2017 WAS A YEAR OF....

Living our values in disruptive times: At a special meeting in February, the LSF Board approved a $1.0 million rapid response fund to protect the rights and well-being of highly vulnerable groups.

- On the domestic front, LSF addressed the urgent needs of Muslims, South Asians, the transgender community, refugees and immigrants.
- On the global front, LSF supported the rights of those impacted by the refugee crisis and health of women apparel workers.

The LSF Board completed a Strategic Review – its first in over a decade:

- Reaffirmed the mission and refined the resource allocation criteria;
- Rebalanced program spending and recalibrated program direction by going deeper in a limited number of areas:
  - Eliminated asset building as a standalone program,
  - Grow Worker Rights and WWB,
  - Pare down and hone HIV/AIDS work,
  - Expand social justice (beyond Pioneers 2020),
  - Commit a higher proportion of program resources to the U.S. (previously 33 percent, revised to 40-45 percent).
- Piloted an Impact Framework to determine where and how to make the most of LSF’s full range of resources through impact, influence, leverage and learning.

The Board and staff examined a number of potential new directions for LSF’s work:

- New areas included voting rights, freedom of the press, inclusive economies and environmental justice.
- Staff were called upon to consider small exploratory grants in two areas: environmental justice and voting rights.

Company leaders embraced the Foundation as a cornerstone of LS&Co.’s profits through principles commitment and WWB as a key component of the NetPositive sustainability strategy.

LSF social justice leaders were brought closer to company employees in the wake of the tumultuous environment:

- Strauss Sessions with Jose Antonio Vargas, Ai-jen Poo, Laurindo Garcia.
- Community Day Speech by Reverend Michael McBride.

2017 highlights of LSF’s key program initiatives follow.
BACKGROUND:
MISSION & PURPOSE
MISSION STATEMENT

The Levi Strauss Foundation advances the human rights and well-being of underserved people touched by our business by taking courageous risks, supporting innovative community partnerships and promoting the practice of good corporate citizenship.

VALUE PROPOSITION

WHAT WE DO:

Drive pioneering social change that brings our values to life in communities around the world.

HOW WE DO IT:

HIV/AIDS
Raising awareness and confronting HIV/AIDS stigma and discrimination.

WORKER RIGHTS & WELL-BEING
Improving the lives of workers in the global apparel industry.

SOCIAL JUSTICE & HUMAN RIGHTS
Taking on the issues of our day and fostering access to justice.

THE VALUE WE DELIVER:

FOR COMMUNITIES
Create programs that advance justice and provide opportunities to improve the lives of disadvantaged people.

FOR EMPLOYEES
Financially support LS&Co.’s volunteer programs and deepen pride of association among employees.

FOR LS&CO.’S REPUTATION
Serve as a key driver in helping LS&Co. to embody the energy and events of our time – ensuring its relevance in the lives of stakeholders beyond the marketplace.
## BACKGROUND: MISSION & PURPOSE

### GUIDED BY THE LS&CO. LEGACY

<table>
<thead>
<tr>
<th>LS&amp;CO. LEGACY</th>
<th>LSF HALLMARKS</th>
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<tbody>
<tr>
<td>163-year history of industry-leading citizenship</td>
<td>Get in early, stay the course</td>
</tr>
<tr>
<td><strong>Icons:</strong> Pioneers Symbol of cultural change</td>
<td>Social pioneers Take on the “issues and events of our time”</td>
</tr>
<tr>
<td>Levi’s® and Dockers® sustainability platform: <strong>Made of Progress</strong></td>
<td>Challenge convention, push the limits of the response New frontiers of possibility Witty, audacious and fearless in pursuit of social change</td>
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<tr>
<td>“The value of values”: Originality, integrity, empathy, courage</td>
<td>Bring our values to life beyond the marketplace</td>
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### BACKGROUND: MISSION & PURPOSE

### OUR APPROACH: DRIVING SOCIAL CHANGE

<table>
<thead>
<tr>
<th>SOCIAL CHANGE STRATEGY</th>
<th>GRANTMAKING FOCUS</th>
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<tbody>
<tr>
<td>Change laws and policies</td>
<td>Support advocacy</td>
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<tr>
<td>Bring innovative program models to scale and sustainability</td>
<td>Identify and build thought and action leadership</td>
</tr>
<tr>
<td>Build moral and political consensus for change agenda</td>
<td>» Identify and engage key ‘influencers’</td>
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<td></td>
<td>» Cultivate effective communication</td>
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### OUR APPROACH: “GOING BEYOND THE GRANT”

<table>
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<tr>
<th>GOAL</th>
<th>“GOING BEYOND THE GRANT”</th>
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<tr>
<td>Build thought leadership and influence the field</td>
<td>» Build advocacy capacity of grantees</td>
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<tr>
<td></td>
<td>» Build communications capacity of grantees</td>
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<tr>
<td></td>
<td>» Lift best practices and voices of grantees (e.g., conference presentations, awards)</td>
</tr>
<tr>
<td>Build grantee organizations</td>
<td>» Link grantees with key influencers and other funders</td>
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<tr>
<td>Tell the story of pioneering change</td>
<td>» Develop compelling blogs, case studies, videos</td>
</tr>
<tr>
<td></td>
<td>» Leverage corporate communications channels</td>
</tr>
<tr>
<td></td>
<td>» Frame and spotlight selected grantees as “social pioneers” reflecting the Levi Strauss values and character</td>
</tr>
</tbody>
</table>
2017 AND FIVE YEAR TRENDS
Worker Rights accounted for 27% of funding, while Social Justice accounted for 47% of funding.

The vast majority of staff time was allocated to LSF’s two key priorities: Pioneers 2020 & WWB.

