LEVI STRAUSS & CO.

Carbon Disclosure Project
CDP 2009 (CDP7) Information Request

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Company Description

From its California Gold Rush beginnings, Levi Strauss & Co. has grown into one of the world's largest brand-name apparel companies. A history of responsible business practices, rooted in core values, has helped the company build its brands and engender consumer trust around the world. The Levi's® brand has become one of the most widely recognized brands in the history of the apparel industry

Levi Strauss & Co. is engaged in designing and marketing products under the Levi's®, Dockers® and Signature by Levi Strauss & Co.™ brands. These products include jeans and jeans-related pants, casual and dress pants, tops, jackets, and related accessories for men, women and children. The company also licenses its trademarks for an array of products, including accessories, pants, tops, footwear, home and other products.

Levi Strauss & Co. operates its business through three geographic regions: Americas, Europe and Asia Pacific. The company's products are sold in approximately 60,000 retail locations in more than 110 countries. These include retail stores dedicated to the company's brands and Web sites that sell the company's products directly to consumers.

1. Regulatory Risks

Question 1.1: No. Levi Strauss & Co. (LS&CO.) is not exposed to regulatory risks related to climate change. LS&CO. is an energy consumer and relatively low emitter of greenhouse gases, thus there is a low likelihood that the company would be directly impacted by climate regulation.

2. Physical Risks

Question 2.1: Yes. LS&CO. is exposed to physical risks from climate change. Ninety-five percent of LS&CO.'s products are made of cotton, which is produced in more than 110 countries around the world, many of which are already starting to feel the impact of climate change. Cotton, like other agricultural commodities, is at risk for crop failure and reduced yield as temperatures rise and there are water shortages in producing countries. Risks also stem from countries deciding to switch from cotton fiber production to food crops as commodity crops compete with food crops for decreasing arable land and water scarcity. All of this creates business risk and uncertainty around cotton availability, quality and pricing.

LS&CO. products are manufactured in 45 countries around the world, many of which are in the developing world and are already or are expected to feel the effects of climate change, including water shortage (India, China, Nicaragua), disease (Cambodia), and flooding (Bangladesh). This creates risk and uncertainty around our long-term sourcing plans.

3. Other risks

Question 3.1: Yes. Climate change exposes LS&CO. to other risks, including:

- *Insurance costs* – Insurers are already shaping policy terms and increasing rates in response to bigger storms, worse fires and longer droughts.

- *License to operate* – Production of LS&CO.'s primary input cotton and many of our first tier suppliers are based in the developing world, which is expected to feel the impacts of climate change first and most intensely. LS&CO.'s license to operate in these countries may be challenged if we are seen to be competing in poor communities for scarce resources (water, land) and/or doing business with suppliers who are seen to be contributing significant GHG emissions in their communities.

- *Stakeholder expectations* – Consumers, media and nongovernmental organizations are increasingly aware of climate change and the role business can play in reducing its emissions. As a consumer facing company, LS&CO. is at risk for negative publicity and consumer or NGO campaigns regarding our action or inaction to address the company's climate change impact.

4. Regulatory Opportunities

Question 4.1: Yes. Regulatory requirements on climate change present opportunities for LS&CO., such as:

- *GHG emissions reduction legislation (cap and trade or carbon tax)* – If the U.S. Congress passes climate change legislation in 2009, such as cap and trade or carbon tax, LS&CO. will benefit from increased business certainty about energy prices and a leveled playing field for efforts to reduce emissions.

- *Renewable energy tax incentives* - The renewable energy tax incentives passed by the U.S. Congress in October 2008 create an opportunity for LS&CO. to invest in renewable energy projects. The extension of the renewable energy tax credit is essential to increasing the adoption of renewable energy technologies and investments by business. The high initial investment costs for renewable energy projects and the slow rate of return on investment can be a cost barrier to businesses seeking competitively priced green power, making renewable energy tax credits key to supporting near-term development and utilization of renewable energy.

- *Energy Efficiency Resource Standard (EERS)* – The inclusion of an Energy Efficiency Resource Standard (EERS) in any energy legislation passed by the U.S. Congress in 2009 creates an opportunity for LS&CO. to invest and capture more energy efficiency than we are already planning, because the energy utilities will be required to capture energy efficiency, thus they would incentivise and support consumer (LS&CO.) investments and actions to reduce energy consumption. Energy efficiency is the fastest, cleanest, cheapest way for LS&CO. to reduce its GHG emissions and meet its reduction targets.

