

KnowTheChain Apparel & Footwear Benchmark - Additional Disclosure 2020/2021

Company Name: VF Corporation

Date: February 2021

Guidance:

- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website. Please see the 'comment text' and 'source' cells in the Excel document for the information we have already reviewed.
- Note KnowTheChain has already undertaken a review of your website. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to (extensive additional disclosure documents that include a comprehensive list of links already reviewed will not be considered).

VF Supporting Documentation
VF Publications
2020 Human Rights Report
2018 Made for Change Report
2018 Sustainability Accounting Standards Board (SASB) Disclosure
VF Policies & Standards
Code of Business Conduct
Commitment to Eradicate Gender-Based Violence and Harassment
Factory Audit Procedures
Factory Guidelines
Global Compliance Principles
Human Rights Commitment
Responsible Recruitment & Anti Forced Labor Commitment
Supplier Terms & Conditions
Terms of Engagement
VF Corporation Policy on Cotton Fiber Sourcing
VF Disclosures
2020 CDP Forest Disclosure
2020 Corporate Human Rights Benchmark Supplemental Response
2019 VF Factory Compliance Findings Report
2018 Corporate Human Rights Benchmark Supplemental Response
2018 VF Factory Compliance Findings Report
CA Supply Chains Act
Factory List
Modern Slavery Statement
Traceability Maps Data
Modern Slavery Statement
VF Brand Publications
icebreaker 2019 Move to Natural Transparency Report
Timberland 2019 Factory Disclosure Reports
Timberland 2019 Corporate Social Responsibility (CSR) Full Report

1.1 Commitment

The company:

- (1) publicly demonstrates its commitment to addressing forced labor and human trafficking.**

VF Corporation's Responsible Recruitment and Anti-Forced Labor Commitment "prohibits the use of all forms of modern slavery, including forced labor, in all direct operations and all contracted operations of our supply chain. Forced labor is defined as all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily. Forced labor includes bonded labor, indentured servitude, involuntary labor, commercial sexual exploitation, forced child labor, state-imposed forced labor, and human trafficking.

We recognize that unethical recruitment practices, including recruitment fees and related costs charged to migrant workers, along with deceptive recruitment practices, may be enablers of forced labor. In line with our Human Rights Commitment and as part of our prohibition on forced labor, we prohibit worker-paid recruitment fees and related costs at VF contracted factories.

We are committed to mitigating the risks of forced labor in our value chain. Our Global Compliance Principles, Terms of Engagement and Factory Compliance programs underpin our commitment. In addition, we take the necessary steps to prevent, investigate, and remediate all incidences of forced labor if found in our value chain."

1.2 Supplier Code of Conduct

The company's supplier code of conduct:

- (1) requires suppliers to respect the ILO core labor standards, which include the elimination of forced labor;**

VF's Terms of Engagement state that "[e]ach of the Company's contractors, suppliers and agents, agrees that, by accepting orders from the Company or any of its subsidiaries, it will abide by and implement these Terms of Engagement and require the same from each of its VF approved and authorized subcontractors. Each of the Company's contractors, suppliers and agents acknowledges that its failure to honor this agreement will compel VF to re-evaluate, and possibly terminate, its business relationship with such supplier."

- (2) is easily accessible from the company's website;**
- (3) is updated regularly, following internal review and input from external stakeholders;**
- (4) is communicated to the company's suppliers; and**

As stated in VF's Factory Audit Procedures, "[n]o production can commence until a factory audit has taken place with a positive result and VF's Terms of Engagement has been signed". Additionally, VF distributes its responsible materials and sourcing policies, including the Terms of Engagement, to all tier 1 and nominated tier 2 suppliers on an annual basis. These policies are also incorporated into the updated Supplier Terms & Conditions on an annual basis.

(5) requires its first-tier suppliers to take steps to ensure that their own suppliers implement standards that are in-line with the company's supply chain policies addressing forced labor and human trafficking.

All tier 1 and nominated tier 2 suppliers are required to adhere to the Terms of Engagement, which includes requirements for subcontractors. Additionally, as a part of the annual distribution of responsible materials and sourcing policies, VF's Responsible Recruitment & Anti-Forced Labor Commitment is provided to all tier 1 and nominated tier 2 suppliers.

1.3 Management and Accountability

The company:

(1) has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labor and human trafficking; and

VF has established a robust management system for the implementation of supply chain policies that address forced labor and human trafficking in the supply chain. The VP of Global Responsible Sourcing, a direct report of the VP of Global Sustainability & Responsibility, is responsible for overseeing the team's work with factories to improve facility management practices and working conditions on a day-to-day basis. The Responsible Sourcing team works to continuously elevate the social and environmental performance in VF's supplier factories, including a dedicated focus in operating in safe, healthy environments where human rights are respected.

The management of policies, programs and targets related to forced labor and human trafficking are implemented by VF's Worker Rights and Safety team, a sub-set of the Responsible Sourcing team, in coordination with VF's Global Factory Compliance and Worker Community Development teams. In 2020, VF's Worker Rights and Safety team launched their new worker rights strategy that addresses all identified salient human rights risks in VF's supply chain, including forced labor. VF has also convened a Responsible Sourcing Advisory Council that provides independent, outside expertise, recommendations, and diverse perspectives to continually enhance our responsible sourcing program, including issues relating to labor in our supply chain. The Council includes university academics, former government officials, NGO leaders and other professionals who advise us about ongoing program improvements. Council members engage with our teams multiple times each year via virtual and in-person forums. In addition, our factories are audited against our standards every 6 to 12 months by our VF audit team. The factory audit team is part of our internal audit department.

(2) has tasked a board member or board committee with oversight of its supply chain policies that address forced labor and human trafficking.

The VF [Governance and Corporate Responsibility Committee](#) oversees the company's "significant strategies and programs, policies, and practices related to social and environmental issues and impacts". The VP of Global Sustainability & Responsibility reports to the VF Board of Directors biannually and leads the VF Corporate Responsibility Working Group, which addresses environmental and social issues, including forced labor. The Corporate Responsibility Working Group includes VF's Chairman, President & CEO and reports to the full board of directors and the Governance and Corporate Responsibility Committee annually.

1.4 Training

The company:

(1) trains all relevant decision-makers within the company on risks and policies that address forced labor and human trafficking;

VF associates are required to complete online and facilitator-led training on our Code of Business Conduct during their first 30 days and sign an agreement to abide by its principles, including those related to modern slavery. For our associates and management who have direct responsibility for monitoring, auditing and enforcing our Global Compliance Principles, we provide additional training conducted by our staff or a third party. Training includes topics such as identifying child labor, involuntary or forced labor and preventing human trafficking.

