

BACKGROUND

Levi Strauss & Co. (LS&Co.) conducted the apparel industry's first lifecycle assessment (LCA) study in 2007 to assess the entire lifecycle impact of a core set of products. The study focused primarily on the company's U.S. operations and uncovered that the greatest water and energy impact was in two areas: cotton cultivation and consumer care.

Since then, LS&Co. has made tremendous progress addressing areas within its control, leading to more than **one billion liters of water saved to date** through the <u>Levi's Water<Less</u> process and implementation of the apparel industry's first <u>water recycle/reuse</u> standard in its supply chain. The company has also taken bold steps to reduce the environmental impact of its products in the areas outside its direct control. This includes educating consumers through its <u>Care Tag for the Planet</u> initiative that encourages consumers to adopt care methods that use less energy and water. LS&Co. also joined the <u>Better Cotton Initiative</u> to invest in cotton that uses less water and chemicals and improves farmer livelihoods.

In an effort to dig even deeper into the ways it can reduce its global impact, LS&Co. conducted a new global lifecycle assessment study to understand consumer behaviors by market and cotton agriculture globally.

LEVI STRAUSS & CO. © 2015

BACKGROUND

The new study, initiated in 2013, looked at three LS&Co. products: a pair of Levi's 501 jeans, a pair of Levi's Women's jeans, and a pair of Dockers Signature Khakis. This latest study benefited from the latest advancements in LCA scientific methods, tools and data collection processes and gives greater insight into the two biggest impact areas by expanding the scope of data collected.

This presentation dives deeply into the findings related to a pair of Levi's 501 medium stone wash jeans. The goal is that these findings will help LS&Co. and others in the apparel sector take more effective and holistic approaches to our industry's environmental impact.

LEVI STRAUSS & CO. © 2015



LIFECYCLE ASSESSMENT DEFINITION

- An LCA is a systems-based, quantitative method for evaluating the environmental impact of a product.*
- It is a tool used to assess the stages and impact of a product's entire life, from raw material extraction (cradle) to waste treatment (grave).
- An LCA typically does **not include**:
 - Social impacts
 - Economic impacts

*LS&Co. used the ISO 14040 Series as a basis for its LCA which details the requirements for conducting and administering a Life Cycle Assessment

LIFECYCLE ASSESSMENT BENEFITS

- Allows us to focus on the most significant environmental impacts as we develop and evaluate sustainability programs and policies
- Informs product decisions to reduce the environmental impact from design, materials, and manufacturing
- Supports engagement with external stakeholders to reduce the impact of materials and consumer care



LEVI STRAUSS & CO. © 2015

LEVI STRAUSS & CO.

NEW AREAS STUDIED: GLOBAL COTTON CULTIVATION AND NEW CONSUMER MARKETS

FUNCTIONAL UNIT

Levi's® 501® jeans & other core LS&Co. products

MULTIPLE CONSUMER MARKETS INCLUDED

- United States
- United Kingdom
- France
- China

WORLD'S PRIMARY COTTON PRODUCING COUNTRIES STUDIED

- United States
 Brazil
- India

- China
- Pakistan
- Australia

PRIMARY DATA SOURCES

- LS&Co.
- 11 supplier factories
- 6 fabric mills

STUDY BASED ON

LS&Co.'s product lifecycle categories and the required impact categories of the Sustainable Apparel Coalition's Product Category Rule guidance



LEVI'S® 501® PRODUCT ATTRIBUTES STUDIED

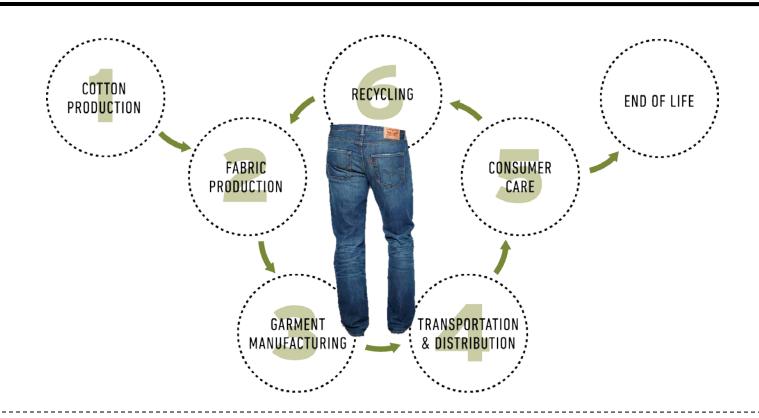
- 5 fabrics
- 8 finishes (low to high complexity; highest volume)
- 2012 production year

EVERY ASPECT ANALYZED

- Cotton production
- Fabric production
- Garment manufacturing
- Packaging
- Sundries
- Transportation & distribution
- Consumer care
- End of life



THE LIFECYCLE OF A LEVI'S 501 JEAN



SEVERAL IMPACT CATEGORIES RELEVANT TO APPAREL WERE ANALYZED

CATEGORY	DESCRIPTION	UNITS
CLIMATE CHANGE	Global warming potential of greenhouse gases released to the environment	kg CO ₂ -e
WATER INTAKE	Freshwater taken from the environment	liters
WATER CONSUMPTION	Net freshwater taken from the environment minus water returned to the same watershed at the same quality or better	liters
EUTROPHICATION	Oxygen depletion as a result of nitrogen and phosphorous deposit into freshwater or marine environments	g PO ₄ -e
LAND OCCUPATION	Total land occupied to support the product system assessed	m²-yr
ABIOTIC DEPLETION	A measure of the depletion of non-renewable resources that includes fossil energy, metals and minerals	mg Sb-e