- *Renewable Electricity Standard (RES)* – The inclusion of a Renewable Electricity Standard (RES) in any energy legislation passed by the U.S. Congress in 2009 creates an opportunity for LS&CO. to purchase renewable energy through our energy utilities, as they will be required to include energy from renewable sources in its energy mix. This will facilitate LS&CO. meeting its carbon neutrality target through the purchase of renewable energy from our energy providers.

5. Physical Opportunities

Question 5.1: No. LS&CO. does not foresee any opportunities from physical changes resulting from climate change.

7. Reporting Year

Question 7.1: January 1, 2008 to December 31, 2008

8. Reporting Boundary

Question 8.1: LS&CO. will report scope one and two emissions for entities over which it has operational control in all three of its operating regions; the Americas (LSA), Europe, Middle East and North Africa (LSEMA) and the Asia Pacific division (LSAPD). In addition, it will report scope three emissions as they relate to employee business air travel.

Question 8.2: No GHG emissions sources belonging to entities falling under LS&CO. operational control have been omitted from our 2008 inventory.

9. Methodology

Question 9.1: LS&CO. has organized its GHG emissions inventory according to the WRI GHG Protocol and in accordance with The Climate Registry's General Reporting Protocol (TCRGRP). The majority of LS&CO. GHG emissions falling under its operational control come from the purchase of energy (electricity, natural gas, heating oil, steam, diesel fuel, LPG) at its offices, retail stores, distribution centers and owned manufacturing facilities. In order to obtain activity data on LS&CO. energy use, invoices for all purchased energy were collected from LS&CO. facilities globally. Activity data was then aggregated first on annual basis for each individual facility, then by facility type (e.g. offices, retail stores etc), further by region (Americas, Europe, Asia) and lastly, LS&CO.'s three operating region's GHG emission's were aggregated to form the LS&CO. global GHG emissions inventory.

Question 9.2: Assumptions about entity level GHG emissions were made only when energy use activity data was unavailable. The summation of all estimated emissions falls below the TCRGRP required level of 5% of total emissions. A third party verification of LS&CO.'s emissions inventory is in progress to ensure that the estimated emissions fall below the 5% threshold. Below are listed the conditions under which entity GHG emissions were estimated:

- Facility Energy Use Billed as a Part of Monthly Rent: Some facilities within the LS&CO. real-estate portfolio are not billed directly for their energy use nor are they metered, which makes it difficult to obtain the energy use activity data. The most common facility type not billed directly for its energy use are LS&CO.'s owned/leased and operated retail stores. In order to estimate the energy use of facilities not being billed directly, an average energy intensity (kWh/ft^2) was applied to the square footage of the facility in question. This average energy intensity used for estimation was the average energy intensity determined by facilities with actual energy use activity data in the facility type for which the facility in question belongs within the region in which in sits. For example, a retail store not billed in LS&CO.'s America's region would have the average energy

intensity calculated for all billed retail stores in the America's region applied to its square footage. Individual facilities within a particular facility type and region in the LS&CO. real-estate portfolio are sufficiently similar to one another that this method of estimation is appropriate.

- Emissions From LS&CO. Fleet of Vehicles: Emissions from LS&CO.'s fleet of automobiles are extremely small in comparison to its total emissions (far less than 1%). As a result, in accordance with the TCRGRP, LS&CO. has elected to estimate these emissions. To estimate fuel use it is assumed that each vehicle is driven fifteen thousand miles per year and that each of the vehicles gets the EPA estimated miles per gallon determined for its model year. Estimated fuel determined using this method is than applied to its respective fuel type emissions factor.
- Fugitive HFC's From HVAC Units: HFC emissions falling under LS&CO. operational control spawn only from fugitive emission from HVAC units at its various facilities. There is no way for LS&CO. to capture actual data for these emissions thus they are estimated. The emissions factor used to estimate fugitive HFC's is 0.279 metric tons of CO_2e per thousand square feet of air conditioned space.

Question 9.3: No calculation tools were used in the creation of LS&CO.'s GHG emissions inventory.

Question 9.4: LS&CO. used the global warming potentials found in the TCRGRP for reporting year 2008. They are as follows:

- CO2: 1 GWP
- CH4: 21 GWP
- N2O: 310 GWP
- HFC's: 1300 GWP

Question 9.5: For emissions coming from purchased electricity, LS&CO. used the most updated emissions factors published by The US Department of Energy, Energy Information Administration. Emissions factors for CO_2, CH_4 and N_2O for both US and international GHG emissions from purchased electricity were obtained through this source. For emissions coming from sources other than purchased electricity, emissions factors were obtained using The Chicago Climate Exchange website.

