

TCFD INDEX

The Task Force on Climate-related Financial Disclosures (TCFD) has developed a voluntary, consistent, climate-related financial risk disclosure framework for companies to provide information to investors, lenders, insurers and other stakeholders. Our responses below are drawn from our [2022 CDP Climate Change](#) response, which will be published by CDP in December 2022.

TOPIC	DISCLOSURE FOCUS AREA	DISCLOSURE	RESPONSE
GOVERNANCE	Disclose the organization's governance around climate-related risks and opportunities.	a) Describe the board's oversight of climate-related risks and opportunities.	<p>Multiple Board-level committees have responsibility for oversight of climate-related issues. This includes, but is not limited to the Nominating, Governance & Corporate Citizenship Committee, Audit Committee, Finance Committee and Compensation & Human Capital Committee. Communication to these committees on climate-related issues is done by senior leadership, including, but not limited to our Chief Operations Officer or Chief Sustainability Officer. Our EVP and Chief Operations Officer reports to the Nominating Governance & Corporate Citizenship Committee four times per year.</p> <p>The Nominating, Governance and Corporate Citizenship Committee has responsibility for review and oversight of corporate citizenship, sustainability (including climate-related issues), and corporate governance matters. The committee reviews with management the impact of the company's business operations, policies and practices with respect to issues such as health and safety, corporate citizenship, public policy and community involvement. This includes, but is not limited to, sustainability and environmental, social and governance (ESG) matters that could have a significant impact on the company. An example of a climate-related decision this committee has made is approving our holistic sustainability strategy, which has informed our sustainability goals for 2025 and beyond.</p> <p>The Audit Committee reviews major financial risk exposures, and the steps management has taken to monitor and control such exposures. In this context, management engages in discussions with the Audit Committee and the Board concerning risk, both periodically and annually, during a review of the key risks to the company's plans and strategies and mitigation plans for those risks, which include climate-related risks.</p>

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GOVERNANCE	Disclose the organization's governance around climate-related risks and opportunities.	b) Describe management's role in assessing and managing climate-related risks and opportunities.	<p>The Board of Directors' Nominating, Governance and Corporate Citizenship Committee assists the board in fulfilling its oversight responsibilities on corporate governance matters, which includes but is not limited to climate-related issues. The Chief Sustainability Officer and/or EVP and Chief Operations Officer report to the Nominating, Governance and Corporate Citizenship Committee four times per year on sustainability issues, including updates on climate-related goals, progress made and other matters. The Vice President of Global Security and Resilience reports the results of the annual risk survey, which include climate change, to the Board of Directors' Audit Committee.</p> <p>Our EVP and Chief Operations Officer, and Chief Sustainability Officer are eligible for incentive compensation for the effective management of sustainability issues. As a specific example, the EVP and Chief Operations Officer has an absolute operational greenhouse gas emissions reductions target and a renewable energy procurement target (as a percentage of absolute operational energy use) built into her performance objectives.</p> <p>Climate-related issues are monitored through many corporate initiatives, including Better Cotton purchasing, management of our Water<Less® product line, monthly policy update meetings and absolute greenhouse gas (GHG) and energy targets. Our EVP and Chief Operations Officer and Chief Sustainability Officer report two times per year to the Board on a range of topics which may include progress toward our climate targets. To ensure the company's policy actions are aligned with business strategies, including our climate and energy objectives, there is a monthly leadership meeting on policy, which includes the Chief Executive Officer, Chief Financial Officer, EVP and General Counsel, Chief Counsel, Chief Communications Officer, EVP and Chief Operations Officer, Chief Sustainability Officer and Head of Global Policy and Advocacy. This ensures that even in a dynamic policy environment, executives have an opportunity to confirm that the company's policy activities support the corporate strategy, including climate issues. In addition, the EVP</p>

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STRATEGY	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	<p>Short-term risk: In FY21, LS&Co. sourced apparel products in 40 countries and some of our factories, mills, and laundries are located in countries facing high climate-related risks, including Bangladesh, Pakistan, Mexico and China. Many of these countries may already be or are expected to feel initial effects of climate change, including water shortage (India, China, Nicaragua), disease (Cambodia) and flooding (Bangladesh). The Intergovernmental Panel on Climate Change listed Bangladesh, the Mekong Delta in Vietnam and the Nile Delta in Egypt as the world's three hot spots for potential migration because of their combination of sea-level rise, extreme weather events and existing population. All three are important sourcing regions for LS&Co. We could be exposed to potential supply chain disruption if a factory, mill, laundry, distribution center or route were required to close due to an extreme weather event, leading to the need to identify alternative distribution and logistics providers or resulting in higher transportation costs or longer transport times. Some supply and distribution routes are in geographic areas that may experience increased vulnerability under the effects of climate change.</p> <p>To identify, assess, and evaluate our upstream climate-related risk exposure, we conduct physical and transition climate risk assessments in our supply chain. In 2016, we conducted our first qualitative physical climate risk assessment. In 2019 we expanded our assessment to include transition risks for five key geographic regions representing 56% of LS&Co. supplier global factory and 59% of global mill production: Bangladesh, China, India, Mexico and Pakistan. The analysis helped to prioritize supplier engagement and management efforts and focus risk mitigation actions.</p>