IMPACT PHASE ANALYSIS SPANNED AREAS INSIDE AND OUTSIDE OUR DIRECT CONTROL



LEVI STRAUSS & CO. © 2015



CONSUMER CARE AND COTTON CULTIVATION REMAIN THE MOST SIGNIFICANT IMPACT AREAS

CONSUMER CARE



COTTON CULTIVATION



COTTON AND CONSUMER HABITS HAVE A BIG IMPACT ON WATER AND ENERGY USE

General Findings:

- Water Consumption: Fiber production, predominantly cotton, contributes by a wide margin to water consumption.
- Climate Change: Consumer care and fabric production are the most significant phases for climate change impact and energy.
- Expanded Scope: By expanding our scope to include the leading cotton-producing countries, we've seen the water consumption from cotton cultivation increase to 68% of the total impact.

Consumer Use Findings:

- Washing every 10 times a product is worn instead of every 2 times reduces energy use, climate change impact, and water intake by up to 80%.
- Significant differences between regions:
 - Consumers in China are leading the pack: when it comes to laundering their jeans, they mostly wash in cold water and air dry
 - American consumers had the highest water intake and use of non-renewable energy. The good news is that Americans more prevalently use cold water
 - Consumers in the UK and France mostly air dry their jeans but they use more hot water than American or Chinese consumers
 - Consumers in the USA, UK and France wash their jeans more frequently than in China

LEVI STRAUSS & CO. © 2015

OTHER STAGES STILL HAVE AN IMPACT, BUT TO LESSER DEGREES

Materials, Production and other findings:

- Fabric assembly, which includes yarn spinning, dyeing, weaving, and fabric finishing had notable contributions related to climate change impact and non-renewable energy consumption.
- Life cycle stages that had minimal contribution to impact include: fabric transport, product transport, packaging, production wastes, distribution, retail, and end of life waste.

LEVI STRAUSS & CO. © 2015

LEVI STRAUSS & CO.



LEVI'S® 501® JEAN LIFECYCLE IMPACT

The entire lifecycle of **one pair** of Levi's® 501® jeans equates to:

Climate Change:

 33.4 kg CO_2 -e...

Water Consumed:

3,781 liters...

Eutrophication:

48.9 g PO₄-e...

Land Occupation: 12 m²/year...



- 69 miles driven by the average US car
- 246 hours of TV on a plasma big-screen

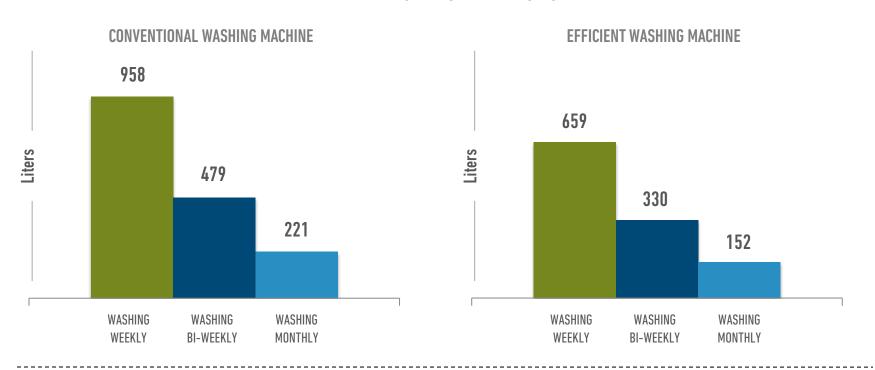
3 days worth of one US household's total water needs

The total amount of phosphorous found in 1,700 tomatoes

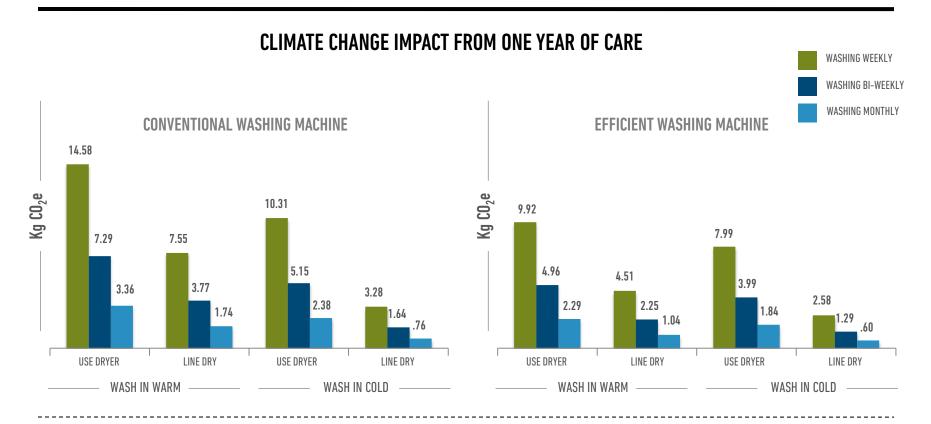
Seven people standing with arms outstretched, fingertips touching, would form one side of a square this size