10. Scope 1 Direct GHG Emissions

Question 10.1: 2008 - 11,949 M. Tons CO_2e

Question 10.2: 2008 - LSA – 3,972 LSAPD – 419 LSEMA – 7,558.

Question 10.1 : 2007 – 11,145 M. Tons CO_2e

Question 10.2 : 2007 - LSA – 4,186 LSAPD – 167 LSEMA – 6,792

11. Scope 2 Indirect GHG Emissions

Question 11.1: 2008 - 68,939 M. Tons CO_2e

Question 11.2: 2008 - LSA – 41,986 LSAPD – 8,727 LSEMA – 18,226

Question 11.1: 2007 – 72,890 M. Tons CO_2e

Question 11.2: 2007 - LSA – 47,329 LSAPD – 8,505 LSEMA – 17,056

12. Contractual Arrangements Supporting Particular Types of Electricity Generation

Question 12.1: LS&CO. does not purchase electricity from other sources aside from directly from the grid. Regional averages are therefore the best representation of emissions from electricity for our operations.

Question 12.2: LS&CO. does not purchase any energy offsets in the form of RECs.

13. Scope 3 Other Indirect GHG Emissions

Question 13.1: 9,035 M. Tons CO_2e. Included in our calculations for emissions of employee business travel are flights from employees originating in our LSA operating region, flights originating from our LSEMA operating region, flights originating from our LSAPD operating region and rental car used in our LSA operating region. This accounts for by far the vast majority of airline and rental car employee travel emissions. For air travel we use the UK Department for Environment, Food & Rural Affairs (DEFRA) CO2e emissions factors. For short haul flights the emission factor is .15kg CO2/km and for long haul flights it is .11kg CO2/km. Total miles of short haul and long haul flights are each multiplied by their respective emissions factors to get total kg of CO2. Total kg is then multiplied by .001 to get metric tons. To calculate emissions from rental cars in the LSA region we assume that all cars used get an average of 20 miles per gallon using regular unleaded fuel with an emissions factor of 19.37 lbs CO2 per gallon. Total miles are divided by 20 yielding total gallons. Total gallons are then multiplied by 19.37 yielding total pounds. Total pounds are then divided by 2205 to yield total metric tons.

Question 13.6: LS&CO. started its energy and climate change inventory and reduction planning with Scope 1 and 2 emissions. The company is currently implementing a new information management system that once fully in place with allow us to collect and measure Scope 3 emissions.

14. Emissions Avoided Through use of Goods and Services

Question 14.1: LS&CO. operations and products are not directly responsible for offsetting any emissions by a third party.

15. Carbon Dioxide Emissions from Biologically Sequestered Carbon

Question 15.1: LS&CO. does not have a portfolio of biologically sequestered carbon dioxide as a result of its operations or products.

16. Emission Intensity

Question 16.1: The financial measure of emissions intensity used by LS&CO. is metric tonnes of carbon dioxide per million dollars of revenue.

16.1.1: 20.09 MT per million dollars of revenue

16.1.2: 20.09 MT per million dollars of revenue

Question 16.2: The activity related emissions intensity that is used by LS&CO. varies depending on facility type. For offices and retail stores the measure is M. Tonnes CO_2 per 1000 ft^2 and for distribution centers and manufacturing facilities it is M. Tonnes CO_2 per 1000 products shipped.

16.2.1: Retail & Office: M. Tonnes CO_2/1000 ft^2.

16.2.1: Distribution Centers & Manufacturing Facilities: M. Tonnes CO_2/1000 Products Shipped.

16.2.2: Office: 8.6674 MT CO2e/1000ft2. Retail: 13.5593 MT CO2e/1000 ft2. DC: 0.2459 MT CO2e/1000 ps. Manufacturing: 1.593 MT. CO2e/1000 ps

17. Emissions History

Question 17.1: No, the emissions for the reporting year do not vary significantly compared to previous year.

Question 17.1.1: 2007 to 2008 Scope One Emissions Change: 7.21% increase. 2007 to 2008 Scope Two Emissions Change: 5.49% decrease. 2007 to 2008 Scope Three Emissions Change: 5.48% increase. 2007 to 2008 Total Emissions Change: 3.02% decrease.

18. External Verification/Assurance

Question 18.1: LS&CO.'s 2008 global GHG inventory is being third party verified under The Climate Registry General Reporting Protocol (TCRGRP). According to the TCRGRP all GHG emissions that fall under the operational control of an entity must be verified. The maximum amount of estimation allowable in GHG emissions under the TCRGRP is 5 percent.

