LS&CO. Case Study – Uzbekistan Addressing Forced Child Labor in Cotton Harvesting

Early in 2008, Levi Strauss & Co. received inquiries from a range of external stakeholders—media, worker-rights and environmental nongovernmental organizations (NGOs), socially responsible investment firms, and even U.K.-based retailers of our products—asking what we were doing to address the use of forced child labor to harvest cotton in Uzbekistan. For some time, we had been monitoring and concerned about labor conditions in Uzbekistan and had already banned the use of Uzbek textiles in our products. After considering the strong credibility of our information sources, we decided to take action.

Our first move was to look internally. Although tracing the exact origin of a commodity like cotton is difficult, we reached out to the textile mills that supply the cotton fabric for LS&CO. products to gain an understanding of where they were sourcing their cotton. Our Chief Supply Chain Officer informed all of our textile suppliers and licensees that until we can see clear evidence that action is being taken to eliminate the use of forced child labor, Uzbek cotton would be forbidden in the production of LS&CO.'s branded products. This move made us the first U.S. apparel brand and/or retailer to prohibit the use of Uzbek cotton in the supply chain.

As cotton makes its way through the supply chain to become finished apparel, there is little transparency into its country origins. Thus, it is difficult to verify whether our prohibition on using Uzbek cotton is indeed working. We are addressing that challenge by partnering with <u>Historic Futures</u>, experts in supply chain traceability, to implement a tracking system from yarn spinner through to product manufacture to trace the country of origin of the cotton in our products.

In addition to taking these actions within our business, we decided to add our voice to a broad range of stakeholders seeking to engage the U.S. government and International Labor Organization and encourage change through advocacy and dialogue with Uzbek government officials. Together with NGOs, the socially responsible investment community, major U.S. apparel and retail trade associations, and the U.S. Department of State, we worked to engage the Uzbek government to address the problem. In late 2008 and mid-2009, we joined this coalition in meetings with the Uzbek Ambassador to the United States to express our concern and hope that the Uzbek government would take concrete action to end the use of forced child labor in cotton harvesting.

Progress is being made in raising awareness among key stakeholders, and a unique collaboration between business and NGOs has materialized. Our hope is that with mounting international awareness and advocacy, we will see real change.

Overall, we know we must work toward cotton sustainability on all fronts—socially, environmentally and economically. Cotton is an important cash crop for much of the developing world, with extensive social and environmental impacts for the people, land and countries that produce it. We are implementing a new sourcing strategy to address cotton sustainability that includes support for efforts to improve cotton traceability and transparency and continued partnership with the broad range of stakeholders instrumental to finding widespread solutions.