CONSUMER WATER CONSUMPTION VARIES DEPENDING ON WASHING FREQUENCY AND EQUIPMENT

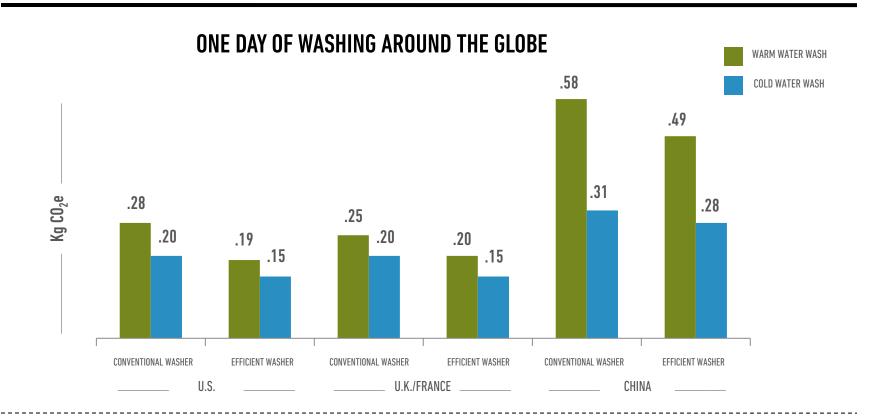
WATER INTAKE OVER ONE YEAR OF CARE



THE CLIMATE CHANGE IMPACT OF CONSUMERS WASHING AND DRYING THEIR JEANS VARIES GREATLY DEPENDING ON WASHING FREQUENCY, METHODS, AND EQUIPMENT

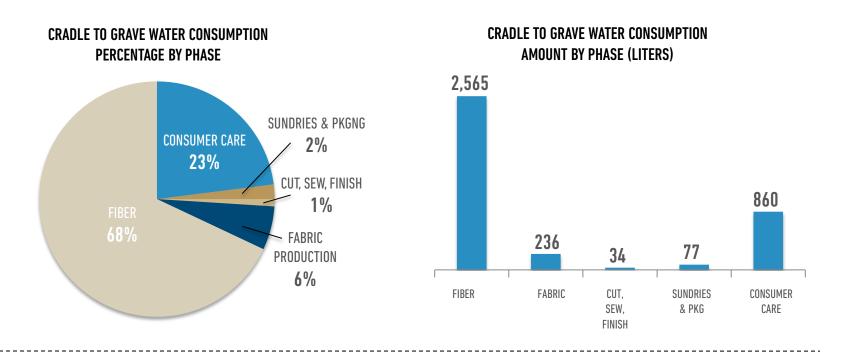


CONSUMER CLIMATE CHANGE IMPACT VARIES DEPENDING ON WATER TEMPERATURE AND MACHINE EFFICIENCY



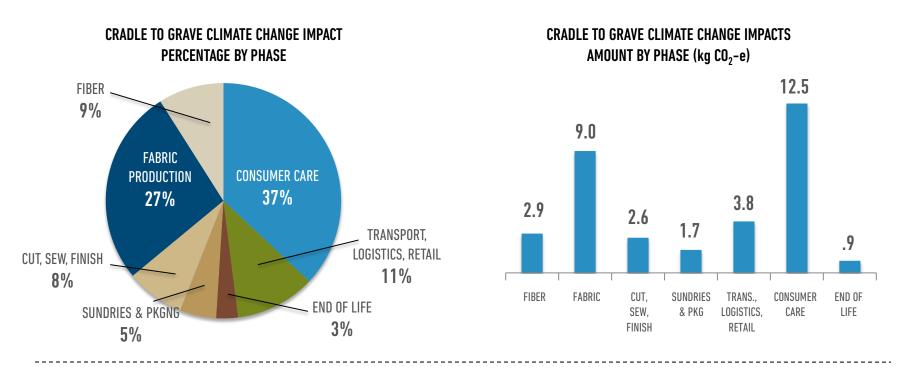
LEVI'S® 501® JEANS: WATER CONSUMPTION

Fiber production, predominantly cotton, contributes by a wide margin to water consumption.



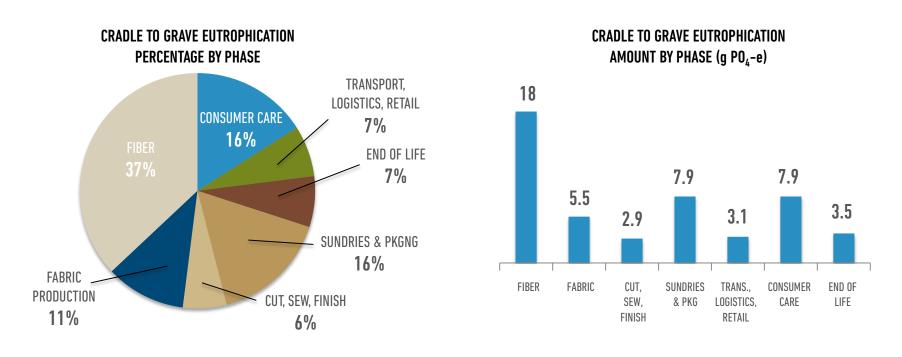
LEVI'S® 501® JEANS: CLIMATE CHANGE IMPACT

Consumer Care phase dominates the climate change impact area (driven by high use of non-renewable energy).



