



2019 Sustainability Review

LEVI STRAUSS & CO.

Sustainability is woven into everything we do.

It's how we do business, how we show up in the world, and how we respond to what our planet, our business, and our consumers need.

We take responsibility for the social and environmental footprint of our products and operations, doing right by the places where we live and work and leading the industry as it seeks solutions to its most pressing issues.

This is not new, as we can see by looking back on our history. In 1992, we became the first multinational corporation to publish a comprehensive code of conduct, our [Terms of Engagement](#), for all suppliers. This later spawned our Worker Well-being initiative, which has reached more than 219,000 workers across 17 countries. Also in the early 1990s, we introduced our Global Effluent Guidelines to the industry, work that set the stage for later innovations designed to advance and scale more sustainable chemicals management.

Over the past decade, we developed programs such as Water<Less® and [Screened Chemistry](#), then open-sourced them, so others in and beyond the industry could adopt them, and we

have been first to market with pioneering material product innovations such as cottonized hemp. Two years ago, we announced our industry-leading science-based targets on climate, and this past summer we were recognized as one of only 28 companies in the world – and the only apparel company – committed to climate targets aligned with limiting global temperature rise to 1.5°C above pre-industrial levels. By the end of 2019, some 177 companies had followed suit – although our commitments remain among the most aggressive in our industry.

Corporate sustainability as a whole is at a critical juncture, however. It's not enough for companies to make statements or sign pledges and think that gets us where we need to be. It has to be about impact.

After setting ambitious targets, we must execute to meet those targets, innovating to find the best practices and sharing what we learn to influence the industry. That is what we did in 2019, across our operations, and in our four key sustainability focus areas – water, climate, chemicals, and people – and increasingly with regard to cotton and materials, as noted in the pages that follow.



As we all know, the coronavirus pandemic is impacting communities around the world and forcing businesses to adapt accordingly. At LS&Co., our initial focus has been on responding to the crisis and supporting our people in the moment, which has included [grants to partner organizations](#) working in sourcing countries to support apparel supply chain workers.

In this context, we are exploring how to best execute on our sustainability strategies going forward. But to be clear, the core commitment to this work, on every front, remains as strong as it has ever been.

If anything, the experience of the pandemic reinforces the notion that we must continue innovating to make our products and operations more sustainable across our whole organization,

and that building an economically and environmentally resilient business is key to addressing the overlapping challenges we need to confront as an industry, from climate risks to resource stress to consumption to gender inequality. That is how we build the strongest business for the long term, while helping the planet and our communities thrive.

An aerial photograph of the ocean showing intense turbulence. The water is a deep, dark teal color, and the surface is covered in a complex, swirling pattern of white foam and lighter green water, indicating strong currents or a storm system. The foam forms intricate, branching patterns across the frame.

Water

First introduced in 2011, our [Water<less](#)® finishing techniques have helped us save more than 3.5 billion liters of water in the finishing process. By the end of 2019, 69 percent of Levi's® bottoms products were made with Water<Less® techniques, and we expect that number to keep climbing.

3.5B Liters of water saved
since introducing
Water<Less® in 2011

In August 2019, we introduced a new 2025 [Water Action Strategy](#), which shifted us from a “one size fits all” approach to water management in the manufacturing stages to a context-based approach to water use that prioritizes saving water in areas that need it most. LS&Co. will work with key suppliers that represent 80 percent of total product volume to set and achieve specific water use targets for factories where Levi's®, Dockers®, Signature by Levi Strauss & Co.™ and Denizen® fabrics and products are made or finished. The targets will be based on the water context at the local level, with more stringent targets for facilities located in more highly-stressed countries, which will help us meet our goal of halving our water use in manufacturing in areas of high water stress by 2025.

As part of our Water Action Strategy, the meaning of the Water<Less® designation on our products will enhance. To date, it has signified that a given product was made with Water<Less® techniques or recycled water. Going forward, factories and mills that meet the targets that LS&Co. issues will qualify as Water<Less®, as will the fabric or products coming from those facilities. Anyone who buys a Water<Less® product can therefore be assured that it was made at a facility that is using water sustainably in the context of local water stress. LS&Co. will help all its key suppliers achieve the Water<Less® designation by 2025.



Furthermore, we will drive collective action projects with organizations like the [World Wildlife Fund](#) (WWF) and local stakeholders to fortify critical water basins where we operate, beyond the factory walls. One such project is already underway: We are working in the [Ravi River Basin](#) outside Lahore, Pakistan, in conjunction with the WWF, Earth Genome, and Arizona State University, to utilize a mapping tool that pinpoints sources of water stress and to engage LS&Co. suppliers in the region and other local stakeholders to address risk factors and drive resiliency.

