

# Jeans, Denim & Clothing | Levi's® GB

This statement sets out Levi Strauss Levi Strauss (UK) Limited's commitment to tackling and eradicating modern day slavery from our supply chains and ensuring our policies and procedures protect the rights of all employees.

This statement is for the financial year ending 30 November 2020.

For the purposes of providing this statement, the greater Levi Strauss & Co. international network will be referred to as simply **LS&Co.**

This statement is published in accordance with the UK *Modern Slavery Act 2015* (**the Act**).

## 1. OUR BUSINESS, STRUCTURE AND SUPPLY CHAIN

### BACKGROUND AND BUSINESS

For more than 160 years, LS&Co. has worked to honour the pioneering spirit of hard work, individuality and authenticity in how it makes its products and runs its company.

Founded in 1853, LS&Co. opened a wholesale dry goods business in San Francisco that became known as Levi Strauss & Co. In 1873, the company received a United States patent for "waist overalls" with metal rivets at points of strain. The first product line designated by the lot number "501" was created in 1890.

LS&Co. is dedicated to elevating the dignity of the people who work to bring its clothing to market. Levi Strauss has invested time, energy, heart and resources in improving the future of these communities.

In October 2005, LS&Co. was the first apparel company to release the names and locations of all its active, approved owned-and-operated, contract and licensee factories that manufacture and finish Levi's®, Dockers®, Signature by Levi Strauss™, and Denizen® products. LS&Co. believes that making its factory list public, fosters collaboration with other brands and leads to sector-wide improvement in workplace conditions.

In 2018, LS&Co. continued to advance supply chain transparency, by expanding its public supplier list beyond manufacturing and finishing suppliers to include fabric mills.

Today, LS&Co. is one of the world's largest brand-name apparel companies and a global leader in jeanswear. The company designs and markets jeans, casual wear and related accessories for men, women and children. Its products are sold in more than 110 countries worldwide and its products are sold in 50,000 retail locations through a combination of chain retailers, department stores, online sites, and a global footprint of approximately 3,100 retail stores and shop-in-

shops and 1,000+ owned and operated stores.

LS&Co. sources products primarily from independent contract manufacturers located in approximately 24 countries around the world. LS&Co. requires all third-party contractors and subcontractors who manufacture or finish products for it, to comply with LS&Co.' Global Sourcing and Operating Guidelines (GSOG), including its Terms of Engagement. Similarly, LS&Co. requires its licensees to ensure that their manufacturers comply with Levis Strauss' GSOG and Terms of Engagement.

## **ORGANISATION STRUCTURE**

Levi Strauss (UK) Ltd (**Levi Strauss UK**) is a wholly owned subsidiary of Levi Strauss & Co. Europe whose ultimate parent company is Levi Strauss & Co., a company listed on the New York Stock Exchange. Levi Strauss UK has three branches, in Ireland, Norway and Finland.

## **OPERATIONS**

Levi Strauss UK conducts sales through physical and online stores.

Levi Strauss UK sells products through branded physical stores and online channels, which are either owned and operated by Levi Strauss UK, or are managed by franchisees.

Levi Strauss UK also sells products to multibrand retail customers, that buys and on-sells the products in multibrand stores.

There are approximately 83 branded stores and 854 multibrand stores that sell LS&Co. products in the UK, Ireland, Norway and Finland.

The full LS&Co. network employs approximately 14,800 people worldwide. Levi Strauss UK employs a total of approximately 991 employees in the UK. These employees are employed in a range of office, warehouse and retail capacities.

## **OUR SUPPLY CHAIN**

LS&Co. deals with a number of its suppliers directly for items including goods and services used in providing products to customers.

The suppliers and partners of LS&Co. are largely categorised as follows:

1. Products manufacturing
2. Marketing services
3. Human Resource services
4. Accounting and finance
5. Professional services
6. Warehouse and distribution
7. IT and cloud services
8. Retail and sales solutions
9. Office and administration related services and supplies.

LS&Co. manages some of its supply chain, vendors and manufacturers of branded products under separate legal entities named Levi Strauss Global Trading Co Ltd which is registered in Hong Kong (**Levi Strauss Global Trading**) and Levi's Footwear & Accessories (Switzerland) SA which is registered in Switzerland (**Levi's Footwear and Accessories**).

