



VF Corporation
2020 CHRB Supplemental Response

B.2.3 Integrating & Acting: Integrating assessment findings internally & taking appropriate action

At VF, we partnered with human rights experts SHIFT Project and Article One to conduct assessments of VF's human rights activities and salient human rights concerns. The outcomes informed our activities and elevated our understanding of the effectiveness of our human rights interventions. Using this information we identified key areas for improvements across the global enterprise – including our headquarters, retail stores, and throughout the global supply chain and we are working to implement the needed improvements.

Verisk Maplecroft and Sourcemap were used to identify risks at country, commodity, factory and product levels. Our country-level assessments focused on the workplace risks that may exist in the apparel industry, including forced and bonded labor, child labor, occupational health and safety, adequate standard of living and gender equality. The information from SHIFT, Article One and Verisk Maplecroft guides our comprehensive approach to addressing our human rights risks. As we look to the future, our ongoing strategic partnership with our factories to mitigate human rights abuses and risks will be critical to our success.

VF and our licensee partners sourced products from 1,747 suppliers in 2018, and we conducted 2,319 factory audits during that same period. Our Sustainable Operations Team spans our entire global organization. The team supports suppliers to elevate compliance with our rigorous standards and to improve their audit designations. Auditors conduct associate interviews to gain insight into the facility's working conditions and worker treatment. Interview questions cover a range of topics including hiring practices, wages and hours, worker management communications, worker treatment and environmental topics.

Our specialized team helps build suppliers' capacity and improve performance, especially where lack of understanding or language prevents robust and consistent compliance. We deliver better outcomes for workers and communities when we collaborate with suppliers to remediate cases of non-compliance and raise their factory standards, rather than simply terminating the contract. As we learn more, we hone our ability to find and remediate potential code violations. We are enhancing training and protocols as issues arise and improving our processes to address the most salient human rights concerns across our supply chain.

Example of Actions Decided: At VF, we are committed to respecting the fundamental human rights of anyone who engages in work or other activities connected to our business operations and supply chain. And, throughout VF, we champion the rights of everyone our business touches, including those who work in our global supply chain to help manufacture materials or products.

Our commitments to the people working throughout our supply chain are outlined in our [Global Compliance Principles](#) and our Sustainability & Responsibility Program under [Worker Well-being](#) and [Human Rights](#). Our commitments include:

- Prohibition on child labor;
- Freedom from forced labor, including human trafficking;
- Freedom of association and collective bargaining;
- Fair wages and benefits;
- The right to rest and leisure, and limitations of working hours;
- Right to occupational safety and health and access to clean water;
- Right to non-discrimination;
- Freedom from harassment; and,
- Additional protection for women's rights, including equal treatment and opportunity, and non-discrimination for pregnant women.

At VF we believe all workers in VF's supply chain have the right to freedom of association, have freely chosen their representation in the workplace and are free from retaliation in exercising their right to organize. A strong social dialog between workers and management can foster an environment aimed to resolve conflicts and support workers. VF respects the right to Freedom of Association and collective bargaining as fundamental human rights that can strengthen the voice and empowerment of the workers and help prevent other salient human rights risks.

Both our 2017 and 2019 human rights risk assessment identified FOA as a salient human rights risk for VF Corporation. This was corroborated by our own factory assessments that showed FOA concerns in countries where VF operates. Given VF's commitments to the ILO's core conventions regarding Freedom of Association and Collective Bargaining and upholding these conventions in the facilities we source from, we are strengthening our ability to uphold Freedom of Association across our supply chain.

In 2018 we funded an Industrial Relations Leadership pilot in collaboration with Growth Squared Consulting LLC and Better Factories Cambodia to enhance collaboration and communications at VF's strategic factories and build capacity for their workers, their representation 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 Better Factories Cambodia, 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.

Following the success of this program to enable successful worker-management dialog, the program was expanded to additional VF suppliers, including Quint Major Industrial (QMI) in Cambodia and Sun Jade in Vietnam, collectively employing over 10,000 workers. The expanded program focuses on improving organizational culture and minimizing worksite conflicts by establishing a platform where management and workers engage in regular dialog. Ongoing training and capacity building for both unions and management continues to be critical for sustained successful outcomes.

VF aims to take the lessons learned, best practices and training modules implemented during the pilots for future factory training across our supply chain to create robust and more sustainable workplaces. Supporting fruitful and productive relationships between unions, managers, and workers is beneficial for all involved and can mitigate prevent further FOA violations and risks to rights holders in the future.

