



# Initial Assessment Report

**Levi Strauss & Co. (Canada) Inc.**

**Country: China**

File number: 220847

Complaint filed on: June 21, 2022

Report publication date: September 20, 2023



## About the CORE

The Canadian Ombudsperson for Responsible Enterprise (CORE) is a business and human rights grievance mechanism established by the Government of Canada. People can file complaints with the CORE about possible human rights abuses arising from the operations of Canadian garment, mining, and oil and gas companies outside of Canada.

For more information, see the [Canadian Ombudsperson for Responsible Enterprise](#) website.

## What is the purpose of this report?

The CORE is reporting on the initial assessment stage of a complaint filed by a coalition of 28 Canadian organizations on June 21, 2022, about the activities of Levi Strauss & Co. (Canada) Inc.

Pursuant to section 16 of the CORE's [Order in Council](#), the parties had an opportunity to comment on the facts contained in the report. A summary of the comments received is at Part 5 of the Report.

## Who are the parties to the complaint?

The Complainants are a coalition of 28 Canadian organizations listed in Annex 1.

Levi Strauss & Co. (Canada) Inc. (Levi Strauss) is a Canadian garment company. Levi Strauss was incorporated under the Ontario Business Corporations Act on December 1, 1982 with its registered address at 200-1725–16th Avenue, Richmond Hill, Ontario, Canada.<sup>1</sup>

## What is the complaint about?

The complaint alleges that Levi Strauss has commercial relationships with a Chinese company that is identified as using Uyghur forced labour — Jiangsu Guotai Guosheng.

In support of their complaint, the Complainant relies on the [March 2020 Australian Strategic Policy Institute \(ASPI\) Uyghurs for sale report](#) documenting evidence that Jiangsu Guotai Guosheng uses Uyghur forced labour.<sup>2</sup> The ASPI report provides the following information:

### Jiangsu Guotai Guosheng Co. Ltd

- Jiangsu Guotai Guosheng Co. Ltd is a company that produces clothing and textiles. It is under the Jiangsu Guotai International Group.
- Jiangsu Guotai Guosheng Co. Ltd has been characterized as the “biggest Xinjiang Aid project in Kashgar Prefecture”.
- According to [Texworld New York City](#) (a US-based international textiles business

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<sup>1</sup> [Ontario Business Registry | ontario.ca](#) (529564)

<sup>2</sup> Australian Strategic Policy Institute (ASPI), *Uyghurs for Sale*, (March 2020), <https://www.aspi.org.au/report/uyghurs-sale>.



platform),<sup>3</sup> Jiangsu Guotai Guosheng Co. Ltd, supplies a large number of brands, including Levi Strauss.

In support of their allegations, the Complainants also rely on the November 2021 [Laundering Cotton](#) report by Dr. Laura Murphy (the Murphy Report) that analyzed and traced the supply chain routes of five textile enterprises operating in Xinjiang (East Turkestan) and found links between Levi Strauss and Uyghur forced labour.<sup>4</sup> In particular, it traced Levi Strauss products to three Chinese corporations: Jiangsu Lianfa Textile Co. Ltd., Huafu Fashion Co. Ltd., and Luthai Textile Co. Ltd, all of which use or benefit from forced labour.

The Murphy report provides the following information:

#### Jiangsu Lianfa Textile Co. Ltd (“Jiangsu”)

- Jiangsu Lianfa Textile Co, Ltd is a large-scale textile enterprise based in Hai'an, Nantong, Jiangsu province. It owns a subsidiary, Aksu Lianfa Textile (a.k.a Aksu Tianxing Home Textile), located in Xinjiang's Aksu Textile Industrial city. Jiangsu Lianfa's 2019 annual report states the company's presence in the Xinjiang Uygur Autonomous Region (XUAR) “takes advantage of the regional advantages in Xinjiang and has obvious cost advantages to supply home textile undyed fabric raw materials for the company's downstream processes”.
- Local media reported that Jiangsu's subsidiary, Aksu Tianxiang Home Textile, employed and transferred laborers at its Aksu Textile Industrial City (“Industrial City”) manufacturing site, and identified the location as an “important base” for “absorbing surplus rural labour. Aksu's rural labourers are transferred to the area “under the mobilization and organization of the local government,” indicating involvement with China's labour transfer programs.
- Supply chain tracing suggests Jiangsu is supplying Levi Strauss with cotton sourced from Xinjiang using an international intermediary in India.

