wastewater guidelines address total suspended solids, including microfibres. As a part of the ZHDC Wastewater guidelines, biannual wastewater testing is required in our Vendor Environmental Manual.



Water treatment at Eclat facility in Vietnam.

# Packaging and waste

## WHY IT MATTERS

Waste continues to be a globally pressing problem. Global waste generation grows annually, with expectations that it could reach 3.4 billion tonnes by 2050.<sup>86</sup> Every stage of the garment industry's production cycle creates waste—from manufacturing, logistics, and packaging, to the product itself at end of use. Reducing packaging and waste is interconnected with everything we do: the more packaging and waste we eliminate, the more we improve other areas of our Impact Agenda, including operational efficiency and carbon savings.

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<sup>12</sup> Responsible consumption and production

## OUR GOAL

- Reduce single-use plastic packaging by at least 50% per unit by 2025. [In progress]

## WHAT WE'RE DOING

### Packaging

Packaging serves many purposes. It must ensure damage-free delivery. It must communicate product features. And it must do these with minimal environmental impact—from production-related emissions to end-of-life waste. Our aim is to advance packaging circularity and find responsible end-of-life solutions for materials. We are guided by our Sustainable Packaging Principles, which support improved design and sourcing decisions.

To reduce packaging waste, we are targeting more mindful packaging choices, envisioning packaging that generates zero carbon emissions and never becomes waste. By focusing first on minimal design, we reduce material consumption from the start. We also prioritize sourcing preferred materials with smaller environmental footprints. lululemon is a member of the Sustainable Packaging Coalition (SPC), a membership-based collaborative that brings stakeholders together to make improvements to packaging sustainability.

### Transformation of packaging materials

In 2022, we reviewed our entire packaging suite and developed a detailed roadmap to reduce single-use plastic packaging by 50 percent per unit by 2025. Key actions to reach this goal include converting to paper mailers, optimizing polybag use, and reducing transport packaging.

A few highlights from 2022:

- **Polybags:** Our product polybag volume optimization initiative was executed globally.
- **E-commerce mailers:** After a successful pilot of our paper mailers in Europe, we had a full European launch in early 2023.
- **Shoppers:** Driven by our Sustainable Packaging Principles, we worked closely with lifecycle assessment (LCA) experts to undertake a detailed LCA to better measure the impacts of our shoppers (reuseable shopping bags).

### Zero waste distribution centres

We define zero waste as consistently reusing, recycling, or composting over 90 percent of waste materials each year.

In 2022, our North American distribution centre (DC) teams began the external verification process to achieve zero waste certification. As part of the pre-verification process, we undertook detailed waste audits at all our facilities. Of our five North American owned DCs, three reported a diversion rate of over 90 percent, averaging 94 percent between all sites. Our two DCs in Ontario, Canada, made improvements to their waste diversion rates and hit 83 percent and 85 percent, up approximately 5 percent from 2021.

### Store recycling

In Australia and New Zealand, we scaled our store recycling guidelines and were able to maintain a 95 percent waste diversion rate in 2022, saving 188 tonnes of waste from landfill. As part of our annual reporting to the Australian Packaging Covenant Organization (APCO), we use a third-party auditor to engage all our retail stores in yearly waste audits through both on-site visits and questionnaires.

## SINGLE-USE PLASTIC PACKAGING PERFORMANCE<sup>87</sup>

Packaging type	Unit ('000s)	2021 (baseline)	2022
Product packaging	kg	28	54
E-commerce mailers	kg	806	548
Transport packaging	kg	1,468	1,523
Packaging procured (total)	kg	2,302	2,125
Total units procured (products)	units	142,040	145,261
Intensity (weight/units)	kg/units	0.016	0.014 (-11%)

## % INTENSITY REDUCTION OF SINGLE-USE PLASTIC PACKAGING



<sup>86</sup> World Bank

<sup>87</sup> Data is self-reported by our suppliers. Our packaging baseline excludes our shoppers.

# Impact Supplement

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# Partnering for *impact*

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

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

Pillar	Partner organization	
<b>Be Human</b> By partnering with others, we contribute to systemic changes in diversity and inclusion, as well as the wellbeing of people who make our products.	<b>Creatives Want Change (CWC)</b>  <b>Fair Labor Association (FLA)</b>  <b>Inclusive Design Research Centre (IDRC)</b>  <b>Responsible Labor Initiative (RLI)</b>	CWC is dedicated to the cultivation of Black creative talent beginning at the high school level and continuing into early professional development.  FLA is an international network promoting human rights at work. In 2020, we joined 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.  Based out of Toronto's OCAD University, the IDRC creates and promotes inclusive design and development practices. We partnered with IDRC to create a 12-week inclusive design program for our employees.  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.
<b>Be Well</b> Since 2016, we have partnered with over 750 organizations to disrupt inequity in wellbeing through movement, mindfulness, and advocacy.	<b>CARE</b>  <b>Minus18</b>  <b>National Alliance on Mental Illness (NAMI)</b>  <b>The Circle on Philanthropy (The Circle)</b>  <b>The Girls Opportunity Alliance</b>  <b>The Resilience Fund for Women in Global Value Chains</b>	CARE is a global leader within a worldwide movement dedicated to saving lives, defeating poverty, and achieving social justice.  For nearly 25 years, Minus18 has been Australia's charity improving the lives of LGBTQIA+ youth via life-affirming events, digital resources, and education for the whole community.  NAMI is the United States' largest grassroots mental health organization dedicated to building better lives for the millions of Americans affected by mental illness. In 2021, we established a multi-year partnership with NAMI to support their work to designate 988 as a US nationwide 3-digit number for mental health crisis and suicide prevention services, and reimagine the nation's response to people in crisis.  In 2021, we became a member of The Circle, which is an Indigenous-led organization working to mobilize settler philanthropic dollars to Indigenous-led projects, movements, organizations, and nations.  An Obama Foundation program that aims to empower adolescent girls globally through education and wellbeing.  We are a member of The Resilience Fund for Women in Global Value Chains, a first-of-its-kind pooled funding initiative for companies, corporate foundations, and private foundations to invest in the long-term health, wellbeing, and economic resilience of women who form the backbone of global supply chains.

