



Levi Strauss & Co.

Terms of Engagement Guidebook



Empathy, Originality, Integrity, Courage

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Introduction



Empathy, Originality, Integrity, Courage

These four core values are at the heart of Levi Strauss & Co. They are fundamental to our success. They are the foundation of our company, define who we are. They underlie our vision of the future, our business strategies and our decisions, actions and behaviors.

We live by them. They endure.

In 1991, in line with our company values, Levi Strauss & Co. established a set of Global Sourcing and Operating Guidelines (GSOG). We created the GSOG to help us improve the lives of workers manufacturing our products, make responsible sourcing decisions and protect our commercial interests. At the time they were developed our GSOG were considered highly innovative and risky; today, such codes of conduct have become a standard for responsible sourcing.

Originally, our GSOG were based on our company values and standards set by the United Nations, particularly the Universal Declaration of Human Rights and many of the International Labor Organization's (ILO) Core Conventions. Over time, in the spirit of continuous improvement, we have modified our GSOG based on the suggestions of Non-Governmental Organizations (NGOs) and to reflect what we have learned through our own experience. They are a cornerstone of our sourcing strategy and of our business relationships with hundreds of contractors worldwide.

The GSOG are made up of two components:

Country Assessment Guidelines, which address large, external issues beyond the control of Levi Strauss & Co.'s individual business partners. These help us assess the opportunities and risks of doing business in a particular country.

The Business Partner Terms of Engagement (TOE), which deal with issues that are substantially controllable by individual business partners. These TOE are an integral part of our business relationships. Our employees and our business partners understand that complying with our TOE is no less important than meeting our quality standards or delivery times.

This guidebook will focus on the second component of the GSOG, the TOE. The TOE help us select business partners that follow workplace standards and business practices that are consistent with our values.

These requirements are applicable to every factory, subcontractor, licensee, agent, or affiliate that manufactures or finishes product for Levi Strauss & Co. All of our business partners are expected to meet the requirements stipulated in the TOE.

Purpose of the TOE Guidebook

The purpose of this Guidebook is to assist individuals, including factory managers, licensees and agents to implement the TOE in factories producing Levi Strauss & Co. (LS&CO.) Levi's®, Dockers®, and Levi Strauss Signature™ products.




LS&CO. developed the TOE Guidebook in response to requests from factories, licensees, monitors, NGOs, TOE assessors, manufacturing and operations staff, industry colleagues and others for more specific guidance on our TOE standards and expectations, as well as how to correct TOE violations.

It should be stressed that the creation of the Guidebook is an effort to provide advice to ensure broad awareness and global consistency on TOE issues that may be encountered around the world and to encourage factories producing LS&CO. products to take a more pro-active approach to meeting our TOE requirements. This Guidebook was also created to ensure that issues are being addressed properly and on a timely basis.

Contents of the TOE Guidebook

TOE Requirements

Each requirement is preceded by the acronym:

-  ZT (Zero Tolerance)
-  IA (Immediate Action)
-  CI (Continuous Improvement)

The criteria for determining how a particular issue is rated is explained on page 4.

We have included the suggested rating for each of the TOE requirements. The suggested ratings will help the users of this Guidebook understand how seriously Levi Strauss & Co. views each particular issue.

In addition to the TOE requirements, we have included specific examples of how the requirements can be applied to non-compliance issues that might arise in a factory. These examples are based on our experience, and are fairly

comprehensive, but they are not inclusive of every issue that might appear in a factory. However, they do illustrate the judgment used in determining compliance with or violation of the TOE.

For each example of a non-compliance, there is an accompanying suggestion for remediation, and a timeframe within which the non-compliance should be remediated. Please note that the timelines are suggested timelines and not rigidly set.

If after consulting this Guidebook, other TOE tools, LS&CO.'s values, and one's own judgment, there are still questions about what constitutes a violation, what remediation or timeframe to suggest, or what are considered best practices, please contact the LS&CO. Regional TOE Manager for further advice.

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TOE Ratings Defined

Zero Tolerance Violation

Serious breach of Terms of Engagement that results in severe impact to individual rights, life safety and/or LS&CO.'s corporate reputation. **Production cannot be placed in proposed suppliers with ZT violations confirmed by more than one source of information.** For existing suppliers with a ZT confirmed by more than one source of information, LS&CO.'s approach is to work with existing suppliers to remediate ZT violations immediately and endeavor to limit exit to circumstances when a supplier is unwilling to remediate or does not have the capability to remediate.

Examples of ZT include underage workers, forced labor, corporal punishment, violation of ethical standards (falsification of records, unauthorized subcontracting, or failure to provide access to records or workers), and failure to complete ZT or IA corrective actions within the agreed upon timeframe.

Immediate Action Item

Breach of Terms of Engagement that results in negative impact to individual rights and life safety and/or LS&CO.'s corporate reputation. **Production cannot be placed in proposed suppliers with IA violations.** For existing suppliers with an IA, the violation must be remediated fully (e.g. underpaid wages must be repaid) and within a maximum period of 2 months, or the issue becomes a ZT. Some IA violations may require a remediation period of less than 2 months.

Examples of IA include excessive working hours, non-payment of overtime premiums or contracted wages, non-provision of required government benefits, documentation on important labor issues such as age, hours, wages; proper disciplinary processes, discrimination, infringements on freedom of association, violations of local law, non-functioning water treatment facility and life safety violations (emergency exits, fire prevention).

Continuous Improvement Item

Labor, health & safety, and environmental issues that can be improved in the factory for the well being of workers and/or betterment of its reputation or management practice. **Production can be placed in proposed suppliers with CI issues.** For proposed and existing suppliers with CI issues, a reasonable corrective action plan can be proposed over a 6 month period.

Examples of CI include operating permits (if company has already applied for them), establishment of company policies on hiring practices, etc., records documentation and health and safety issues, such as PPE, chemical storage, machine guarding, signage, etc.

Recommended Methods of Verification:

The recommended methods of verification are designed to illustrate how compliance with TOE standards may be substantiated. Each method, by itself, may not determine whether issues exist in a factory, but the combination of one or more will provide a more comprehensive picture of what is occurring in a particular factory. In this Guidebook, after each TOE requirement is listed, a suggested method of verification will follow.

The methods of verification are:



Visual Observation



Records Review



Factory Management Interviews



Gathering Information from Workers



Gathering Information from External Resources

1. Child Labor

Use of child labor is not permissible. Workers can be no less than 15 years of age and not younger than the compulsory age to be in school. We will not utilize partners who use child labor in any of their facilities. We support the development of legitimate workplace apprenticeship programs for the educational benefit of younger people.
-Levi Strauss & Co. TOE

What are the TOE Requirements?

Minimum Working Age

- ❌ The factory is prohibited from employing any worker under the age of 15.
- ❌ Where local law specifies a minimum working age higher than 15, all workers must be at or above the legal minimum age.
- ❌ Where local law specifies a mandatory schooling age, the factory may only employ those persons above the mandatory schooling age.
- ✅ Factory should have hiring policy that includes a minimum age of 15, or older if specified by law.

Factory Visitors

- ✅ Only persons at or above the age of 15 maybe be present in the work areas. Only in the case of a guided tour, conducted by an appropriate factory employee, may persons under the age of 15 enter the work areas.

Age Documentation

- ✅ The factory must have age-verification procedures that are effectively implemented, so that every personnel file contains copies of the identified documents (such as birth certificates, national ID cards or school certificates) submitted by applicants.

Juvenile Workers

- ✅ Where a country's legal code specifies juvenile employment restrictions or requirements, the factory must be in compliance with the local legal requirements.
- ✅ ²Juvenile workers are prohibited from working at night or conducting 'hazardous work', as defined by the ILO.

Note 1: LS&CO. defines a child as anyone under the age of 15, and a juvenile as anyone between the ages of 15 and 18. However, in regions or countries where the legal definition of a child includes persons older than 15, the local definition will apply.

Calculate age on the basis of whole years lived, not on years that began at birth. Thus, 12 months from birth, a person is considered to be 1-year old, not 2-years old. Also, 14 months from birth, a person is still considered to be 1-year old, not 2-years old.

Note 2: According to the ILO, the definition of Hazardous Work with regard to Child Labor consists of the:







- Work which exposes children to physical, psychological or sexual abuse;

- Work underground, underwater, at dangerous heights or in confined places;
- Work with dangerous machinery, equipment and tools, or which involves the manual handling or transport of heavy loads;
- Work under particularly difficult conditions, such as work for long hours or during the night or work where the child is unreasonably confined to the premises of the employer;
- Work in an unhealthy environment which may expose children to hazardous substances, agents or processes, temperature, noise levels and vibrations damaging to their health.

¹ ILO Minimum Age Convention, 1973, <http://www.ilo.org/ilolex/english/convdisp1.htm>

² ILO Night Work of Young Person (Industry) Convention, 1919, <http://www.ilo.org/ilolex/english/convdisp1.htm>

1 Child Labor Examples: Non-Compliances & Corrective Actions

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>4) Minimum Working Age: In “X” country, the legal minimum working age is 14. One worker in factory “X” is 14 years old. Documentation verified the worker’s age.</p>	<p>There should be emergency child labor intervention where the child is removed from the workplace. The factory should ensure that the child receives legal schooling, while at the same time sustaining the family’s income level. The child should have the option to work in the factory once he/she has reached the legal working age.</p>	<p>Immediately</p>	
<p>4) Minimum Working Age: In “X” country, the legal minimum working age is 16 (higher than TOE’s 15-year requirement). There are 15-year old juveniles working inside the factory. Documentation verified the workers’ ages.</p>	<p>There should be emergency child labor intervention where the child is removed from the workplace. The factory should ensure that the child receives legal schooling, while at the same time sustaining the family’s income level.</p>	<p>Immediately</p>	
<p>4) Minimum Working Age: In “X” country where the laws are somewhat conflicting and juveniles are legally permitted to work after the age of 15, but must remain in school until the age of 16, one worker is 15 years of age and is not in school. Documentation verified the worker’s age.</p>	<p>The factory must implement a program to ensure that underage workers work only in accordance with law (e.g., limited hours that do not interfere with mandated schooling).</p>	<p>Immediately</p>	
<p>6) Minimum Working Age: The factory has no policy on minimum hiring age.</p>	<p>A policy should be established that defines the minimum hiring age of the factory and prohibits children in the work area, and this policy should be communicated to workers.</p>	<p>One Week</p>	
<p>1) Juvenile Workers: In “X” country where juveniles are legally defined as workers between the ages of 15 and 18, the labor code states that juveniles are not allowed to work overtime. In factory “X” juveniles work the same hours (including overtime) as adult workers. This is confirmed by factory work records.</p>	<p>Identify juvenile employees and communicate to supervisors and workers the required legal employment restrictions. Create/maintain juvenile registry and implement juvenile employment restrictions (e.g., required written permission from parent/guardian, special record-keeping, required medical exams, restricted work hours (no OT) and restrictions on jobs (no hazardous jobs).</p>	<p>One Week</p>	
<p>1) Factory Visitors: There is a child discovered in the workplace. After checking, it is determined the child was on holiday from school and was visiting her mother in the workplace.</p>	<p>The child should be removed from the work area. A policy should be established that prohibits children in the work area, and this policy should be communicated to workers.</p>	<p>Remove child immediately/ one week to establish policy.</p>	

2. Forced Labor

We will not utilize prison or forced labor in contracting relationships in the manufacture and finishing of our products. We will not utilize or purchase materials from a business partner utilizing prison or forced labor









-Levi Strauss & Co. TOE

³The general definition of forced labor is any work or service performed under the menace of penalty, and for which the said persons have not offered up themselves voluntarily.

There are 3 common forms of forced labor:

1. Prison Labor: Work, performed by individuals incarcerated by either the state or military that is a requirement of their sentence and usually without compensation.
2. Indentured Labor: Work, performed by an individual contractually bound to an employer for a specific time period, which is usually in return for payment of travel and living expenses.
3. Bonded Labor: An illegal practice in which employers give high-interest loans to workers who either individually or as an entire family then labor at low wages to pay off the debt.

What are the TOE Requirements?

-  ⁴All forms of prison or forced labor are prohibited.
-  Any subcontracting arrangement with prisons is prohibited.
-  Any restrictions for workers to voluntarily end their employment, such as, excessive notice periods or substantial fines for terminating their employment contracts, are prohibited. Labor contracts must also meet legal requirements.
-  ⁵Factories must grant employees permission to leave the factory under reasonable circumstances, such as personal or family emergencies, without disciplinary penalty. Factories must never physically prevent or delay workers from leaving the facility or its grounds.
-  Factories must not require or allow employment agents to require any monetary deposits or keep any original identification documents. The practice of deposits (money/original identification) may prevent workers to freely end their employment (within the legal context). This violation occurs most with a migrant labor force.
-  Security must not be allowed to intimidate or restrict the movement of workers. If security is inside the factory they should not be armed.
-  Factories must not restrict or limit in any way employee access to religious facilities, toilets or drinking water.
-  Overtime must be strictly voluntary. Any form of pressure to perform overtime is prohibited.

Note: If a factory advances payment to workers and withholds a small amount from each paycheck that allows the worker to pay off the advance, this does not necessarily imply a TOE violation. Even








though the worker is offering labor to pay off a loan, as long as the withheld amount does not violate local, legal restrictions concerning payroll deductions it is not a violation of the TOE.

³ Definition established by the ILO, <http://www.ilo.org/ilolex/english/convdisp1.htm>

⁴ Forced Labour Convention, 1930 and Abolition of Forced Labour Convention, 1957, <http://www.ilo.org/ilolex/english/convdisp1.htm>.

⁵ Universal Declaration of Human Rights, 1948, <http://www.un.org/Overview/rights.html>

2 Forced Labor Examples: Non-Compliances & Corrective Actions

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>4 Forced Labor: During an assessment, workers state that they are not working at the factory voluntarily. After further examination, it is found that the allegations are true.</p>	<p>The factory should discontinue the practice immediately. All workers should be working at the factory of their own free will.</p>	<p>Immediately</p>	
<p>4 Prison Labor: LS&CO. contracts with a joint venture factory who is affiliated with the state. The factory purchases leather from a state-owned enterprise that employs prisoners.</p>	<p>The factory should discontinue the practice immediately, and identify for LS&CO. all leather goods made by prisoners.</p>	<p>Immediately</p>	
<p>4 Forced Labor: In factory “X”, foreign migrant workers are required to sign a contract which states that they cannot resign. (For example, doing so within 2 years would mean substantial fines equivalent to 3 months of work.)</p>	<p>The contracts should immediately be revised and the clause removed. Workers should sign the revised contracts and be given a copy of the newly signed contracts. Termination of a contract should not result in a fine or a loss of previously earned wages.</p>	<p>Immediately</p>	
<p>4 Forced Labor: In factory “Y”, when workers request permission to leave work to care for their children who are ill, they are not granted permission to leave.</p>	<p>Under reasonable circumstances, immediately allow workers to leave the premises as they desire. Provide security as needed. Develop policies that allow workers to leave work under reasonable circumstances. Supervisors and workers should be trained on the policies.</p>	<p>Immediately/ 3 weeks for policies and training.</p>	
<p>4 Forced Labor/Freedom of Movement: The factory requires workers to submit original copies of birth certificate or national ID documents or deposit money, or any legal identification papers (unless requested by workers for security reasons), so workers cannot easily leave or resign from the factory.</p>	<p>The factory must return all deposits; copy and then return all these documents to the workers and put a stop to the practice. The factory must have a policy/process in-place for workers who want to terminate employment (resigning) and this should be communicated to workers. Provide workers with means for securing money and/or papers themselves (e.g., secure storage).</p>	<p>2 weeks</p>	
<p>4 Freedom of Movement: The workers feel as though they work in a climate of intimidation created by the presence of guards throughout the workplace, effectively restricting workers’ freedom of movement throughout the factory.</p>	<p>The factory should clarify the job description of security guards. Their revised job duties should be communicated to the guards and to the workforce. The guards should be monitored for compliance.</p>	<p>2 weeks</p>	
<p>4 Freedom of Movement: Whenever workers want to go to the toilet or get a drink of water, they have to ask permission of their respective supervisor. The supervisor keeps track of how long employees are gone to make sure that workers do not waste too much time using the toilet.</p>	<p>Workers should have access to toilets and drinking water at all times and need not seek permission. There should be no restrictions on workers in performing traditional religious obligations.</p>	<p>Immediately correct practice/ 2 weeks to revise policy.</p>	

3. Disciplinary Practices

“We will not utilize business partners who use corporal punishment or other forms of mental or physical coercion. -*Levi Strauss & Co. TOE*”

What are the TOE Requirements?