#### Huafu Fashion Co. Ltd. (“Huafu”)

- Huafu Fashion Co. Ltd is a textile company headquartered in Shenzhen and registered in Huabei. It engages in cotton planting and processing as well as yarn spinning and textile manufacturing.
- Huafu Fashion Co. Ltd. owns a subsidiary in the Uyghur region; purchases Xinjiang (East Turkestan) cotton; engages in state-sponsored labour transfers;

<sup>3</sup> Texworld USA, “Introducing our Mill of The Month for May” (May 2018), [\\*Introducing our Mill of The... - Texworld New York City | Facebook](#).

<sup>4</sup> Sheffield Hallam University, *Laundering Cotton*, (November 2021), <https://www.shu.ac.uk/helena-kennedy-centre-international-justice/research-and-projects/all-projects/laundered-cotton>.



and cooperates in labour transfers with the Xinjiang Production and Construction Corps (XPCC), a paramilitary corporate entity accused of forced labour and other abuses that is sanctioned by Canada, the U.S., the U.K., and the E.U.

- Supply chain tracing suggests Huafu is supplying Levi Strauss with cotton sourced from Xinjiang using an international intermediary in Vietnam.

### **Luthai Textile Co. Ltd. (“Luthai”)**

- Luthai Textile Co. Ltd (a.k.a. Luthai or Lu Thai), is a textile enterprise engaging in everything from spinning to clothing manufacturing, and is based in Zibo, Shandong province. It has engaged in labour transfer programs and with related subsidies from the Xinjiang government for years. It is also “highly likely” that despite selling its XUAR-based subsidiary, Luthai still consistently purchases Xinjiang cotton.
- China’s media has reported that Luthai has engaged in labour transfer programs for many years. Luthai has reportedly also “absorbed” a large number of “surplus labourers” from rural areas and participated in vocational training programs. Training conducted by its subsidiary, Xinjiang Luthai Fengshou, is characterized as “conducted in a centralized and closed militarized management mode,” suggesting compulsory or forced labour.
- Supply chain tracing suggests Luthai is supplying Levi Strauss with cotton sourced from Xinjiang using an international intermediary in India.

In addition, the Complainants further rely on the June 2022 [Built on Repression](#) report by Dr. Laura Murphy, Jim Vallette, and Nyrola Elima, which further found that Xinjiang Zhongtai – a XUAR state-owned company that is “an avid participant in state-sponsored labour transfer programs” – is involved in manufacturing cotton and synthetic yarns that are then supplied through a subsidiary to numerous global retailers, including Levi Strauss.<sup>5</sup>

The report provides the following information: Xinjiang Zhongtai (Zhongtai)

- Xinjiang Zhongtai Group is a wholly state-owned company funded by the People’s Government of Xinjiang Uygur Autonomous Region (XUAR) and directly supervised by the State-owned Assets Supervision and Administration Commission (SASAC) of the Autonomous Region.
- Xinjiang Zhongtai Group produces chemical including caustic soda (also called sodium hydroxide) which it uses in the production of viscose staple fibre (rayon)

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<sup>5</sup> Laura T. Murphy, Jim Vallette, and Nyrola Elima, *Built on Repression* (Helena Kennedy Centre for International Justice, June 2022), [Murphy Vallette and Elima -- Built on Repression.pdf](#)



for textiles. It is also a leading rayon producer in China.

- Levi Strauss is listed as one of Xinjiang Zhongtai Group`s international partners for strategic cooperation.

The Complainants point out that Levi Strauss has not satisfactorily addressed the alleged use of Uyghur forced labour at earlier stages of its supply chain. They contend that there is no indication that Levi Strauss has taken any steps to ensure beyond a reasonable doubt that forced labour is not implicated at those stages. According to the Complainants, Levi Strauss statement that it does not tolerate any forced labour is directly contradicted by findings from the ASPI report as well as findings from the above-mentioned Laura Murphy reports. The Complainants further maintain that by way of a letter dated November 12, 2021, they requested Levi Strauss to conduct its due diligence to ensure beyond a reasonable doubt that Levi Strauss does not benefit from the atrocities being committed against the Uyghurs. In the letter dated November 12, 2021, the Complainants also asked Levi Strauss to cut off relations with Jianguo Guotai Guosheng and take reasonable steps to ensure that none of its materials are sourced from Xinjiang (East Turkestan). According to the Complainants, Levi Strauss did not respond to the letter.

