

# LEVI STRAUSS & CO. CHEMICAL PLAYBOOK FOR ZDHC

## COMMITMENTS & PROGRAMS

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VALID OCTOBER 2022

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# Purpose of Playbook

The purpose of the LS&Co. Chemical Playbook is to communicate our Screened Chemistry strategy and steps for supplier factories' conformance with the Zero Discharge Hazardous Chemical Foundation (ZDHC) requirements. The LS&Co. Chemical Playbook is a public document that shares our commitment to ZDHC requirements and our approach and goals to safe and sustainable chemistry across our supply chain. Specifically, the Playbook outlines the chemical management system elements that must be adhered to by our suppliers and factories to meet LS&Co. goals and targets. The Playbook will be reviewed and updated no less than annually.

## Vision

Zero discharge of hazardous chemicals

## Goal

All strategic garment manufacturing and fabric mill factories to use a chemical certified and screen chemistry program that remains in alignment with evolving ZDHC requirements.

## Scope

- LS&Co. defines “strategic factories” as Tier 1 and Tier 2 wet finishing factories producing apparel, footwear, accessories, leather, and licensee products representing 80% of annual revenue.
- LS&Co. defines “in-scope factories” to include strategic factories, as well as all LS&Co. (including subcontractors) Tier 1 and Tier 2 wet finishing factories producing apparel, footwear, accessories, leather and licensee products. Wet finishing defines any operation that requires chemical use and/or wastewater discharge.

## Our approach

LS&Co.'s approach focuses on the elimination and substitution of hazardous substances in chemicals. To this end, we have and will continue to collaborate with other companies, scientific toxicological experts, and industry to develop straightforward, accessible methods and chemical management systems for and with supplier factories. Through collaboration, we can have an outsized impact on safer chemical management beyond our own products, as our shared factories apply many of these preferred chemicals to the garments they produce for other, non-LS&Co. brands.

# Keys to Success

## Screening

Unique to the LS&Co. Chemical Playbook is our commitment to screened chemistry. The document outlines the need for continuous hazard screening of chemicals to support the adoption of cleaner chemistries. Our aim is to continuously increase the use of higher scored Screened Chemistry chemicals across the supply chain. Screened Chemicals are those that have been screened by LS&Co.'s appointed toxicological profiler organizations and can be found in the ZDHC Gateway and/or LS&Co. distributed Preferred Chemical List.

## Compliance

This document sets forth the steps required for our in-scope and strategic factories to comply with ZDHC's requirements. Our aim is to continuously implement and drive for higher conformity level ranging from foundational to progressive to aspirational across select ZDHC program (Brands to Zero, Supplier to Zero, Formulation to Zero, Wastewater).

## Requirements

The Playbook outlines requirements for the use of chemical management systems for strategic supplier factories. Our aim is to continuously expand the CleanChain data management IT tool across our supply chain to enable transparent and high-quality hazardous substances traceability. Additionally, factory manufacturing requirements for chemical inputs, processes, and outputs are included in the Playbook. Through the required increase adoption of Screened Chemistry hazard assessment program and improved conformance with ZDHC, we can ensure that chemicals and their impacts are proactively assessed and minimize or eliminate the use of hazardous substances.

# ZDHC Mrsl and Gateway Chemical Module

## COMMITMENT #1

LS&Co. is committed to implementing the ZDHC MRSL Conformance Guidance and the ZDHC Gateway Chemical Module across our supply chain to LS&Co. brands in-scope Tier 1 and Tier 2 apparel, footwear, accessories, leather, and licensee wet finishing manufacturing factories.

The ZDHC Gateway Chemical Module is an online search tool that provides public access to information on more sustainable chemistry and helps apparel companies and manufacturers identify and utilize safer alternatives. The ZDHC Gateway rates chemical products' conformance with the ZDHC [Manufacturing Restricted Substances List \(MRSL\)](#).