- Ⓜ Factory managers/supervisors must never threaten the use of or practice any form of physical discipline or harmful physical contact, no matter how slight.
- Ⓜ Factory managers/supervisors must never engage in or allow sexual harassment. Touching employees, especially women, in any way that could be considered to have sexual implications; sexual comments made to workers that creates an unreasonably hostile work environment; or requiring any form of sexual favor in exchange for beneficial treatment in employment is considered sexual harassment.
 - *Employers shall not offer preferential work assignments or other preferential treatment of any kind in actual or implied exchange for a sexual relationship, nor subject employees to prejudicial treatment of any kind in retaliation for refused sexual advances.*
- Ⓜ Factory managers/supervisors must never use coercive behavior, verbal abuse or abusive disciplinary tactics or procedures. Threatening, either explicitly or implicitly, to withhold workers’ basic rights, including wages, benefits, access to food, services, etc. can be considered coercive behavior.
 - *Access to food, water, toilets, medical care or health clinics or other basic necessities will not be used as either reward or punishment.*
 - *Employers will not unreasonably restrain freedom of movement of workers, including movement in canteen, during breaks, using toilets, accessing water, to access necessary medical attention.*
- Ⓜ *Managers should never use intimidation or mentally abuse workers such as throwing objects at the ground in front of workers.*
- *Employees will not be threatened nor intimidated in any manner nor have the fear of threats or intimidation.*
- Ⓜ Disciplinary measures must not include monetary fines. Tardiness should be deducted on a pro-rata basis.
 - *Managers should never threaten illegal or undue fines as a means of disciplining or influencing behavior.*
- Ⓜ Security personnel must not administer disciplinary action against employees.
 - *Security must not have the right to discharge workers.*
 - *The military must not be allowed to participate in disciplinary procedures.*
 - *Security practices must be gender-appropriate and non-intrusive.*
- Ⓜ Management will discipline (could include combinations of counseling, warnings, demotions, and termination) anyone (including managers or fellow workers) who engages in any physical, sexual, psychological or verbal harassment or abuse.
- Ⓜ Factories must have established procedures for disciplining and firing workers that are applied in a standardized fashion throughout the facility. The procedures must include an escalating series of verbal and written warnings prior to suspension or dismissal. Disciplinary measures taken must be documented in the worker’s file and a copy of such warnings should be provided to the worker.

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What are the TOE Requirements? (continued)

- Ⓐ Factories must have written grievance procedures in place that protect employee privacy, protect against possible retribution and permit workers to report unfair treatment to someone other than their supervisor.
- Ⓐ Factories' grievance procedures must include a system for resolving disputes in the workplace, e.g., dispute resolution committee or workers' council that receives investigations and resolves workplace grievances.
 - *The factory should use a clearly defined and documented system for resolving disputes in the workplace, whether between co-workers or between workers and supervisors. Workers should have the ability to report problems to person or committee other than a direct supervisor. This system should be communicated both verbally and in writing to the workers.*
 - *The factory must adopt and communicate a non-retaliation policy that guarantees that workers who report on problems or abuses do not suffer negative consequences.*
- Ⓐ Factories must have functional and effective processes in place such that workers can voice their concerns. These processes must be used, accessed and understood by workers and they must also include a mechanism to ensure that grievances are responded to.
 - *A discreet, effective complaint procedure should be in place for all workers. A trusted person, such as an appointed counselor, should be the administrator of the system.*
- *There should be an internal, confidential appeal procedure that workers can use if management does not adequately respond to their complaint.*
- *There should be an appeal procedures for workers who feel unjustly warned or disciplined.*
- *There should be suggestion boxes in private and secure locations that are easily accessed by the workers. The facility may also provide a telephone 'hotline' number or post office box address for employees to report grievances.*
- ⓐ Managers and Supervisors should be trained in disciplinary procedure compliance and where possible, workers should receive instruction on their rights under national law and company expectations and where relevant, best practices and international standards.
- ⓐ Factories should effectively communicate disciplinary procedures to employees.
 - *Policy and procedures should be present in employee handbooks and manuals.*
 - *Grievance procedures should be included in orientation for new and temporary hires and in periodic training for existing workers, supervisors, and managers.*
 - *The factory should provide cross-cultural training to expatriate managers, supervisors, and workers.*





Note: Levi Strauss & Co. recognizes that different management techniques are used throughout the world, and the TOE does not establish a single management style for all Levi Strauss & Co. suppliers. However, to protect the dignity of

workers, the TOE seeks to ensure that suppliers act reasonably in deciding the nature and the amount of discipline to apply in given circumstances.

⁶ ILO Termination of Employment Convention, 1982; <http://www.ilo.org/ilolex/english/convdisp1.htm>





ILO Convention against Torture and Other Cruel Inhuman or Degrading Treatment or Punishment, 1984, <http://www.ilo.org/ilolex/english/convdisp1.htm>. and; Universal Declaration of Human Rights 1948, Articles 3 and 5, <http://www.un.org/Overview/rights.html>

3 Disciplinary Practices Examples: Non-Compliances & Corrective Actions

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>4) Corporal Punishment: Workers are physically punished, for example, they are asked to stand-up at the back of the production area for 1 hour if they arrive late to work.</p>	<p>The factory should discontinue the practice immediately. The factory should consider hiring a local NGO to conduct training. The factory should monitor for change in behavior, and if necessary, terminate the employment of abusive personnel.</p>	<p>Immediately discontinue practice/ Schedule training within 3 weeks.</p>	
<p>4) Sexual Harassment: One male supervisor is always touching the female workers and they are obviously made uncomfortable by his actions.</p>	<p>The supervisor should stop the behavior immediately. Supervisors should be educated on correct behaviors. Implement effective management follow-up on reported grievances. (Note: Policies clearly defining and prohibiting sexual harassment must also be in writing and posted; see General Labor Practices. In addition, there must be effective grievance procedures for workers to use in reporting any unfair/inappropriate treatment.)</p>	<p>Immediately discontinue practice/ 3 weeks to schedule training.</p>	
<p>4) Coercion/Verbal Abuse: One supervisor shouts at workers whenever they make mistakes or if they are unwilling to stay and work overtime.</p>	<p>The supervisor should stop the behavior immediately. Supervisors should be educated on correct behaviors. Implement effective management follow-up on reported grievances. (Note: Policies clearly defining and prohibiting coercive behavior and abusive disciplinary tactics must also be in writing and posted; see General Labor Practices. In addition, there must be effective grievance procedures for workers to use in reporting any unfair/inappropriate treatment.)</p>	<p>Immediately discontinue practice/ 3 weeks to schedule training.</p>	
<p>4) Monetary Fines: Review of the company rules and regulation shows monetary fines are used to discipline workers for violating company rules (for example: eating at workplace, etc.).</p>	<p>Remove the fine policies and suggest using procedural means. The procedures must include an escalating series of verbal and written warnings prior to suspension or dismissal. All workers and supervisors should be trained on proper disciplinary practices.</p>	<p>Immediately discontinue practice/ 3 weeks to hold training sessions.</p>	

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3 Disciplinary Practices Non-Compliances & Corrective Actions (continued)

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>⚠️ Disciplinary Practices: One worker in the sewing department was fired for a small mistake, even though this was the first time that worker had ever done anything wrong. One supervisor gives workers a written warning the first time they are tardy even though workers in other departments can be tardy two times before getting a written warning.</p>	<p>Supervisors and workers should be educated on the disciplinary procedures, and they should be carried out consistently in the factory. The procedures must include an escalating series of verbal and written warnings prior to suspension or dismissal. (Note: Disciplinary procedures must also be in writing and posted; see General Labor Practices.)</p>	<p>Immediately discontinue practice/ 3 weeks to hold training sessions.</p>	
<p>⚠️ Disciplinary Practices: Because a worker failed to inform her supervisor that she would not report for work that day, the supervisor would not allow the worker to perform OT for 1 week.</p>	<p>Supervisors and workers should be educated on the disciplinary procedures, and they should be carried out consistently in the factory. The procedures must include an escalating series of verbal and written warnings prior to suspension or dismissal. (Note: Disciplinary procedures must also be in writing and posted; see General Labor Practices.)</p>	<p>Immediately discontinue practice/ 3 weeks to hold training sessions.</p>	
<p>⚠️ Grievance System: Factory management has established that workers report grievances to their supervisors. The workers say that the only way to complain about verbal abuse from a supervisor is to complain to the supervisor himself and they are afraid they will be fired if they complain.</p>	<p>The factory should develop a variety of communication channels such as through suggestion boxes, upper management or HR personnel, etc. that protect privacy, protect against retribution and allow reporting to someone other than supervisors. The new procedures should be communicated to supervisors and workers. (Note: Grievance procedures, including management follow-up activities, must also be in writing and posted; see General Labor Practices.)</p>	<p>2 weeks</p>	
<p>🚫 Worker Awareness: Workers are unaware of disciplinary procedures because of the high rate of illiteracy. The facility has posted the procedures, but the workers are not able to read them.</p>	<p>The new hire orientation and factory policy training should include verbal explanations or graphics for those employees who are not able to read. (Note: Disciplinary procedures must also be in writing and posted; see General Labor Practices.)</p>	<p>4 weeks</p>	

4. Legal Requirements

We expect our business partners to be law abiding as individuals and to comply with legal requirements relevant to the conduct of all their businesses.




-Levi Strauss & Co. TOE

What are the TOE Requirements?

- ⚠️ Factories must observe and be in compliance with any legal judgments against them.
- ⚠️ Factories must observe and be in compliance with Rules of Origin laws and regulations.
- ⚠️ Factories must understand Country of Origin requirements to ensure they are in compliance.

Note: The fact that there may be lawsuits against a particular factory or member of management does not mean that the factory is operating illegally. If the lawsuit is being addressed through established legal channels of the country, there is no violation of Levi Strauss & Co.'s TOE.

4 Legal Requirements Examples: Non-Compliances & Corrective Actions

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>4 Legal Requirements: The owner of the facility was convicted of tax evasion and has ignored the judgment in settling the case.</p>	<p>Action must be taken immediately by the factory, or Levi Strauss & Co. will consider exiting the factory.</p>	<p>Immediately</p>	
<p>4 Rules of Origin: A factory in the Philippines makes garments and inserts the label “Made in China” and then ships the goods illegally through China to the U.S.</p>	<p>Action must be taken immediately by the factory, or Levi Strauss & Co. will consider exiting the factory.</p>	<p>Immediately</p>	
<p>4 Rules of Origin: The factory management does not know the Country of Origin laws.</p>	<p>Logistics or customs staff must be trained on the requirements of Country of Origin.</p>	<p>2 weeks</p>	





















5. Ethical Standards

We will seek to identify and utilize business partners who aspire as individuals and in the conduct of all their businesses to a set of ethical standards not incompatible with our own. *–Levi Strauss & Co. TOE*

What are the TOE Requirements?

- 🚫 Factories must provide access to workers, records and factory work areas, and they must be cooperative and transparent during TOE assessment process.
- 🚫 Factories must not engage in corrupt or unethical practices, such as paying bribes in exchange for jobs, preferential treatment, etc.
- 🚫 Unauthorized subcontracting is prohibited.
- 🚫 Factories must maintain only one set of complete and accurate working-hour and payroll documents and records that represent true work conditions.
- 🚫 Factories must never present or require workers with blank papers/resignation letters to sign.
- 🚫 Factories must not engage in practices, such as annually firing and re-hiring workers or unreasonably designating workers as probationary, designed to circumvent national or local wage, benefit or other labor laws.

5 Ethical Standards Examples: Non-Compliances & Corrective Actions

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>4 Bribery Supervisors are given bribes so that some workers gain preferential treatment for shifts or access to medical care, etc.</p>	Action must be taken immediately by the factory to discontinue the practice.	Immediately	   
<p>4 Subcontracting When production levels are high work is subcontracted out to a nearby factory. Levi Strauss & Co. has not been informed of the use of the stated factory.</p>	Action must be taken immediately by the factory and production removed.	Immediately	    
<p>4 Record Keeping 1) There are 2 sets of time records. One set was created by the factory to hide excessive OT. 2) The payroll records reflects overtime payments, but the payments are not actually given to workers. (i.e. No overtime pay). Pay slips show payments reflective of time worked (without overtime) and the workers confirm the practice.</p>	Factory must discontinue unethical practice immediately and use only one set of records that represents true work conditions.	Immediately	  
<p>4 Access The factory refuses to allow the TOE assessor access to records, workers for interviews, or specific areas of factory.</p>	Action must be taken immediately by the factory to allow access to LS&CO. TOE personnel or representative.	Immediately	 
<p>4 Ethical Practices Workers were forced to sign a blank paper when they were hired, so that the factory can make it look like they resigned even if they are fired.</p>	Cease the practice and dispose of any blank papers still in factory's possession.	Immediately	  
<p>4 Ethical Practices In "X" country, workers with two year's seniority are entitled to receive an extra week of annual vacation, but the factory hires and fires workers each year so that the factory does not have to give them an extra week's vacation.</p>	Develop and implement new policies that provide workers with appropriate wages, benefits. Educate supervisors and workers on new policies.	Immediately cease practice/ 2 weeks for policies.	  

6. Working Hours

While permitting flexibility in scheduling, we will identify local legal limits on work hours and seek business partners who do not exceed them except for appropriately compensated overtime. While we favor partners who utilize less than sixty-hour work weeks, we will not use contractors who, on a regular basis, require in excess of a sixty-hour week. Employees should be allowed at least one day off in seven.


















-Levi Strauss & Co. TOE

What are the TOE Requirements?

- Ⓐ Working hours must not exceed 60 hours per week, more than 8 (not continuous) weeks per year. However, the TOE prefer working hours be under 60 hours each week, with a maximum of 48 hours of regular work, plus 12 hours of overtime. Or where a country's legal code requirements are more stringent on overtime hours, the legal requirements must be met.
- Ⓐ Where a country's legal code specifies the regular workday, workweek, rest days and/or holidays, factory's schedules must be in compliance with the law.
- Ⓐ Employees must have one day off in seven; they may work on their rest day but no more than once in every two weeks and no more than 8 consecutive weeks per year. TOE prefers that employees not work on their rest days.
- Ⓐ Time records for all workers must be available for review. Employees must maintain their own time records, i.e., punch in and out themselves.
- Ⓐ Factories must record all employee working hours completely and accurately.
- Ⓐ Factories must not allow workers to take work home.
- Ⓒ Factories should have a working time clock that employees use to record their hours, both regular and overtime.

⁷ILO Weekly Rest (Industry) Convention, 1921, <http://www.ilo.org/ilolex/english/convdisp1.htm> and Universal Declaration of Human Rights, 1948, <http://www.un.org/Overview/rights.html>

6 Working Hours Examples: Non-Compliances & Corrective Actions

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>⚠ Working Hours Total working hours for a week is 72 hours and has been so continuously for the last 4 months.</p>	<p>The factory should submit a plan to reduce hours with the goal of working less than 60 hours a week. (Note: Overtime must be voluntary and workers able to take one day off per week.)</p>	2 weeks for the plan/ 8 weeks for compliance.	  
<p>⚠ Breaks In “X” country, workers must be given two morning breaks. Workers are only given one morning break and they are expected to work through second break.</p>	<p>Factory should provide the employees with the legally required number of breaks. (Relevant laws must also be posted; see General Labor Practices.)</p>	2 weeks for the plan/ 8 weeks for compliance.	  
<p>⚠ 7th Day Rest At “Y” factory, workers have Sundays off but the time records reflect that some workers work every Sunday.</p>	<p>Develop a work schedule that limits overtime and does not encourage employees to work on their rest days. Employees should be educated on health/safety dangers of excessive working excessive overtime. (Note: Overtime must be voluntary and working hours in general less than 60 hours per week.)</p>	2 weeks for the plan/ 8 weeks for compliance.	  
<p>⚠ Record Keeping A factory does not have time records of all workers accessible. Workers are employed through subcontractor and the subcontractor was in possession of the records.</p>	<p>Time records for all workers must be available for review. (Note: Refusal to provide TOE assessors with access to records is a different violation (see Ethical Standards above).)</p>	1 week	 
<p>⚠ Record Keeping Workers are not allowed to punch in for overtime until after they have met their quota for the day.</p>	<p>Remove the no payment policy and suggest using positive means (such as bonuses) to encourage production. (Note: Separate records to cover up excessive overtime is a different violation; see Ethical Practices above.)</p>	Immediately	  
<p>✅ Working Hours The factory does not have an automatic time clock or swipe system.</p>	<p>The factory should install an automatic time-recording system and have employees record their own hours for both regular and overtime work. This helps to ensure accurate and complete records of working hours. (Note: Separate records to cover up excessive overtime is a different violation; see Ethical Practices above.)</p>	2 weeks to engage process/ 8 weeks to complete.	  

7. Wages and Benefits

We will only do business with partners who provide wages and benefits that comply with any applicable law and match the prevailing local manufacturing or finishing industry practices. –*Levi Strauss & Co. TOE*

What are the TOE Requirements?

