CLIMATE ACTION STRATEGY 2025

LEVI STRAUSS & CO.

A MESSAGE FROM THE CEO

At Levi Strauss & Co., we have long recognized our responsibility as an industry leader to push for more sustainable ways of making our clothes. In fact, we believe that it's time for businesses to start playing a larger role in fighting the world's most pressing problems, like climate change.

Scientific consensus is clear: Global climate change is a serious threat that requires urgent action. For our industry and our planet to survive and thrive into the future, business as usual is no longer an option. It is imperative that we all do our part to mitigate the impacts that our business has on the environment and protect the raw materials that go into making our products.

Nothing less than the health and well-being of the communities where we live and work are at stake.

That's why I am proud to share with you our **2025 Climate Action Strategy,** which sets concrete and achievable science-based targets for making significant reductions in carbon emissions – a major contributor to climate change – across our entire global supply chain.

This is a roadmap for what we plan to do and how we plan to do it – and we hope it will inspire others across our industry to join us. These ambitious targets are approved by the Science Based Targets Initiative and aligned with the goals of the Paris Agreement, which continues to have our unwavering support.

As a company, we are committed to advocating for strong climate policies and taking significant action to reduce our climate impact. We believe it is our responsibility, both as a corporate citizen and a sustainability leader, to continue setting an example for the future of responsible business.

Chip Bergh,
President & CEO
Levi Strauss & Co.

OUR APPROACH

Levi Strauss & Co. (LS&Co.) has focused on tracking and reducing GHG emissions to lessen our climate change impact and provide momentum in driving global climate action. In 2012, we set our 2020 climate targets for our owned-and-operated facilities, which included:

- 25 percent reduction in GHG emissions (offices, retail and distribution)
- 5 percent annual reduction in GHG emissions per product shipped from our owned-and-operated manufacturing facilities
- 20 percent of energy purchases from renewable sources for all our owned-and-operated facilities

We are on track to exceed our climate targets in our owned-and-operated facilities. In 2017, we achieved a 25 percent reduction in emissions from our 2012 base year, exceeding our target ahead of schedule, and used 20 percent renewable energy. We achieved this accelerated carbon impact reduction despite retail store growth in the U.S. by investing in LED lighting at retail as well as in our distribution centers and manufacturing facilities. We prioritized energy efficiency, conducting a number of audits and achieving LEED Platinum certification at one of our distribution centers.

While we have demonstrated leadership through our efforts in our own operations, we are acutely aware that the apparel industry's most significant climate impact is in the global supply chain. Over the last several years, we have piloted innovative programs aimed at reducing our environmental impact in the supply chain. We are encouraged by the results and have begun to scale those programs.

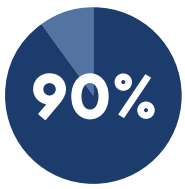
In September 2017, we committed to setting science-based targets as part of our actions to address climate change. Science tells us that to avoid the worst consequences of climate change, we must limit the increase in global average temperature to well below 2°C compared to pre-industrial levels, a threshold outlined in the international Paris Agreement. To stay beneath this threshold, scientists estimate that no more than 1 trillion metric tonnes of carbon dioxide can be added to the atmosphere. A corporation's carbon reduction targets are considered science-based if they are in line withreducing the level of carbon required to keep global temperatures below that threshold.

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

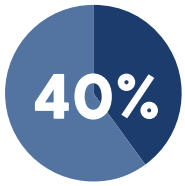
LS&Co. worked with Science Based Targets Initiative (SBTi) to review and approve our methodology and targets, validating them as science-based. The SBTi is a collaboration between CDP (formerly the Carbon Disclosure Project), World Resources Institute (WRI), World Wide Fund for Nature (WWF), and United Nations Global Compact (UNGC).

As part of our new Climate Action Strategy, we have set the following SBTi-approved GHG emissions reduction targets, which cover not only owned-and-operated facilities, but also our global supply chain. Specifically, LS&Co. intends to achieve the following by 2025 (from a 2016 base year):



absolute reduction in GHG emissions in all owned-and-operated facilities

renewable electricity in all owned-and-operated facilities



absolute reduction in GHG emissions across our global supply chain[1]

[1] LS&Co. will work with its suppliers to reduce emissions totaling 40 percent of LS&Co.'s 2016 base year Category 1 emissions under Scope 3 by 2025.