LS&Co. is currently involved in several initiatives related to cotton cultivation and new fiber innovation that are designed to lessen our water footprint in the raw material sourcing stages. [See “Cotton & Materials” below]

For employees, we continue to move towards 100 percent participation in the Project Wet curriculum, which allows those who complete it to serve as water ambassadors in their own communities.



Climate

We continued to work towards our [science-based targets on climate](#), which we first announced in 2018 and which are aligned with limiting global temperature rise to 1.5°C above pre-industrial levels. We have committed to reducing our carbon emissions by 90 percent in our owned-and-operated facilities and 40 percent across our entire global supply chain by 2025, while shifting to 100 percent renewable electricity in our owned-and-operated facilities in that same time frame. (We reached 72 percent by the end of 2018.)

This past summer, when we signed the [Business Ambition for 1.5°C pledge](#), we were recognized as [1 of 28 companies](#) in the world – and one of only two headquartered in the US – to do so. By the end of 2019, some 177 companies had set similar targets, and we take pride in being a leader in the effort.

A key facet of our work to meet these targets is our ongoing partnership with the International Finance Corporation (IFC) and its [Partnership for Cleaner Textiles](#) (PaCT), through which the IFC provides low-cost financing to suppliers seeking to improve their water and energy use performance. Starting in 2017, we piloted this work with six suppliers in four countries. In 2019, seeing both the sustainability and the financial gains achieved in participating factories, we started to [expand our work with IFC/PaCT](#) to 46 of our biggest suppliers and mills across 10 countries.

In addition, we broke ground on the construction of a solar power array at our LEED-platinum certified [distribution center in Henderson, Nevada](#), which will be operational in 2020 and should supply between 15 percent and 20 percent of energy needs at the facility.

On the policy front, we reiterated our support for the Paris Agreement on climate, as a vocal member of the “[We Are Still In](#)” coalition, following the Trump administration’s signal that it would pull out of the accord. And our CEO Chip

Bergh signed a Joint Statement of Support for the Paris Agreement.

This was an extension of advocacy on climate in the business community. For over a decade, for example, as a cofounding member of the [Business for Innovative Climate and Energy Policy](#) (BICEP) network, we have advocated for state and federal policies aimed at reducing greenhouse gas emissions and promoting the transition to a low carbon economy. LS&Co. staff serve on several working groups for the [U.N. Fashion Industry Charter for Climate Action](#) as well, through which we are working with the U.N., industry peers and other key stakeholders to drive the apparel industry towards net-zero greenhouse emissions.

We joined 75 companies in May 2019 on Capitol Hill to advocate for necessary federal legislative action to combat climate change, including [pricing carbon emissions](#). And at the state level, we successfully advocated for the passage of SB 254 in Nevada, where our Sky Harbor distribution center is located, which establishes near- and long-term plans for Nevada to reduce emissions in line with the Paris Agreement.

Our CFO, Harmit Singh, was a founding member of the US chapter of the [Accounting for Sustainability](#) (A4S) project, launched by HRH Prince Charles of Wales, to more deeply involve financial leaders in an effort to spur effective and sustained corporate action on climate. Harmit also joined 35 other CFOs in signing the A4S Net Zero Statement of Support.

We served as a member of the [Clean Cargo Working Group](#), a business-to-business leadership initiative that involves major brands, cargo carriers and freight forwarders dedicated to reducing the environmental impacts of global goods transportation and promoting responsible shipping. We also participated in the LEO Coalition, led by Maersk, which is piloting the use of second generation biofuels to power shipping vessels.



Cotton & Materials

In our effort to reduce our material impact and find more sustainable sources of cotton, which comprises 91 percent of the raw materials we use, we work with the [Better Cotton Initiative](#) (BCI) to help farmers find more water-efficient and more productive methods of cotton cultivation. At the end of 2019, 83 percent of our cotton came from BCI farmers, organic cotton farms, or recycled cotton suppliers, and we intend to reach 100 percent in the near future.

We're also innovating new fiber and fabric strategies that we believe can lead to more sustainable product with reduced environmental footprints. In 2019, our Wellthread™ line featured the first commercial realization of "[cottonized hemp](#)," rain-fed hemp fiber that requires less water and pesticides to cultivate compared to cotton and that is treated in a way that softens the coarse fiber to make it look and feel indistinguishable from cotton.