## Long Term Commitments

1. LS&Co. will engage to in-scope factories to implement ZDHC's chemical management tools to ensure that manufacturing facilities are utilizing ZDHC MRSL-compliant chemistries.
2. LS&Co. will engage in-scope factories to request Screened Chemistry certifications from their chemical suppliers and register the certifications in the ZDHC Gateway if applicable.
3. LS&Co. strategic factories (factories requested to sign the LS&Co. Compliance Agreement – all our LS&Co. brands Tier 1 and Tier 2 facilities that comprise 80% of annual revenue apparel, footwear, accessories, leather, and licensee wet finishing factories - including subcontractors) are required to adopt a chemical procurement plan and policy with goals for ZDHC MRSL conformant procurement including the expansion of Screened Chemistry.
4. LS&Co. will request that in-scope factories cascade the above requirements to their chemical suppliers and subcontractors involved in manufacturing of LS&Co. products.

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## Operational Plan

ROLL-OUT SCOPE	MEASURES	GOAL
<ul style="list-style-type: none"><li>In-scope factories</li></ul>	<ul style="list-style-type: none"><li>LS&amp;Co. will publicly announce annual Chemical management supply chain goals, and train factories accordingly.</li><li>LS&amp;Co. will publish in annual Sustainability Report the number of wet finishing factories and ZDHC Gateway Chemical Module registered factories, as well as the overall conformant chemical procurement of the supply chain.</li></ul>	<b>In-scope factories required to</b> <ul style="list-style-type: none"><li>Register in the ZDHC Gateway and be interlinked to LS&amp;Co.</li><li>Adopt a chemical procurement policy with goals for ZDHC MRSL conformant procurement.</li></ul>

Operational plan will be updated to reflect evolving ZDHC requirements

## Compliance Incentives

Requirements set forth in LS&Co. Master Supply Agreement if applicable for factory.

# ZDHC Wastewater Guidelines

## COMMITMENT #2

LS&Co. is committed to the application of the ZDHC Wastewater Guidelines to LS&Co. brands in-scope Tier 1 and Tier 2 apparel, footwear, accessories, leather, and licensee wet finishing manufacturing factories. Our aim is to work with factories that meet at least the foundational level of the ZDHC Wastewater Guidelines.

The Guidelines facilitate the application of industry best practices to address and minimize wastewater impacts on human and ecosystem health.

## Long Term Commitments

1. LS&Co. requires garment and fabric manufacturing factories and manmade cellulosic fiber factories to implement the ZDHC Wastewater Guidelines.
2. LS&Co. encourages factories to progress towards zero liquid discharge (ZLD) or the Aspirational (highest) level of performance on the [ZDHC Wastewater Guidance](#) to achieve meaningful, lasting impact.

## Operational Plan

ROLL-OUT SCOPE	MEASURES	GOAL
<ul style="list-style-type: none"><li>In-scope factories</li></ul>	<ul style="list-style-type: none"><li>LS&amp;Co. will publish in annual Sustainability Report the number of wastewater discharging factories and ZDHC Gateway Wastewater Module registered factories.</li></ul>	<ul style="list-style-type: none"><li>In-scope factories are required to register in the ZDHC Gateway Wastewater Module and be interlinked to LS&amp;Co.</li></ul>

Operational plan will be updated to reflect evolving ZDHC requirements

## Compliance Incentives

Requirements set forth in LS&Co. Master Supply Agreement if applicable for factory.

# ZDHC Gateway Wastewater Module

## COMMITMENT #3

LS&Co. is committed to implementing the ZDHC Gateway Wastewater Module to all our LS&Co. brands, strategic factories such as Tier 1 and Tier 2 wet finishing factories (including subcontractors) producing apparel, footwear, accessories, leather, and licensee products representing 80% of annual revenue.

The Gateway is a global digital platform to track verified wastewater data and test results against the ZDHC Wastewater Guidelines.

## Long Term Commitments

1. LS&Co. supplier factories are required to test, sample, and report their wastewater and sludge test results twice per year in line with the ZDHC Wastewater requirements.

### WASTEWATER TESTING TIMELINE

- **May 1 – Oct 31:** Labs submit test reports by Oct 31st of each year
- **Nov 1 – April 30:** Labs submit test reports by April 30th of each year

### KEY TESTING REQUIREMENTS

- Sampling, testing, and reporting must be conducted in partnership with ZDHC-accepted labs
  - Reporting data must be submitted to the ZDHC Gateway prior to the deadlines
2. LS&Co. supplier factories are required to create supplier profiles in the ZDHC Gateway and ensure that ZDHC-accepted labs upload test data in the form of PDF lab reports to the ZDHC Gateway Wastewater Module.