OUR CARBON FOOTPRINT

LS&Co. determined our carbon footprint by calculating our GHG emissions across all phases of our value chain, starting with cotton cultivation and fabric production through consumer use and disposal, also known as cradle-to-grave. We use the Greenhouse Gas (GHG) Protocol to calculate and report our emissions in each source category, with the best available data. The GHG Protocol Corporate Standard classifies a company's GHG emissions into three 'scopes': Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions that occur in the value chain of the company, including both upstream (supply chain) and downstream (consumer use) emissions.

LS&Co.'s GHG emissions in 2016 across our entire value chain were estimated at 5.24 million metric tonnes of carbon dioxide equivalent (mtCO2e). This is approximately equivalent to the annual emissions of 1.1 million cars.[2] Figure 1 shows a breakdown of our global carbon footprint by phase in the value chain.

The vast majority of LS&Co.'s GHG emissions occur outside our owned-and-operated facilities, which comprise just 1 percent of our total value chain emissions: 63 percent of emissions occur in the supply chain and 36 percent of emissions occur in the consumer use and disposal phases. In other words, most of the emissions in our value chain occur outside LS&Co.'s direct influence.

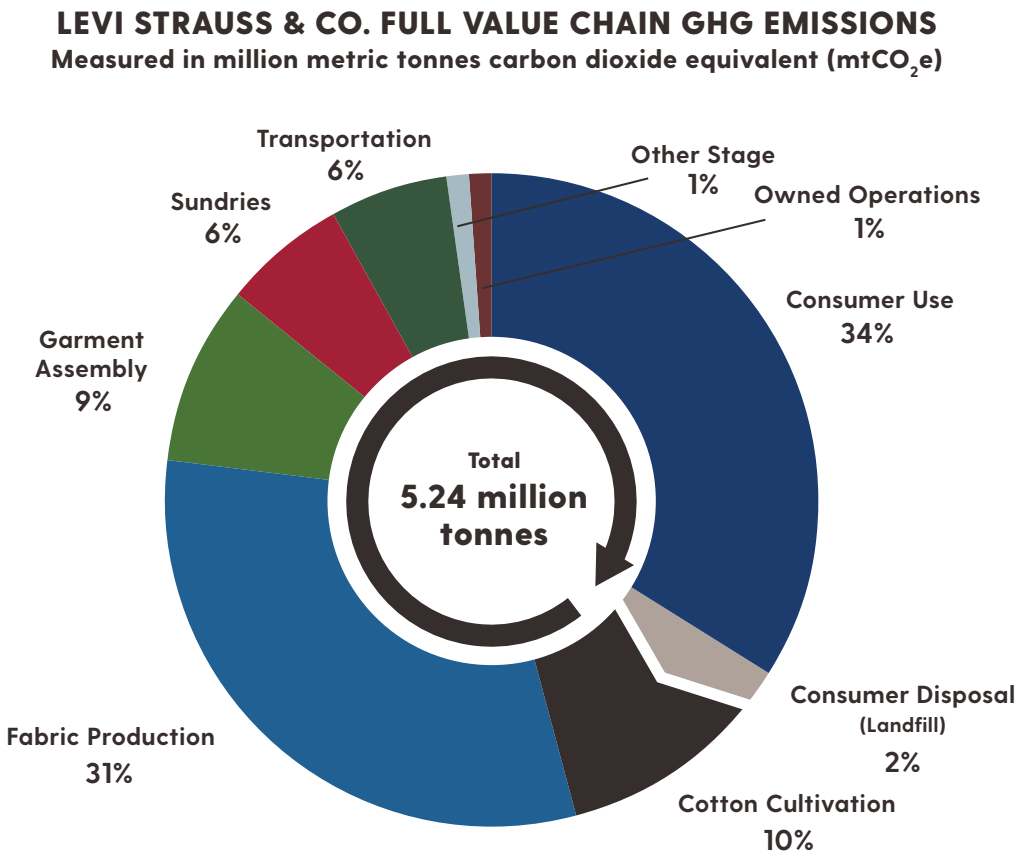


Figure 1: Levi Strauss & Co.'s estimated GHG emissions from the full value chain in 2016, by source category

