

# Creating Inclusive Employment in Supply Chains through Factory-based Programs:

## *Levi Strauss & Co.'s Worker Well-being Initiative*

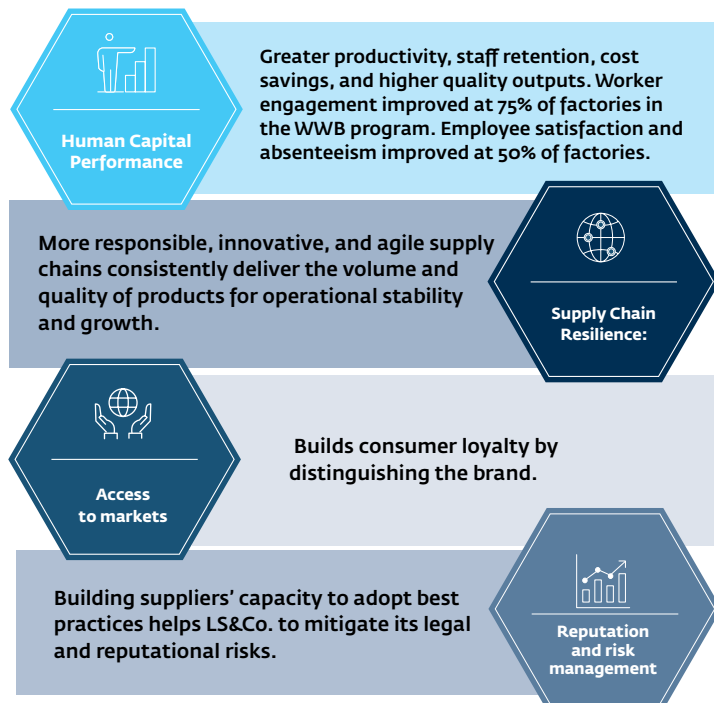
Global apparel supply chains are often associated with poor working conditions. However, Levi Strauss & Co. (LS&Co.), one of the world's largest brand-name apparel companies, recognizes that worker well-being is fundamentally linked to successful business outcomes, and that a healthy and satisfied workforce contributes to lower turnover and absenteeism, and higher productivity and work quality.



### The Challenge

In the global apparel sector, factory facilities are often poor, working hours are long, and there are widespread reports of harsh treatment, discrimination, and sexual harassment of the predominantly female workforce. Many employees lack access to healthcare, childcare, banking, and other benefits, which undermines well-being and employment continuity. Opportunities to develop skills and advance to higher positions are often limited, especially for women. However, since 2011, LS&Co. has made improving worker well-being a strategic priority in its engagement with its suppliers who collectively employ over half a million workers. <sup>ii, iii, iv</sup>

### Benefits for Business



### Inclusive Employment Solutions

LS&Co.'s Worker Well-being (WWB) initiative raises the living standards of workers in its supply chains through factory-based programs.



### Benefits for Workers

LS&Co.'s Worker Well-being program reached more than 108,000 workers in 104 factories in 14 countries in FY21. The program has helped its suppliers to achieve high levels of employee satisfaction (74 percent) in a sector where low morale and engagement often result in high staff turnover and low productivity. As of FY21, 60 percent of suppliers now self-fund their programs

## LEVI STRAUSS & CO.

**Industry:** Apparel

**Operations:** In fiscal year 2021, LS&Co. sourced from manufacturers in 40 countries.

**Base of the Pyramid Workforce:** LS&Co.'s manufacturers collectively employ 509,000+ workers. Most have limited education or formal employment history and work primarily in lower-skilled production jobs. Up to 80 percent of workers in the apparel sector are women. The sector is an important source of formal jobs for in locations where formal employment is often limited.