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STRATEGY	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. (continued)	<p>Long-term risk: Apparel production depends heavily on water availability—from growing cotton to manufacturing to consumer care at home. Using the Water Resources Institute Aqueduct tool, we found that 27% of our key suppliers are located in geographies that are considered “high water stress.” And based on a life cycle analysis (LCA), in general, we found that nearly 70% of water withdrawals occur in the fiber phase (e.g., cotton growing), while approximately 6% occur in the fabric production phase (manufacturing). As a result, our supply chain is potentially exposed to significant physical risks from climate change, including unpredictable rain patterns, decreases in precipitation, rising temperatures, and extended drought, etc. All of these risks can threaten the availability of freshwater critical to our mills, laundries and factories as well as the farms that provide the material basis for our products, specifically cotton. Cotton is grown in some of the most arid regions in the world, and climate change can significantly impact cotton availability, quality and pricing. If global cotton production were to fall or water were to become more expensive as a result of climate change, the price of cotton could go up, which, in turn, could drive up our production costs.</p> <p>Short-term opportunity: LS&Co. recognizes that greenhouse gas (GHG) emissions are a major contributor to global climate change. If left unchecked, these emissions will trigger large-scale economic, social, and environmental consequences for our business and the communities in which we operate. Within our operations globally, we are committed to reducing our energy use and related GHG emissions. Of LS&Co.'s total company carbon footprint, 75% comes from electricity bought for owned or leased properties, of which the Hebron, Canton and Henderson sites are the largest in terms of square feet and energy usage (the balance is made up of natural gas, heating oil and steam). Based on a 2017 assessment, we have determined we can achieve 100% renewable electricity in our company-owned and leased operations by 2025 through deployment of a combination of renewable electricity options to optimize cost, performance, and impact</p>

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		b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	<p>LS&Co. has included suppliers in its SBT with a goal to reduce absolute Scope 3 emissions from purchased goods and services 40% by 2025 from a 2016 base year. To meet our corporate sustainability objectives to reduce greenhouse gas (GHG) emissions and water use in our supply chain, LS&Co. signed a \$2.3 million cooperation agreement with IFC, a member of the World Bank Group, in of which LS&Co. is responsible for \$0.9 M. Under this agreement, which follows the PaCT approach, IFC is working with 42 designated LS&Co. suppliers and mills to reduce GHG emissions by helping suppliers identify and implement appropriate renewable energy and water saving interventions across 10 countries – Pakistan, Bangladesh, Sri Lanka, India, Mexico, Lesotho, Colombia, Turkey, Egypt and Vietnam. In 2018, we successfully worked with 13 of our manufacturers across Bangladesh, India, Mexico, Pakistan, South Africa, Sri Lanka and Vietnam. These initiatives serve as a key component in LS&Co.'s strategy to optimize production capacity by reducing resource demands for engaged suppliers.</p> <p>We've tracked global carbon emissions from direct fuel combustion and indirect emissions from electricity and steam purchases since 2007 and were the first apparel company to report GHG emissions to The Climate Registry. By tracking global emissions and water, we identify hotspots and prioritize locations for energy and water efficiency, renewable energy investments, and other energy and water related initiatives. We also conducted a scenario analysis</p>

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STRATEGY	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	chain is designed to be resilient, and the costs are included in LS&Co.'s financial plans. Therefore, there are no incremental costs associated with resiliency as a mitigating response to this specific risk (\$0). Given that approximately 90% of LS&Co. products are cotton-based, the sustainability of our cotton supply and possible new solutions to address this raw material's impact- including, water used in cotton agriculture, irrigation and runoff, use of pesticides and farmer education- were considered. Cotton agriculture accounts for nearly 70% of the water used during the lifecycle of a pair of jeans (per life cycle analysis). To further manage the variety of risks cotton poses in our supply chain, in 2021, LS&Co. ran a pilot with U.S. Cotton Trust Protocol (USCTP) to test our compatibility with their systems and enroll several of our Americas-based suppliers into the program. At the end of 2021, approximately 95% of our cotton was sourced from Better Cotton Initiative (BCI) farmers, organic cotton farms, or recycled cotton suppliers, and we intend to reach 100% sustainably sourced cotton by 2025.
		c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Our ongoing practices of supply chain diversification and redundancy support effective risk management and climate resilience in our sourcing and other business strategies. No single country accounted for more than 20% of our sourcing in fiscal year 2021. Consistent with our overall risk mitigation strategy, the costs associated with a resilient supply chain are included in LS&Co.'s financial plans. As a result, there are no additional costs associated with responding to sourcing-related climate risk. Given that approximately 90% of LS&Co. products are cotton-based, LS&Co. purchases cotton on a global scale and ensures redundancy within our supply chain to reduce all risks associated with potential supply chain disruptions, including those caused by weather variability and other climate-related issues. We consider the sustainability of our cotton supply and possible new solutions to address this raw material's impact – from irrigation and runoff to pesticides and farmer education. To further support transitioning both sustainable cotton production methods, transitioning to other fibers and encouraging reuse and recycling,

