



# A strategy for change

**LEVI STRAUSS & CO.**

climate transition plan

As of October 2024



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# Our ambition

## Climate change: our greatest challenge and opportunity.

For years now, Levi Strauss & Co. (LS&Co.) has been deeply engaged in fighting the climate crisis. From introducing science-based targets on emissions back in 2018 to advocating on climate policy in the US and internationally to introducing new biodiversity targets for our business, we have sought to lead by example on one of the most pressing issues of our time.

The urgency could not be more evident. Every day, it seems, we see or read about extreme weather events, massive fires, and smoke-filled skies, rising sea levels, climate-related mass migration, ecosystem collapse and more.

This is an existential crisis for our planet – and for business. In a world of dwindling resources, the only way companies like ours can grow and earn our license to grow is if we adopt climate practices that lower our emissions, back policies that can drive a just transition to a resilient low-carbon energy economy, and support marginalized communities globally that are being hit hardest by climate impacts.

Despite the global challenges, there is still a great deal we can do – to mitigate risk, to help rally the business community, and to make a difference. Even amidst changes and challenges in our business and industry, it's an opportunity we cannot let pass us by.

### **This is why we're introducing the LS&Co. climate transition plan, which details our new net-zero goal, our updated climate targets, and our roadmap for achieving our climate ambitions.**

Following on our announcement in May of our Science Based Targets Initiative (SBTi)-approved net-zero target and revised Scope 3 emissions goals, this plan covers our plans to partner with raw material and direct suppliers, power our operations, interact with our consumers and bake all of this into shifts happening across our business and the globe. It's a big task, but we're up to it. We have to be, for our business and our shared future.

Please read on and follow our journey as we play our part to change the trajectory of climate change and invest in a better future for LS&Co., our partners, our consumers, and our communities.



*Michelle Gass*

Michelle Gass  
CEO



# What is a climate transition plan?



A climate transition plan, to borrow the words of the CDP, is a time bound plan that lays out how an organization will pivot its existing assets, operations, and business model toward holding global temperatures to a 1.5°C trajectory. Importantly, it outlines the actionable steps needed to become a more resilient business and create real impact.

## What does it mean for Levi Strauss & Co.?

The LS&Co. climate transition plan is designed to help limit global warming to 1.5°C in line with the Paris Agreement and help us achieve the emissions targets we released in May 2024. It is informed by and aligned to the latest and most ambitious climate science as of 2024, as well as the Task Force on Climate-Related Financial. The plan has also been developed in consultation with the 'We Mean Business' framework and guidance from CERES. We also engaged with trusted advisors and solicited feedback from leading non-government organizations (NGOs), research institutions, investors, and respected brands within and outside our industry.

We intend to update our climate transition plan at least every three years, to maintain our focus on climate risks and opportunities and to make sure we remain aligned with prevailing and internationally accepted frameworks. Through this approach, we will identify and continue to refine the decarbonization activities and pathways required to meet our climate targets and our 2050 net-zero goal. We will also work to ensure that our programs do not place further undue burdens on nature or on communities already impacted by the effects of climate change.

As we proceed, we will remain committed to public disclosure through sustainability reporting that outlines our efforts across three priority focus areas – climate, consumption, and community – to deliver our organizational mission of profits through principles and making an outsized impact on the world.

## Why is it important?

### Alignment and action.

A transition plan serves an important role in aligning our business plans with our climate commitments and provides transparency and accountability in and beyond the business. The transition plan strengthens supplier and partner relationships and helps us reach a common understanding with our stakeholders on outstanding risks and actionable steps needed to achieve our climate and broader sustainability goals.

## Why now?

### Climate action is urgent and so is our response.

In **2018**, LS&Co. became one of the first brands in the apparel sector to have validated Science Based Targets. Since then, we have achieved emissions reductions across all scopes. As global average temperatures and greenhouse gas (GHG) emissions hit record highs in 2023, we met urgent calls for climate action by setting an updated SBTi validated net-zero target and adapting our Scope 3 target accordingly, with a new baseline year.

In **2022**, we completed a climate scenario analysis, identifying climate risks and opportunities across our value chain. We also completed a rigorous quantification of our biodiversity footprint, which informed the setting of targets to address our key natural capital impacts and dependencies.

Now is an opportune time to report on progress and our path forward.





# To protect the planet for future generations by playing a meaningful role in addressing climate change.

We aim to leverage innovation, supplier engagement, source more sustainable materials,<sup>1</sup> and advocate to reduce our climate and nature footprints. We will also continue working to identify the stakeholders most impacted by climate change in our value chain. If done right, these steps will strengthen our own business's resilience to the effects of climate change.

We're committed to doing our part and, while we acknowledge the challenges ahead and the many variables involved, we will continue to work with partners across our value chain to enable collective action to address climate change.

Our goal

## net-zero<sup>2</sup>

emissions of greenhouse gases  
by no later than 2050

<sup>1</sup>More sustainable material: We define "more sustainable" materials as those that have achieved third-party verification or certification. Based on the Textile Exchange, more sustainable or preferred materials are "one which results in improved environment and/or social sustainability outcomes and impacts in comparison to conventional production."

<sup>2</sup>According to SBT 'The Net-Zero Standard', net-zero standards require reducing emissions to >90% and then only offsetting the remaining <10% (or "residuals") to fall in line with 1.5°C targets.




# Our targets

Our goal

## net-zero<sup>1</sup>

emissions of greenhouse gases by no later than 2050

SBTi-validated targets

**90%** 

absolute Scope 1 & 2 reduction in GHG emissions by 2025 from a 2016 base year.

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**77%** reduction achieved as of 2023.


**42%** 

absolute Scope 3 GHG emissions reduction from purchased goods and services by 2030 from a 2022 base year.<sup>1</sup>

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**8%** reduction achieved as of 2022.


Integrated reduction targets

**100%** 

renewable electricity in company operated facilities by 2025.<sup>2</sup>

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**97%** reduction achieved as of 2022.

**50%** 

reduction in freshwater use in manufacturing in areas of high-water stress by 2025 (against a 2018 base year).<sup>3</sup>

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**27%** reduction achieved as of 2023 over a 2018 baseline.

**By the end of fiscal year 2030, invest in at least three projects in high water-stressed basins** 

that support the reduction of freshwater withdrawal pressures and nutrient load pressures in our raw material supply chain.<sup>4</sup>

**Reach zero deforestation** 

across high-risk materials by the end of fiscal year 2025.<sup>5</sup>

**Protect and restore 30% of our raw material footprint** 

in high biodiversity significant regions by the end of fiscal year 2030.<sup>6</sup>

<sup>1</sup> According to SBT 'The Net-Zero Standard', net-zero standards require reducing emissions to >90% and then only offsetting the remaining <10% (or "residuals") to fall in line with 1.5°C targets.

<sup>2</sup> In scope company operated facilities for renewable electricity includes LS&Co. owned and operated locations including manufacturing, distribution, offices, and mainline and outlet retail stores.

<sup>3</sup> Our water goal is measured against a 2018 base year. The goal pertains only to our wet finishing key supplier manufacturing facilities and fabric mills in areas of high-water stress.

<sup>4</sup> Locations will be selected by water/drought risk locations and our LS&Co. baseline biodiversity assessment. The exact proximity requirements are yet to be determined.

<sup>5</sup> High-risk raw materials are defined as natural rubber, bovine leather and manmade cellulosic fibers as defined by EU Deforestation Regulation requirements. Zero deforestation is defined as avoiding the change of forests and natural ecosystems for agricultural purposes, governed by a December 31, 2020 cut-off date (the point in time after which no conversion is permissible) – per the EU Deforestation Regulation.

<sup>6</sup> Thirty percent of our fiscal year 2022 baseline is approximately 50,000 hectares.



# Thinking beyond carbon

Climate transition plan frameworks primarily focus on carbon, but we know climate change has profound impacts on biodiversity, ecosystems, and billions of people around the world. We recognize that halting and reversing biodiversity loss is crucial to building resilient ecosystems capable of mitigating the worst effects of climate change in our value chain and for vulnerable populations.

## Water strategy

For more than a decade, LS&Co. has focused on supply chain water stewardship, developing open-sourced water-saving techniques that have since been adopted across the industry and setting contextual facility water targets to alleviate water stress in communities where we operate. In 2025, we will launch an updated water strategy, challenging ourselves and our industry to push further on efforts around watershed restoration and ensuring community access to high quality freshwater beyond our value chain.



## Biodiversity strategy

Our 2023 biodiversity strategy and targets are another leap forward. Using industry-leading tools and expert guidance, we became one of the first apparel and footwear brands to quantify end-to-end impact and dependencies on biodiversity. This baseline assessment informed the creation of our first-ever biodiversity goal and time-bound supporting targets. We look forward to forging new global and local partnerships as we get to work reducing our own impact while restoring critical ecosystem resources.

Throughout this report, you will see the integration of nature and water risks and opportunities in our decarbonization strategy. We believe that a holistic approach is critical to the health, wellbeing, and livelihoods of our employees and the communities in which we operate.

Our biodiversity targets are:

- By the end of fiscal year 2030, invest in at least three projects in high water-stressed basins that support the reduction of freshwater withdrawal pressures and nutrient load pressures in our raw material supply chain.<sup>1</sup>
- Reach zero deforestation across high-risk materials by the end of fiscal year 2025.<sup>2</sup>
- Protect and restore 30% of our raw material footprint in high biodiversity significant regions by the end of fiscal year 2030.<sup>3</sup>

## Biodiversity Goal

Prevent and reduce our impact on biodiversity within our supply chain, support ecosystem protection and restoration programs beyond our supply shed.

## Baseline Insights

### Cotton cultivation accounts for:



96%

of terrestrial impact which is equivalent to

10.6x

the size of San Francisco and



97%

of freshwater impact.

### Our impact is broken down accordingly:

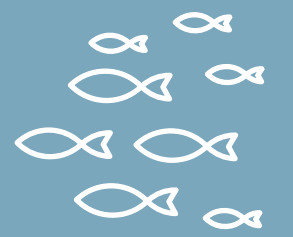
~51%

in terrestrial realm driven by land use change.



~49%

in freshwater realm driven by agricultural pollution and water usage.



<sup>1</sup>Locations will be selected by water/drought risk locations and our LS&Co. baseline biodiversity assessment. The exact proximity requirements are yet to be determined.

<sup>2</sup>High-risk raw materials are defined as natural rubber, bovine leather and manmade cellulosic fibers as defined by EU Deforestation Regulation requirements. Zero deforestation is defined as avoiding the change of forests and natural ecosystems for agricultural purposes, governed by a December 31, 2020 cut-off date (the point in time after which no conversion is permissible) – per the EU Deforestation Regulation.

<sup>3</sup>Thirty percent of our fiscal year 2022 baseline is approximately 50,000 hectares.



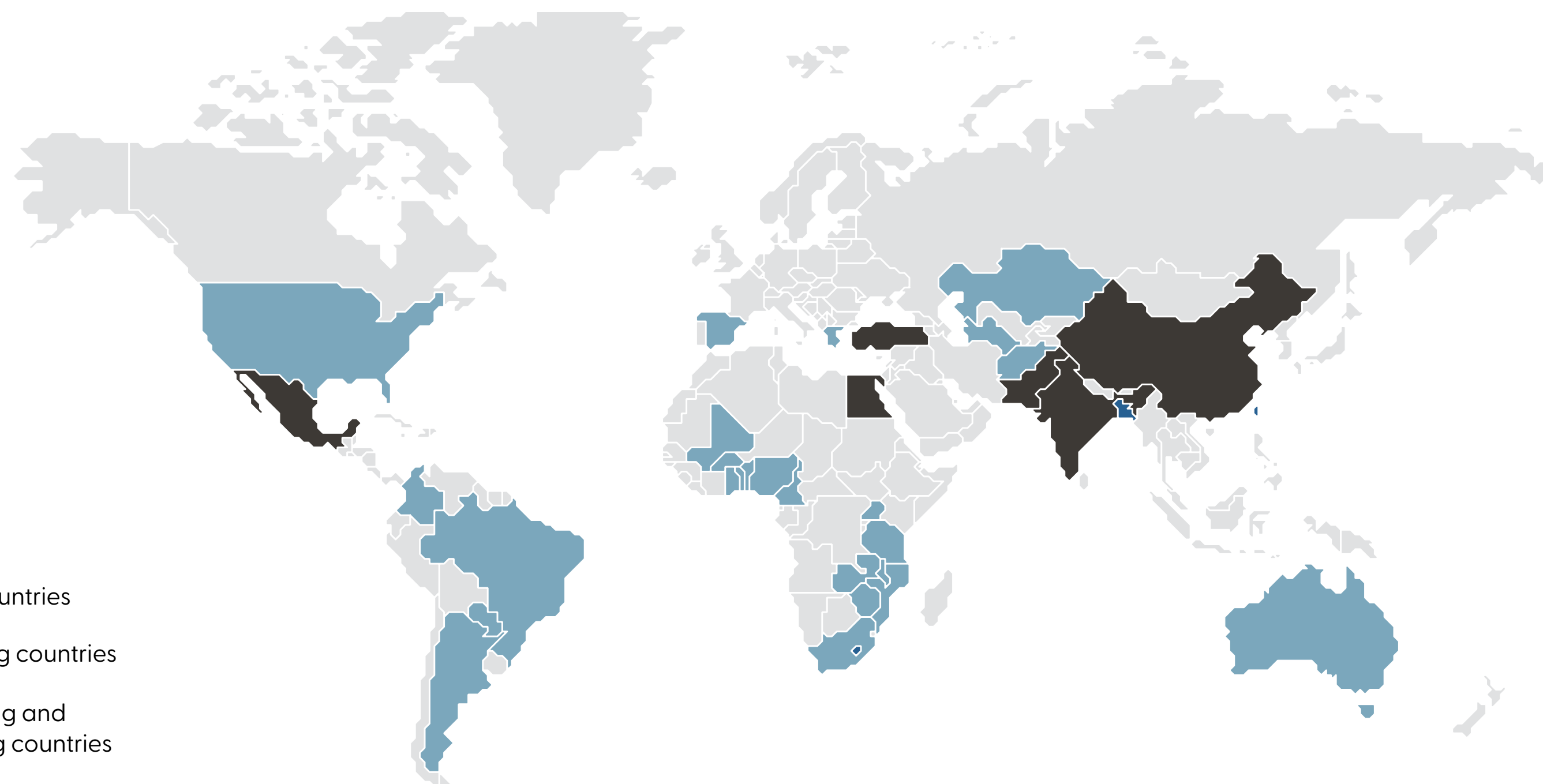
# Our impact

## A snapshot of our operations

To understand the potential impact of climate change on our operations, it helps to first understand our operations. This page gives a brief overview.

### In 2023, our products were...

- Cotton growing countries
- Garment producing countries
- Both cotton growing and garment producing countries



made with more than

# 80k

metric tons of fiber

Over

# 75%<sup>1</sup>



of our cotton is grown in India, Pakistan, the United States and Brazil, countries that are predicted to experience more frequent heavy rain events and extreme temperatures as a result of climate change.

**Cotton represents nearly 90% of the raw materials sourced for LS&Co. products on an annual basis.**

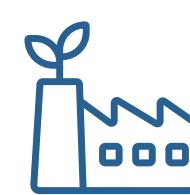
produced in more than

# 30

countries

Approximately

# 80%



of our garments are produced in Asia, with the rest made in countries including, but not limited to, Mexico, Brazil, Egypt, Turkey, and parts of Africa.

This creates a complex global supply chain at risk from climate change.

sold in more than

# 110

countries

More than

# 70%



of the world's population lives in the countries our products are sold in.<sup>2</sup>

This provides significant opportunity to engage our consumers in supporting the shift to more sustainable products, as well as policy makers on supporting the transition to clean energy.

<sup>1</sup>The percentage of cotton sourced in Asia is based on a survey conducted in December 2023 through January 2024 by our regional sourcing teams of our mills. LS&Co. does not directly source cotton; we work with our supply chain partners to specify any raw material requirements.

<sup>2</sup>Country populations figures sourced from United States Census Bureau, January 2023. [Census.gov](https://www.census.gov)



# Our climate impact

We have been measuring our greenhouse gas emissions across all three scopes since 2016.

