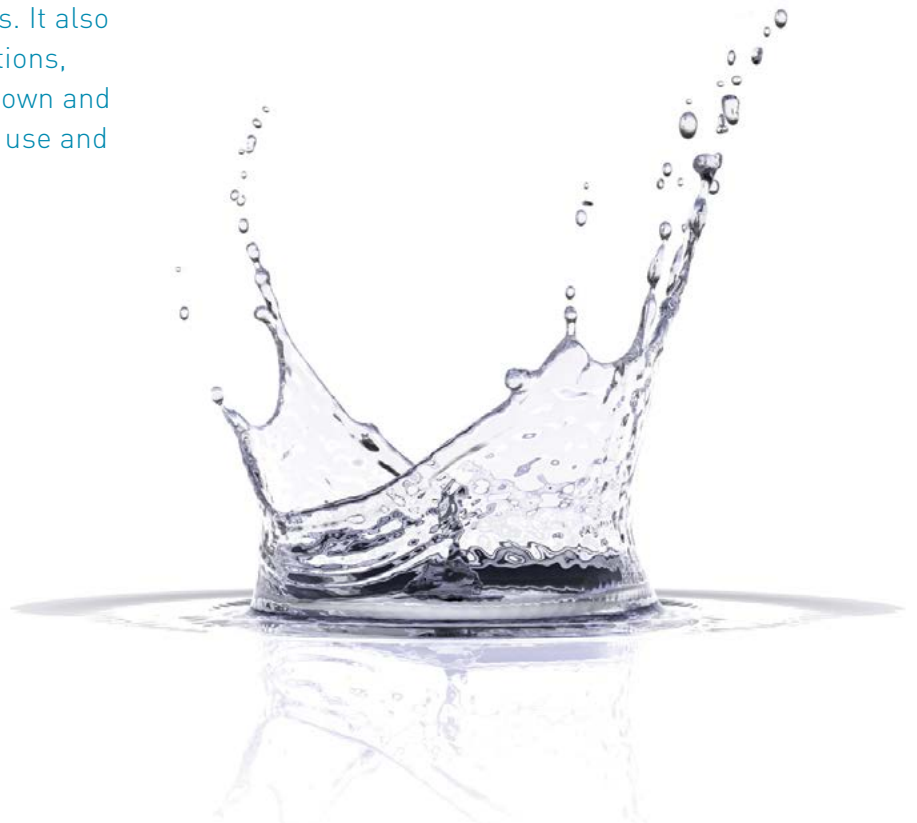


CEO WATER MANDATE COMMUNICATION ON PROGRESS 2012

In 2012, Levi Strauss & Co.'s CEO Chip Bergh was pleased to join 44 other chief executive officers, representing a diverse range of global companies and regions, in a commitment to advance corporate water management practices, and called on governments attending the Rio+20 United Nations Conference on Sustainable Development to make global water security a top priority. Participating in this effort was aligned with our commitment to water sustainability; we genuinely believe that the private sector needs to work in concert with governments, non-governmental and multi-lateral organizations in order to create lasting change on global water issues.

This communication provides greater detail about this and other collaborations we participated in to further our water sustainability goals. It also outlines our efforts in our direct operations, along the supply chain and in both our own and sourcing communities to reduce water use and improve water quality.