Question 18.2: All 2008 GHG emissions falling under the global operational control of LS&CO. will be verified.

Question 18.3: LS&CO.'s 2008 GHG inventory will be verified to the degree that no more than 5 percent of its GHG emissions were estimated and that emissions calculations were conducted properly on all activity data.

Question 18.4: Verification is currently being completed.

Question 18.5: LS&CO.'s GHG emissions inventory will be verified according to the TCRGRP.

Question 18.6: Not applicable

19. Data Accuracy

Question 19.1: The greatest source of uncertainty in LS&CO.'s 2008 GHG inventory lies in the global reporting of activity data. LS&CO. has a large number of facilities outside of the United States (over 200) and receives energy use invoices in 30 plus languages. It has proven somewhat difficult to ensure that all regional affiliates reporting from all facilities are understanding energy use invoices properly and reporting their activity data in the proper units and form. Over the course of 3 years the process has begun to go much more smoothly but there is still room for improvement. In addition to streamlining the global reporting process, typos and mis-entries continue to be a problem.

Question 19.2: The level of error that the accuracies mentioned above lend to the LS&CO. global GHG inventory as a whole are not material. This is because the majority of LS&CO. emissions come from a very small number of facilities and sources and these emissions sources are checked, double checked and triple checked for proper reporting and typos. As an estimate it would be safe to say that the level of inaccuracy spawn from these sources of uncertainty is plus or minus 2% of the total.

Question 19.3: Yes, LS&CO. reports its GHG emissions under the voluntary registry known as The Climate Registry.

19.3.1: The Climate Registry
19.3.2: LS&CO. has not completed this yet.

20. Energy and Fuel Requirements and Costs

Question 20.1: $15,537,727 USD

Question 20.1.1: Electricity – $12,560,923 USD Natural Gas - $2,153,234 USD Heating Oil/Diesel Fuel - $36,703 Steam - $636,247 LPG - $150,619

Question 20.2: Stationary combustion – $2,340,557; Mobile combustion – LS&CO. estimates its mobile emissions because they are insignificant thus activity data is not collected on this source.

Question 20.2.2: Natural gas 0- $2,153,234; Heating oil - $11,667; Diesel fuel - $25,036; LPG - $150,619

Question 20.3: Total consumption of energy purchased by LS&CO. is 141,838 MWh

Question 20.4: 6,332 MWh of fuels for stationary combustion only

Question 20.4.1: Natural gas – 5230 MWh; Heating oil/diesel fuel – 37 MWh; LPG – 1065 MWh

21. EU Emissions Trading Scheme

Question 21.1: LS&CO does not operate or have ownership of any facility covered by the EU Emissions Trading Scheme (EU ETS).

22. Emissions Trading

Question 22.1: LS&CO. does not operate or have ownership of any facility covered by the EU Emissions Trading Scheme (EU ETS), neither is it likely to participate within the next two years.

Question 22.2: LS&CO. does not operate or have ownership of any facility covered by the EU Emissions Trading Scheme (EU ETS), thus the company does not have a strategy for complying with the scheme.

Question 22.3 to 22.8: LS&CO. has not purchased any project-based carbon credits.

23. Reduction Plans

Question 23.1: Yes, LS&CO. has an energy reduction plan in place. Please see details in 23.3 through 23.11.

Question 23.3: LS&CO. does have an emissions/energy reduction target in place. Our initial goal is to reduce our Scope 1 and Scope 2 carbon emissions and energy use by 11 percent by 2011.

Question 23.4: The baseline line year for which emissions reductions are set off of is 2007.

Question 23.5: LS&CO. initial goal is to reduce its Scope 1 and Scope 2 carbon emissions and energy use by 11 percent from 2007 levels.

Question 23.6: LS&CO.'s current energy use reduction target applies to its owned/leased and operated facilities. There is a specific energy use reduction target for each facility type within the LS&CO. real-estate portfolio (e.g. a target for distribution centers, offices etc) excluding retail. It was decided that because of retail store expansion globally it would be too difficult to set a meaningful aggregate energy use reduction target for that facility type. The majority of LS&CO. energy use comes in the form of purchased electricity from the grid. Given this fact, the majority of energy reductions at LS&CO. facilities will take place in this realm.

Question 23.7: LS&CO.'s initial energy reduction target applies to the period 2008-2011.