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STRATEGY	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. (continued)	LS&Co. has continued our promotion and support of the Better Cotton Initiative, which empowers cotton farmers to increase their yields through less water and less chemical use. In 2021, the Levi's® brand launched the Buy Better, Wear Longer campaign with the objective of engaging customers to create awareness about the impact of the waste generated from the apparel industry on the environment.
RISK MANAGEMENT	Disclose how the organization identifies, assesses and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks.	<p>LS&Co identifies, assesses and determines climate-related risks with a substantive financial impact through both our company-wide risk assessments and periodic specific analysis in direct operations and across the supply chain, including materiality assessments, supply chain risk assessments, LCA and review of supplier data collected through the Sustainable Apparel Coalition's Higg Facility Environmental Module (FEM). We evaluate climate-related risks in the short-, medium- and long-term. We consider long-term risks to be those occurring 7 to 12 years into the future. Carbon emissions across our value chain have been identified as a material component of climate-related risks for our business. To better understand our carbon impacts and hotspots, we develop an annual GHG inventory for our global operations, and every six months, we develop a GHG inventory for our distribution centers (representing ~40% of Scope 1 and 2 emissions). We then conducted GHG modelling using three scenarios to evaluate energy and GHG risks through 2025. This analysis informed our SBTi-approved GHG target to reduce 90% of GHGs in our direct operations, including all company-operated facilities. Our response to these operational risks includes increased investing in onsite renewable energy and energy efficiency upgrades.</p> <p>To identify, assess and evaluate our upstream climate-related risk exposure, we conduct physical and transition climate risk assessments in our supply chain. In 2016 we conducted our first qualitative physical climate risk assessment. We expanded this assessment in 2019 to include transition risks for five key geographic regions representing approximately 56% of LS&Co. supplier global factory and</p>

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RISK MANAGEMENT	Disclose how the organization identifies, assesses and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks. (continued)	<p>approximately 59% of global mill production: We examined the potential impact of flooding from precipitation events, cyclonic events, heat waves, extreme temperatures, extended drought, and water stress in chosen regions. Level of risk was assessed based on likelihood of risk occurrence in combination with the magnitude of potential financial impact. Potential financial impacts were estimated, varied by risk type and included: (1) increased production or freight costs included in our cost of goods sold (COGS); (2) lost revenue due to inability to meet customer demand from production disruption or delays; (3) increased research and development (R&D) costs; (4) costs associated with identifying new suppliers or relocating supplier operations.</p> <p>For the most vulnerable regions (Pakistan/India, China and Bangladesh), we prioritized risk response and mitigation actions that included supplier redundancy to ensure active operations despite flooding or severe droughts; investments in sustainably sourced cotton and supporting the Better Cotton Initiative (investing in cotton that uses less water and chemicals); continuing to identify cotton alternatives (e.g., cottonized hemp) and increased investments in R&D and product design (e.g., circularity, recycled content); continuing to expand IFC PaCT to drive investments in water-efficiency/conservation initiatives and technology. In 2021, LS&Co. conducted nine PaCT assessments and six Carbon Leadership Program Assessments in supplier facilities. In 2022, we have 22 PaCT assessments and 5 Carbon Leadership Program assessments planned. In 2022 LS&Co. plans to continue to identify and assess what risks climate change presents to our business, and what opportunities and mitigation strategies should be developed to build resiliency in our operations. Identified risks and opportunities will then be incorporated in our business and enterprise risk management system along with a management plan, as well as our strategic business plan (5-year financial plan).</p> <p>To identify and assess downstream climate-related risks, we conduct: (1) sustainability-related materiality assessments to understand the importance of climate change issues to our customers and consumers</p>