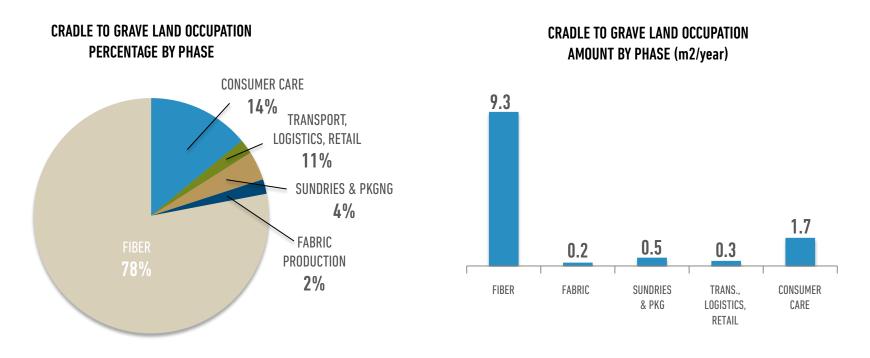
LEVI'S® 501® JEANS: EUTROPHICATION (NITROGEN AND PHOSPHOROUS DEPOSIT)

Fiber production, predominantly cotton, contributes by a wide margin to eutrophication impact.



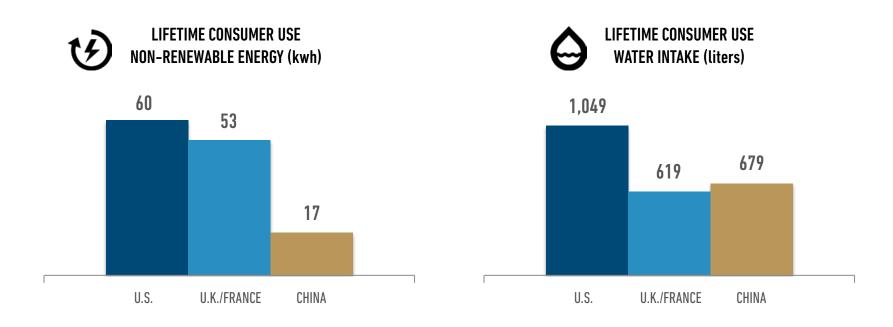
LEVI'S® 501® JEANS: LAND OCCUPATION

Fiber production, predominantly cotton, contributes by a wide margin to land occupation impact.



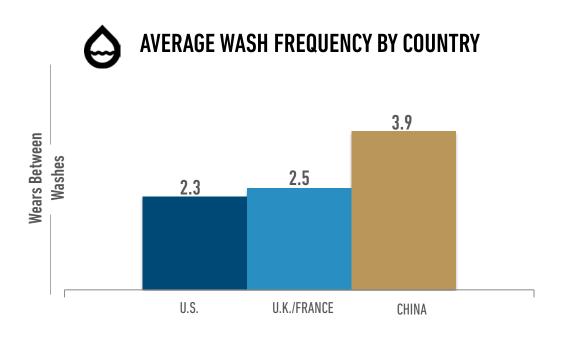


ON AVERAGE, AMERICANS USE MORE WATER AND ENERGY TO WASH THEIR JEANS

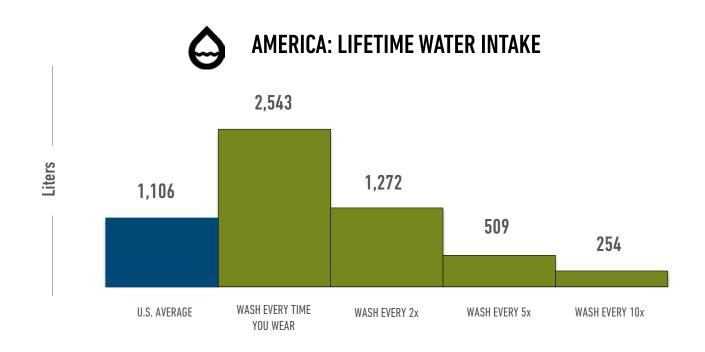


For sources and additional consumer use data, please see the Appendix.

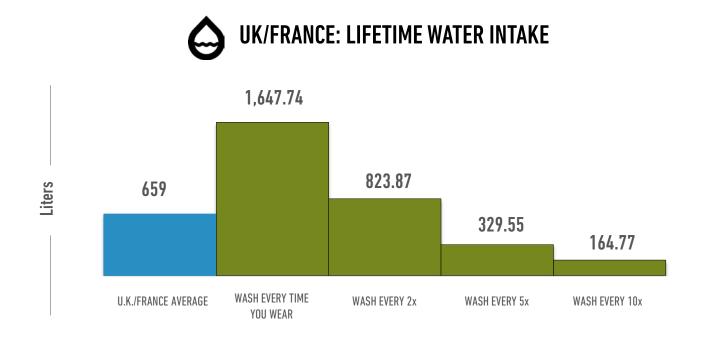
ON AVERAGE, CONSUMERS IN CHINA WASH LESS FREQUENTLY