83% of our cotton now comes from more sustainable sources

The two Wellthread™ releases in 2019 (Spring/Summer and [Fall/Winter](#)) demonstrated the feasibility and quality of cottonized hemp product, enabling greater uptake of hemp in our fabrics across other garments. LS&Co. is therefore dramatically expanding the number of units featuring cottonized hemp – both in Wellthread™ and in mainline Levi's® products – including the first Levi's® cottonized hemp products for women, a response to a growing demand signal in the women's market.

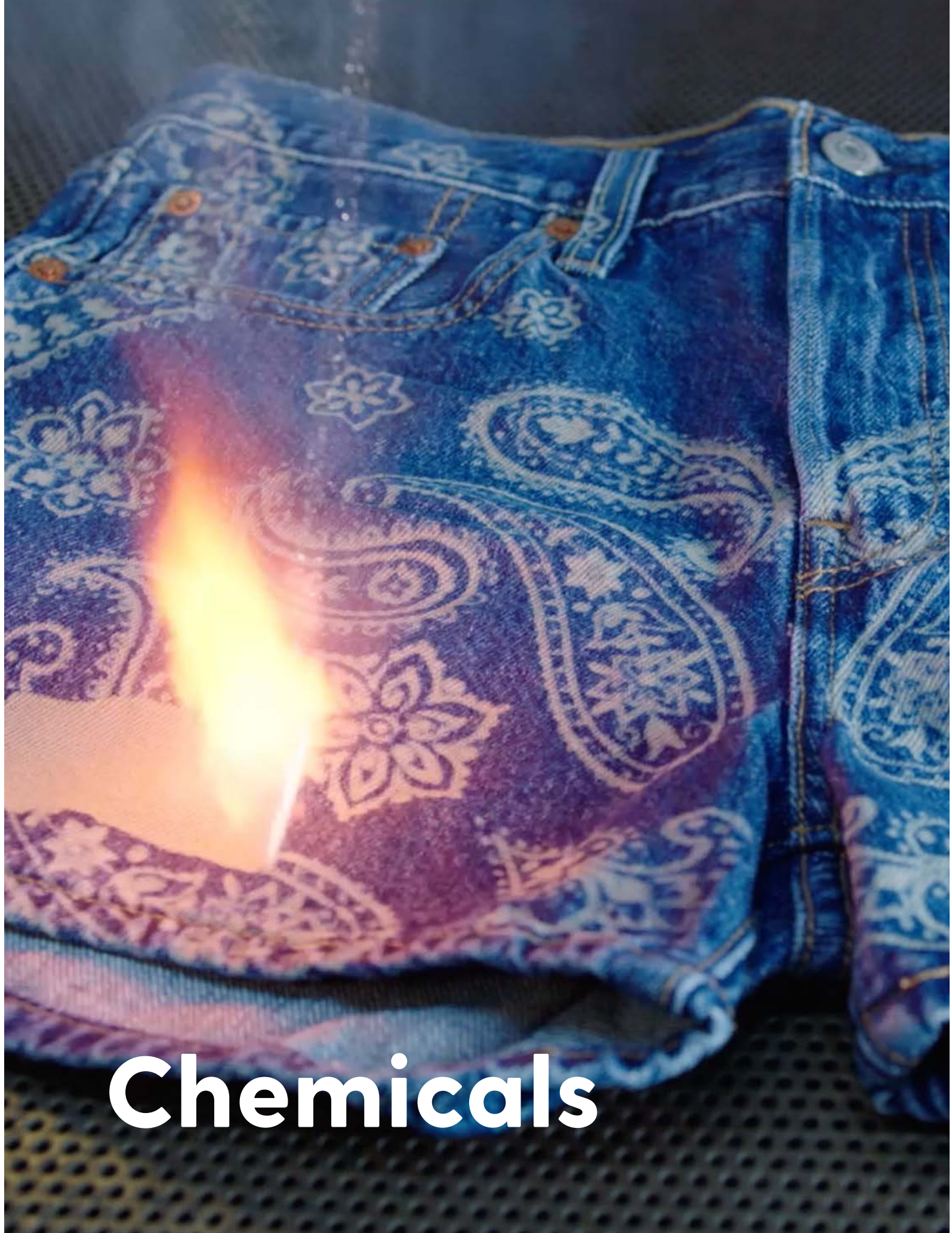
Also in 2019, LS&Co. completed the shift of all manmade cellulose – viscose (rayon), modal, and lyocell – to Canopy "Green Shirt" suppliers that have eliminated or are on track to eliminate sourcing from ancient and endangered



forests in 2020. In the same vein we have shifted away from generic viscose (rayon) to traceable viscose and expanded our use of lyocell, such as Lenzing's Tencel™, which utilizes a process that continually recycles the chemical solvents used to produce the fiber, and also requires less energy and less water than generic viscose.

