

**Levi Strauss and Co. Shareholder Meeting Question**  
**David Almasi, Vice President**  
**National Center for Public Policy Research, July 10, 2019**

I'm David Almasi of the National Center for Public Policy Research.

Levi's Form 10-K contains 16 pages dedicated to risk factors including trade wars, intellectual property theft, earthquakes and pandemics that could threaten the company's future profitability. Yet just 57 words are dedicated to a clear and present risk you've already assumed. It seems there isn't an ample understanding of the risk when you, in your words, "take positions on social issues that may be unpopular with some customers."<sup>1</sup>

You note these positions could "impact our ability to attract or retain such customers" and "reduce long-term demand" for Levi's products.<sup>2</sup> Since it appears the board has failed to effectively address this, I'm here to help with your due diligence.

Less than a month ago, the National Center's Free Enterprise Project commissioned a well-respected polling organization to do a nationwide survey assessing how Levi's anti-Second Amendment activism affects the brand's reputation. Initially the company received an 89% total favorability rating for Levi's, Dockers and Denizen clothing among more than one thousand people surveyed. But that favorability fell to 63% when it was mentioned that Levi's is spending over a million dollars to restrict gun ownership. Your "unpopular" decision can definitely "reduce long-term demand," as our polling also found 63% of respondents said they were less likely to choose Levi's after learning about your wokeness.<sup>3</sup>

This risk is across the board. There was a more than 20-point drop in Levi's favorability among Millennials and Gen-Xers, and more than 30 points for Baby Boomers, because of your politics. The risk also transcends income and education.<sup>4</sup>

Mr. Bergh, in your letter to investors, you said you "can't say definitively that leading with purpose has driven our business growth."<sup>5</sup> I'm telling you we have proof that it won't when "leading with purpose" means seeking to deprive Americans of their civil rights.

In our poll, 71% of Gen-X respondents said they are less likely to buy Levi's products compared to the mere 1% who seem to support your "values-driven leadership." In the Midwest, 75% of respondents said they were less likely to buy Levi's.<sup>6</sup> You sell a lot of product there, don't you?

Target had a horrible 2017 after it announced its gender-fluid bathroom and fitting room policy; after spending \$20 million to outfit stores with new single-occupancy bathrooms, the company saw sales plummet by 6%.<sup>7</sup> In 2018, Dick's Sporting Goods reported approximately \$150 million in lost sales after it announced it would restrict gun sales and began engaging in anti-Second Amendment advocacy.<sup>8</sup>

This brings me to my question: Levi's has bounced back, but some financial experts wonder if there's any more room to expand.<sup>9</sup> Is it wise to alienate core constituencies – like Midwesterners and Gen-Xers and even Millennials – by adopting political causes? Why can't you simply remain neutral and just make clothing?

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<sup>1</sup>[https://s23.q4cdn.com/172692177/files/doc\\_financials/2018/LSCO\\_AR\\_2018\\_Download\\_v04.pdf](https://s23.q4cdn.com/172692177/files/doc_financials/2018/LSCO_AR_2018_Download_v04.pdf)

<sup>2</sup>[https://s23.q4cdn.com/172692177/files/doc\\_financials/2018/LSCO\\_AR\\_2018\\_Download\\_v04.pdf](https://s23.q4cdn.com/172692177/files/doc_financials/2018/LSCO_AR_2018_Download_v04.pdf)

<sup>3</sup> <https://nationalcenter.org/wp-content/uploads/2019/07/Levis-2019-FEP-Poll.pdf>

<sup>4</sup> <https://nationalcenter.org/wp-content/uploads/2019/07/Levis-2019-FEP-Poll.pdf>

<sup>5</sup>[https://s23.q4cdn.com/172692177/files/doc\\_financials/2018/LSCO\\_AR\\_2018\\_Download\\_v04.pdf](https://s23.q4cdn.com/172692177/files/doc_financials/2018/LSCO_AR_2018_Download_v04.pdf)

<sup>6</sup> <https://nationalcenter.org/wp-content/uploads/2019/07/Levis-2019-FEP-Poll.pdf>

<sup>7</sup> <https://www.businessinsider.com/target-ceo-blindsided-by-boycott-2017-4>

<sup>8</sup> <https://www.bloomberg.com/news/articles/2019-03-29/dick-s-dks-ceo-ed-stack-says-gun-shift-cut-sales-by-150m>

<sup>9</sup> <https://www.reuters.com/article/us-usa-funds-levi-strauss/fund-managers-skittish-over-levis-long-term-growth-prospects-idUSKCN1R224W>