

RESOLVED:

Shareholders request that lululemon issue a report examining any costs to our company's reputation and any losses to projected sales incurred by its continued production and sale of apparel using animal-derived materials. The board should summarize and present its findings to shareholders by the end of the third quarter of the current fiscal year. The report should be completed at a reasonable cost and should omit proprietary information.

SUPPORTING STATEMENT

The global ethical fashion market is anticipated to grow from \$7.57 billion in 2022 to \$11.12 billion in 2027. Ethical fashion refers to the design, production, and distribution of clothing that prioritizes minimizing harm to animals and the environment. In 2022, cruelty-free was the largest segment of the ethical fashion market by type, accounting for 43.3% of the total.

Despite the escalating demand for sustainable vegan fashion, lululemon continues to sell made from demonstrably cruel, environmentally destructive, and outdated materials such as wool, down, cashmere, and alpaca.

PETA entities have released 14 wool investigations, nine exposés of the down industry, two cashmere investigations, and the first-of-its-kind investigation into the alpaca wool industry. All expose that intense suffering, inadequate or nonexistent veterinary care, cruel transport, and violent slaughter are the norm, not the exception, and that industry standards and supplier assurances fail to protect animals.

These exposés—which include so-called “responsible” farms and slaughterhouses—uncovered heavily pregnant sheep with bloody cuts up to 5 inches long on their udders, ears, necks, and torsos; a worker decapitating a shrieking goose by striking the bird repeatedly with a dull axe; hair ripped so violently from cashmere goats that an investigator found skin attached to it; and alpacas being slammed onto tables, their legs wrenched hard in opposite directions, and crying during a shearing process that left many animals bleeding from deep wounds. In the end, all such animals are killed, sometimes while still conscious.

Not only are consumers demanding ethical materials, they're also quick to turn their backs on companies they believe aren't making progress or living up to their promises.

lululemon states that animal-derived materials comprise only 1% of its materials by weight and claims that it's committed to leading the way with breakthrough materials. Our company already offers innovative, high-performance, cruelty-free alternatives to animal-derived materials, including recycled polyester fill, next-gen fabric created from recycled waste cotton, and a new plant-based nylon. It is reasonable for shareholders to request an analysis of the potential risks to our company's reputation, sales, and share value lululemon may incur by continuing to source and even increase the amount of animal-derived materials it uses. Accordingly, we urge all shareholders vote “FOR” this ethically and economically responsible resolution.