For 2023, the most recent year on which we have full reporting, our emissions were as follows:

## Total emissions

# 3.7m

tons CO<sub>2</sub>e

LS&Co. has completed annual third-party verification for Scope 1, Scope 2, and Scope 3 category 3: fuel-and-energy related activities. Our Scope 2 impact is quantified using both market and location-based methods and the figure illustrated includes CO<sub>2</sub>e deduction from purchased renewable energy credits (REC/EAC/GO). The tracking of our SBT progress through the procurement of renewable energy and other forms of low-carbon power is calculated using the market-based method as it provides an opportunity to account for individual corporate procurement actions and opportunities to influence electricity suppliers and supply. Our Scope 3 emissions of 3.7m tons CO<sub>2</sub>e emissions reflect all Scope 3 categories relevant to our business. See notes for the different categories included within each Scope 3 goal. LS&Co. uses a control approach meaning that the inventory accounts for all (100 percent) impacts from operations for which the company has control. More specifically, the inventory and baseline was developed using an operational control boundary, meaning that the company agrees to take ownership over all (100 percent) impacts associated with operations across scopes 1,2 & 3 for which the company and its subsidiaries has direct operational control. All figures in the illustration are rounded to the nearest decimal.

## Scope 1

Emissions from our owned operations

# 10k

tons CO<sub>2</sub>e

## Scope 2

Emissions from purchased energy

# 2k

tons CO<sub>2</sub>e

## Scope 3

Emissions from our value chain

# 3.7m

tons CO<sub>2</sub>e



# Scope 3 unpacked

As with many manufacturing and retail-based companies, Scope 3 (our supply chain) represents our biggest impact, at **over 99%** of our total emissions.

## Scope 3 emissions

**3.7m**  
tons CO<sub>2</sub>e

### Top 3 raw material emissions

#### Cotton

**368k**  
tons CO<sub>2</sub>e



#### Polyester

**58k**  
tons CO<sub>2</sub>e



#### Manmade Cellulosic

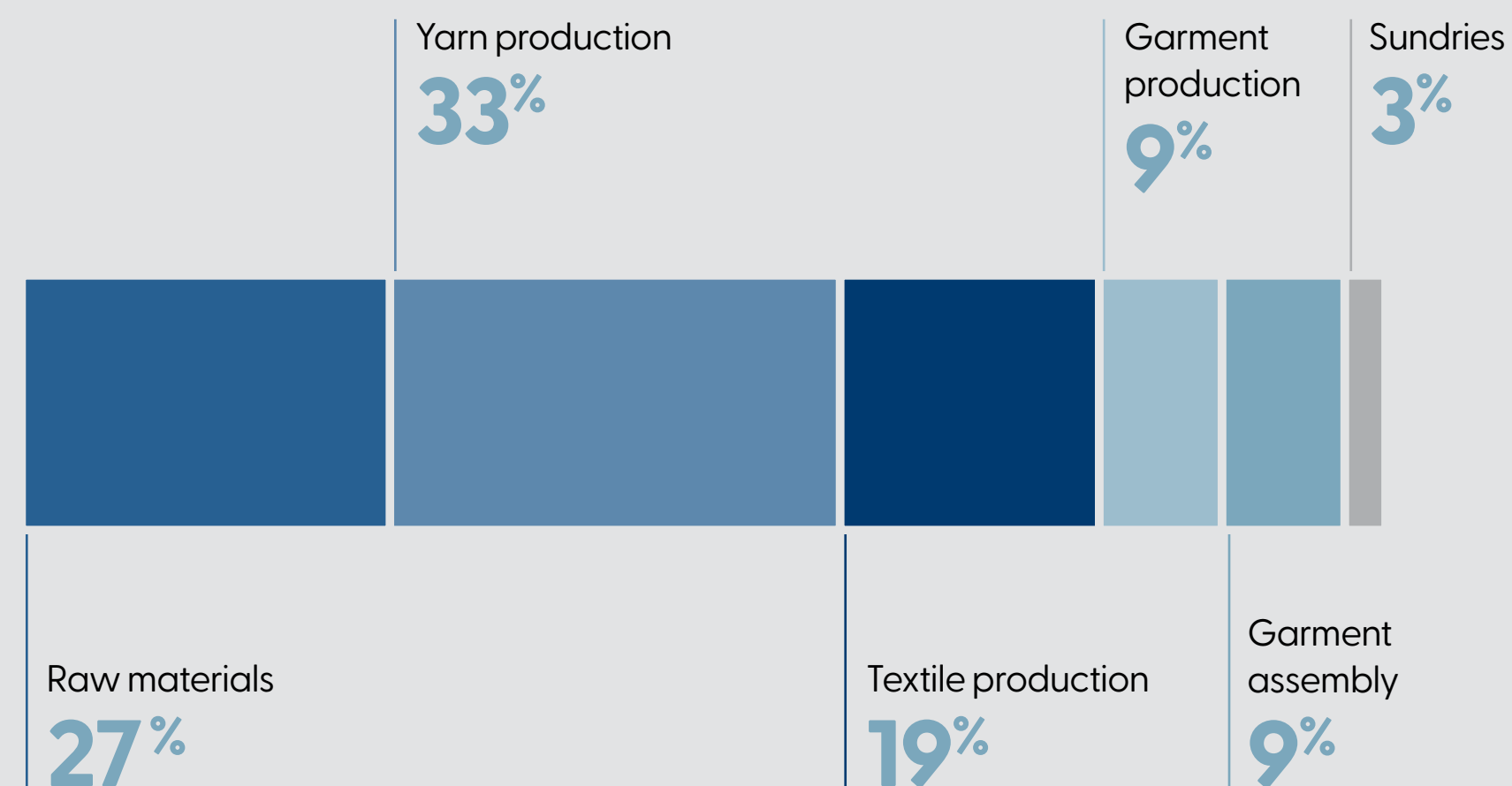
**18k**  
tons CO<sub>2</sub>e



### The biggest

#### Goods and services purchased from our supply chain (category 1)

**2.0m**  
tons CO<sub>2</sub>e



#### Consumer use of our products (category 11)

**1.2m**  
tons CO<sub>2</sub>e

#### What constitutes “consumer use”?

Mostly the energy and water used in washing clothes at home. We've long counseled consumers to wash their clothes rarely and with cold water, while hang drying them afterwards.

### The rest...

**537k**  
tons CO<sub>2</sub>e

Up and downstream transport & distribution (category 4 & 9)

**353k**

End of life disposal of our products (category 12)

**81k**

Franchises (category 14)

**36k**

Employee commuting & travel (category 6 & 7)

**36k**

Operational waste (category 5)

**14k**

Capital goods (category 2)

**10k**

Fuel and energy related activities (category 3)

**7k**

All figures reported are for fiscal year 2023. Our Scope 3 emissions of 3.7m tons CO<sub>2</sub>e emissions reflect all Scope 3 categories relevant to our business. Upstream and downstream leased assets, processing of sold products and investments are not included in our inventory as they are not applicable to our company's business. Amounts presented in millions, rounded to the nearest decimal place, and in thousands, rounded to the nearest thousand.



# Our targets and progress

Our original Scope 1, 2 and 3 absolute near term targets were set in 2017 and validated by Science Based Targets initiative (SBTi) in 2018<sup>1</sup> utilizing a 2016 base year. In 2023, we initiated the process to establish a validated net-zero by 2050 target<sup>2</sup> and update our Scope 3<sup>3</sup> near term target to both align a 1.5°C ambition and account for Forest Land and Agricultural (FLAG) emissions.<sup>3</sup> This required us to update our baseline year as well, from 2016, which was used for the original targets, to 2022 for our updated targets.

## Our updated and validated SBTi now commits us to a 42%<sup>1</sup> absolute reduction of Scope 3 emissions by 2030 from a 2022 base year, which represents 72% of our total Scope 3 emissions.

Achieving this target is not without challenge and will require not just a durable commitment within our own operations, but also extensive collaboration within the apparel industry, across sectors, and with external stakeholders to drive the necessary actions and changes.

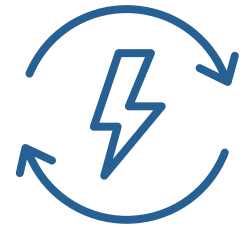
Furthermore, because an estimated 97%<sup>4</sup> of biodiversity impacts also occur in Scope 3, we launched our first-ever biodiversity strategy last year.

It includes time-bound targets that aim to prevent and reduce our impact on biodiversity within our supply chain and support ecosystem protection and restoration programs beyond our supply shed.<sup>5</sup>

Scope 1, 2 and 3 greenhouse gas reduction is also supported by a renewable electricity target in our company-operated locations and freshwater reduction targets for tier 1 and tier 2 key suppliers.<sup>6</sup>

As of 2023, we have achieved

**97%**




**renewable electricity**

across our company-operated locations through on-site, renewable energy credits and green tariffs.

As of 2023, key suppliers in areas of high-water stress<sup>4</sup> have

**reduced freshwater usage by**

**27%**



over a 2018 baseline primarily through recycling and reuse technologies.

We continually review Greenhouse Gas Protocol (GHGP) accounting standards, SBTi target standards, and CDP criteria and are committed to utilizing best practice quantification methodologies.

Changes to GHGP or SBTi standards may trigger mandatory recalculations of historical GHG inventories, and adjustments to target boundaries and trajectories.


## While we have set our eyes on net-zero by 2050, the efforts we take today towards meeting our near-term target are of the utmost importance and we remain focused on reducing emissions from apparel in the near-term.

However, this does not mean that we are not actively addressing and engaging on other relevant emission drivers like upstream and downstream logistics. We will outline our decarbonization efforts for other in-scope net-zero categories in our next climate transition action plan.

In 2022, we achieved a reduction in **Scope 3 emissions of**

**23%**

from a 2016 base year.<sup>1</sup>



As of 2023, we have:

Reduced our <b>Scope 1 and 2 emissions by</b>	Reduced our <b>Scope 3 emissions by</b>
<b>77%</b>	<b>8%</b>
from a 2016 base year.	from a 2022 base year. <sup>1</sup>

<sup>1</sup> Our former 2025 SBTi validated near-term Scope 3 target refers to Scope 3, Category 1 (Purchased Goods and Services). Our 2030 SBTi validated near-term Scope 3 target includes Category 1 (purchased goods and services) – tops and bottoms only.

<sup>2</sup> Net-zero target include emissions from Scopes 1&2, and Scope 3 Categories 1, 4, 5, 6, 9 and 12, collectively representing over 90% of our total 2022 baseline emissions.

<sup>3</sup> Forest, Land and Agriculture. See: <https://sciencebasedtargets.org/sectors/forest-land-and-agriculture>

<sup>4</sup> Value chain impacts and dependencies on biodiversity were quantified by a 3rd party utilizing industry-leading tools including IBAT, STAR, CISL, GBS and TNFD. Excludes downstream.

<sup>5</sup> High water stressed geographies as defined by the WRI aqueduct water risk atlas tool.

<sup>6</sup> The apparel supply chain traditionally comprises four tiers: Tier 1- Garment manufacturers (cut and sew, laundry); Tier 2- Processing facilities (fabric dyeing, weaving, and finishing mills); Tier 3 - Processing facilities (textile spinning); and Tier 4 - Raw material suppliers.



# Long term goal

# net-zero

emissions of greenhouse gases  
by no later than 2050

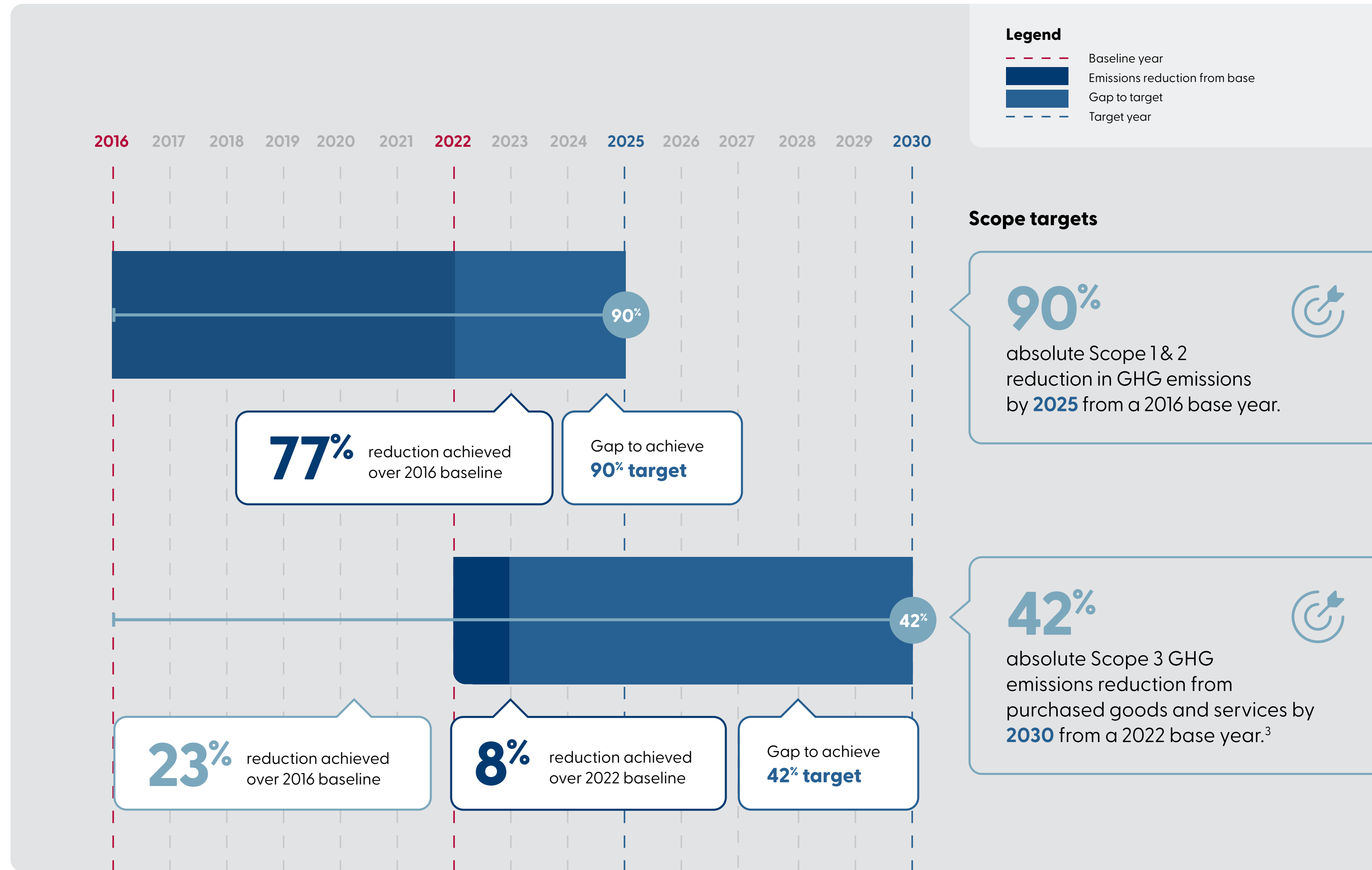
## Integrated reduction targets

**100%**  
renewable electricity in company operated facilities by 2025.<sup>1</sup>

**97%** reduction achieved as of 2023.

**50%**  
reduction in freshwater use in manufacturing in areas of high-water stress by 2025 (against a 2018 base year).<sup>2</sup>

**27%** reduction achieved as of 2023 over a 2018 baseline.



<sup>1</sup> In scope company operated facilities for renewable electricity includes LS&Co. owned and operated locations including manufacturing, distribution, offices, and mainline and outlet retail stores.

<sup>2</sup> The scope of this target is all key supplier, wet finishing, manufacturing facilities and fabric mills in areas of high-water stress. Key suppliers refer to suppliers covering more than 80% of our global product units.

<sup>3</sup> Our former 2025 SBTi validated near-term Scope 3 target refers to Scope 3, Category 1 (Purchased Goods and Services). Our 2030 SBTi validated near-term Scope 3 target includes Category 1 (purchased goods and services) – tops and bottoms only.





# Our plan for change

## Our path to 2030

Our path to 2030 has been optimized to deliver what we believe are the most achievable and impactful solutions in pursuit of our ultimate goal of net-zero by 2050.

We have partnered with leading external consultants and functional experts across our company to contribute to rigorous emissions and financial modeling, and the selection of interventions that are turnkey ready, proven, and scalable solutions to our biggest hotspots.

With more accurate and relevant data we can better account for efficiencies and emission factors specific to our supply chain, moving away from generic life cycle assessment (LCA) modeling where feasible. We will update our progress across these themes in our next climate transition plan.

Our methodology to develop these interventions has included deep dive assessments of our baseline inventory and a hotspot analysis to understand emissions drivers and opportunities from tier 1 cut and sew facilities to tier 4 raw material sourcing.