Grantmaking in the U.S. increased to 55% (38% in 2016) due to the rapid response fund and disaster relief grants.

Worker Rights accounted for 27% of funding, while Social Justice accounted for 47% of funding. The vast majority of staff time was allocated to LSF’s two key priorities: Pioneers 2020 & WWB.
2017 AND FIVE YEAR TRENDS

BUDGETS AND FUNDING

PROGRAM BUDGET TREND
(NUMBER OF GRANTS)

PROGRESS BUDGET TREND
(AVERAGE GRANT SIZE)

SUPPORT FROM LS&CO.
(IN MILLIONS)

The number of grants increased while the average size decreased due to the rapid response fund, disaster relief grants and WWB direct program expenses.

Support from LS&Co. continues to be strong. Over the last five years it has covered 70% or more of LSF’s program budget.

Operating budget has declined by 21% over the last five years. 91% of this budget is funded by LS&Co.
PROGRAM HIGHLIGHTS
Reshoring to take on social inequalities in the U.S.

Social inequalities that continue to drive the HIV/AIDS epidemic in the United States – such as gender, race, sexual identity and poverty – are essential to confront if we wish to forge an **AIDS-free generation**. By re-shoring to the U.S., LSF is doubling-down on supporting voices casting HIV/AIDS as a social justice issue—including Transgender Law Center, Counter Narrative Project and Positive Women’s Network.

Confronting the domestic opioid crisis

The opioid crisis ravaging the U.S. has become a serious public health crisis. Skyrocketing heroin dependence – and overdose deaths that have quadrupled in the past five years – is closely tied to prescription pain reliever abuse and **surging infection rates for HIV/AIDS** and hepatitis C as a result of needle-sharing. The **Treatment Action Group** is advocating for the health and rights of people affected by both epidemics.

Deepening our impact in global grantmaking

We’ve tightened the global reach of this portfolio to reflect where LSF’s budget has the greatest possible impact: **middle-income countries** where the Company’s business presence is growing, international donors are exiting, stigma is mounting and in-country partners have proven advocacy records. LSF supports “vanguard” partners in Brazil, Canada, China, India, Indonesia, Mexico, Philippines, Russia and South Africa. LSF provided “tie-off” grants to conclude nine international partnerships.
2017 saw this portfolio set its sights toward industry transformation: following rapid internal scaling of Worker Well-being (WWB) in 2015 and 2016, LSF and LS&Co. laid the foundation for setting a new standard to improve the lives of the people who work in the apparel industry.

**Building the “good for workers, good for business” case**
Partnering with the Harvard SHINE, we surveyed over 6,000 workers in LS&Co.’s supply chain to establish a baseline of well-being and its correlations with business performance. Preliminary results are helping to inform the evolution of the WWB approach (see Tab 3 for further details).

**Developing a network of “WWB champions”**
In August, LSF convened WWB grantees in Bangkok to share their best practices influencing vendors to invest in WWB. This partner network is transforming from transactional service providers to WWB champions – adding value as trusted mentors, management advisors and thought partners to factory management.

**Setting an example for others in the industry**
In 2017 WWB began to achieve momentum beyond the boundaries of LS&Co.’s supply chain. In June, LSF and Target Foundation sponsored the first **Well-being in Supply Chains Forum at Harvard**. The event drew 70+ stakeholders to learn about WWB, SHINE’s research and vendor experiences implementing worker programs.

In September, LS&Co. was the only apparel company on Fortune Magazine’s “Change the World” list, owing to the WWB initiative.

**Driving program innovation**
LSF published a Gender Equality Report on how vendors can simultaneously improve gender equality and boost business performance. Focus areas include menstruation, pregnancy/parenthood, wages/working hours, skill building/cross-training, and harassment. LSF launched gender equality pilots at two vendor locations and will measure impacts through the Harvard SHINE study.
The urgency of this political moment is driving home the importance of the Pioneers in Justice initiative, for the Foundation, LS&Co. and the Pioneers: they are the right leaders – and they’re made for these times. By supporting and spotlighting the work of the Pioneers, the Foundation demonstrated its commitment to invest in the future of social justice.

**Adapting to a new political environment**

- 2017 ushered in a **new era in U.S. politics** with an Administration that is rolling back advances made in civil and voter rights, racial justice, women’s rights, worker rights, dismantling healthcare and the safety net; and posing new threats to the planet and international politics.

- In its wake, the Pioneers are **recalibrating their strategies, constituencies and long-term ambitions**, and accordingly, LSF adapted the initiative’s programming and grantmaking (refer to the Pioneers 2020 Update memo).

- LSF provided **Rapid Response grants** to several Pioneers in the original and current classes for their work protecting vulnerable communities in this environment.

**Fostering cohesion and peer learning**

- In January, the Rockwood leadership retreat was a turning point in terms of group cohesion. It provided the time/space to foster vibrant connections between the Pioneers, with LSF staff and across organizations.

- Participants expressed the desire for intensive peer learning opportunities during bimonthly Pioneers Forums in 2018 and 2019 – a space to bring real-time challenges into the group.

**Breakthrough projects**

- 2017 grants support the launch of **breakthrough projects** for each Pioneer. These aim at new kinds of progress in movement-building work: activating a new generation of supporters, forging new modes of collaboration, embracing unlikely allies, and evangelizing values/change agendas calibrated for these times.

- LSF will also provide **capacity-building support** to bolster the narratives and messaging needed to bring these breakthrough projects to life.

- These ambitious projects will to serve as focal points for a capstone **case study** on the new phase of Pioneers in Justice in 2019-2020, which will serve as a tool to **influence the field of social justice philanthropy**.
2017 REVIEW