- Ⓐ Where a country's legal code specifies legal minimum wages and allowances, factories must be in compliance with the law with respect to all workers, including employees paid on piece rate.
- Ⓐ Where the industry prevailing wage is greater than the minimum wage, the prevailing wage should be paid.
- Ⓐ Where a country's legal code specifies an overtime rate or an overtime premium, factories must be in compliance with the law.
- Ⓐ Workers must be paid the legal rate for all overtime hours worked.
- Ⓐ Where a country's legal code specifies that workers must receive certain benefits (such as retirement benefits, health insurance, workman's compensation, etc.), factories must be in compliance with the law.
- Ⓐ ⁸Where a country's legal code specifies the time and/or manner of wage payments, factories must be in compliance with the law and follow any legal requirements in cases of wage delay (i.e. interest, etc.).
- Ⓐ Payroll records for all workers must be available for review.
- Ⓐ Factories must meet the legal requirement on wage payments.
- Ⓐ Factories must comply with legal requirements for benefit payments in accordance with the law.
- Ⓐ Factories must provide all benefits and bonuses in accordance with the law.
- Ⓐ Factories must not deduct more from workers' wages than is legally permitted.
- Ⓐ Factories must not deduct wages for tardiness that exceed the actual man-hour loss.
- Ⓐ Factories must not deduct recruitment agency fees from workers' wages.
- Ⓐ Work performed must be on the basis of recognized employment relationships with no use of labor only contracting or sub-contracting to avoid payment of benefits to workers or other obligations under labor or social security laws.
- Ⓐ Fixed term contracts or apprenticeship schemes where there is no real intent to impart skills or train for regular employment, should not be used to avoid payment of benefits to workers or other obligations under labor or social security laws.
- Ⓒ Factories should provide workers with pay slips that show regular and overtime hours worked, regular and overtime rates and wages, bonuses and deductions. Pay slips should be in language workers understand.
- Ⓒ Workers should be aware of their benefits and understand how their wages are calculated.












⁸ Universal Declaration of Human Rights, 1948, <http://www.un.org/Overview/rights.html> and ILO Protection of Wages Convention, 1949, <http://www.ilo.org/ilolex/english/convdisp1.htm>

7 Wages and Benefits Examples: Non-Compliances & Corrective Actions

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>Minimum Wage In a country “X”, the minimum wage is set at 300 pesos per month (and no sub-minimum is allowed per law), but the factory only gives 250 pesos as a start-up salary for the first 3 months of work.</p>	<p>Wage payment should meet legal requirements. Arrears should be paid if necessary. (Relevant laws must also be posted; see General Labor Practices.)</p>	<p>Immediately adjust to meet legal requirement/ 1 week for plan.</p>	
<p>Overtime Wages The legal requirement in computing OT for Sunday work is 2x the hourly wage, multiplied by total Sunday OT hours, but the factory only pays 1.5x multiplied by total Sunday OT hours.</p>	<p>OT payment should meet legal requirement. Arrears should be paid if necessary. (Relevant laws must also be posted; see General Labor Practices.)</p>	<p>Immediately adjust to meet legal requirement/ 1 week for plan.</p>	
<p>Overtime Wages Workers are not paid for all overtime hours worked, because supervisors do not record the first hour of overtime.</p>	<p>All overtime hours worked should be paid, as well as any arrears due to workers for hours not paid.</p>	<p>Immediately correct practice/ 2 weeks to revise system for recording work hours.</p>	
<p>Benefits Workers are not provided with medical insurance, within three months of hire, as required by law.</p>	<p>Provide the required benefits and educate employees on new benefits. (Relevant laws must also be posted; see General Labor Practices.)</p>	<p>1 week to apply for benefits/ 4 weeks for education.</p>	
<p>Payment of Wages There have been occasions when workers’ wage payments were delayed for 3 days. Per law, wage should be paid on the last Wednesday of the month.</p>	<p>The factory must meet legal requirements and improve the payment schedule to always pay wages on-time. (Relevant laws must also be posted; see General Labor Practices.)</p>	<p>4 weeks</p>	
<p>Subcontractors The factory does not maintain payroll records of workers on site. Workers are employed through a subcontractor, and the records are maintained by the subcontractor.</p>	<p>The factory should have copies of all subcontractor wages paid. These should be available for review. (Note: Refusal to provide TOE assessors with access to records is a different violation (see Ethical Standards above).</p>	<p>1 week</p>	
<p>Minimum Wage In some countries, the legal minimum wage is divided into a basic wage and cost of living allowance, overtime, social security computation is based on the basic wage. The factory pays the total correct amount as per minimum wage but sets the basic wage lower than the legal amount and pays more on the allowance so that overtime and social security payments are less.</p>	<p>Wage payment should meet legal requirements. Note: Assessor to consult CoC Manager/other stakeholders on back-wages (arrears to be paid).</p>	<p>Immediately adjust to meet legal requirement/ 1 week for plan.</p>	

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7 Wages and Benefits Examples: Non-Compliances & Corrective Actions (continued)

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>⚠️ Deductions The factory deducts money from workers as part of the workers contribution to Social Security. The factory delays remitting the money to the bank or government agency.</p>	<p>The factory must ensure that the social security payments are remitted within the legal timeframe, and pay any fines as per law.</p>	<p>1 week for plan/ 1 month to remit payment and maintain current.</p>	
<p>⚠️ Benefits The factory is legally required to pay workers for the 13th (or 14th) month but only pay 50% of the amount.</p>	<p>Benefits should be paid as required by law. Arrears should be paid if necessary.</p>	<p>Immediately pay bonus/ 1 week for plan.</p>	  
<p>⚠️ Deductions Review of company rules reveals that for 5 minutes of tardiness, 10% of the daily wage is deducted, 10 minutes is 15% and so on.</p>	<p>Review and change policy on deduction to be fair and legal. The change in policy should be communicated to workers.</p>	<p>1 week to stop deductions/ 3 weeks for communication.</p>	  
<p>⚠️ Pay Slips Workers sign the factory pay register, which shows only total wages for the month. Workers do not receive pay slips.</p>	<p>The factory must provide pay slips with complete payroll information, so that workers understand how their pay is calculated.</p>	<p>1 week to engage process/ 8 weeks to complete.</p>	  
<p>⚠️ Worker Awareness Most of the workers are not aware of their wage composition, calculation and benefits provided.</p>	<p>Provide education and include it into handbook/posters, provide payroll slips to include the details of calculation. 80% of all workers interviewed must be aware of their benefits and understand how they are calculated.</p>	<p>4 weeks</p>	

8. General Labor Practices and Freedom of Association

We respect workers' rights to form and join organizations of their choice and to bargain collectively. We expect our suppliers to respect the right to free association and the right to organize and bargain collectively without unlawful interference. Business partners should ensure that workers who make such decisions or participate in such organizations are not the object of discrimination or punitive disciplinary actions and that the representatives of such organizations have access to their members under conditions established either by local laws or mutual agreement between the employer and the worker organizations. -*Levi Strauss & Co. TOE*

What are the TOE Requirements?

Freedom of Association

- 4** ⁹Factories must respect employee rights to freedom of association; they must not impose any punitive actions against workers in supporting union such as threatening, fining, suspending or firing workers exercising those rights. Any action that suppresses freedom of association is prohibited, and may be an act deemed illegal in some countries' labor codes. Laws in different countries vary substantially regarding freedom of association. Most countries maintain procedural regulations on the actions of workers and employers. Some countries place substantial restrictions on workers' rights of association. The TOE provision on free association neither permits, nor requires LS&CO. or its business partners to engage in unlawful activities to protect the rights of association. Nevertheless, where the right to freedom of association and collective bargaining is restricted under law, the supplier should not hinder the development of lawful parallel means for independent free association and bargaining.
- *Employers will not use intimidation, unreasonable searches, police or military force to obstruct workers' right to freedom of association.*

- *Workers' organizations have the right to conduct their activities and elect their representatives without employer interference such as the presence of factory management or factory designees at organizing meetings.*
- *Workers are free to meet and discuss workplace issues in the factory during their breaks and before and after work. They may communicate their concerns about factory practices to management, choose representatives to organize workers, inspect working conditions, engage in dialogue with factory management, and carry out other organizing activities that do not disrupt factory production.*
- *The employer will not interfere with the right to freedom of association by controlling workers' organizations or favoring one workers' organization over another.*
- *Employers are not required to take an active role in supporting workers' efforts to associate or organize, but employers must assure that workers can exercise their right to organize in a climate free of violence, pressure, fear and threats.*

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⁹ ILO Freedom of Association and the Right to Organize, 1948; ILO Right to Organize and Collective Bargaining Convention 1949, ILO Collective Bargaining, Convention, 1981, <http://www.ilo.org/ilolex/english/convdisp1.htm>

What are the TOE Requirements? (continued)

- ⓐ Factories should not prohibit or impede individual unions affiliation with larger regional, national or international unions or federations.
 - *Workers' organizations have the right to establish and join federations and confederations, which must also enjoy the same rights.*
 - *In cases where a single union represents workers, the employer will not interfere in any way with workers' ability to form other organizations that represent workers.*
- ⓑ Managers and supervisors should be trained in Freedom of Association compliance and when possible, workers should receive instruction on their rights under national law and company standards.

Collective Bargaining

- ⓐ The factory will honor the right of workers to bargain collectively.
 - *Employers should bargain and negotiate with representatives freely chosen by the workers.*
 - *The employer will not interfere with workers' efforts regarding registration and formation of workers' organizations.*
 - *Employers will negotiate in good faith with any union/workers representatives that has been recognized as a bargaining agent for some or all of its employees.*
 - *Employers and employees will honor in good faith for the term of the agreement the provisions of any collective bargaining agreement (CBA) they sign.*
 - *The provisions of collective bargaining agreements can be more favorable towards workers than those of laws and regulations. However, we do not recognize provisions of collective bargaining agreements that may be less favorable than applicable laws.*
 - *Employees should be able to raise issues regarding CBA compliance by the employer without retaliation.*

- *Trade unions not recognized as the bargaining agent of some or all of the workers in a facility should have the means for defending the occupational interests of their members, including making representations on their behalf and representing them in cases of individual grievances, within limits established by applicable law. Workers' representatives should have the facilities necessary for the proper exercise of their functions, including access to workplaces.*

Terms of Employment

- ⓐ Factories must be in compliance with the law in all terms of employment.
 - *The employer will not interfere, to the detriment of worker's organizations, with government registration requirements regarding the formation of workers' organizations.*
- ⓑ In the absence of legal allowance of Freedom of Association, parallel means to allow independent and free association and collective bargaining should be applied, such as Health and Safety committees, or other worker groups.
 - *Employers will comply with applicable laws and regulations concerning collective bargaining and free association. Where conflicts are known to exist, employers will use the standard that provides the greatest protection for workers.*
- Ⓒ The factory will ensure all of its hiring, promotion and employment practices will not circumvent its goals and practices around freedom of association or collective bargaining.
 - *The factory does not refuse employment to otherwise qualified workers because of membership in a union or other legal association.*
 - *The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment.*
 - *Factories cannot transfer, demote, promote, outsource or re-assign workers as a means to discourage unionization.*





















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What are the TOE Requirements? (continued)

- *Factory management will not impede workers' right to peaceful organization by outsourcing work performed by union members. Shifting production from one site to another for the purpose of retaliating against workers who have formed—or are attempting to form—a union is not acceptable.*
 - *Employers should not offer or use severance pay as a means of discouraging union activities. Unscheduled wage or benefit increases should be avoided while a union organizing campaign is in progress.*
- Ⓐ Trainees must have the same wages, benefits and other conditions of employment as permanent employees after three months of employment, or earlier, as per law.
 - Ⓐ Temporary workers must have the same wages, benefits and other conditions of employment as permanent employees after nine months, or earlier, as per law.
 - Ⓐ Where legally required, factories must have a written employment contract with every employee and must provide every employee with a signed copy of their contract. Employment contracts must be in a language that workers understand and must contain an accurate and complete summary of the terms of employment. If workers are illiterate, supplier must explain terms to workers prior to signing contract.
 - Ⓜ Factories should maintain a personnel file for each employee, whether direct or indirect, that contains appropriate employee records such as signed age-verification documents, employment agreements, disciplinary notices, and leave and benefit records.
 - Ⓜ Factories should retain files of dismissed employees onsite for three years or longer if legally required. Files should include reason for dismissal.
- ### General Labor Practices
- Ⓐ Strip searches or pat-downs are prohibited.
 - Ⓐ Factories are responsible for providing workers with all work tools, materials, badges, etc.
 - Ⓐ The use of unauthorized homework in the production of any LS&CO. product is prohibited.
 - Ⓜ The TOE Code of Conduct poster should be displayed in the language spoken by workers so workers can see and read it. In addition, factories should effectively communicate the Code of Conduct's contents to illiterate workers.
 - Ⓜ Factories should have accurate, complete and reasonable internal rules and regulations, written in a language that workers understand and posted in a visible/accessible location. Regulations should include: the minimum working age, facility age-verification procedures, juvenile employment restrictions (if any), wages, regular and overtime hours and rates, benefits and deductions, vacation and sick leave (including the circumstances—such as family emergencies—under which employees may be granted permission to leave the factory without disciplinary penalty), discipline and termination procedures, grievance procedures, and harassment/abuse policies.
 - Ⓜ Factories should effectively communicate internal rules and regulations to employees.
 - Ⓜ Factories should post national or local labor laws, written in language workers understand, in a visible and accessible location where workers can read them. Posted laws should cover the minimum working age, minimum wage and legal overtime rates, benefits, work hours, freedom of association and harassment/abuse (if available).

8 General Labor Practices and Freedom of Association










Examples: Non-Compliances & Corrective Actions

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>Unions</p> <p>A factory imposes fines, suspension, etc. to any worker supporting actions to form a labor union.</p>	<p>The factory should stop the practice of imposing fines, etc. Instead, the factory should remain neutral and initiate dialogue with workers and respect their freedom of association.</p>	<p>Immediately</p>	  
<p>Collective Agreements</p> <p>In an unionized plant, the factory and union have agreed on a collective agreement that is good for 3 years. However, after the 1st year, the factory does not want to honor some portions of the agreement.</p>	<p>Terms of Collective bargaining should be honored. The factory should initiate dialogue with the union to resolve the issue.</p>	<p>2 weeks to start the dialogue.</p>	   
<p>Worker Probation Period</p> <p>In “X” country, the probation period cannot last more than three months but factory employees tell assessors they have been in probationary status for five months.</p>	<p>The employees’ status should be upgraded. Communicate the new policy to the supervisors and workers. Ensure compliance in all other terms of employment.</p>	<p>2 weeks</p>	  
<p>Classification of Workers</p> <p>The workers have been classified as trainees for over a year, even though they do the same work as regular workers.</p>	<p>The employees’ status should be upgraded. Change the policy and communicate to the change to the employees.</p>	<p>2 weeks</p>	  
<p>Classification of Workers</p> <p>Eighty-five percent of workers are temporary workers, not permanent.</p>	<p>The employees’ status should be upgraded according to the amount of time they have been working. Change the policy and communicate the change to the workers.</p>	<p>2 weeks</p>	  
<p>Deposit for Tools</p> <p>The factory requires workers to deposit money for scissors (Factory’s reason: Tools will be lost or not return after signing for them) and fines workers for broken scissors.</p>	<p>The factory should ensure:</p> <ul style="list-style-type: none"> • a policy and plan to payback any deposits. • proof that the money was returned to workers. • change the practice (i.e. provides tools for the workers; develop incentive system for minimizing tool loss). 	<p>Immediately stop the practice/ 2 weeks to implement new policy.</p>	   

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8 General Labor Practices and Freedom of Association

Examples: Non-Compliances & Corrective Actions (continued)








Finding	Corrective Action	Recommended Timeline	Verification Method
<p>1A) Legal Documentation The factory does not have documentation to show proof of worker employment. Where legally required, workers do not have written employment contracts.</p>	<p>If legally required, the factory should provide employment contracts to workers and they must be properly maintained. Processing time for new employees should not exceed 4 weeks.</p> <p>(Copies must also be kept in employee personnel files; see below. Also, factories must not use annually-renewed employment agreements to evade labor laws; see Ethical Standards.)</p>	4 weeks	 
<p>2C) Worker Awareness The factory does not display the TOE poster or hold training sessions for illiterate workers.</p>	<p>The posters should be displayed in work areas visible to all workers, and code of conduct training should be provided to all workers in the local language.</p>	8 weeks	 
<p>2C) Rules and Regulations A factory, newly set-up, does not have any written internal company rules and regulations, but actions are based on the labor code.</p>	<p>The factory should establish internal rules and regulations, post the regulations in the language of the workers and visible to all workers and provide education to workers/management.</p>	8 weeks	
<p>2C) Worker Awareness Some workers were completely unaware of the company rules and regulations.</p>	<p>The workers should be educated on the company rules and regulation. (Note: Rules and regulations must also be in writing and posted; see above.)</p>	4 weeks to hold training sessions.	
<p>2C) Labor Law Postings There are no labor laws posted in the factory.</p>	<p>The factory should post relevant laws visible to all workers.</p>	4 weeks to complete.	
<p>2C) Worker Documentation The factory maintains personnel files only for permanent workers. The factory manager says there are no personnel files for workers employed through the subcontractor. Files for permanent employees do not contain employment contracts or age-verification documents.</p>	<p>The factory should maintain all legally required documentation such as employment contracts and proof of age documentation for temporary, as well as permanent workers. The records should be updated regularly.</p> <p>(Also, records must be copies, not originals; see Prison and Forced Labor.)</p>	8 weeks	
<p>2C) Worker Documentation The factory does not keep records for dismissed employees.</p>	<p>All paperwork related to dismissed employees (hiring documentation, disciplinary action, etc.) should be kept for 3 years.</p>	8 weeks	

9. Discrimination

While we recognize and respect cultural differences, we believe that workers should be employed on the basis of their ability to do the job, rather than on the basis of personal characteristics or beliefs. We will favor business partners who share this value.