Pillar	Partner organization	
<b>Be Well</b>	<b>The Trevor Project</b>	The leading suicide prevention and crisis intervention organization for lesbian, gay, bisexual, transgender, queer, and questioning young people.
	<b>Women Win</b>	Women Win is a global multi-dimensional fund investing in and supporting feminist movements, as well as creating impactful partnerships to advance girls' and women's economic empowerment through holistic approaches.
<b>Be Planet</b> Achieving a shared aspiration of a sustainable apparel industry and accelerating product innovation requires collaboration with innovators and partners.	<b>Apparel Impact Institute (Aii)</b>	The Aii launched the Fashion Climate Fund, a US \$250 million fund with key brand partners including lululemon, aiming at unlocking collaborative supply chain solutions and reducing greenhouse gas (GHG) emissions.
	<b>CanopyStyle Initiative</b>	Protecting ancient and endangered forests is at the heart of the work of Canopy, a solutions-driven environmental non-profit that works with companies to transform unsustainable supply chains, catalyze innovative solutions, advance community rights, and keep forests standing.
	<b>Carbon Leadership Project</b>	In 2020, lululemon became a founding member of the Carbon Leadership Project with Aii and RESET Carbon. This project brings together action-oriented brands to implement supply chain carbon targets and develop collaborative approaches that can be replicated industry-wide.
	<b>The Climate Group's RE100</b>	RE100 is the global corporate renewable energy initiative bringing together hundreds of large and ambitious businesses committed to 100 percent renewable electricity.
	<b>The Microfibre Consortium (TMC)</b>	TMC facilitates practical solutions to help the textile industry minimize fibre fragmentation and release into the environment from manufacturing and the product lifecycle.
	<b>Sustainable Apparel Coalition (SAC)</b>	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.
	<b>Textile Exchange</b>	Textile Exchange is a global non-profit driving positive impact on climate change across the fashion and textile industry. It guides a growing community of brands, manufacturers, and farmers toward more purposeful production from the very start of the supply chain.

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

# Stakeholder engagement

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

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

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

# Material topics

Every year, we assess our material topics to revisit Impact Agenda goals, strategies, and initiatives as needed based on our findings. Materiality assessments help us evolve our strategy, reporting, and action as a company. Our process is as follows:

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

In addition to the 16 material topics listed in this table, the following emerging topics were identified for lululemon: nature and biodiversity, and just and equitable transition to a low-carbon future. In 2022, we did an analysis of industry best practices and a current state map of where we are currently addressing nature and biodiversity. In 2023, we are conducting a gap assessment of our practices. As our business grows and our work progresses, we are also evolving our definition of wellbeing to explicitly integrate our dependence on a healthy planet and the transformative power of thriving environments. We are continuously assessing and integrating these topics into our Impact Agenda strategy, as appropriate.

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

# Climate data

## TIMEFRAME

All emissions data provided is for the calendar year ending December 31, 2022.

## OVERVIEW

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

- The Greenhouse Gas Protocol
- 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 77 to 79.

## ORGANIZATIONAL BOUNDARY

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

## GHG EMISSIONS BASELINE

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

In 2022, we adjusted our baseline for Scope 3 emissions. This was primarily due to improvements in data availability and quality that we were able to implement and back cast, particularly around Category 1: Purchased Goods and Services. We also made some methodology updates to reflect best practices in our industry.

## UNCERTAINTY

GHG emissions quantification is subject to some inherent measurement uncertainty. For example, GHG emission 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 in all circumstances. Environmental and energy use data used in GHG emissions calculations are subject to inherent limitations, given the nature and the methods used for measuring such data. The selection by management of different but acceptable measurement techniques could result in material differences in reporting.

## SUMMARY OF SCOPE 1, 2, AND 3 GHG EMISSIONS (tCO<sub>2</sub>e)

### Total Scope 1:

2020: 2,875  
2021: 3,092  
2022: 3,910

### Total Scope 2:

2020: 10,052  
2021: 111  
2022: 27

### Total Scope 3:

2020: 748,273  
2021: 1,011,343  
2022: 1,233,964

Scope 1, 2, and select Scope 3<sup>88</sup> (franchises and third-party distribution centres)  
fuel and electricity consumption by region<sup>89</sup>

**SCOPE 1 AND 2 FUEL AND ELECTRICITY CONSUMPTION (MWH)**

Disclosure	Natural gas	Propane	Electricity	Chilled water/cooling	Total	Renewable electricity
Region	Scope 1 <sup>90</sup>	Scope 1 <sup>90</sup>	Scope 2	Scope 2	Scope 1 & 2	Scope 2
US	6,109	62	40,508	0	46,680	40,508
Canada	9,847	0	17,968	0	27,815	17,968
Australia/New Zealand	1	0	2,178	0	2,178	2,178
UK (incl. Ireland)	237	0	1,626	28	1,891	1,626
Europe	0	0	991	0	991	991
Asia	58	0	11,861	226	12,145	11,861
<b>Total</b>	<b>16,252</b>	<b>62</b>	<b>75,132</b>	<b>254</b>	<b>91,700</b>	<b>75,132</b>

**SCOPE 3 FUEL AND ELECTRICITY CONSUMPTION (MWH)**

Disclosure	Natural gas	Propane	Electricity	Chilled water	Total	Renewable electricity
Region	Scope 3 <sup>90</sup>	Scope 3 <sup>90</sup>	Scope 3	Scope 3	Scope 3	Scope 3
US	0	0	2,241	0	2,241	2,241
Canada	0	0	77	0	77	77
Europe	0	0	450	0	450	450
Asia	0	0	1,442	0	1,442	1,442
Latin America	0	0	468	0	468	468
Middle East	0	0	714	0	714	714
<b>Total</b>	<b>0</b>	<b>0</b>	<b>5,393</b>	<b>0</b>	<b>5,393</b>	<b>5,393</b>

<sup>88</sup> Most stores and DCs are owned and operated. However, we have a limited number of franchise stores and several third-party operated distribution centres. While energy use for these locations falls under Scope 3, we have reported them here as Scope 1 and 2 because we purchase renewable electricity for these locations, along with all of our owned and operated facilities.

<sup>89</sup> Acquired heat and steam consumption are considered to be immaterial energy sources for lululemon.

<sup>90</sup> Emission factor source: US EPA MRR - Mandatory Reporting of GHG; Final Rule (40 CFR 98) - Commercial Sector Applicable as of 11/29/2013.