[2] EPA (2018). Greenhouse Gas Equivalencies Calculator: https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

Owned-and-Operated

The 1 percent of our emissions driven by our owned-and-operated facilities is also known as Scope 1 and 2 emissions. Scope 1 includes direct emissions, which are generated from the on-site combustion of fuels at LS&Co. facilities (boilers, furnaces, heaters, etc.). Scope 2 includes indirect emissions generated from the purchase of electricity, steam, heating, or cooling. In other words, Scope 1 includes energy we burn and Scope 2 includes energy we buy.

Supply Chain

The majority of emissions, however, are in our global supply chain. Cotton cultivation represents 10 percent of our total value chain emissions. Fabric production (the stage of the value chain where cotton is spun into thread, weaved at a mill into fabric, and dyed) represents the most significant source of emissions at 31 percent. Garment assembly (also known as cut-and-sew and/or finishing) represents 9 percent of emissions. Sundries, representing 6 percent of emissions, include the manufacturing of items such as buttons, zippers, rivets, snaps, and stitching.

Consumer Use and Disposal

The consumer use and disposal phases include the emissions from a consumer washing, drying, and disposing of their garment. Although consumer use impacts are difficult to track and measure—and therefore excluded from our science-based targets consistent with sector guidance from the SBTi—LS&Co. recognizes that the consumer use phase is important for us to address. We intend to maintain our current commitment to creating consumer awareness to drive impact reduction through our Care Tag for Our Planet initiative, which places a permanent care label on LS&Co. garments that reads "Wash less, wash cold, line dry, donate or recycle."

Figure 2: LS&Co.'s Care Tag for Our Planet, a permanent care label included on LS&Co. garments

OUR AMBITION

LS&Co. has committed to reducing absolute Scope 1 and Scope 2 GHG emissions by 90 percent by 2025 from a 2016 base year. We will also reduce absolute emissions equal to 40 percent of Scope 3 emissions from purchased goods and services. By setting absolute reduction targets, we are decoupling our business growth from carbon emissions.

LS&Co. has developed ambitious, science-based GHG reduction targets, which ensure that we are doing our part to keep global average temperatures to below 2°C compared to pre-industrial levels, as outlined in the Paris Agreement.

