

# Tax Strategy Statement

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## **INTRODUCTION**

We are committed to continually improving our practices to ensure we are complying with the tax laws and regulations of all the countries in which we operate. lululemon takes its tax obligations very seriously and we believe that we should pay a fair tax in each of the countries in which we operate.

This document sets out our tax strategy in compliance with Schedule 19 of the UK Finance Act 2016 and applies to all companies in the lululemon group.

## **COMPANY OVERVIEW**

Established in 1998, lululemon athletica inc. (“lululemon”, “we”, or “the company”) is the ultimate parent company of the lululemon group of companies. The lululemon group is headquartered in Vancouver, BC, Canada.

lululemon is a designer, distributor and retailer of healthy lifestyle inspired athletic apparel. Our athletic apparel is marketed under the lululemon and ivviva brand names. We offer a comprehensive line of apparel and accessories for women, men, and female youth through two channels: company-owned stores and direct to consumer.

We operate more than 480 stores located in over 17 countries throughout North America, Europe, Asia, Australia and New Zealand. We also operate store support centres in the United Kingdom, Hong Kong, and Australia.

We have developed a distinctive corporate culture and we have a mission to produce products which create transformational experiences for people to live happy, healthy, fun lives. We promote a set of core values in our business which include taking personal responsibility, nurturing entrepreneurial spirit, acting with honesty and courage, valuing connection, and choosing to have fun. These core values attract passionate and motivated employees who are driven to succeed and share our purpose of “elevating the world through the power of practice”.

## GOVERNANCE OF TAX STRATEGY

Our community matters to us. And as part of our corporate and social responsibilities, we have an obligation to ensure our community's shared values and long-term interests are reflected in our tax strategy.

Our community includes various stakeholders including shareholders, governments, our guests (customers), our employees, and the local communities in which we operate who rely upon tax revenues for the provision of public services. Accordingly,

- we ensure we are in full compliance with all tax filings, disclosures, and payment of tax liabilities in all relevant jurisdictions;
- we believe we should pay a fair tax in each of the jurisdictions in which we operate;
- we believe income should be allocated to the jurisdiction in which it is economically earned and taxed in accordance with the legislation of that jurisdiction (taking into account any relevant treaty or unilateral relief);
- we are willing to take advantage of legitimate tax structures and benefits available under the tax laws of each jurisdiction in which we operate;
- we do not undertake any tax planning or transactions which are considered high risk or likely to be characterized as abusive for tax purposes;
- we use transfer pricing policies that comply with OECD guidelines and the specific tax laws of the relevant jurisdictions;
- we are open, transparent, and honest with all tax authorities; and
- we always consider our tax strategy in the context of our reputation and brand.

Above all else, our tax strategy will be consistent with the core values of our company, which are reflected in our Global Code of Conduct and Business Ethics (our "Code of Conduct"). Our Code of Conduct includes the following guiding principles: We pursue greatness by following the spirit of the law as well as the letter of it. We act responsibly in all our professional relationships, in a manner that is consistent with the high standards we set for our business conduct.

## MANAGEMENT OF TAX RISKS

We are committed to complying with the tax laws and regulations of each of the jurisdictions in which we operate, and are continually monitoring changes to the law. Our internal policies and procedures, which are part of our overall tax control framework, are designed to ensure that we are complying with tax laws and regulation.



Our tolerance of tax risks is continually evaluated and managed on a global basis, with the overall objective of minimizing our tax risk and achieving certainty in our tax affairs. To the extent tax laws and regulations change, we will re-evaluate our tax strategy and associated tax risks.

Ultimate responsibility of our tax strategy rests with our Chief Financial Officer (“CFO”). Oversight is provided by the Audit Committee of the Board of Directors. Implementation and execution of the tax strategy and management of our tax risks is delegated by the CFO to the Senior Director of Global Tax. The Senior Director of Global Tax reports to the Vice President of Finance who in turn reports to the CFO.

The Senior Director of Global Tax is supported by a team of qualified and experienced in-house tax and finance professionals. The tax team manages all global tax matters on a day-to-day basis. The tax team monitors changes in tax laws and regulations on a continual basis. For tax matters requiring additional specialized or local knowledge, we will engage external professional advisors.

Furthermore, in accordance with our Code of Conduct, all employees, officers and directors are required to comply with the laws, rules and regulations applicable to wherever we operate our business. All employees, officers and directors are expected to use common sense and good judgement in seeking to comply with all applicable laws, rules and regulations.

#### **ATTITUDE TOWARDS TAX PLANNING**

We have an obligation to our shareholders to manage our tax costs as part of our financial responsibility and therefore undertake tax planning as part of our overall business strategy.

We believe income should be allocated to and taxed in the jurisdiction in which it is economically earned and where the value is created. Any tax planning we undertake is intended to occur in conjunction with our business operations.

We are willing to take advantage of legitimate tax structures and benefits available under the tax laws of each jurisdiction in which we operate but we do not undertake any tax planning or transactions which are considered high risk or likely to be characterized as abusive for tax purposes. We do not undertake any tax planning or transactions simply to avoid taxes or to allocate income to low tax jurisdictions where we do not have an economic substance.

We use transfer pricing policies that comply with the OECD guidelines and the specific tax laws of the local jurisdictions to support the allocation of income.

#### **RELATIONSHIPS WITH TAX AUTHORITIES**

We are committed to maintaining open, transparent, and honest relationships with the tax authorities in all jurisdictions in which we operate. We comply with the spirit and letter of the law and for materially significant transactions or tax events where a tax authority’s interpretation of the law varies from ours, we endeavour to consult with the tax authority in an effort to clarify the application of the law.