We released [Jacquard™ 2.0](#) last year, augmenting the capabilities of the connected Trucker jacket we developed a year earlier with Google with added functionality in the classic Trucker design. Because the jacket updates its software automatically, it obviates the need for a new garment, new gadgets or wires, or any additional natural resource use, demonstrating that cutting edge garments can still be built to last.

LS&Co. was again deemed Responsible Down Standard certified in 2019.



Chemicals

In January 2019, we converged our [Screened Chemistry](#) protocol with other apparel brands, including Nike, H&M and C&A, to define a single standard for chemical screening closely resembling the Screened Chemistry program we released in 2013 and shared with the industry as an open source program in 2016. Screened Chemistry was designed to help companies understand the potential health and environmental impacts of chemicals before they enter the supply chain, and to find alternatives for anything deemed unsafe. In short, it enables us to prevent hazardous chemicals from entering apparel supply chains. The ZDHC Foundation is now overseeing the effort, creating a holistic approach to tackling issues of hazardous chemicals and driving innovation in the apparel industry.

2020 LS&Co. met ZDHC commitments made in 2012

At the end of 2019, 120 of our key garment and fabric suppliers and 200 chemical suppliers were implementing Screened Chemistry in their facilities.

We continued to expand the use of our Project F.L.X. laser-based finishing technology, which simplifies chemical management by helping to reduce the number of chemicals required in the finishing process from more than a thousand to around a dozen, and which now powers our customizable [Future Finish](#) online consumer option.

In November, we announced a [collaboration with the Hohenstein Institute](#) to utilize the ECO PASSPORT by OEKO-TEX® certification system. Through enhanced testing, verification and transparency to chemical suppliers, this partnership will enable us to advance and better implement its existing chemicals management



program and create a template that others in and beyond the apparel industry can follow.

In early 2020, we announced a new methodology developed in concert with global chemicals management software provider, Scivera, and international analytical chemistry lab, NimkarTek Technical Services Pvt Ltd., that will pioneer the ability to screen and track commodity chemicals in the global apparel supply chain.

Also in early 2020, we confirmed that we had [met the Zero Discharge of Hazardous Chemicals commitments](#) we made in 2012, when we signed the Greenpeace Detox Solutions Commitment and the Joint Roadmap Toward Zero Discharge of Hazardous Chemicals, an industry collaboration to drive systemic change and the goal of zero discharge of hazardous chemicals by 2020.



People

Launched in 2011, LS&Co.'s [Worker Well-being \(WWB\)](#) initiative aims to improve the lives of the women and men who make our products around the world with factory-based programs that address issues related to health, financial security and gender equality. The initiative operates on the premise that when workers are healthy, satisfied and engaged at work, factory productivity will increase.

In 2016, we set a new bar by making the WWB guidelines and tools publicly available to the apparel industry, and in 2017 our initiative helped LS&Co. secure a spot on *Fortune* magazine's "Change the World" list.

We had previously set a goal to reach 200,000 workers in our supply chain through our WWB programs by 2020. We [surpassed that goal](#) in May 2019, and by year's end, we had reached 219,000 workers in 113 factories in 17 countries around the world, representing more than 65% of our total product volume.

More than 90 percent of WWB sites offer health interventions and approximately 50 percent provide financial literacy workshops (some factories provide multiple programs for workers). A majority of suppliers self-fund their own WWB programs – only 40 percent rely on the Levi Strauss Foundation for support.

Through our multi-year partnership with the [Sustainability and Health Initiative for NetPositive Enterprise](#) (SHINE) at Harvard's T.H. Chan School of Public Health, we are discovering new areas for attention. This multi-year study – which has connected directly with more than 13,000 workers, most of whom are women, making our products in Cambodia, China, Mexico, Poland and Sri Lanka – is showing us that factories that cultivate trust, respect and fairness lead to improvements in gender equality, well-being and productivity. We will



continue to use this data and additional insights to adapt and improve our approach.