SCOPE 1, 2, AND 3 (FRANCHISES) FUEL AND ELECTRICITY EMISSIONS (TONNES CO<sub>2</sub>E)

Disclosure	Scope 1	Scope 2	Scope 2	Scope 3	Scope 3
Region		(Location-based)	(Market-based)	(Location-based)	(Market-based)
US	1,123	15,103	0	991	0
Canada	1,841	1,023	0	2	0
Australia/New Zealand	0	1,256	0	0	0
UK (incl. Ireland)	43	326	1	0	0
Europe	0	200	0	136	0
Asia	11	6,989	26	904	0
Latin America	0	0	0	187	0
Middle East	0	0	0	386	0
<b>Total</b>	<b>3,018</b>	<b>24,896</b>	<b>27</b>	<b>2,607</b>	<b>0</b>

## GASES AND GLOBAL WARMING POTENTIAL (GWP) USED FOR SCOPE 1 AND 2 EMISSIONS

Greenhouse gas <sup>91</sup>	GWP	GWP reference
CO <sub>2</sub>	1	IPCC Fifth Assessment Report (AR5 - 100 year)
CH <sub>4</sub>	28	IPCC Fifth Assessment Report (AR5 - 100 year)
N <sub>2</sub> O	265	IPCC Fifth Assessment Report (AR5 - 100 year)

## GASES AND GLOBAL WARMING POTENTIAL USED FOR SCOPE 3 EMISSIONS

Greenhouse gas <sup>91</sup>	GWP	GWP reference
CO <sub>2</sub>	1	IPCC Fifth Assessment Report (AR5 - 100 year)
CH <sub>4</sub>	28	IPCC Fifth Assessment Report (AR5 - 100 year)
N <sub>2</sub> O	265	IPCC Fifth Assessment Report (AR5 - 100 year)
HFCs (R-410-a)	1,924	IPCC Fifth Assessment Report (AR5 - 100 year)

## Scope 3 GHG emissions by category and operational boundaries

### 2022 SCOPE 3 GHG EMISSIONS (TONNES CO<sub>2</sub>E)

Emissions source	2022 emissions	Included in our SBT <sup>92</sup>	Calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners
Category 1: Purchased goods and services	771,994	Yes <sup>93</sup>	<p>For supplier emissions, the percentage of emissions is calculated using the number of suppliers that reported on the Higg platform. Higg collects supplier activity energy data and calculates emissions for each supplier. We allocated emissions to lululemon by using total lululemon units compared to total facility units to calculate the amount of the facility that is dedicated to lululemon. Higg data is reviewed to determine if it is usable for our footprint. We extrapolate to 100% and estimate for subcontractors to ensure our footprint is not understated.</p> <p>For material emissions, lululemon uses its internal database of material quantities and a collection of custom-built and standard Higg MSI emissions factors to calculate impact. lululemon then extrapolates emissions to include liability fabric.</p> <p>lululemon collects packaging data (including shoppers) from suppliers and applies emissions factors to understand associated emissions.</p> <p>For all other purchased goods and services, spend data is collected from the lululemon financial team. The spend is categorized and mapped to a commodity type and an associated emission factor using the EPA US Environmentally-Extended Input-Output (USEEIO).</p> <p>Omissions from this category include trims material, hard good material, and self-care products. The omissions are a result of a lack of reliable data to adequately estimate emissions. GWP are IPCC Fifth Assessment Report (AR5 - 100 year).</p>	40%
Category 2: Capital goods	85,391	No	Capital goods categories examined include buildings, furniture and fixtures, equipment, computer hardware, and computer software. We use a spend-based method; therefore, we do not collect from suppliers or value chain partners. Spend data is collected from the lululemon financial team. The spend is categorized and mapped to a commodity type and an associated emission factor using the EPA USEEIO factors. GWP are IPCC Fifth Assessment Report (AR5 - 100 year).	0%
Category 3: Fuel and energy related (not Scope 1 or 2)	5,427	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 lifecycle analysis software for the US, and on UK Defra Guidelines for other countries. Emission factors for transmission and distribution losses are location-based and taken from the EPA's eGRID database for the US, and on IEA, BEIS, and AIB for other countries. GWP are IPCC Fifth Assessment Report (AR5 - 100 year).	0%

<sup>92</sup> Science-Based Target<sup>93</sup> Our SBT includes shoppers, Tier 1 factory energy usage, Tier 2 mill energy usage, and Tier 4 raw material resource extraction. It excludes other packaging, Tier 3 yarn formation, and other services in Category 1.

2022 SCOPE 3 GHG EMISSIONS (TONNES CO<sub>2</sub>E)

Emissions source	2022 emissions	Included in our SBT <sup>94</sup>	Calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners
Category 4: Upstream transportation and distribution	304,925	Yes <sup>95</sup>	Upstream logistics activity data is collected directly from our suppliers and in-house systems. This includes the distance travelled by mode and the weight of product shipped. Inbound logistics data is entered into a platform that uses origin, destination, mode, and route to calculate emissions. Outbound logistics emissions are provided by carriers or calculated using a tonne-kilometer approach based on mode of transportation and emissions factors from BEIS. GWP are IPCC Fifth Assessment Report (AR5 - 100 year).	99%
Category 5: Waste generated in operations	2,079	No	Actual waste weight data for recycling, landfill, compost, and incineration is reported from the distribution centres. The remaining is estimated by applying a waste per square foot (SF) intensity per store type from previous store data to the 2022 SF of each store. Emission factors used are from BEIS. GWP are IPCC Fifth Assessment Report (AR5 - 100 year).	0%
Category 6: Business travel	9,567	No	Hotel stays, air travel, corporate jets, rental cars, and rail travel are all accounted for in Category 6. Air travel, rail travel, and hotel stay records are obtained from our travel agency partner, Egencia. This is actual data to account for each trip. We extrapolate hotel data from 90% to 100% to account for bookings not made through Egencia. Roughly 75% of rental car data comes directly from the rental agencies, which is then extrapolated to 100%. For corporate jets, we estimate a fuel burn rate based on aircraft type and apply this to the routes that were flown in 2022. The BEIS emissions factors are then applied to the actual data for total emissions. GWP are IPCC Fifth Assessment Report (AR5 - 100 year).	85%
Category 7: Employee commuting	34,778	No	Emissions are updated on an annual basis utilizing our commuting survey from 2017 and extrapolated to 2022 numbers. The BEIS emissions factors are then applied to the actual data for total emissions. Work-from-home emissions are estimated based on IEA emissions factors and the portion of workforce who work from home. GWP are IPCC Fifth Assessment Report (AR5 - 100 year).	0%
Category 8: Upstream leased assets	NA	No	lululemon does not have upstream leased facilities; therefore, there are 0 emissions in this category.	0%
Category 9: Downstream transportation and distribution	NA	No	lululemon's primary business model consists of delivering products directly to guests. We did an assessment of downstream transportation and distribution and deemed it to be immaterial to the emissions inventory.	Not applicable
Category 10: Processing of sold products	NA	No	lululemon stores sell final products only, rather than intermediate products. Therefore, processing of sold products is not relevant and emissions for this category are 0.	Not applicable
Category 11: Use of sold products	457,045	No	The Use phase is calculated by counting the total number of washes across the entire life of the garments produced in 2022. 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 washing and machine drying, as well as average washer size. This allows us to capture the impact and compare savings techniques.  Use phase emissions for lululemon Studio are calculated based on assumed annual energy use per unit, number of units sold in each state/province, lifespan, and the associated grid emission factor. This includes the use of our lululemon Studio products which is calculated by using an average usage per unit amount and applying eGRID emission factors. GWP are IPCC Fifth Assessment Report (AR5 - 100 year).	0%