3. Factories are required to review and accept or decline the lab-reported wastewater test data within 20 business days and upload their wastewater permit to the Gateway.

- If the test results are accepted, data is anonymized & published on ZDHC Gateway Wastewater Module and Public Disclosure Portal (PDP – also known as Detox.live) accessible to ZDHC Roadmap- endorsing brands.
- If the factory declines the results, they are required to provide a rationale.
- If factory does not accept or decline the results within 20 business days, the data will be disclosed automatically to ZDHC Gateway Wastewater Module and on ZDHC's PDP.

4. If an accepted report identifies any non-conforming substance or concentration, the factory is required to issue a Corrective Action Plan (CAP) within 30 days. The CAP must be published on the PDP to offer transparency and demonstrate due diligence on wastewater management.

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## Operational Plan

ROLL-OUT SCOPE	MEASURES	GOAL
<ul style="list-style-type: none"><li>Strategic factories</li></ul>	<ul style="list-style-type: none"><li>LS&amp;Co. will publish in annual Sustainability Report the number of wet finishing factories wastewater performance versus ZDHC Wastewater Guidelines listed requirements.</li></ul>	<ul style="list-style-type: none"><li>Strategic factories are required to reach at least Foundational level and upload wastewater testing results to Detox.live including Corrective Action Plan in case of any analyte failure.</li></ul>

Operational plan will be updated to reflect evolving ZDHC requirements

## Compliance Incentives

Requirements set forth in LS&Co. Master Supply Agreement if applicable for factory.

# ZDHC Academy

## COMMITMENT #4

LS&Co. is committed to requiring ZDHC-approved chemical management trainings for LS&Co. brands in-scope Tier 1 and Tier 2 wet finishing factories (including subcontractors) producing apparel, footwear, accessories, leather and licensee products and to publicly report stakeholder participation uptake.

Educating LS&Co. and supplier factory employees on safer and more sustainable chemical management and sustainability is a critical step to (1) preventing hazardous chemicals from entering apparel supply chains (2) promoting product safety and (3) mitigating chemical impacts to human and environmental health.

The ZDHC Academy enables LS&Co. manufacturers to receive certified training on responsible chemicals management. LS&Co. accepts all ZDHC-approved and registered trainings and certifications.

LS&Co. drives internal capacity building on ZDHC for staff responsible for covering ZDHC implementation.

## Long Term Commitments

1. LS&Co. requires factories to engage in ZDHC Academy and implement an Academy training program for technical representative staff and refresh the training based on the ZDHC Academy requirement. demonstrate due diligence on wastewater management.

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## Operational Plan

ROLL-OUT SCOPE	MEASURES	GOAL
<ul style="list-style-type: none"><li>In-scope factories</li></ul>	<ul style="list-style-type: none"><li>LS&amp;Co. will publish in annual Sustainability Report the number of ZDHC Academy participating factories.</li></ul>	<ul style="list-style-type: none"><li>In-scope factories to engage with ZDHC Academy and achieve conformance for strategic factories.</li><li>Update suppliers on the newly updated ZDHC MRSL and ZDHC MRSL Conformance Guidance versions.</li></ul>

Operational plan will be updated to reflect evolving ZDHC requirements

## Compliance Incentives

Requirements set forth in LS&Co. Master Supply Agreement if applicable for factory.

# ZDHC Chemical Management System

## COMMITMENT #5

LS&Co. is committed to the ZDHC Chemical Management System (CMS) framework which supports worker safety and reduces impacts to community and environmental health.

The [ZDHC CMS Framework](#) provides brands, suppliers, and industry stakeholders with a clear, consistent set of guidelines and baseline requirements. This assists LS&Co. in applying an end to end, inputs to outputs, chemical management program across our supply chain and supports our engagement with the ZDHC Supplier to Zero Program.

The ZDHC CMS Framework enables LS&Co. to implement chemical management tools in partnership with brands that are also present in shared manufacturing factories by establishing common, foundational chemical management system features. The ZDHC CMS Technical Industry Guide covers the implementation of the CMS in the supply chain and links to the CMS Technical Industry Guide to provide holistic support for chemical management system implementation in an apparel, leather, and footwear manufacturing facilities.

