



VF Corporation
2019 CHRB Supplemental Response

A.1.2 Commitment to respect the human rights of workers

VF Corporation Global Compliance Principles apply to our owned and operated facilities as well as our supply chain.

A.1.4 Commitment to engage with Stakeholders

VF Corporation values its stakeholder partnerships and works together with its partners to continuously improve human rights in its supply chain. VF has partnered with a variety of stakeholders to design and implement projects to conduct due diligence and create change. For example, VF partners with the International Organization for Migration and the Mekong Club to better identify and mitigate forced labor in the supply chain. VF also partners with a number of implementing agencies to design and implement programs to improve worker well-being in its communities, including to improve access to water, transportation safety, children's rights, and women's economic empowerment.

Additionally this year, VF is creating a formalized stakeholder engagement strategy, in partnership with Business for Social Responsibility, which will guide our long term stakeholder partnership choices.

B.1.4.a Communication / Dissemination of Policy Commitments within Company's own operations

Our global compliance principles and commitments are disseminated widely across different audiences through our code of conduct, website, press releases and internally through our intranet website & weekly program video content.

B.1.6 Monitoring and Corrective Action

See Appendix C & D for example VF Corrective Action Plans.

B.1.8 Approach to Engagement with potentially affected Stakeholders

Should a stakeholder raise a concern about a situation in the VF supply chain, VF directly engages the key stakeholder to clarify the situation and immediately investigates concerns. The VF Sustainable Operations (SO) team is unique to VF's Global Responsible Sourcing strategy, and consists of over 30 labor and environmental professionals, based in key

sourcing countries, whom engage directly with our strategic Tier-1 and Tier-2 vendors. The Sustainable Operations team builds labor capacity at contract factories, supports improvements following an factory compliance audit, provides worker and management trainings, scopes environmental impact reduction initiatives, and engages workers and management to build industrial relations frameworks.

When an issue arises in a factory the SO team is deployed to help investigate, review documents and evidence, speak with workers, interview management and maintain continuous dialog until the issue is resolved. After which, VF takes immediate steps to mitigate and remediate the concern, communicating regularly with the stakeholders involved throughout the entirety of the process.

During the past year, an interested stakeholder brought an issue to VF's attention about an underlying cultural practice in a supply chain factory that undermined the rights of certain workers. VF immediately assigned an internal team to respond to this situation. In addition, VF pulled together a multi-brand and multi-stakeholder group to provide additional scale to responding to the situation. VF provided funding to the group, while also acting in a leadership capacity to build a framework of policies and activities to prevent the situation from occurring.

B.2.4 Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts

VF's Worker and Community Development program's goal is to objectively improve the lives of 1 million workers by 2025. In the past year, the initiative at VF positively affected over 106,000 workers in 5 countries. The program is guided by a robust Theory of Change, accompanied by a quantitative Monitoring, Evaluation and Learning (MEL) framework, that provides VF management with a tool to assess each intervention's effectiveness. As a result of implementing robust MEL framework, VF is able to assure our Worker and Community Development interventions continuously create positive change for each beneficiary.

C.7 Remediating Adverse Impacts and incorporating lessons learned

Safety is non-negotiable at VF. We have integrated our learnings from the safety-related incidents at factories in Bangladesh into our supply chain activities, significantly reducing the risk of future safety-related occurrences.

VF was a founding member of the Alliance for Bangladesh Worker Safety in Bangladesh, driving remediation through all our suppliers in Bangladesh. VF was instrumental in the creation of Nirapon, a successor organization to the Alliance. VF leadership in both initiatives in Bangladesh is reinforced through our election to the Board of Directors and consistent leadership activities. Leveraging our learnings from Bangladesh, VF collaborated with other apparel brands to create the Life and Building Safety initiative (LABS, www.labsinitiative.com), which has extended the safety inspections from Bangladesh to Vietnam and India. Continuing with our leadership role in these initiatives, VF has been elected to the LABS Executive Steering

Committee. Each of these initiatives aims to protect workers from preventable structure, fire, and electrical safety risks in apparel and footwear producing factories..