<sup>94</sup> Science-Based Target<sup>95</sup> Our SBT includes inbound and MIRROR logistics but excludes outbound logistics for Category 4.

2022 SCOPE 3 GHG EMISSIONS (TONNES CO<sub>2</sub>E)

Emissions Source	2022 emissions	Included in our SBT <sup>96</sup>	Calculation methodology	Percentage of emissions calculated using data obtained from suppliers or value chain partners
Category 12: End-of-life treatment of sold products	19,790	No	We use the EPA's material management approach to make assumptions about the end-of-life process for products (generation, recycled, incinerated, or landfilled). We then use GHG factors for two materials that capture the products: PET/Polyester and Textiles, soiled. These factors are taken from EPA's waste reduction model (WARM) and BEIS. This allows us to multiply the weight of product per year by the GHG factor to calculate the GHG emissions.  End-of-life emissions for lululemon Studio are calculated based on the number of units sold, the material composition, and emissions factor using the US EPA's waste reduction model (WARM). GWP are IPCC Fifth Assessment Report (AR5 - 100 year).	0%
Category 13: Downstream leased assets	NA	No	lululemon does not lease any portfolio space to third parties, so the emissions are 0.	Not applicable
Category 14: Franchises	12	No	Emissions from franchises represent 0.1 percent of our total Scope 3 emissions. Electricity and natural gas activity data is collected and tracked by our utility management software for all locations that have utility bills. All locations without utility bills are estimated from the sites that do have utility bills. Our franchise locations do not have direct utility bills, so their energy use is estimated. Emissions are calculated by multiplying the activity data by the appropriate emission factors for electricity and natural gas. Emission factors from the latest release of eGRID are applied to US locations and IEA electricity factors are applied to international locations. In addition, we estimate refrigerant usage by applying EPA assumptions on the refrigerant charge, operating loss factor, and refrigerant type to calculate the kg of refrigerants. This is then multiplied by the appropriate GWP to obtain MT CO <sub>2</sub> e. GWP are IPCC Fifth Assessment Report (AR5 - 100 year).	0%
Category 15: Investments	NA	No	The carbon impact of the investments that lululemon makes outside its normal retail business were estimated and deemed immaterial. We estimated the emissions to be less than 0.1% of our footprint.	Not applicable
Biogenic carbon emissions	10,970	No	Biogenic carbon was calculated from biofuels used in Tier 1 and Tier 2 manufacturing. Biogenic emissions are reported separately from the Greenhouse Gas Inventory. Methane (CH <sub>4</sub> ) and nitrous oxide (N <sub>2</sub> O) were included in the inventory.	100%
<b>Total Scope 3: all Greenhouse Gas Protocol categories</b>				<b>1,691,009</b>
<b>Total Scope 3 less “Use of Sold Products”</b>				<b>1,233,964</b>
<b>Total Scope 3 in our SBT<sup>97</sup></b>				<b>847,416</b>

<sup>96</sup> Science-Based Target<sup>97</sup> Our SBT for Scope 3 emissions represents approximately 2/3 of our total Scope 3 emissions as per SBTi requirements.

# TCFD disclosure

The TCFD is a framework of recommendations to help companies effectively disclose climate-related risks and opportunities.<sup>98</sup>

TCFD recommendations	lululemon response
<b>Governance - Disclose the organization's governance around climate-related risks and opportunities.</b>	
a. Describe the board's oversight of climate-related risks and opportunities.	<a href="#">2022 CDP Climate Change Disclosure (C1.1a, C1.1b)</a> <a href="#">Impact governance</a>
b. Describe management's role in assessing and managing climate-related risks and opportunities.	<a href="#">2022 CDP Climate Change Disclosure (C1.2, C2.2)</a> <a href="#">Impact governance</a> <a href="#">Climate action</a>
<b>Strategy - Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</b>	
a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<a href="#">2022 CDP Climate Change Disclosure (C2.1a, C2.1b, C2.2, C2.2a, C2.3a, C2.4a)</a> <a href="#">2022 Annual Report: Item 1A. Risk Factors (pages 11-15)</a> <a href="#">Impact governance</a> <a href="#">Climate action</a>
b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<a href="#">2022 CDP Climate Change Disclosure (C2.3a, C2.4a, C3.1, C3.2a, C3.2b, C3.3, C3.4)</a> <a href="#">2022 Annual Report: Item 1A. Risk Factors (pages 11-15)</a>
c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<a href="#">2022 CDP Climate Change Disclosure (C3.2a, C3.3, C3.4)</a> <a href="#">Enterprise strategy</a> <a href="#">Climate action</a>
<b>Risk Management - Disclose how the organization identifies, assesses, and manages climate-related risks.</b>	
a. Describe the organization's processes for identifying and assessing climate-related risks.	<a href="#">2022 CDP Climate Change Disclosure (C2.2, C2.2a)</a> <a href="#">Enterprise strategy</a> <a href="#">Climate action</a> <a href="#">Material topics</a>
b. Describe the organization's processes for managing climate-related risks.	<a href="#">2022 CDP Climate Change Disclosure (C2.2, C2.3a)</a> <a href="#">Enterprise strategy</a> <a href="#">Climate action</a>
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	<a href="#">2022 CDP Climate Change Disclosure (C2.2)</a> <a href="#">Enterprise strategy</a> <a href="#">Climate action</a> <a href="#">Material topics</a>