## **RISK OF MODERN SLAVERY PRACTICES IN OPERATIONS AND SUPPLY CHAINS**

The greater LS&Co. international network is involved in sourcing textile manufacturing, apparel, accessories, footwear, and product lines across international borders. This heightens the risks of purchasing, or seeking services from countries where slavery may be taking place.

The indirect business relations in the supply chain pose greater risk. However, LS&Co. aims to select suppliers of LS&Co. products that comply with its Global Sourcing and Operating Guidelines, including its Terms of Engagement. It has put in place a program to monitor how the suppliers operate, including the requirements for the suppliers to ensure that their sub-contractors comply with the Terms of Engagement.

## **2. ACTIONS LS&CO. TAKES TO ASSESS AND ADDRESS THESE RISKS**

We are committed to a process of upholding practices against modern slavery or human trafficking in our supply chains or in any part of our business. We are committed to acting ethically and with integrity in all of our business relationships. Our commitment is also supported by policies and procedures which ensures responsibility and accountability for improving business practices and eliminating modern slavery in supply chains at all levels of our business.

Our branded products suppliers are required to sign a Master Supply Agreement (**MSA**), which contains the requirement to comply with our Global Sourcing and Operating Guidelines, including our Terms of Engagement ( **TOE**). Our MSA requires that any supplier engaged to supply branded products, comply with all rules, regulations and policies of the greater LS&Co. network, including maintaining general health and safety practices and procedures. LS&Co. also requires the supplier to ensure that all persons, whether employees, agents, subcontractors, or any other personnel acting for, or on behalf of the supplier, are properly licensed, certified, accredited and that its employees are suitably skilled, experienced, and qualified to perform the services.

LS&Co. assesses the risks related to the branded products supply chain as a fundamental element of our standard supplier and licensee engagement process. Our commitment to responsible business practices is embodied in our Global Sourcing and Operating Guidelines (**GSOG**), which may be accessed through the following link: <https://www.levistrauss.com/wp-content/uploads/2019/03/Global-Sourcing-and-Operating-Guidelines.pdf>.

The GSOG 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. The guidelines are a cornerstone of our business relationships with hundreds of contractors worldwide.

The GSOG includes two parts detailed as follows:

1. **Country Assessment Guidelines (CAG)**, which address large, external issues beyond the control of LS&Co.'s individual business partners; and
2. **Business Partner Terms of Engagement (TOE)**, which deals with issues that are substantially controllable by individual business partners.

The CAG focuses on four key categories:

1. legal system;
2. political, economic and social environment;
3. human rights environment, including risks of modern slavery, human trafficking and child labour; and
4. health and safety conditions.

Based on the CAG, LS&Co. conducts regular country assessments to understand any country-level issues that might present concern in light of the ethical principles we have set for ourselves.

Our Business Partner TOE, is shared in the regularly updated Sustainability Guidebook which may be accessed through the following link:

<https://www.levistrauss.com/wp-content/uploads/2020/12/Sustainability-Guidebook.pdf>.

The TOE is applicable to every factory, subcontractor, licensee, agent, or affiliate that manufactures branded products for LS&Co.

Our TOE includes the ban on the use of child labour, prison labor, indentured labor, bonded labor and trafficked labor. In addition, our TOE has a specific section dedicated to foreign migrant workers and their rights. The foreign migrant workers' requirements cover the areas of:

1. recruitment;
2. employment contracts;
3. remuneration and benefits;
4. worker communication;
5. accommodations and food;
6. social activities and religious practices; and
7. repatriation.

In November 2020, the Sustainability Guidebook was updated to include a broadened definition of forced labor and relevant policies. The following sections have been updated accordingly:

1. New policies focused on advancing gender equity throughout various sections;
2. Foreign Migrant Workers. Key updates to the Guidebook in this category include:
3. Elevating recruitment fees charged to foreign migrant workers from requiring "Immediate Action" to a "Zero Tolerance Violation" (the most

- serious category of breaches of our code of conduct);
4. Adding a specification to the definition of “recruitment fees” to include passport and visa fees, which cannot be charged of workers;
  5. Adding a specification that “migrant workers shall have exactly the same entitlements as local employees” .
  6. Wages & Benefits; and
  7. Freedom of Association

We conduct regular assessments and follow up visits of our suppliers based on the conditions outlined in our TOE, which all our suppliers receive in the Sustainability Guidebook. These assessments involve on-site and off-site discussions with workers, management interviews, review of factory records (such as timecards and payroll) and health and environmental safety inspections. Each assessment identifies areas for improvement and a detailed corrective action plan, including actions, responsible parties and timelines. Regular follow-up visits are also conducted to ensure suppliers are completing their corrective action plans on a timely basis. We conduct both announced and unannounced assessments.

