

VF Corp.

TICKER:
NYSE:VFC

MARKET CAPITALIZATION:
US\$ 29 billion

HEADQUARTERS:
United States

14 OUT OF 20
Company's Overall Ranking

43 OUT OF 100
Company's Overall Score

VF Corp. (VF) ranks 14th in the benchmark. Its score of 43 out of 100 is driven by its disclosure on the themes of purchasing practices, monitoring, and remedy. Notably, VF cascades its expectations down its supply chain: In addition to auditing all of its first-tier suppliers, it audits around 70% of its second-tier suppliers and discloses that its grievance mechanism is available to workers in the second and third tiers of its supply chain. VF can improve by strengthening its supplier code of conduct, engaging stakeholders on forced labor, tracing and disclosing information on its supply chain, assessing and disclosing forced labor risks, and developing and disclosing an approach to avoid exploitation of supply chain workers through recruitment agencies.

THEME LEVEL SCORE

Commitment and Governance	34 out of 100
Traceability and Risk Assessment	25 out of 100
Purchasing Practices	75 out of 100
Recruitment	0 out of 100
Worker Voice	28 out of 100
Monitoring	78 out of 100
Remedy	63 out of 100



LEADING PRACTICES

Grievance Mechanisms

VF discloses it provides multiple channels for stakeholders to raise complaints or concerns about violations of the company's code of conduct. VF states that its supply chain workers and communities, including workers in the second or third tier of its supply chain, have access to its Ethics Helpline, and it prohibits suppliers from taking retaliatory action against workers using the mechanism. Further, VF encourages suppliers to establish their own grievance mechanisms.

Audit Process and Disclosure

VF discloses that its audits include a review of documents such as payroll and employee records, as well as interviews with workers on aspects such as wages and freedom of movement. The company is one of few providing details on the worker interviews, stating that interviews provide added insight into a facility's working conditions, including hiring practices, wages and hours, worker-management communications, worker treatment, and environmental issues. Notably, VF includes subcontractors like cutting facilities, screen printers, embroiderers, laundries, and packaging locations in its audits. In addition, the majority of its garment suppliers purchase fabrics through suppliers recommended by VF, which are covered in VF's audit process. VF discloses that it audits 100% of its first-tier suppliers and approximately 70% of its second-tier suppliers annually.

NOTABLE FINDINGS

Supplier Selection

VF discloses that its compliance team evaluates all suppliers prior to entering into a business relationship. VF's "supply planning" department is responsible for knowing the capacity of all factories in the supply chain and is consulted before VF's sourcing team places an order, thus ensuring that the order does not overload a factory's capacity. VF aims to minimize fluctuations in its orders to suppliers and works closely with key suppliers to "level-load" orders between high and low seasons. More specifically, VF's brand products include a number of basic and carry-over styles (e.g., backpacks for the back-to-school shopping season), where the demand can be estimated and the manufacturing conducted over a longer term time frame, as opposed to just-in-time production.

Integration of Expectations in Contracts

VF discloses that it communicates its human rights commitments through manufacturing agreements to its suppliers. Its Master Manufacturing Terms and Conditions assert that all VF suppliers are subject to the company's principles, which include provisions on forced labor. Contracts between VF and its suppliers contain contractual language regarding compliance and must be signed by all manufacturers prior to beginning work on VF products.

Communication of Policies to Supply Chain Workers

VF discloses that its factories must undergo compliance training and display compliance posters outlining VF's human rights expectations in the local language of workers.

OPPORTUNITIES FOR IMPROVEMENT

Commitment and Governance

VF is encouraged to ensure and disclose that its supplier code of conduct includes all four fundamental rights and freedoms articulated in the ILO Declaration on Fundamental Principles and



Rights at Work (it currently does not cover child labor), and that the code is approved by a senior executive, easily accessible from the company's website, and reviewed and updated regularly.

Further, the company is encouraged to engage with trade unions, local NGOs, and/or policy makers in countries in which its suppliers operate on forced labor and human trafficking and to actively participate in one or more multi-stakeholder or industry initiatives focused on forced labor and human trafficking.

Traceability and Risk Assessment

VF is encouraged to develop and disclose a process to trace its supply chain, to publicly disclose the names and locations of its first-tier suppliers¹ and to publicly disclose some information on suppliers beyond the first tier (e.g., name, location, source country).

While the company discloses some risks identified in its supply chain - it discloses its sources from Bangladesh and Cambodia, two countries which "have minimal government regulation and enforcement around human rights" - VF is encouraged to develop and disclose a process to conduct forced labor risk assessment(s) focused on specific commodities, regions, and/or groups.

Recruitment

While VF requires suppliers to be transparent about the recruitment process of workers, VF may consider encouraging its suppliers to directly hire workers and—where this is not possible—perform robust due diligence of third-party recruitment agencies. Further, VF is encouraged to develop and disclose a policy that requires recruitment agencies in its supply chain to uphold workers' rights and to require suppliers to disclose to them the recruiters that they use. Finally, the company is encouraged to require that no fees be charged during any recruitment processes conducted throughout the supply chain, and, in the event that it discovers that fees have been paid, ensure that such fees are reimbursed.

COMPANY PROVIDED ADDITIONAL DISCLOSURE

[Yes.](#)

¹ Note the company discloses it will soon disclose information about first tier suppliers on a quarterly basis.