We conducted performance mapping of 600+ suppliers to understand decarbonization programs already in place, their impact towards carbon reduction and the overlap of our supply base with that of other brands. This information along with data related to our product growth projections, public financial data, sourcing strategy and key business initiatives underway towards 2030 was compiled into modeling software.

The model also considered global energy and climate forecasts and material indexes and enabled us to perform a comparative analysis of hundreds of thousands of data points to identify emissions mitigation interventions against key financial indicators across multiple timescales, geographies, and business models.

With this modeling in hand, LS&Co. is prioritizing 10 strategic and tactical interventions across 4 themes by 2030:



**Accelerate what works**



**Incentivize renewables**

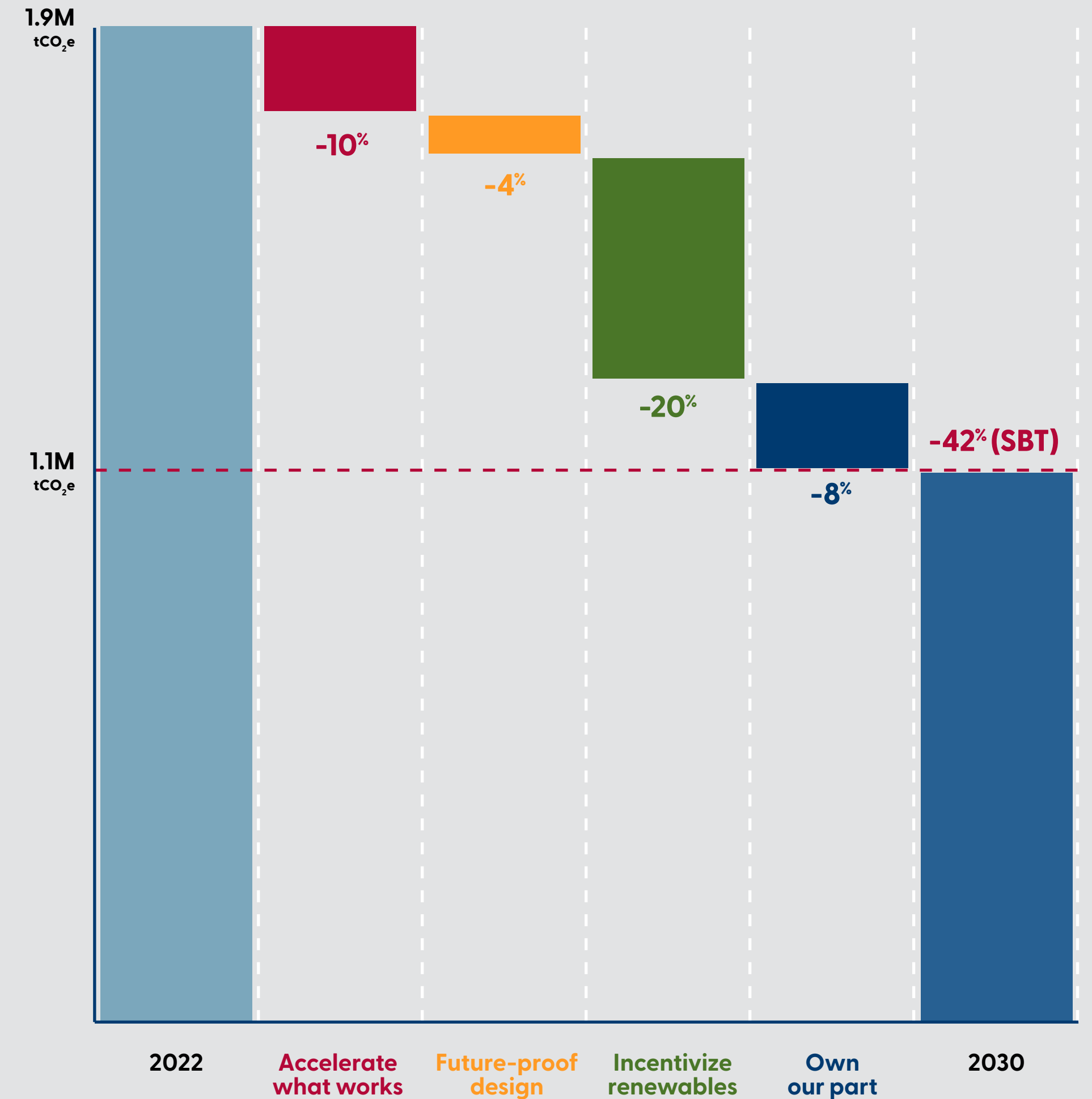


**Future proof our design**



**Own our part**

### How we get there





# Our path to 2030 on a page



## Working with our value chain



### Accelerate what works

PRIORITIZED FOR 2030

#### 2030 aims

**#1 Support 100% of suppliers to set decarbonization roadmaps & report emissions annually to LS&Co.<sup>1</sup>**

- Encourage operational change in the areas of greatest impact
- Provide supplier capacity building

**#2 Focus on new & established industry partnerships to tackle cross-cutting decarbonization constraints.**

- Advocate for emerging technologies and solutions
- Foster systemic partnerships



### Future proof our design

PRIORITIZED FOR 2030

#### 2030 aims

**#3 Source at least 5% of total cotton from recycled feedstock.**

**#4 Aim to procure only recycled polyester.**

**#5 Use only third-party preferred or certified cotton.**

- Invest in diversified & innovative materials



### Incentivize Renewables

PRIORITIZED FOR 2030

#### 2030 aims

**#6 Increase Tiers 1-3 process efficiency.**

**#7 Work with LS&Co.'s direct and subcontracted suppliers' to transition from coal to alternative thermal fuels.**

**#8 Support Tier 1 and 2 suppliers to electrify production and transitioning from fossil fuels.<sup>2</sup>**

- Facilitate investment for emerging technologies and solutions

## Data integrity & transparency



### Own our part

PRIORITIZED FOR 2030

#### 2030 aims

**#9 Close critical primary data gaps and strengthen activity data accounting.**

**#10 Transition sourcing towards suppliers who are advancing on their climate targets and reducing GHG intensity.**

<sup>1</sup> May include but is not limited to financial and non-financial support

<sup>2</sup> Supply Chain Low Carbon Fuel Transition Policy [https://levistrauss.com/wp-content/uploads/2024/01/Low-Carbon-Fuel-Policy\\_Final.pdf](https://levistrauss.com/wp-content/uploads/2024/01/Low-Carbon-Fuel-Policy_Final.pdf)



# Identifying risks and opportunities

Effective action starts with good planning, which includes mapping climate risks and opportunities<sup>1</sup> for our business. These were identified through a combination of stakeholder engagement, issue prioritization assessment and climate scenario analysis, which helps us understand where to focus our resources to strengthen our overall climate and business resilience.

In 2021, as part of our first sustainability report, we conducted a sustainability materiality assessment (“materiality assessment”) and engaged a broad group of internal and external stakeholders for feedback on key environmental, social, and governance topics. The following year, we conducted our first annual review and update of the materiality assessment which indicated that climate change risks and adaptation, as well as greenhouse gas emissions, were our highest priority environmental issues out of 28 ESG (environmental, social and governance) topics assessed.

Our stakeholders rank climate change our

# #1

environmental issue

We identified and prioritized

# 25

climate risks and opportunities

then modelled

# 2

potential climate scenarios

and assessed projected change over

# 2

time horizons

## Diving into the challenge

In 2022, we partnered with an external climate consultancy to perform a TCFD aligned scenario analysis to better understand how climate change is likely to impact the future of our company. This separate analysis undertook three key steps:

### 1. Identification and prioritization

We identified 25 specific climate-related risks and opportunities relevant to our business and supply chain. We then ranked them based on their potential to impact our operations. Key factors for consideration included geographical exposure, potential magnitude of impact, opportunity to create resiliency and ability to mitigate these potential impacts.

### 2. Scenario analysis

We conducted two scenario analyses of the prioritized climate risks and opportunities.

1. Transition risks and opportunities were assessed under a ‘rapid transition’ scenario, aligned to <2°C warming, in line with the Paris Agreement
2. Physical risks were assessed under a ‘high physical impact’ scenario, where the world warms by 4°C.

### 3. Time horizons

Finally, we assessed potential changes of the transition and physical climate risks and opportunities over two distinct time horizons, 2030 and 2050. These time horizons represent both near term and long term in relation to our net-zero ambition.

<sup>1</sup>The risks and opportunities identified through the materiality assessments and climate scenario analysis do not reflect the results of a double materiality analysis. Nor do they necessarily reflect a materiality assessment in line with the rules and regulations of the Securities and Exchange Commission. We plan to perform a double materiality analysis and will revisit our impact, risks, and opportunities in the following transition plan update, if needed.






# Climate risks and hotspots

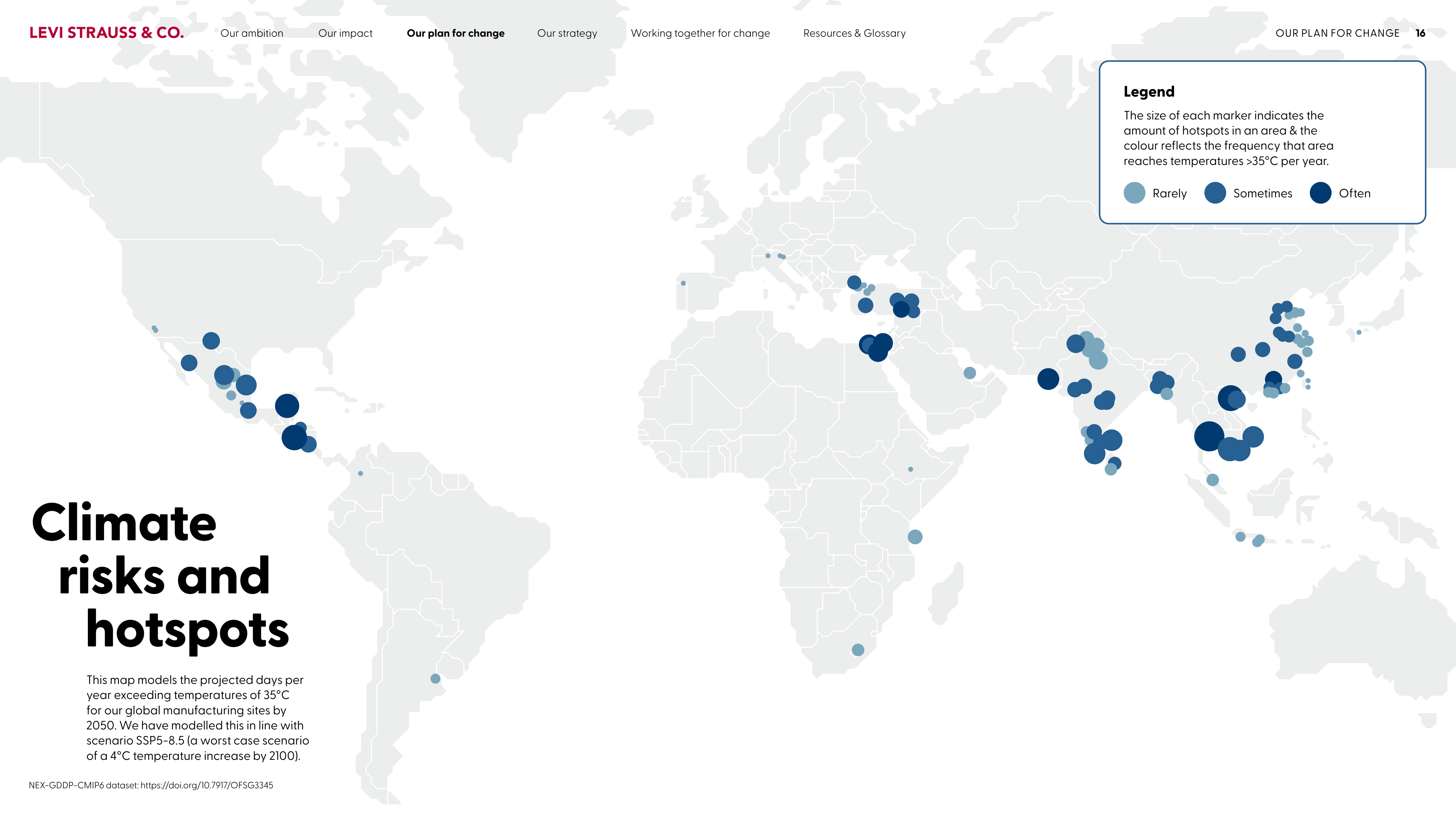
This map models the projected days per year exceeding temperatures of 35°C for our global manufacturing sites by 2050. We have modelled this in line with scenario SSP5-8.5 (a worst case scenario of a 4°C temperature increase by 2100).

NEX-GDDP-CMIP6 dataset: <https://doi.org/10.7917/OFSG3345>

**Legend**

The size of each marker indicates the amount of hotspots in an area & the colour reflects the frequency that area reaches temperatures >35°C per year.

 Rarely     Sometimes     Often





# Our risks and opportunities

These risks and opportunity categories represent the key themes of the 25 risks and opportunities identified in our climate risk assessment and issue prioritization assessment conducted in 2022.

## Physical risks



### Raw Material Supply

Drought, heavy rainfall, heat extremes, and other climate impacts present risk to the supply of the primary raw material used in our products, cotton. Cotton farming communities and ecosystem stability are also at risk.



### Manufacturing Disruption

Flood, tropical cyclones, water shortages and extreme heat may damage or disrupt key manufacturing facilities, equipment, and shipping lanes, as well as impact people and the communities where we operate.

## Transition risks



### External Perception

Consumer and NGO perception is increasingly driven by a brand's climate action and progress towards meeting commitments. NGOs are playing an ever-increasing role in raising awareness and advocating for positive change with consumers and government authorities. Lack of climate action risks loss of brand value and, ultimately, sales.



### Cost Volatility

Price of energy and raw materials, as well as legislated carbon pricing risk increasing material, manufacturing, logistics and other operating costs.



### Consumer Demand Shifts

Regulatory and market pressure to increase product circularity is likely to require shifts in material composition, traceability, and circular services, with implications for product design, sourcing, and retail.

## Transition opportunities



### Efficiency

Reducing energy use, increasing energy efficiency, and shifting to owned and purchased renewable sources has the power to reduce our ongoing operating costs and emissions.



### Innovation

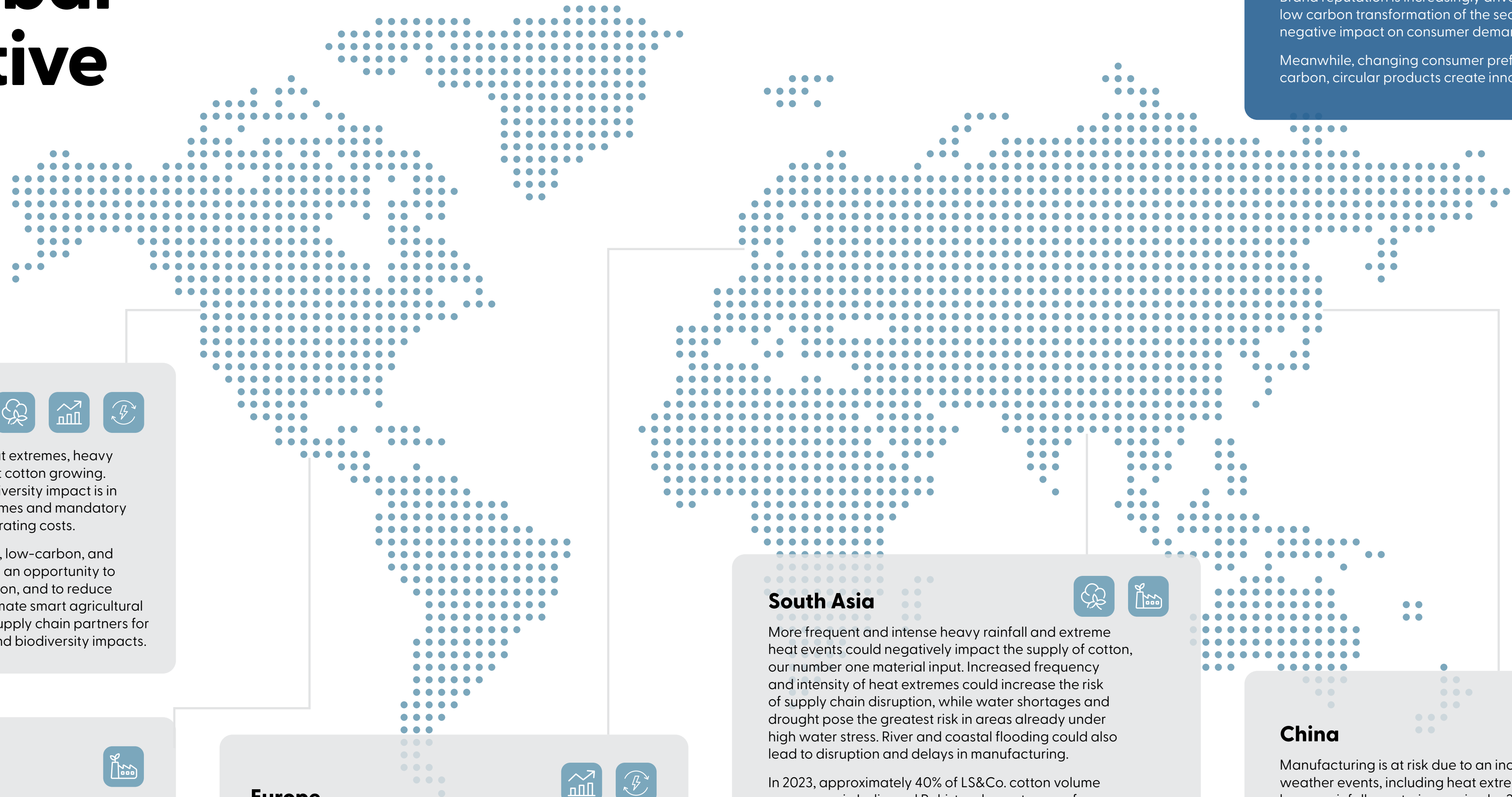
Changing consumer preferences and a desire to purchase from value aligned brands creates opportunity for differentiation. Changing product development and manufacturing requirements create opportunity to design in new efficiencies, as well as preferred<sup>1</sup> fiber or material sources.