We expanded and elevated our work designed to combat gender inequality in the supply chain, building on the [Gender Equity Report](#) published by the Levi Strauss Foundation in 2018 and the formation that same year of a cross-functional Gender Equity Taskforce, which works with industry experts to pursue impactful systemic changes in factory policies and operations that address the power imbalances between largely female workers and predominantly male managers.

To improve the assessment process, we instituted a requirement that all assessment teams include female members and, where possible, female leaders, and we continue to collaborate with [partners on the ground](#) such as Better Work in Cambodia, Swasti in India, and GEAR in Bangladesh to advance the effort – all as an outgrowth of our WWB initiatives and our conviction that workers who make LS&Co. products should work in a safe and healthy environment and be treated with dignity and respect.



**Repair,
Reimagine
and Recycle**

While LS&Co. has always made products that are built to last, we are actively exploring new ways to extend the life of our garments even further. A key element of that effort is the expansion of the in-store [Tailor Shops](#) we have at flagship stores around the globe, where people can bring their denim to be repaired or repurposed, extending the useful life of LS&Co. garments.

Our [Wellthread™](#) line is designed to be fully recyclable where the necessary infrastructure exists. Many of the garments follow a “single-fiber” strategy conceived with a future state of circularity in mind.

95% Post-consumer waste
used in our retail
paper bags

Levi's® [Authorized Vintage](#), which Levi's® sells in its eight global flagship stores, select Nordstrom's locations, and the Galleria Lafayette in France, has tripled in sales since it was first introduced in 2017. Levi's® employees source vintage products, primarily jeans made in the US in the 1980s and 1990s, from thrift stores, reputable dealers, yard sales and online, and the provenance of all purchases are authenticated before they are made available for sale.

In 2019, we partnered with Cotton Inc.'s [Blue Jeans Go Green](#) program in our stores and facilities, through which 132,899 discarded jeans were transformed into building insulation, saving 66 tons of waste from landfill.



Our Brand Environment, Sustainability and Global Store Design teams are augmenting the sustainability guidance in our Levi's Next-Gen Store Design Playbook to include the use of upcycled and sustainable material fixtures, HVAC/smart energy systems, and energy efficient lighting, among other measures. All owned-and-operated US and Canadian retail locations and all US wholesale locations now use 100 percent post-consumer waste stock for their print materials. What's more, our new mannequins are made from 100 percent recycled base stock that blends both post-industrial and post-consumer materials, and we are piloting recycled denim coat hangers in several locations as well.

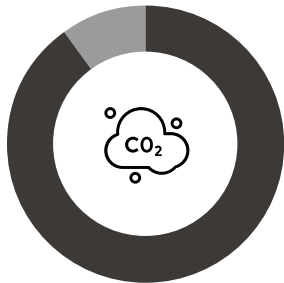
Sustainability Impact 2019 Scorecard



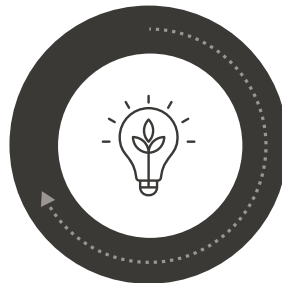
Climate

Industry leading 2025 targets:

Owned & Operated:

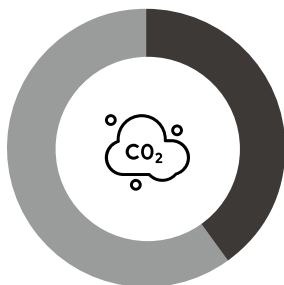


90%
reduction in
O&O emissions



100%
renewable electricity
in O&O facilities
(at 72% by end of 2018)

Supply Chain:



40%
reduction in
Supply Chain
emissions

Innovating to Deliver:



Following successful pilots with six suppliers in four countries, we're expanding our work with the International Finance Corporation's Partnership for Cleaner Textiles (PaCT) to our top 46 vendors in 10 countries, with **the goal of covering 80% of our fabric and product volume**

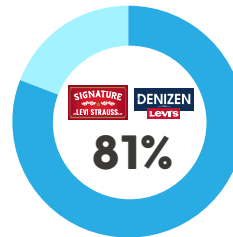
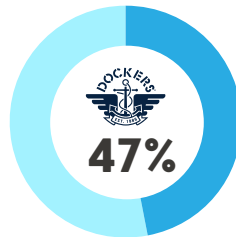
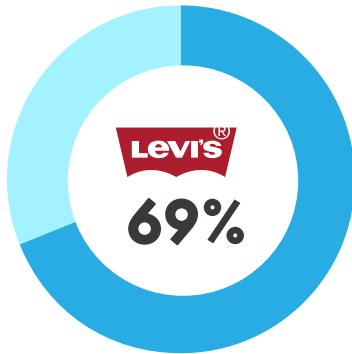