-Levi Strauss & Co. TOE

What are the TOE Requirements?

-  ¹⁰Factories' hiring, compensation, promotion, termination and retirement practices and access to training should be based on a person's ability to perform the job effectively, and not on a person's individual characteristics. Practices that use religion, sex, ethnicity or national origin, disability, political affiliation, social status, sexual orientation, actual or perceived HIV status or legal migrant worker status as a basis for the above is prohibited. Discrimination in any form is prohibited.
-  ¹¹Factories that are not legally required to do so, must not require female applicants, contract workers or employees to be tested for pregnancy. Pregnancy testing should be voluntary not mandatory. Mandatory pregnancy testing (if not a legal requirement) is prohibited.
-  It is prohibited for factories to ask female applicants about their pregnancy status and must not discriminate in their hiring, salary, benefits, advancement, discipline, termination or retirement practices.
-  Restricting or limiting reproductive rights is prohibited.
-  Factories must meet any legal conditions on working environment for women and pregnant, post-partum and lactating women.
-  Women returning from maternity leave must be given an equivalent position and equal pay.
-  Factories must make reasonable accommodations in job conditions for pregnant women (such as job reassignments to non-hazardous or lighter work, provision of seating, extended breaks, etc.).

Note: Levi Strauss & Co. maintains business partnerships in all parts of the world, and cultural practices and traditions differ in many of these places. Levi Strauss & Co. also maintains a global commitment to ensure that workers producing our products be treated solely on the basis of the ability to perform the job effectively.

As a result, the TOE favors business partners who make employment decisions based solely on an individual's ability to perform his or her duties. All the terms and conditions of employment in a

facility producing goods for Levi Strauss and Co. are subject to this provision.








It begins with the hiring process, continues to job assignment and training, and applies to all compensation decisions and the termination of one's employment.

This TOE provision seeks to ensure equality of treatment and opportunity, and does not mandate, for example, that all workforces be evenly divided between men and women.

¹⁰ILO Equal Remuneration Convention, 1951
ILO Discrimination (Employment and Occupation) Convention, 1958,
ILO Migrant Workers (Supplementary) Convention, 1975,
Termination of Employment Convention, 1982, <http://www.ilo.org/ilolex/english/convdisp1.htm>
Universal Declaration of Human Rights, 1948, <http://www.un.org/Overview/rights.html>

¹¹ILO Maternity Protection Convention (Revised), 1952, <http://www.ilo.org/ilolex/english/convdisp1.htm>

9 Discrimination Examples: Non-Compliances & Corrective Actions

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>Discrimination</p> <p>The factory posted a vacancy opening at the facility gate and it reads, “Wanted: Male sewer, Catholic, Single”.</p>	<ul style="list-style-type: none"> Remove discriminatory requirements for recruitment and hire. Establish a policy on hiring that prohibits discrimination. Communicate the requirements to relevant HR and management staff. 	1 week	
<p>Pregnancy Testing</p> <p>As part of the pre-employment requirements, the factory requires the female workers to submit a medical exam and including pregnancy testing.</p>	<ul style="list-style-type: none"> Remove discriminatory requirements for recruitment and hire. Establish a policy on hiring that prohibits discrimination. Communicate the requirements to relevant HR and management staff. 	Immediately discontinue mandatory testing/ 2 weeks for worker education.	
<p>Pregnancy Testing</p> <p>Female workers are asked if they are pregnant or they are required to submit to mandatory pregnancy testing. If pregnant, the women are not hired.</p>	<ul style="list-style-type: none"> Remove discriminatory requirements for recruitment and hire. Establish a policy on hiring that prohibits discrimination. Communicate the requirements to relevant HR and management staff. 	Immediately discontinue questioning.	
<p>Discrimination</p> <p>On the workers labor contracts, a clause is included that says, that the workers will “commit not to get pregnant or marry in the first year of employment”.</p>	<ul style="list-style-type: none"> Remove discriminatory requirements for recruitment and hire. Establish a policy on hiring that prohibits discrimination. Communicate the requirements to relevant HR and management staff. 	1 week for plan/ 4 weeks to comply.	
<p>Discrimination</p> <p>In country “X”, pregnant women are not legally allowed to perform overtime. However, pregnant women ask the factory for permission to work overtime so that they are able to earn more money. The factory allows the women to work overtime.</p>	<p>The factory must meet the legal requirements. The factory should communicate with identified workers about the legal requirements.</p>	1 week for plan/ 2 weeks to comply.	
<p>Pregnant Workers</p> <p>Women returning from maternity leave are treated as new employees and paid probationary wages for the first three months.</p>	<ul style="list-style-type: none"> Remove discriminatory policy and practice. Establish a policy on hiring that prohibits discrimination. Communicate the requirements to relevant HR and management staff. 	1 week for plan/ 2 weeks to comply.	
<p>Pregnant Workers</p> <p>During worker interviews, female workers say that factory does not give pregnant women lighter work.</p>	<p>The factory policy should be revised or established to include protections for pregnant workers.</p> <p>The factory should provide “light” work for pregnant workers.</p>	1 week for plan/ 2 weeks to comply.	

10. Community Involvement

We will favor business partners who share our commitment to improving community conditions.
-Levi Strauss & Co. TOE

What are the TOE Requirements?

- ④ The TOE encourage factories to contribute to the betterment of the community in which they are operating.

Note: Community involvement is defined as “the good management of a company’s relationships with its stakeholders”. Levi Strauss & Co. considers how its business affects the communities in which we produce and sell our productions.

Many forms of community involvement exist, and Levi Strauss & Co. and the Levi Strauss Foundation enable positive change in communities through grants to “not-for-profit” organizations (charities, non-governmental organizations, associations) and

by encouraging employees to donate time to meet the needs of their community by helping schools, hospitals, the Red Cross and more. Support is provided by dollars, in product or by allowing employees to use company time for community activities.

Because of the emphasis on community involvement, Levi Strauss & Co. would like to know that our suppliers contribute to the enhancement of their communities.

11. Health & Safety

We will only utilize business partners who provide workers with a safe and healthy work environment.

-Levi Strauss & Co. TOE

What are the TOE Requirements?

Emergency Preparedness

- Ⓜ Factories must have a separate sounding fire alarm, that is distinct and audible in all parts of the workplace and that can be rung from various points throughout the facility. The alarm should have a back up battery or UPS. Alarm must be tested regularly and maintained in proper working order. (Maintenance and testing records must also be kept; see below.)
- Ⓜ All work areas designated Mandatory Hearing Protection Areas (see below) must have a visible fire alarm such as a flashing light in addition to the facility's audible alarm.
- Ⓜ Workers must be trained in emergency procedures. In addition, factories must inform visitors about emergency plans.
- Ⓜ Factories must conduct at least one fire/emergency evacuation drills every year during which all employees are evacuated within 3 minutes.
- Ⓜ Appropriate fire extinguishers must be located in highly visible, accessible locations and must be installed within 15 m (50 feet) of flammable liquids and 23 m (75 feet) of every worker.
 - Class A Extinguisher–Fire involves ordinary combustibles such as wood, paper or cloth.
 - Class B Extinguisher–Fire involves flammable liquids such as oil, gasoline, grease or paint.
 - Class C Extinguisher–Fire involves electrical equipment. Extinguishers with carbon dioxide or dry chemical can be used. Note: Do not use liquid-type extinguisher.
 - Class D Extinguisher–Fire involves metals. Use a dry chemical extinguisher.
- Ⓜ Factories must provide employees in all shifts with hands-on training in the use of fire extinguishers and orient (via pamphlets or demonstrations) employees in the use of fire extinguishers.
- Ⓜ Battery-operated emergency lights must be placed in adequate numbers and in appropriate locations to light aisles, halls, and stairways along evacuation routes. Emergency lights must be tested regularly and maintained in proper working condition.
- Ⓜ Emergency evacuation routes should be posted in each work area.
- Ⓜ Factories should have written procedures in the local language for emergencies such as fire, earthquakes, hurricanes, and chemical spills as applicable.
- Ⓜ Factories should maintain records of training programs and drills. Documentation of drill to include details of evacuation (exit time of last person, head counts completed/verified, issues during evacuation and plans to resolve such issues.
- Ⓜ Factories should post appropriate danger, warning and no smoking signs where needed and in a language that workers understand.
- Ⓜ Fire extinguishers should have attached maintenance tags. In addition, instructional diagrams must be located in the immediate area.
- Ⓜ A member of factory senior management should be assigned responsibility for ensuring health and safety in the workplace.

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What are the TOE Requirements? (continued)

Aisles and Exits

- ⚠ Shop floors with 150 or fewer workers must have at least 2 (non-elevator) exits; shop floors with more than 150 or more workers must have at least 3 (non-elevator) exits. Exits must lead to a safe location outside the building, be located remotely from one another and be within 61 m (200 feet) of every workstation.
- ⚠ Exit doors must open outwards (in the direction of egress) and be at least 81 cm (32 inches) in width. Doors must require no special operation.
- ⚠ Aisles and exits must be kept clear and unblocked at all times. Exits must be unlocked at all times during working hours.
- 🛑 Aisles should be at least 1.1 m (44 inches) wide.
- 🛑 Exits should be marked with signs that are visible from 30 m (100 feet).
- 🛑 Emergency evacuation routes should be marked on floors.

First Aid

- ⚠ Factories must provide at least one first aid kit per 100 employees. The kits must be available on the shop floor for immediate access to the workers with signboards clearly displaying their location. The kits must not be under lock and key.
- 🛑 First aid kits should be fully stocked.
- 🛑 At factories with fewer than 500 workers, at least 1% of the workforce should be formally trained in first aid (with certificates available for review) and 2 workers per shift trained in Cardiopulmonary Resuscitation (CPR) techniques. Factories with 500 or more workers (and where medical facilities are more than 5 minutes away) staff a full-time medical professional during all hours workers are in the factory.
- 🛑 Factories should maintain an up-to-date written record of injuries, including minor injuries, and a description of circumstances, injuries and treatment. In addition, injuries must be sorted by department.
- 🛑 Factories should have written procedures to treat victims needing first aid.

Toilets, Kitchen and Dining Facilities

- ⚠ The factory should have functional and clean toilets for worker use.
- 🛑 Toilet facilities should be provided with running water, and stocked with toilet paper (where culturally appropriate) and soap at all times.
- 🛑 The number of toilet facilities should be adequate for the worker populace (male vs. female).
- 🛑 Safe drinking water should be freely available to all workers at all times, in adequate supply for the workforce. Factories must regularly test drinking water for bacteria and lead, and maintain testing records.
- 🛑 Kitchens should be clean and organized for food preparation. Foods must be handled in a sanitary manner, and uncooked foods must be refrigerated. Dishes and utensils must be sanitized between uses.
- 🛑 Factories should provide eating areas/dining halls that are separate from the main work area, clean, protected from the weather, and with enough seating for all workers on break at once.

Ventilation, Temperature, Noise, Lighting and Personal Protective Equipment (PPE)

- 🛑 Work areas should be adequately ventilated so that dust and particles are not more than moderately visible and to control for fumes. Fumes should never be more than faintly noticeable.
- 🛑 Factories should have adequate temperature controls so that workers do not report temperatures (either hot or cold) interfere with their health or work.
- 🛑 Workers should wear footwear appropriate to avoid foot injury.
- 🛑 Factories should provide workers engaged in potentially hazardous work — such as drilling, sanding, grinding, construction, loading or materials handling work — with the appropriate PPE, train workers in its proper use and require that it be worn.

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What are the TOE Requirements? (continued)

- Ⓜ Factories should attempt to reduce noise levels through proper maintenance of equipment, installation of rubber padding, etc. Where noise levels remain higher than 85 decibels, factories must provide workers with adequate hearing protection such as earplugs or ear muffs with Noise Reduction Ratio (NRR) of 20, train employees in their proper use and require that they be worn. In addition, factories must advertise the area as a Mandatory Hearing Protection area through appropriate PPE postings.
- Ⓜ Factories should provide workers with adequate metal mesh gloves, train workers in their use and require that workers wear them to prevent injuries.
- Ⓜ Factories should effectively educate workers on the health/safety risks of not wearing PPE. Typical PPE include:
 - Eye protection such as safety glasses/goggles to guard against flying objects and dust;
 - Hearing protection such as ear muffs and ear plugs for noise levels that exceed 85 decibels;
 - Respirators such as masks to protect against dust and purifiers to protect against chemical dust or vapors;
 - Face shields to protect against chemical or hot metal splashes;
 - Gloves to protect against cuts, bruises, burns or chemical absorption;
 - Aprons to protect against chemical splashes;
 - Foot protection such as safety shoes with toe guards to protect against impact, crushing injuries and puncture;
 - Hard hats to protect against falling/flying objects, particularly in construction zones.
- Ⓜ Lighting should meet recommended lux levels in the workplace.
- Ⓜ Factories should meet legal requirements for medical screening of workers.

Machine Operation and Maintenance

- Ⓜ Factories must have written lock-out/tag-out and maintenance procedures to ensure the safety of maintenance personnel and equipment operators during maintenance, un-jamming of machines, needle changes, or changing of dies or machine parts.
- Ⓜ All required protective guards should be in place.
- Ⓜ All machinery should be equipped with appropriate safety devices. For example, pressing and ironing machines must have appropriate handle and pedal guards to protect against burns. Adequate protection from other equipment — such as steam iron cables — must also be provided.
- Ⓜ Each machine should have an appropriate emergency shutoff.
- Ⓜ Elevator shaft doors should close when the elevator is not in use.
- Ⓜ Elevator capacity should be displayed on or near elevator doors; signs warning against use in a fire must also be posted on or near elevator doors.
- Ⓜ Workers should be given safety training on equipment and machinery for those machines they operate.
- Ⓜ Factories should maintain written maintenance records for machinery and equipment.

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What are the TOE Requirements? (continued)

Chemical Storage and Handling

- ⚠️ Liquid propane gas tanks/cylinders, acetylene tanks and chemical storage areas must be safely located away from sources of heat and flammable materials. In addition, they must be stored at a reasonable distance from workers.
- ⚠️ Chemicals must be stored according to recommended storage compatibilities to avoid contact.
- ⚠️ Workers handling chemicals should have immediate access (within 10 seconds) to an eye-wash/shower that can be operated without the use of hands.
- 🚫 Factories should be in compliance with legal requirements to notify government agencies or local entities (such as fire departments) of chemicals used or stored onsite.
- 🚫 All chemicals should be properly labeled in the language spoken by workers.
- 🚫 Secondary containment for chemical stored in the amounts exceeding 100 liters (50 kg.) should be in place. The containment volume should be able to hold 110% of the chemical volumes stored if stricter than local requirements.
- 🚫 Chemicals are to be stored and used in designated areas which are adequately ventilated.
- 🚫 Workers who work with chemicals should be provided with appropriate face and body protection (such as respirators, safety glasses, gloves or clothing) and training as specified in the MSDS. In addition, employees should be required to wear PPE if indicated by the MSDS. Mandatory-PPE usage signs should be posted in the appropriate locations.
- 🚫 Workers who use chemicals should be given training in proper chemical-handling and emergency procedures. Factories should maintain training records.
- 🚫 Chemicals and chemical containers should be disposed of properly and in accordance with all legal requirements.
- 🚫 Factories should practice good housekeeping to avoid accidental injuries, fires, etc.
- 🚫 Factories should be in compliance with legal requirements to notify government agencies or local entities (such as fire departments) of chemicals used or stored onsite.
- 🚫 Chemical storage or warehouses containing flammable materials must be equipped with explosion-proof lights and switches that are enclosed in rubberized, airtight housing.

Electrical Systems and Wiring

- ⚠️ Factories must maintain wiring in safe condition.
- ⚠️ All workers who work with high tension live electricity must be formally trained.
- 🚫 Factories should maintain electrical systems in safe condition.