<sup>1</sup> "Preferred" is based on the Textile Exchange, which defines a preferred fiber or material as "one which results in an improved environmental and/or social sustainability outcomes and impacts in comparison to conventional production."



# A global perspective

<sup>1</sup>Star<sub>T</sub> Score: "Species Threat Abatement and Restoration" is a biodiversity metric based on The IUCN Red List of Threatened Species. STAR combines data on species, the threats they face and their risk of extinction, to produce two complementary global data layers for threat abatement (STAR<sub>T</sub>) and restoration (STAR<sub>R</sub>).



**Globally**

Brand reputation is increasingly driven by climate action and low carbon transformation of the sector. Lack of action risks negative impact on consumer demand and reputation.

Meanwhile, changing consumer preferences towards lower-carbon, circular products create innovation opportunities.

**USA**

Increased frequency and intensity of heat extremes, heavy rainfall events, and drought could impact cotton growing. Approximately 22% of our terrestrial biodiversity impact is in the US. Expansion of carbon pricing schemes and mandatory emissions disclosure could also raise operating costs.

However, deployment of energy efficient, low-carbon, and renewable energy technologies presents an opportunity to reduce costs via lower energy consumption, and to reduce carbon emissions. Additionally, use of climate smart agricultural practices for the cotton sourced by our supply chain partners for our products may reduce both carbon and biodiversity impacts.

**Mexico**

More frequent and intense heat extremes and increased water stress could lead to disruption risks in manufacturing operations. While cotton sourced in 2023 in Mexico for our products is a small percentage of the overall share, the biodiversity threat is more significant. Mexico's Star<sub>T</sub> score<sup>1</sup> ranked 2nd highest due to high number of threatened species in cotton growing regions. Investment of energy efficiency, low-carbon and renewable technologies may help de-risk manufacturing disruption.

**Europe**

Similar to the USA, regulatory risks including carbon pricing, mandatory disclosure and regulated emissions reductions create a cost risk.

Deployment of energy efficient, low carbon technologies and shifts in consumer demand may create opportunities to lower these risks and drive impact.

**South Asia**

More frequent and intense heavy rainfall and extreme heat events could negatively impact the supply of cotton, our number one material input. Increased frequency and intensity of heat extremes could increase the risk of supply chain disruption, while water shortages and drought pose the greatest risk in areas already under high water stress. River and coastal flooding could also lead to disruption and delays in manufacturing.

In 2023, approximately 40% of LS&Co. cotton volume was grown in India and Pakistan, home to one of LS&Co.'s largest terrestrial biodiversity impact msa.ha (mean species abundance per hectare) and greatest mean threat abatement opportunity. Deployment of renewable energy, as well as reuse and recycling water technologies may help mitigate these risks, while avoiding further watershed pressures and biodiversity loss.

**China**

Manufacturing is at risk due to an increase in acute weather events, including heat extremes and heavy rainfall events, increasing by 2050.

Retail stores are also at risk from increased frequency and intensity of heat extremes, posing risks of disruption and higher energy costs. Investments in clean energy are opportunities to help reduce these risks.





# Our strategy

Our commitment to sustainability starts at the top of our business and permeates through every aspect of our sustainability work. First and foremost, it is reflected in our company-wide sustainability strategy and aligned to our organizational mission.

This section highlights the primary decarbonization efforts underway and planned. We seek to deepen and accelerate these efforts through partnership, innovation, and investment to reach net-zero.

## To deliver profits through principles to make an outsized impact on the world.

To do so, we focus on:

### Improving our own operations



Reducing emissions is a critical element of our climate action plan, and we have set strong targets to limit the impact of our direct operations and our value chain and to assist us in reaching our goal of net-zero emissions of greenhouse gases by no later than 2050. To date, we have been successful in reducing the Scope 1 and Scope 2 emissions of our company-operated locations, primarily through energy efficiency and renewable energy.

### Working with our value chain



Mitigating our Scope 3 emissions stands as both our foremost opportunity and a crucial responsibility. As it represents not only our largest emission source but also an area over which we have limited direct control. We are committed to ongoing partnerships with hundreds of suppliers in multiple sectors around the world, from textile and yarn production to raw materials, like cotton.



### All overseen by good governance and planning



Our climate transition plan also takes a holistic business approach, through good governance and planning, grounded in our sustainability pillars of climate, consumption, and community. Together with our suppliers, we strive to implement locally and culturally appropriate solutions to reduce pressure on and restore nature. We believe this is what is required to create positive change and support a just transition.

This approach will be embedded across our entire business and influence both partnerships and advocacy. Sustainability, and specifically the risks, opportunities and efforts needed to accelerate our climate transition, will be integrated into our functional strategic business plans across the company and objectives. We also aim to further integrate our targets into our operational and financial planning.





# Our climate transition plan on a page

We have optimized aspects of our overall action plan to deliver the most achievable and impactful interventions by 2030, toward our ultimate goal of net-zero by 2050. These have been indicated below.

## Improving our operations

<p><b>Increase efficiency</b></p> <p>Invest in energy efficient technology and adjust processes to reduce energy consumption in our own operations – including but not limited to LED retrofits, daylight integration, HVAC upgrades and motion sensors.</p>	<p><b>Invest in renewables</b></p> <p>Invest in and advocate for renewable energy solutions to be implemented across our operations.</p>	<p><b>Measure &amp; manage</b></p> <p>Utilize our Global Energy Management System to guide site decision making and energy procurement.</p>	<p><b>Seek certifications</b></p> <p>Sustain investment in The U.S. Green Building Council’s LEED® green building program certifications and other leading standards.</p>	<p><b>Foster partnerships</b></p> <p>Partner with utility companies and landlords on decarbonization. Advocate for policy that opens and enables renewable energy in key geographies.</p>	<p><b>Contracting change</b></p> <p>Integrate climate change considerations and KPI’s into our partnerships and procurement processes, including request for proposals, master service agreements, contracts and projects.</p>	<p><b>Empower colleagues</b></p> <p>Empower teams from the ground up on target setting, strategy development and actions via awareness, education, and tools.</p>
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## Working with our value chain

<p><b>Encourage operational change in the areas of greatest impact</b></p> <p>Set climate targets for key suppliers that align with the SBTi. Leverage platforms and contracts to monitor direct and indirect supplier sustainability performance.</p>	<p><b>Invest in diversified &amp; innovative materials</b></p> <p>Invest in materials that are third-party certified as more sustainable<sup>1</sup> and embrace circularity.<sup>2</sup></p>	<p><b>Facilitate investment for emerging technologies and solutions</b></p> <p>Facilitate financing for key suppliers to invest in energy and emission reductions and energy audits.</p>	<p><b>Advocate for emerging technologies and solutions</b></p> <p>Advocate for renewable energy in international markets.</p>	<p><b>Foster systemic partnerships</b></p> <p>Foster partnerships and leverage our services, brands, and channels to accelerate circularity and sustainable cotton farming practices.</p>	<p><b>Provide supplier capacity building</b></p> <p>Provide education, footprint and technology assessments and capacity building for our direct vendors on decarbonization opportunities.</p>	<p><b>Advocate for well-being &amp; equity</b></p> <p>Take care of our people along our value chain, from workers to consumers and have a positive social impact.</p>
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## Governance & planning

<p><b>Strategic business plans</b></p> <p>Continue to embed climate risks and opportunities into our annual enterprise and relevant functions strategic business plans, as well as three-year operational plan, including proposed mitigation measures and investment.</p>	<p><b>Executive compensation</b></p> <p>Establish executive remuneration linked to climate and transition plan-related considerations relevant to function and responsibilities in the organization as part of our incentive plans.</p>	<p><b>Feedback</b></p> <p>Proactively seek feedback in the development and implementation of our climate transition plan through individual and roundtable discussions with experts in the field.</p>	<p><b>Climate capitalized expenditures</b></p> <p>Aim to incorporate criteria into our purchase expenditure requests to help track potential sustainability investments. Longer term, aim to break out climate expenses by physical and transitional risk area.</p>	<p><b>Advocacy</b></p> <p>Continue to use our influence and partnerships to advance policies that support the climate transition, particularly in markets of strategic importance.</p>	<p><b>Enterprise risk integration</b></p> <p>Continue to integrate climate risks into our annual Risk Perception survey and functional assessments including climate change to develop appropriate actions to mitigate risks.</p>	<p><b>Board engagement</b></p> <p>Continue engagement with LS&amp;Co. Board and Executive Leadership on sustainability to further our sustainability mission.</p>
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## Data integrity & transparency

LS&Co. will continue its pursuit of primary data across our operations and value chain to improve our modeling and baselines.

Ensuring data completeness and accuracy is critical to meeting current and future data assurance requirements. This data will be leveraged to ensure baseline and reporting year inventories appropriately reflect our business impacts and our progress. We will provide updates on data gathering improvements in our transition plans going forward.

*Actions listed represent both short term and longer-term activities and are not meant to be an exhaustive list but serve as an illustrative example. Additional details on actions can be found in the transition plan.*

<sup>1</sup>We define “more sustainable” materials as those that have achieved third-party verification or certification based on the Textile Exchange, which defines a preferred fiber or material as “one which results in improved environment and/or social sustainability outcomes and impacts in comparison to conventional production.”

<sup>2</sup>The Ellen MacArthur Foundation defines circularity for jeans as products that can be used more, are designed to be made again and are made of safe, recycled, and renewable inputs.





# Improving our operations

We have the greatest control across our direct operations, and while this is not our most sizeable area of impact, it represents an important opportunity to further our ambition for change.

**Innovation has always been a constant in our business and making the transition to a net-zero future is no exception.**

Across our offices, retail stores and distribution centers we are taking tangible action towards lowering emissions, waste and finding more sustainable ways of doing business.

Setting robust targets, supported by our leadership and the passion and ingenuity of our colleagues and partners, has enabled us to put in place energy and water efficiency measures, invest in renewable energy, and make progress on other impactful initiatives.

## Increase efficiency

Transitioning to low carbon energy for our operations is a top priority. Energy efficiency audits, renewable energy assessments and climate playbooks are important tools to accelerate our progress. Our climate transition strategy includes targeted energy efficiency projects in offices, retail stores, and distribution centers, including lighting upgrades, integration of daylight, HVAC upgrades, deployment of energy management system upgrades, installation of motion sensors, replacement of roof tiles to reduce cooling needs, and installation of variable frequency controls.

For example, in 2023 we piloted energy management sensor technology in a US retail store. After 4 months of evaluation and automated thermostat and HVAC adjustments, we observed a 6% year over year reduction in energy consumption which is equivalent to 3.2 MWh. While this is a small reduction, deploying this type of technology across our retail footprint in the US and EU could result in potential energy savings of over 1,900 MWh. We aim to expand the use of energy sensor technology across our retail stores in the next 1-3 years.

Changing our lighting is also an important step in gaining energy efficiency. In 2022, an LED lighting retrofit in our UK Northampton Distribution Center yielded annual energy savings of approximately 240 MWh.

Expanding the scope of retrofit and fixture replacements to cover all non-LED lighting at sites is part of our climate transition plan. We have and will continue to prioritize investment in energy efficiency projects across our company-operated locations.

## Measure & manage

In 2022, we rolled out a global energy management system to over 1,300 company-operated locations around the world, which includes retail, distribution centers and our owned and operated manufacturing facility. Information on our energy usage and spend is reviewed by site managers then actions are taken with results measured and shared across global teams.

Since 2010, we have tracked our global energy use and reported our emissions to the Carbon Disclosure Project (CDP), expanding our reporting in 2021 to include progress on our water strategy for the first time, recognizing water's role as a critical resource related to climate change.





**Invest in renewables**

Solar panels now provide our Henderson, Nevada distribution center with around 20% of its electricity needs. The panels are built over the top of the car parking areas, providing shade and protection for employees’ vehicles in an area where temperatures above 100°F are common in summer.

As of 2023, onsite renewables, EACs and green tariffs power around

**97%**

equal to 108,340 MWh of total electricity needs in our owned and operated facilities.

Historically, we have focused on installing on-site renewable energy and the purchase of Energy Attribute Credits (EAC) from verified agencies to move towards our 100% renewable energy goal. In 2022, working in partnership with Walmart and others, we secured the Gigaton Power Purchasing Agreement, a virtual power purchasing agreement (VPPA) in the USA. As we look to the future, investment in vPPAs, power purchase agreements (PPA), and onsite renewables will remain a focus.


This investment reduces our long-term exposure to energy volatility, decreases our climate impact and prepares our sites to meet portfolio standards which mandate renewable electricity, such as those already in place in the UK and countries in Europe.



**The power of the wind**

In 2022, we partnered with Walmart, other key Walmart suppliers and Schneider Electric in the Gigaton Power Purchasing Agreement, a VPPA that provides an ongoing supply of renewable energy and supports the long-term viability of Ørsted’s new Sunflower Wind Farm in Marion County, Kansas.

The agreement guarantees participants a percentage of the energy produced by the windfarm for the next 12 years – around 55,000 MWh of wind per annum. Renewable Energy Credits from this project will be applied towards meeting our energy needs in LS&Co. owned-and-operated facilities in the USA and Canada through 2035.



**What are Energy Attribute Certificates (EACs)?**

At the national and subnational level, power grids mix renewable energy with nuclear and fossil power, so unless you’re producing your own energy, it can be difficult to determine which source you are drawing from. EACs allow organizations to track the origin of electricity, prove the consumption of renewables, and meet clean energy targets. An EAC is produced when a renewable source of power produces one MWh of electricity.

**What is a Virtual Power Purchase Agreement (vPPA)?**

A VPPA is a long-term contract between a renewable energy provider and an energy buyer. These agreements secure an ongoing supply of renewable energy for end users and support renewable energy producers by providing certainty around future demand.





**Seek certification**

The design of a building and environmental practices of the location can have a direct and positive impact towards lowering carbon emissions, water usage and waste. Since 2019, our Henderson Nevada Distribution Center is LEED Platinum®.

We also recently completed construction on a distribution center in Germany that is designed to be LEED-certified. In the next 1-3 years we aim to obtain LEED certification of our San Francisco headquarters and TRUE Zero Waste certification for our Henderson Nevada and North Hampton UK Distribution centers.



**Foster partnerships**

In many locations, LS&Co. leases space from property owners. This impacts our ability to affect energy use and supply. By partnering with property owners, we aim to overcome this challenge.