Where a business partner or supplier fails to meet our standards, or comply with any of our TOE, they are given a reasonable period to correct the problem. If, on our next inspection, certain cases of non-compliance have not been resolved in a timely manner, LS&Co. has rights, where appropriate, to terminate the business relationship.

LS&Co. is seeking to be a signatory of Social and Labor Convergence Program (SLCP). SLCP is a non-profit multi-stakeholder initiative that offers the tools and system to measure working conditions using comparable data set in the apparel and footwear industry. Data set on working conditions may be used by industry stakeholders. This increases transparency in the supply chain, helps combat audit fatigue and enables the redeployment of resources into improving working conditions.

In 2018, LS&Co. signed onto the industry Commitment to Responsible Recruitment developed in conjunction with the American Apparel and Footwear Association and the Fair Labour Association.

It further amplified to our suppliers and other stakeholders, LS&Co.' commitment to create conditions in our supply chain under which:

1. no workers pay for their job;
2. workers retain control of their travel documents and have full freedom of movement; and
3. all workers are informed of the basic terms of their employment before leaving home.

The above requirements had already been included in our TOE.

Since 2012, LS&Co. has been a signatory to the industry's Uzbek Cotton Pledge, coordinated by the Cotton Campaign. In 2018, we also became a signatory to the newly introduced Turkmen Cotton Pledge. As an early signatory to both Pledges, we publicly stated our firm opposition to the use of forced labor in Uzbekistan's and Turkmenistan's cotton production.

We committed to not knowingly sourcing Uzbek and Turkmen cotton for the manufacturing of any of our products, until the governments of Uzbekistan and Turkmenistan end the practice of forced labor in their cotton sectors. These Pledges are in alignment with LS&Co.' sourcing bans, which are already outlined in our TOE.

We regularly communicate with our suppliers to reiterate our policies on key issues. In 2019, our senior management team sent a letter to all suppliers, reminding them of our zero tolerance policy around forced labour.

Furthermore, in 2011 LS&Co. launched the Worker Well-being (**WWB**) initiative. The initiative aims to improve the lives of the women and men who make our products with factory-based programs that address issues related to health, financial security and gender equality. We set a goal to reach 200,000 workers in our supply chain through our WWB programs by 2020. We surpassed that goal in May 2019, and by year's end, we had reached 219,000 workers, in 113 factories, in 17 countries, and more than 65% of total product volume at that point of time was made in factories that have WWB initiatives.

More than 90 percent of the WWB initiatives sites offer health interventions to their workers. Approximately 50 percent of these sites provide financial literacy workshops (some factories provide multiple programs for workers). Based on a survey carried out among participating sites in 2019, three quarters of participating factories report improvements in worker engagement, and over half report improved satisfaction and lower absenteeism. A majority of suppliers self-fund their own WWB programs. Based on a survey carried out among participating sites in 2019, only 40 percent rely on LS&Co. for support.

In recent years, we have expanded our work to combat gender inequality in the supply chain, building on the improving business performance through the Gender Equality Report (**Gender Equity Report**) published by the Levi Strauss Foundation in 2018. **A copy of the Gender Equity Report may be accessed through the following link: [https://www.levistrauss.com/wp-content/uploads/2019/03/IMPROVING-BUSINESS-PERFORMANCE-THROUGH-GENDER-EQUALITY\\_OCT-2017\\_FINAL.pdf](https://www.levistrauss.com/wp-content/uploads/2019/03/IMPROVING-BUSINESS-PERFORMANCE-THROUGH-GENDER-EQUALITY_OCT-2017_FINAL.pdf).**

We work with industry experts to pursue impactful systemic changes that address the power imbalances between largely female workers and predominantly male managers. Through our multi-year partnership with the Sustainability and Health Initiative for NetPositive Enterprise (**SHINE**) at Harvard's T.H. Chan School of Public Health, we are discovering new areas for attention. This multi-year study, which has connected directly with more than 13,000 workers, most of whom are women making our products in Cambodia, China, Mexico, Poland and Sri Lanka, is showing us that factories that cultivate trust, respect and fairness lead to improvements in gender equality, well-being and productivity. We expanded and elevated our work designed to combat gender inequality in the supply chain, by using the data to build on the Gender Equity Report. To improve the assessment process, we instituted a requirement that all assessment teams include female members and, where possible, female leaders, and we continue to collaborate with partners on the ground such as Better Work in Cambodia, Swasti in India, and GEAR in Bangladesh to advance the effort.