## Long Term Commitments

1. LS&Co. supplier factories are required to apply the ZDHC CMS Technical guide, which addresses the life cycle of chemistry from input chemistries to monitoring outputs through the ZDHC Wastewater Guidance. Factories are required to manage the input chemistry through the Screened Chemistry certification program.

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## Operational Plan

ROLL-OUT SCOPE	MEASURES	GOAL
<ul style="list-style-type: none"><li>In-scope factories</li></ul>	<ul style="list-style-type: none"><li>LS&amp;Co. will publish in annual Sustainability Report number of wet finishing factories implementing the ZDHC CMS.</li></ul>	<ul style="list-style-type: none"><li>The ZDHC CMS will be introduced to in-scope factories. Strategic factories are required to implement the ZDHC CMS and the Screened Chemistry program.</li></ul>

Operational plan will be updated to reflect evolving ZDHC requirements

## Compliance Incentives

Requirements set forth in LS&Co. Master Supply Agreement if applicable for factory.

# Facility Leader Program & Supplier to Zero Program

## COMMITMENT #6

LS&Co. is committed to requesting LS&Co. brands in-scope Tier 1 and Tier 2 wet finishing factories (including subcontractors) producing apparel, footwear, accessories, leather, and licensee products to achieve at least the Foundational level certification in the ZDHC Supplier to Zero Program, which offers factories access to chemical management practices.

The [ZDHC Supplier to Zero](#) platform supports LS&Co.'s implementation of the ZDHC chemical management guidance tools by providing factories with a detailed review of their chemicals management practices. This enables factories to identify opportunities to implement best practices that will enable them to prevent hazards and mitigate risks in chemical processes.

Participating factories can access customized improvement roadmaps with a comprehensive guide on factory-level improvements. The steps are linked to guidance sheets that contain industry best practices from the ZDHC CMS Technical Industry Guide. The guidance sheets highlight potential interventions and process improvements to address specific topics. ZDHC program implementation and performance can be certified at three different levels: Foundational, Progressive and Aspirational (best).

## Long Term Commitments

1. LS&Co. factories are required to take ownership in implementing the leading ZDHC chemical management systems. As part of the implementation, factories are required to participate in the ZDHC Supplier to Zero Program annually where factories can learn how to implement ZDHC guidelines, platforms and solutions. Supplier to Zero is connected to the ZDHC Gateway - the industry's database of preferred chemicals.

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## Operational Plan

ROLL-OUT SCOPE	MEASURES	GOAL
<ul style="list-style-type: none"><li>In-scope factories</li></ul>	<ul style="list-style-type: none"><li>LS&amp;Co. will publish in annual Sustainability Report the number of wet finishing factories having ZDHC Supplier to Zero certifications.</li></ul>	<ul style="list-style-type: none"><li>In-scope factories are informed on the Supplier to Zero program and strategic factories are required to achieve at least foundational level and improve to next levels accordingly to ZDHC guidance.</li></ul>

Operational plan will be updated to reflect evolving ZDHC requirements

## Compliance Incentives

Requirements set forth in LS&Co. Master Supply Agreement if applicable for factory.

# Performance Incheck & Clearstream Reporting

## COMMITMENT #7

LS&Co. is committed to issuing monthly ZDHC InCheck and semi-annual ClearStream reports to benchmark strategic factories' ZDHC MRSL conformance. LS&Co. also requires strategic factories to issue the LS&Co.-specific CleanChain performance report monthly, which focuses on Screened Chemistry performance.

**The ZDHC Chemical Module** is the world's first verified database of safer chemistry for the apparel and footwear industry. It helps facilities evaluate the ZDHC MRSL conformance level of chemical formulations used in production processes and find safer alternatives.

**The ZDHC Wastewater Module** is a global online platform for facilities to register and share their wastewater test data. The platform helps facilities benchmark their conformance to the ZDHC Wastewater Guidelines and share data with their customers.

**ZDHC InCheck** is the performance report that demonstrates the ZDHC MRSL conformance of a factory's chemical inventory. It can be shared with all customers and is accepted by LS&Co. In addition, LS&Co. is requesting factories to issue the monthly CleanChain performance report, which is focused on Screened Chemistry.

**ZDHC ChemCheck** is a product passport of chemical formulations that verifies ZDHC MRSL conformance. Chemical formulators should share this report with their LS&Co. customer factories.