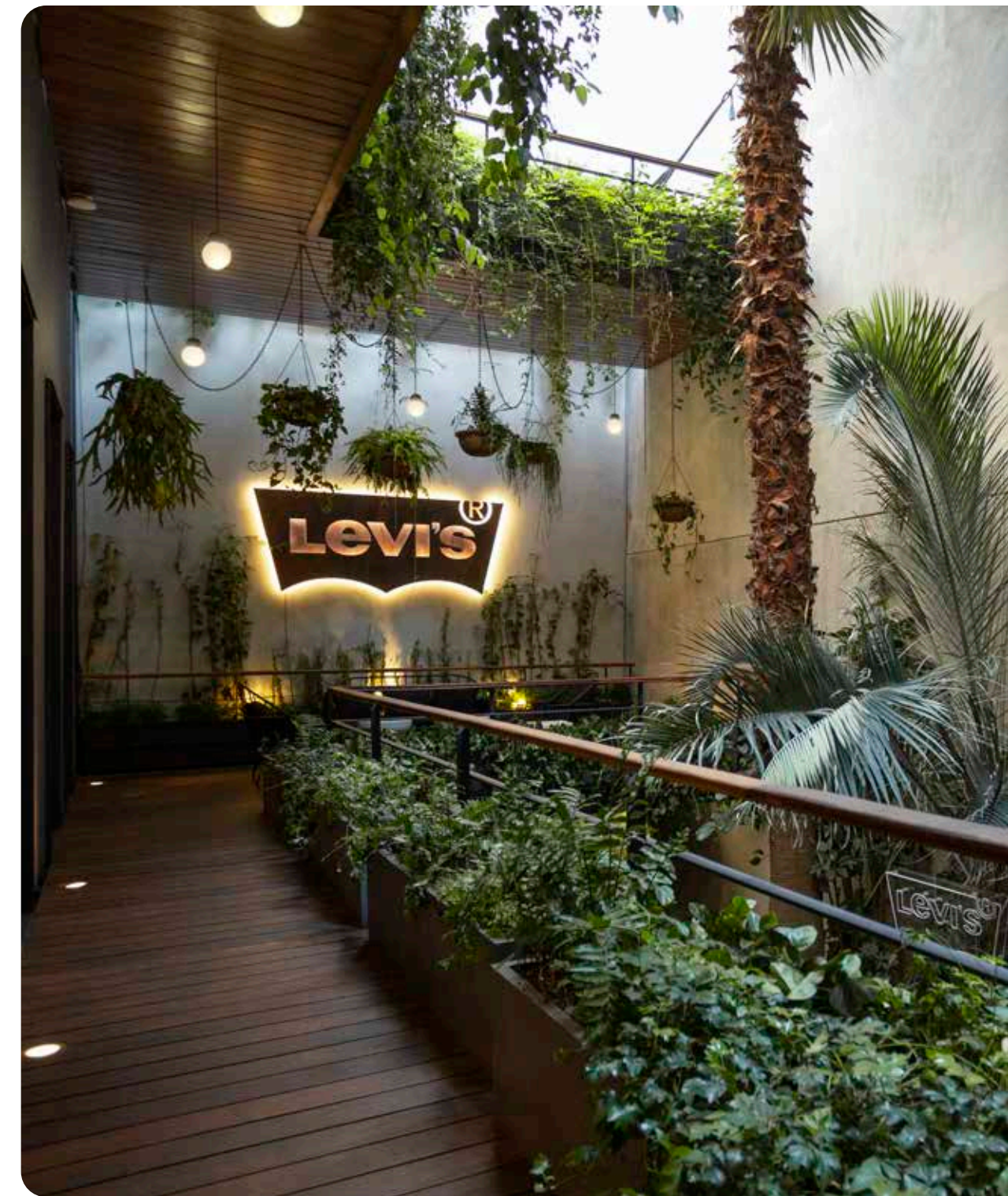
For example, in 2022 our global headquarters in San Francisco on average consumed about 84% of the total electricity at our USA offices, so we are partnering with the property owner to help achieve their net-zero carbon emissions target at the site by 2025 and pursue LEED certification.

Initiatives implemented include replacing gas boilers with electric heat pumps, generating onsite solar energy, and purchasing carbon-free energy.

**Contracting change**

As we pivot to a Direct to Consumer (DTC)-first operating model, engagement with our retail footprint will be increasingly important to drive operational efficiencies and reduce carbon emissions. Piloted in 2022, our Retail Sustainability Playbook provides energy reduction guidelines and sustainability suggestions to our retail locations around the globe.

In 2023, we included ESG key performance indicators (KPI) into our Request for Proposal (RFP) process and will continue to work with our teams around the globe to integrate climate change considerations into our partnerships, contracts, and projects.



**Empower colleagues**

We take a global approach in prioritizing issues and risks and setting our goals. We then empower local teams to operationalize these efforts. This ensures that local, and even facility level context, is always considered, and solutions are fit for purpose.

Empowering the right teams in the right places in this way provides the resourcing needed to implement change at a local level. Empowering teams from the ground up and engaging on target setting and strategy development are important actions we will continue to take to stay the course on decarbonization.





# Working with our value chain

Our value chain represents over 99% of our total emissions. This means that working with our suppliers, customers and consumers is not only our biggest opportunity, but also imperative to reducing our climate impact. As a company focused on DTC growth, our physical operational footprint is going to grow. Thus, the steps we take to achieve our emission, water and biodiversity targets need to be efficient, scalable, and embedded in our commercial growth strategy.

**We are committed to meaningfully engaging our partners in the process of decarbonization because together we can achieve so much more.**

Only through the power of our collective action can we achieve the scale necessary to deliver net-zero in the timeframe we have established.

Through our climate risk assessment, biodiversity footprint, and annual emissions inventories, we now have a more complete picture of the key impact drivers and an understanding of the risks and opportunities in our value chain.

To address these risks and opportunities it will require investment in diversified & innovative materials and advocating for and investing in emerging energy and water technologies and solutions. It will also be necessary to foster systemic partnerships and support stakeholders to build their capacity, reduce their impact and to create wider change in our industry. We know that not everyone starts their climate journey in the same place, so we're working hard to ensure that we provide the education, training, and support needed to create an inclusive environment that is conducive to change.







## Acknowledging the Scope 3 challenge

Scope 3 emissions present a unique set of challenges as much of the emissions impact is not within our control. To address these challenges, LS&Co., as well as the broader ecosystem of stakeholders, must first recognize the inherent complexity of Scope 3 emissions.

### Challenge 1

**Collection of high-quality data:** Scope 3 requires access to upstream and downstream primary data, at a level of granularity and with support documentation to enable trusted results. This data can be difficult to obtain. In the absence of primary data, estimates, extrapolations, and assumptions must be made which may impact the accuracy of the greenhouse gas inventory.

### Challenge 2

**Complexity:** For many companies, including LS&Co., the value chain is complex and spans across geographies, supply chain tiers and multiple third parties and platforms. Managing the complexity can be both time and resource intensive.

### Challenge 3

**Consistent Measurement Methodologies and Reporting:** The GHGP and SBTi have laid out clear guidance for Scope 3 corporate reporting. But we know that standards and reporting requirements have and will change to keep up with the latest science, and that assumptions and different modeling approaches can impact year over year emissions results and reporting.

### Challenge 4

**The “still to solve” gap:** Delivering on our net-zero 2050 commitment requires us to take actions and make investments on our own. We must also recognize what Scope 3 categories and emission reductions targets are ambitious and will require systemic solutions, partnerships, and technological innovations that have yet to be invented and/or brought to scale. Understanding this gap and operating with a commitment to address it as it comes are necessary when developing 2050 climate roadmaps.

### Challenge 5

**Collaboration at scale:** LS&Co. cannot meet our net-zero ambitions on our own. From policy advocacy and renewable energy investment in both developed and developing countries to innovation and scaling of regenerative materials and transitioning to a just and circular economy – extensive cross industry and sector collaboration and policy advocacy will be required.



# Working in the areas of greatest impact



## Encourage operational change in the areas of greatest impact

Understanding our hotspots: the areas of our value chain that are subject to the most significant climate and biodiversity risks and greatest opportunities. Then prioritize action based on the stage of the value chain, geographic location, land and water pressures and partnership potential.

**Progress:** Transitioning out of coal into renewable energy is critical to achieving decarbonization. In 2023, we implemented a Supply Chain Low Carbon Fuel Transition Policy<sup>1</sup> requiring our key suppliers to transition to low carbon fuels by 2030. We also know that climate change poses a potential risk to cotton growing in Southeast Asia, so we invested in the Organic Cotton Accelerator, which helps us source directly from organic cotton farmers. Through this approach we were able to collaborate with a credible partner to target a region of higher risk and make a positive impact on the ground. Additionally, we have set goals to protect and restore 30% of our raw material footprint in high biodiversity significant regions and reduce freshwater withdrawal pressures.



## Invest in diversified & innovative materials

Seeking out and sourcing diverse raw materials that are third-party certified as more sustainable<sup>2</sup>, such as certified organic, recycled, or transitional cotton and responsible man-made cellulosic fibers is important to future proofing our value chain.

**Progress:** We explored the viability of plant-based Indigo dye with Stony Creek Colors through our partnership with Fashion for Good and used the material in various products. We will continue to support the development and advancement of regenerative agriculture focused on soil health and preservation.

With cotton representing over 85% of the fiber used in our products in 2023, it is critical we find more sustainable and resilient cotton sources. We are members of the U.S. Cotton Trust Protocol, a farm level, science-based pilot program that is setting a new standard for more sustainably grown cotton in the U.S. By diversifying our product inputs, we can enhance our resiliency.



## Facilitate investment for emerging technologies & solutions

Working across our business and supply chain to standardize new, more sustainable materials and methods to reduce our impact on climate, nature, and communities.

**Progress:** Pumice has been used for many years in processes commonly referred to as stone washing to give denim garments a worn-in, authentic look. And while pumice is natural, it also creates a lot of waste, requires a lot of water, and contributes to climate change, from both the upstream mining and from its use in factories. In fact, each pumice stone can be used just two or three times before it degrades into sand. Our finishing engineers experimented until they found a synthetic stone that could produce identical finishes. In 2023, select suppliers reported a reduction in pumice stone usage of approximately 20 percentage points since 2020 (equivalent to around 7 thousand metric tonnes). This has been achieved by transitioning to synthetic stones, using enzyme-based softening powders, as well as advances in laundry machinery and ozone technology.



## Foster systemic partnerships

Working with our suppliers to give them the support they need to reduce their climate impact.

**Progress:** We work with the International Finance Corporation (IFC) and the Apparel Impact Institute. More than 50 of our key suppliers have participated in the Partnership for Cleaner Textiles (PaCT) and the Carbon Leadership Program. Programs like these support suppliers in identifying and implementing actions to improve water and energy efficiency and increase their use of renewable energy. We will continue to offer and share the costs of assessments with our suppliers, as well as facilitate access to additional sustainable financing programs. Additionally, we will utilize our Request for Proposal (RFP), supplier platforms and capacity building capabilities with indirect and direct vendors to build awareness and reduce greenhouse gas emissions.

<sup>1</sup> Supply Chain Low Carbon Fuel Transition Policy [https://levistrauss.com/wp-content/uploads/2024/01/Low-Carbon-Fuel-Policy\\_Final.pdf](https://levistrauss.com/wp-content/uploads/2024/01/Low-Carbon-Fuel-Policy_Final.pdf)

<sup>2</sup> We define "more sustainable" materials as those that have achieved third-party verification or certification based on the Textile Exchange, which defines a preferred fiber or material as "one which results in improved environment and/or social sustainability outcomes and impacts in comparison to conventional production."



# Encourage operational change in the areas of greatest impact

LS&Co. works with our key suppliers and their factories around the world to support them in understanding their climate impact, setting targets, and reducing their exposure. Doing so makes our own business more resilient to climate change.

## Contracting change

All LS&Co. suppliers must meet environmental, social and governance related requirements.

Our expectations are communicated through our [Supplier Code of Conduct](#), which aims to ensure that they uphold the standards we believe are essential. The Supplier Code of Conduct applies to both our direct and indirect suppliers as of 2022. Suppliers now agree to a single code of conduct no matter what they supply or where they are based. For key direct suppliers, we ask that they provide their environmental performance through the Cascale and Worldly Higg tools.

We hold suppliers accountable through our master service agreements (MSA). We have incorporated social and environmental clauses and include sustainability questions in requests for proposal (RFPs) in 2023.

Based on the MSA, LS&Co. has the right to terminate contracts and/or purchase orders if there is failure to comply with any sustainability provision.

## Target setting

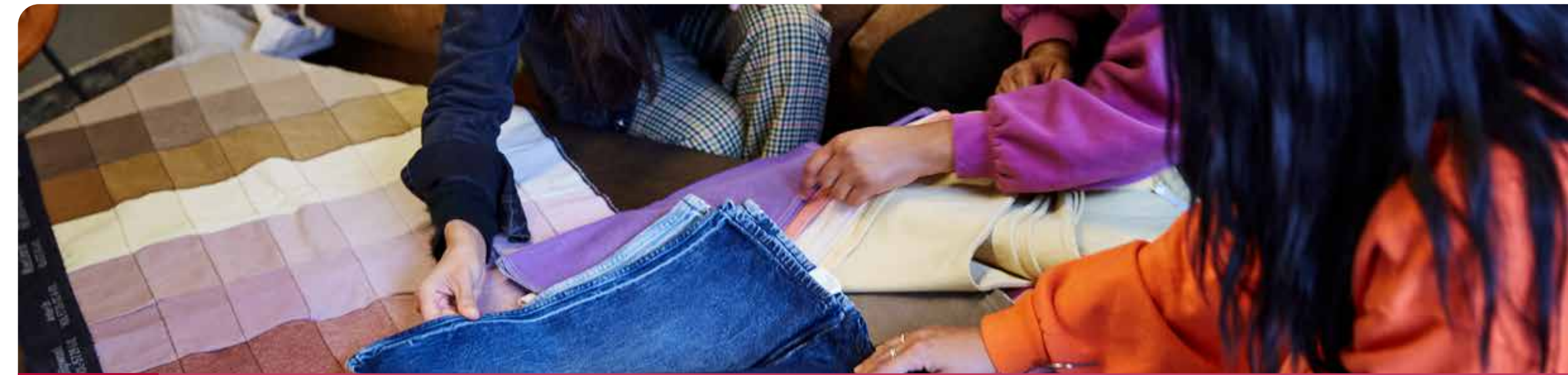
Garment manufacturers (tier 1) and fabric mills (tier 2) account for the majority of our full value chain carbon footprint, especially given that in 2023 over 20% of our fabric mills are also yarn spinners (typically, tier 3).

We have been working with our key tier 1 and tier 2 suppliers to make sure their emission reduction targets are set at least 40% from an agreed upon baseline. Going forward, we will ask key suppliers to set a target aligned to a 1.5°C trajectory in support of LS&Co. SBTs of 42% by 2030.

We are committed to accelerating our supplier engagement, focusing on transitioning to low carbon fuels, setting SBTi aligned targets and improving disclosure. Achieving these goals will require not only facility changes to equipment, but also investment in renewable energy.

**To date, key suppliers responsible for approximately 80% of our final product volume have agreed to emission reduction targets between 40% and 60%.**

We will be supporting suppliers with training on how to set science-based targets, with the aim of all key suppliers having SBTs in the next three years.



## Accelerate what works

PRIORITIZED FOR 2030

We must build off our years of experiences to leverage our learnings and proven industry efforts to reduce emissions. History has shown that when our suppliers have reduction targets and have engaged in programs like PaCT (Partnership for Cleaner Textiles) and Clean by Design, they have reduced their emissions. By accelerating what works, we can support LS&Co. suppliers to set 1.5°C science based aligned targets and report their emissions annually to us through Higg.