The Gender Equity Report assists LS&Co. and its apparel supply chain to acknowledge and focus on skill development, pregnancy and parenthood, menstruation, wages, work hours, harassment and gender based violence. The Gender Equity Report also promotes 10 strategies to make the global apparel supply chain more fair, engaging and productive for all.

LS&Co. also takes an active role in publishing the list of its worldwide suppliers since October 2005. This list is publically available on the internet, where the most recent factory and mill list is available and published. **The most recent Worldwide Suppliers List can be accessed on the following link** <https://www.levistrauss.com/levi-strauss-co-factory-mill-list/>. The list specifically details the countries the factories or mills are located, in addition to their factory name, address, city, state, the type of product that is being manufactured (ie. Apparel, footwear or accessories), the total number of employees and contract staff, any applicable LS&Co. initiatives implemented in the workplace and the parent company name of the factory or mill.

This is a testament to LS&Co.'s level of accountability and transparency of its supply chain.

To date, we actively support the International Labour Organisation's Better Work Program (**ILO Better Work**), which is the leading global organisation focused on protecting human rights and improving working conditions in the apparel industry. ILO Better Work, makes targeted investments in our manufacturing suppliers' workers, training apparel workers and factory management, on their rights and responsibilities in the workplace. All LS&Co.'s sourcing countries participate in ILO Better Work. They currently include Bangladesh, Cambodia, Indonesia, Nicaragua, Vietnam, Ethiopia and Egypt.

LS&Co. maintains and enforces internal accountability procedures for employees and contractors regarding company standards on forced labour and human trafficking. While these accountability procedures have previously targeted the risks of forced labour and child labour, amongst others, these have been amended to include a broader reference to modern slavery and human trafficking. In the case of non-compliance, LS&Co. reserves the right to examine the specific situation and develop a best possible strategy for resolution.

We employ full-time staff located globally to oversee compliance and advise on, and monitor suppliers' sustainability programs. To supplement our own monitoring efforts, we use third-party monitors to conduct regular assessments of every factory, key fabric mills and our product licensee suppliers. All third-party monitors understand the scope of our labour, environment, and health and safety standards and know the local languages, laws, culture and business context of each country in which they operate. All third-party monitors must be individually approved by LS&Co. to conduct TOE assessments in factories. In accordance with our supplier arrangements, these monitors apply the standards of either the local law, or our Sustainability Guidebook, whichever are stricter.

We seek to more deeply integrate TOE and our business. Integrating TOE performance into our business has become a key factor in the effectiveness of our due diligence procedures.

Weighted with other key factors, including delivery time, quality and price, TOE performance ratings are used by our manufacturing operations team in

considering which suppliers to use and how much production to give them. Poorly performing suppliers who are not completing their corrective action plans on time, will be given formal warnings that they are in danger of having their production orders reduced, unless they improve their TOE performance. In most cases, such notification motivates the supplier to quickly improve.

If the supplier does not improve, we may reduce production orders. If TOE performance still does not improve after the order reduction, we may exit the supplier and end our business with them in a responsible manner.

## OUR CODE OF CONDUCT AND POLICY FRAMEWORK

The LS&Co. Board has the responsibility for establishing policies and ensuring that these are implemented. The board delegates this responsibility to the leadership and management teams within LS&Co.

LS&Co.'s Worldwide Code of Business Conduct (**Code of Conduct**), sets the behavioural standards for LS&Co.'s employees, officers and directors. **A copy of our Code of Conduct may be accessed through the following link: <https://www.levistrauss.com/wp-content/uploads/2020/06/Code-of-Conduct-English.pdf>.** The Code of Conduct and policy framework helps set a consistent global approach for all LS&Co. employees. At LS&Co., our values underpin our everyday actions and we use them as a guiding principle in our conduct and working relationships.

LS&Co.'s Code of Conduct sets out our expectations of all employees of LS&Co., and expectations in respect of dealings with clients, suppliers and contractors. All employees are expected to act consistent with our core values of:

1. Originality;
2. Integrity;
3. Courage; and
4. Empathy.

We see ourselves as being modern day advocates in our industry and understand the role we play in setting an example.

