



A4S

**CFO LEADERSHIP
NETWORK**

REPORTING CASE STUDY

Practical example: Levi Strauss & Co



THE PRINCE OF WALES'S
CHARITABLE FUND

LEVI STRAUSS & CO.





WHAT

Levi Strauss & Co, one of the world's largest brand-name apparel companies and global leader in jeanswear, has a guiding philosophy of '[profits through principles](#)' for its business. Although we have long been committed to sustainability, our [2020 sustainability report](#) was the first time we brought together all our environmental and social reporting into one holistic report.

Our report is structured in line with the three pillars of our sustainability strategy: climate, consumption and community. Putting together the report involved reporting a large number of claims for all three pillars, each of which was broken down further into areas such as climate action, biodiversity, sustainable fibres and diversity, equity and inclusion. We also made claims in our reporting and governance pillars, including within our ESG reporting indices, and in sections such as data privacy and security, and product safety and quality.

To enhance the quality and credibility of our data and reporting, we put in place a data substantiation process. The finance team worked closely with our sustainability and legal teams to validate social and environmental claims, increasing the rigour of our sustainability reporting and introducing efficiencies to streamline the process.

Investors have welcomed the improved transparency of our sustainability reporting. Internally, the cross-functional processes we have established to review environmental and social data lend themselves to greater transparency and accountability for key focus areas across the business. This provides us with a solid base on which to develop our sustainability reporting even further.



WHY

We knew it was important to have clarity on the evidence, to support each of the claims we were making. Stakeholders, including investors, were increasingly asking not just for our environmental and social positions, but for the data as well. This reflects a growing recognition that sustainability is not just important for its own sake but is a critical measure of business performance and resilience.

We were already gathering and tracking much of this data, but to meet our stakeholders' expectations, we needed to bring it together into one report, with a standardized approach to data collection and validation.

Finance took a leading role on data substantiation because of their expertise in processes and controls for financial reporting – the principles of which could be applied to environmental and social data, too. Our CFO, Harmit Singh, had previously made enhancing our sustainability reporting one of his key objectives.

HOW

Before starting work on the 2020 sustainability report, we set up a steering committee to help guide the process. Leaders from key teams, including finance, are part of this committee which meets monthly to align on expectations and obtain feedback.

For the 2020 report, the steering committee's role included reviewing and approving the data substantiation principles. Members of the committee also focus on managing and owning content within their teams that will be used in sustainability reporting.

A number of standards and frameworks influenced the disclosures in our sustainability report, including the [Global Reporting Initiative Standards](#), the [SASB Standards](#) and industry standards.

The claims we wanted to include in the report covered a broad range of topics. Finance led a group of teams – including the legal, audit, sustainability and corporate affairs teams – in the review of our claims and the establishment of our data validation

principles. In the absence of a unified set of principles that we could draw on and implement, we developed our own. As a starting point, we drew on SEC guidance and the processes and controls we used for financial reporting. Developing the data substantiation principles gave us a common vocabulary that would help us when we began validating claims and metrics.

Our data comes from a number of sources and includes estimates, with multiple teams playing a role in the collection and compilation. Subject matter experts provided us with content for certain technical areas. Other nonfinancial data, though, had to meet the data substantiation requirements that we had put in place.

We validated the report content and ensured it was supported by data sources with documented assumptions. This included databases, spreadsheets and parameters for data analysis.



The CFO Leadership Network

Our CFO, Harmit Singh, was one of the founding members of the US chapter of A4S's CFO Leadership Network. The CFO Leadership Network provides a space for sharing ideas and best practice with other finance leaders while also contributing to A4S's global projects. As a member of this network, Harmit is a leader in bringing sustainability into the work of finance, both within and beyond our organization.

[Learn more about the US chapter of A4S's CFO Leadership Network.](#)

NEXT STEPS

We learned a great deal from putting together our first comprehensive sustainability report, but there is always room for improvement. Our data validation process is evolving and we plan to increase the level of scrutiny and verification as we progress. For the next sustainability report, we will continue to enhance our validation process to align more closely with the rigor of our external financial reporting. We've also created a comprehensive resource and guidance packet on our substantiation principles and process that was shared with all sustainability report participants for background and awareness. Eventually, we aim to develop formal substantiation training that can be shared more broadly internally.

Ultimately, we are aiming to apply our financial reporting internal controls and get independent assurance over our disclosures. We are working toward a formal system for documenting the source, complexity and reviews needed for each of our sustainability claims. This will form the basis of a disclosure matrix for climate claims, which will help us to identify our controls and any gaps, prioritize our areas of focus and assess our readiness for independent assurance.



TOP TIPS

DRAW ON YOUR FINANCIAL REPORTING PROCESSES

Approaches to financial reporting are very relevant to sustainability disclosures. You can create efficiencies by drawing on these existing approaches to organizing the reporting timeline, tracking content requirements and setting expectations for close-out and reviews. They can also draw on core finance concepts, such as materiality, accuracy, completeness and consistency.

BE PREPARED TO EXPLAIN FINANCE CONCEPTS AND WAYS OF WORKING

Finance concepts and approaches are not necessarily embedded in sustainability reporting processes, and principles that are intuitive for finance teams are not necessarily familiar to non-finance staff. Take time to explain what these concepts, approaches and principles are – and how they can elevate your sustainability reporting.

LEARN FROM OTHERS

In any company, there will be a variety of teams contributing to sustainability reporting. While finance staff have a lot to offer when preparing sustainability reports, they will have plenty of opportunities to learn from the skills and experience of other teams too.

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