DIRECT OPERATIONS

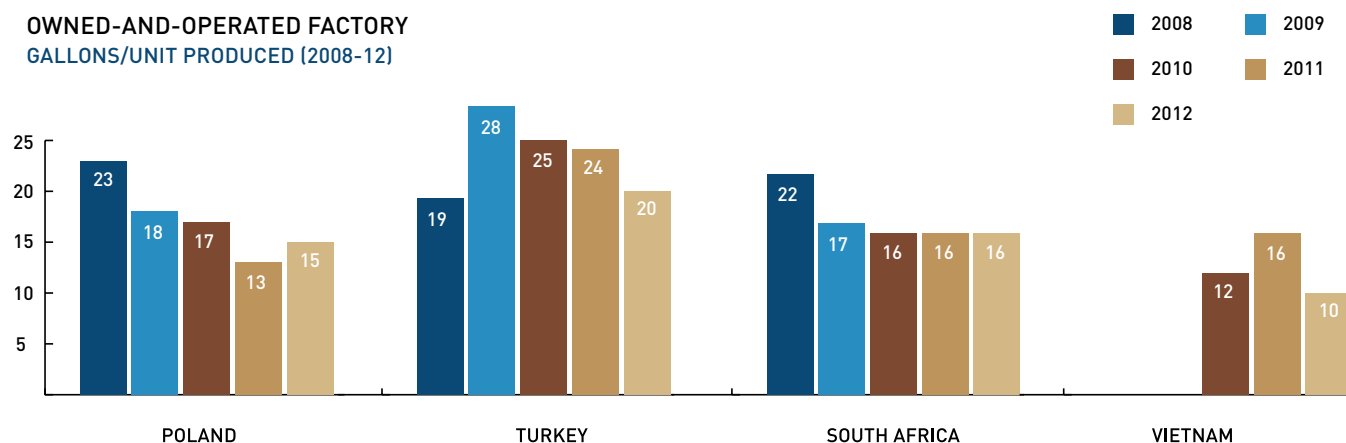
Though the water from our direct operations accounts for less than one percent of our overall footprint, we are still committed to continually improving water usage, quality and availability in our owned-and-operated facilities. The business efficiencies and cost reductions are an added bonus.

The techniques used to produce our Water<Less™ jeans, including the installation of ozone equipment and reducing the number of washing machine cycles, helped us meet our water use targets for our owned and operated facilities in Poland, Turkey, South Africa and Vietnam.

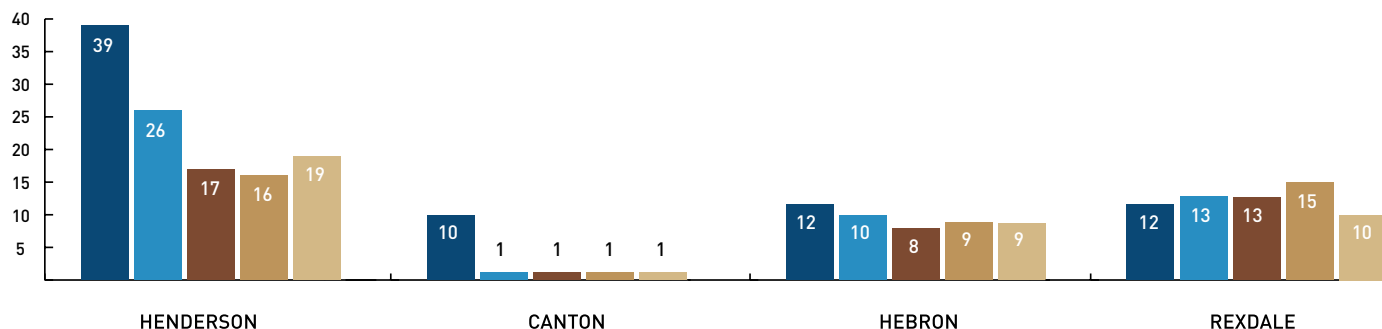
In Turkey, the adaptation of ozone implementation has been particularly effective. After various stages of finishing — which can include a resin bath, hand sanding, baking in an oven and the dry stonewash — the jeans are placed in an ozone machine, which cleans the fabric without a wash cycle.

Compared with the significant advances made in our U.S. based distribution centers in 2009 and 2010 based on water efficiency investments, the water consumption in 2012 was relatively flat, as outlined in the chart below. The increased water volume in Henderson, Nevada in the United States can be attributed to high temperatures in the summer months requiring increased cooling tower usage.

