

## Levi Strauss & Co. Global Sourcing and Operating Guidelines

Levi Strauss & Co.'s (LS&CO.) commitment to responsible business practices — embodied in our Global Sourcing and Operating Guidelines — guides our decisions and behavior as a company everywhere we do business. Since becoming the first multinational to establish such guidelines in 1991, LS&CO. has used them to help improve the lives of workers manufacturing our products, make responsible sourcing decisions and protect our commercial interests. They are a cornerstone of our sourcing strategy and of our business relationships with hundreds of contractors worldwide.

### **The Levi Strauss & Co. Global Sourcing and Operating Guidelines include two parts:**

The Country Assessment Guidelines, which address large, external issues beyond the control of LS&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.

### **Country Assessment Guidelines**

The numerous countries where LS&CO. has existing or future business interests present a variety of cultural, political, social and economic circumstances.

The Country Assessment Guidelines help us assess any issues that might present concern in light of the ethical principles we have set for ourselves. The Guidelines assist us in making practical and principled business decisions as we balance the potential risks and opportunities associated with conducting business in specific countries. Specifically, we assess the following:

Health and Safety Conditions — must meet the expectations we have for employees and their families or our company representatives;

Human Rights Environment — must allow us to conduct business activities in a manner that is consistent with our Global Sourcing and Operating Guidelines and other company policies

Legal System — must provide the necessary support to adequately protect our trademarks, investments or other commercial interests, or to implement the Global Sourcing and Operating Guidelines and other company policies; and

Political, Economic and Social Environment — must protect the company's commercial interests and brand/corporate image. We do not conduct business in countries prohibited by U.S. laws.

### **Terms of Engagement**

Our TOE help us to select business partners who follow workplace standards and business practices that are consistent with LS&CO.'s values and policies. These requirements are applied to every contractor who manufactures or finishes products for LS&CO. Trained assessors closely monitor compliance among our manufacturing and finishing contractors in more than 50 countries. The TOE include:



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## 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.

## 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.

## Environmental Requirements

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 LS&CO.'s Environmental Philosophy and Guiding Principles (See TOE Guidebook p.68).

## Community Involvement

We will favor business partners who share our commitment to improving community conditions.

## Employment Standards

We will only do business with partners who adhere to the following guidelines:

### 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.

### Prison Labor/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.

### Disciplinary Practices

We will not utilize business partners who use corporal or other forms of mental or physical coercion.

### 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.

### 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.

### 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.

### 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.

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## Health and Safety

We will only utilize business partners who provide workers with a safe and healthy work environment. Business partners who provide residential facilities for their workers must provide safe and healthy facilities.

## Evaluation and Compliance

All new and existing factories involved in the manufacturing or finishing of products for LS&CO. are regularly evaluated to ensure compliance with our TOE. Our goal is to achieve positive results and effect change by working with our business partners to find long-term solutions that will benefit the individuals who make our products and will improve the quality of life in local communities. We work on-site with our contractors to develop strong alliances dedicated to responsible business practices and continuous improvement.

If LS&CO. determines that a contractor is not complying with our TOE, we require that the contractor implement a corrective action plan within a specified time period. If a contractor fails to meet the corrective action plan commitment, Levi Strauss & Co. will terminate the business relationship.