<sup>98</sup> The inclusion of information contained in this disclosure should not be construed as a characterization regarding the materiality or financial impact of that information to investors in lululemon athletica inc. The information in this table includes forward-looking statements based on management's current expectations. Actual results and the timing of events could differ materially from those anticipated in the forward-looking statements as a result of risks and uncertainties, which include those described in our [Annual Report](#) on Form 10-K for the year ended January 29, 2023, filed with the Securities and Exchange Commission (SEC), and subsequent SEC filings. Given the inherent uncertainty in predicting and modeling future conditions, you should exercise caution when interpreting the information provided in this table. In addition, the controls, processes, practices, and infrastructures described in this disclosure are not intended to constitute any representation, warranty, or other assurance that such controls, processes, practices, and infrastructures will result in any specific outcome or result.

**TCFD recommendations****lululemon response****Metrics and Targets - Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.**

a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

[2022 CDP Climate Change Disclosure \(C1.3, C4.1a, C4.2a, C5.2\)](#)  
[16 goals for a healthier future](#)  
[Climate action](#)  
[Water and chemistry](#)  
[Climate data](#)

b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

[2022 CDP Climate Change Disclosure \(C5.2, C5.3, C6.1, C6.2, C6.3, C6.5\)](#)  
[Climate action](#)  
[Climate data](#)

c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

[2022 CDP Climate Change Disclosure \(C4.1a, C4.1b, C4.2a, C4.2b\)](#)  
[16 goals for a healthier future](#)  
[Climate action](#)  
[Water and chemistry](#)  
[Climate data](#)

# SASB index

The Sustainability Accounting Standards Board (SASB) is an independent non-profit organization that sets standards to guide the disclosure of financially material sustainability information by companies to their investors. Outlined below are our disclosures against the SASB Apparel, Accessories and Footwear Standard.

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	Not applicable	CG-AA-250a.1	Not applicable	<a href="#">Water and chemistry</a>
Management of Chemicals in Products	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Discussion and Analysis	Not applicable	CG-AA-250a.2	Not applicable	<a href="#">Water and chemistry</a>
Environmental Impacts in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement	Quantitative	Percentage (%)	CG-AA-430a.1	Of the supplier facilities that completed the 2022 Higg FEM, 94% of Tier 1 facilities and 100% of facilities beyond Tier 1 reported compliance with wastewater discharge permits where required.	<a href="#">Water and chemistry</a>
Environmental Impacts in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	Quantitative	Percentage (%)	CG-AA-430a.2	In the 2022 reporting period, 341 facilities, including finished goods, mills, and select trims suppliers and subcontractors operated by our suppliers, completed the Higg FEM. This represented approximately 95% of our Tier 1 production value and 94% of our Tier 2 production value in US dollars.	<a href="#">Climate action</a> <a href="#">Water and chemistry</a>
Labor Conditions in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	Quantitative	Percentage (%)	CG-AA-430b.1	100% of Tier 1 and Tier 2 facilities have been assessed to lululemon's Vendor Code of Ethics (VCoE). However, we know there are data gaps, and we are continuing to evolve our traceability program to capture data on all facilities that we work with, particularly beyond Tier 1. 26% of total assessments in 2022 were conducted by a nominated third-party assessor and the remainder were conducted internally by lululemon's Responsible Supply Chain team.	<a href="#">People who make our products</a> <a href="#">Supplier List</a>
Labor Conditions in the Supply Chain	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	Quantitative	Rate	CG-AA-430b.2	In 2022, 17% of our Tier 1 and Tier 2 facilities did not pass their assessments due to critical or zero tolerance findings. This is a higher percentage than in the past because we updated our Vendor Code of Ethics Assessment Tool, which resulted in more critical findings related to management systems and health and safety. When facilities do not pass an assessment, they are expected to implement Corrective and Preventative Action Plans (CAPAs) to remediate issues.	<a href="#">People who make our products</a> <a href="#">Responsible Supply Chain Disclosure</a>

Topic	Accounting metric	Category	Unit of measure	Code	Data	Reference
Labor Conditions in the Supply Chain	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	Discussion and Analysis	Not applicable	CG-AA-430b.3	Not applicable	<a href="#">People who make our products</a> <a href="#">Climate action</a> <a href="#">Water and chemistry</a>
Raw Materials Sourcing	Description of environmental and social risks associated with sourcing priority raw materials	Discussion and Analysis	Not applicable	CG-AA-440a.1	Not applicable	<a href="#">Product and material innovation</a>
Raw Materials Sourcing	Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard	Quantitative	Percentage (%) by weight	CG-AA-440a.2	Recycled polyester: 55% Recycled nylon: 8% Responsibly sourced cotton—third-party platforms: 19% RDS down: 100% Responsible regenerated cellulosics: 100% FSC-certified natural rubber: 100%	<a href="#">Product and material innovation</a>

## ACTIVITY METRICS

Activity metric	Category	Unit of measure	Code	Data	Reference
Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Quantitative	Number	CG-AA-000.A	Biannually, we publish a list of our suppliers and subcontractors on our website; this is where the most up-to-date information can be found. Our latest supplier list includes all our Tier 1 facilities (101 facilities) and our strategic Tier 2 facilities (27 facilities) representing approximately 75 percent of Tier 2 facilities measured by volume, as well as 16 Tier 1 subcontractors.	<a href="#">People who make our products</a> <a href="#">Supplier List</a>

# GRI content index

lululemon has reported the information cited in this GRI content index for the period February 1, 2022 to January 31, 2023 with reference to the GRI Standards. We reported using the GRI 1: Foundation 2021. There are no sector standards that are applicable at this time.