11 Health & Safety Examples: Non-Compliances & Corrective Actions

Emergency Preparedness

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>🔊 Fire Alarm During site tour, the factory says that there is no unique sound for the fire alarm, but the regular lunch bell is used for emergencies.</p>	Install new fire alarm system covers the entire building; the alarm sound to be distinct, and only used for fire/evacuation.	4 weeks	
<p>🔊 Fire Alarm There is no visible flashing-light alarm in the noisy enclosed area where workers are wearing ear protection.</p>	Install flashing light in enclosed area.	4 weeks	
<p>🔊 Evacuation Procedures When tested, the fire alarms and observes that employees do not recognize the sound as the facility's fire alarm.</p>	Practice the drills and emergency procedures until all employees recognize and understand. Develop and implement procedures to inform visitors.	4 weeks	 
<p>🔊 Evacuation Procedures When asked about the details of last drill, the factory management says that they are not sure when last drill was held.</p>	Perform full evacuation drill of work area to including dorms and log the event. Continue practicing the drill until all employees/dorm residents evacuated within 3 minutes.	4 weeks	  
<p>🔊 Fire Extinguishers There are blocked fire extinguishers, which hamper access and use.</p>	Ensure access to fire extinguishers at all times, appropriate type, in adequate numbers and in working condition.	Immediately clear the blockage/ 4 weeks to install proper types.	
<p>🔊 Fire Extinguishers Workers say they have never been taught how to use a fire extinguisher.</p>	Provide hands-on training to at least 2 employees in each work area or 5% of employees (whichever is greater) and orient 100% of employees in the use of fire extinguishers. Document training.	4 weeks	  
<p>🔊 Emergency Lighting While checking emergency lights during site tour, some lights not working and in some places like stair cases no lights are available.</p>	Inspect all emergency lights and ensure that all are working and placement reviewed. Lights should be tested quarterly.	4 weeks	
<p>📄 Emergency Evacuation Routes During site tour, it was noticed that maps showing emergency evacuation routes were not posted in every work area.</p>	Prepare and post maps showing emergency evacuation route for each work area.	8 weeks	
<p>📄 Emergency Procedures When asked about written emergency procedures, the factory manager says he does not have any.</p>	Prepare written procedures for emergencies.	8 weeks	









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11 Health & Safety Examples: Non-Compliances & Corrective Actions Emergency Preparedness

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>Ⓜ Documentation When asked about records of trainings and evacuation drills, the factory manager says he does not keep any.</p>	<p>Communicate new policy to management personnel and supervisors to ensure records kept for all trainings and drills. Drill records to include date/evacuation time/headcount/remarks.</p>	<p>Immediately change the policy and start keeping records.</p>	
<p>Ⓜ Signage There are no “Danger,” “Warning,” or “No Smoking” signs posted in the facility.</p>	<p>Post appropriate signs throughout the facility such as warning signs near elevators forbidding use in emergencies; no smoking signs in chemical-storage or chemical-handling areas, etc.</p>	<p>8 weeks</p>	
<p>Ⓜ Fire Extinguishers Some fire extinguishers do not have maintenance tags.</p>	<p>Attach maintenance tags to all fire extinguishers. Attach or place in the immediate vicinity instructional diagrams showing how to operate the extinguishers.</p>	<p>8 weeks</p>	
<p>Ⓜ Documentation When asked about maintenance and testing records for alarms and emergency systems, the factory manager says he does not keep any.</p>	<p>Establish a timetable of maintenance and keep log.</p>	<p>8 weeks</p>	

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11 Health & Safety Examples: Non-Compliances & Corrective Actions Aisles & Exits

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>Exits</p> <p>In reviewing the physical layout for emergency exits, the factory manager says that the second floor has only one exit. Also, a first-floor emergency exit leads to an enclosed courtyard.</p>	<p>Minimum 2 exit per floor; if more than 150 workers, 3 exits at minimum. Submit plan of construction and obtain legal permit. NOTE: A spiral staircase is not recommended.</p>	4 weeks	
<p>Exits</p> <p>Some exits open inwards and some exits are roll-up doors. The factory also has a glass door that must be broken as emergency exits.</p>	<p>Submit plan of construction and obtain legal permit.</p>	4 weeks	 
<p>Exits</p> <p>Some exits are partially blocked by stacks of packing boxes waiting to be loaded.</p>	<p>Communicate to supervisors and workers that aisles and exits to be kept clear and exits unlocked at all times during working hours.</p>	Immediately	 
<p>Aisles</p> <p>The factory has rearranged workstations and now the aisles are too narrow.</p>	<p>Aisles width should be adjusted, so that aisles are at least 1.1 m (44 inches) wide.</p>	4 weeks	
<p>Exits</p> <p>Some exits are not marked with exit signs.</p>	<p>Exit signs must be bright enough to be highly visible during the day and must have battery back-up so they remain illuminated during emergencies when power lost.</p>	1 week to engage process/ 4 weeks to install.	
<p>Evacuation Routes</p> <p>Some work areas do not have arrows/emergency evacuation routes painted on the floors.</p>	<p>Evacuation routes on floors must be marked in such a way that they are visible in the dark during emergencies.</p>	4 weeks	

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11 Health & Safety Examples: Non-Compliances & Corrective Actions

First Aid

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>⚠️ First Aid Kits First aid kits are not available on the work floor but are in the office under lock and key.</p>	There must be one first aid kit per 100 employees. The kits must be accessible to workers.	2 weeks	 
<p>⚠️ First Aid Kits Three of the first aid kits are missing antibacterial ointment and sterile gauze.</p>	The first aid kits must be stocked with bandages, sterile gauze/cotton balls, adhesive tape/plasters, disinfecting/antiseptic agent, antibacterial ointment, sterile/surgical gloves and tourniquet.	2 weeks	 
<p>⚠️ First Aid When asked, the factory manager says no one has been trained in first aid.</p>	Confirmation of training	2 weeks to schedule formal training/ 8 weeks to complete.	  
<p>⚠️ Accident Log The factory does not have an accident and injury log.</p>	Accident log should be put in place and utilized to record all accidents and injuries and the actions taken.	4 weeks	 
<p>⚠️ Medical Procedures When asked about written medical procedures, the factory manager says he does not have any.</p>	Establish procedures for treating victims needing first aid. Procedures should be documented.	8 weeks	

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11 Health & Safety Examples: Non-Compliances & Corrective Actions Toilets, Kitchens & Dining Facilities

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>Toilets There is no flushing system in the toilets and they are not regularly cleaned.</p>	Improve toilet conditions.	Immediately	  
<p>Toilets There are no hand wash facilities in the toilet room or nearby. There is no toilet paper or soap available.</p>	Install hand wash, toilet paper and soap.	8 weeks	  
<p>Toilets The workers must form lines outside of the toilets, because there is an insufficient number for the amount of workers.</p>	Install additional toilets, per gender. Ideal ratio is 1 toilet per 30 workers.	8 weeks	
<p>Drinking Water Workers do not believe the drinking water is safe to drink. In addition, there is no proper water dispenser or other form of clean water storage.</p>	Clean drinking water should be available and accessible at all times.	2 weeks	   
<p>Kitchen There are leftover food remains on counters and the floors are dirty.</p>	Correct unsafe food-handling practices.	Immediately	  
<p>Canteen Workers are unable to sit when eating meals. They must stand or go outside the factory gates to eat.</p>	Area to eat meals should be constructed and should be cleaned regularly.	4 weeks	  

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11 Health & Safety Examples: Non-Compliances & Corrective Actions Ventilation, Temperature, Noise, Lighting and PPE

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>PPE</p> <p>In the overlock section, there are dust and particulate matter floating in the air. Workers are not using dust masks.</p>	<p>Ensure ventilation is designed in such a way as to move fumes away from workers. If the direction of airflow is already appropriate, an increase in the amount of ventilation may be required. Filtration may have to be increased. Where particles are moderately visible, PPE should be issued and used.</p>	<p>Immediately provide PPE/ 4 weeks for environmental change.</p>	
<p>Ventilation</p> <p>During worker interviews, workers reported that the factory temperatures in the summer are so hot they find it difficult to work.</p>	<p>Improve ventilation or install additional fans or heaters.</p>	<p>4 weeks</p>	
<p>PPE</p> <p>There is no hearing protection for areas of noise level > or = 85 dba on a continuous 8 hr working basis.</p>	<p>Provide ear protect; post warning as mandatory ear protection area. For enclosed area where earplug protection is mandatory install flash light signal in addition to the fire alarm (on that area).</p>	<p>Immediately provide PPE/ Environmental changes 8 weeks.</p>	
<p>PPE</p> <p>Many workers in the factory are working without shoes.</p>	<p>Develop and implement a policy requiring shoes.</p>	<p>Immediately</p>	
<p>PPE</p> <p>There are workings in the warehouse working without safety shoes.</p>	<p>PPE should be issued and used. Workers should be educated on how to use PPE properly.</p>	<p>Immediately take action to acquire PPE/ 4 weeks to correct.</p>	
<p>PPE</p> <p>Employees are not wearing metal mesh gloves while cutting fabric.</p>	<p>PPE should be issued and used. Workers should be educated on how to use PPE properly.</p>	<p>Immediately take action to acquire PPE/ 4 weeks to correct.</p>	
<p>Worker Awareness</p> <p>When asked, workers say they have not been educated about the health risks of their jobs or what PPE should be worn.</p>	<p>PPE should be issued and used. Workers should be educated on how to use PPE properly.</p>	<p>4 weeks</p>	
<p>Lighting</p> <p>Lighting levels in the shop floor do not meet lighting standards.</p>	<p>Improve lighting conditions. In cutting or pressing, recommended lighting is 300 foot candles/320 decalux, in the sewing or inspection areas , 500 f-c or 540 lux, in the laundry or warehouse, 100 f-c or 110 lux.</p>	<p>4 weeks</p>	
<p>Medical Screening</p> <p>Local law requires that factories conduct annual medical screening of all workers. The factory is not screening any workers.</p>	<p>The factory should begin to screen employees as required by law. The screenings should be done by a professional and should be documented.</p>	<p>4 weeks</p>	



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11 Health & Safety Examples: Non-Compliances & Corrective Actions Machine Operation & Maintenance

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>Maintenance Procedures When asked about written maintenance procedures, the factory manager says he does not have any.</p>	Develop written lock-out/tag-out and maintenance procedures.	8 weeks	
<p>Machine Guarding All machines with belt or chain drives or bench grinders are running without proper guards in place.</p>	Install belt guards, and provide periodic maintenance.	Immediately take action to correct/ 4 weeks to complete.	  
<p>Machine Guarding There are no eye/needle guards for sewing machines.</p>	Install eye and needle guards, and require their use.	4 weeks	  
<p>Machine Guarding Pressing machines do not have handle guards.</p>	Install guards/insulation.	4 weeks	  
<p>Emergency Shut-off Machinery must have its own disconnect switch or valve in order to isolate the particular equipment.</p>	Install the necessary disconnects.	4 weeks	
<p>Elevators The freight's elevator shaft doors are not always closed.</p>	Install the necessary equipment.	Immediate for manual/ 4 weeks for new equipment.	  
<p>Elevators There are no elevator capacity signs displayed warning against use in a fire.</p>	Display elevator capacity and post sign warning against use in a fire.	2 weeks	
<p>Worker Awareness Workers say they have never received any safety training in lifting/handling techniques or equipment use.</p>	Develop safety training programs for workers.	4 weeks	 
<p>Documentation When asked about written maintenance records for sewing machines, the factory manager says he does not keep any.</p>	Maintain written records.	8 weeks	












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11 Health & Safety Examples: Non-Compliances & Corrective Actions Chemical Storage and Handling




Finding	Corrective Action	Recommended Timeline	Verification Method
<p>⚠️ Propane Tanks Propane tanks are stored near the generator room.</p>	Relocate tanks to a safe location to avoid any risk of ignition (naked flames, sparks) and sources of heat. Post all relevant labels and markings (e.g. Labels, No Smoking signs etc).	1 week	
<p>⚠️ Chemical Storage The chemical storage is disorganized and chemicals are not stored according to standard chemical compatibility rules.</p>	Post a layout of the chemical storage designating storage areas according to chemical compatibility for storage. Post a compatibility chart. Train employees on how to manage chemical storage according to chemical compatibilities.	1 week	
<p>⚠️ PPE Workers do not use proper gloves while pouring caustic chemicals.</p>	Provide the PPE and training as indicated. Require PPE usage as indicated, and display the posters.	Immediately take action to acquire PPE/ 2 weeks to correct.	
<p>⚠️ Eyewash There is no eyewash in the laundry area.</p>	Install eyewash in the laundry area.	4 weeks	
<p>📄 Documentation Legal notifications on chemicals stored on site are not met.</p>	According to local requirements, file appropriate notification on chemicals stored on site to the relevant government agency. Update notifications as required.	2 weeks	  
<p>📄 Chemical Labeling Chemicals are not labeled in the local language.</p>	Label all chemicals in the language spoken by workers. Labels should incorporate appropriate danger symbols, risk phrases and safety phrases. The label should also specify the hazardous properties of the substance e.g. oxidizing/flammable/toxic/irritant etc. The name of the supplier and emergency contact details should also be included.	2 weeks	
<p>📄 Chemical Storage Chemicals are stored in amounts exceeding 100 liters, and there is no secondary containment.</p>	Install secondary containment for chemicals stored in quantities exceeding 100 liters. Ensure that country standards are met or use 110% of the volume stored if stricter than local standards.	4 weeks	
<p>📄 Ventilation There is no ventilation in the chemical storage room.</p>	Provide adequate ventilation in all chemical storage and use areas.	10 weeks	

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11 Health & Safety Examples: Non-Compliances & Corrective Actions Chemical Storage and Handling (continued)

Finding	Corrective Action	Recommended Timeline	Verification Method
MSDS There are no available MSDS for chemicals handled in the factory.	Obtain current MSDS in the local language and post so that it can be consulted by employees (storage and use areas). Train employees how to apply the information in MSDS to manage chemicals safely.	4 weeks	
Worker Awareness Workers say they have never received any training in safe use/handling of chemicals.	Train the workers in chemical safety and emergency procedures, and document participation and content of the training given.	4 weeks	  
Chemicals Discarded chemical containers are in different parts of the grounds of the facility.	Establish procedures for disposing of chemicals and chemical containers, set up systems to ensure improved house-keeping in chemical storage and use, train all employees in the new procedures.	2 weeks	   
Refuse Piles of refuse are found in back rooms of building and outside on the factory grounds.	Clean up solid waste stored around the site, establish a waste management program for the site, train employees in the relevant procedures, and ensure that they are adopted into general housekeeping.	4 weeks	 
Chemical Storage Chemical storage areas/warehouse do not have appropriate lights or switches.	Install the necessary lights/switches.	4 weeks	

11 Health & Safety Examples: Non-Compliances & Corrective Actions Electrical Systems & Wiring

Finding	Corrective Action	Recommended Timeline	Verification Method
Wiring There are exposed wires in the sewing area.	All electrical wiring should be protected and in proper casing.	1 week	
Electricians When asked who does electrical work, the factory manager says anyone in maintenance department.	Develop and implement a policy that only workers with formal training do electrical work. Certificates/licenses to be available for review.	4 weeks	
Electrical Boxes Electrical boxes are not covered and switches are not labeled.	Electrical boxes should be covered and switches labeled.	4 weeks	

12. Environment

We will only do business with partners who share our commitment to the environment and who conduct their business in a way that is consistent with Levi Strauss & Co.'s Environmental Philosophy and Guiding Principles.- *Levi Strauss & Co. TOE*

What are the TOE Requirements?

