

VF Corp.

TICKER
 NYS:VFC

MARKET CAPITALIZATION
 US\$35 billion

HEADQUARTERS
 United States

DISCLOSURES
UK Modern Slavery Act: Yes

California Transparency in Supply Chains Act: Yes

TARGETS

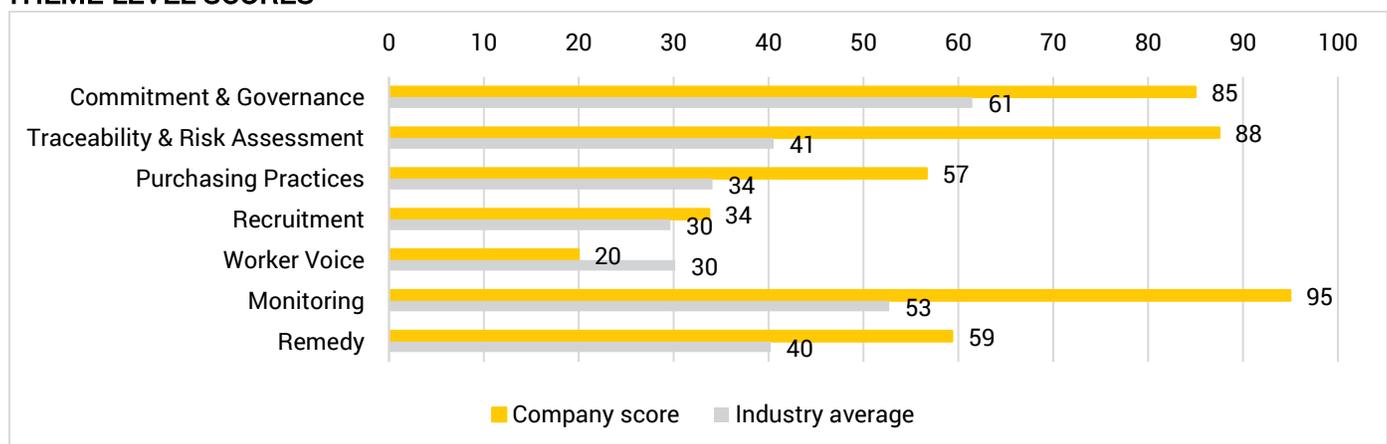
Yes

OVERALL RANKING
6 out of 37

(2018 Rank: 8 out of 43)

OVERALL SCORE
62 out of 100
SUMMARY

VF Corp. (VF), one of the world’s largest apparel companies, with brands including North Face, Timberland, and Wrangler,¹ ranks 6th out of 37 companies, disclosing more information on its forced labor policies and practices than its peers on all themes except Worker Voice. Compared to 2018, VF improved its rank by two places. This is because it began disclosing building capacity for its first- and second-tier suppliers to improve their social performance, partnering with the International Organization on Migration’s (IOM) Corporate Responsibility in Eliminating Slavery and Trafficking initiative (CREST), improving its supply chain transparency, and outcomes of its supplier selection process. Notably, VF discloses a supplier list that includes the facility names and addresses of some of its third- and fourth-tier suppliers. In relation to addressing the risks of alleged Uyghur forced labor, after having taken down an initial statement,² VF discloses that it does not “source any products or materials from suppliers located in Xinjiang,” but discloses no details on how it ensures this. VF has an opportunity to improve on the themes of Recruitment, Worker Voice, and Remedy.

THEME-LEVEL SCORES


KEY DATA POINTS
SUPPLIER LIST

Yes

IMPROVEMENTS OF FREEDOM OF ASSOCIATION

No

HIGH-RISK RAW MATERIALS³

Cotton, viscose, wool, and others

DATA ON PURCHASING PRACTICES

Yes (One data point only)

REMEDY FOR SUPPLY CHAIN WORKERS

Yes (Limited)

HIGH-RISK SOURCING COUNTRIES

China, India, Thailand, and others

LEADING PRACTICES

Traceability and Supply Chain Transparency: VF discloses a list of first-tier suppliers, including subcontractors, which can be downloaded in Excel format. It discloses a complete dataset including the end-to-end supply chains of over 50 different products. It discloses traceability mapping data that include the facility names and addresses of some third- and fourth-tier suppliers, including wool processors, slaughterhouses, and yarn suppliers. It also discloses the sourcing countries for cotton, rubber, wool, and leather and requires its suppliers to maintain records of cotton fiber suppliers, including cotton traders, cotton gins, and cotton conglomerates.