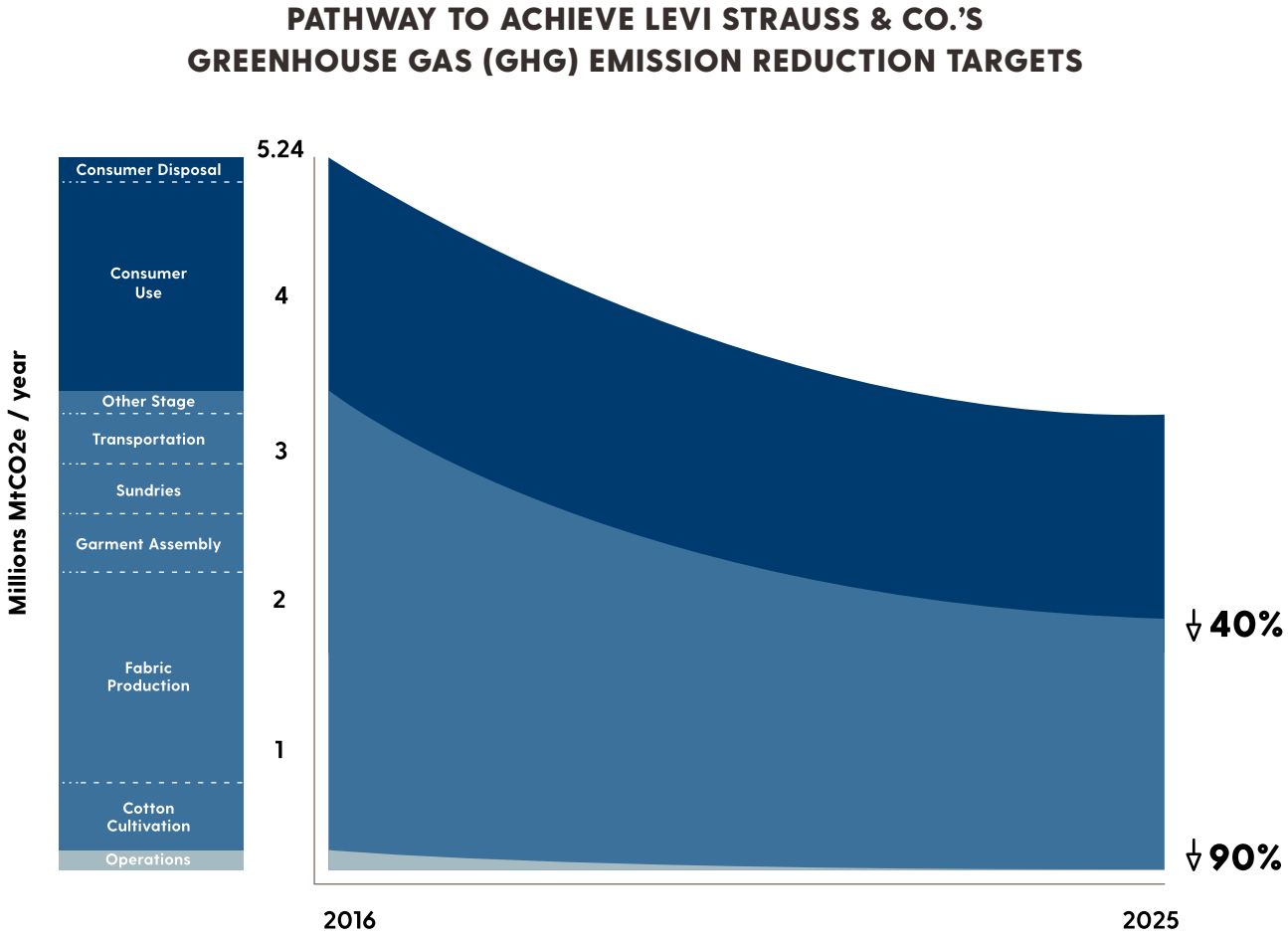


Figure 4: Illustrative pathway to reach Levi Strauss & Co.'s 2025 science-based targets

[3] Consumer use impacts are also known as Category 11 emissions under Scope 3.
[4] Care label is included on all products directly sourced by LS&Co, or direct-contract manufactured, this excludes some products including those produced by licensees, as well as footwear and accessories.

OWNED-AND-OPERATED

LS&Co.'s owned-and-operated facilities include offices, retail stores, distribution centers, and two manufacturing plants. Emissions from our owned-and-operated activities generally fall into the Scope 1 and 2 emissions categories. Collectively, these emissions make up only about 1 percent of our carbon footprint. Nonetheless, we have direct control over these emissions and can therefore make meaningful change quickly.

Achieving our Owned-and-Operated Targets

The distribution centers that we operate comprise the largest portion of our Scope 1 and 2 emissions. We have focused heavily on energy efficiency and reduction efforts at these facilities and will continue to do so. For example, in 2016, LS&Co.'s Sky Harbor distribution center in Henderson, Nevada received the Leadership in Energy and Environmental Design (LEED) Platinum rating – the highest level of sustainable building certification. It is the largest retrofitted warehouse in the world to earn Platinum status. We are proud of this accomplishment as fewer than 7 percent of the nearly 70,000 commercial LEED buildings achieve this certification globally.

We will continue to make energy efficiency upgrades as a way to reach our 90 percent emissions reduction target and shrink our energy footprint. We will also invest in onsite renewable energy to further drive reductions and purchase renewable energy credits, ultimately sourcing 100 percent renewable electricity by 2025.

As illustrated in Figure 5, electricity makes up the bulk (74 percent) of energy use at our owned-and-operated facilities and will be supplanted entirely by renewable energy by 2025. Twenty-two percent of our energy use is from natural gas, for which we plan to purchase bio gas credits.