OWNED-AND-OPERATED FACTORY
GALLONS/UNIT PRODUCED (2008-12)



OWNED-AND-OPERATED DISTRIBUTION CENTER (U.S. ONLY)
GALLONS/SQUARE FT. (2008-12)



SUPPLY CHAIN

We know we can have impact on the water usage in our supply chain by designing products that use less water and working together with our suppliers to implement practices that minimize their collective impact. The initiatives described in this section demonstrates our commitments to do our part to help solve the water crisis throughout our global supply chain, whether through partnerships on sourcing sustainable commodities or through designing product that requires less water.

SUSTAINABLE PRODUCT INNOVATION

Levi Strauss & Co. believes that the future of our business and the planet requires leadership in sustainable product innovation. That's why we're focused on products that are on the leading edge of design and style, but also are made in a way that reduces the environmental impact.

In 2012 we continued to create more products using our Water<Less™ finishing techniques, which offer consumers the same great styles and finishes they expect on our jeans, but using a lot less water. This year, the Levi's® brand produced 29 million products made with Water<Less™ finishes, saving more than 360 million liters of water.

Our Water<Less™ finishing process rethinks water consumption at the garment finishing stage. We use the same materials and techniques, but found new ways to apply them to drive our objective — fewer wash cycles in the process and less water.

For example, we removed the water from our usual "stone wash". Before, we added stones to washing machines full of water to achieve a certain finish. Now, with the Water<Less™ process, we add stones to the washing machines without water. The result is just as effective, but far more efficient. Additionally, we also reduced the number of washing machine cycles by combining multiple wet cycle processes into a single wet process.

At certain factories, we have also incorporated ozone processing into the garment washing process. After various stages of finishing — which can include a resin bath, hand sanding, baking in an oven and the dry stonewash — the jeans are placed in an ozone machine, which cleans the fabric without a wash cycle.

We will continue to innovate in Water<Less™ processes and spread the technologies and processes across the apparel supply chain.

REDUCING WATER POLLUTION FROM OUR GARMENT FINISHING OPERATIONS

In 1994, Levi Strauss & Co. was the first global apparel company to implement discharge water quality standards — our **Global Effluent Requirements (GER)** — for all of our garment finishing facilities.

These requirements establish the maximum discharge levels for constituents of concern in waste water from all of our garment finishing facilities worldwide. Effluent wastewater must meet either our GER or "all applicable governing agency requirements, including discharge limits and permit requirements," whichever is stricter. Our garment finishing facilities must meet these requirements by treating their wastewater through onsite wastewater treatment plants, or discharge to permitted government or publicly owned wastewater treatment facilities. We also require that our suppliers submit wastewater results on a semi annual basis carried out by a third party laboratory to show they meet our GER.

Levi Strauss & Co. works with its suppliers to maintain a good performance on wastewater effluents. By the end of 2012 we achieved a 70 percent compliance rate globally.

SUSTAINABLE COMMODITIES

Based on our product lifecycle assessment work, we've focused our sustainability efforts on initiatives that will create the biggest positive impact on the planet. This assessment told us that we have the capacity to make a significant difference in cotton

production to reduce the environmental impacts of our products. To this end, we have partnered with the **Better Cotton Initiative (BCI)** because we believe this innovative effort can change the way cotton is grown around the world, positively impacting the environment and supporting 300 million people engaged in cotton farming around the world.

The BCI is a not-for-profit organization that is striving to create and promote measurable improvements in the environmental and social impacts of cotton cultivation worldwide. BCI members are working together to help make all cotton grown around the world more sustainable. Specifically, cotton grown with BCI techniques:

- Reduces inputs like water, pesticides, and chemical fertilizers
- Protects the health of the soil
- Addresses labor standards
- Seeks to improve financial profitability for farmers

In 2011-12, BCI worked with ten Implementing partners and 72 producer units and 125,000 farmers organized in 4,700 learning groups. Only farmers who are compliant with the Better Cotton requirements get a one-year license to produce Better Cotton. In 2011-12, the global average compliance rate was 72 percent and 90,000 farmers produced Better Cotton.