Asbestos or asbestos containing materials

- *Damaged asbestos at a site must be repaired by a qualified contractor.*
- *Damaged materials suspected to contain asbestos must be sampled and tested by certified consultants/laboratories or personnel designated according to the law, to determine whether additional action is needed.*
- *Asbestos containing materials must be appropriately marked, and the facility must have procedures in place to reduce the chances of damaging it.*

PCB containing equipment

- *Any leaking PCB-containing equipment must be immediately repaired by capable, registered contractors.*
- *Any spill from PCB containing equipment must be cleaned up by a capable, registered contractor.*
- *Any sampling and testing of spilt fluids from equipment suspected of containing PCBs must be carried out by consultants/laboratories or personnel designated according to the law.*

If PCB-containing equipment is present on-site:

- *The facility must have a register of the location of all PCB-containing equipment on the facility's records, as well as with all designated authorities as required by some legislation.*
- *All equipment containing PCBs must be free from leakage.*
- *All equipment containing PCBs must be isolated from water or soil by secondary containment structures built according to the applicable technical standards.*

- *All equipment containing PCBs must be suitably marked.*

If small components such as fluorescent light ballasts and capacitors exist:

- *The facility must keep records of the location of all small, PCB-containing components in the facility, and these must be marked accordingly.*
- *The facility must have procedures on how to dispose of these small components.*

Hazardous waste

- *Different streams of hazardous wastes must be kept separate and not mixed, and chemical compatibility must be observed during storage.*
- *The packaging of hazardous waste must be: appropriately labeled and dated; the nature, composition and quantity of the waste; relevant hazard sign; safety and risk phrases and required PPE.*
- *The designated storage area must be restricted access.*
- *The integrity of the floor of the designated storage area must be regularly checked and maintained.*
- *Any drains leading from the designated storage area must be dead-end*
- *Storage containers must be in good physical condition to avoid ruptures and leaks.*
- *Storage containers for temporary storage must always be securely closed after adding waste to the container.*

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What are the TOE Requirements? (continued)

- Pending removal off-site, a designated, sheltered and secure (locked) storage area must be established to temporarily store the hazardous waste.
 - The designated storage area must be adequately ventilated.
 - The designated storage area must satisfy all requirements to protect the environment and storm water from hazardous waste releases in case of an incident (for example, collection trays or bund walls to prevent spillage runoff).
 - Workers working with or handle hazardous wastes must be given suitable training. Work with hazardous wastes shall be restricted to those trained individuals. Evidence of training must be kept on file.
 - Receptacles must be treated and maintained to prevent ruptures or leaks.
 - Where a particular receptacle is being used for repeat depositions of a specific hazardous waste, the date the first quantity is deposited and the date of storage used shall be marked on the receptacle. Storage times must be no longer than those described in the local requirements.
- ⚠ Waste disposal and documentation**
- Any on-site waste disposal of waste (e.g. burning, burying, etc) must have appropriate permits.
 - All relevant waste documentation/ environmental records must be kept on file, and according to requirements of local legislation.
- ⚠ Waste disposal and documentation**
- All off-site transportation of waste must be carried out with a transporter having the appropriate licenses, permits or registrations and facility personnel must examine and check periodically for validity.
 - The facility must have no unresolved issues with the authorities with regard to waste management activities.
 - Facility must show records of compliance with all legal shipping/transport procedures.
- ⚠ Industrial waste water treatment**
LS & Co. GEG requires that garment finishing effluent:
- Meets all regulatory discharge criteria applicable locally.
 - Meets LS & Co. guidelines, if stricter than local regulations at the point at which the effluent is discharged into the environment.
- ⚠ Industrial waste water treatment**
- The facility must have valid permits to discharge waste water to the sewer if using POTW services.
 - The facility must have a valid permit to discharge directly if not using POTW services.
- ⚠** The facility must provide monitoring data to show that it is in compliance with its waste water discharge permit and/or LS&CO. Global Effluent Guidelines (GEG) whichever is stricter.
- ⚠** Facilities used for wet finishing must provide analytical data to LS&CO. twice per year.
- ⚠ Industrial waste water treatment**
Sludge must be disposed of at a site with valid permits, and facility personnel must check the validity of permits.
- ⚠ Industrial waste water treatment**
Transporter of sludge must have appropriate permits, and facility personnel must check for validity of permits.

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What are the TOE Requirements? (continued)

(A) Solid waste management

- Solid waste must be stored in leak-proof, well-maintained suitable waste storage containers with covers.
- Solid waste storage must be carried out in a paved area, preferably covered and isolated from floor or storm drains.
- Waste storage area must be protected from the weather (either in covered waste storage area or weatherproof, leakproof, covered waste storage containers).
- Waste storage containers must be clearly and properly marked, containing waste sorted according to the markings.
- Waste must be protected from any fire risk.
- The facility's waste storage area must be a designated "No Smoking" area.
- Waste must be well sorted where material recycling is available, and stored on a daily basis until transport by certified carrier to off-site waste recovery or disposal facility.
- Wash water from waste storage containers (for example, food waste), must be directed to the facility wastewater treatment plant, or sewer leading to a municipal wastewater treatment works.
- Storage of recyclables must be restricted access if materials are flammable (paper, textiles etc.).
- Areas storing recyclable materials must be paved and protected from the weather.
- Recyclable materials must be protected from any fire or other health and safety risk.
- No hazardous or chemical waste must be present in this area (for example, oily rags or other ragslitems used to absorb chemical spills, cleaning fluids and/or batteries).
- All employees must be trained in managing the waste that they produce.

(B) Asbestos or asbestos containing materials

- If an asbestos survey has been carried out at a facility, it should be kept on file for 99.9 years from date of report.
- A record of the location of asbestos in the facility should be kept if a facility is known to have asbestos on site.

- A record of periodic visual inspections for damage should be kept if a facility is known to have asbestos on site.
- If a site is known to have asbestos containing materials, workers should have procedures to follow in case of damage to those materials.
- The facility should have a procedure on proper disposal that includes the location of the final disposal facility and method of disposal—both of which must be legally compliant.
- The facility should have an asbestos awareness program for workers and show evidence that workers have been trained.

(C) PCB containing equipment

- Facility locations housing PCB-containing equipment should be restricted access.
 - PCB-containing equipment should be protected from the weather and have adequate ventilation.
 - PCB-containing equipment should be protected from any fire risk and have suitable fire protection.
 - PCB-containing equipment should be marked as specified by local regulations or industry practice.
 - Facilities housing PCB-equipment should have periodic documented visual inspections kept on the facility's maintenance records in addition to all local legal requirements.
 - If a transformer or other PCB-containing equipment belonging to utility services is located on the facility's premises, the facility a copy of periodic inspection reports carried out by the utility company with a view to avoiding any pollution risk.
- (D)** If PCB containing equipment is present, the facility should have a formalized spill response procedure (to include all contacts with certified response consultants, governmental authorities) to prevent spillage resulting in a health, soil, surface water or groundwater pollution incident.
- (E)** Any facility having PCB-containing equipment should have a formalized employee awareness program on the topic.

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What are the TOE Requirements? (continued)

(C) Waste disposal and documentation

- (C)** Facility records for hazardous waste should contain the following information if stricter than local law: quantity, nature, physical and chemical characteristics, origin, frequency of collection by carrier, mode of transport, facilities used for disposing it, disposal treatment method and dates of disposal.
- *Facilities should know where ALL its wastes are taken for disposal.*
 - *Off-facility waste disposal should occur at authorized and permitted facilities for disposal and recovery, and facility personnel must examine and check for validity.*
 - *All off-site disposal of hazardous waste should be transported only to designated hazardous waste facilities (designated by law).*

Note 1: Asbestos does not create an immediate danger to human health or the environment unless it is released as dust into an employee's breathing area. Managed responsibly, asbestos-containing materials should not present a health or environmental concern.

Asbestos has been used in thermal system insulation materials such as hot water and steam pipe wrapping, pipe elbows, furnaces, boilers and fire doors. In addition, insulation or fire-proofing between walls, in basements or attics, or between floors of multiple-story buildings often contains asbestos. Asbestos products can be present in vinyl floor sheeting and tiles, floor tile mastic (glue), wallboard, wallboard joint compound and joint tape and textured wall finishings. Asbestos can be found in ceiling tiles and sprayed-on ceiling coatings.












Asbestos-containing materials are often called "friable" or "non-friable". Friable asbestos-containing material can be reduced to a powder using hand pressure. Examples of friable asbestos include pipe insulation materials, spray-on fireproofing and spray-on ceiling coatings. Floor tiles, floor tile mastic and other non-friable materials cannot be reduced to a powder using hand pressure, and are not as hazardous as friable asbestos. Sanding or breaking floor tiles, however, should be avoided as it can put asbestos into the air.

Damaged asbestos-containing materials could release more asbestos fibers in the air than undamaged materials. If damaged asbestos-containing materials are found, the facility management should immediately correct the problem using personnel trained in handling asbestos.

Note 2: PCBs are a manufactured chemical that has been used in a number of electric and hydraulic machines. Electrical machines that may contain PCBs include transformers, capacitors, switches and fluorescent light ballasts. PCBs may also be present in hydraulic and waste oils. It is best to contact the supplier of the equipment to establish whether PCB is present in the equipment.





Ideally, a factory would not have electrical equipment containing PCBs. Unless they are released as a liquid to soil or surface water, PCBs do not present an immediate threat to human health or environment. Managed responsibly, PCBs should not present an environmental concern.

12 Environment Examples: Non-Compliances & Corrective Actions (continued)

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>Waste Disposal The burning of waste occurs. The facility has a permit, and burns the paper products allowed by the permit but does not respect the 100 m limit from the buildings.</p>	Ensure that the burning occurring is carried out within all the restrictions placed on burning. Train all necessary employees on permit requirements.	1 week	 
<p>Permits The facility was not able to provide permits for the boiler, and the stand-by generator. Local regulations require permits for these installations.</p>	Obtain permits for the boiler and the stand-by generator.	3 weeks to apply/ 8 weeks to comply.	
<p>POTW or ETP No available POTW/ETP or available POTW/ETP non-functional on a continual basis.</p>	Proposed laundry contractor: If POTW/ETP or effluent results do not meet guidelines, the laundry cannot be used until LS&CO GEG are met. Existing finishing contractor: Submit a plan to address improve ETP performance and meet LS&CO GEG. LS&CO GEG must be met by the next 6 monthly reporting deadline, the laundry must at all times meet local requirements.	12 weeks to propose a final plan of action to meet GEG within 12 months. 4 weeks to obtain a permit.	 
<p>Permits Technical personnel are not able to present a valid discharge permit to LS&CO.</p>	Obtain a discharge permit from the local authorities and ensure that all conditions of the permit are met.	3 weeks	
<p>Water Treatment Technical personnel presented outdated and incomplete data when asked about the performance of the POTW/ETP or on-site wastewater treatment plant.</p>	Present a comprehensive analytical report on wastewater treatment performance to demonstrate that all wastewater treatment permits are being met, as well as LS&CO GEG at the point where the treated wastewater is returned to the environment.	4 weeks	 
<p>Reporting For the last six-monthly reporting period, no analytical report was submitted by the contractor on wastewater treatment performance.</p>	Present a comprehensive analytical report on wastewater treatment performance to demonstrate that all wastewater treatment permits are being met. Ensure that the contractor establishes this as procedure and assigns personnel to ensure that this happens continuously.	4 weeks	
<p>Permits There was no permit check done by the facility for disposing of its wastewater treatment sludge.</p>	Verify that the disposal site for the wastewater treatment sludge is licensed for disposing of the wastewater treatment sludge, and that the permit is valid. Establish which documentation is generated by the disposal and retain in the facility files.	3 weeks	
<p>Permits There was no permit check done by the factory for the transporter of the sludge.</p>	Verify that the permit of the transporter for transporting waste is valid for the type of waste. Keep all documentation of the transport in the facility files.	3 weeks	

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12 Environment Examples: Non-Compliances & Corrective Actions (continued)

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>1A Waste Disposal Waste is collected in various locations around the facility on unprotected soil.</p>	<p>Designate solid waste storage areas in a properly paved area away from any fire risk. Protect waste from the weather. Establish proper management guidelines including waste storage. Ensure that the area is properly marked and that waste storage containers are suitable. Ensure that all local requirements for on-site waste management are met. Train all employees on the new waste management procedures.</p>	<p>4 weeks</p>	
<p>1C Employee Awareness Maintenance employees are unaware of the asbestos management program.</p>	<p>Train employees around asbestos management on-site including contingency planning. Retain training records. Assign the training role so that training is periodically updated and delivered to employees.</p>	<p>4 weeks</p>	
<p>1C PCBs PCBs are present on-site and labeled according to local guidelines, however, there is no guidance around management of PCB containing equipment and eventual disposal to maintenance employees.</p>	<p>Establish a procedure for the management and disposal of PCB containing equipment ensuring that it meets all local requirements, and details all professional services to be used in case of maintenance, repair, or spills. Train all employees around the proper management of PCB-containing equipment on-site to prevent employee exposure and risk of contamination to the environment.</p>	<p>16 weeks</p>	
<p>1C Waste Disposal Facilities management are not aware of where the facility's waste is disposed of. No waste records exist.</p>	<p>Find out where the facility's waste is disposed of, both hazardous and non-hazardous waste. Verify whether these disposal facilities are licensed for disposing of the hazardous and non-hazardous waste. Establish a waste documentation procedure to ensure that the company wastes are delivered to the disposal site intended, establish a retention procedure for the documentation within the facility. Train relevant employees about the new procedures.</p>	<p>4 weeks</p>	

13. Dormitories

Business partners who provide residential facilities for their workers must provide safe and healthy facilities.

-Levi Strauss & Co. TOE

What are the TOE Requirements?

- Ⓐ Dormitory residents must not be restricted in their movements beyond what they agree is reasonable given legitimate concerns for their safety or consideration for the privacy of other residents. There must be no unreasonable restrictions, such as deposits.
- Ⓐ Dormitories must be in compliance with all housing laws and regulations, occupancy requirements, and health and safety laws.
- Ⓐ Dormitories must have at least 2 unobstructed emergency exits per floor that lead to a safe location.
- Ⓐ Exits must be marked by signs that are internally illuminated and backed up by battery.
- Ⓐ Exit doors must open in the direction of egress (outwards), be unlocked from the inside and must require no special operation.
- Ⓐ Dormitories must have an audible fire alarm that can be heard in all parts of the building.
- Ⓐ There must be smoke detectors on each floor of a dormitory.
- Ⓐ A fire extinguisher must be located within 23 m (75 feet) of every bed.
- Ⓐ Fire/emergency evacuation drills must be practiced at least once a year so that residents are familiar with evacuation procedures.
- Ⓐ There must be 3.7 square meters per worker. In addition, ceilings in the room must be 2.2 meters (7 feet) high.
- Ⓐ Toilets must be clean (recommended is 3x per day), functioning, well-lit, well-ventilated, and stocked with toilet paper and soap. In addition, there must be at least one toilet, separated and marked by gender, for every 15 occupants whose units do not have private toilets. Toilets must be connected to a public sewer system or septic tank.
- Ⓒ All hallways and exits should be clear and unobstructed at all times.
- Ⓒ Dormitories should be safe, well-lit, well-maintained, clean, and adequately heated and cooled.
- Ⓒ Dormitories should have emergency lighting installed in exits, hallways and stairwells.
- Ⓒ A first aid kit should be provided in a visible, accessible location. In addition, trained first aid personnel must be readily accessible and there must be adequate means for reporting emergencies (such as security personnel with phones).

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What are the TOE Requirements? (continued)

- ④ A lockable space sufficient for all work and non-work items with at least 1.7 square meters storage per worker should be provided.
- ④ At least one shower with both hot and cold water should be provided for every 10 occupants. In addition, showers should be separated and marked by gender. Shower drains should be connected to a public sewer system or septic tank.
- ④ At least one sink with both hot and cold water should be provided for every six occupants. Sinks and drains should be connected to a public sewer system or septic tank.
- ④ The living quarters should be clean.
- ④ Cafeterias and kitchens should be clean, equipped with cooking stoves, mechanical refrigeration, adequate counter space for food preparation, dining table and seats, sinks with hot and cold running water, and proper lighting and ventilation. Food storage and preparation should be sanitary. Also, cafeteria kitchens should contain a fire extinguisher and a fire blanket.
- ④ Potable water for drinking should be available on each floor.
- ④ Floors in the living quarters should be dry.
- ④ All equipment and fixtures should be well-maintained and equipped with appropriate safety devices.
- ④ Refuse containers should be located away from living accommodations, kept in a sanitary manner (a twice per week cleaning is recommended) and should be adequate for occupants' needs.
- ④ At least one washing machine per every 50 occupants or one laundry tray/tub per 30 occupants should be provided. A drying area with adequate ventilation should also be provided.