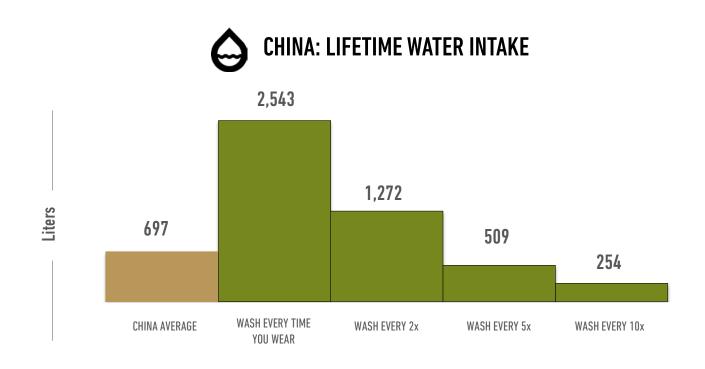
IN AMERICA: WEARING JEANS 10X BEFORE WASHING COULD REDUCE WATER USAGE BY 77%



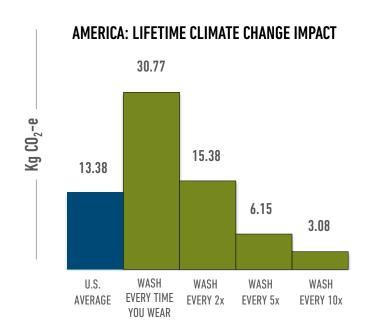
IN THE UK/FRANCE: WEARING JEANS 10X BEFORE WASHING COULD REDUCE WATER USAGE BY 75%