As noted in VF's 2020 Human Rights Report, 4,500+ VF associates have been trained on human trafficking to date. This training includes an introduction to human trafficking and its impact around the world. VF associates learn how victims can be trapped in modern slavery, the common indicators of human trafficking, and the importance of recognizing and reporting these warning signs. Additionally, through a partnership with the International Organization for Migration (IOM) VF sourcing teams have undergone two modules of training with the IOM on forced labor indicators, the migrant worker journey and best practices for responsible recruitment.

(2) trains its first-tier suppliers on risks and policies that address forced labor and human trafficking and discloses the percentage of first-tier suppliers trained; and

VF's Sustainable Operations team spans our entire global organization and assists factory management in understanding how they can make improvements to meet VF's standards, including the modern slavery compliance requirements. The team supports suppliers to elevate compliance with our rigorous standards and to improve their audit designations. Our experts conduct walk-through meetings and phone calls with suppliers to recommend solutions and assist them in improving their performance. We provide coaching for factory management and collaborate with suppliers to deliver improvements and corrective action plans whenever we find policy violations.

9% of VF's tier 1 suppliers were designated as 'pending rejection' due to non-conformance with one of our compliance requirements at the close of CY2018.

Refer to Appendix A of this document for further information on auditing and implementation.

(3) engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labor and human trafficking to their own supply chains and/or trains suppliers below the first tier on such policies.

1.5 Stakeholder Engagement

In the last three years, the company has engaged relevant stakeholders by:

(1) providing at least two examples of engagements on forced labor and human trafficking with stakeholders such as policy makers, worker rights organizations, or local NGOs in countries in which its first-tier suppliers and suppliers below the first tier operate; and

Migrant workers, especially in upstream supply chains, face unique vulnerabilities. Recruitment fees, which prospective employees sometimes pay to secure work, may leave workers in debt

bondage. Solutions such as the Employer Pays Model help to reduce abuse and exploitation of migrant workers. Elimination of recruitment costs and fees charged to workers is a key intervention point for promoting ethical recruitment.

Example 1. To uphold migrant workers' rights in garment and footwear supply chains in Southeast Asia, the IOM entered into a partnership with VF in 2020 to implement ethical recruitment due diligence processes that address migrant workers' vulnerabilities throughout the entire labor migration process. "International labor mobility continues to rise throughout the global workforce. Migrant workers constitute key elements of the labor force in global supply chains. The migration experience often leads to positive outcomes for millions of migrants and their communities. However, the migrant workforce may be exposed to abuse and exploitation throughout the migration process. The IOM-VF project exemplifies focused activities directed by the IOM's Corporate Responsibility for Eliminating Slavery and Trafficking (CREST) initiative. Together, we uphold migrant worker rights through ethical and socially responsible business operations, including prohibiting the payment of recruitment fees and related costs by migrant workers," says Mark Brown, acting Chief of Mission, IOM Vietnam. For further details, refer to the [Press Release](#) and VF's 2020 Human Rights Report (p.13).

Example 2. According to the IOM, approximately 164 million migrant workers across the globe are among those most impacted by the COVID-19 pandemic. After engaging both the IOM and the Mekong Club, VF embedded specific questions into our COVID-19 Preparedness Survey to better assess and monitor risks to migrant workers. These included the potential inability to return to their country of origin, challenges related to expired work visas and the difficulty of quarantining in shared dormitories. Insights from the survey guided development of effective measures that we and our suppliers have implemented to mitigate these impacts.

For example, the survey helped us identify migrant workers across seven factories whose work permits were expiring or already expired. We also confirmed that factories with migrant workers would continue to provide living accommodations if migrant workers were unable to return to their home countries and that they would pay for migrant worker travel to their home countries. In particular, we continue to closely monitor factories with migrant workers in our tier 2 fabric mills to ensure that they continue to operate in accordance with all applicable legal requirements – including paying for required health insurance and sick leave – as well as other local laws and regulations that apply to migrant workers.

(2) actively participating in one or more multi-stakeholder or industry initiatives focused on eradicating forced labor and human trafficking across the industry.

- VF is a member of the ILO's Global Business Network on Forced Labour and is a signatory to the American Apparel and Footwear Association (AAFA) and Fair Labor Association (FLA)'s Commitment for Responsible Recruitment.
- VF is a signatory to the Mekong Club's The Business Pledge Against Modern Slavery. Through this pledge, we acknowledge that modern slavery is a business issue and that businesses have a responsibility to influence positive change. As part of the Pledge, we collect and share relevant information to inform business decisions, promote education and training, and contribute to the development of tools to help prevent and raise awareness of address modern slavery. VF regularly engages with the Mekong Club on [strategy development](#) and VF has participated in Mekong Club [pilot projects](#).
- VF's *icebreaker*® brand has participated in the Bali Process Government and Business Forum. The Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime (referred to as The Bali Process) was set up in 2002. Members include the United Nations High

Commissioner for Refugees (UNHCR), the IOM and the United Nations Office of Drugs and Crime (UNODC). The purpose of the Business Forum was to open The Bali Process to greater business involvement and VF's *icebreaker*[®] brand participated in 2018 Business Forum. During this engagement, the *icebreaker*[®] brand sourcing team also participated in a working group that was facilitated by Walk Free, an initiative of the Minderoo Foundation, which presented the 'Acknowledge, Act and Advance Recommendations' at the Business Forum. These recommendations aimed to set out a pathway for business and government to work together to eradicate modern slavery.

THEME 2: TRACEABILITY AND RISK ASSESSMENT

2.1 Traceability and Supply Chain Transparency

The company discloses:

- (1) the names and addresses of its first-tier suppliers;**
- (2) the countries of its below-first-tier suppliers (this does not include raw material suppliers);**

The VF Traceability Program maps the end-to-end supply chains for iconic products across its brands, collecting data for over 50 different products and including the names, locations, and applicable certifications for hundreds of suppliers across the VF global supply chain. This data can be accessed through interactive Traceability Maps or by downloading the complete dataset for the Traceability Maps on the VF website. To date, VF has published over 50 product maps online and has a goal to publish 100 product maps by the end of 2021.