D.2.1.b. Living Wage (in supply chain)

Our [Global Compliance principles](#), updated in April 2019, articulate our focus on wages & benefits. Principle 4 states:

“Every worker has a right to compensation for a regular work week that is sufficient to meet the worker’s basic needs and provide some discretionary income. VF Authorized Facilities must compensate their employees fairly by providing compensation packages comprised of wages and benefits that, at the very least, comply with legally mandated minimum standards or the prevailing industry wage, whichever is higher, and shall provide any benefits required by law. Employees must be fully compensated at a premium rate for overtime according to local law and each employee must be provided with a clear, written accounting for each pay period. Where compensation does not meet workers’ basic needs and provide some discretionary income VF Authorized Facilities should work with VF to make improvements and take other appropriate actions that seek to progressively realize a level of compensation that does.”

VF has previously worked with Social Accountability International (SAI), a global leader in implementing human rights at work, to determine how VF wages compare to living wage benchmarks domestically and internationally. The SAI project scoped 26 locations; 3 owned manufacturing locations, 2 strategic suppliers, 3 distribution centers, and 18 retail stores. VF has formed an internal living wage working group that will review lessons, outcomes and best practices from the SAI project.

D.2.5.a Forced labour: Debt bondage and other unacceptable financial costs (in own production or manufacturing operations)

VF’s Global Compliance Principles and programs apply across owned manufacturing and VF’s complete global supply chain.

D.2.5.b. Forced labour: Debt bondage and other unacceptable financial costs (in supply chain)

As part of VF’s continuous improvement efforts regarding advancing labor rights across our supply chain, VF recently reviewed recruitment processes for migrant workers. Our review was conducted through on-site investigations, worker interviews, and engagement with migrant worker hiring agency officials. The result from our review illustrated the need for eliminating recruitment costs and fees to workers as a key way of promoting ethical recruitment.

VF is a signatory to the American Apparel and Footwear Association (AAFA) and Fair Labor Association (FLA)’s Commitment to Responsible Sourcing. As an industry and as an individual

company, we are committed to the fair treatment of workers in the apparel, footwear, and travel goods supply chains. One important part of this ongoing effort is working together to eliminate conditions that can lead to forced labor in the countries from which we source products.

We commit to working with our global supply chain partners to create conditions so that:

- Workers do not pay for their job
- Workers retain control of their travel documents and have full freedom of movement
- All workers are informed of the basic terms of their employment before leaving home

VF is incorporating the Commitment to Responsible Recruitment into our social compliance standards, which will be publicly refreshed prior to December 31, 2019.

As part of this effort, VF recently partnered with the International Organization for Migration (IOM) under its Corporate Responsibility in Eliminating Slavery and Trafficking (CREST) initiative. Our focus in this partnership is to reduce exploitative and unethical recruitment and labor practices in garment and footwear supply chains by promoting the employer pays principle.

In collaboration with another large footwear brand, IOM creates tools and training materials, as well as implements a training-of-trainers (ToT) approach to creating lasting change. Vietnam and the Philippines were identified as important countries of origin for migrant workers in our Asian supply chains and are the locations of our initial roll out.

The long-term goal of this program will be ensuring agencies meet the International Recruitment Integrity System (IRIS) standard, a social compliance scheme designed to promote ethical international recruitment.

D.2.5.c Forced labour: Restrictions on workers (in own production or manufacturing operations)

VF does not employ any associates in our owned operations through brokers or agencies.

D.2.5.d Forced labour: Restrictions on workers (in the supply chain)

Please see D.2.5.b.

D.2.6.a Freedom of association and collective bargaining (in own production or manufacturing operations)

Our owned manufacturing takes place in Mexico, Honduras and the Dominican Republic. Of those associates, 100% in Mexico are covered under collective bargaining while 0% in Honduras and the Dominican republic are not.