## Part 1 – Summary of the intake stage (or admissibility stage)

1. On July 20 2022, on the basis of the information provided by the Complainants, the Ombud decided that the complaint was admissible pursuant to section 6.1 of the [Operating Procedures](#). This means that the Ombud decided there was sufficient information for the Complainants to form a reasonable belief that each of the three admissibility criteria was met. The threshold for admissibility is a low one. The admissibility criteria are that:
  - The complaint concerns an alleged abuse of an internationally recognized human right;
  - The alleged abuse arises from the operations abroad of a Canadian company in the garment, mining or oil and gas sector; and
  - The abuse allegedly occurred after May 1, 2019 or, if it allegedly occurred before May 1, 2019, is ongoing at the time of the complaint ([Section 5.7, Operating Procedures](#)).
2. The Ombud`s decision was communicated to the Complainants on July 27, 2022.
3. The Ombud`s decision was communicated to Levi Strauss by email on July 29, 2022. At that time, it was the practice of the CORE to request information regarding a company`s policies, procedures and practices relating to the protection of personal information prior to sharing details of the complaint. Levi Strauss did not provide the requested information. Subsequently, the CORE changed this practice and a copy of the complaint



was provided to Levi Strauss on October 14, 2022. The complaint was then moved from the intake stage to the initial assessment stage of the complaint process. The CORE also made several unsuccessful attempts to engage Levi Strauss in an initial assessment meeting.

## Part 2 – Initial assessment

### Background

4. Initial Assessment is the process for deciding how to proceed with an admissible complaint including how to address any objections from the respondent (the company named in the complaint). The Ombud does not make a decision on the merits of the complaint during initial assessment.
5. The objectives of the initial assessment process are to:
  - Develop a better understanding of the parties' positions regarding the allegations including any objections to the complaint from the respondent;
  - Begin to identify the parties' underlying needs and interests;
  - Provide information regarding the role of the CORE and the different dispute resolution processes; and
  - Work with the parties to decide what dispute resolution process may best address the issues raised by the complaint including the allegations and any objections from the respondent.
6. During initial assessment, the Ombud meets with the parties to learn about their views regarding the allegations, respond to their concerns and questions, and seek their agreement to participate in early resolution or mediation. If the parties do not agree to participate in a consensual dispute resolution process, the Ombud will decide how to deal with the complaint including whether to begin an investigation.

### The initial assessment process in this complaint

7. The steps taken by the CORE during the initial assessment of this complaint were as follows:
  - i. Desk review of the complaint.
  - ii. Virtual initial assessment meeting with the Complainants' representatives on November 18, 2022.
  - iii. Desk research on academic reports and corporate statements.

#### 1 **Talk to both parties separately**

to develop a better understanding of the complaint without deciding whether it is true or false.

#### 2 **Begin to identify the parties' underlying needs and interests.**

#### 3 **Provide information**

regarding the role of the CORE and the different dispute resolution processes.

#### 4 **Work with the parties** to decide what dispute resolution process may best address the issues raised by the complaint including any objections from the company.



### What the Complainants told the CORE

8. During the initial assessment meeting on November 18, 2022, the Complainants expressed their willingness to participate in early resolution or mediation including agreeing to terms of confidentiality. The Complainants noted that they were willing to work towards a systemic resolution that does not name Levi Strauss and that finds solutions to address the possible use of Uyghur forced labour and that would help Canadian garment companies to undertake appropriate HRDD in this high-risk context. The Complainants also indicated that given the complexity of tracing the origin of textiles, particularly from Xinjiang, it is preferable that garment companies use fibre tracing technology to map their supply chains from fibre to retail.