As of January 2021, below-first-tier suppliers that are disclosed through the VF Traceability Maps are located in:

- Tier 2:¹ Bangladesh, China, Colombia, Dominican Republic, El Salvador, Germany, Guatemala, Honduras, Hong Kong SAR, India, Indonesia, Italy, Laos, Mexico, Nicaragua, Pakistan, South Korea, Taiwan, Thailand, United Kingdom, United States and Vietnam.
- Tier 3:² Argentina, Australia, Cambodia, Colombia, China, El Salvador, France, Germany, Guatemala, Hong Kong SAR, India, Indonesia, Italy, Japan, Malaysia, Pakistan, Singapore, Taiwan, Thailand, United States and Vietnam.

The VF [Factory Disclosure](#) accounts for 100% of tier 1 and owned manufacturing facilities used by VF, and approximately 70% of Tier 2 facilities measured by spend for the period Updated quarterly, the list fluctuates over time to reflect the seasonality of VF's business and corresponding production.

Additionally, VF's *Timberland*[®] and *icebreaker*[®] brands both publish supplier lists that include below-first-tier suppliers. The *Timberland*[®] brand's quarterly Factory Disclosure publishes footwear leather suppliers and the *icebreaker*[®] brand publishes its supplier listing in the 2019 Transparency Report (see p.126 - 145).

- (3) the sourcing countries of at least three raw materials at high risk of forced labor and human trafficking; and**

¹ Tier 2: facilities that supply our Tier 1 factories with textiles, leather, down, polymers, trims, packaging, and hardware materials.

² Tier 3: facilities which process raw materials into yarn and other intermediate materials. This includes processing of natural and synthetic materials into yarn

In 2020, Article One performed a commodity-level human rights risk assessment (HRIA) on VF's highest-volume raw material commodities. This comprehensive assessment enabled us to understand and identify upstream human rights risks in our extended supply chain. The analysis used our traceability data, commodity volume and country-level risk assessments to identify risks for labor rights, vulnerable groups and local communities. The assessment offered us recommendations for how we could deepen our visibility into our supply chain and optimize the limited leverage we have at the commodity level, as well as guidance on how we may be able to contribute to systemic change. The results of the commodity-level HRIA are published in VF's 2020 Human Rights Report (p.9).

Additionally, VF and its brands have also disclosed the following information on key raw materials:

- In alignment with the VF Corporation Policy on Cotton Fiber Sourcing, VF is a signatory of the Responsible Sourcing Network's: [The Company Pledge Against Forced Labor in the Cotton Sector of Turkmenistan](#) and [The Company Pledge Against Forced Labor in the Cotton Sector of Uzbekistan](#).
- VF's 2020 CDP Forest Disclosure identifies the areas of origin for cattle hides.
- VF's *icebreaker*[®] brand publishes their Grower Listing in the brand's 2019 Transparency Report (p.125) which includes the property names, locations, and dates of the *icebreaker*[®] contracted growers in New Zealand for the 2019 season.

(4) the number of workers per supplier, and one additional data point on its suppliers' workforce (e.g., the gender ratio, migrant worker ratio, or level of unionization per supplier).

The VF Factory List discloses the range of workers and the gender ratio per facility. The VF Traceability Maps also disclose facility-level data for suppliers beyond tier 1, including the number of workers, number of production workers, workforce gender ratios, applicable certifications and community development programs.

2.2 Risk Assessment

The company discloses:

(1) details on how it conducts human rights supply chain risk or impact assessments that include forced labor risks or assessments that focus specifically on forced labor risks; and

In alignment with VF's Human Rights Commitment, VF has engaged with human rights experts to conduct comprehensive assessments of human rights risks in both our direct and indirect operations. Please refer to VF's 2020 Human Rights Report (p.8 - 10 & 13) for a detailed analysis of VF's most recent HRIAs.

(2) details on forced labor risks identified in different tiers of its supply chains.

- Please refer to VF's response to indicator 1.5.1 for identification of risks in tier 2.
- In 2018, VF worked with [YESS](#), an initiative of the Responsible Sourcing Network, to conduct a [feasibility assessment](#) for the YESS Standard. With support from VF and other apparel partners, YESS leadership visited yarn spinners, two in Bangladesh and two in Turkey, to assess whether the spinners would be able to conform to the YESS. This feasibility assessment sought feedback from spinners on the assessment tools and supported the further

development of the YESS standard. The YESS Standard seeks to drive modern slavery out of cotton production by eliminating the market for cotton produced with forced labor and increasing the use of ethical and sustainable cotton. YESS utilizes the OECD risk-based due diligence approach to identify and eliminate modern slavery from cotton production and apparel supply chains. VF has publicly endorsed the YESS at the Ambassador-level.

THEME 3: PURCHASING PRACTICES

3.1 Purchasing Practices

The company:

(1) is taking steps toward responsible raw materials sourcing;

Comprehensive traceability provides VF with confidence and assurance that our rigorous standards are met at every step in our supply chain. This type of transparency enables us to uncover and immediately address issues and concerns. Examples of raw material sourcing initiatives include:

- VF has committed to sourcing 100% of all footwear leather from Leather Working Group (LWG) audited tanneries. As of FY2019, 95% of VF's footwear leather was finished in LWG audited tanneries. The LWG is a multi-stakeholder initiative, co-founded by VF's *Timberland*[®] brand, dedicated to pushing for environmental best practices throughout the leather supply chain. The LWG audit protocol also includes guidance on forced labor in its [audit protocol](#).
- As of FY2019, over 80% of VF's wool is certified to the ZQ Standard or the Responsible Wool Standard (RWS). These certifications provide assurance that sheep are treated with respect during wool harvesting and that the environment is protected through good land management practices. Additionally, both standards address the ethical treatment of workers in their standards (see the [ZQ Code of Conduct](#) and the [RWS Social Welfare Criteria, p.44](#)).
- In 2017 and 2018, 100% of virgin down purchased by VF was certified to the [Responsible Down Standard \(RDS\)](#). VF's *The North Face*[®] brand uses the majority of VF's purchased goose down and created what is now known as RDS. *The North Face*[®] brand gifted the RDS to Textile Exchange, a global non-profit working to increase the supply and use of sustainable textiles, and the RDS has since become the globally adopted protocol within the apparel industry for responsibly sourcing.
- In CY2019, VF's *Timberland*[®] brand utilized 78% certified Better Cotton Initiative and organic cotton.