The Better Cotton Initiative works with local organizations on the ground to teach cotton farmers simple farming techniques that increase productivity and profits while reducing chemical and pesticide use and the amount of water used throughout the growing season, such as planting border crops and setting up irrigation systems. BCI also educates farmers about important labor issues, including the social and economic impacts of child labor. 125,000 farmers received training on Better Cotton production principles. In addition, 25,000 workers, including over 20,000 women, received training. While farmers typically were trained on all Better Cotton principles, most women and workers were trained on Decent Work and fiber quality prin-

ciples only — the principles that directly correspond to their needs.

We continue our efforts to increase Better Cotton procurement for our products, and are actively involved in the BCI Board as well as participating in the Better Cotton Fast Track Program and Investors' Committee.

RECYCLING AND REUSING WATER IN SUPPLIER FACILITIES

As we reported last year, Levi Strauss & Co. developed new water recycle re-use standards for our contract finishing facilities. Building on the efforts to reduce overall fresh water use in the manufacturing of our products, these standards outline the quality of recycle/re-use water required that facilities can recycle and reuse as part of the manufacturing process. The new standards were drafted through an internal and external stakeholder consultation and review process, including water engineers, academics, environmental nongovernmental organizations, suppliers, and product finishing specialists.

Reclaimed water can come from onsite treatment at finishing facilities, internal recycling, or using reclaimed water from a nearby government or publicly-owned treatment facility. Reclaimed water can be used for on-site landscaping, toilets (non-human contact) and HVAC systems.

In 2012, we had a very successful pilot of recycled water use for production with a factory in China. After we designated them as qualified, the factory invested by upgrading their treatment system and installing devices to track the recycled water used. Their efforts were rewarded as they passed all of our physical and chemical tests for both the standard and for product quality. As a result, the factory has been approved for volume production for certain finishing types by the end of this year.

We are actively looking to designate additional suppliers that can meet our recycle/re-use standard, have proper treatment units in place to implement the standards, or are willing to make the required investments.

COLLECTIVE ACTION

In order to affect sustainable change in water sustainability in the apparel industry, collective action is required. No one company can have the kind of impact many can. The following are examples of the way we're working together with our competitors and other industry and nonprofit leaders to extend best practices in water stewardship across the industry.

IMPROVING EFFICIENCY AND CLEANER PRODUCTION IN SUPPLY CHAIN

Bangladesh

After a pilot in 2011 with the International Finance Corporation and the South Asia Enterprise Development Facility (IFC- SEDF), the Dutch NGO Solidaridad and other collaborating brands to implement **cleaner production in the textiles sector in Bangladesh** in designated suppliers, we renewed our commitment to the initiative in 2012, again involving one of our key suppliers. We remain committed to multi-stakeholder approaches to implementing clean production in our supply chain.

China

Levi Strauss & Co. has participated in the **National Resource Defense Council (NRDC)'s Responsible Sourcing Initiative** since its inception. The Responsible Sourcing Initiative works with Chinese mills to identify practical, low-cost and cost-saving opportunities to increase operational efficiencies, while reducing materials, water and energy use and decreasing waste and emissions.

The Responsible Sourcing Initiative seeks to spread best practices through convening the mills to sharing experience and demonstrating how simple and inexpensive some of the actions can be. In March 2012, NRDC organized a forum in Shanghai to provide an update on its implementation progress and share their valuable technical and managerial learnings. The convening also provided an opportunity for expert training on industry development. In October 2012, NRDC arranged a study tour in one of our mills to learn first-hand about the progress being made in the mill.

NRDC is doing a final assessment of our mills participating in the initiative now. We are exploring how to extend the best practices and policies from the Responsible Sourcing Initiative to mill suppliers globally.

WORKING WITH OTHERS TOWARD ZERO DISCHARGE

Over the years, Levi Strauss & Co. has taken a number of leadership actions on chemical use in the apparel industry. We were one of the first companies to develop a **Restricted Substances List**, which establishes the chemicals we restrict in our manufacturing processes. And we were the first company to set EPA-level standards for the wastewater leaving our supplier factories.

Despite our pioneering achievements over time, we recognize the need to do more.