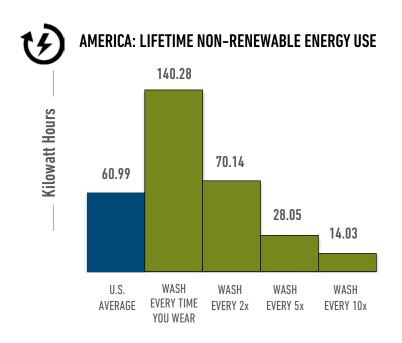


IN CHINA: WEARING JEANS 10X BEFORE WASHING COULD REDUCE WATER USAGE BY 61%

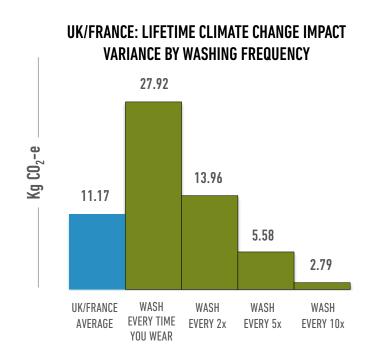


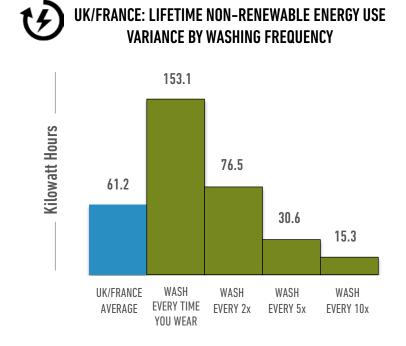
IN AMERICA: WEARING JEANS 10X BEFORE WASHING COULD REDUCE ENERGY USAGE BY 77%



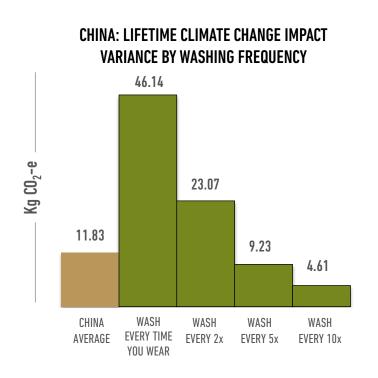


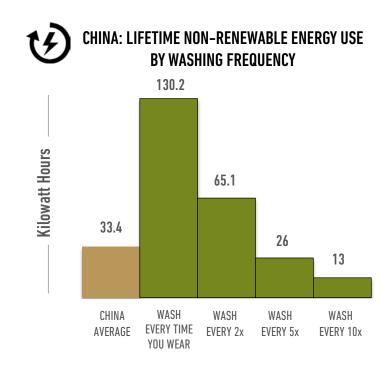
IN UK/FRANCE: WEARING JEANS 10X BEFORE WASHING COULD REDUCE ENERGY USAGE BY 75%



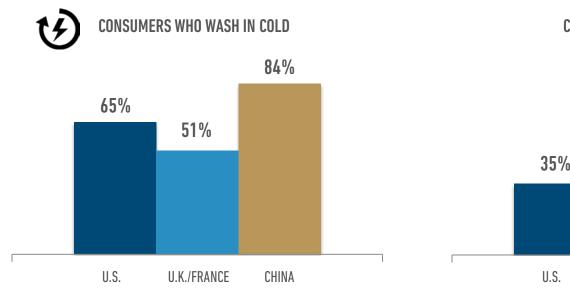


IN CHINA: WEARING JEANS 10X BEFORE WASHING COULD REDUCE ENERGY USAGE BY 61%

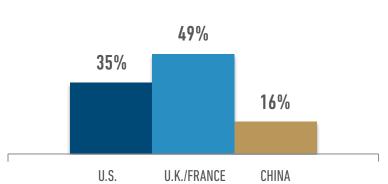




WASH IN COLD VS. WARM BY COUNTRY

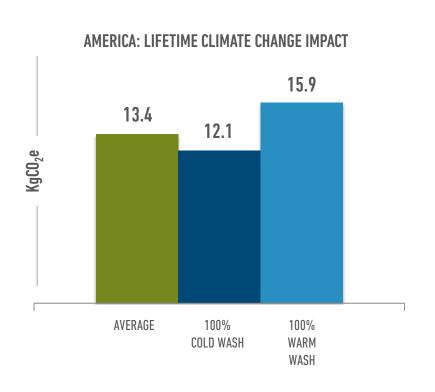


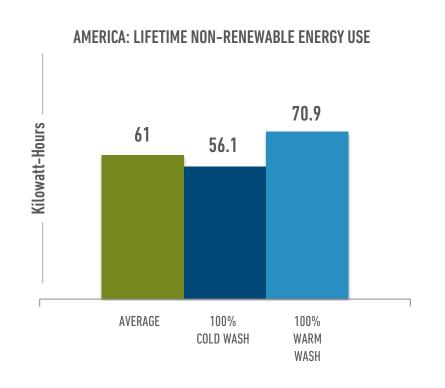
CONSUMERS WHO WASH IN WARM



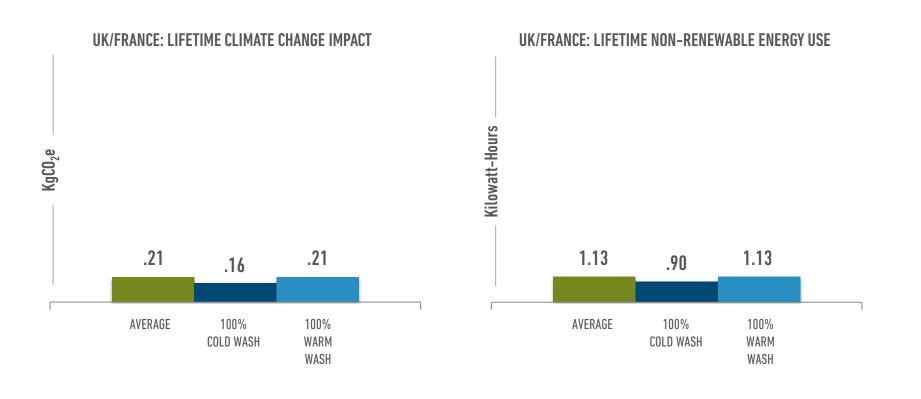
For sources and additional consumer use data, please see the Appendix.

IN AMERICA: WASHING IN COLD INSTEAD OF WARM REDUCES NON-RENEWABLE ENERGY USE BY 21% AND CLIMATE IMPACT BY 24%

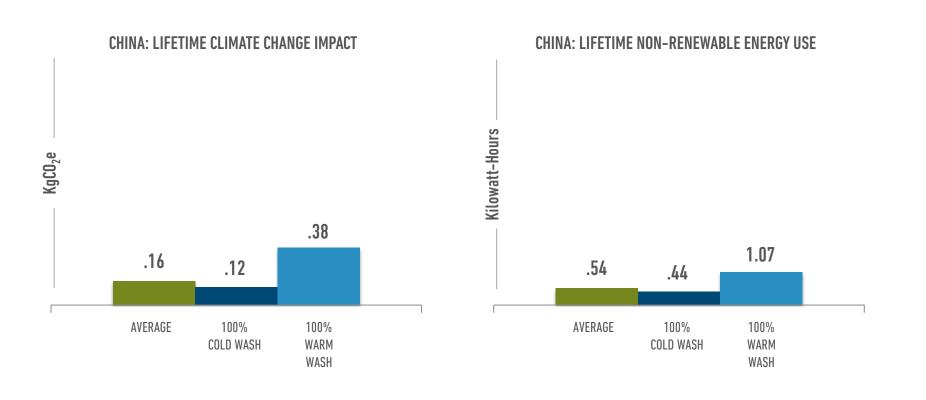




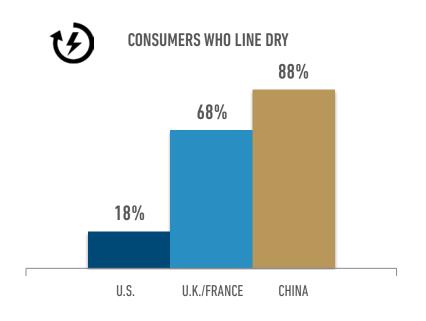
IN U.K./FRANCE: WASHING IN COLD INSTEAD OF WARM REDUCES NON-RENEWABLE ENERGY USE BY 20% AND CLIMATE IMPACT BY 21%