(2) is adopting responsible purchasing practices in the first tier of its supply chains, which include planning and fore-casting;

The VF Supply Planning team, a function of VF's Global Supply Chain department, is responsible for monitoring the capacity of tier 1 and nominated tier 2 suppliers in our supply chain and estimating the percent of production available to VF. Sourcing personnel across the VF enterprise are required to consult with the Supply Planning team prior to placing an order, ensuring orders do not overload facility capacity. Should a factory produce more than 50% of their capacity for VF, this supplier is required to operate in an enhanced partnership manner with VF. Moreover, VF takes great strides to minimize fluctuations in our orders to suppliers. We recognize our industry operates in high and low seasons, however given VF's size and scale, we are able to work closely

with our key suppliers to “level-load” our orders in their factories. VF does not knowingly negotiate on the price of labor as a component of the process.

VF continues to engage with the [Better Buying Initiative](#) by inviting suppliers to rate VF on purchasing practices through an online platform. The Better Buying initiative is committed to supporting the industry-wide adoption of responsible purchasing practices so that business relationships can benefit both buyers and suppliers in achieving their financial, environmental and social goals. Through Better Buying, we can assess our buying behavior from suppliers' perspective to inform our responsible purchasing practices.

Additionally, as COVID-19 has had a significant impact on people around the world. VF recognizes that the pandemic’s disproportionate impact on vulnerable and marginalized groups has highlighted a myriad of disparities. In response, we have taken a people-first approach to supporting workers and their families, both in our own operations and throughout our extended supply chain. VF has published a summary of [supply chain actions during COVID-19](#) which included honoring all valid purchase orders with a factory release date before June 1, 2020. Additionally, VF has [engaged with suppliers](#) to understand their financial obligations and is in the process of establishing supplier trade financing through our banking relationships. As we work on the systems to implement this, we have focused on supporting suppliers with cashflow concerns by immediately paying tens of millions of dollars early.

(3) provides procurement incentives to first-tier suppliers to encourage or reward good labor practices (such as price premiums, increased orders, and longer-term contracts); and

VF has developed a Vendor Performance Management Model which utilizes a balanced scorecard approach to evaluate ongoing relationships with suppliers. Metrics contained within the scorecard include on time-delivery, quality performance and shipping accuracy. VF encourages suppliers to implement environmental and social best practices by offering additional purchasing orders for strong performance and the factory compliance score reduces the overall factory rating by 40% should the factory have a ‘Developmental’ rating. Metrics are regularly reviewed and refreshed to reflect the strategic direction of our product supply operations, and to encourage our suppliers to continue to improve upon key initiatives related to environmental sustainability, social responsibility and innovation. VF's Supply Planning team communicates vendor scoring criteria and results to suppliers on a quarterly basis.

Additionally, VF's *icebreaker*[®] brand has introduced long-term supplier contracts (10-years) for their wool growers. These long-term contracts provide a platform for progressive farming and enables growers to have the financial security to invest in their businesses, land, animals and people. In 2019, the *icebreaker*[®] brand's Growers Club held its inaugural meeting, giving growers the chance to meet the *icebreaker*[®] brand and VF leadership teams, and to reflect on the year’s performance and how it might be improved.

(4) discloses two quantitative data points demonstrating that it has responsible purchasing practices in place that address the risk of forced labor and human trafficking.

3.2 Supplier Selection

The company:

(1) assesses risks of forced labor at potential suppliers before entering into any contracts with them and discloses details on the outcomes of this process; and

The number of tier 1 and tier 2 suppliers, per year, that were not accepted during the initial audit are disclosed in VF's 2018 Made for Change Report:

Suppliers not accepted during initial audit	2016	2017	2018
Tier 1	77	82	103
Tier 2	3	0	1

Refer to Appendix A of this document for information on auditing and policy implementation.

(2) addresses risks of forced labor related to sub-contracting and discloses details on the outcomes of this process.

The Global Compliance Principles state: "VF Authorized Facilities will not use subcontractors in the manufacturing of VF products or components without VF's written approval and only after the subcontractor has agreed to comply with these Global Compliance Principles". Additionally, the Factory Guidelines state:

- "Subcontracting of VF work to unauthorized facilities is not allowed. Subcontracting includes, but is not limited to, all cutting facilities, sewing plants, screen printers, embroiderers, laundries and packaging locations. Any subcontracting facility intended for use for VF production must be reported to VF, and a VF facility compliance audit must take place before placing any VF production. Production cannot begin until the subcontractor has received a positive audit designation."
- "The facility must maintain production and shipping records including subcontracting documentation for VF production for at least 12 months or the legally required time for customs verification, whichever is higher."

Refer to Appendix A of this document for information on auditing and policy implementation.

3.3 Integration into Supplier Contracts

The company:

(1) integrates the ILO core labor standards, which include the elimination of forced labor, into supplier contracts;

VF's Supplier Terms & Conditions, section 24, states:

"To the extent applicable to the SUPPLIER, SUPPLIER agrees to comply with VF Corporation's Terms of Engagement and Global Compliance Principles, and to operate within a set of ethical standards compatible with VF Corporation's Code of Business Conduct. Further, to the extent applicable to the SUPPLIER, SUPPLIER agrees to comply with the other policies of VF Corporation or BUYER including without limitation VF Corporation's Factory Compliance Guidelines, Environmental Compliance Guidelines, Restricted Substances List and Supplier Policy or such other policies VF Corporation or BUYER of which SUPPLIER is made aware."

Refer to Appendix A of this document for information on auditing and policy implementation.

(2) discloses the percentage of suppliers whose contracts include such standards; and

All tier 1 and nominated tier 2 suppliers and subcontractors are required to adhere to VF's Supplier Terms & Conditions.

(3) requires its suppliers to integrate such standards into contracts with their own suppliers.

The Terms of Engagement state: "[e]ach of the Company's contractors, suppliers and agents, agrees that, by accepting orders from the Company or any of its subsidiaries, it will abide by and implement these Terms of Engagement and require the same from each of its VF approved and authorized subcontractors. Each of the Company's contractors, suppliers and agents acknowledges that its failure to honor this agreement will compel VF to reevaluate, and possibly terminate, its business relationship with such supplier."

THEME 4: RECRUITMENT

4.1 Recruitment Approach

The company:

- (1) has a policy that requires direct employment in its supply chains;**
- (2) requires employment and recruitment agencies used by its suppliers to respect the ILO core labor standards, which include the elimination of forced labor; and**

The Global Compliance Principles apply to all facilities that produce goods for VF Corporation, including facilities owned and operated by VF and its contractors, agents and suppliers. The Global Compliance Principles are aligned with the ILO core labor standards and are incorporated in the Terms of Engagement.