## How LS&Co. Puts Inclusive Employment Solutions into Practice

LS&Co. views worker well-being as a key factor in building a resilient supply chain that can support sustainable business growth. Recognizing the challenges facing workers across global apparel supply chains, LS&Co. pioneered a comprehensive Worker Well-being (WWB) initiative that aims to raise the living standards of workers through factory-based programs that focus on economic empowerment, good health and well-being, and equality and acceptance.<sup>vi</sup>

In its purchasing decisions, LS&Co. gives preference to 'model' suppliers that are proactive in introducing WWB programs. These programs are not prescribed by LS&Co. Instead, the company establishes general guidelines for suppliers to consider in developing their own WWB program, with implementation and planning support provided by LS&Co.'s Sourcing and Sustainability teams and the Levi Strauss Foundation.<sup>vii, viii</sup> According to LS&Co.'s guidelines, factory WWB programs should be sustainable and embedded in the supplier's strategy, respond to local and workers' needs, have measurable results, and make use of multi-stakeholder partnerships

### Examples of WWB initiatives by suppliers

Several supplier factories in India and Bangladesh offer on-site health training covering topics such as nutrition, sanitation, and hygiene, in partnership with local non-profit organizations.

In 2021, VisionSpring screened nearly 20,000 workers in the LS&Co. supply chain across Bangladesh and Vietnam and provided corrective eyewear to almost 6,000 people, reducing error rates in garment production and improving quality of life.

An LS&Co. supplier in Bangladesh to promote the health of expectant mothers. This supplier offers free prenatal health checks with a factory gynaecologist, medicine, and nutritious meals at no cost, and adjusted workstations to improve expectant mothers' comfort.

## The Benefits for Business: LS&Co.'s Experience

LS&Co. sees its WWB initiative as a driver of innovation, resilience, efficiency, and sustainability in its supply chains. Effective interventions not only increase the quality of life of workers, they also bring business benefits to LS&Co. and its vendors.



### Human capital performance

At the factory level, WWB initiatives result in a healthier, happier, and more engaged workforce with better work-life balance, and a more respectful working environment. These well-being enhancements are linked directly to improved productivity and higher quality outputs. Factories with higher levels of worker well-being also perform better on staff retention, and they achieve cost savings through lower rates of workplace injury and health-related absences.<sup>ix</sup>



### Supply chain resilience

Productivity and quality gains through inclusive practices at the factory level help LS&Co. to develop a more responsible, innovative, and agile supply chain that can consistently deliver the volume and quality of products needed to support the operational stability and growth of its retail business. The demonstrable correlation between a vendor's performance with regard to worker well-being, and the vendor's broader operational performance (quality of outputs, reliability of supply, and operational resilience) is a key driver in LS&Co.'s decision to continue and expand the WWB initiative.



### Access to markets

LS&Co.'s strong record on social responsibility—including its flagship WWB initiatives—has helped the company build consumer loyalty by distinguishing the brand in competitive retail markets. The social and wider sustainability credentials of brands are increasingly important to consumers in the United States and elsewhere, and influence their spending choices.<sup>x</sup>



### Demonstrates corporate values

A commitment to workers' rights and promoting workers' well-being has been a core LS&Co. value since it first developed terms of engagement for suppliers in 1991. Having reached more than 219,000 workers in 17 countries, and with plans to deepen and expand the WWB program in the coming years, the program is an important tool in LS&Co.'s efforts to improve the lives of apparel workers.<sup>xi</sup>



### Reputation and risk management

Building suppliers' capacity to adopt best practices helps LS&Co. to mitigate its legal and reputational risks. Positive interventions through the WWB program complement and support other measures, such as audits, which ensure compliance with relevant labor standards and other requirements.

### Next Steps

As part of the company's efforts to deepen the impact of its WWB initiative, LS&Co. updated the program in 2022 to enhance its focus on workers' experiences on the job.<sup>xii</sup> This increased focus on workplace collaboration at the factory level, including through the creation of worker-management teams that advise on well-being programs and supplier decision-making. This team should reflect the diversity of the relevant supplier's workforce, and members should be provided training on workplace cooperation. LS&Co.'s updated program encourages suppliers to focus initiatives in the three areas that contribute most directly to the well-being of workers: gender equity; the workplace environment, including physical working conditions and treatment; and policies and systems, such as work schedules, pay systems, and other policies.