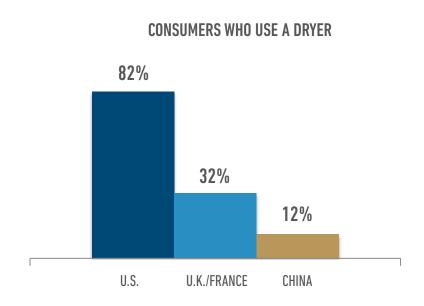


IN CHINA: WASHING IN COLD INSTEAD OF WARM REDUCES NON-RENEWABLE ENERGY USE BY 59% AND CLIMATE IMPACT BY 69%



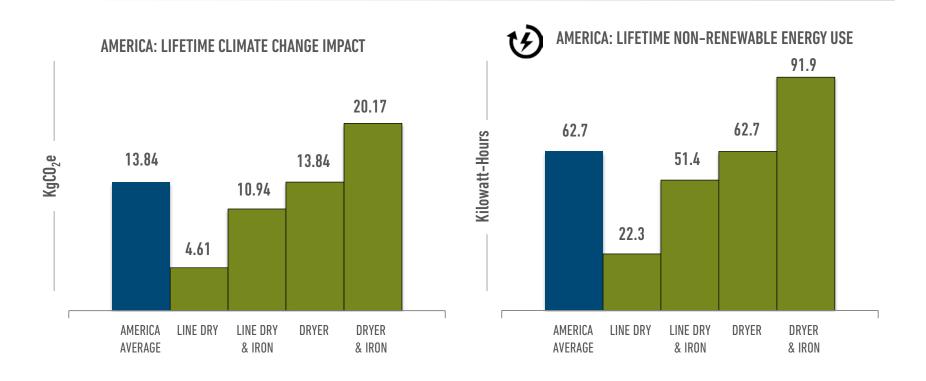
LINE DRY VS. DRYER BY COUNTRY



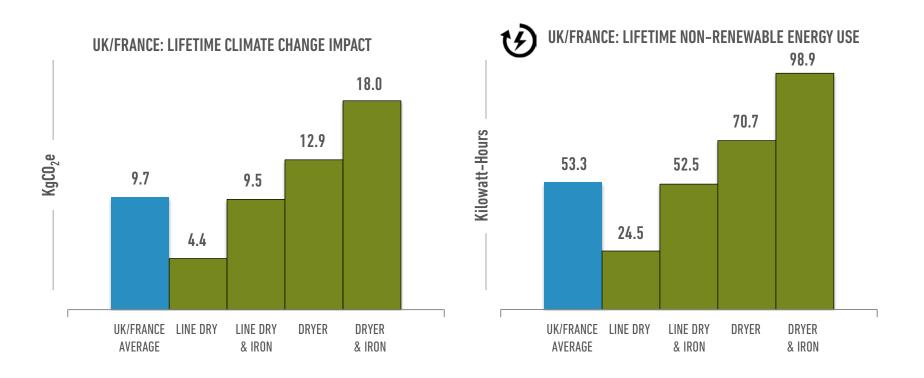


LEVI STRAUSS & CO. © 2015

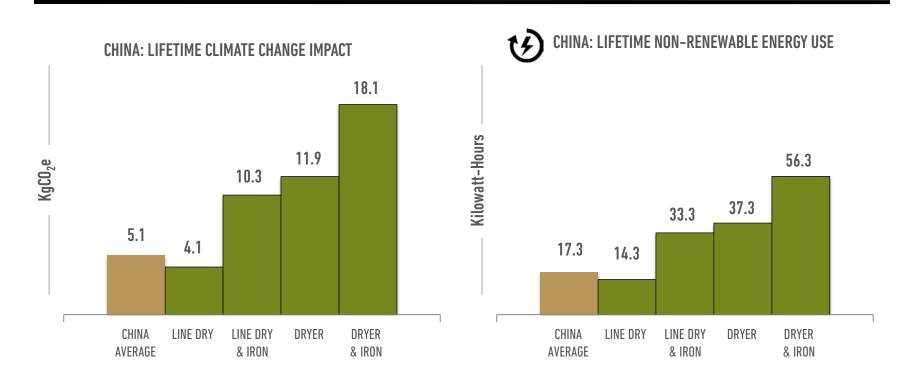
IN AMERICA: LINE DRYING INSTEAD OF USING A DRYER REDUCES NON-RENEWABLE ENERGY USE BY 64% AND CLIMATE IMPACT BY 67%



IN UK/FRANCE: LINE DRYING INSTEAD OF USING A DRYER REDUCES NON-RENEWABLE ENERGY USE BY 65% AND CLIMATE IMPACT BY 66%



IN CHINA: LINE DRYING INSTEAD OF USING A DRYER REDUCES NON-RENEWABLE ENERGY USE BY 62% AND CLIMATE IMPACT BY 65%





CONTINUE TO LEAD, EDUCATE CONSUMERS & EXPAND THE BETTER COTTON INITIATIVE





LEVI STRAUSS & CO. © 2015

CONTINUE TO LEAD, EDUCATE CONSUMERS & EXPAND THE BETTER COTTON INITIATIVE

Call to action to Levi's® fans around the world:

- 1. Take the quiz to understand your impact and pledge to wash less
- 2. If you have to wash, use cold water and try our tips
- 3. Line dry
- 4. Donate your old jeans to give them a new life

Call to action to our global apparel industry peers:

- Understand your impact and take actions to reduce your impact on the environment
- 2. Use your marketing muscle to educate consumers on how they can reduce their impact by washing less, line drying and donating
- 3. Influence your global supply chain partners to procure Better Cotton Initiative cotton and adopt <u>water recycling and reuse standards</u>



LEVI STRAUSS & CO. © 2015

LEVI STRAUSS & CO.

WHEN LS&CO. LEADS, OTHERS FOLLOW

LS&Co. water stewardship programs:

- 1. Water<Less™
- 2. Water Recycling & Reuse Standard
- 3. Global Effluent Guidelines
- 4. Better Cotton Initiative
- 5. CEO Water Mandate

LS&Co. sustainable product development:

- 1. Terms of Engagement
- 2. Chemical Management Programs
- 3. Responsible Sourcing Initiative
- Wellthread™: Holistic approach to sustainable product design & manufacturing
- 5. <u>Waste<Less™</u>: Uses at least 20% post-consumer waste in each product