The Terms of Engagement state: "[e]ach of the Company's contractors, suppliers and agents, agrees that, by accepting orders from the Company or any of its subsidiaries, it will abide by and implement these Terms of Engagement and require the same from each of its VF approved and authorized subcontractors."

Additionally, the following requirements are incorporated into the Factory Guidelines:

- "The facility and recruitment agencies may not deduct from wages (by way of garnishments, levies, deposits, guaranteed monies or otherwise) costs or fees associated with employment, including required visas, health checks, employment registration, work permit, management fee, or recruitment agency/placement firm fees greater than one month of the base salary."
- "Third party recruiters, employment agents, and labor brokers are expressly prohibited from holding associates' identity documents. Neither these recruitment agencies nor the employer may hold other associate documents such as land titles."
- "The employer or recruiter may not utilize recruitment agency services conditional upon applicants paying for other goods and services such as travel, training, etc."
- "Migrant associates must have effective access to remedy grievances, without fear of recrimination, reprisal, or dismissal. This includes internal grievance procedures regarding the labor recruiter or the employer."

Refer to Appendix A of this document for information on auditing and policy implementation.

(3) discloses information on the recruitment agencies used by its suppliers.

4.2 Recruitment Fees

According to the ILO, workers should not be charged directly or indirectly, in whole or in part, any fees for recruitment or related costs (such as costs for training, medical tests, or travel).

The company:

(1) requires that no worker in its supply chains should pay for a job—the costs of recruitment (i.e., recruitment fees and related costs) should be borne not by the worker but by the employer ("Employer Pays Principle"); and

VF Corporation prohibits the use of all forms of modern slavery, including forced labor, in all direct operations and all contracted operations of our supply chain. Forced labor is defined as all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily. Forced labor includes bonded labor, indentured servitude, involuntary labor, commercial sexual exploitation, forced child labor, state-imposed forced labor, and human trafficking. We recognize that unethical recruitment practices, including recruitment fees and related costs charged to migrant workers, along with deceptive recruitment practices, may be enablers of forced labor.

Our commitment to ethical recruitment is embedded in our Responsible Recruitment and Anti-Forced Labor Commitment, and we've committed that by 2026 no worker in VF's supply chain will pay any recruitment-related fees.

(2) takes steps to ensure that such fees are reimbursed to the workers and/or provides evidence of payment of recruitment-related fees by suppliers if it discovers that fees have been paid by workers in its supply chains.

VF has partnered with the IOM's CREST initiative to drive the adoption of responsible recruitment practices and ethical treatment of migrant workers, including a "zero-fee" requirement for migrant worker recruitment to ensure that no worker pays for a job. VF will subsequently roll out the new policies and procedures on a global scale and require all suppliers to adhere to ethical recruitment standards, including the employer pays principle.

4.3 Monitoring and Responsible Recruitment

The company:

(1) takes steps to ensure employment and/or recruitment agencies used by its suppliers are monitored to assess and address risks of forced labor and human trafficking; and

Please refer to VF's response to indicator 1.5.1 for information on the IOM-VF pilot project.

(2) provides details of how it supports responsible recruitment in its supply chains (e.g., by collaborating with stakeholders to engage policy makers to strengthen recruitment standards).

- VF is a signatory to the AAFA and the FLA's Industry Commitment to Responsible Recruitment.
- VF partners with the IOM CREST initiative to uphold migrant workers' rights in garment and footwear supply chains.

- VF is a member of the ILO's Global Business Network on Forced Labour, an organization that brings together businesses of all sizes and sectors, as well as their networks, to eradicate forced labor – driving action, scale and sustainability through collaboration.

4.4 Rights of Workers in Vulnerable Conditions

The company:

(1) takes steps to ensure migrant workers in its supply chains understand the terms and conditions of their recruitment and employment and also understand their rights;

The Factory Guidelines state “[t]he personnel policies must be written and distributed to all associates in the local language as well as being posted in public areas in the facility. The facility must develop alternative training processes for illiterate associates to understand the personnel policies.” Additionally, general requirements regarding contracts of employment when employing migrant associates outlined in the Factory Guidelines include:

- “The terms outlined in the associate’s written employment contract must be fully explained before departure from their home country. This includes conditions of employment and reasons for termination.”
- “The employment contract must be written such that it is legally enforceable in the receiving country and written in the associate’s native language.”
- “The associate must receive a copy of the employment contract before leaving the country of origin.”

Refer to Appendix A of this document for information on auditing and policy implementation.

(2) takes steps to ensure its suppliers refrain from restricting workers’ movement, including through the retention of passports or other personal documents against workers' will; and

VF supports the Dhaka Principles for Migration with Dignity to enhance respect for the rights of migrant workers from the moment of recruitment, during employment and through further employment or safe return to their home country. The VF Responsible Recruitment and Anti-Forced Labor Commitment states: “[m]igrant workers must be free to return to their home country during periods of annual or personal leave without having to pay any form of deposit and be free of the threat of termination or other penalties. In those cases where associates return home during their annual leave, we require the facilities to allow workers to return without repercussions, including termination. The VF supplier may not prevent any migrant worker from contacting their country’s Embassy or Consulate.”

Additionally, the following requirements are stated in the Factory Guidelines:

- “Associates must not be required to deposit their original identity papers such as travel or residency permits with their employer unless expressly stated by country law. Where the employer is legally required to hold the identification documents, the employer must provide the associate with a photocopy of the documents free of charge. At the associate’s request, the facility may provide safekeeping of identity documents. In this case, the facility must provide immediate access to these documents and return them upon the associate's request with no restrictions. The deposit of identity documents for safekeeping and the return of those documents must be documented and signed by the associate and the facility.”

- “Third party recruiters, employment agents, and labor brokers are expressly prohibited from holding associates’ identity documents. Neither these recruitment agencies nor the employer may hold other associate documents such as land titles.”
- “The facility must allow associates to move freely within their designated work areas during work hours, including being allowed access to drinking water and toilet facilities. Associates must be allowed to leave the facility during meal periods and after work hours. The supplier will not impose curfews or geographical limits on associate movement. Except where necessary for associate privacy or safety, the facility must not restrict or limit access to associate’s accommodation or visitors to the associate’s accommodation.”
- “Migrant associates must be free to return to their home country during periods of annual or personal leave without having to pay any form of deposit and be free of the threat of termination or other penalties. In those cases, where associates return home during their annual leave, the facility must keep their positions available upon their return.”