LEVI STRAUSS & CO. PERCENTAGE BREAKDOWN OF OWNED-AND-OPERATED ENERGY SOURCE BY MWH, 2016

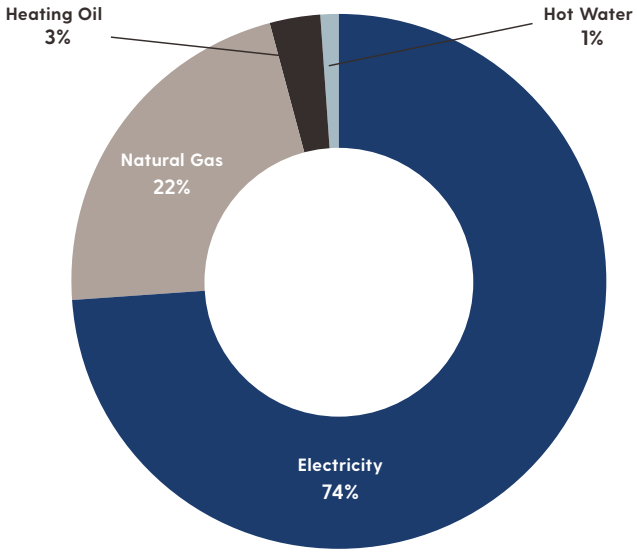


Figure 5: Levi Strauss & Co.'s 2016 energy source across all owned-and-operated (includes leased) facilities, by percentage

SUPPLY CHAIN

The majority – 63 percent – of emissions across our entire value chain (from cotton cultivation through consumer use and disposal) occur in the supply chain. Like most apparel companies, LS&Co. does not own most factories in its supply chain, and suppliers typically produce for multiple brands at the same time (i.e., we are not exclusive customers). This makes reducing emissions in our supply chain difficult, and very few companies have set ambitious carbon reduction targets covering their entire supply chain. At Levi Strauss & Co., however, we have never shied away from a challenge. We have committed to reducing our **supply chain GHG emissions[5] 40 percent by 2025.**

We believe that an ambitious target such as ours will not only reduce our footprint and that of our suppliers, but also serve to catalyze action within our industry and across other industries with global manufacturing footprints.

Achieving our Supply Chain Target

Over the last several years, we have piloted innovative programs aimed at reducing our environmental impact in the supply chain and have been encouraged by the results. For example, starting in 2011, we partnered with the Natural Resources Defense Council (NRDC) on the Clean by Design Program, an initiative to reduce the environmental impact of textile mills in China. To date, 12 textile mills in China that supply fabric to LS&Co. have participated in this program, resulting in significant energy savings.

To achieve our supply chain carbon reduction target, we see great promise in our collaboration with the International Finance Corporation (IFC), the financing arm of the World Bank, on the Partnership for Cleaner Textiles (PaCT). This innovative public-private partnership provides access to advisory services as well as low-cost financing to suppliers who wish to invest in improving their energy and water footprint, but need technical support and/or the upfront capital to do so.

In 2016, we initiated the program as a pilot in six of our suppliers' manufacturing sites in Bangladesh, India, Sri Lanka, and Vietnam. In one year, participating suppliers reduced their GHG emissions by an average of nearly 20 percent. In addition to reducing their carbon footprint, these initiatives helped participating suppliers save more than $1 million in operating costs.

Given these promising results, we are now working with the IFC to scale the PaCT program globally to include more suppliers. Notably, we will expand the program beyond garment assembly (cut-and-sew manufacturers, our Tier 1 suppliers) to fabric production (fabric mills, our Tier 2 suppliers), which is a more carbon-intensive industry and the single-largest contributor to LS&Co.'s cradle-to-gate carbon footprint.

Energy efficiency is a major focus of the PaCT program given the opportunities for suppliers to lower operating costs; as a result, it is key to meeting the 2025 target for our supply chain carbon footprint reduction. At the same time, we know there is a need

[5] In accordance with the GHG Protocol, and as approved by the Science Based Targets Initiative, the emissions category for our entire supply chain is: Scope 3 Category 1 (purchased goods and services).

[6] Pesticide Action Network UK, "Is Cotton Conquering its Chemical Addiction?: A Review of Pestiide Use in Global Cotton Production", June 2018.

