In 1991, Levi Strauss & Co. (LS&Co.) created its Terms of Engagement policy, making it one of the first companies to adopt a code of conduct for its suppliers. How has Levi Strauss & Co.’s supply chain approach changed over the years?

Levi Strauss is committed to bringing our pioneering values of empathy, originality, integrity and courage to life. Over the past 23 years, our approach has transformed from a set of labor standards for suppliers, to a broad social and environmental sustainability agenda, seeking to improve workers’ well being and restore the environment.

Highlights include:
• In 1994, we implemented strict water quality guidelines – our Global Effluent (wastewater) Requirements – that all contract laundries and finishing facilities must meet.
• We followed with a comprehensive Restricted Substance List to ensure our products are manufactured in a responsible and environmentally sensitive manner.
• Since 2000, we have been a leader in advocating for the protection and enforcement of workers’ rights as an integral part of U.S. trade negotiations.
• In 2005, we were one of the first apparel companies to release the names and locations of all the factories that manufacture and finish our products.

How does LS&Co. ensure that working conditions in its supplier factories meet the company’s Terms of Engagement?

We employ full-time factory assessors. These experts understand the scope of our labor and environment, health and safety standards and know the local languages, laws, culture and business context of each country where we operate. They conduct regular assessments of every factory contracted to manufacture our products, which involve on- and off-site discussions with workers, management interviews, review of factory records and environment, and health and safety inspections. Each assessment identifies improvement areas and a corrective action plan. Regular follow-up visits are also conducted to ensure suppliers are completing their action plans on a timely basis.

Over the years, we have learned that while the factory assessment process is important, the key to lasting improvement in working conditions is for our suppliers to understand and appreciate the importance of operating a responsible workplace. Today, we are also partnering with the International Labor Organization’s Better Work program in many countries to reduce duplication of monitoring and focus on factory improvement.

LS&Co. is a member of the Better Cotton Initiative. What are the particular challenges involved in working for sustainability with commodities like cotton?

When we completed a lifecycle assessment of the environmental impact of our key products, we found that the biggest impacts were in two phases we have very little control over – at the beginning, how cotton is grown – and at the end – how consumers care for clothes.
With respect to cotton, the key challenges and opportunities that we and the other members of the Better Cotton Initiative are working to address are:

**Complex supply chain:** There are many actors in the cotton supply chain—farmers, gins, spinners, mills, garment manufacturers, cotton traders, and brands/retailers. To be successful on sustainability, all parties must be engaged. The BCI was established as a multi-stakeholder organization and includes representatives from all of the supply chain tiers, public-private partner organizations and civil society.

**Demonstrating impact:** The majority of cotton farmers are smallholder farmers. Reaching them with more sustainable growing techniques and tracking the actual impact the Better Cotton agriculture system achieves in terms of reducing chemical and water use, and improving farmer profitability, is a challenge.

**Building a credible supply:** BCI has worked hard to establish a credible supply of Better Cotton. In 2014, Better Cotton available for uptake into supply chains is projected at over 1 million MT (metric tons).

**Creating strong demand:** The other necessary factor to achieving scale is creating strong demand for the sustainable commodity with necessary credibility. BCI now has brand/retail members who represent 10% of the global cotton demand, some of whom work in collaboration with the BCI to build supply chains able to demonstrate credible uptake of the commodity.

**Vision, strategy and leadership:** BCI has established a compelling vision and strategy to scale sustainable cotton.

LS&Co. first began publicly disclosing its list of suppliers in 2005. This degree of transparency is unusual for a large apparel company. What have been the results of the disclosure?

We’ve always led by example and stayed true to our values—and we believe transparency is part of that.

Making our list of suppliers public has proven to act as an enabler in multi-stakeholder initiatives or other forms of collaboration. Other brands have followed suit and are disclosing their supplier lists.

The internal benefit of this transparency is that we have become disciplined about knowing who our suppliers are—who is making our product. Surprisingly, many companies do not know where their product is being made. For us, this is the starting point to ensuring we are working with suppliers who support our vision of a more sustainable supply chain.

What is the company doing to improve the working and living conditions of the people who make its products? How has LS&Co. ’s “Improving Workers’ Well-Being” program led to positive change? And why does this make good business sense?

Too often, supply chain compliance programs fall short of ensuring that worksite-based improvements improve workers’ lives, so we’re now piloting a new approach with factories that moves beyond compliance to help improve workers’ lives beyond the factory walls. The new approach, Improving Workers’ Well-Being, is outlined in this research paper.

Our priority areas include:

- **Economic empowerment:** access to information and services to manage personal finances.
- **Good health and family well-being:** health information and services pertaining to hygiene, reproductive health, nutrition and children’s health.
- **Equality and acceptance:** protect workers from harassment and discrimination, sharing communications and negotiation skills.
- **Education and professional development:** literacy, basic education and opportunities to develop professional skills for workers, their families, and where possible, their communities.
- **Access to a safe and healthy environment:** improving water, sanitation, mobility and environmental resilience infrastructure for workers, their families and communities.

Programs to address these issues have already begun in our pilot suppliers, and we know these types of programs have an impact. For example, the HERProject, supported by the Levi Strauss Foundation, has documented that for every $1 invested in its peer-to-peer health education programs, there is a $3 return to suppliers in terms of reduced worker absenteeism and tardiness, and improved worker satisfaction.

Many of the systemic issues present in the garment sector require a collaborative approach. How does LS&Co. engage in multi-stakeholder collaboration to achieve tangible improvements for workers?

Multi-stakeholder collaborations are important when the challenges are systemic and too great to be overcome by individual company action. Some of the multi-stakeholder collaborations we are participating in today are:

- **Better Cotton Initiative:** BCI is now reaching an estimated 300,000 farmers in 8 countries.
- **ILO Better Work Program:** The Program helps to improve the lives of over 1 million apparel workers in 7 countries around the world.
- **Sustainable Apparel Coalition:** The SAC is developing the second generation Higg Index which will enable brands and retailers to apply a consistent set of social and environmental indicators in their supply chains around the world.

What role has ICCR played in LS&Co.’s development and implementation if its human rights policy?

ICCR has been a helpful and trusted advisor in the ongoing development of our sustainability program. Its staff has always been open and thoughtful in listening to our issues, encouraging our explorations, and challenging us to always strive to do better.