Refer to Appendix A of this document for information on auditing and policy implementation.

(3) discloses at least two outcomes of steps it has taken to ensure respect of the fundamental rights and freedoms of supply chain workers in vulnerable conditions (those articulated in the ILO core labor standards, which include the elimination of forced labor).

Please refer to VF’s response to indicator 1.5.1 for outcomes of VF’s COVID-19 Preparedness Survey and VF’s response to indicator 5.2.4 for outcomes of the Industrial Relations Leadership Pilot.

THEME 5: WORKER VOICE

5.1 Worker Engagement

The company:

(1) takes steps to ensure its supply chain policies that address forced labor and human trafficking are communicated to workers in its supply chains;

The Global Compliance Principles state "VF Authorized Facilities must inform associates about the workplace standards orally and through the posting of standards in a prominent place and undertake other efforts to educate associates about the standards on a regular basis."

(2) takes steps to ensure that relevant stakeholders engage with and educate workers in its supply chains on their labor rights and/or supports worker-led efforts on labor rights education;

VF is a signatory to the Mekong Club’s The Business Pledge Against Modern Slavery. As part of the pledge, we collect and share relevant information to inform business decisions, promote education and training, and contribute to the development of tools to help prevent and raise awareness of address modern slavery. Additionally, VF participated in pilot project in Vietnam to educate factory staff on recruiting tactics and dangers to be aware of if approached by a labor broker.

(3) provides evidence of the positive impact of worker engagement in its supply chains; and

Refer to VF's 2020 Human Rights Report (p.12) for a detailed description of outcomes from our worker engagement program with the AIP Foundation in Cambodia.

(4) provides at least two examples of worker engagement initiatives covering different supply chain contexts.

In 2018, VF conducted a Worker and Community Development (WCD) needs assessment which included 5,164 worker interviews at 141 factories in 14 countries. Through WCD VF identified and addressed local issues, with a focus on three key aspects: access to water and sanitation; adequate health and nutrition; accessible childcare and education. The WCD team currently operate in high need sourcing regions, including; Bangladesh, Cambodia, India, Vietnam, China, Indonesia, Kenya and the Dominican Republic. We aim to impact the lives of 1 million workers and community members by 2025. Examples of program outcomes to date include:

- In Bangladesh, VF is working with Water and Sanitation for the Urban Poor (WSUP) to construct and upgrade water and sanitation facilities. The WCD needs assessment showed that 61% of workers in Chittagong had unreliable access to water, compared with 15% globally. Similarly, 47% reported living in a household without a toilet, compared with 15% globally. Together with WSUP and local stakeholders, we're developing operation and maintenance models for water and sanitation facilities in Chittagong, with a goal of positively impacting 30,500 worker and community members.
- In 2019 and 2020, VF partnered with Swasti (which means well-being in Sanskrit), leveraging their technical and programmatic expertise to deliver quality and affordable primary health and well-being services for women workers at three factories in Chennai, India. Well-being is a journey that requires a multipronged approach. This partnership has been crucial in providing workers the opportunity to elevate their health and well-being. Workers, both women and men, now receive primary care treatment, systematic screening and treatment for highly prevalent but often ignored conditions that affect their daily lives such as anemia, diabetes and hypertension, along with family planning and reproductive health education and services. In addition, the workers receive support to advance their careers through robust approaches that build their life skills and resilience.
- Garment workers in Cambodia, particularly women, often lack sufficient knowledge and skills to avoid preventable health issues and access quality health services. Furthermore, undernutrition is a key contributing factor to fainting spells. To address these issues, VF partnered with CARE International to improve the health, nutrition, and financial literacy of workers, focusing on building the capacity of factory staff and management to provide improved services to workers. Initiated in 2019, the three-year project improves the environment for worker well-being through enhanced onsite choices for factory food vendors and establishing links to outside health facilities. By 2020, the new program's health and nutrition awareness and training session engaged over 6,500 workers. The program also provided hygiene and nutrition training to 74 food vendors in proximity to the factory. CARE International provided counseling, skills training, and support to all infirmary staff.

5.2 Freedom of Association

The company:

- (1) works with independent local or global trade unions to support freedom of association in its supply chains;**

- (2) discloses that it is party to a global framework agreement that covers its supply chains and/or an enforceable supply chain labor rights agreement with trade unions or worker organizations;**
- (3) takes steps to ensure workplace environments in which its suppliers' workers are able to pursue alternative forms of organizing (e.g., worker councils or worker-management dialogues) where there are regulatory constraints on freedom of association; and**

The Factory Guidelines state: “The facility must be open and cooperative towards associate representation, allow associates to form or join trade unions of their choosing, and to bargain collectively. The company must also give associates' representatives reasonable access to the facility so they can conduct their representative functions. In countries where the law restricts freedom of association and collective bargaining, the facility must enable associates to establish substitute arrangements of associates' representation and negotiation.”

Refer to Appendix A of this document for information on auditing and policy implementation.

- (4) provides at least two examples covering different supply chain contexts of how it improved freedom of association and/or collective bargaining for its suppliers' workers such as migrant workers (e.g., by taking action where suppliers impede workers' rights to freedom of association and/or collective bargaining or by engaging policy makers to improve respect for such rights).**

In 2018, VF collaborated with Growth Squared Consulting LLC and Better Factories Cambodia (BFC) to fund an Industrial Relations Leadership Pilot that enhances collaboration and communications at VF's strategic factories while building capacity for factory workers, their representatives and their management. The program supports remediation of unresolved labor-management topics through the use of existing mechanisms, such as the Arbitration Council Foundation and BFC, while enhancing the resolution process between factory management and union representatives. The pilot began at Starlight Apparel Manufacturing Ltd in Cambodia, a garment factory employing 2,000 employees.

The project included a worksite-specific tailored approach inclusive of an onsite needs assessment, mapping exercise of potential conflict areas, assessment and advisory services, strengthening of the bi-partite committee, creation of integrated metrics, regular stakeholder engagement and a final assessment. Building trust among shop stewards, unions, workers and management was essential to finding a sustainable solution. Worker and management testimony from the pilot showed that the program delivers positive impact on key workplace issues, including freedom of association risks. This progress has been confirmed by the BFC workplace assessment, by VF's internal audits and by complaints received through the factory's internal grievance mechanism, which signal worker trust in the system.