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## Endnotes & Sources

<sup>i</sup> McNeely, E., and T. Koosed. 2020. "Well-being and Equity as a Business Imperative: Summary of the Harvard Sustainability and Health Initiative (SHINE) Research on Worker Well-being, October 2020." Sustainability and Health Initiative for Netpositive Enterprise and the T.H. Chan School of Public Health of Harvard University Boston: Harvard University [https://www.levistrauss.com/wp-content/uploads/2021/05/Harvard-SHINE\\_WWB-Impact-Study-Summary-Report\\_12-October-2020.pdf](https://www.levistrauss.com/wp-content/uploads/2021/05/Harvard-SHINE_WWB-Impact-Study-Summary-Report_12-October-2020.pdf)

<sup>ii</sup> In 2014, LS&Co. joined IFC's Global Trade Supplier Finance (GTSF) program to provide working capital at lower rates to suppliers with good environmental and social practices. In 2017, LS&Co. and IFC launched the global PACT partnership to offer expert advice and additional support to suppliers to make their operations more sustainable.

<sup>iii</sup> LS&Co. (Levi Strauss & Co). n.d.a "Who We Are." Levi Strauss & Co. <https://www.levistrauss.com/who-we-are/company/>

<sup>iv</sup> These figures cover 99.5 percent of Tier 1 supplier factories and 94 percent of Tier 2 factories, and includes all sourcing countries, including those where LS&Co. source from just one or two factories.

<sup>v</sup> LS&Co. (Levi Strauss & Co). 2020a. "2019 Sustainability Review." Levi Strauss & Co. <https://www.levistrauss.com/wp-content/uploads/2020/07/LSCo.-2019-Sustainability-Review.pdf>

<sup>vi</sup> LS&Co. (Levi Strauss & Co). 2020a. "2019 Sustainability Review." Levi Strauss & Co. <https://www.levistrauss.com/wp-content/uploads/2020/07/LSCo.-2019-Sustainability-Review.pdf>

<sup>vii</sup> LS&Co. (Levi Strauss & Co). 2020b. "Worker Well-being: Surpassing 2020 Targets and Deepening Our Impact." Levi Strauss & Co. <https://www.levistrauss.com/2020/01/08/worker-well-being-surpassing-2020-targets-and-deepening-our-impact/>

<sup>viii</sup> LS&Co. (Levi Strauss & Co). 2022a. Worker Well-being Guidebook 2022. San Francisco: Levi Strauss & Co. <https://www.levistrauss.com/wp-content/uploads/2022/04/Worker-Well-being-Guidebook-Final-2022-1.pdf>

<sup>ix</sup> Based on McNeely and Koosed's (2020) analysis of multi-year survey and interview data from more than 13,000 workers in 15 LS&Co. supplier factories in Cambodia, China, Mexico, Poland, and Sri Lanka.

<sup>x</sup> AFLAC (American Family Life Assurance Company). 2019. "Consumers, Investors Hold Corporations' Feet to the Fire: 2019 AFLAC CSR (corporate social responsibility) Survey." AFLAC. <https://www.aflac.com/docs/about-aflac/csr-survey-assets/2019-aflac-csr-infographic-and-survey.pdf>

<sup>xi</sup> LS&Co. (Levi Strauss & Co). n.d.b "We've Always Stood Up for What's Right." Levi's. [https://www.levi.com/US/en\\_US/features/our-values](https://www.levi.com/US/en_US/features/our-values)

<sup>xii</sup> LS&Co. (Levi Strauss & Co). 2022a. Worker Well-being Guidebook 2022. San Francisco: Levi Strauss & Co. <https://www.levistrauss.com/wp-content/uploads/2022/04/Worker-Well-being-Guidebook-Final-2022-1.pdf>

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