GRI Standard	Disclosure	Notes
<b>GENERAL DISCLOSURES</b>		
The organization and its reporting practices	2-1 Organizational details	<a href="#">2022 Annual Report</a> : Item 1. Business (page 1) and Item 2. Properties (page 21)
	2-2 Entities included in the organization's sustainability reporting	<a href="#">About this report</a> <a href="#">2022 Annual Report</a> : Item 1. Business (page 1)
	2-3 Reporting period, frequency and contact point	<a href="#">About this report</a> The Impact Report is issued annually. Contact point for questions regarding the report: <a href="mailto:sustainability@lululemon.com">sustainability@lululemon.com</a>
	2-4 Restatements of information	<a href="#">16 Goals for a healthier future</a> <a href="#">Climate action</a> <a href="#">Water and chemistry</a> <a href="#">Climate data</a>
	2-5 External assurance	<a href="#">Assurance statement</a>
Activities and workers	2-6 Activities, value chain and other business relationships	<a href="#">People who make our products</a> <a href="#">2022 Annual Report</a> : Item 1. Business (page 1), Item 1A. Risk Factors (page 8), and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (page 24) <a href="#">Responsible Supply Chain Disclosure</a>
	2-7 Employees	<a href="#">Employee empowerment</a> <a href="#">2022 Annual Report</a> : Item 1. Business (page 1) and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (page 24)
<b>Female</b> <b>Male</b> <b>Undisclosed</b>		
<b>Board of Directors by gender</b>		
Total		
55%      45%      0%		
<b>Total employees by employment level and gender<sup>99</sup></b>		
Total		
76%      24%      0%		
Vice President and above		
47%      52%      1%		
Executive Vice President and above		
56%      44%      0%		

<sup>99</sup> Includes all employees as of January 31, 2023, including full-time and part-time.

GRI Standard	Disclosure	Notes			
			Under 30	30-50	51+
Activities and workers	2-7 Employees				
		<b>Total employment level and age</b>			
		Total employees	63%	33%	3%
		Vice President and above	0%	70%	30%
		Executive Vice President and above	0%	44%	56%
	2-8 Workers who are not employees	We do not have a significant portion of the organization's activities performed by people who are not employees.			
	2-9 Governance structure and composition	<a href="#">Impact governance</a> <a href="#">Proxy Statement: Election of Directors, page 22</a>			
	2-10 Nomination and selection of the highest governance body	<a href="#">Proxy Statement: Election of Directors, page 22</a>			
	2-11 Chair of the highest governance body	<a href="#">Proxy Statement: Executive Officers &amp; Board of Directors, page 14</a>			
Activities and workers	2-12 Role of the highest governance body in overseeing the management of impacts	<a href="#">Impact governance</a> <a href="#">Proxy Statement: Executive Officers &amp; Board of Directors, page 14</a> <a href="#">Corporate Responsibility, Sustainability and Governance Committee Charter</a>			
	2-13 Delegation of responsibility for managing impacts	<a href="#">Impact governance</a>			
	2-14 Role of highest governance body in sustainability reporting	<a href="#">Impact governance</a>			
	2-15 Conflicts of interest	<a href="#">Global Code of Business Conduct and Ethics</a>			
	2-16 Communication of critical concerns	<a href="#">People who make our products</a> <a href="#">Responsible Supply Chain Disclosure</a> <a href="#">Global Code of Business Conduct and Ethics</a> <a href="#">Integrity line</a>			
	2-17 Collective knowledge of the highest governance body	<a href="#">Corporate Responsibility, Sustainability and Governance Committee Charter</a>			
	2-18 Evaluation of the performance of the highest governance body	<a href="#">Corporate Responsibility, Sustainability and Governance Committee Charter</a> <a href="#">Proxy Statement: Election of Directors, page 22</a>			
	2-19 Remuneration policies	<a href="#">Proxy Statement: Election of Directors, page 22, page 34 and Advisory Vote on the Frequency of Say-On-Pay Votes, page 40</a>			
	2-20 Process to determine remuneration	<a href="#">Proxy Statement: Advisory Vote on the Frequency of Say-On-Pay Votes, page 40</a> <a href="#">People, Culture and Compensation Committee Charter</a>			
	2-21 Annual total compensation ratio	<a href="#">Proxy Statement: CEO Pay Ratio, page 71</a>			

GRI Standard	Disclosure	Notes
Strategy, policies and practices	<p>2-22 Statement on sustainable development strategy</p> <p>2-23 Policy commitments</p> <p>2-24 Embedding policy commitments</p> <p>2-25 Processes to remediate negative impacts</p> <p>2-26 Mechanisms for seeking advice and raising concerns</p> <p>2-27 Compliance with laws and regulations</p> <p>2-28 Membership associations</p>	<p><a href="#">A note from our CEO</a></p> <p><a href="#">Global Code of Business Conduct and Ethics Policies &amp; Guidelines</a></p> <p><a href="#">Impact Agenda</a> <a href="#">Impact Governance</a> <a href="#">Global Code of Business Conduct and Ethics Policies &amp; Guidelines</a></p> <p><a href="#">People who make our products</a> <a href="#">Responsible Supply Chain Disclosure</a> <a href="#">Global Code of Business Conduct and Ethics</a></p> <p><a href="#">People who make our products</a> <a href="#">Responsible Supply Chain Disclosure</a> <a href="#">Global Code of Business Conduct and Ethics</a> <a href="#">Integrity line</a></p> <p><a href="#">People who make our products</a> <a href="#">Water and chemistry</a> <a href="#">Responsible Supply Chain Disclosure</a> <a href="#">Global Code of Business Conduct and Ethics</a></p> <p><a href="#">Partnering for impact</a> Memberships and stakeholder engagement are also mentioned throughout the Impact Report.</p>
Stakeholder engagement	2-29 Approach to stakeholder engagement	<p><a href="#">Impact Agenda</a> <a href="#">Partnering for impact</a> <a href="#">Stakeholder engagement</a> Memberships and stakeholder engagement are also mentioned throughout the Impact Report.</p>
Process to determine material topics	3-1 Process to determine material topics	<p><a href="#">Impact Agenda</a> <a href="#">Material topics</a></p>