### Attempts to communicate with Levi Strauss

9. Between July 29 and September 27, 2022, the CORE tried repeatedly to request copies of Levi Strauss data protection policies.
10. Through a letter dated October 14, 2022, the complaint was delivered to Levi Strauss at its registered office address.
11. On November 25, 2022, a registered letter inviting Levi Strauss to an initial assessment meeting was successfully delivered to Levi Strauss at its registered office address.
12. On December 14, 2022, a letter indicating that the CORE would proceed with the initial assessment of the complaint and draft an initial assessment report without meeting with Levi Strauss was sent by mail to Levi Strauss registered office.
13. On December 19, 2022, Levi Strauss confirmed receipt of the CORE's correspondence dated December 14, 2022 and stated that it was looking into the complaint.
14. On December 21, 2022, Levi Strauss contacted the CORE and sought additional information about the initial assessment meeting.
15. On December 22, 2022, the CORE sent correspondence to Levi Strauss to provide additional information, explaining the purpose of the initial assessment meeting and inviting Levi Strauss to provide a response to the complaint by January 20, 2023.
16. On January 11, 2023, the CORE sent a follow-up email, further reiterating the purpose of the initial assessment meeting and inviting Levi Strauss to provide a response to the complaint by January 20, 2023.
17. On January 19, 2023, Levi Strauss sent correspondence to the CORE, indicating that it could not respond or agree to an initial assessment meeting by the deadline of Friday, January 20, 2023.



18. On February 17, 2023, the CORE sent another letter indicating that it would proceed with the initial assessment of the complaint and will provide Levi Strauss with an opportunity to comment on any draft report before posting it on its website.
19. On February 22, 2023, Levi Strauss sent correspondence indicating that it looked forward to reviewing the CORE's draft initial assessment report when it becomes available and will share any feedback at that time.

Given the above, the CORE decided to proceed with the initial assessment in order to adhere to its indicative timeframe for completing its initial assessment process.

### Part 3 – How to deal with the complaint

20. The Ombud must decide how to deal with the complaint. The Ombud may decide to:
  - a. Close the file - The Ombud may decide not to deal with the complaint and to close the file after publishing this report under section 14(2) of the *Order in Council*; or
  - b. Offer mediation – The Ombud may decide, with the agreement of the parties, that mediation is the most appropriate consensual dispute resolution process; or,
  - c. Conduct an investigation using independent fact-finding - The Ombud may decide to investigate the complaint using independent fact-finding under section 7(b) of the *Order in Council*.
21. In deciding whether to investigate a complaint, the Ombud considers the overall context of the complaint and relevant factors including whether:
  - a. The complaint is frivolous or vexatious;
  - b. The complaint is being reviewed or has been reviewed, in another forum.
  - c. The Canadian company has already provided a satisfactory response or remedy to the allegations in the complaint;
  - d. Relevant information is likely to be available;
  - e. Effective remedy is likely to be available;
  - f. An investigation is likely to lead to unacceptable risk to the complainants or others.
22. In considering whether relevant information is likely to be available, the cooperation of the Canadian company named in a complaint is not determinative. The CORE may consider the availability of information from all reasonably accessible sources. As well, in any final report, the CORE may comment on how the cooperation of the parties impacted on the availability of information and other aspects of the investigation.
23. In considering whether any practical or effective remedy is likely to be available, the Ombud will weigh the scope of the investigation i.e. who would be covered by the investigation, possible remediation options, and other competing factors including institutional capacity (public resources) and the desirability and effectiveness of launching a public investigation.