Question 23.8: As part of the energy reduction target setting work LS&CO. put forth a work plan to achieve that target. We plan to achieve our energy reduction targets through efficiency first. A number of key energy conservation measures have been identified at each of the facility types to help drive our reduction goals. For example, at our large scale distribution centers, facilities responsible for approximately 60 percent of LS&CO.'s total energy usage, full scale lighting upgrades are currently taking place. Beyond that, at those same distribution centers, maintenance programs to increase the efficiency of HVAC units have been administered as well as a slough of other energy conservation measures. Energy reduction activities like these are taking place at all facility types that have an energy reduction target . Even though retail stores do not have a set target for energy reduction a new high efficiency lighting system was identified to be used in new stores going forward. Lighting is responsible for around 70 percent of energy used in retail operations. The new lighting system is expected to save anywhere from 30-50 percent of total lighting energy use yielding an aggregate energy savings of anywhere from 20-40 percent given that the new lighting will also decrease summer cooling needs on top of direct

energy savings from lower wattage lamps. These are just a few examples of the activities that LS&CO. is engaging in to reduce facility level energy use.

Question 23.9: LS&CO. tracks progress toward achieving our energy reduction targets in two ways:

Energy Intensity: For each facility type within the LS&CO. real-estate portfolio there is a measure of energy intensity. This measure could be energy per square foot or product shipped depending on the facility type. Recall that all facility types other than retail stores have a particular aggregate reduction in energy use that they are to achieve. In order to achieve that energy reduction goal there is a set decrease in energy intensity of facility space or activity that must occur. The needed decrease in energy intensity that must be obtained in order to meet the reduction target has been quantified for each facility type. Facility/finance managers are held accountable to achieving this needed decrease in energy intensity.

Aggregate Facility Type Energy Use: Total energy use is aggregated on an annual basis and progress towards achieving the energy reduction goal set forth is then gauged based on the annual aggregation.

Question 23.10: LS&CO. is too early in its reduction plan to adequately respond at this point.

Question 23.11: LS&CO. is too early in its reduction plan to adequately respond at this point.

24. Planning

Question 24.1: We currently do not factor the cost of future emissions into capital expenditures.

25. Responsibility

Question 25.1: Yes, the World Leadership Team, an executive forum of the company's senior-most management, has overall responsibility for energy and climate change oversight for the company.

Question 25.2: The Chief Sourcing Officer and Chief Finance Officer have overall responsibility for energy and climate change planning and implementation management.

Question 25.3: The World Leadership Team, an executive forum of the company's senior-most management, has overall responsibility for energy and climate change planning for the company.

Question 25.4: The company’s progress and status regarding climate change is reviewed in the Finance Department’s quarterly business reviews.

26. Individual Performance

Questions 26.1 to 26.3: No, LS&CO. does not provide incentives for individual management of climate change issues including attainment of GHG targets.

27. Communications

Question 27.1 – 27.3: LS&CO. communicates some information about the company's emissions and plans to reduce emissions in our Annual Report (http://www.levistrauss.com/Financials/AnnualReports.aspx) and on our corporate website (http://www.levistrauss.com/).

28. Public Policy

Question 28.1: Yes. LS&CO. engages with policymakers on possible response to climate change as members of BICEP (Business for Innovative Climate and Energy Policy) and the World Resources Institute Green Power Group. Examples of policy advocacy include:

- *BICEP (Business for Innovative Climate and Energy Policy)* – In November 2008, LS&CO. joined BICEP as a founding member. BICEP's members believe that climate change will impact all sectors of the economy and that various business perspectives are needed to provide a full spectrum of viewpoints for solving the climate and energy challenges facing the United States. BICEP's goal is to work directly with key allies in the business community and with members of the U.S. Congress to pass meaningful energy and climate change legislation that is consistent with our core principles. As a BICEP member, LS&CO. has been advocating on Capitol Hill and with the Obama Administration for aggressive U.S. climate and energy legislation in 2009.

- *Renewable energy tax incentives* – In 2008, LS&CO. joined with other World Resources Institute (WRI) Green Power Group companies in advocating for the renewal of the renewable energy tax incentives. We did this through meetings with the Hill staff of key Senate votes (May 2008); adding our company name to a joint company, NGO and think tank advertisement in Roll Call, the newspaper of Capitol Hill, supporting Congressional action on renewable energy tax incentives (July 2008); and sending a letter to the California delegation in the House of Representatives supporting Congressional action (September 2008).

- *Support for 2008 climate change legislation* – In June 2008, together with other U.S. companies and environmental nongovernmental organizations, LS&CO. added its name to an open letter to the Senate supporting passage of the Lieberman-Warner Climate Security Act (S. 3036).