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

Ninety-five percent of VF supplier factories were audited during 2018. Auditors conduct associate interviews to gain insight into the facility's working conditions and worker treatment. Interview questions cover a range of topics including hiring practices, wages and hours, worker management communications, worker treatment and environmental topics. As a result of audit findings, factories are designated as either: Rejected; Pending Rejection; Developmental; or Accepted. Production is allocated based on the performance designation. When a case of non-compliance is found, it is designated one of three possible severity levels: high, moderate, or low. Our Compliance team tracks trending issues and develops a quarterly report to guide sourcing and remediation efforts. For factories already accepted in our supply chain, when a code violation is discovered, the factory must remediate that violation according to the agreed Corrective Action Plan (CAP). Failure to remediate a code violation results in factory designation downgrades and potential contract termination. Factories moving from the 'Developmental' category to 'Accepted' increased in 2017 and 2018 as a result of supplier training and capacity building. The top ten high severity factory compliance violations¹ identified during 2018 by the VF Factory Compliance Audit team includes:

- Minimum Wage: 25%
- Overtime Pay: 23%
- Dormitories: 12%
- Waste Material – Housekeeping: 9%
- Hazardous Materials: 8%
- Emergency Alarms: 6%
- Unauthorized Subcontracting: 6%
- Business Licensing: 4%
- Personal Protective Equipment: 3%
- Emergency Evacuation: 3%

¹ This data includes results from the initial audits of 103 factories that were never permitted to manufacture products for VF due to their poor performance against our requirements. For factories already accepted in our supply chain, when a code violation is discovered, the factory must remediate that violation according to the agreed Corrective Action Plan (CAP). Failure to remediate a code violation results in factory designation downgrades and potential contract termination.

Additionally, VF has established an industry-leading Worker and Community Development (WCD) program that aims to improve the lives of workers beyond our factory walls. We collaborate closely with our factories and interview workers to understand the unmet needs of workers and communities and bridge the gap with results-focused solutions. We carry out a unique needs assessment, engaging directly with workers to determine localized, community-specific needs. The results drive the development of initiatives that address worker needs in three focus areas – water and sanitation, healthcare and nutrition, and accessible childcare and education.

Our comprehensive Monitoring, Evaluation and Learning (MEL) framework is guided by our Framework for Change. These frameworks are designed to demonstrate the social and business benefits of our efforts and validate that our approach truly benefits the people it is designed to help. In total, the WCD program improved the livelihoods of 156,679 workers through our programs in 2017 and 2018; and we plan to scale our existing programs to reach 600,000 by 2022; one million by 2025; and two million by 2030.

Example: VF is dedicated to operating a supply chain free from child labor. All VF suppliers must adhere to our [Global Compliance Principles](#) and Guidelines that prescribe no one under the age of 15 (or 14 where consistent with ILO guidelines) can be employed at a VF or contracted facility. We also prohibit the employment of anyone younger than the age for completing compulsory education. All VF supplier factories must comply with all legal requirements for associates under 18 years of age. This includes hours of work, working conditions and the prohibition of hazardous activities. Ongoing audits verify compliance among our Tier 1 and nominated Tier 2 facilities. We partnered with the Center for Child Rights and Corporate Social Responsibility (CCR CSR), a global leader on child rights in supply chains, to develop our child labor policy and procedures.

The organization helped VF design the enterprise’s child labor remediation plan. If a case involving child labor is discovered in our supply chain, we immediately engage experts from CCR CSR and other NGO partners. We work with our partners to immediately and effectively remediate the issue. After first making sure the child is safe, the supplier factory or VF funds enrollment in the family’s choice of educational program. A stipend to the family is paid to cover future lost wages until the child is of legal working age, and we work with them to take urgent measures to prevent future incidents of child labor. Improving factory practices through these capacity-building efforts leads to a better long-term outcome for children and their families rather than terminating our relationship. VF drives activities to strengthen factory-level policies and procedures to identify and prevent child labor.

Interviews with workers show many parents work to create a better life for their children. Investing in children’s rights supports working parents while enhancing the livelihoods of children well into the future. We joined the Network on Children’s Rights in the Garment & Footwear Sector in 2017. The network is a platform convened by Norges Bank Investment Management (NBIM) and UNICEF for international brands, retailers and experts to share innovative practices and explore solutions that will ultimately improve the sector’s impact on children. Participating companies represent a combined market value of more than \$280 billion.