Last year, we collaborated with other leaders in the industry, including adidas, H&M, Nike and Puma, to develop holistic solutions by joining the Joint Roadmap toward Zero Discharge of Hazardous Chemicals (ZDHC) by 2020. The Joint Roadmap is highly ambitious – setting a new standard of environmental performance for the global apparel and footwear industry through specific commitments and timelines.

We are encouraged by the progress we are making with the Joint Roadmap, but we also know it is important to make this commitment with a specific individual action plan.

- By January 2016, we will stop producing products with perfluorinated compounds (PFCs) – chemicals that have unique properties to make materials breathable, waterproof, and stain resistant. This challenge is significant, considering there are currently no equally effective alternatives to PFCs.
- We're also taking measures in the short term to fully enforce our ban on alkyl phenol ethoxylates (APEOs) – chemicals used in some fabric detergents. We'll do this by enhancing both the training and auditing of our supply chain and ensuring our suppliers have the latest information on APEOs, highlighting where there is risk of entry into the manufacturing process.

- Additionally, we will pilot supplier transparency of discharge of hazardous chemicals in 40 facility locations and share the outcome by the end of 2013.

Given the vast breadth and depth of global supply chains, the fact that many factories from many different industries often release wastewater into the same bodies of water, and the fact that our industry has long-established practices, change isn't going to be easy — it will require investment, innovation, collaboration, and perseverance.

We don't pretend to have all the answers, but we'll continue to push ourselves to lead. Ultimately, we want our values and actions to support a more sustainable future for the planet — and for the people in the countries and communities around the world where our products are made and worn.

PUBLIC POLICY

JOINT PUBLIC COMMITMENT TO WATER SUSTAINABILITY

In June 2012, our CEO Chip Bergh joined 44 other chief executive officers, representing a diverse range of global companies and regions, in a commitment to advance corporate water management practices, and called on governments attending the Rio+20 United Nations Conference on Sustainable Development to make global water security a top priority. In the **Communiqué**, the signatories committed to “working more actively with governments and public authorities — in responsible and transparent ways — to help solve the global water crisis”.

The endorsing companies pledged to expand our water-management practices, which include actions such as: i) setting targets on water efficiency and waste-water management in factories and operations; ii) working with suppliers to improve their water practices; and iii) partnering with non-governmental organizations, UN agencies, governments and public authorities, investors, and other stakeholders on water-related projects and solutions. The Communiqué includes an appendix outlining examples of activities

and commitments being undertaken by many of the endorsing companies, including ours.

We were pleased that the commitments in the communiqué align well with our sustainability objectives and advocacy for the past several years. Making a public statement provided us with a good opportunity, together with other multinational business leaders, to emphasize the importance of water sustainability for the private sector and the need for government leadership.

USING OUR INFLUENCE TO ADVOCATE FOR CLIMATE ADAPTATION

Last year, Levi Strauss & Co. published the next stage in our **climate change strategy**, which outlines our vision is to reduce carbon dioxide and other greenhouse gases through maximizing energy efficiency and using 100 percent renewable energy — first in our operations and then throughout the supply chain.

In our 2012 Climate Change Strategy, we announced ambitious new greenhouse gas reduction targets for our offices, stores and distribution centers — setting our target at a 25 percent reduction by 2020 compared to our 2007 baseline. We're also starting 5 percent annual targets to reduce the greenhouse gas emissions for each product made in our own manufacturing plants. And, we've committed to using 20 percent renewable energy across the company by 2020.

Already, we're seeing results from the steps we've taken. When we measured our baseline global footprint in 2007, we set a reduction goal of 11 percent by 2011. We beat our own goal with a 13 percent overall reduction.

Lessening our climate impact and advocating for government policy are essential to reduce business risks, ranging from disruptions to our operations, to the availability of water, to potential impacts to cotton supply, our core raw material. We know that investing in these changes will ultimately benefit our employees, partners and consumers.