With respect to legal compliance, our Code of Conduct encourages staff to obey the law and when in doubt about what to do, ask managerial staff or get in touch with the ethics and compliance team, Human Resources, or our legal department.

In our Code of Conduct, LS&Co. sets the standard for the moral code of its employees. LS&Co. does not tolerate workplace violence, discrimination and harassment of any kind by any employee. LS&Co. promotes a safe working environment, and its employees' responsibility to obey health and safety rules and policies, report accidents, and report any unsafe working conditions to supervisors immediately.

If employees are uncomfortable raising issues to their manager, ethics and compliance team, HR or Legal Department, LS&Co. has in place an Ethics and Compliance Reportline, where employees may anonymously report their

concerns by phone on **1-800-405-8953** or online. This is contained in LS&Co.'s Accounting and Auditing Whistleblower Policy.

All staff members are responsible for being aware of the policies whether they are ethical, or legal and need to ensure they apply it to their jobs. Our Managers and Executives are responsible for creating and promoting environments in which we comply and ensure ethical business is conducted. All of our policies and procedures can be found internally on our intranet via the Business Management System, and are communicated to all employees.

## **TRAINING**

We encourage employees to notify the ethics and compliance team, Human Resources, or our legal department of any concerns they have, and aim to continue to promote awareness among employees on how to identify the key signs of modern slavery.

Our Workers Wellbeing Guidebook also outlines the expectations LS&Co. has for its suppliers to train its employees on worker wellbeing.

LS&Co. conducts internal training on our Code of Conduct annually, to ensure we provide our employees with a clear set of standards and guidance for conducting our business with integrity and the highest degree of compliance with the law.

Additionally, LS&Co. conducts internal training of our supply chain management to ensure that management are knowledgeable and aware of the issues and concerns surrounding the supply chain, including human trafficking and slavery, with a particular focus on mitigating risks.

### **3. HOW LS&CO. ASSESSES EFFECTIVENESS OF ACTIONS BEING TAKEN TO ASSESS AND ADDRESS THESE RISKS**

LS&Co. is committed to assessing the effectiveness of actions being taken to assess and address the risks of modern slavery within its operations.

As stated above and with respect to legal compliance, our Code of Conduct encourages staff to obey the law and when in doubt about what to do, ask managerial staff or get in touch with the ethics and compliance team, Human Resources or our legal department. While this method can be effective for direct staff, it may be difficult to ascertain legal compliance on a supply chain basis (ie. through mill and factory settings).

On this basis, LS&Co. has utilised the process of regularly assessing suppliers on the conditions outlined in our TOE, and issues all suppliers with the Sustainability Guidebook. We consider that since the assessments involve on-site and off-site discussions with workers, management interviews, review of factory records (such as timecards and payroll) and health and environmental safety inspections, this is an effective way to ensure that supplier entities are held accountable. It also ensures that supplier entities are aware of the risk of losing LS&Co.'s work for non-compliance. The issuing of action plans to non-

compliant suppliers is also an effective method to ensuring the supplier is assisted in bringing its standards to par with legislation and regulations.

LS&Co.'s regular communication with suppliers also ensures that suppliers hold a level of accountability for their own staff and the manufacturing of the LS&Co. products.

Otherwise, LS&Co. is able to remain abreast of its impact on a worldwide scale, through data collected in its numerous initiatives including WWB, the Gender Equity Report and ILO Better Work.

As LS&Co. takes an active role in auditing its supply chain worldwide, to the extent that it can produce a comprehensive factory and mill list, it is able to remain aware of the activities of its business partners, and call on them to comply with the LS&Co.'s values, if and when needed.

Further to the above, the utilisation of third-party monitors to conduct regular assessments of every factory, fabric mill and product licensee suppliers, can be effective in obtaining accurate information about the nature a supplier's business dealings.

Notwithstanding all of the robust measures LS&Co. has detailed above, LS&Co. will continue assess what further actions and measures can be taken, to ensure LS&Co. is able to regularly assess how it can combat modern slavery risks.

Levi Strauss UK has consulted and worked alongside its colleagues at LS&Co., in preparing this modern slavery statement through internal reviews. This statement has been prepared in consultation and co-operation with the management of Levi Strauss UK.

Signed,

<b>Levi Strauss (UK) Limited</b>	<b>Levi Strauss &amp; Co.</b>
Name: Hiren Sawjani	Name: Liz O'Neill
Title: Director	Title: Executive Vice President, Chief Operations Officer
Date: May 2021	Date: May 2021