GRI Standard	Disclosure	Notes
<b>ENVIRONMENT</b>		
<b>Material aspects: circular ecosystems, Product and material innovation and design</b>		
	3-3 Management of material topics	<a href="#">Product and material innovation</a> <a href="#">Circularity and new guest models</a> <a href="#">Packaging and waste</a> <a href="#">SASB index</a>
	103-2: The management approach and its components	<a href="#">Product and material innovation</a> <a href="#">Circularity and new guest models</a> <a href="#">Packaging and waste</a>
	301-2 Recycled input materials used	<a href="#">Product and material innovation</a> <a href="#">SASB index</a>
<b>Material aspects: Climate change mitigation</b>		
	3-3 Management of material topics	<a href="#">Climate action</a> <a href="#">Climate data</a> <a href="#">2022 CDP disclosure</a> <a href="#">TCFD disclosure</a>
Energy	302-1 Energy Consumption within the organization	<a href="#">Climate action</a> <a href="#">Climate data</a> <a href="#">2022 CDP disclosure</a>
Emissions	305-1 Direct (Scope 1) GHG emissions	<a href="#">Climate action</a> <a href="#">Climate data</a> <a href="#">2022 CDP disclosure</a>
	305-2 Energy indirect (Scope 2) GHG Emissions	<a href="#">Climate action</a> <a href="#">Climate data</a> <a href="#">2022 CDP disclosure</a>
	305-3 Other indirect (Scope 3) GHG emissions	<a href="#">Climate action</a> <a href="#">Climate data</a> <a href="#">2022 CDP disclosure</a>
	305-4 GHG Emissions intensity	<a href="#">Climate action</a> <a href="#">Climate data</a> <a href="#">2022 CDP disclosure</a>
	305-5 Reduction of GHG emissions	<a href="#">Climate action</a> <a href="#">Climate data</a> <a href="#">2022 CDP disclosure</a>
<b>Material aspects: Chemistry, water stewardship, environmental pollution – water, chemicals, and wastewater</b>		
	3-3 Management of material topics	<a href="#">Water and chemistry</a>
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	<a href="#">Water and chemistry</a> <a href="#">SASB index</a>

GRI Standard	Disclosure	Notes
<b>SOCIAL</b>		
<b>Material aspects: Employee, maker, and community wellbeing (physical, mental, and social), natural disasters and crisis response</b>		
	3-3 Management of material topics	<a href="#">Employee empowerment</a> <a href="#">People who make our products</a> <a href="#">Our approach to wellbeing</a> <a href="#">Global wellbeing</a> <a href="#">Community wellbeing</a> <a href="#">Maker wellbeing</a> <a href="#">Frontline wellbeing</a>
Training and education	404-2 Programs for upgrading employee skills and transition assistance programs	<a href="#">Employee empowerment</a>
<b>Material aspects: Diversity, equity, and inclusion</b>		
	3-3 Management of material topics	<a href="#">Inclusion, diversity, equity, and action</a>
Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	<a href="#">Refer to GRI 2-7</a>
<b>Material aspects: Fair and ethical labour practices, human rights and forced labour, supply chain traceability</b>		
Diversity and Equal Opportunity	3-3 Management of material topics	<a href="#">People who make our products</a> <a href="#">Product and material innovation</a> <a href="#">Responsible Supply Chain Disclosure</a>
Supplier social assessment	414-1 New suppliers screened using social criteria	<a href="#">People who make our products</a> <a href="#">SASB index</a> <a href="#">Responsible Supply Chain Disclosure</a>

# Glossary

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

**Ambassadors:** Extensions of the lululemon brand, Ambassadors test new products, connect with a network of fellow Ambassadors, and provide feedback to lululemon.

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

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

**DC:** A DC (distribution centre) is a specialized warehouse that stores and ships the goods a company produces.

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

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

**Freshwater use intensity:** Total liters of freshwater used per kg of raw material by volume. Freshwater refers to naturally occurring water that is with low concentration of dissolved salts. This could include rain water collected from reservoir or by factory, river water and ground water or municipal water which is clean to use.

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

**Here to Be grant program:** Supports organizations around the globe that create inclusive access to movement and mindfulness, and those that advocate for civil and human rights. To date, the Here to Be program has supported 750 organizations and positively impacted more than 1 million people.

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

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

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

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

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

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

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

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

**Preferred materials:** We follow the Textile Exchange definition for preferred materials, currently defined as “one which results in improved environmental and/or social sustainability outcomes and impacts compared to conventional production.” The Textile Exchange is proposing an updated definition, and more information can be found in their 2022 Preferred Fiber and Materials Report.

**Priority suppliers for MRSI implementation:** A subset of wet processing supplier facilities that produced 84 percent of production value in 2021. Data from this segment was used for our baseline and goal progress.

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

**Products made with preferred materials:** To count toward this goal, products must contain at least 25-50% or over 50% preferred materials, and the attributes defining preferred materials must be transparently communicated.

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

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

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

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

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

**Subcontractors:** Facilities completing a process of production.

**Tier 1 suppliers:** Final product manufacturing.

**Tier 2 suppliers:** Facilities that supply our Tier 1 factories with materials.

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

**Zero waste:** We define zero waste as consistently reusing, recycling, or composting over 90 percent of waste materials each year.

# Assurance statement

## VERIFICATION OPINION DECLARATION

### GREENHOUSE GAS EMISSIONS

To: The Stakeholders of lululemon athletica inc.

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

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

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

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

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

#### GHG Emissions Statement:

- **Scope 1:** 3,910 metric tons of CO<sub>2</sub> equivalent
- **Scope 2:** Location-Based: 24,923 metric tons of CO<sub>2</sub> equivalent
- **Scope 2:** Market-Based: 27 metric tons of CO<sub>2</sub> equivalent
- **Scope 3:** Business Travel: 9,567 metric tons of CO<sub>2</sub> equivalent

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

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

#### Period covered by GHG emissions verification:

- January 1, 2022 to December 31, 2022

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

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

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

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

#### Level of Assurance and Qualifications:

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

#### GHG Verification Methodology:

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

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

#### Verification Opinion:

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

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

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

#### Statement of independence, impartiality and competence

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

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

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

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

#### Attestation:

JESSICA JACOBS

Lead Verifier ESG  
Senior Project Manager Apex Companies, LLC Cincinnati, Ohio  
July 7, 2023