D.2.6.b Freedom of association and collective bargaining (in the supply chain)

In all facilities, VF Corporation supports freedom of association and the right to collectively bargain. In China and Vietnam, 26% of our suppliers have active unions, of which 82% of the workers in those suppliers are members. Outside of China and Vietnam, unions are less

prevalent with only 17% of our suppliers having unions, of which 73% of the workers are union members.

VF performs audits and activities to assure suppliers provide employees information regarding local and national laws and regulations regarding Freedom of Association and Collective Bargaining. Audits also determine if employees have been subject to harassment, intimidation or retaliation in their efforts to freely associate or bargain collectively.

The VF factory compliance team also confirms whether a facility has mechanisms in place to receive and respond timely to worker grievances. From 2018 to 2019, VF identified an increase in harassment of union workers through our onsite assessments. We believe this increase is in response to VF's increased education on workers' freedom of association and collective bargaining rights. Any failed findings against these code provisions generate a Corrective Action Plan and require the supplier to remediate all identified deficiencies.

D.2.7.a. Health and safety: Fatalities, lost days, injury rates (in own production of manufacturing operations)

As a responsible company focused on the health and well-being of its employees, VF tracks safety KPI's and sets strategies that aid in injury reduction and safety culture enhancement. All of our safety targets are focused on improving safety and encouraging proactive actions that prevent injuries from ever occurring. These are targets such as safety action item closure, training, preventative measures taken and reporting timeliness.

We do not place targets on injury reduction as such targets may foster a culture of underreporting (and setting injury rate targets is becoming illegal in some countries). Instead, our hard targets relate to behaviors that impact injury reduction, and only use injury data and trends to guide our efforts.

VF is constantly enhancing our health and safety metrics to include additional leading indicators, such as near miss reports to injury ratios. Again, we are diligent in setting health and safety strategies and targets that encourage action before an injury, continuously evolving our safety program.

D.2.8.a Women's rights (in own production or manufacturing operations)

VF is dedicated to creating a harassment-free environment through policy, guidance documents and trainings for associates. This includes a Respectful Workplace Policy (available in 11 languages), which can be found in *Appendix A*, and manager resources, found in *Appendix B*, to provide guidance to managers on many aspects of creating and maintaining a harassment-free workplace. Topics covered in our policy and resources include, but are not limited to, bystander interventions and speaking up and more often. VF requires all associates with managerial accountability to attend an annual, mandatory 2-hour harassment prevention training. Additionally, where an associate may feel uncomfortable speaking to their manager,

VF's [Ethics Helpline](#) provides the aggrieved individual with access to anonymous reporting, 24 hours per day, 7 days per week, managed by a third-party provider. Every report to VF's Ethics Helpline is investigated.

D.2.9.b Working hours (in the supply chain)

VF will only do business with contractors, suppliers and agents that comply with the applicable laws and regulations of the jurisdictions in which they operate. VF Authorized Facilities must comply with the legal limitations on regular and overtime hours in the jurisdiction in which they manufacture.

As per our Global Compliance Principles, Principle 5 – Hours of Work, VF Authorized Facilities must comply with the legal limitations on regular and overtime hours in the jurisdiction in which they manufacture. Employees must not work, except in extraordinary circumstances, more than sixty hours per week, including overtime, or the maximum applicable legal working hour limit, whichever is less. A regular work week shall not exceed 48 hours. All overtime must be consensual and not requested on a regular basis. All employees will be entitled to at least 24 hours of consecutive rest in every seven-day period.

Any failed findings against these code provisions generate a Corrective Action Plan and require the supplier to remediate all identified deficiencies.