This support includes:

- **Engagement with suppliers** and working with third parties through a series of training modules (depending on their level of maturity)
- **Conducting carbon technical assessments**
- **Carbon target setting**
- **Carbon target monitoring**
- **Completion of annual climate roadmaps**
- **Conduct energy audits every 5 years**
- **Assessing performance via annual Higg FEM data, as well as supplier scorecards.**

For the apparel industry to decarbonize, we must work together. To this end, we need to work with both new and established partners to tackle two critical issues:

### Emission factors:

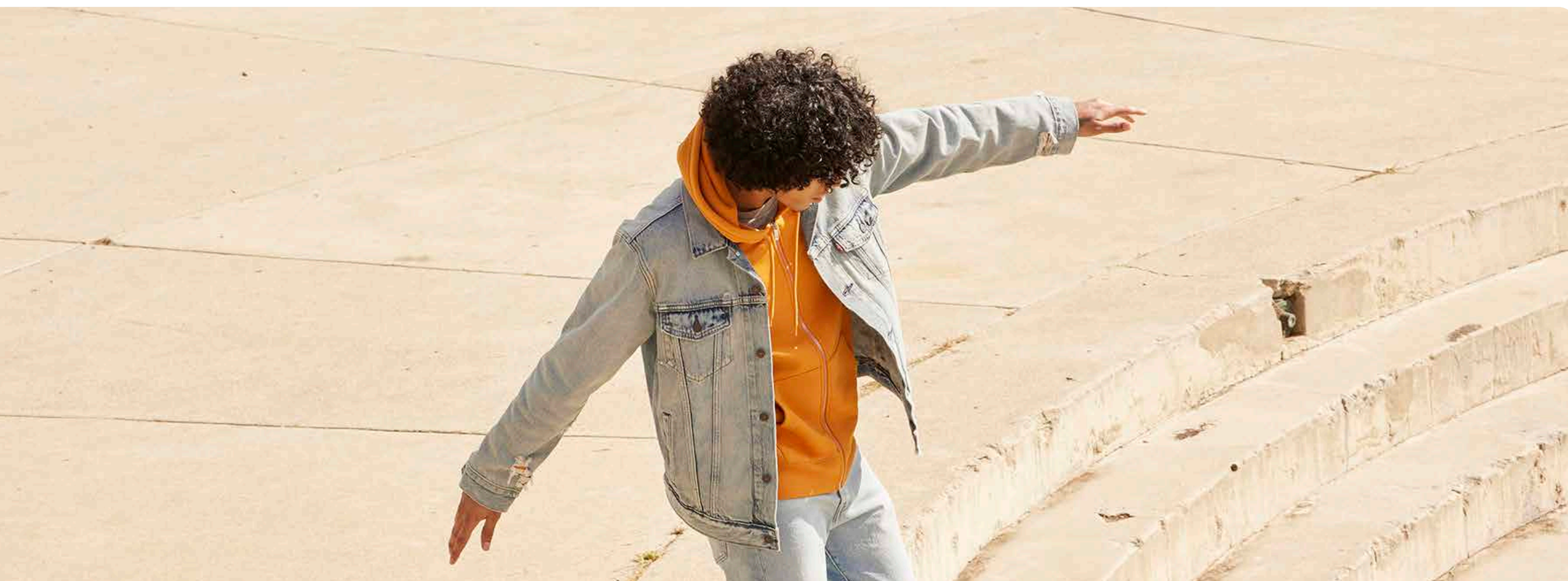
Continued engagement with cotton certification bodies to update country emission factors and improve traceability and field emissions mitigation. As well as engagement with organizations like Cascale and Jeanologia to improve emission factors and gain insight into the efficiency of machinery utilized at our facilities.

### Energy transition:

Advocacy for government policy that transitions national grids and enables financing and access to renewable energy in key sourcing countries is essential.

Accelerating what works via supplier engagement and capacity building, improving emission factors and advocacy for energy transitions could result in CO<sub>2</sub>e reductions of up to 10% in our supply chain.





### Supplier roadmaps and capacity building

Accurately measuring global supply chain emissions can be challenging. Our brands are rarely the only customer at the factories and mills we source from. This means we must work closely with suppliers to understand what percentage of emissions correspond to our operations, then help them recognize the benefits of reducing their energy and emissions and embrace opportunities to improve environmental outcomes. As factories often produce product for more than one brand, we must leverage platforms such as Open Apparel Registry and Open Supply Hub to understand brand overlap at factories and collaborate through industry forums to drive emissions reductions at shared facilities.

Beginning in 2017, we collaborated with our key suppliers to ensure they could collect the necessary data and get it verified through the Cascale's Higg Facility Environmental Module (FEM). As part of our transition plan, we aim to have 100% of our tier 1 key suppliers completing the FEM.

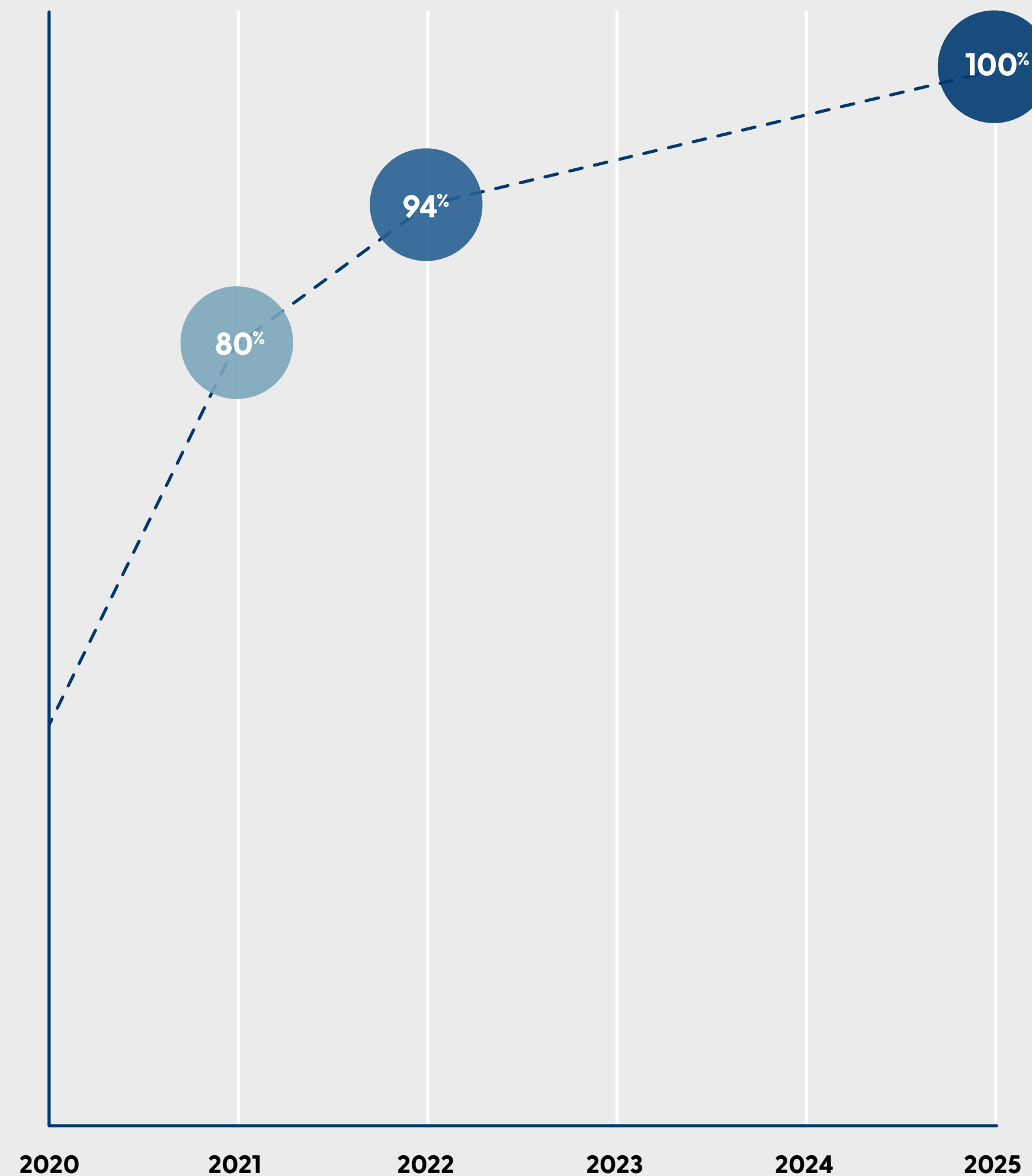
We wanted to go further, so we developed detailed supplier-specific roadmaps as a critical engagement and interventions tracking tool. This enables us to set climate and water facility level targets, review in detail the Higg reported data for water, energy, and waste, and gain visibility of recently implemented and planned interventions and investments at the factory level.

Year on year, we have continued to expand the number of tier 1 and tier 2 suppliers participating in our roadmap process. In 2022, we engaged 66 suppliers and in 2023 increased to 74 suppliers and their facilities, which was 100% of our key suppliers.<sup>1</sup>

These roadmaps have and will continue to be expanded to our partners and serve as a strong basis for carbon transition programs and engagement.

In addition to these roadmaps, we implement IFC PaCT, and the Apparel Impact Institute's Carbon Leadership Program (CLP) assessments and have and will continue to facilitate access to financial tools that can support supplier investments.

Percentage of key LS&Co. tier 1 supplier locations completed Higg FEM<sup>2</sup>



<sup>1</sup>We have approximately 500 total tier 1 and tier 2 suppliers. A subset of key suppliers represents 80% of our annual product volume.

<sup>2</sup>80% of tier 1 supplier locations completing Higg FEM is an updated figure to the percentage originally reported in the LS&Co. 2021 Sustainability report as better primary data has become available.



# Facilitate investment for emerging technologies and solutions

In the future, we aim to offer a suite of financial mechanisms to support our partners with the investment costs of decarbonization and mitigation of climate change.

In partnership with leading financial institutions, including the IFC and HSBC we have offered discounted financing rates to suppliers who meet a level of environmental and social compliance, have already begun implementing low-carbon investment plans and have conducted PaCT assessments. Suppliers benefit by receiving early payment for their LS&Co. invoices which supports their business operations and working capital.

We are currently developing a plan that factors in the cost implications of different interventions which will enable us to focus our resources more strategically to drive our impact towards net-zero.

## Sustainable Supply Chain Finance Program

Our Sustainable Supply Chain Finance Program (SSCF) through HSBC rewards indirect and direct suppliers that meet environmental and social performance with preferred payments terms and interest rates. All suppliers enrolled in this program, combined, cannot exceed an outstanding \$150 million dollars in aggregate at any point in time. Suppliers can receive early payment for their LS&Co. invoices, and in 2022 and 2023 participating suppliers, on average, received payments in less than one month upon goods received versus the longer industry standard payment terms.

### Sustainable Supply Chain Finance Program (SSCF) through HSBC

2022

**\$373m**

USD of payments were made, in total

**22**

direct suppliers have received payment

2023

**\$170m**

USD of payments were made, in total

**21**

direct suppliers have received payment



## Incentivize renewables

PRIORITIZED FOR 2030

Energy efficiency has and will continue to be a necessary first step to reducing emissions. To accelerate efficiency gains in wet processing, we will sponsor wet processing efficiency audits. This will enable us to capture primary data and develop custom emission factors that are supplier and activity specific to then be able to account for this efficiency in our emissions inventory. This intervention is expected to reduce emissions by 7% in our supply chain.

Beyond energy efficiency, addressing fuel sources is a key intervention to meeting our 42% absolute reduction by 2030. According to the International Energy Agency, coal is the most carbon intensive fossil fuel, so phasing it out is key to achieving our company's climate commitments and one of the single most important elements of our contribution to global efforts to prevent the worst of climate change. As a signatory of the renewed UN Fashion Charter, LS&Co. has committed to phasing out coal-fired boilers from its supply chain by 2030 to reduce air pollution and cut emissions.

For LS&Co. suppliers still combusting coal<sup>3</sup> on-site, LS&Co. will fund facility audits and support the development of phase out plans which will be updated annually.

Electrification and conversion to renewable energy across key tier 1 and 2 suppliers is the largest emissions reductions opportunity. To do this, suppliers will need to develop electrification and renewable energy procurement roadmaps, invest in retrofits, electrification, and where appropriate on-site renewable energy (i.e., solar). In support of this effort, LS&Co. will co-fund site-specific alternative fuel assessments and invest in renewable energy procurement and renewable energy transition initiatives with other brands and our suppliers to aggregate electricity demand.

Underpinning this is the continued need for government advocacy in key sourcing regions such as Bangladesh, India, Pakistan, Egypt, Vietnam, and Cambodia for grid decarbonization and renewable energy policy that supports the development of infrastructure, access, and financing.

We estimate that transitioning away from coal and accelerating the adoption of renewable energy could result in CO<sub>2</sub>e reductions of up to 13% in our supply chain.

<sup>3</sup> Direct coal combustion is the burning of coal (all types) to generate energy on-site. This excludes purchased electricity that may be generated from off-site utility coal combustion.





### Collaborating with the IFC

Additionally, we have set up Global Trade Supplier Financing Program (GTSF) and Global Trade Supplier Financing Program Plus (GTSF+). All suppliers enrolled in this program, combined, cannot exceed annually an outstanding \$160 million dollars in aggregate at any point in time. The GTSF+ program provides suppliers an even lower interest rate if they are achieving a certain engagement score as part of our Supplier Code of Conduct and have implemented at least 60% of the investments identified by PaCT. In 2022 and 2023, direct suppliers under these programs on average received payment in less than one month upon goods received versus industry standard payment terms.

Finance models with IFC and other lending institutions will continue to be an important part of our sustainability financing strategy going forward.

### Measuring our indirect supply chain

To help understand the climate impacts of our indirect supply chain, LS&Co. is using a global cloud-based platform. This tool allows easy reporting of climate metrics by third parties.

In 2023, suppliers representing approximately 25% of our spend have been migrated to the platform. Our long-term aim is to onboard all high-risk suppliers and those with whom we have a spend of over \$100K USD or more.

### Global Trade Supplier Financing Program (GTSF) programs

2022

**\$497m**

USD of payments were made, in total

**23**

direct suppliers have received payment

2023

**\$464m**

USD of payments were made, in total

**21**

direct suppliers have received payment



# Advocate for well-being & equity

Our commitment to a sustainable supply chain isn't just about the operational and financial impact of our supplier's businesses, like energy consumption and water use. It's also about taking care of people and having a positive social impact as brands aim to decarbonize their supply chains.

**At LS&Co., we are focused on ensuring that all people who are touched by our company are treated with dignity and respect.**

Our human rights policy is aligned to the United Nations Global Compact Principles (UNGC), as well as the International Labor Organization (ILO) and Palermo Protocol.

Over a decade ago, we undertook a worker and community needs-based assessment and since that time have, in collaboration with partners and suppliers, developed workplace-based programs and experiences to positively impact workers, their families and communities.



Through the program, which has been administered by the Levi Strauss Foundation<sup>1</sup>, suppliers communicate with workers, identify local challenges, develop and implement appropriate worker programs and forge partnerships with local organizations to generate and sustain lasting impacts. The program and the associated Worker Well-being (WWB) guidebook was created in consultation with ILO's Better Work and the goals of WWB are integrated into the company's overarching sustainability strategy, progress of which is reported to the LS&Co. Board quarterly.

Through our WWB programs, we take a unique approach to addressing worker needs and improving their lives that goes beyond labor compliance. LS&Co. believes that investments in well-being enable a more conducive business environment, generating shared value for workers and factories. We partner with our key suppliers to implement programs focused on financial literacy, empowerment, health and family well-being, gender equity and acceptance for the people who make our products. Additionally, whenever applicable and feasible, vendors should extend program benefits to workers' families and the community.

Because we know female and migrant workers often face additional vulnerabilities, the Supplier Code of Conduct has a specific section dedicated to anti-discrimination and several provisions to support gender equity in the supply chain throughout the document. From our engagement with organizations like the BSR HERproject, CARE International, as well as community-based childcare in certain geographies, we understand the criticality of supporting low-income women working in global supply chains to promote health, economic empowerment, and women's rights. To this end, we will continue to work with key suppliers to develop research, program curriculum, and tools to strengthen programs. Additionally, the Levi Strauss Foundation may introduce its network of credible partners, non-government organizations (NGOs), and other institutions to suppliers seeking program implementation assistance or to leverage partnerships for impact.



## How does Worker Well-being work?

It all starts with listening to people.

Before implementing any changes, our key suppliers start by surveying factory employees to hear first-hand what they need to be more engaged, healthy, and productive. Once identified, we work together with the supplier to partner with local and national non-profits and NGOs and implement programs to meet the needs of workers.

In 2022, we introduced our refreshed WWB program and guidebook which offers brands and contract factories a self-directed approach to locally relevant ways to improve worker well-being and business performance.<sup>1</sup>

With the updated and more targeted approach, we engaged ~70 facilities in 11 countries in 2022 and ~90 facilities in 10 countries in 2023.

The initiative has created proven, sustainable business and social benefits at all levels of the supply chain. We believe others can benefit from this approach, so we have made our Worker Well-being tools and resources publicly available online.

By 2025, we have committed to:

- Completing a comprehensive review of, and make improvements to, our purchasing practices, because we know that these changes can impact worker health and well-being outcomes
- Improving communication and cooperation between workers and managers by enabling the creation of collaborative teams that identify needs and develop solutions for well-being at work
- Making investments in the areas proven to impact well-being at work, including gender equity, the workplace environment, and factory policies and systems, and will monitor and measure progress.

