

Levi Strauss (UK) Ltd. Tax Strategy

Introduction

Levi Strauss & Co. (LS&Co.) is one of the world's largest brand-name apparel companies. Under our Levi's®, Dockers®, Signature by Levi Strauss & Co.™ and Denizen® brands, we design, market and sell – directly or through third parties and licensees – products that include jeans, casual and dress pants, tops, shorts, skirts, jackets, footwear, and related accessories for men, women and children around the world.

Our history and longevity are unique in the apparel industry. Our commitment to quality, innovation and corporate citizenship began with our founder, Levi Strauss, who infused the business with the principle of responsible commercial success that has been embedded in our business practices throughout our more than 160-year history. This mixture of history, quality, innovation and corporate citizenship contributes to the iconic reputations of our brands. Throughout this long history, we have upheld our strong belief that we can help shape society through civic engagement and community involvement, responsible labor and workplace practices, philanthropy, ethical conduct, environmental stewardship and transparency.

Our business activities generate a substantial amount and variety of taxes. We pay corporate income taxes, property taxes, stamp duties, employment and other taxes. In addition, we collect and pay employee taxes as well as indirect taxes such as VAT. The taxes we pay and collect form a significant part of our economic contribution to the countries in which we operate.

LS&Co. is committed to complying with tax laws in a responsible manner and to having transparent and constructive relationships with tax authorities. LS&Co.'s Worldwide Code of Business Conduct provides a clear set of standards and guidance for conducting our business with integrity and compliance with the law and our approach to tax strategy aligns with that Code.

Scope

This tax strategy complies with the tax strategy publication requirements introduced in paragraph 22(2) of Schedule 19 of the Finance Act 2016 by the United Kingdom for the financial year ending November 30, 2020 and applies to Levi Strauss (UK) Ltd. and any other entity controlled by LS&Co. doing business in the UK ["Levi Strauss UK"]. It is applicable from the date of publication until it is superseded. When reference is made in the strategy to "taxes", this includes all the taxes and duties set out in paragraph 15 of the Schedule 19 to the Finance Act 2016, such as corporate income tax, PAYE, VAT, etc.

Strategy

This strategy covers our approach to arranging our tax affairs.

- *Approach to tax risk management and level of risk*

Levi Strauss UK is a member of the LS&Co. multi-national organization. Given the high volume of tax obligations, the complexity of certain tax legislation and the scale of our business, risks will inevitably arise from time to time in relation to the interpretation of tax law or in relation to compliance obligations. We seek to reduce the level of risk by ensuring that reasonable care is applied in relation to all processes which could materially affect compliance with tax obligations. The Company ensures that proper books and records are maintained to prepare its statutory accounts in accordance with UK Generally Accepted Accounting Practice and the required tax filings. The processes relating to computing and paying taxes are allocated to the appropriate function and leader, who analyze the processes for risks and monitor for business or legislation changes so the required system modifications are made when required.

To limit the risk and ensure diligent compliance, advice is sought from external advisors where appropriate. Advisory and technical tax support is provided by a combination of large accounting firms, various legal firms, and by other, smaller, firms with the required skills. The use of the advisory firm that is also our external financial auditor is overseen by, and regularly reported to, the Audit Committee of the LS&Co. Board of Directors.

We are committed to comply with tax legislation in the jurisdictions in which we do business. This means that for material transactions where there is uncertainty arising from the application of complex tax laws, we will adopt a tax position that is more likely to be upheld by the tax authorities and/or the Courts. We undertake to manage taxes with the objective that all tax liabilities properly due under the law are correctly recorded and paid.

- *Governance arrangements*

The tax strategy is approved by the Board of Directors of Levi Strauss UK and is reviewed by the Audit Committee of the LS&Co. Board of Directors ("Audit Committee). The Chief Financial Officer (CFO) of LS&Co. has the responsibility and authority to ensure compliance with tax legislation.

The CFO has delegated day-to-day management of the company's tax affairs to the tax department, under the direction of the Vice President, Global Tax and teams of regional and local country finance and tax leaders. These teams are staffed with appropriately qualified individuals with the required skills and experience who hold a combination of accounting, tax and legal qualifications and who, among other things, ensure proactive monitoring of the changing global regulatory landscape. Levi Strauss UK's finance and management teams work directly with internal and external regional and global tax experts to ensure compliance with UK standards and this strategy.

The Audit Committee monitors the integrity of financial reporting, internal controls and key risks, including elements related to taxation. The Vice President, Global Tax and CFO regularly report on tax

affairs and risks to the Audit Committee. Matters related to UK taxation are reported to Levi Strauss UK management and the Levi Strauss UK Board of Directors.

- *Attitude towards tax planning*

Operating with a view to maximize value on a long-term and sustainable basis, we consider the tax laws of the UK and the other countries in which we operate. We engage in planning that supports our business objectives and reflects our business activities, has commercial and economic substance and with full regard of potential reputational impacts. We seek to comply with the tax legislation and compliance requirements and to act in a way which upholds our reputation as socially responsible corporate leaders.

We adhere to relevant tax laws and seek to minimize the uncertainty or disputes. Planning activity is supported by appropriate external tax advice and conducted on the basis that it does not expose the group to material financial or reputational risk. Transactions between LS&Co. group companies are conducted on an arm's-length basis and in accordance with the OECD (Organization for Economic Co-operation and Development) principles, with the objective of paying appropriate taxes in each jurisdiction which reflects the business activity and legal rights and responsibilities.

Tax incentives and exemptions are sometimes implemented by governments and fiscal authorities in order to support investment, employment and economic development. Where they exist, we seek to apply them in the manner intended and in line with the tax legislation.

- *Constructive approach when dealing with Her Majesty's Revenue and Customs (HMRC) and other tax authorities*

When engaging with HMRC and other tax authorities, we approach them with honesty, respect, transparency and a constructive mindset. Where possible and appropriate, we engage with the tax authorities to discuss developments in the business, tax risks and the interpretation of the law. We seek to build and sustain relationships with tax authorities that are constructive and based on mutual respect.

Material errors in submissions made to tax authorities, if any, are disclosed as soon as reasonably possible after the error is identified.

In case of any disputes with tax authorities, we seek to resolve the dispute by means of open and transparent discussions and working collaboratively. If such discussions do not lead to a result that is acceptable for both parties, we are prepared to litigate to resolve the dispute.

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