**ZDHC ClearStream** is a factory's performance report of ZDHC wastewater conformance that is accepted by LS&Co. Factories can share the wastewater performance report with all customers to avoid duplicative testing.

When factories upload their chemical inventory to the ZDHC Gateway, the inventory is cross-referenced with all chemical formulations in the Gateway to determine ZDHC MRSL conformance. The report shows what percentage of products in the inventory comply with the ZDHC MRSL, and conformance level (Foundational, Progressive, or Aspirational).

LS&Co. supplier factories can benchmark performance of chemical formulations against the ZDHC MRSL requirements and additional LS&Co. requirements, as well as identify potential improvements. This empowers factories to take full ownership of their Roadmap to Zero implementation efforts and drive the usage of safer chemistry. InCheck reports can be shared with customers and build the foundation for continuous improvement.

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## Long Term Commitments

1. LS&Co. requires supplier factories to continuously improve their conformance results as reported on their ZDHC InCheck report:
  - Factories are required to use chemicals with a Screened Chemistry certificate and meet at least level 1 conformance under the ZDHC MRSL.
  - Factories are required to ask chemical suppliers to upload chemical products to the Gateway Chemical Module.
  - Factories are required to invite the not-yet registered chemical suppliers to register and upload their chemical products to ZDHC Gateway.

## Operational Plan

ROLL-OUT SCOPE	MEASURES	GOAL
<ul style="list-style-type: none"><li>• Strategic factories.</li></ul>	<ul style="list-style-type: none"><li>• LS&amp;Co. will publish in annual Sustainability Report the number of wet finishing factories overall InCheck and ClearStream uptake.</li></ul>	<ul style="list-style-type: none"><li>• LS&amp;Co. strategic factories are requested to issue InCheck report including Screened Chemistry uptake on a monthly basis and ClearStream report through detox.live bi-annually. In case of test parameter failure, a factory should develop and upload to detox.live the Corrective Action Plan which LS&amp;Co. will monitor.</li></ul>

Operational plan will be updated to reflect evolving ZDHC requirements

## Compliance Incentives

Requirements set forth in LS&Co. Master Supply Agreement if applicable for factory.

# MMCF

## COMMITMENT #8

LS&Co. is committed to responsibly sourcing fibers and materials used to produce our clothing. Fibers like viscose, modal, and lyocell are produced using wood pulp. The methods of sourcing wood, as well as the fiber manufacturing processes used to produce these fibers, if not carried out responsibly, can have significant impacts on the environment, from air and water quality to biodiversity..

### Long Term Commitments

1. LS&Co. requires Man-Made Cellulosic Fiber manufacturing factories to implement the [ZDHC MMCF Guidelines](#)..

### Operational Plan

ROLL-OUT SCOPE	MEASURES	GOAL
<ul style="list-style-type: none"><li>• LS&amp;Co. brands MMCF supplier factories.</li></ul>	<ul style="list-style-type: none"><li>• LS&amp;Co. will publish in annual sustainability report the MMCF status.</li></ul>	<ul style="list-style-type: none"><li>• Factories are requested to follow the LS&amp;Co. commitment and ZDHC requirements.</li></ul>

Operational plan will be updated to reflect evolving ZDHC requirements

### Compliance Incentives

Requirements set forth in LS&Co. Master Supply Agreement if applicable for factory.

# Air Quality

## COMMITMENT #9

LS&Co. is committed to actively participation in the development of ZDHC's air quality guidance and, when ZDHC makes it publicly available, the implementation of the guidance.

LS&Co. intends to be an active participant in the development of ZDHC's air quality guidelines. Air quality and reduced emissions are one of a key priority for the company. We will work diligently with our factories to reduce their emissions and improve air quality.

## Long Term Commitments

LS&Co. requires supplier factories to understand the requirements concerning air emissions, including but not limited to, emissions from energy generation or manufacturing processes as outlined in the LS&Co. Sustainability Guidebook. Guidance provided in the guidebook will be updated to reflect the ZDHC air quality requirements once finalized.

## Implementation plan

To be defined upon ZDHC requirements and guidance.