Solar panels at Sky Harbor distribution center will be operational by Q4 2020 and will offset ~20% of energy needs

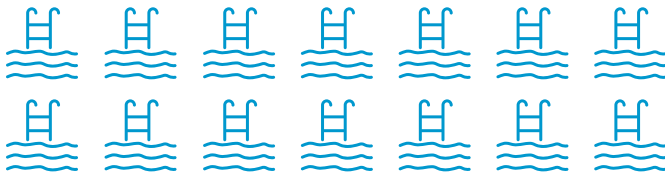


Water

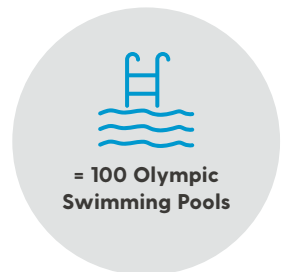
Water<Less® % (as of the end of 2019):



Liters of Water saved:

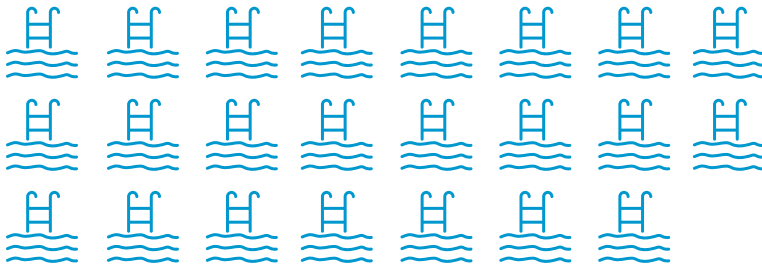


3.5 billion+
since introduction



= 100 Olympic
Swimming Pools

Liters of Water recycled:



5.76 billion

in product & fabric manufacturing
at facilities that meet our Recycle
and Reuse Standard requirements
for water quality and safety

Our Commitment:

50% reduction

of manufacturing water use
in areas of high water stress
by 2025





Worker Well-being

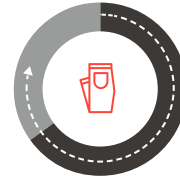
219,000
workers



113
factories



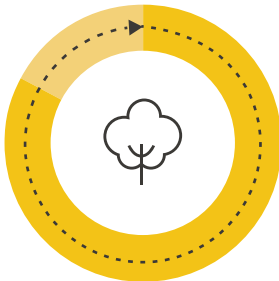
17
countries



65%+
of products
made in
participating
factories



Cotton/Fiber

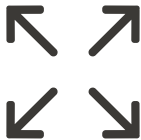


83%

cotton sourced from Better Cotton Initiative, organic cotton farms or recycled cotton suppliers



First commercialization of cottonized hemp through Wellthread™, pioneering the use of a more water efficient alternative to cotton that also requires fewer pesticides



Cottonized hemp first introduced in our Wellthread™ line expanding widely into mainline Levi's® products



Shifted all manmade cellulose to Canopy "Green Shirt" suppliers that have eliminated or are on track to eliminate sourcing from ancient and endangered forests in 2020



Chemicals

 **120**  **200**

Screened Chemistry now implemented by 120 of our key garment and fabric suppliers and 200 chemical suppliers

1000+  **~12**

F.L.X. simplifies chemicals management by reducing number of chemical formulations needed in garment finishing from 1,000+ to around a dozen

2019

Screened Chemistry adopted by ZDHC Foundation in early 2019



Met 2020 Zero Discharge of Hazardous Chemicals (ZDHC) commitment in January 2020

About Levi Strauss & Co.

Levi Strauss & Co. (LS&Co.) is one of the world's largest brand-name apparel companies and a global leader in jeanswear. The company designs and markets jeans, casual wear and related accessories for men, women and children under the Levi's®, Dockers®, Signature by Levi Strauss & Co.™, and Denizen® brands. Its products are sold in more than 110 countries worldwide through a combination of chain retailers, department stores, online sites, and a global footprint of approximately 3,200 retail stores and shop-in-shops. Levi Strauss & Co.'s reported 2019 net revenues were \$5.8 billion.

For more information, go to www.levistrauss.com