MARY E. ARMSTRONG FRIBERG

Technical Reviewer ESG - Program Manager  
Apex Companies, LLC  
Akron, Ohio

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

# Forward-looking statements

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

associated with the production of our products in South Asia and South East Asia; our ability to safeguard against security breaches with respect to our technology systems; our compliance with privacy and data protection laws; any material disruption of our information systems; our ability to have technology-based systems function effectively and grow our e-commerce business globally; climate change, and related legislative and regulatory responses; increased scrutiny regarding our environmental, social, and governance, or sustainability responsibilities; an economic recession, depression, or downturn or economic uncertainty in our key markets; global or regional health events such as the current COVID-19 pandemic and related government, private sector, and individual consumer responsive actions; global economic and political conditions; our ability to source and sell our merchandise profitably or at all if new trade restrictions are imposed or existing trade restrictions become more burdensome; changes in tax laws or unanticipated tax liabilities; our ability to comply with trade and other regulations; fluctuations in foreign currency exchange rates; imitation by our competitors; our ability to protect our intellectual property rights; conflicting trademarks and patents and the prevention of sale of certain products; our exposure to various types of litigation; and other risks and uncertainties set out in filings made from time to time with the United States Securities and Exchange Commission and available at [www.sec.gov](http://www.sec.gov), including, without limitation, our most recent reports on Form 10-K and Form 10-Q. You are urged to consider these factors carefully in evaluating the forward-looking statements contained herein and are cautioned not to place undue reliance on such forward-looking statements, which are qualified in their entirety by these cautionary statements. The forward-looking statements made herein speak only as of the date of this disclosure and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances, except as may be required by law.

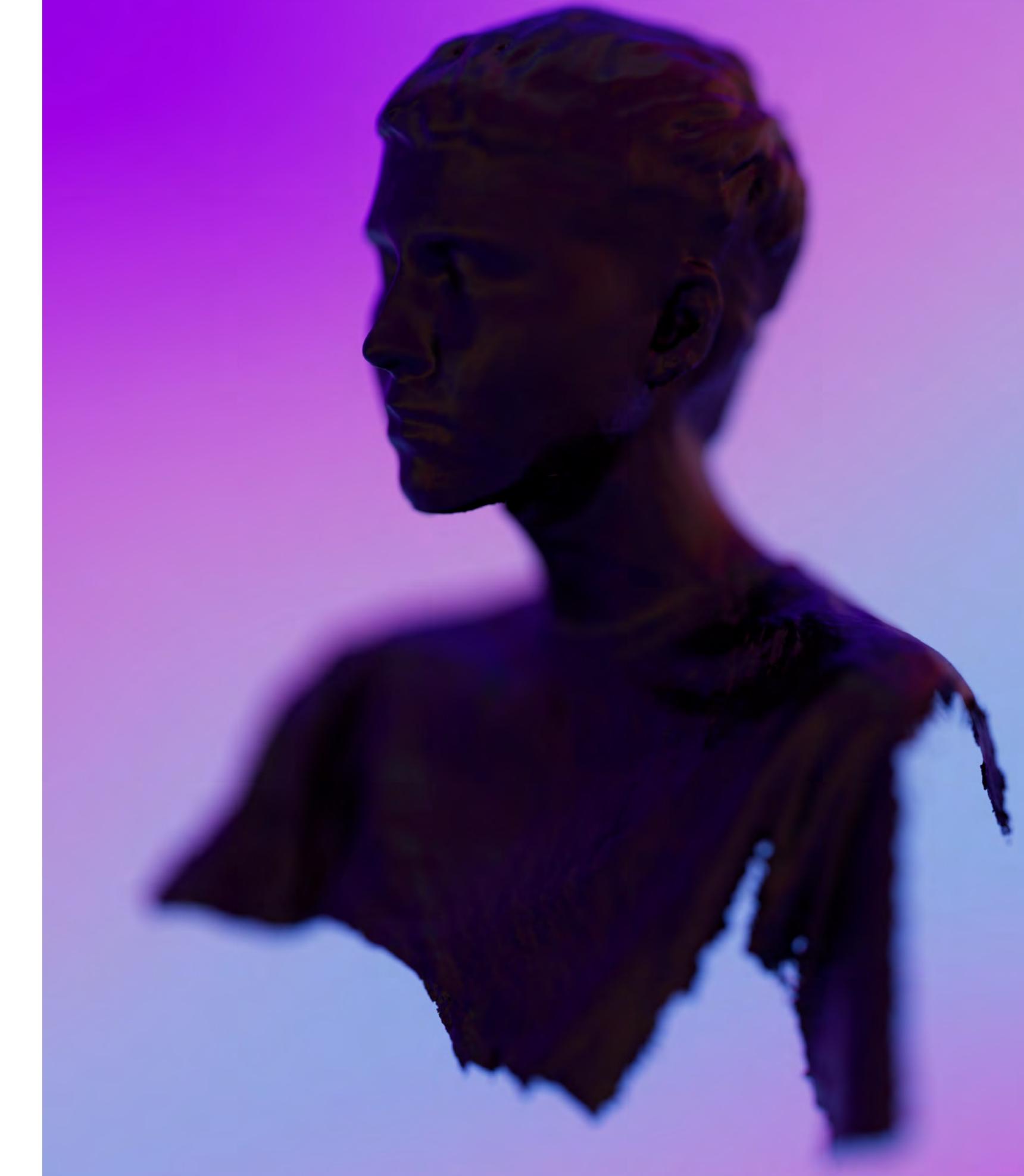
# Artist

## PPPANIK

Pali (they/them) is a Berlin-based digital artist and designer whose work you'll find in this 2022 Impact Report. Also known as pppanik, they question the boundary between nature and technology, and use new technologies to embrace queer perspectives in their work. As a person, they're curious about mostly everything. But most of all, they find beauty in natural forms and movement, which they turn into a new visual language, blending different aesthetics from digital landscapes.

Pali reimagines a freer future and acts upon this in their tutorials. They teach generative art on YouTube to close the gender gap in the tech world, and to put accessibility, community, and mutual support into practice.

Find out more about Pali's work and tutorials on [Instagram](#) or [YouTube](#).



## CONTACT

We welcome your thoughts and ongoing dialogue.  
Email us at [sustainability@lululemon.com](mailto:sustainability@lululemon.com).