By 2030, we anticipate that more than 80 percent of LS&Co.'s product volume will be made in factories that demonstrate continuous improvements to worker health, satisfaction, and engagement scores. Having programs like this in place set a strong foundation from which we will continue to learn and explore how we can expand our programs to address climate justice and the importance of a just transition.

<sup>1</sup>The Levi Strauss Foundation, which is funded by Levi Strauss & Co., provides grant support to pioneering organizations and leaders working on the frontlines of change on the issues and events of our time.





### Supporting a just transition

Climate change poses a risk to global economic development and will further exacerbate social inequities, the most severe of which will be experienced by groups of marginalized people whose livelihoods are already at risk. These same people will also be unlikely to participate and benefit from decarbonization and the circular economy, further leading to greater inequity and jeopardizing a just transition.

Despite decades of effort to protect the rights of workers and foster worker well-being, more is required to ensure a just transition. We recognize that we are in the beginning of our journey to understanding the risks and opportunities at the intersection of climate and human rights. We are committed to advancing our learning and integrating climate justice into our operations, partnerships, and sustainability strategies.



Starting in 2024, we will continue to partner with a leading consultancy firm to:

- 1 Develop a corporate-wide set of just transition principles and definitions relevant to LS&Co. These principles will articulate what a just transition means to our company and how we intend to carry these principles out. This will be informed by work completed to date, existing external standards, definitions, current and pending regulation and stakeholder definitions.
- 2 Identify and understand the full range of vulnerable groups of people and constituencies – workers and communities – along with geographies relevant to our business and operations that are impacted by climate change.
- 3 Assess existing programs, investments, and partnerships, and specifically those that focus on moving from a linear to a circular economy and decarbonization against a set of parameters that will enable business functions to determine activity relevant to the just transition.
- 4 Define and prioritize salient gaps and actionable recommendations that can be adopted and implemented into our supply chain and business operations. Recommendations should be localized to meet the specific needs of workers and/or the communities we operate in and support identification of any new programming in areas that have been under-invested. Implementation will occur over the next 2-5 years.



**Supporting sustainable choices for consumers**

We acknowledge that overproduction and consumption is a persistent challenge for apparel. To address this, we must use our scale, reach and platform to advocate for positive change, communicate with consumers, and drive toward a more sustainable, less resource-intensive apparel industry.

LS&Co. works to produce consumer products with a longer lifespan. As such, we encourage consumers to buy better and extend the life of their garments through care guidelines, repair, and resale.

**Even when people do buy better, there is still an impact.**

**Around 31% of our total emissions come from the lifetime use of our products.<sup>1</sup>**

This is mostly made up of the energy used to wash and dry our products. The more we can encourage our consumers to reduce or improve their energy use, the more we improve these metrics. Additionally, by engaging in policies that support decarbonization and responsible freshwater usage, we can also contribute to changes in the countries and communities where our workforce and consumers live.

<sup>1</sup>The total emissions from the lifetime use of our products is derived from our 2022 Scope 3 category 11 inventory using average process based LCA (Lifecycle Assessment).

<sup>2</sup>thredUP 2021 Resale Report – <https://www.thredup.com/resale/2021/#government-policy>



**The Levi's® Tailor Shop**

Levi's® Tailor Shops are available in a number of our retail locations around the world. Trained tailors can repair and redesign jeans and other Levi's® clothing to literally last a lifetime. We will continue to amplify our Tailor Shop services to consumers.



**Levi's® Secondhand**

Our Secondhand program is both a buy-back and resale platform. According to a Green Story Inc. Environmental Study, extending the life of clothes diverts textiles from landfills and displaces GHG used in garment production. Buying an item secondhand replaces the need to manufacture a new item, reducing its carbon footprint by 82%.<sup>2</sup> As part of our sustainability strategy, we aim to increase the number of resale programs in key markets in the coming years.



**Buy Better, Wear Longer**

Our Buy Better, Wear Longer campaign, first introduced in 2022, was designed to raise the issue of overconsumption and overproduction with consumers globally. This successful campaign, which was re-introduced in 2023, is an example of how LS&Co. has and will continue to use our voice and brand to address consumption and engage with consumers around the world.



**Care Tag for Our Planet**

From 2010-2012, LS&Co. partnered with Goodwill on Care Tag for Our Planet. This program aimed to put billions of pounds of unwanted clothing to good use instead of into landfill by including messaging on sewn-in product care tags that encourage consumers to donate unwanted clothing. Over a decade later, LS&Co. still utilizes the care tag with a message that encourages consumers to wash less, wash cold, line dry, donate or recycle. As part of our zero-waste goal, we will be collecting data to better understand not only the volume of LS&C. products, but the impact of emissions reductions from garment reuse and recycling.



# Invest in diversified and innovative materials

## Levi's® Circular 501®

Among the signature achievements of the Wellthread™ line, the Levi's® Circular 501® jeans were an example of a garment that could be produced in part with discarded jeans in a way that limited waste and created a circular product approach. To create the Levi's® Circular 501® jeans, LS&Co. used material that was from a process to chemically dissolve cotton and viscose fabric into cellulose—the building block of organic fiber. It was then reconstituted back into a new material called Circulose®.

To make it easier to recycle them where the appropriate technology exists, LS&Co. made tweaks to the design to remove synthetic fibers, like nylon labels and polyester pockets, replacing them with cotton.

Effort like the Levi's Circular 501 will continue, as the testing and utilization of alternative materials is necessary as we search for scalable solutions that can be viable over the long term. Ultimately, learnings from products like these can help LS&Co. move toward a future where fabrics can be infinitely recycled.<sup>1</sup>

Levi's® Circular 501®

**Winner**



Circular Design, Fast Company's  
**2022 Innovation by Design Awards**



### Wellthread™

For 10 years, Levi's® Wellthread™ served as a living research and development lab through which we explored ways to overcome design and manufacturing challenges and produce more innovative products with sustainability at the center.

Produced by applying a holistic, sustainable design approach, Wellthread™ products have been produced using techniques and material innovation that reduce environmental impact, like using less water than everyday jeans, 100% cotton for easier recyclability, or natural dye techniques.

To bring sustainable innovations to scale, our Wellthread™ team and capabilities are now embedded into our product development and innovation teams and processes.

Together, efforts like these have to the potential to reduce our exposure to drought, reduce our Scope 3 emissions, demonstrate proof-of-concept when it comes to making truly circular product, and regenerate the soil from which the raw materials were grown.

<sup>1</sup>Renewcell chemical engineers determined that CIRCULOSE® can be recycled again and again, up to seven times. [FAQ – Circulose](#)





## Future proof our design

PRIORITIZED FOR 2030

Our analysis shows that materials are and will continue to be an emissions driver. We must prioritize interventions that will reduce this hotspot and ensure our garments contain sustainability attributes that may be needed in the future to meet legislative requirements. In addition to committing to source 100% more sustainable<sup>1</sup> materials by 2030, LS&Co. will also be setting a 5% baseline across our volume of cotton fabrics for the incorporation of recycled content. While some garments may exceed 5%, we must continue to factor in durability and quality constraints associated with denim.

We will also be continuing our journey to convert to 100% recycled polyester by 2030. Lastly, we will set stricter guidelines for certified cotton sourcing, to mitigate the impact of cotton sourcing from regions in the world where emission factors for cotton cultivation are significantly higher. These selected interventions are expected to reduce our emissions by 4% in our supply chain.

## Levi's® Plant-based 501®

Another innovation, Plant-based 501® jeans were piloted in Summer 2023. They are made of at least 97% plant-based materials, with all certified organic cotton, natural dyestuff, a plant-based patch and ink made from wood waste. These jeans are an indication of what the industry could look like in the years ahead, given the push to minimize synthetic materials derived from fossil fuels and the need to make more garments with renewable inputs rather than finite resources.

Attributes of the Plant-Based 501® include:

- Fabric was made with 100% Organic Cotton Standard (OCS)-Certified organically grown cotton and was dyed with plant-based indigo from Stony Creek Colors.<sup>2</sup>
- A garment back patch made from a material called MIRUM® by NFW, fashioned from 100% biobased, plastic-free inputs, generating no effluent in production.
- An internal pocket bag made from 100% cotton and printed with BioBlack TX™, a plant-based black pigment made from wood waste, manufactured in a closed-loop system and developed by Nature Coatings, another collaborating partner.
- Woven labels and sewing threads in non-critical areas of the garment are 100% cotton.
- Each pair contains at least 97% bio-based content based on components weight measured against overall garment weight (non-plant-based content includes sew thread, the care label and metal trims).

<sup>1</sup> We define "more sustainable" materials as those that have achieved third-party verification or certification based on the Textile Exchange, which defines a preferred fiber or material as "one which results in improved environment and/or social sustainability outcomes and impacts in comparison to conventional production."

<sup>2</sup> Organic Cotton Standard (OCS) is a nationally recognized certification standard that sets the criteria for 3rd party certification of organic materials and chain of custody.





# Good governance and planning

Being sustainable means maintaining and protecting our business for the long term. We believe in taking responsibility for our actions and our impact.

**We are continuing to build on a foundation that allows us to deliver on our commitments and put processes in place to adapt and respond quickly to the rapidly changing operating environment.**

We are committed to embedding the elements of our sustainable strategy across our operational and financial planning processes and evaluating opportunities to link ESG and climate target performance to executive compensation.

We will report regularly and transparently on our progress and ensure that our targets remain in line with internationally accepted science and standards.

<sup>1</sup> Our 2030 SBTi validated near-term scope 3 target includes Category 1 (purchased goods and services) – tops and bottoms only.



## Own our part PRIORITIZED FOR 2030

Inherent to the challenges of calculating scope 3<sup>1</sup> emissions is that underlying LCA and industry data may be outdated or not accurately reflect our operations. We have a role to play in that. It is essential that LS&Co. work with our internal teams and systems to close primary data gaps (i.e., garment composition and techniques). By continuing to partner with leading data collection platforms, emission modeling software and net-zero intervention accounting service providers, we can capture and account for what is happening in our supply chain. Lastly, we also need to hold ourselves accountable and adjust volume placement over time to those suppliers with lower GHG intensity. Improving our data, processes and how we source materials and products could result in projected emission savings of up to 8% in our supply chain.



# Good governance

Oversight and governance of our climate transition plan sits at the highest levels of our organization, starting with the Board and cascading through our executive leadership team and into the organization.

## Board

LS&Co. has multiple Board committees with responsibility for oversight of climate-related and sustainability issues. This includes the Nominating, Governance & Corporate Citizenship Committee, Compensation and Human Capital Committee, Audit Committee and Finance Committee. As reported in the LS&Co. 2024 Proxy Statement, seven of thirteen board members have corporate citizenship or sustainability expertise. Experience in sustainability issues strengthens board oversight and assures that the strategic business imperatives and long-term value creation for shareholders is achieved in alignment with our company mission of profits through principles to make an outsized impact on the world.

The Nominating, Governance and Corporate Citizenship Committee (NGCCC) reviews our corporate citizenship and sustainability initiatives and approves all public facing climate and sustainability-related goals and targets. Climate and sustainability are presented to this committee on a quarterly basis. The Compensation and Human Capital Committee is responsible for the oversight of our human capital management, diversity, equity and inclusion efforts and compensation. The LS&Co. Nominating, Governance & Corporate Citizenship Committee has reviewed and approved this climate transition plan.

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 with the Audit Committee and the Board concerning risk, both periodically and annually. Climate related risks are included in reviews of key risks to the company's plans and strategies and mitigation plans for those risks. Going forward, the Audit Committee will assist the Board in its oversight of the integrity of our ESG disclosures, including climate and

sustainability related disclosures. The Audit Committee charter was updated in 2023 to reflect the additional oversight responsibilities for ESG metrics and reporting.

With the increase in responsibilities, we have provided training for our Board members on climate, reporting and disclosure frameworks from external advisers. In 2023, one member of our board attended a climate training program through CERES and Michigan Ross School of Business.

## Executive Leadership Team

Members of our executive leadership team including our CEO, CFGO, COO and General Counsel sign off on all climate targets, key metrics, and our sustainability report. Depending on the nature of the leader's function, ESG related KPIs are a part of their individual performance evaluation.

## Chief Executive Officer

Our CEO is ultimately responsible for our climate targets and key metrics and is engaged via Board discussions on our climate progress.

## Chief Financial & Growth Officer

Our Chief Financial & Growth Officer is responsible for our financial planning. And as Growth Officer, has additional responsibilities for Strategy and Retail Real Estate. The CFGO has a focus on accelerating and integrating our sustainability initiatives into the company's business models and financial decision making and delivering on our disclosure requirements.

## Chief Operations Officer and Chief Sustainability Officer

Primary responsibility for sustainability in the organization sits with our Chief Sustainability Officer (CSO) and ultimately Chief Operations Officer. Together they present progress on our sustainability goals, including climate targets, to the Board. The CSO manages climate-related risks across the organization and value chain, and reports

to the COO, who has responsibility for assessing and managing climate-related risks and opportunities.

Quarterly, climate related metrics are provided at NGCCC meetings, along with details related to challenges and opportunities to meet our climate and other sustainability goals. Deep dives on sustainability issues are generally presented to the Board or its committees twice per year. This includes status updates, new initiatives, targets and reviews of reporting and disclosure elements, challenges, and risk management.

## VP Global Security and Enterprise Resilience

The Vice President Global Security & Enterprise Resilience reports the results of the annual enterprise risk survey – which may include climate change risks – to the Audit Committee. This role is also responsible for management of our Enterprise Risk Committee.

## Cross-organizational committees

Executing our sustainability goals requires cross-organization collaboration. At LS&Co. we have several committees that bring together colleagues, from across the business and the globe, including senior leadership, to continue to drive towards meeting our sustainability goals. These include the Cross-Policy Convening, Fiber, Water and Energy Resiliency Working Groups, and our Sustainability Claims Committee. Supporting programs and initiatives are managed by accountable functions in the organization including, but not limited to, global sustainability, product development and sourcing, product design, finance, marketing and commercial.

## Rewarding change and executive compensation

Members of our executive leadership team including our CEO, CFGO, COO and General Counsel are ultimately responsible for the effective management of sustainability issues.

Together these roles are responsible for the prioritization of resources to deliver on climate related projects. Compensation of the Global Sustainability team is tied to the progress of our sustainability goals. Achieving our absolute operational and supply chain greenhouse gas emissions reductions targets, and a renewable energy procurement target (as a percentage of absolute operational energy use), are built into their annual individual performance objectives.

Our long-term plan is to establish executive remuneration linked to climate and transition plan-related considerations relevant to their function and responsibilities in the organization through their individual compensation and incentive plans.



# Financial planning

Meeting our climate goals requires not only strategic and operational planning, but also financial planning. The following are a few ways in which we aim to integrate our climate ambitions into financial planning.

## Strategic planning

Over the next three years, our aim is to develop a process for capturing climate impact metrics on our financials. As well as ensure that our sustainability action plan is embedded within our strategic business plans and financial planning processes. The process will direct specific functions and business units to consider identified climate impacts, risks, and opportunities, along with the mitigation measures and investment implications.

As part of our commercial approach, we consider alternative sourcing strategies and apply segmentation of our product portfolio to different retail regions to meet the needs of consumers specific to their geographies and the associated climate. Our aim is to capture significant costs related to responding to climate externalities into the climate transition plan. Embedding sustainability into our financial planning and strategic planning will be critical to understanding the impact of the investment and business change required to rapidly address climate change.

## Direct operating costs

Direct operating costs, especially from energy price rises, are an identified key climate risk.

While financial forecasting can be challenging, we are working on two fronts to enable and empower the organization to plan and, where possible, mitigate these risks and associated expenditures.

**1. Global energy management:** In 2022, we rolled out a global energy management system to over 1,300 company-operated locations around the world, which includes retail, distribution centers and our owned and operated manufacturing facility. The system provides historical consumption data sets for both energy and spend. This tool will be actively used by our facilities and retail teams to inform opportunities for year over year improvement and improve energy forecasting.

**2. Managing energy as a risk:** We engaged our Enterprise Risk Committee in 2023 to address energy supply and cost volatility. A subcommittee, framework and set of actions have been established to improve energy affordability, security, and sustainability. With the framework for managing energy risk now embedded into the business, the impact of the framework and actions on our direct operating costs, as well as people, processes and operations will be evaluated bi-annually.