Following the pilot program's success, VF expanded the program to two more factories in Cambodia and Vietnam, including the *Vans*® brand's largest supplier in Vietnam, Sun Jade. The Industrial Relations Leadership Pilot was rolled out to more than 8,000 factory workers at Sun Jade with the Better Work Vietnam team. The factory brought together workers and management to complete an extensive mapping process highlighting potential industrial relations gaps and identified improvement opportunities. The project is expected to continue through February of 2021 and place additional focus on knowledge building on the rights and responsibilities of management, dispute resolution mechanisms, and strategic and effective negotiation of collective bargaining agreements.

5.3 Grievance Mechanism

The company:

- (1) takes steps to ensure a formal mechanism to report a grievance to an impartial entity regarding labor conditions in the company's supply chains is available to its suppliers' workers and their legitimate representatives;**

Worker voice is a central part of monitoring our performance on human rights issues. As outlined in the Factory Guidelines, grievance mechanisms in facilities are not only required, but “must be accessible, predictable, reasonable, transparent, confidential, and based on engagement and dialogue.” A history of grievances must be available to any VF associate who visits facilities, and factory compliance includes the ability of VF auditors to identify that a facility’s grievance mechanism is properly built to receive and respond to grievances. Grievance mechanisms help provide us with the affected stakeholder’s point of view on key human rights topics.

Our Ethics Helpline allows anonymous reporting 24/7, by phone or internet and in more than 150 languages, through a third-party provider. Associates, consumers and third parties have access to the VF Ethics Helpline and web reporting tool. We take complaints seriously, and thoroughly investigate each one. Our Ethics and Compliance Team oversees investigations to confirm that they are addressed and remediated in a thorough, timely and consistent manner. Our Code and our Non-Retaliation Policy strictly forbid retaliation of any kind, and we escalate any reports of retaliation to senior management.

For further information on VF’s Ethics Helpline, including access in the supply chain, please see VF’s 2020 Corporate Human Rights Benchmark Supplemental Response (p.5). Additionally, please refer to Appendix A of this document for information on auditing and policy implementation.

- (2) takes steps to ensure that the existence of the mechanism is communicated to its suppliers' workers;**
- (3) takes steps to ensure that its suppliers' workers or their legitimate representatives are involved in the design and/or performance of the mechanism, to ensure that the workers trust the mechanism;**

In December 2020, VF launched the pilot project “Your Voice Matters” with our partners Ulula³ and Quizrr and with support from the IOM. Through this project, we are engaging our tier 2 suppliers in Jordan, Taiwan and Thailand to proactively learn, understand and discuss recruitment processes, conditions for migrant workers, and how we can work together on improvements. To ensure that we hear from the workers themselves and to understand the impact of the project, we are working on rolling out digital solutions for remote impact assessment, more effective communication, and online training for both management and workers.

³ [Ulula](#) offers a suite of digital tools to obtain honest feedback and creates more transparent and responsible supply chains. Ulula’s solutions connect organizations with their stakeholders through two-way communication to gather continuous insights anywhere, anytime and in real-time.

Additionally, in partnership with the Mekong Club, the United Nations University, Institute on Computing and Society (UNU-CS), and others – VF participated in a pilot program to test an innovative workers’ voice app called Apprise Audit in Thailand. Learn more about the initiative [here](#).

- (4) discloses data about the practical operation of the mechanism, such as the number of grievances filed, addressed, and resolved, or an evaluation of the effectiveness of the mechanism; and**

Refer to VF’s 2020 Corporate Human Rights Benchmark Supplemental Response (p.5) and Appendix A of this document.

- (5) provides evidence that the mechanism is available and used by workers below the first tier in its supply chains.**

Please refer to the El Salvador example in VF’s 2020 Human Rights Report (p.18).

THEME 6: MONITORING

6.1 Monitoring Process

The company has a supplier monitoring process that includes:

- (1) non-scheduled visits;**
- (2) a review of relevant documents;**
- (3) off-site interviews with workers;**
- (4) visits to associated production facilities and related worker housing; and**
- (5) steps to ensure that suppliers below the first tier are monitored.**

6.2 Monitoring Disclosure

The company discloses:

- (1) the percentage of suppliers monitored annually;**
- (2) the percentage of unannounced monitoring visits;**
- (3) the number or percentage of workers interviewed; and**
- (4) information on the qualification of the monitoring organization used and/or the use of worker-driven monitoring (i.e., monitoring undertaken by independent organizations that includes worker participation and is guided by workers’ rights and priorities); and**
- (5) a summary of findings, including details regarding any violations revealed.**

THEME 7: REMEDY

7.1 Corrective Action Plans

The company discloses:

- (1) a corrective action process for its suppliers and potential actions taken in cases of non-compliance, such as stop-work notices, warning letters, supplementary training, and policy revision;**
- (2) a means to verify remediation and/or implementation of corrective actions, such as record review, employee interviews, or spot-checks;**
- (3) potential consequences if corrective actions are not taken; and**

(4) a summary or an example of its corrective action process in practice.

7.2 Remedy Programs / Response to Allegations

A. The company discloses:

(1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking; and

VF's Responsible Recruitment & Anti-Forced Labor Commitment states: "[N]o worker should have to risk their dignity, health or life to work in the apparel supply chain. We are empowering workers to pursue better lives for themselves and their families. We believe our efforts will help us build a thriving, productive workforce within our industry and beyond. We welcome input from all stakeholders, especially the workers throughout our supply chain. For questions or concerns regarding human rights related to our operations or products, our [Ethics Helpline](#) is available to all of our stakeholders, 24 hours per day, seven days per week, in every country where VF operates and in over 150 languages."

Refer to Appendix A of this document for information on auditing and policy implementation.

(2) at least two examples of outcomes of its remedy process in practice, covering different supply chain contexts, for its suppliers' workers; and

- Refer to the El Salvador example in VF's 2020 Human Rights Report (p.18)
- Refer to section E(2) of VF's 2020 Corporate Human Rights Benchmark Supplemental Response (p.7-8)

(3) a description of what actions it is taking to prevent and remediate the use of forced Uyghur labor.