# Compliance Incentive

## **THE FACTORY REQUIREMENTS SHARED WITHIN THE PLAYBOOK ARE ALSO SPECIFIED IN THE LS&CO MASTER SUPPLIER AGREEMENT IN THE LATEST EDITION IN CLAUSE 8.3 AND 23.3 FOR FACTORIES WHERE IT IS APPLICABLE**

LS&Co may terminate Master Supply Agreement or any of the rights or licenses granted under the Master Supply Agreement immediately (or with effect from any later date that it may nominate) by written notice to Vendor if: Vendor commits any breach of clause 8.2 and 23.3.

8.3 Vendor is responsible for understanding, implementing and complying with LS's requirements and testing protocols for RSL, ZDHC MRSL, Gateway Chemical Module, InCheck monthly reporting, ZDHC Wastewater Guideline, ClearStream reporting, Supplier to Zero participation, bi-annual ZDHC Academy training, Screened Chemistry implementation, PPS, PSS, garment inspection procedures, manufacturing specifications, sealed samples, and any other LS documentation related to delivering First Quality Products (collectively referred to as "LS Procedures").

23.3 LS may terminate this Agreement or any of the rights or licenses granted under this Agreement immediately (or with effect from any later date that it may nominate) by written notice to Vendor if:

(a) Vendor breaches any of its warranties or any other terms of this Agreement and, if it can be rectified in LS's reasonable opinion, such breach is not rectified within 14 days of receiving written notice from LS, or within such longer period as may be specified in the notice;

(b) a controller, administrator, liquidator, trustee in bankruptcy or similar person is appointed to Vendor or to any of its property or any step is taken to do so; or Vendor resolves to enter into, or enters into, any moratorium, arrangement, compromise or composition with any of its creditors, other than in the ordinary course of its business; or Vendor is or is presumed to be insolvent, applies to be deregistered or commits an act of bankruptcy;

(c) any distress, attachment, execution or other Court process or judgment is levied or enforced on or against Vendor or any of its assets or revenues and is not fully stayed, set aside or satisfied within 14 days; or anything having a substantially similar

effect to any of the events specified in clauses 23.3(b) or 23.3(c) happens to Vendor under the law of any jurisdiction;

(d) Vendor ceases or threatens to cease to carry on all or a substantial part of its business, or changes or proposes to change, substantially, the nature or scope of its business, or disposes or proposes to dispose of all or a substantial part of its business, or if there is a substantial change in the ownership of Vendor or if effective control of Vendor comes or is likely to come into the possession of a competitor or potential competitor of LS or any of its Affiliates;

(e) full commercial production has not been commenced by Vendor under this Agreement within 60 days of the Effective Date;

(f) Vendor fails to comply with any Purchase Order submitted by LS and, for a period of 30 days beyond the delivery date scheduled in the order, Vendor fails to cure such defect for any reason;

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(g) Vendor supplies any Products to any person other than LS, without the prior consent of LS;

(h) Vendor commits any breach of clause 8, 19.3, 20, 21, 28 or 29;

(i) any representation or warranty made by Vendor in connection with this Agreement proves to be untrue, incorrect or inaccurate (as at the date when or when deemed to have been made) in any respect;

(j) Vendor makes a false declaration or submits an inaccurate or false report or any untrue document to LS;

(k) Vendor challenges or disputes the validity or ownership of, or takes any steps inconsistent with, any of the Trade Marks or the Know-how or any of the other Intellectual Property;

(l) anything is done or omitted to be done or takes place, or any material change occurs in the financial condition of Vendor which might, in the opinion

of LS, prevent or inhibit the due performance of Vendor or its obligations or which might render untrue, incorrect or inaccurate any representation or warranty made or deemed to be made by Vendor in connection with this Agreement (as at the date when or when deemed to have been made) in any respect;

(m) Vendor is involved (directly or indirectly) with the unauthorized production or sale of Products, or in the counterfeiting of Products;

(n) Vendor presents Works to LS under clause 3A which are not original or which infringe any third party's intellectual property or other rights;

(o) Vendor uses any designs which are the same as or similar to any Works or designs created under clause 3A in connection with any third party; or

(p) there is any fraud, negligence or misconduct on the part of Vendor, its officers, employees, agents or sub-contractors.

### **The factory requirements in case Master Supply Agreement is not applicable**

LS&Co. considers ZDHC requirements, as stated in this Playbook as pre-requisites of doing business, and reserves rights to disengage with factory if requirements have not been adhered to.