Purchasing Practices: VF states that, in 2018, it worked with an initiative of the Responsible Sourcing Network addressing forced labor from cotton sourcing, Yarn Ethically & Sustainably Sourced (YESS), to conduct a feasibility assessment for the standard. It states that as of 2019, over 80% of its wool is certified to the ZQ Standard or the Responsible Wool Standard, both of which address the ethical treatment of workers. It states that, in China, it has 37 cotton spinners that turn cotton into yarn and that it works with fourth-tier spinners to understand the origin of the bale of cotton and where the cotton gins and cotton farms are located. It states that it requires its suppliers to seek written approval before engaging subcontractors and that subcontractors must adhere to its supplier code, which prohibits forced labor. It states that it requires suppliers to maintain production and shipping records, including subcontracting documentation for the production of its products for at least 12 months.

NOTABLE FINDINGS

Stakeholder Engagement: VF states that it is a signatory to the Mekong Club's "Business Pledge Against Modern Slavery" and that as part of this initiative, it collects and shares information to support education tools on modern slavery. It notes that it has participated in pilot projects of the Mekong Club, including one with Li & Fung and four other companies focused on a worker voice app in multiple languages to track experiences from workers, including migrants in Thailand. It states that it is a member of the ILO's Global Business Network on Forced Labor and the IOM's CREST initiative. VF states that its sourcing teams have also undergone two training modules with the IOM on forced labor indicators, the migrant worker journey, and best practices for responsible recruitment.

Risk Assessment: VF states that it conducts a human rights risk assessment for its supply chains and partners with NGOs and industry and academic experts. It states that it carries out country-level assessments focused on risks, including forced labor. It states that it has conducted comprehensive human rights assessments of its direct and indirect suppliers, as well as a commodity-level human rights risk assessment on its highest-volume raw material commodities. It states that in 2019 it contracted with a labor organization and consultancy on identifying forced labor risks and vulnerabilities in 44 countries. VF discloses that it used traceability data, commodity volume, and country-level risk assessments to identify risks for labor rights, vulnerable groups, and local communities, and it identifies risks at the raw material level for cotton, rubber, wool, leather, and down.

Recruitment: VF states that it has partnered with IOM's CREST "to implement ethical recruitment due diligence processes" for migrant workers. It reports that it engages with labor recruiters in countries of origin to allow it "to identify and build responsible channels, paid by the employer, for the ethical recruitment of migrant workers." It also discloses that in December 2020, it launched a pilot project, "Your Voice Matters," with support from the IOM, engaging its second-tier suppliers in Jordan, Taiwan, and Thailand to understand how to improve conditions for migrant workers. It further states that it carried out a Covid-19 Preparedness Survey to better understand the risks to migrant workers. The survey helped VF identify migrant workers in seven factories whose work permits had expired or were about to expire; VF confirmed with its suppliers "that factories with migrant workers would continue to provide living accommodation if migrant workers were unable to return to their home countries and that they would pay for migrant worker travel to their home countries."

OPPORTUNITIES FOR IMPROVEMENT

Recruitment: While VF states that it fully supports the [Employer Pays Principle](#) and makes a commitment to implement it into its supply chains by 2026, it appears to currently allow fees to be charged when they are less than one month's base salary. The company is encouraged to take steps to ensure that workers in its supply chains are not charged fees during any recruitment-related process. It may further consider taking steps to ensure that such fees are reimbursed to the workers and/or provide evidence of payment of recruitment-related fees by suppliers. While it discloses one example of the steps it has taken to ensure respect of the fundamental rights and freedoms of supply chain workers in vulnerable conditions, it is encouraged to disclose additional examples.

Worker Voice: VF is encouraged to work with local or global trade unions to support freedom of association in its supply chains. Where there are regulatory constraints on freedom of association, the company may consider ensuring workplace environments in which workers in its supply chains are able to pursue alternative forms of organizing. Further, it is encouraged to disclose additional examples covering different supply chain contexts of how it improved freedom of association and collective bargaining for its suppliers' workers, such as migrant workers. VF is encouraged to ensure that grievance mechanisms are available and communicated to suppliers' workers. Further, it may consider disclosing data about the practical operation of the mechanism.

Remedy: VF may consider establishing a process to ensure that remedy is provided to workers in its supply chains in cases of forced labor and disclosing details on this process, such as responsible parties, approval procedures, timeframes, and, crucially, engagement with affected stakeholders. While it

discloses one example of remedy outcomes for workers, it is encouraged to disclose additional examples of tangible remedy outcomes for workers.

ENGAGED WITH KNOWTHECHAIN⁴

Yes ([Provided Additional Disclosure](#)).

¹ Statista (20 March 2020), "[VF Corporation - Statistics & Facts](#)."

² Reuters (30 March 2021), "[Exclusive: Investors press companies on human rights in Xinjiang](#)."

³ For further details on high-risk raw materials and sourcing countries, see [KnowTheChain's 2021 Apparel and Footwear Benchmark Report](#).

⁴ Research conducted through November 2020 or through February 2021, where companies provided additional disclosure or links. For more information, see the full dataset [here](#). For information on a company's positive and negative human rights impact, see the [Business & Human Rights Resource Centre website](#).