Please refer to VF's [Cotton Fiber Sourcing Policy](#) see the following public statements:

- [Business, Energy and Industrial Strategy Committee Oral evidence: Forced labour in UK value chains, HC890](#) (see comments by VF [Sean Cady] p.24)
- [Written evidence submitted by VF Corporation \(FL0019\)](#)
- [VF Statement Regarding ASPI Report Inaccuracies](#)

B.1. If one or more additional allegations regarding forced labor in the first or lower tier of a company's supply chains have been identified and disclosed by a third party(ies) in the last three years, the company discloses:

- (1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking;**
- (2) that it engages in a dialogue with the stakeholders reportedly affected in the allegation(s);**
- (3) outcomes of the remedy process in the case of the allegation(s); and**
- (4) evidence that remedy(ies) are satisfactory to the victims or groups representing the victims.**

B.2. If one or more allegations regarding forced labor in the first or lower tier of a company's supply chains have been identified and disclosed by a third party(ies) in the last three years, and the company denies the allegation, the company discloses:

- (1) a process for responding to potential complaints and/or reported violations of policies that address forced labor and human trafficking;**
- (2) a description of what actions it would take to prevent and remediate the alleged impacts; and**
- (3) that it engages in a dialogue with the stakeholders reportedly affected in the allegation or requires its supplier(s) to do so.**

NON-SCORED DISCLOSURE

Target Setting

The company discloses measurable and time-bound targets to address forced labor in its supply chains.

Yes/No. Please provide details.

The company reports on progress towards achieving previous targets on an annual basis.

Yes/No. Please provide details.

Reporting Legislations

UK Modern Slavery Act: Where applicable, the company discloses at least one statement under the UK Modern Slavery Act.

Yes/No. Please provide link to a publicly available statement.

California Transparency in Supply Chains Act: Where applicable, the company has a disclosure under the California Transparency in Supply Chains Act.

Yes/No. Please provide link to a publicly available statement.

Due Diligence on Third-Party Products

Where a company—in addition to own branded products—sells third-party food and beverage products, the company discloses how it assesses and addresses forced labor risks related to third-party food and beverage products.

Yes/No. Please provide details.

High Risk Sourcing⁴

Please provide a full list of raw materials present in your supply chains, or alternatively indicate for each of the commodities below whether it is present in your supply chains. Note where a company does not provide this information, KnowTheChain will review the company's website as well as third party sources to identify relevant information.

⁴ Data according to US Department of Labor's list of Goods Produced by Forced Labor website as of September 2020. Accessed October 2020.

* = Risk factors identified based on publicly available sources and discussions with expert organizations.

Raw Materials

- Bamboo
- Cashmere*
- Cotton
- Rubber (natural)
- Silk
- Viscose*
- Wool*

Sourcing Countries for Apparel & Footwear Supply Chains (garments, textiles, etc)

- Argentina
- Brazil
- China
- Ethiopia
- India
- Malaysia
- Nepal
- North Korea
- Thailand
- Vietnam

Presence of Migrant Workers in Supply Chains

Yes/No. Please provide details.

Appendix A

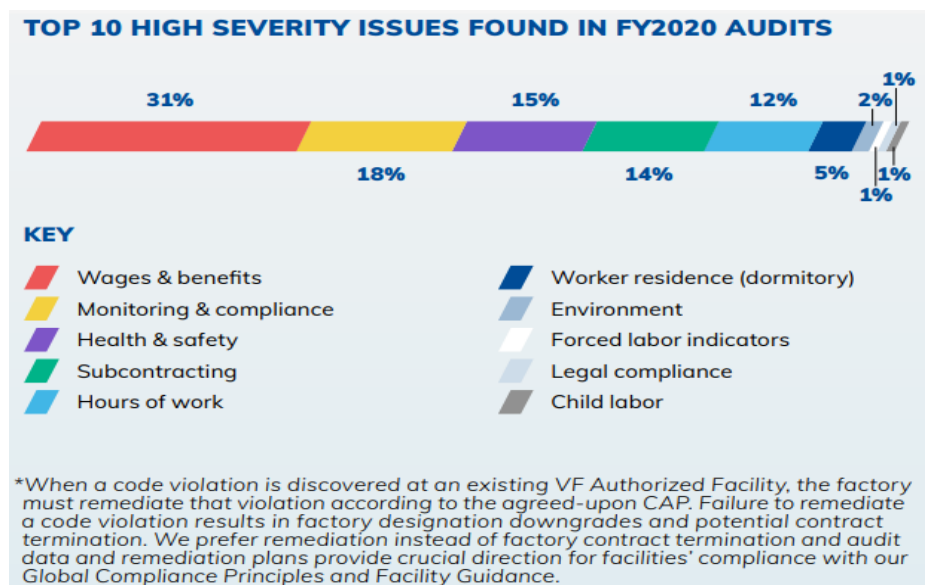
All VF suppliers and contracted factories must adhere to VF's Terms of Engagement, Global Compliance Principles and Factory Guidelines. Additionally, VF's Code of Business Conduct and all relevant corporate policies apply to everyone who conducts business on behalf of VF, regardless of seniority or location. We also expect our business partners to follow similar principles, and we aim to work only with those who meet our exacting standards.

To implement VF's comprehensive social compliance standards, the VF Global Assurance team coordinates the regular auditing of all tier 1 and nominated tier 2 facilities. Audits are carried out by VF-authorized compliance auditors, or an accredited third party, and include a thorough facility inspection of health and safety, environmental and social standards. Factory records, including payroll, operating licenses, associate personnel records, and other key information, are reviewed for compliance with local laws and VF standards. Auditors also conduct associate interviews to gain insight into the facility's working conditions and worker treatment.

As a result of audit findings, factories are designated as either: Rejected; Pending Rejection; Developmental; or Accepted. Following the audit, factory managers will be presented with a written Corrective Action Plan (CAP), detailing any findings determined during the audit, and the VF Sourcing Manager will be sent a Factory Compliance Findings Report. Please refer to VF's supporting documentation to access example Factory Compliance Finding Reports from 2018 and 2019.

VF's Sustainable Operations team spans our entire global organization and supports suppliers to elevate compliance with VF's standards and improve audit designations. Our experts conduct walk-through meetings and phone calls with suppliers to recommend solutions and assist them in improving their performance. Whenever possible, VF prefers remediation over termination; leaving a factory is our least preferred option. Our first choice is always to support suppliers and enable them to make improvements to achieve full compliance.

In fiscal year 2020, VF conducted 1,404 audits at tier 1 and tier 2 facilities. An overview of VF's factory compliance audit data for FY2020 can be found on page 25 of the 2020 Human Rights Report.



For further information on VF's audit process, please refer to: the Factory Audit Procedures, Factory Guidelines and 2018 Made for Change Report (p.56).