LEVI'S® 501® JEAN LIFECYCLE IMPACT

	FIBER	FABRIC ASSEMBLY	CUT, SEW, Finish	SUNDRIES & PACKAGING	TRANSPORT, Logistics, Retail	CONSUMER CARE	END OF LIFE	TOTAL
CLIMATE CHANGE (kg CO ₂ -e)	2.9	9.0	2.6	1.7	3.8	12.5	0.9	33.4
	9%	27%	8%	5%	11%	37%	3%	100%
WATER CONSUMPTION (liters)	2,565	236	34	77	10	860	0	3,781
	68%	6%	1%	2%	0%	23%	0%	100%
EUTROPHICATION (g PO ₄ -e)	18.0	5.5	2.9	7.9	3.1	7.9	3.5	48.9
	37%	11%	6%	16%	6%	16%	7%	100%
LAND OCCUPATION (m²/year)	9.3	0.2	0.0	0.5	0.3	1.7	0.0	12.0
	78%	1%	0%	4%	2%	14%	0%	100%
ABIOTIC DEPLETION (mg Sb-e)	19.9	7.2	1.9	118.5	4.4	17.9	0.1	29.1
	12%	4%	1%	70%	3%	11%	0%	100%

DATA WAS COLLECTED FROM SEVERAL SOURCES IN THE SUPPLY CHAIN

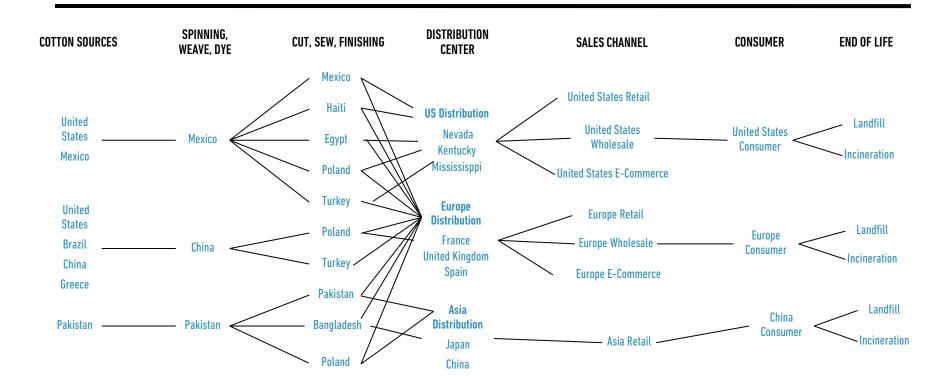
PHASE	PRODUCT DATA	FACILITY OR GENERAL DATA		
SPINNING	Fiber Type Fiber Country of Origin Transport Mode and Distance Fiber Loss	Energy Water Packaging Waste		
DYE, WEAVE, FINISH	Fiber Loss Chemical Use & Transport Mode & Distance			
CUT & SEW	Transport Mode & Distance Cutting Efficiency Material Use Sundry Material and Weight Packaging Material and Weight			
GARMENT FINISH	Chemical Use Transport Mode & Distance			
DISTRIBUTION CENTERS	N/A			
PRODUCT TRANSPORT	Transport Mode & Distance			
RETAIL	N/A	Energy		
CONSUMER CARE	N/A	Consumer washing habits		

SENSITIVITY: FABRIC LOSS, FIBER LOSS, AND WASH AND DRY FREQUENCY ARE IMPORTANT TO THE FINAL RESULTS

	CHANGE MEASURED	IMPACT ON CLIMATE CHANGE	IMPACT ON WATER CONSUMPTION
FABRIC LOSS	± 10%	± 3.8%	± 7.4%
FIBER LOSS	± 10%	± 2.6%	± 6.7%
FREQUENCY OF CARE	± 10%	± 3.8%	± 2.3%
PRODUCT TRANSPORT	± 50%	± 1.0%	± 0.0%
CARE TRANSPORT	± 50%	± 0.3%	± 0.0%

- Fabric loss and fiber loss are both very important to measure because they have a significant impact on the final results
- Differences in transport distances have very little impact on the overall product results

LEVI'S® 501® JEAN GLOBAL PRODUCTION FOOTPRINT



LCA SOURCE DATA

References for consumer use habits:

- Cotton Council International (2013) Survey of US Laundry Practices, unpublished document, Washington, DC.
- Cotton Council International (2013) Survey of Chinese Laundry Practices, unpublished document, Washington, DC.
- LS&Co. Consumer Surveys (2012)

References for Wash, Dry, and Ironing Impacts:

- Biermayer, P.J., J. Lin (2004) Clothes Washer Standards in China: The Problem of Water and Energy Trade-offs in Establishing Efficiency Standards, Doc. LBNL-5515. Lawrence Berkeley National Laboratory, Berkeley California. Proceedings of the American Council for an Energy Efficient Economy (ACEEE) 2004 ACEEE Summer Study, May 19th. http://eaei.lbl.gov/publications/clothes-washer-standards-china-proble
- European Committee of Domestic Equipment Manufacturers (CECED) (2013) I prefer 30 degrees Substantiation Dossier. Chesire, UK. http://www.iprefer30.eu/en
- Denkenberger, D., C. Calwell, N. Beck, B. Trimboli, D. Driscoll, C. Wold (2013) Analysis of Potential Energy Savings from Heat Pump Clothes Dryers in North America, CLASP, Washington DC. http://clasponline.org/en.aspx
- Department of Energy (DOE) "Energy Star Savings Calculator" (EPA & DOE 2010) and supplemented with data from the 2010 DOE Energy Conservation Program for Consumer Products (75 Federal Register 182) and AATCC standards (AATCC 2011). Clothes Washer Update 6.1, February 1, 2013. http://www.energystar.gov/buildings/facility-owners-and-managers/existing-buildings/save-energy/purchase-energy-saving-products
- Department of Energy, consumer energy conservation. Accessed June 14, 2014.
 http://energy.gov/energysaver/articles/estimating-appliance-and-home-electronic-energy-use