E(2).0 Serious allegation No 2: Cambodian factory workers suffer mass fainting

E(2).1 The Company has responded publicly to the allegation

Headline: Cambodian factory workers suffer mass faintings

Area: H&S and Working hours

Story: In June 2017, The Observer and Danish investigative media site Danwatch reported that more than 500 workers in four factories have been hospitalised over the previous year. Women who collapsed worked 10 hour days, six days a week and the temperature in the factories hit 37 degrees celsius. Puma, Nike, VF Corporation and Asics were contacted by the Observer and said they had investigated the episodes.

Sources: [Danwatch - 25/06/2017: #<https://old.danwatch.dk/undersogelser2/mass-faintings-afflict-the-women-who-sew-our-clothes/#>][The Guardian - 25/06/2017: <https://www.theguardian.com/business/2017/jun/25/female-cambodian-garment-workers-mass-fainting#https://www.theguardian.com/business/2017/jun/25/female-cambodian-garment-workers-mass-fainting#>]

During the prior year, a worker at a VF supplier experienced a minor electric shock while operating a machine, subsequently determined to have occurred due to an improperly grounded machine. Following the electrical shock, nineteen workers in close proximity to the shocked worker fainted as a result of witnessing the event. All workers affected were properly

treated without any permanent injury. VF engaged the factory in a VF-led enhanced safety program which improved safety standards throughout the factory.

Mass Fainting

Worker fainting is a more prevalent issue in factories in Cambodia than in other countries. The fainting can be related to workplace conditions, but is typically associated with poor nutrition, low blood sugar, low blood pressure, and mass panic.

Government Response to Incident

Following this incident, The National Social Security Fund visited factory, investigated the situation and made several recommendations, including:

- Enhancing regular electrical systems inspections,
- Enhancing machine safety training, and
- Monitoring the air system for automatic machines.

The government provided approval for affected employees to return December, 19 2016, following individual medical check-ups.

E(2).3 The company has taken appropriate action

1. Initial onsite review: The VF Cambodian Sustainable Operations Team visited the production building where the event occurred in the days following the incident. Our in-house electrical expert reviewed the grounding system and found that several machines were not properly grounded. We also reviewed the factory's response to the incident to determine if all affected workers were properly treated.
2. Full-scale electrical review: VF requested the factory do a full electrical review of the factory using qualified electrical experts. The factory found that the electrical system was generally sound, but that several production machines were not properly grounded. The factory has remedied this situation.
3. Cambodian Factory Electrical Safety Training: In 2017, VF conducted a multi-day electrical safety training for the electrical teams from all our Cambodian suppliers.
4. Preventive maintenance equipment request: VF required that the factory purchase 4 pieces of equipment that significantly improve preventive maintenance for the factory:
 - a. Thermo-scanner
 - b. Current leakage tools
 - c. Grounding test tool
 - d. 3-phase imbalance test tool

VF's internal electrical engineers also provided training to the factory electricians on how to use the tools and how to perform regular maintenance. An electrical safety program is now fully implemented at the factory.

5. Further Due Diligence: VF conducts compliance audits at least once per year in each factory in Cambodia. Some facilities receive a VF audit every six months. VF's Sustainable Operations team also visits the factories frequently to follow up on corrective action plans, build capacity within factory personnel and operations, and support the remediation of deficiencies.
6. Capacity building at factory: VF's Sustainable Operations team collaborates with our strategic suppliers regarding electrical safety, machine safety, chemical safety and management, and more, all with the goals to proactively identify and minimize risks to workers, to prevent accidents and personal injuries from happening, and to support factories in institutionalizing electrical system preventive maintenance across the facility.
7. In 2018, this factory was prioritized to join VF's Worker and Community Development program, to improve worker health and nutrition, in partnership with CARE International. The program upgrades factory health clinics and promotes positive health behaviors amongst workers and food providers. The program also supports staff training on first response to mass fainting incidents. VF has been scaling the program throughout the past year, with the goal of actively improving worker lives across 10 VF suppliers in Cambodia by 2020.