## Analysis

24. On their face, the allegations made by the Complainants raise serious issues regarding the possible abuse of the internationally recognized right to be free from forced labour, referred to in following instruments:
- a. Right to be free from slavery or servitude (Article 4, [Universal Declaration of Human Rights, 1948](#));
  - b. Right to work, to free choice of employment, to just and favourable conditions of work (Article 23(1), [Universal Declaration of Human Rights, 1948](#); Article 6.1, [International Covenant on Economic, Social and Cultural Rights, 1976](#));
  - c. Freedom from forced or compulsory labour (Articles 1 & 2, [ILO's Forced Labour Convention, 1930 \(No. 29\)](#), Article 8(3)(a), [International Covenant on Civil and Political Rights, 1976](#); [The Protocol of 2014 to the Forced Labour Convention 1930](#));
  - d. Freedom from forced or compulsory labour as a means of political coercion or of racial, social, national or religious discrimination. (Article 1, [ILO's Abolition of Forced Labour Convention, 1957 \(No. 105\)](#)).
25. The seriousness of the human rights impacts arising from the possible use of Uyghur forced labour is underlined by the [report of the Office of the UN High Commissioner for Human Rights](#) issued in August 2022. The report finds that far-reaching, arbitrary and discriminatory restrictions on human rights and fundamental freedoms were imposed on Uyghurs and other predominantly Muslim communities living in Xinjiang “in violation of international laws and standards” and calls on states, businesses and the international community to take actions in order to end the abuses.
26. Recognizing the seriousness of the possible use of Uyghur forced labour in Xinjiang, the Canadian government requires Canadian companies that source directly or indirectly from Xinjiang or from entities relying on Uyghur labour or who seek to engage in the Xinjiang market to sign the [Integrity Declaration on Doing Business with Xinjiang Entities](#) before receiving services and support from the Trade Commissioner Service (TCS). In addition, the Canadian government's 2023 budget signaled its commitment to reducing supply chain vulnerabilities and its intention to strengthen Canada's supply chain infrastructure by shifting critical supply chains away from dictatorships and towards democracies.
27. The complaint raises questions about Levi Strauss' due diligence activities. [Principles 14 and 17 of the UNGPs and related commentary \(PDF\)](#) indicate that HRDD in high-risk areas such as the Xinjiang region in China be tailored according to the nature and context of a company's operation, types of vulnerable groups, and the intensity and severity of human rights risks and that a company may need to adopt more robust measures in a high-risk operating context.



28. As well, the UNGPs provide guidance regarding the responsibility of companies to be transparent about their HRDD activities. Companies whose business operations or operating context pose risks of severe human rights impacts are required to report formally about how they identify and address those serious human rights impacts ([Principle 21 and its commentary of the UNGPs \(PDF\)](#)). When concerns are raised by or on behalf of affected or other relevant stakeholders, companies need to provide sufficient information and ensure that their reporting/communication is accessible to the intended audiences.
29. As mentioned above, Levi Strauss did not provide the CORE with a response to the complaint. Levi Strauss stated that it was looking into the complaint and indicated that it could not respond to the complaint or agree to an initial assessment meeting by the deadline of Friday, January 20, 2023 (over three months after having received the complaint). When the CORE indicated that it would proceed, Levi Strauss also noted that it looked forward to reviewing the CORE's draft initial assessment report when it becomes available and will share any feedback at that time.

Considering the information contained in the ASPI and Murphy reports, which link Levi Strauss with factories that the reports identify as using Uyghur forced labour, it appears that an investigation may be necessary in the circumstances. Indeed, Levi Strauss has not provided its response to the allegations contained in the reports. Levi Strauss has also not provided any detail about the nature and scope of its HRDD including whether it uses fibre tracing technology. An investigation may, for example, explore the existence of due diligence processes adopted by Levi Strauss to ensure that its products are not manufactured using Uyghur forced labour. More information is required to consider whether Levi Strauss' HRDD is consistent with the robust due diligence required in a high-risk context such as the cotton supply chain given the proportion of cotton that is sourced either directly or indirectly from Xinjiang.

30. If the Ombud decides to investigate the complaint, there will be an ongoing opportunity for Levi Strauss to respond and participate including providing additional information regarding its HRDD activities.
31. Given the broader context of the complaint and challenges in gathering information on an in-country basis, independent fact-finding may be limited. The availability of the information would need to be assessed as the investigation progresses and would be considered in any final report.
32. The complaint does not name individuals or make individuals identifiable thereby reducing the potential for an investigation to increase risk to individuals. If the Ombud decides to investigate the complaint, an assessment of risk will be ongoing throughout the investigation.



## Part 4 – Participation in the complaint process

33. As indicated above, Levi Strauss did not respond to the complaint. It further stated that it could not agree to an initial assessment meeting by the deadline of Friday, January 20, 2023. On February 22, 2023, Levi Strauss sent correspondence indicating that it looked forward to reviewing the CORE’s draft initial assessment report when it becomes available and will share any feedback at that time.