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RISK MANAGEMENT	Disclose how the organization identifies, assesses and manages climate-related risks.	a) Describe the organization's processes for identifying and assessing climate-related risks. (continued)	of our products, and (2) product life cycle assessments (LCAs) to understand energy and water impacts associated with the consumer use phase to gain better insights into consumer behaviors by market. Consumer use comprises ~34% of our Scope 3 emissions, and we maintain our current commitment to creating consumer awareness and impact reduction. Examples include, our "A Care Tag for the Planet" campaign, which has incorporated a permanent care label on every garment that reads "Wash less, wash cold, line dry, donate to Goodwill." We also launched in 2021 Buy Better Wear Longer – a global marketing campaign to encourage consumers to be intentional about their consumption.
		b) Describe the organization's processes for managing climate-related risks.	Climate-related matters are evaluated on a case-by-case basis to determine whether they have a substantive financial or strategic impact on our business over the short-, medium- and long-term. When evaluating particular climate-related matters, we consider, among other factors, the potential impact on operations and business strategy, availability and cost of raw materials, measurable financial impact that may be one or more percentage points of our annual net revenues, and whether we are able to offset such impact and the potential for stakeholder or reputational impact. Any one of these elements or a combination thereof are part of how we define and determine that a climate-based risk may have a substantive financial or strategic impact. For purposes of evaluating climate-based risks, the definition we work with considers a 1% or greater impact on our annual net revenues as one element in determining whether a climate-based risk may have a substantive financial or strategic impact. For FY21, our annual net revenues were \$5.8 billion, 1% of which is \$58 million.

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<p>RISK MANAGEMENT</p>	<p>Disclose how the organization identifies, assesses and manages climate-related risks.</p>	<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.</p>	<p>The process used to determine which risks and opportunities could have a substantive financial or strategic impact on the organization is informed by our Enterprise Risk Committee (ERC). Every year, the ERC undergoes a robust process to identify and proactively address emerging risks to the company. The ERC consists of 12 leaders in the company including our Chief Financial Officer, EVP and Chief Operations Officer, EVP and General Counsel, Chief Human Resources Officer, Chief Information Officer, Chief Marketing Officer and Global Controller, as well as senior leaders from sustainability, security, audit, compliance and product development and sourcing. The top 15 entity-wide risks identified are presented to the Board of Directors' Audit Committee on an annual basis. In 2021, climate-related risk was in the top five.</p> <p>The ERC enables LS&Co to identify and manage risks entity-wide, improve resource deployment and enhance our enterprise resilience. The ERC surveys our top leaders (~130) annually to identify and characterize risks in estimating the potential impact and likelihood of each risk and assign a score accordingly. These risk scores allow LS&Co to determine the relative significance of each risk in relation to the other risks. Special attention is made to align with the COSO and MSCI Index Frameworks to integrate ESG themes into this process. The ERC identifies ongoing work to mitigate and prevent to the extent possible the risk from having an impact on our business. This includes scenario planning, risk forecasting, and testing crisis and business continuity plans. The top identified risks are reported to the Board of Directors' Audit Committee at least annually.</p> <p>Climate-related matters are also separately reviewed on a case-by-case basis by our sustainability and supply chain functions, and other internal and external stakeholders to understand the level of importance and potential direct, upstream, and downstream impacts including risks with a potential for substantial financial impact. This review includes understanding potential climate-related impacts related to brand reputation, operational disruption, supply availability and cost, consumer awareness and regulatory</p>

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RISK MANAGEMENT	Disclose how the organization identifies, assesses and manages climate-related risks.	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. (continued)	activity. The findings are reviewed with the Executive Leadership Team, as well as the Board of Directors' Nominating, Governance and Corporate Citizenship Committee at least annually.
METRICS AND TARGETS	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	<p>We set science-based targets to reduce absolute emissions by 90% in our company operated facilities, shift to 100% renewable electricity in those facilities, and reduce absolute emissions by 40% across our supply chain – all by 2025. These goals are consistent with limiting temperature rise to 1.5°C compared to pre-industrial levels.</p> <p>We are working to reduce the Scope 1 and 2 emissions in our own operations as well as Scope 3 emissions associated with our supply chain – which makes up the biggest part of our footprint. In addition, we are working to reduce our own water use and supporting suppliers in reducing theirs, while also addressing biodiversity and reducing waste, especially single-use plastics, all of which are related to mitigating climate change.</p>
		b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Our 2021 Scope 1, 2 and 3 GHG emissions are detailed in the LS&Co. 2021 Sustainability Report – Climate Action .

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METRICS AND TARGETS	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	We have set and received SBTi approval for three science-based climate targets we aim to meet by 2025 from a 2016 base year: <ol style="list-style-type: none"> 1. 90% absolute reduction in GHG emissions in all owned-and-operated facilities (Scope 1 + 2) 2. 100% renewable electricity in all company-operated facilities (Scope 1 + 2) 3. 40% absolute reduction in GHG emissions across our global supply chain (Scope 3, Category 1)