13 Dormitories Examples: Non-Compliances & Corrective Actions

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>Dormitories Workers are not allowed to freely leave dormitories, i.e. They must deposit personal documents with the guards before they are allowed to leave.</p>	<p>Cease unreasonable restrictions and communicate the changes to the workers.</p>	<p>Immediately/ 2 weeks for communication.</p>	
<p>Dormitories In Country X, some dormitory rooms were being converted to warehouse/workshop areas.</p>	<p>The dormitory rooms should be used for living space only. They should be converted back to living areas.</p>	<p>4 weeks for plan/ 4 weeks to comply.</p>	
<p>Dormitories There is only one exit on the second floor of a dormitory through one central staircase.</p>	<p>Construct at least one additional emergency exit.</p>	<p>4 weeks</p>	
<p>Dormitories The second floor exit was not marked with an exit sign.</p>	<p>Install the necessary signs.</p>	<p>1 week for signage/ 3 weeks for wiring.</p>	
<p>Dormitories One of the emergency exits is locked and has a box next to it that has a glass door that has to be broken to get the door key.</p>	<p>Change the doors so that they remain unlocked from the inside and require no special operation. The doors should open outward.</p>	<p>2 weeks</p>	
<p>Dormitories When asked, the contractor says that the dormitory does not have fire alarm.</p>	<p>Install a fire alarm.</p>	<p>4 weeks</p>	
<p>Dormitories No smoke detectors were found in dormitory sleeping areas and hallways.</p>	<p>Install the necessary detectors.</p>	<p>Immediately take action to acquire/ 3 weeks to correct.</p>	
<p>Dormitories There is only one fire extinguisher near the kitchen of the dormitory. There are no extinguishers in or near the sleeping areas.</p>	<p>Install fire extinguishers within 23 m (75 feet) of every bed.</p>	<p>1 week</p>	

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13 Dormitories Examples: Non-Compliances & Corrective Actions (continued)

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>1A) Dormitories The space for each occupant is less than 3.7 square meters or local requirement.</p>	Reduce the number of people per room or increase the number of rooms.	8 weeks	
<p>1A) Dormitories The toilets are dirty and not cleaned on a regular basis.</p>	Clean toilets and ensure that regular cleaning is performed.	2 weeks	  
<p>1A) Dormitories Residents say there has never been a fire drill.</p>	Practice the drill annually and document the results.	2 weeks	
<p>1C) Dormitories The hallway outside the kitchen is partially blocked by cans of fuel.</p>	Clear hallways, exits.	Immediately	  
<p>1C) Dormitories During a visit to the factory, a TOE assessor notices that the dormitory rooms are too hot.</p>	Make dorms safe, well-lit and adequately heated/cooled/ventilated.	4 weeks	  
<p>1C) Dormitories There is no emergency lighting on the second floor of the dormitory.</p>	Install the necessary lights.	Immediately take action to acquire/ 3 weeks to correct.	
<p>1C) Dormitories There is no first aid kit in the dormitories, only in the factory.</p>	Provide a stocked kit. Kit to include: bandages, sterile gauze/cotton balls, adhesive tape/plasters, disinfecting/ antiseptic agent, antibacterial ointment, sterile/surgical gloves, pain reliever tablets and tourniquet.	2 weeks	
<p>1C) Dormitories During dorm tour, only small lockers were provided to workers for some of their belongings. The lockers are not locked.</p>	Improve the locker size and ensure that the lockers can be locked for the safekeeping of the workers' possessions.	4 weeks	  

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13 Dormitories Examples: Non-Compliances & Corrective Actions (continued)



Finding	Corrective Action	Recommended Timeline	Verification Method
<p>G) Dormitories The bathing room is an open room that does not allow for worker privacy.</p>	<p>Provide hot and cold water and use partitions or curtains between the different showers for privacy.</p>	<p>4 weeks</p>	
<p>G) Dormitories There is only one sink on each floor of a dormitory, in which there 40 people housed.</p>	<p>Provide at least one sink for every six occupants.</p>	<p>4 weeks</p>	
<p>G) Dormitories The toilets are dirty and not cleaned on a regular basis.</p>	<p>Clean toilets and ensure that regular cleaning is performed.</p>	<p>2 weeks</p>	
<p>G) Dormitories The dormitories are untidy and there is no regularly scheduled cleaning of them.</p>	<p>Proper housekeeping schedules should be in-place. The schedule should be communicated to the workers.</p>	<p>2 weeks</p>	
<p>G) Dormitories The kitchen is in poor sanitary condition.</p>	<p>Clean kitchens and make sure regular cleaning is performed. Upgrade the facilities if needed. Install fire extinguisher or blanket.</p>	<p>Immediately to clean/ 4 weeks to install new fixtures.</p>	
<p>G) Dormitories Workers say water is not safe to drink; they must buy their own.</p>	<p>Provide potable water for the workers.</p>	<p>2 weeks</p>	

14. Permits

What are the TOE Requirements?

- ⚠ Permits must be available for review.
- ⚠ Factories must have all current permits as required by law (including business and operating permits, fire-safety and electrical certificates, permits for equipment such as boilers, generators, elevators, fuel and chemical storage tanks, etc. and building, emissions and waste-disposal permits).

14 Permits Examples: Non-Compliances & Corrective Actions

Finding	Corrective Action	Recommended Timeline	Verification Method
<p>Permits</p> <p>The factory claims that facility has permits but the person in-charge is on leave or the documents are locked away. The factory manager says he has current permits and is willing to show them but cannot. Previous year permits are available. (Note: Refusal to provide TOE assessors with access to records is a different violation; see Ethical Standards).</p>	<p>Submit photocopies of permits to assessor.</p>	<p>1 week to submit proof of up-to-date permits.</p>	
<p>Permits</p> <p>The factory has failed to produce any records of business operating permit for current year, nor any permits for the previous year. (Note: Refusal to provide TOE assessors with access to records is a different violation; see Ethical Standards).</p>	<p>Obtain/renew the necessary permits from authorities. Submit photocopies of permits to assessor.</p>	<p>2 weeks to submit proof of application/ 8 weeks to get approval.</p>	

Appendix A: Glossary

Aerobic Treatment: A treatment method for wastewater in which the water is aerated to provide oxygen for the micro-organisms to convert organic carbon to CO and new cells. This is a very common treatment for wastewater.

Agent: In LS&CO, the term “agent” has 2 meanings:

If used when referring to the hiring of workers, agents are organizations or individuals who supply workers for factories. These organizations/individuals can be linked to the government in a country or can be independent. Usually the agent is paid a fee to provide a guaranteed number of workers. Often, the workers’ labor contracts are with the agent, rather than the supplier who uses the workers. These (hiring) agents are sometimes called Labor Recruitment Services. TOE problems can arise if the hiring Agent’s contract with the workers does not meet TOE requirements (e.g. minimum wage, maximum 60 hours per week).

If used in a sourcing relationship, agent refers to a legal relationship between LS&CO, and an external sourcing organization. The sourcing agent has the legal authority to place production with suppliers for LS&CO. (or the division or brands that have entered into the relationship). Often it is the agent’s responsibility to select the supplier, quality control the goods and deliver the products on time to the chosen LS&CO destination. Sourcing agents tend to be used in remote parts of the world, where sourcing requires specialized local knowledge or for unique items that are only available from a few suppliers. TOE problems can arise if the sourcing agent is not aware of the TOE requirements and/or the need to TOE assess the suppliers before production is placed with them.

Annual Assessment: The yearly TOE assessment that follows the Initial Assessment in an active supplier.

Aquifer: The underground layer of water-soaked sand and rock that acts as a water source for a well.

Asbestos: Naturally occurring mineral which separates into long thread-like fibers; which does not burn, does not conduct heat or electricity and are resistant to chemicals. Materials that might contain asbestos include: fire-proof clothing, piping insulation, and sprayed-on ceiling texture.

Asbestos-Containing Material (ACM): Any material containing more than 1% asbestos.

Ballast (Electrical Light Ballast): A component of a fluorescent light fixture that may contain polychlorinated biphenyls (“PCBs”). Usually applies only to ballasts manufactured before 1978.

Benefits: Compensation paid to employees in addition to remuneration (wage/salary). Benefits can be classified as legal when stipulated by labor or federal agencies such as overtime, holiday or vacation pay. Companies can also provide voluntary benefits, which are not required by law, such as tuition reimbursement or food baskets.

Berm Walls: See Secondary Containment.

Bonded Labor (or Bondage): An illegal practice in which employers give high-interest loans to workers who either individually or as an entire family then labor at low wages to pay off the debt.

Biodegradability: The susceptibility of a substance to decomposition by living organisms, mainly microorganisms.

BOD (Biochemical Oxygen Demand): This is the measure of the organic polluting strength of wastewater. The BOD is determined by measuring the oxygen used by microorganisms in the biochemical oxidation of the organic matter, in a given volume of waste or natural water. Reported as milligram oxygen per liter (mg/l), essentially equivalent to parts per million (ppm) by weight in the case of liquid water.

Bunding/Bund walls: See Secondary Containment.

Chemicals: “Chemicals” is a common term that describes many different solids, liquids and gases that are used to produce specific effects on other substances. For the purposes of a TOE assessment, “chemicals” include substances that may be present in all facilities such as paint, oil, degreasers, spot removers and solvents. It also includes specialist laundry and dyeing chemicals used in wet finishing facilities and mills, such as detergents, softeners, surfactants, oxidizers and bleaching agents. TOE requires that all chemicals at a facility site have Material Safety Data Sheets.

Child Labor: The employment of workers under 15 years of age, or below the minimum work age required by law, if such age is above 15.

CI: See Continuous Improvement Item.

COD (Chemical Oxygen Demand): A measure of the polluting strength of wastewater (especially industrial effluents). COD is determined by measuring the oxygen used by a strong oxidizing agent to chemically oxidize the organic matter in a given volume of waste or natural water. Normally COD is higher than BOD is, as more inorganic and organic substances can be oxidized chemically than biologically. Reported like BOD, as mg/l.

Code of Conduct: The internationally applied name for company work place standards such as the LS&CO. Terms of Engagement.

Coercive Behavior: Any behavior that threatens or pressures individuals to work against their will. This can be direct or indirect.

Collective Bargaining: Negotiations between an employer and a group of employees that determine the conditions of employment. The result of collective bargaining procedure is called the collective (bargaining) agreement. Often employees are represented in the bargaining by a trade union or other labor organization.

Collective (Bargaining) Agreement: An agreement negotiated between a group of employees (often a trade union) and an employer that sets forth the terms of employment for the employees who are members of that group of employees. This type of agreement may include provisions regarding wages, vacation time, working hours, working conditions, and health insurance benefits.

Combustible Liquid: Any liquid having a flash point at or above 37.8° Celsius.

Community Involvement: Activity (usually philanthropic) conducted by a company within the community in which the company or in which its employees reside. Examples include supporting children’s athletic leagues, providing construction materials for schools, financial contributions for emergency relief, etc.

Compliance: Following or meeting the obligations of a rule, agreement or guideline.

Continuous Improvement Item: Labor, health & safety, and environmental issues that can be improved in the factory for the well being of workers and/or betterment of its reputation or management practice. Production can be placed in proposed suppliers with CI issues. For proposed and existing suppliers with CI issues, a reasonable corrective action plan can be proposed over a 6 month period.

Examples of CI include operating permits (if company has already applied for them), establishment of company policies on hiring practices, etc., records documentation, health & safety issues such as PPE, chemical storage, first aid, machine guarding, signage, etc.

Contract Workers: Workers who are hired for a specific period of time to conduct a certain kind of work as described and agreed to on the basis of a contract. In some parts of the world contract workers are taken into a second country under a labor contract that may not provide the workers with the same rights as the local workers. For example, the contract may prohibit the worker from quitting his/her job and seeking work at another facility.

Contractor: In LS&CO., the term “contractor” has 2 meanings:

If referring to contractors, who provide products for LS&CO., the meaning is the same as for Supplier.

If referring to contractors at a facility site, the meaning is all contracted firms that perform work at the facility (for example, electrical contractors, consultants, security guards, and testing firms).

Corrosive: Corrosive materials are acidic or basic materials that are capable of corroding metal such as tanks, containers, drums, and barrels.

Corporal Punishment: Any disciplinary practice that involves bodily contact or harm, or the threat of bodily harm.

Country Assessment: The Country Assessment is one part of LS&CO.'s Global Sourcing and Operations Guidelines. The country assessment evaluates a country's sourcing potential based on the general conditions found in that country for the following issues: Health and Safety; Political Conditions; Economic Conditions; and Social Conditions. LS&CO. Government Affairs and Public Policy is responsible for developing Country Assessments and making recommendations to the business. Recommendations are based on criteria that assess whether the desired sourcing country has met LS&CO.'s requirements.

CPR: Cardiopulmonary Resuscitation. A first aid technique used to start a person's heart beating again after the heart has stopped beating due to accident or illness. CPR is a specific technique that requires proper training.

Decibel (dB): Unit of measure used to evaluate noise level of equipment or machinery during use. Acceptable noise levels should not exceed 85 decibels during an eight hour (or longer) work period.

Disciplinary Practice: Actions used by managers or supervisors to change the behavior of employees.

Discrimination: Practices that use religion, sex, ethnicity or national origin, disability, political affiliation, social status, sexual orientation, actual or perceived HIV status or legal migrant worker status as a basis for hiring, compensation, promotion, termination and retirement practices and access to training and not a person's ability to perform a job.

Ecolabels: Official or unofficial marks of ecological or environmental approval.

Egress: Means of exit out of a building or area.

Electrical Light Ballast: See Ballast.

Emergency Alarm: System used to identify or warn of emergency within a work site. The system can utilize electrical or manual warning devices.

Environment: Surroundings in which an organization operates, including air, water, land, natural resources, flora, fauna, humans, and their interrelation.

Ergonomic Assessment: Review of the worker and his/her working environment that determines the frequency of repetitive actions and identifies hazards of specific work-place conditions. The areas of ergonomics are such tasks as computer data entry or sew, press or cut fabrics.

Export Processing Zones (EPZs): Free Trade Zones (FTZs) or Qualified Industrial Zones (QIZs) are government approved industrial areas that are exempt from some (or all) of the normal commercial laws of the country that they are in. Sometimes the country's minimum wage laws and/or other labor laws do not apply to workers in these zones.

External Monitor: A third-party hired by LS&CO. or one of LS&CO.'s business partners to conduct TOE assessments, in place of an internal TOE assessor.

Facility Headquarters: The registered office of the company that owns the facility that is being TOE assessed.

Facility Site: The specific factory that is being TOE assessed, including workplaces and all facility land, structures and other improvements on the land owned or leased by the facility.

First Aid: Emergency treatment for injury or sudden illness administered before regular medical care is available.

Flammable: Capable of being easily ignited and of burning with extreme rapidity. Examples include liquids, such as solvents and fuels that readily catch fire when exposed to a spark or flame.

Flammable Liquid: Any liquid having a flash point below 37.8° Celsius, except any mixture having components with flash points of 37.8° Celsius or higher, the total of which make up 99 percent or more of the total volume of the mixture.

Flash Point: The lowest temperature of a liquid at which it gives off enough vapor to form an ignitable mixture with air near the surface of the liquid with the storage container open.

Follow Up Assessment: The assessment that usually follows an initial or annual TOE assessment. The TOE assessor conducts a follow up assessment if the factory had corrective actions to make based on discoveries in the initial or annual assessment.

Foot Candle: A unit for measuring illumination; it is equal to the amount of direct light thrown by one international candle on a square foot of surface every part of which is one foot away.

Forced Labor: Any arrangement in which workers are forced to work against their will or do not have the choice to leave their working arrangement when they choose.

Freedom of Association (FoA): Freedom of association is often referred to in the context of forming, or joining a workers trade union. Joining a union is an example of people exercising their right to freely associate, however FoA is not limited to trade union activities. FoA means that people should be able to form any type of organization or join any type of organization, without persecution or hindrance from the government or other people (such as their employer). Some governments place legal restrictions on what type of organizations can be formed under the right to freely associate e.g. a common restriction is preventing the formation of an organization for criminal purposes.

Friable: Material that, when dry, can be crumbled, pulverized, or reduced to powder by hand pressure. This includes non-friable materials that, during the course of renovation or other activities, can become “friable”.

Global Sourcing and Operating Guidelines (GSOG): The LS&CO. requirements that are applied to every contractor or supplier that manufactures or finishes product for LS&CO. The GSOG have 2 parts: the Country Assessment Guidelines and our Terms of Engagement.

Global Warming: The increasing temperature of the atmosphere due (principally) to the burning of fossil fuels like coal, gas and oil in power stations and vehicles.

Groundwater: The supply of freshwater found below the Earth’s surface (usually in aquifers) which is also used for supplying wells and springs.

GSOG: See Global Sourcing and Operating Guidelines.

Hazardous Labor: Labor or work that places the worker in physical or psychological harm; requires the use of dangerous machinery; places the individual in unhealthy environment due to the materials used; or places the worker in difficult physical conditions. (Review the section on Child Labor for the definitions of hazardous work in regards to young workers.)

Hazardous Waste: Waste that poses a risk to human health or the environment and requires special disposal techniques to make it harmless or less dangerous. These wastes may be regulated by national or international guidelines. A waste may be considered hazardous if it is ignitable (i.e., burns readily), corrosive, or reactive (e.g., explosive). Waste may also be considered hazardous if it contains certain amounts of toxic chemicals. Hazardous waste takes many physical forms and may be solid, semi-solid, or even liquid.

Hiring Agent: See Agent.

IA: See Immediate Action Item.

Illegal Activity: Engaging in activity which is against established law. Examples of illegal activity or behavior: keeping two sets of payroll documents in order to defraud the local government on payroll taxes; or management willfully ignores the law in contractual agreements; or company willfully ignores legal judgments in a lawsuit.

Immediate Action Item: Breach of Terms of Engagement that results in negative impact to individual rights and life safety and/or LS&CO.’s corporate reputation. Production cannot be placed in proposed suppliers with IA violations. For existing suppliers with a IA, the violation must be remediated fully (e.g. underpaid wages must be repaid) and within a maximum period of 2 months, or the issue becomes a ZT. Some IA violations may require a remediation period of less than 2 months.

Examples of IA include excessive working hours, non-payment of overtime premiums or contracted wages, non-provision of required government benefits, documentation on important labor issues such as age, hours, wages; proper disciplinary processes, discrimination, infringements on freedom of association, violations of local law, non-functioning water treatment facility, life safety violations (emergency exits, fire prevention).