34. The CORE’s [Operating Procedures](#) provide that full and active participation in the complaint process is part of good faith:

Section 11.1 requires the parties to fully participate in the complaint process including by providing the Ombud with relevant information and documents and making witnesses available on reasonable notice, according to the timelines established by the Ombud.

Section 11.2 provides that where a Canadian company does not participate actively in the complaint process, including refusing to provide relevant information and documents, the Ombud may draw appropriate negative conclusions or adverse inferences during fact-finding.

Section 12.4 provides that the Ombud may consider a party not to be acting in good faith if the party does not actively participate in a review without reasonable explanation.

35. Given Levi Strauss’ limited participation so far in the complaint process, the Ombud may consider the question of good faith participation at a later stage. The Ombud may exercise their discretion under section 10 of the [Order in Council](#) which provides that they may make recommendations to the Minister on implementing trade measures including any of the following:

- a. Withdrawal or denial of trade advocacy support provided to the Canadian company by the Department of Foreign Affairs, Trade and Development (known as “Global Affairs Canada”);
- b. Refusal by the Department of Foreign Affairs, Trade and Development to provide future trade advocacy support to the Canadian company; and
- c. Refusal by Export Development Canada to provide future financial support to the Canadian company.

## Part 5 – Comments from the parties

### Comments from the Complainants

36. On June 19, 2023, the Complainants provided comments on the draft initial assessment report. The Complainants assert that the CORE should conduct an investigation using independent fact-finding. To support their assertion, the Complainants apply the factors set out in paragraph 21 of this report.



37. First, the Complainants assert that the complaint is not frivolous or vexatious. The Complainants reiterate the evidence provided in the complaint, and say that an investigation is warranted considering the seriousness of the issues involved, and the substantial evidence provided by the reports cited in the complaint.
38. Second, the Complainants note that the complaint is not being reviewed in another forum, nor has it been reviewed in the past in another forum.
39. Third, the Complainants assert that Levi Strauss's denial that it sources from Xinjiang is contradicted by the ASPI's report and Dr. Murphy's research findings, and that Levi Strauss has not provided a satisfactory response or remedy to the allegations in the complaint.
40. The Complainants assert that the Ombud should consider Levi Strauss as not to be acting in good faith pursuant to Section 12.4 of the Operating Procedures based on the following:
  - a) Levi Strauss declined to participate in the CORE's initial assessment process without providing any reasonable explanation;
  - b) Levi Strauss failed to respond to the Complainants' letter dated November 12, 2021.
41. Fourth, the Complainants argue that relevant information is likely to be available in the public domain, including through import data and if there are gaps in the available information because Levi Strauss continue not to cooperate, the CORE may draw adverse inferences during fact-finding. The Complainants suggest that closing of the file would incentivize Canadian companies to not cooperate with the CORE in the future.
42. Fifth, the Complainants note that effective remedies are available as the Ombud may make recommendations to the Minister of International Trade for trade measures and that such measures would encourage not just Levi Strauss, but all Canadian companies operating abroad to ensure that they are not profiting from Uyghur forced labour.
43. Finally, the Complainants assert that conducting an investigation is not likely to lead to unacceptable risk to the Complainants or others.

### Comments from Levi Strauss

44. In a letter dated July 12 2023, counsel for Levi Strauss provided the following comments on the draft initial assessment report:
  - a) Commitment to Human and Labour Rights & Prohibition of Forced Labour: Pursuant to its commitments to human rights and labour rights and "profits through principles" approach to business, Levi Strauss is concerned about how it makes its products. It places obligations on its suppliers as outlined in its [Supplier Code of Conduct \(PDF\)](#) (the Code) and requires regular renewal of suppliers' attestation



to the Code. It makes it clear to its global suppliers that it “cannot accept any materials, including cotton, produced using forced labor or managed by entities involved in forced labor”.