Coordinated by Oxfam America, we also joined along with leading companies from the food and beverage, insurance, investment, technology, and energy industries in releasing a step-by-step tool, Business ADAPT, for businesses to assess and prepare for the risks and opportunities posed by climate change. The tool is part of the **Value Chain Climate Resilience Guide**, showing examples of how companies are already addressing the risks caused by increasingly severe and frequent weather events and other climate threats.

The companies called for business to take proactive steps to address risks to their operations and the communities they rely on. Community risks are business risks because communities provide key resources to companies, as well as a 'social license to operate.'

CONSUMER AND COMMUNITY ENGAGEMENT

SUPPORTING CAMBODIA WATER TOWERS IN SOURCING COMMUNITIES

As part of our corporate grant making strategy, Levi Strauss & Co. is also beginning to engage community based organizations to help provide access to clean and safe drinking water in locations where we have a supply chain presence.

Last year, we provided a grant to the Center for Water Resources Conservation and Development (WARECOD) in Cambodia to build a new well at a home for children and seniors in the community near the finishing facility in Ninh Binh.

Now, we're extending our reach directly to workers in our supplier factories and their community. We are partnering with Planet Water Foundation in a pilot project that will provide clean drinking water to two of our supplier factories in Cambodia.

Planet Water Foundation is a U.S.-based non-profit helping to alleviate waterborne disease, illness, and death by providing access to clean water and improved sanitation in the world's most disadvantaged communities. Their focus geography is in Asia, where 60 percent of all water quality issues reside — and where a majority of our products are made.

We chose this project in Cambodia because we have a sourcing presence in the country with key suppliers that employ thousands of workers, who often lack access to clean and safe drinking water, especially in their homes.

ENGAGING EMPLOYEES ON WATER SUSTAINABILITY

The Levi's® brand partnered with Water.org to raise awareness about vital water issues and help bring clean drinking water to the one billion people without water access. On March 22, 2012 — World Water Day — the Levi's® brand and Water.org teamed up for the second consecutive year to launch a new interactive challenge called Go Water<Less™. The challenge encourages people to Go Water<Less™ by taking water-saving steps in their lives.

Levi Strauss & Co. employees were also encouraged to Go Water<Less™ by adopting a dirty little habit — not washing their jeans. We challenged our employees to wear the same pair of jeans five days in a row without washing them. And, we awarded prizes, grants to one of several water organizations, to the most stylish participants. To document their stylish journey, employees uploaded a daily photo of their outfit to Instagram. By the end of the program, we had more than 1,800 photos tagged #gowaterless on Instagram and 3,500 photos on our Flickr stream — with nearly 10,000 views. Employees from over 45 offices globally participated in the photo contest, and Levi Strauss & Co. designers judged the photos. In recognition of our eight employee winners, we made \$1,000 grants to non-profit organizations focused on water issues, selected by our employees.

COMMUNITY ENGAGEMENT FOR CLEAN WATER

Levi Strauss & Co. recently partnered and is providing financial support to **Waterkeeper Alliance**, an organization dedicated to protecting every major watershed around the world. There are presently over 200 Waterkeeper Organizations on six continents defending their communities against anyone who threatens their right to clean water — from law-breaking polluters to unresponsive government agencies.

CEO WATER MANDATE COMMUNICATION ON PROGRESS 2012

After the devastating earthquake in Haiti, the Levi's® brand supported Water.org's efforts to provide water access.

We also hosted a forum titled, "Water: Innovating for the Essential Resource", along with the San Francisco Commonwealth Club at our headquarters to try to raise awareness about the global water crisis and those working on creative new approaches for providing clean drinking water. The speakers included leaders in the field involved in innovative projects like a town run entirely off recycled water, collaborative coalitions and breakout projects that deliver on reliable and safe water for those who need it most.

CONCLUSION

As a company, Levi Strauss & Co. has gained substantially from our external engagements, and in 2012 this was particularly true of the Joint Public Commitment to Water Sustainability. We look forward to continued partnerships throughout 2013, both inside and outside the private sector, which will exponentially grow our individual company efforts.