SUPPLY CHAIN
(Continued)

to support renewable energy across the supply chain and drive the clean energy economy in developing energy markets. As part of our program, LS&Co. will partner with its suppliers to cover the costs of a renewable energy assessment. For suppliers for whom onsite renewable investment is feasible, LS&Co. will collaborate with the IFC on a financing model. As a starting point, we will leverage the IFC Global Trade Supplier Finance program, in which LS&Co. has been involved since 2014. This program enables suppliers to access competitively-priced financing based on criteria such as strong performance on our Terms of Engagement (LS&Co.'s supplier code of conduct). It provides access to capital for sustainability investments, which the supplier may otherwise not have been able to finance.

Better Cotton

While cotton production contributes to climate change, like other agricultural commodities, it is also at risk from the effects of climate change. There are approximately 100 million cotton farmers facing arable land constraints and water scarcity as climate change takes place.[6]

All of this creates business risk and uncertainty around cotton availability, quality, and pricing.

Most of our supply chain emissions reduction will be driven by scaling the IFC PaCT program across our Tier 1 and Tier 2 suppliers. However, we will continue to increase our procurement of more sustainable cotton as a way to reduce our climate change impact as well as increase farmers' climate resilience.

The Better Cotton Initiative promotes the use of cotton farmed to higher environmental, social, and economic standards. Each year, we have increased the percentage of Better Cotton we source. Ultimately, our goal is to source 100 percent more sustainable cotton by 2020, including 95 percent Better Cotton, plus a mix of organic and recycled cotton. We are working with the Better Cotton Initiative to develop metrics for quantifying and reporting the program's positive impact in the areas of water efficiency, pesticides and synthetic fertilizer use, farmer profitability, and carbon impact.

POLICY AND ADVOCACY

Through our partnership with the sustainability nonprofit Ceres, LS&Co. was a founding member of the advocacy coalition Business for Innovative Climate and Energy Policy (BICEP). BICEP is a cross-industry organization focused on making the business case to policymakers for advancing clean energy and addressing climate change. Since BICEP's inception in 2008, we have been able to speak with a united voice on climate concerns.

In 2015, we were among one of the first business voices to express support for the Paris Climate Agreement. During those negotiations, our CEO Chip Bergh joined the heads of several global apparel companies in asking world leaders to sign a strong global climate deal. In 2017, the United States government announced its intent to withdraw from the Paris Climate Agreement. We stood with thousands of businesses, states, and mayors in joining the We Are Still In movement, reaffirming our continued support for climate action to meet the targets under the Paris Agreement.

LS&Co. is committed to reducing GHG emissions from our own operations and within our global supply chain, and we have set these targets in accordance with the Paris Climate Agreement. At the same time, we recognize that government leadership is essential for widespread action to address climate change and create the enabling environment for the efforts by our company and others. Thus, we will continue our advocacy to advance policies that support federal and global climate action.

REPORTING AND TRANSPARENCY

Since 2009, LS&Co. has published our Scope 1 and 2 GHG emissions annually in our response to the CDP Climate Change questionnaire and included our full 2016 value chain emissions beginning in 2017. We will continue to publish this data and communicate our progress against our science-based targets on an annual basis.

With regard to our supply chain target, LS&Co. recognizes the complexities of measuring, tracking, and verifying reduction efforts in supplier facilities we share with industry peers, as well as the limitations of existing methods to account for these complexities. However, that should not be a reason for inaction. We believe that direct engagement with and support of our suppliers, regardless of attribution of emissions impacts within corporate inventories, is the most effective way to quickly reduce global GHG emissions from our value chain.

We will track our supply chain footprint with increasing precision as company- and industry-wide technologies and practices are refined. LS&Co. will continue to work with thought leaders such as WRI, the SBTi, and industry peers to improve data and methodologies and apply the best available science to our strategies. We are committed to transparency, and will work to strengthen our emissions calculations and reporting.

CONCLUSION

If left unchecked, climate change will have significant impacts on the communities in which we operate, and the world at large. Setting and driving toward ambitious science-based targets will require cross-sector and industry collaboration. We will strive to empower our suppliers with the tools to make progress in their own operations and markets. And we aspire to achieve tangible results in the immediate term while driving toward our vision of business as a force for long-term positive change. We remain steadfast in meeting our obligation toward a low-carbon future. Ambitious targets motivate action, and climate action is what our planet needs.