- b) Monitoring of Supply Chain and Public Disclosure of Suppliers: Levi Strauss maintains regular communication with suppliers in order to ensure that its suppliers hold a “level of accountability for their own staff and the manufacturing” of Levi Strauss’s products. Levi Strauss also conducts regular assessments and follow up visits of its Tier-1 (product manufacturing sites) and Tier-2 (fabric mills) including unannounced assessments and “on-site and off-site discussions with workers, management interviews, review of factory records (such as timecards and payroll) and health and environmental safety inspections. Each assessment identifies areas of improvement and a detailed corrective action plan, including actions, responsible parties and timelines”. It also undertakes regular follow-up visits “to ensure suppliers are completing their corrective action plans on a timely basis”. Levi Strauss reviews all supplier relationships on an ongoing basis “to determine if any supplier, or their sub-suppliers or subsidiaries, have links to forced labor or human trafficking. This includes utilization of various technologies as part of our supply chain due diligence efforts.” They publicly disclose their Tier 1 and 2 suppliers on the Open Supply Hub.
- c) Partnership with the ILO: Levi Strauss works in partnership with ILO Better Work to improve compliance with the ILO’s core labour standards and “national legislation covering forced labor, compensation, contracts, occupational safety and health (OSH) and working time”.
- d) Response to the Allegations in the Complaint: Based on a recent review of its supplier relationships, to the best of the company’s knowledge, it has no commercial relationships with the five suppliers named in the complaint. The allegations referenced in the draft initial assessment report are based “on outdated and inaccurate data from 2017- 2019 that were included in reports published in 2020 and 2021”. For two of the listed suppliers, the allegations are based on the “suppliers self-reporting” their connection with Levi Strauss for marketing purposes and not based on “any facts or actual relationship”.

## Part 6 – Ombud’s decision

- 45. In order to address the allegations raised in the complaint, the Ombud has decided to launch an investigation using independent fact-finding. In reaching their decision, the Ombud considered the factors listed in paragraph 21 of this report and, in particular, whether there is a conflict in the information currently available that warrants investigation.
- 46. The Ombud acknowledges that Levi Strauss denies the allegations in the complaint; emphasizes its commitment to human and labour rights and the prohibition of forced labour;



and highlights its supply chain due diligence efforts as well as its partnership with the ILO. However, there is a conflict in the available information that warrants a limited investigation. Specifically, Levi Strauss' assertion that the allegations regarding two of the listed suppliers are based on the "suppliers self-reporting" their connection with Levi Strauss for marketing purposes and not based on "any facts or actual relationship" is contradicted by the ASPI and Murphy reports. In addition, given that Levi Strauss challenges the accuracy of the data included in the ASPI and Murphy reports, an investigation will assess the reliability of the data.

47. While the availability of relevant information may be limited given the broader context of the complaint, the Ombud will seek assistance from investigators with expertise in researching and analyzing publicly available data. If available information is limited – or Levi Strauss' cooperation limits the availability of information, the Ombud can comment in the investigation report on how the availability of information affects their ability to make findings.
48. Levi Strauss will have an ongoing opportunity to provide further relevant information during the investigation, including information regarding its HRDD activities.
49. While the CORE will proceed with an investigation through independent fact-finding, mediation is available at any stage of the complaint process at the Ombud's discretion and with the agreement of the parties. The Ombud encourages the parties to consider mediation and the related confidentiality that it can provide including with respect to commercially sensitive information.



## ANNEX-1

### **Complainants: A coalition of 28 organizations**

1. Canadians in Support of Refugees in Dire Need (CSRDN)
2. Alliance Canada Hong Kong
3. Anatolia Islamic Centre
4. Canada Tibet Committee
5. Canadians Against Oppression & Persecution
6. Canadian Council of Muslim Women (CCMW)
7. Canadian Council of Imams (CCI)
8. Canadian Security Research Group
9. Canada-Hong Kong Link
10. Doctors for Humanity
11. East Turkistan Association of Canada
12. End Transplant Abuse in China (ETAC)
13. Human Rights Research and Education Centre, University of Ottawa
14. Human Concern International (HCI)
15. Islamic Circle of North America Canada (ICNA)
16. Islamic Society of North America (ISNA)
17. Justice for All
18. Lawyers for Humanity
19. Muslim Association Canada (MAC)
20. National Council of Canadian Muslims (NCCM)



21. Raoul Wallenberg Centre for Human Rights
22. Share 2 Care (S2C)
23. Stop Uyghur Genocide Canada
24. Toronto Association for Democracy in China
25. Union of Medical care and Relief Organizations-Canada (UOSSM)
26. Uyghur Refugee Relief Fund
27. Uyghur Rights Advocacy Project
28. Vancouver Society in Support of Democratic Movement