



## Contextual Water Targets | Case Study LEVI STRAUSS & CO.

Contextual Water Targets are the first step for any company looking to adopt a Science-Based Target for Water (SBTW). World Wildlife Fund (WWF) defines a contextual water target as “a target that responds to surrounding water challenges within a basin (i.e., focuses on the right things in the right places).” Unlike science-based targets, the level of performance for contextual targets is determined by the target setter (or company) rather than what the science may indicate is needed for nature and people. Taking a contextual approach to setting water performance targets enables a company to become more responsive to local water challenges and to set up internal processes to manage locally-specific water performance targets.

This case study outlines the work that Levi Strauss & Co. (LS&Co.) has undertaken to apply the above principle to its water performance within a part of its supply chain. It should be noted that while LS&Co. focused its contextual water target on water quantity, each company has a unique water context and as such, this may mean that other water-related challenges, such as quality or WASH, may be more contextually important to prioritize for performance management. Since setting contextual water targets also introduces the basis for a science-based-target approach, WWF is actively encouraging companies to set contextual water targets. Furthermore, WWF helps many of its partners move towards more contextually meaningful water performance.

### Company Summary

LS&Co. is a global apparel company founded in 1853, directly operating over 3,000 stores globally. Best known for its brand of denim jeans, it also produces a wider range of other clothing products.

### Levi Strauss & Co.’s Contextual Approach

1. Set and achieve contextual water use targets corresponding to local water stress for all key manufacturing suppliers, representing over 80% of garment and fabric volume.
2. Reduce water use in manufacturing by 50% in areas of high water stress by 2025.

### The Water<Less® Approach

LS&Co. launched its Water<Less® program in 2011 and the program has already enabled it to reduce water consumption within its manufacturing by as much as 96% for some products. In 2018, more than 67% of its products were manufactured using Water<Less® techniques or at facilities approved by LS&Co.’s water Recycle and Reuse Standard. In August 2019, LS&Co. announced its new Water Action Strategy, which includes an adaptation of its Water<Less® program to respond to the context of local water stress.

### The Evolution of Contextual Thinking Within Levi Strauss & Co.

As water stress intensifies globally, saving a liter of water where water is more plentiful is not as valuable as a liter saved where water is scarce. LS&Co.

also recognized that a “one-size fits all” approach to reducing water use within its manufacturing did not address the geographical nuances of water stress that its suppliers and surrounding communities faced, nor was it an efficient use of resources from a business perspective. Reflecting on the success achieved by its Water<Less® program and its programs connected to its science-based targets on climate change, LS&Co. saw an opportunity to take another step forward in its water journey: to use the water data and tools at its disposal to focus more strategically on local water challenges to improve both its business and the basins in which it operated.

LS&Co.’s path to get to this point began with life-cycle assessments commissioned in 2007 and again in 2015 to understand water inputs throughout its supply chain, which helped shape programs to address water impacts at each stage of the product lifecycle. To develop its new water strategy, LS&Co. used publicly available tools and datasets, including the WWF Water Risk Filter, to better understand where water risks, and in particular, water stress overlapped with its supply chain. LS&Co. used these insights to categorize its tier one and tier two suppliers into areas of low, medium and high stress. The suppliers that were in low- and medium-stress areas would receive progressive efficiency targets linked to their local context while suppliers located in areas of high water stress would be assigned more aggressive, absolute water use targets that accounted for the heightened local water stress they faced. This variable set of targets, in which targets are aligned to basin need, is an example of a contextual water target. LS&Co. recognizes that local water stress will evolve over time and it plans to update its supplier water stress classification at least once every three years.

WWF helped LS&Co. validate its early thinking on how it could evolve and

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expand the impact of its Water<Less® program and provided strategic guidance during the development of its Water Acton Strategy and contextual water targets. By adopting contextual water targets, LS&Co. is seeking to position its Water<Less® program as a catalyst for real improvements on the ground that more meaningfully prioritize impactful water savings rather than focusing only on the number of times the technique is applied. Over time, this approach will enable its Water<Less® products to be made at facilities that are reconciling and addressing their – and by extension, LS&Co.’s – contribution and exposure to water stress.

### Internal Adoption of its Contextual Target

Building internal consensus to adopt the new contextual strategy involved drawing on the successes and track record of LS&Co.’s existing water and climate programs that business leaders and cross-functional partners already knew and trusted. LS&Co. also found that outlining how this new contextual strategy would better position these internal programs to drive more quantifiable impacts and create business value, in the form of resiliency and targeted efficiencies, helped in the internal adoption of its new strategy.

In implementing its Water<Less® program, LS&Co. relies on its regional supply chain teams to drive its adoption and provide technical expertise and support on the ground to its suppliers. As it moves to implement its contextual water targets, these teams will become critical for helping suppliers understand their local water context and the options available to them. The updated Water<Less® program will now be monitored at the facility level rather than product level, which has the benefit of freeing up more time for LS&Co.’s

Water demand and scarcity are variable; a “one-size fits all” approach does not address the geographic nuance of water stress.

technical experts to focus on supporting facility-level impact reductions rather than product-level reporting.

Understanding the materiality of water within its value chain, LS&Co. developed its new strategy with its supply chain in mind. During the development of its new contextual water targets it consulted various supplier representatives who supported the idea of establishing contextual water targets that respond to local water stress. Another key feature of LS&Co.’s new contextual water targets is that they will focus on the total amount of water that its suppliers use to make fabric and garments – regardless of whether that water is used to manufacture other brands’ products. The suppliers that LS&Co. consulted welcomed the change and the simplicity of a facility-level approach instead of different, and sometimes competing, requirements from different brands that covered portions of the suppliers’ production.

### Looking Forward

While guidance on applying a science-based approach to water targets is still under development, all companies already have access to highly respected, publicly-available tools and datasets, such as WWF’s Water Risk Filter, that can be used as a first step to better understand the local water challenges of facilities and to inform a contextual approach in responding to these challenges.

As its journey continues, LS&Co. sees this data-driven, contextual approach to setting its water targets as a step towards improving the resiliency and efficiency of its supply chain. The company knows it must also continue working to address its water impacts in other parts of its product life cycle, most notably cotton cultivation, chemical management, and consumer care. But its new approach in the manufacturing phase represents a meaningful step towards implementing more data-intensive SBTW, which in turn would enable claims, rooted in credible science, that can tangibly demonstrate how their contributions are supporting basins’ ecological and community needs. This holds both for areas of high water



stress as well as areas of low and medium water stress.

In basins with high water stress, LS&Co. is already participating in collective action projects to gather more locally specific data that can be used to better inform both water stewardship actions and internal water performance – making actions even more responsive to the local water context (and possibly advance SBTW methodology development). For example, LS&Co. partners with WWF, Earth Genome and Arizona State University in Pakistan’s Ravi River Basin to map the basin’s ground and surface water, supply and demand, and historical and forecasted stress, which will be used to convene local stakeholders in the region to discuss targeted solutions that will help ensure a healthy river basin that can support local communities and industry.

By implementing contextual water targets, it can better match its ambition to more meaningfully reduce local water stress in a way that begins to account for the scale of the local challenge. In combination with setting contextual water targets, LS&Co. is calling on companies that share manufacturing facilities with other brands to focus on the total water used by facilities – not just water used to manufacture their own products. This non-prescriptive focus can foster greater cooperation between companies and enable suppliers to identify more holistic and impactful solutions to reduce their total water use at facilities. LS&Co. is also asking companies to start implementing contextual water targets – as water is local and must be addressed in the context of local water challenges.