## Capital expenditure

Our internal financial policies require all major capital investments to go through a rigorous review process, including a formal purchase expenditure request. The request includes calculating and evaluating many financial and nonfinancial metrics and, in some cases where applicable, considers sustainability impacts of these investments. Sustainability will be an increasingly important consideration in the authorization of infrastructure and capital expenditure projects. To date, only where feasible and relevant, limited energy and emission calculations are performed on projects scoped for implementation at our global facilities.

In the next 1-2 years, we will aim to incorporate sustainability metrics into our purchase expenditure requests for retail projects to help track potential investments that have sustainability impacts. In the longer term, we aim to also track sustainability investments made in distribution and logistics infrastructure and equipment to more comprehensively cover capital expenses that have an impact on or are driven by our climate transition plan.

- **Acquisitions and divestments:** Our strategy for any potential acquisition is to ensure the company is a good cultural fit, including alignment with our values
- **Executive compensation:** Compensation of our EVP Chief Operations Officer and our EVP Chief Financial and Growth Officer is tied to their performance which includes objectives centered on accountability across the organization for achieving our climate targets and delivering on our disclosure requirements respectively. The compensation of our Chief Sustainability Officer is also tied to performance, and together these roles are responsible for the prioritization of resources to deliver on climate related projects.

## Enterprise risk integration

Continue to integrate climate risk(s) into our annual Risk Perception survey to gather broad perspective on our mitigation plans and actions. For 2024, we rolled out a Functional Assessment of our sub risks related to each of our top risks (including climate change). The functional assessment provides a deeper dive into each of the functional risk owners responses and mitigation plans. It will further enable the functions to develop appropriate actions to mitigate risks in the next one to three years. We will continue to report our progress on sustainability goals to the Nominating, Governance and Corporate Citizenship Committee of our Board of Directors and our annual risk assessment to the Audit Committee of our Board of Directors. Over the next several years, we will plan to integrate ESG requirements into our overall Enterprise Risk Management Framework.





## Oversight Structure

### Board of Directors

Our Board of Directors comprises 13 members. Seven of our Directors have corporate citizenship or sustainability expertise.

### We require 100% membership independence on our four standing committees:

#### Audit Committee

##### Responsibilities

- Financial statements and ESG disclosures, reporting, and audits
- Compliance with legal
- Internal controls and procedures
- Engage, appoint, evaluate, and replace our independent auditor

#### Finance Committee

##### Responsibilities

- Financial condition and management
- Financing strategies and execution
- Relationships with shareholders, creditors, and others
- Review dividends, share repurchases and other sources of shareholder liquidity
- Potential acquisition or investment opportunities
- Review capital returns

#### Compensation and Human Capital Committee

##### Responsibilities

- Compensation, benefits, and human resources programs
- Senior management performance, composition and compensation
- Diversity, equity, and inclusion
- Talent management
- Compensation, workplace, and employment practices
- Succession planning

#### Nominating, Governance and Corporate Citizenship Committee

##### Responsibilities

- Board composition, structure, and evaluation
- Corporate governance guidelines and integration
- Review of corporate citizenship and sustainability initiatives

### Supported by:

Chief Executive Officer

Chief Operations Officer

Vice President Global Security and Enterprise Resilience

Chief Sustainability Officer

Other Senior Leaders





# Working together for change

## Engaging through advocacy

### Near-term environmental advocacy priorities

1. Accelerating the production and consumption of clean energy technologies and solutions
2. Encouraging a more circular and just economy
3. Enabling the production and use of environmentally sustainable fibers and fabrics
4. Supporting greenhouse gas emissions disclosure requirements.

Addressing climate change requires policy change. LS&Co. advocates for policy that supports the Paris Climate Agreement and a shift to a 1.5°C future and believes that governments and companies have a role to play in supporting populations most affected by policy changes.

LS&Co. believes government leadership is essential for widespread action to address climate change and to create the enabling environment for companies like ours to invest in renewable energy and achieve the greatest savings from energy efficiency.

We believe we can do more, faster and with greater resource efficiency with the right state and federal legislation that incentivizes us to capture energy efficiencies, invest in renewable energy, and reduce greenhouse gas emissions. Investments such as these, reduce operational expenses and are expected to pay for themselves over time. Put simply, we can run our business better with certainty on carbon and government policies to help us maximize energy efficiency and meet our energy needs with renewable sources.

LS&Co. has actively advocated for and engaged in policy initiatives related to clean energy solutions and climate and environmental claim disclosures in the United States and Europe.







**2022 & 2023 highlights include:**

Supporting the climate related provisions in the Inflation Reduction Act.

Signed onto CERES business letter expressing support for CA SB 261 (climate-related financial risk disclosure).

Advocating for policies that advance the development of clean energy generation and opposing policies that would create barriers for clean energy through engagement with congressional leadership.

Participating in the Lawmaker Education and Advocacy Day (LEAD) on Climate, hosted by the CERES Business for Innovative Climate and Energy Policy (BICEP) coalition, to engage lawmakers on the importance of investing in clean energy.

Signed onto CERES business letter expressing support for CA SB 253 (GHG disclosure) and encouraged American Apparel and Footwear Association to support the bill.

Worked with trade associations (Retail Industry Leaders Association, American Apparel and Footwear Association, National Retail Federation) on their submissions to the U.S. Federal Trade Commissions' Green Guides.

We continue to play a leadership role on Cascale's Policy Hub, PolicyHub, European Branded Clothing Alliance, American Apparel and Footwear Association among other trade associations focused on sustainability policy.

Signed onto CERES/Clean Energy Buyers Association Business Statement supporting the development of an expanded organized wholesale energy market or regional transmission organization for the Western U.S. to support energy resilience, efficiency, affordability, and the decarbonization of power systems.

LS&Co. is represented on the Cascale Board of Directors and engages with the Cascale Policy Hub to advocate for the European Union to support the transition to a more circular apparel economy. LS&Co. is also a signatory to the United Nations Fashion Industry Charter for Climate Action to explore policy solutions in key sourcing countries.

We strive to align LS&Co. activities with business strategies, including our climate and energy objectives. We hold a monthly cross-functional policy meeting, which includes the Chief Executive Officer, Chief Financial and Growth Officer, Chief Operations Officer, General Counsel, Chief Communications Officer, Chief Human Resources Officer, VP of Global Policy and Advocacy, and Chief Sustainability Officer. These stakeholders review and approve all public policy positions and advocacy plans related to sustainability.

In the years to come, LS&Co. will continue to use its influence and partnerships to advance policies that support the climate transition and are reflective of issues that matter most to our stakeholders and in priority markets.



# Foster systemic partnerships

Our sustainability partnerships are wide and varied. As well as those already mentioned, these are some of the many that are helping reduce our climate impact, advance circularity, mitigate risks and support the well-being of workers.

<sup>1</sup>The Levi Strauss Foundation, which is funded by Levi Strauss & Co., provides grant support to pioneering organizations and leaders working on the frontlines of change on the issues and events of our time.

## Sustainability and Health Initiative for Net Positive Enterprises (SHINE)

In partnership with the Harvard T.H. Chan School of Public Health's SHINE program and Manus, the Levi Strauss Foundation surveyed over 13,000 apparel workers across our supply chain to define, measure, and identify driving forces impacting apparel worker health and well-being in the apparel industry.

The research informed LS&Co.'s approach to Worker Well-being. We continue to hear from apparel workers and suppliers as they develop action plans to improve gender equity, well-being, and workplace communications in factories.

## Resilience Fund for Women in Global Value Chains

Launched in 2021, the fund has raised more than USD\$6.5m to support locally driven solutions to systemic challenges. The funds are invested in women-led, community-based organizations that are working on championing sexual and reproductive health, as well as women's rights, safety, and security as long-term drivers of economic resilience. In 2023, grants were awarded to 15 women-led organizations in Cambodia and Vietnam.

The Levi Strauss Foundation<sup>1</sup> will continue to engage with the Resilience Fund, contributing financially to the pooled fund and leveraging learnings to inform our approach towards a just transition based on the knowledge from women and women-lead organizations of what works best in their communities.

## Nirapon

Working to create a sustainable culture of safety, Nirapon, which means "safe place" in Bangla has a mission to provide resources, tools and guidance through partnerships that advance worker and workplace safety. Nirapon members work together to promote safety, systems, and educational resources that help factories mitigate risk and prevent accidents with a focus on capacity building.

LS&Co. will continue to partner and fund organizations that work to improve the lives of workers and advance equitable protections for garment workers in our priority production markets.

## Fashion for Good

Fashion for Good (FFG) is a circular innovation platform in the industry founded on principles of collaboration and scale. Through this partnership we can deepen our commitment to sustainability and innovation by leveraging FFG's expertise and network to create pilots to address the most pressing sustainability issues our value chain faces.

To date we have participated in pilots related to garment sorting, home compostable polybags, fiber transparency and traceability, as well as plant-based Indigo dye. We will continue to work in partnership with FFG and others in the industry to bring innovative solutions to scale.

## Organic Cotton Accelerator (OCA)

The partnership with OCA means growing more organic cotton in a way that has an improved impact on the planet, farmers and the businesses that rely on cotton for their products. Through this partnership with OCA we were able to source directly from organic cotton farmers.

Looking ahead, we will work to create a pipeline for organic cotton, through collaboration and investment with OCA and other organizations, promoting the positive change the cotton industry needs.

## U.S. Cotton Trust Protocol (USCTP)

Utilizing more sustainable cotton cultivation around the world is critical to reducing our carbon emissions and ensuring resiliency of this important crop, farmers, and the soil.

Our membership in the US Cotton Trust Protocol promotes regenerative farming practices that make cotton production more sustainable and offers measurable and verified data for brands across six sustainability metrics including carbon. It also provides a fully transparent cotton supply chain for all members. To date, suppliers in Mexico are engaged in obtaining USCTP verification in alignment with the Trust Protocol. In the next three years we will be actively scaling this program with our mills and vendors in the Americas and other geographies.

## Soil Health Institute

LS&Co. is investing in the Soil Health Institute's U.S. Regenerative Cotton Fund (USRCF), which encourages the adoption of soil health management systems across more than 11 million acres of U.S. cotton cropland to mitigate the effects of climate change, improve cotton producers' livelihoods, and create a more resilient future for all.

The Fund employs a holistic approach, focusing on four areas: providing economic information to support cotton growers' adoption of SHMS, establishing Soil Health Benchmarks for locally relevant goal setting and measurement, facilitating knowledge sharing and technical support, and fostering a resilient future through training on crop rotation cover crops, no till farming methods, and technology to improve the efficiency of inputs, including fertilizers and water.



# Join us

LS&Co. is committed to updating our climate transition plan at least every three years to specifically focus on our climate risks and opportunities in alignment with prevailing and internationally accepted frameworks and along with decarbonization activities and pathways necessary to meet our ambition of net-zero by 2050. We also commit to disclosing our progress annually through voluntary and required disclosure frameworks.

We look forward to working with our stakeholders and others to meet our ambitious goals. Partnership and feedback is critical for success.

**Engage with us at [sustainability@levi.com](mailto:sustainability@levi.com)**

## Investors

Continue to follow our journey as we work to align our business and strategy with a 1.5°C transition and open new business opportunities as the world moves to a lower carbon, more circular economy.

Engage with us and provide feedback on our reports and data with the aim of developing more consistent and meaningful disclosures.

## Employees

Climate change requires change to happen at every level of our business.

Speak to your line manager about how you can champion sustainability in your role or part of the business.

## Industry peers

Our shared raw material and manufacturing supply chains necessitate collective commitment. We cannot decarbonize and achieve a just transition operating alone.

Collaborate through industry forums, partner organizations and platforms to improve data quality, scale effort and impact and advocate for change.

## Suppliers

Over time, we will continue to give preference to suppliers that help us meet our climate goals, mitigate climate risks, and work together to enable a low-carbon and just transition.

Get in touch about how we can help your organization transition and resources available.

## Policy makers

Government leadership is essential for widespread action. Enacting and updating laws and regulations to improve energy and waste infrastructure, increase renewable energy and ensure a just transition will be required to shift to a 1.5°C degree future.

Work across geographies to improve harmonization of laws with a focus on developing and enacting smart policy that delivers intended and equitable outcomes.

## Consumers

Join us in our commitment to be responsible stewards of the natural resources we're using at LS&Co. by buying better and wearing longer.

Be more intentional about your purchasing decisions and look for ways to rewear, repair, repurpose and hold on to your clothes as long as possible before passing them down to future generations.





# Resources

This is a selection of links you may find useful for further information. For more, please visit [www.levistrauss.com/how-we-do-business/sustainability-resources-and-commitments/](https://www.levistrauss.com/how-we-do-business/sustainability-resources-and-commitments/)

Item	Description	Link
2022 Sustainability Report	The 2022 LS&Co. sustainability report showcases our commitment and approach to sustainability, along with our priorities and performance results in three areas: climate, consumption and community.	<a href="#">Click to view</a>
Supplier Map	Provides the names and addresses of the factories and mills in our supply chain using an interactive map	<a href="#">Click to view</a>
SASB Index	Our most recent report to the Sustainability Accounting Standards Board	<a href="#">Click to view</a>
GRI Index	Our most recent report to the Global Reporting Index	<a href="#">Click to view</a>
UNGC Progress	Our most recent communications to the United Nations Global Compact	<a href="#">Click to view</a>
TCFD Response	Our most recent response to Task Force on Climate-related Financial Disclosures	<a href="#">Click to view</a>
CDP	Our 2023 climate and water CDP report for FY 2022	<a href="#">Click to view</a>
Higg Scores	Our 2020 Cascale Higg Brand and Retail Module (BRM) scores	<a href="#">Click to view</a>



# Glossary

Acronym	Description
AAFA	American Apparel & Footwear Association
BICEP	Business for Innovative Climate and Energy Policy coalition
CDP	Carbon Disclosure Project
CERES	Coalition of Environmentally Responsible Economies
CLP	Apparel Impact Institute’s Carbon Leadership Program
DTC	Direct to Consumer
EAC	Energy Attribute Credit
ESG	Environmental, Social, and Governance
FEM	Higg Facility Environmental Module
FFG	Fashion for Good
FLAG	Forest Land and Agricultural
FTC	Federal Trade Commission
GHG	Greenhouse Gas
GTSF+	Global Trade Financing Program Plus

Acronym	Description
HVAC	Heating, Ventilation, and Air Conditioning
IFC	International Finance Corporation
ILO	International Labor Organization
KPI	Key Performance Indicator
LEED	Leadership in Energy and Environmental Design
LCA	Life Cycle Assessment
MSA	Master Service Agreement
MSA.ha	Mean species abundance per hectare
NGCC	Nominating, Governance & Corporate Citizenship Committee
NGO	Non-Government Organizations
NRF	National Retail Federation
OCA	Organic Cotton Accelerator
OCS	Organic Content Standard
PaCT	Partnership for Cleaner Textiles

Acronym	Description
PPA	Power Purchase Agreement
RILA	Retail Industry Leaders Association
RFP	Request For Proposal
SAC	Sustainable Apparel Coalition
SBT	Science-Based Target
SBTi	Science Based Targets initiative
SSCF	Sustainable Supply Chain Finance Program
SHINE	Sustainability and Health Initiative for Net Positive Enterprises
TCFD	Task Force on Climate-related Financial Disclosures
USCTP	U.S. Cotton Trust Protocol
vPPA	Virtual Power Purchase Agreement
WWB	LS&Co.’s Worker Well-being program

**The apparel supply chain traditionally comprises four tiers:**

Tier 1	Garment manufacturers (cut and sew, laundry)
Tier 2	Processing facilities (fabric dyeing, weaving, and finishing mills)
Tier 3	Processing facilities (textile spinning)
Tier 4	Raw material suppliers



# LEVI STRAUSS & CO.

## Forward-looking statements

This climate transition plan and related website content contain forward-looking statements (words such as “expects”, “aims”, “plans”, “may”, “will”, “believes,” “anticipates” or variations of words and similar expressions), including statements related to our sustainability strategies, initiatives targets, commitments, and goals. We based these forward-looking statements on our current assumptions, expectations, and projections.

These forward-looking statements are estimates and involve a number of risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties are detailed in our filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K and may be updated from time to time via additional filings on Forms 10-Q or 8-K. Other unknown or unpredictable factors also could have material effects on our future results, performance, or achievements. In light of these risks, uncertainties, assumptions and factors, the forward-looking events discussed in this climate transition plan and related website content may not occur. You should not place undue reliance on forward-looking statements, which speak only as of the date they are originally presented, are not guarantees of future performance or results, and are subject to risks, uncertainties and assumptions that are difficult to predict or quantify.

We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by law.