

November 4, 2020

To: Business & Human Rights Resource Center

Re: Inquiry for COVID Tracker

In line with our history of strong, collaborative supplier relationships and a longstanding commitment to workers in our supply chain and their communities, Levi Strauss & Co. is working closely with our suppliers and other partners to find the best way through the global COVID-19 pandemic.

From the outset of the crisis, we determined that we would take full responsibility – and pay in full – for all finished, ready-to-ship orders and in-progress orders. We also made plans to use raw materials that had already been received by suppliers for product orders in later seasons.

While we extended our payment terms, we believe our current terms are consistent with industry practice, and we have not asked for any discounts on payments. Our sourcing leads have stayed in close conversation with suppliers throughout and we factor their circumstances into our decisions. Furthermore, we have worked with the International Finance Corporation (IFC) [since 2014](#) on a program that suppliers can use to get early payments at favorable market rates. The IFC program also provides better rates to suppliers who perform well on our social and environmental assessments, thus incentivizing suppliers to respect and protect worker rights. We provide additional assistance to suppliers not in locations served by the IFC program, and we continue to explore facilitating longer-term low-cost financing for suppliers who have expressed the need and interest.

Given the scale and gravity of the COVID-19 pandemic, not all suppliers have been able to remain open. Several suppliers have closed during the pandemic. We keep track of the affected suppliers and have ensured that they follow the applicable legal requirements on worker wages, severance and payments during country-mandated lockdowns. In addition, we have provided our suppliers with comprehensive and regularly-updated guidance on best practices for ensuring worker health and safety during the pandemic. If any suppliers are forced by circumstances to make workforce reduction decisions, we strongly encourage them to do so in an equitable and humane manner, and in consultation with union representatives and worker committees. In the one instance where discriminatory practices against union leaders were identified, we promptly engaged with the management of the supplier to remediate the situation. Once it became clear that the management was not going to comply with our requirements, we made the decision to responsibly exit the supplier, as per our [code of conduct](#).

Recognizing that the COVID-19 pandemic has had a profound impact on entire apparel worker communities, Levi Strauss Foundation made [grants](#) to local

organizations to support the most vulnerable, with a particular focus on women. In addition, we proactively pursued partnerships with U.S. government institutions to leverage public funds and expertise to further support worker communities in our sourcing countries. We recently [signed](#) a Memorandum of Understanding with the U.S. Agency for International Development (USAID) to work together to create a more resilient apparel and footwear sector and workforce, enhance the rights and welfare of workers, and empower women in the workforce.