Incompatible materials: When certain materials are mixed together and produce a reaction such as a fire or explosion. Incompatible materials should be physically separated in the storage area.

Indentured Labor: Work, performed by an individual contractually bound to an employer for a specific time period, which is usually in return for payment of travel and living expenses. Indentured laborers may work on behalf of another person's debt. For example, a child who works as an indentured laborer to pay off a parent's debt.

Independent Evaluation: The use of an independent, third party to evaluate specific activities, behavior or facilities.

Independent Monitoring: A program or system in which an independent, third-party organization assumes the responsibility for monitoring specific activities, behavior or facilities.

Indicator: Something used to show the existence of a particular activity, behavior, substance or state of being.

Initial Assessment: First TOE assessment conducted at a specific facility site.

Labor Recruitment Services: See (Hiring) Agent.

Leachate: Liquid from waste dumps (landfill sites) which forms when rainfall, or other water, drains through the site and picks up polluting materials.

Licensee: LS&CO. has 2 types of licensee—Country Licensee and Product Licensee.

Country licensees include all persons or entities that have a written Licensing Agreement with LS&CO. (or its divisions or brands) to manufacture and sell products bearing the name, trademarks and/or images of LS&CO., within a specified country. Product licensees include all persons or entities that have a written Licensing Agreement with LS&CO. (or its divisions or brands) to manufacture specified products bearing the name, trademarks and/or images of LS&CO.

Lock Out/Tag Out: Procedures designed to prevent accidental release on an electrical, pneumatic, hydraulic or any mechanical equipment; the machinery is “locked” or “tagged” to prevent it from operating.

Lux: Unit of illumination, equal to one lumen per square meter or to the illumination of a surface uniformly one meter distant from a point of source of one candle.

Machine Guard: A machine guard is a device designed to protect workers from points of operations, revolving and rotating parts, live electrical contacts, and other parts of machines and operations.

Material Safety Data Sheet (“MSDS”): Provides detailed information on each hazardous chemical contained in a chemical product, including the proportion of each chemical, and the potential hazardous effects, physical and chemical characteristics, and recommendations for appropriate human protective measures. An MSDS does not identify whether a material is a hazardous waste.

Mental Coercion: The act of restraining or dominating by nullifying individual will. Examples include humiliation, insults, peer pressure or social intimidation.

MSDS: See Material Safety Data Sheet.

NGO: See Non-Governmental Organization.

Non-compliance: Violation or failing to follow the obligations of a rule, agreement or guidelines.

Non-friable: Material that, when dry, cannot be crumbled, pulverized, or reduced to powder by hand pressure.

Non-Governmental Organization (NGO): An organization that is neither a private or public business, nor a government entity. These organizations take many forms and have a variety of missions. Often, NGOs must meet certain legal requirements and be registered with the government to be officially recognized as an NGO. Sometimes, but not always, the NGO is also a “not for profit” organization.

Not for Profit: Organizations which provide services or review/assessment without generating revenues but receive monies from grants issued by public groups, corporations or government agencies. Examples of not for profit organizations: Save the Children, Amnesty International, OXFAM. (See NGO's.)

On-Premise Supplier: Workers on a facility site that are engaged in the daily work of the factory but are on the pay role of another organization, such as a hiring agent. Examples of common on-premise suppliers are Cleaners and Security Guards.

Overall Rating: When all the sections of the TOE questionnaire have been completed and all the Section ratings have been assigned, the overall rating is given as the most serious of the Section ratings (e.g. ZT is more serious than IA).

Overtime Premium: This is a wage paid above the normal daily or hourly wage to compensate for time worked beyond the normal working schedule. This premium should be described in a country's labor laws.

Oxidation: The addition of oxygen, removal of hydrogen, or the removal of electrons from an element or compound. In wastewater treatment, organic matter is oxidized to more stable substances.

Oxidizer: A substance that gains electrons in a chemical reaction. Oxidizers are generally recognizable by their structures or names. They tend to have oxygen in their structures and often release oxygen as a result of thermal decomposition. Oxidizers often have prefixes (peroxides) and often end in "ate" (nitrate).

PCB: See Poly-Chlorinated Bi-phenyl.

Personal Protection Equipment (PPE): Safety equipment worn by employees to protect against physical hazards. Examples of PPE: eyewear, face shields, ear plugs, hard hats, gloves, foot protection.

pH: An expression of the intensity of the basic or acid condition of a liquid. Mathematically, pH is the logarithm (base 10) of the reciprocal of the hydrogen ion condition. An exactly neutral solution has a pH value of 7.0.

Physical Coercion: Physically restraining or dominating by nullifying individual will. This may be in the form of physical actions or threats of bodily harm.

Poly-Chlorinated Bi-phenyls (PCBs): Exposure to PCBs can cause adverse health effects. PCBs are chemicals manufactured for a variety of industrial uses. PCBs are usually clear or yellow oils and exhibit excellent electrical insulating and fire-resistant properties. Primary uses include: Electrical light Ballast insulators; Electrical insulating fluids found in common electrical equipment such as transformers, capacitors, electromagnets, etc; Heat transfer fluids found in many heat exchangers. PCBs belong to a broad family of organic chemicals called chlorinated hydrocarbons. There are over 200 different PCB compounds that are classified according to their chlorine content.

POTW: See Publicly Owned Treatment Works.

Prison Labor: Arrangements in which prisoners are used as part of the work force. Under prison labor arrangements, prisoners may be brought to the facility, or the production may occur in the prison facilities. Although prisoners may be paid, because they often have no choice to refuse the work, this is often a kind of forced labor.

Publicly Owned Treatment Works ("POTW"): Publicly owned systems for treating liquid municipal sewage and industrial waste. May also be referred to as wastewater treatment plants and/or waste pollution control plants.

Reactive: Materials that are unstable when they come in contact with air and water. They can create explosions and/or toxic fumes, gases, and vapors when mixed with water or air. Some reactive materials are often referred to as oxidizers.

Rules of Origin: Rules referring to governmental requirements for properly labeling products with the "Made in (country)" statement. Where garment production begins in one country, is finished in a second country and returned to the first country for packing and shipment, the Rules of Origin can be complex. Often Export Processing Zones (EPZs) have special rules that allow them to make garments with another country's "Made in....." label.

Secondary Containment: Apparatus installed around storage devices, such as tanks or containers, to prevent wastes or accumulated liquids from leaking into the soil, groundwater or surface water by capturing any leaks. Secondary containment devices include double-walls, liners, vaults, spill baths, Bund(ing) or Berms. Sometimes secondary containment is an area that is sloped to drain into a sump or holding area where materials are collected.

Seniority (Tenure): A privileged status attained by length of continuous service at a company.

Sludge: Sludge is a term used to describe solids that are removed from wastewater after treatment. Sludge is a slurry of solids and liquid and may be thought of as one of three types: raw, biological or chemical.

Solids: The matter that remains a residue upon evaporation and drying at 103 to 105°C.

Solvent: A liquid that is used to dissolve active ingredients in a product.

Sourcing Agent: See Agent.

Spill: When a chemical product, waste or material is released from its proper container into an area where it was not intended to be.

State Entities: Agencies or organizations that are sponsored or managed by the government and/or act on behalf of the government.

Stormwater: Rainwater and other runoff from natural storms. Stormwater discharge associated with industrial activity is sometimes regulated when the stormwater has contacted manufacturing, processing or raw material storage areas at an industrial plant and which is discharged to the environment.

Sub-Contracting/Subcontractor: When a supplier or contractor of LS&CO. pays another company to do the work that LS&CO. has paid the primary supplier/contractor to provide, this is sub contracting. For example, a tops supplier agrees to deliver 10,000 woven tops, but does not have the capacity to make these tops for the agreed delivery date. The supplier sub-contracts with another tops manufacturer to make 5000 tops so that the supplier can make the LS&CO. delivery date. Another example of subcontracting is when a supplier cuts the fabric pieces for a garment and then sub-contracts the sewing of the garment to another company. The sewn garment is then returned to the original supplier for packing and shipment. LS&CO. does not allow sub-contracting without prior TOE approval. The LS&CO. Terms of Engagement apply to sub-contractors.

Supplier: A company, individual or organization that supplies goods or services to LS&CO. (see contractor).

Terms of Engagement (TOE): The LS&CO. Business Partner Terms of Engagement are part of the LS&CO. Global Sourcing and Operating Guidelines (GSOG) that apply to individual companies that supply LS&CO. These guidelines deal with issues that are substantially controllable by the individual business owners, e.g. workplace conditions and hiring practices. The other part of the GSOG is the Country Assessment Guidelines.

TOE: See Terms of Engagement.

TOE Questionnaire: The document that is completed during the Terms of Engagement assessment. From the information gathered on this questionnaire, the TOE rating for the facility is determined.

Total Solids: The combined total of dissolved solids and suspended solids.

Toxic: Materials are harmful or fatal when ingested or absorbed into the body. Another term that means the same or similar thing is “poisonous.”

Verification Assessment: An assessment that takes place in addition to the Annual Assessment, with the aim of verifying that the information in the TOE report accurately represents the conditions in the factory assessed.

Wages: Monetary compensation (money) paid to workers for producing goods or providing services.

Waste Water: Process water that contains chemicals or additives generated throughout manufacturing processes.

Zero Tolerance Violation: Serious breach of Terms of Engagement that results in severe impact to individual rights, life safety and/or LS&CO.'s corporate reputation. Production cannot be placed in proposed suppliers with ZT violations confirmed by more than one source of information. For existing suppliers with a ZT confirmed by more than one source of information, LS&CO.'s approach is to work with existing suppliers to remediate ZT violations immediately and exit only in circumstances when a supplier is unwilling to remediate or does not have the capability to remediate.

Examples of ZT include underage workers, forced labor, corporal punishment, violation of ethical standards (falsification of records, unauthorized subcontracting, or failure to provide access to records or workers), failure to complete ZT or IA corrective actions within the agreed upon timeframe.

ZT: See Zero Tolerance Violation.

Appendix B: Global Wastewater Effluent Guidelines

Effective: January 1, 1999

Traditional Parameters	LS&CO. Guidelines
Temperature	37 degrees Centigrade/Celsius
pH	6.00–9.00
TSS	30 mg/l
BOD	30 mg/l
COD	Test and monitor
Color	Offensive color not acceptable and test/monitor in terms of ADMI units or another parameter

Metals	LS&CO. Guidelines
Antimony	Denim-only facilities: no testing required. Other facilities: test and monitor only
Arsenic	0.01 mg/l
Cadmium	0.01 mg/l
Chromium	0.10 mg/l
Cobalt	Denim only facilities: no testing required. Other facilities: 0.02 mg/l
Copper	0.25 mg/l
Cyanide	0.20 mg/l
Lead	0.10 mg/l
Mercury	0.01 mg/l
Nickel	0.20 mg/l
Zinc	1 mg/l
Foam	No visible discharge of floating solids or persistent foam
Sewage	If no biological treatment, then septic tank required

Appendix B: Global Wastewater Effluent Guidelines (continued)

Effective: January 1, 1999

Testing Issues	LS&CO. Guidelines
Testing frequency	Temperature, pH, TSS, BOD, COD and color: twice per year Metals: once per year
Type of sample	Composite sample recommended
Type of test method	EPA or Standard Methods or equivalent acceptable
Laboratories	Independent laboratory acceptable; in-house laboratory results acceptable only if correlated with independent laboratory results

Implementation

1. Finishing facilities discharging directly into an open body of water must meet these guidelines effective January 1999.
2. Finishing facilities discharging to POTWs (municipal sewage systems):
 - TOE assessor must have reasonable confidence that POTW is functioning adequately (see #3 below on how to determine this).
 - Assuming the POTW is functioning adequately:
 - finishing facility must show a copy of the valid permit from the POTW.
 - finishing facility must demonstrate that it is in compliance with its permit (surcharges are acceptable) and this should be supported with effluent analysis data.
 - if determined that POTW is NOT FUNCTIONING, then the facility must treat water per the DIRECT DISCHARGE (see point 1 above).
3. How to determine if the local municipal sewage system is functioning adequately:

The following is a list of possible ways of assessing whether or not a local municipal treatment system is functioning. By “functioning” we mean that the POTW is adequately treating incoming water to a point where treated water is being discharged with minimal impact to the environment and to human health. Please use any of the following methods to establish whether the POTW is functioning adequately. In all instances it is the duty of the contractor to provide appropriate information to the TOE assessor to assist in making the determination.

These are in descending order of preference. Thus, first try Method A. If you cannot obtain information for Method A; then try Method B. If you cannot find information for Method A and B, then try Method C and so on.

Appendix B: Global Wastewater Effluent Guidelines (continued)

Effective: January 1, 1999

Method A.

Obtain the wastewater permit for the POTW issued by a national or regional regulatory agency. (The POTW permit should look approximately like the LS&CO. Water Quality Guidelines.) Compare the test results to the permit. If the POTW is in compliance with its permit and LS&CO. Global Effluent Guidelines, the local POTW can be considered functional.

Method B.

Obtain written confirmation from the national or regional regulatory agency that the local POTW is in compliance with their permit. If the POTW is in compliance with its permit and LS&CO. Global Effluent Guidelines, the local POTW can be considered functional.

Method C.

Collect local knowledge using media coverage, local legal counsel, information from local environmental groups, and public health officials to come to a conclusion on whether or not the POTW is considered to be functional by a broad array of community members. Document the feedback from your local community sources of information.

Appendix C: Levi Strauss & Co.'s Environmental Philosophy and Guiding Principles

Environmental Philosophy

Levi Strauss & Co. will strive to be protective of the environment and proactive in selected areas critical to our business. We will adopt appropriate guidelines for responsible environmental stewardship and encourage suppliers who manufacture our branded products to do the same. Worldwide, we will comply with local laws or Levi Strauss & Co. guidelines, whichever are more stringent.

Guiding Principles

Our guiding principles help us to support this philosophy. Following are the LS&CO. Environmental Guiding Principles and a few examples of how we are making a difference by adhering to these principles.

SUSTAINABLE RESOURCE USE: We will endeavor to use resources responsibly and efficiently and increase the use of processes that operate under reduce, reuse, and recycle principles. We will also strive to use alternatives to hazardous materials and non-renewable or endangered resources.

- The “reduce, reuse and recycle” principle can be clearly demonstrated by LS&CO's use of denim fabric as it passes through the production processes. Denim patterns are precisely drawn up using sophisticated CAD techniques to reduce the production of scrap. The denim scrap itself has been re-used in a number of innovative ways such as in recycled denim paper products and in the recycled denim yarn used in some of the products in the Levi's® Engineered Jeans™ line.
- We work with our process chemicals suppliers to reduce the toxicity of their chemicals on a continual basis.
- All owned-and-operated finishing facilities in our Americas and European Divisions recover heat from laundry wastewater before treating to heat incoming laundry water, reducing the energy consumption of the laundry operation.

SUPPLIER RELATIONSHIPS: We will work with suppliers who manufacture our branded products to assess and improve their performance with our environmental guidelines as conveyed in our Global Sourcing and Operating Guidelines.

- Our Global Sourcing and Operating Guidelines highlight environmental compliance as an essential part of doing business with LS&CO.
- Our Global Effluent Guidelines program defines limits that finishing facilities' wastewater must achieve before being released into the environment. As a result of this program, several new on-site wastewater treatment facilities have been constructed.

COMMUNICATION: We will communicate our environmental guidelines to our employees, customers, suppliers, and other key stakeholders, and seek opportunities for sharing information and learning.

- Environmental training programs are provided to LS&CO. employees who are responsible for environmental issues.
- Environmental Eureka! sites for LSA and LSEMA share a wealth of information for employees including an on-line training program for the handling and transportation of hazardous materials, descriptions of various environmental and health and safety procedures, and relevant reports, articles and other resources.

Continues on next page

ASSESS AND MONITOR: We will assess and monitor compliance with local laws and Levi Strauss & Co. guidelines wherever we are engaged in doing business.

- We conduct environmental site assessments for our owned-and-operated facilities worldwide.
- We annually assess and monitor contractor facilities for environmental compliance and alignment with LS&CO. corporate environmental guidelines. Key environmental aspects assessed are pollution prevention controls related to waste management, wastewater management, chemical use, and soil protection from contamination.
- Our Global Effluent Guidelines establish a semiannual monitoring program to ensure that our wastewater facilities and our suppliers' wastewater facilities meet LS&CO.'s standards for protecting the environment if stricter than local law.

CONTINUOUS IMPROVEMENT: We will continually seek opportunities to improve our environmental efforts in selected areas critical to our business.

- We support continuous improvement through periodic reviews of environmental performance, environmental procedures, and our environmental assessment and training programs. Guidelines given to suppliers and owned-and-operated facilities have been steadily strengthened, resulting in an overall improvement of control measures that facilities implement to protect the environment

