


SPOTLIGHT:

lululemon

Together with Aii, lululemon is supporting efforts to decarbonize shared supply chains, support suppliers, and scale industry-wide change.

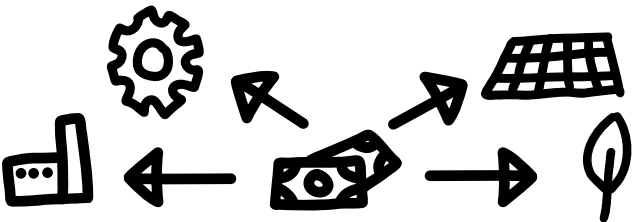
Here's a short Q&A with **Leann Speta**,  Director of Responsible Supply Chain Environment at lululemon



Q1: WHAT MOTIVATED LULULEMON TO BECOME A LEAD PARTNER OF THE Aii FASHION CLIMATE FUND (FCF)?

- The decarbonization of apparel manufacturing requires systemic change and collaboration across the sector. Participation in industry coalitions is critical to identify and deploy scalable solutions.
- We helped launch this as a lead funder in 2022 to accelerate industry transformation towards lower carbon manufacturing through supplier training programs, technology dissemination and financing solutions. We also share learnings and apply them within our own supply chain to drive impact.

Aii's Fashion Climate Fund aims to help unlock an estimated US \$2 billion in blended capital, driving collective action to tackle the industry's supply chain carbon emissions.



Since 2022, lululemon has been a founding member of Aii's Fashion Climate Fund, helping to drive collective climate action.

Q2: YOU SET A 25% BY 2025 SUPPLY CHAIN RENEWABLE ELECTRICITY TARGET TO SUPPORT THE CLEAN ENERGY TRANSITION. HOW ARE YOU BUILDING ON THIS MOMENTUM?



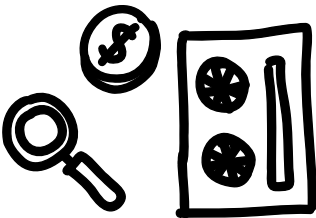
We've engaged with vendors on initiatives to develop carbon targets and reduction roadmaps, including participation in Aii's Carbon Leadership Program.



Building on 100% renewable electricity in our operations, and our initial 25% supply chain target, we are now working to achieve 50% renewable electricity across our core suppliers by 2030.



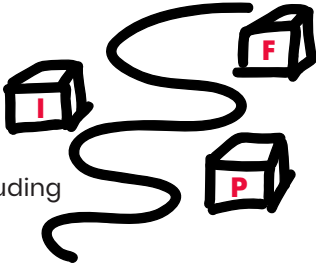
We also provide regional training opportunities for our suppliers, such as through our sponsorship of the Clean Energy Buyers Association (CEBA) Clean Energy Procurement Academy.



At the 2024 Vendor Leadership Summit we presented our evolved Vendor Climate Program, which outlines expectations for increasing renewable electricity, phasing out onsite coal boilers, and setting science aligned targets.

Q3: TRANSITIONING TO RENEWABLE ELECTRICITY IS NOT ALWAYS STRAIGHTFORWARD FOR SUPPLIERS. WHAT ARE SOME OF THE PAIN POINTS AND HOW DOES LULULEMON WORK TO ADDRESS THEM?

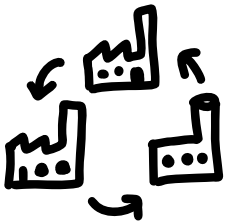
- Many suppliers operate in markets that lack accessible and affordable clean energy. There is a need for public policy frameworks that remove barriers and enable private sector access to renewable electricity, including through Power Purchase Agreements (PPAs).
- In 2023, we joined the Asia Clean Energy Coalition (ACEC), a coalition of renewable energy buyers, sellers and financiers, working to help shift policy in key markets.
- By partnering with ACEC and CEBA, we advocate for policy shifts that support the clean energy transition. For example, ACEC was involved in the Direct Power Purchase Agreement (DPPA) consultation process in Vietnam and is using their platform to call for clean energy sourcing mechanisms in our manufacturing regions including South Korea and Indonesia.



Q4: CAN YOU SHARE SOME OF THE PROGRESS TOWARDS ADVANCING CLIMATE SOLUTIONS FOR THERMAL ENERGY IN MANUFACTURING?

- Thermal energy remains an industry challenge in decarbonizing manufacturing. lululemon is committed to phasing out onsite coal boilers by 2030, aligned to broader industry commitments.
- As part of our work with vendors to transition away from onsite coal boilers, we collaborate with suppliers and fund feasibility studies to assess the cost and environmental impacts of viable alternative options. During this process we look at electrification, sustainable biomass, and in some cases, natural gas as alternatives to coal.
- Electrification paired with clean energy can provide a long-term pathway to thermal decarbonization; however, there are some near-term barriers to widespread dissemination including technology, cost and accessibility of renewable electricity. We are partnering through Aii's FCF to accelerate this transition through the thermal roadmap research reports, grants via the CSP (Climate Solutions Portfolio) program, and funded pilots for heat pumps.

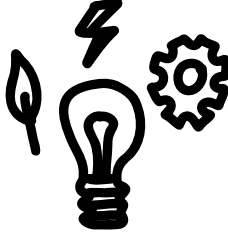
Q5: WHAT INNOVATIONS OR SHIFTS DO YOU SEE AS CRITICAL FOR DECARBONIZATION EFFORTS AND SCALING IMPACT?



Ongoing dialogue and alignment among brands and suppliers is imperative. As an industry leader, organizations like Aii play an important role in supporting this alignment through shared goals to drive collaboration and investment with stakeholders.



We believe policy frameworks that drive renewable electricity investment and continued advancements in clean energy technologies such as heat pumps, battery storage, and alternative thermal energy solutions will be pivotal to achieving net-zero targets.



Financing solutions that enable and incentivize investments in renewable energy, electrification, and efficiency upgrades at scale are essential. Through the Fashion Climate Fund, Aii is developing and testing sustainable finance approaches.

Join lululemon and other industry and philanthropic leaders in fashioning a better future through the Fashion Climate Fund. Let's connect.