VF collaborates with UNICEF on the ‘Better Business for Children’ pilot program in five factories in Bangladesh and one in Vietnam. Based on the Children’s Rights and Business Principles, the program empowers garment and footwear manufacturers to explore and understand how their businesses touch the lives of children. Each factory conducts a ‘child footprint’ assessment to evaluate its impact on children’s lives and creates an action plan to drive improvements. We continue to work with UNICEF and other global brands to support the internal integration of child rights in company policies and processes.

C.1 Grievance Channel(s)/Mechanism(s) to Receive Complaints or Concerns from Workers

Our Ethics Helpline allows anonymous reporting 24/7, by phone or internet, 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 maintains oversight of investigations to confirm they are addressed and remediated in a thorough, timely and consistent manner. Our Code and Non-Retaliation Policy strictly forbid retaliation of any kind, and reports of retaliation are escalated to senior management.

In 2019, VF investigated a total of 1,021 reports globally. Of the 1,021 reports received through the Ethics Helpline and via the VF Open Door Policy:

- Eight were substantiated reports of Environmental, Health & Safety Issues
- Seven were substantiated reports of Supplier, Contractor or Third-Party Misconduct
- Seventy eight were substantiated reports of Discriminatory or Harassing Conduct

Substantiated cases of non-compliance with our Code, policies, or the law are tracked and appropriate action is taken in each instance. This action can range from training and coaching to discipline and, in severe cases, termination of employment or a business relationship.

C.2 Grievance channel(s)/mechanism(s) to receive complaints or concerns from external individuals and communities:

VF is committed to fostering dialogue and communication through multiple channels, including our Open Door Policy and our [Ethics Helpline](#). The Helpline is a free, confidential way for anyone to seek guidance, ask a question or raise a concern. It is available 24 hours a day/seven days a week in every country where VF has associates. The Helpline is available in over 100 languages, and anonymous reporting is available where allowed by law. Each report is reviewed by a member of our Ethics and Compliance team and assigned to an appropriate investigator.

Helpline Availability: Our Ethics Helpline isn't just for to VF associates. Anyone who wishes to raise a concern about a potential violation of our Code of Business Conduct or the law can contact the Helpline 24 hours a day/seven days a week.

Filing reports on third-parties or contractors: When filing a report through the [Ethics Helpline](#), individuals are asked to provide the country, brand, and the facility where the alleged violation occurred. Individuals are then prompted to select the type of report they would like to file from a list of options, which includes "Supplier, Contractor, or Third-Party Conduct". This allows for reports to be filed against contractors or third-parties through the VF grievance mechanism.

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.

Evaluation of Channel/Mechanism: In the [January 2020 quarterly newsletter](#), LABS announced: "LABS Helpline was launched in Vietnam and India for the factories associated with the program in both countries. The Helpline provides the factories with a direct access to the LABS program for reporting issues related to fire, electrical and structural safety...The Helpline numbers will be displayed in all factories associated with the program. Key data from the Helpline will also be published by LABS on a regular basis on the website as well as the newsletter." (Source: January 2020 quarterly newsletter, <https://labsinitiative.com/wp-content/uploads/2020/01/Labs-Quarterly-Newsletter-Jan.pdf>)

In the [April 2020 LABS quarterly newsletter](#): "In India, the Helpline received 10 calls in total, all of which were non-LABS related. In Vietnam, 18 calls in total were received, among which 17 were non-LABS related and one was LABS-related." (Source: April 2020 LABS quarterly newsletter, <https://labsinitiative.com/wp-content/uploads/2020/04/Labs-Newsletter-April-2020.pdf>)

E(2) Serious allegation: Cambodian factory workers suffer mass faintings²

Upholding human rights, particularly worker rights, is a core priority at VF. We strive to enable our operations to promote dignified work through all levels of our supply chains. We believe no associate or employee at VF or our extended supply chain should risk their life or health to manufacture VF products. Thus, we are very concerned when we receive reports of fainting, en masse, at Cambodian garment factories. According to Global Epidemiology: The Journal³, mass fainting in Cambodian garment factories is a "mysterious phenomenon (that) has plagued factories in Cambodia for years. In 2017, there were more than 1,600 cases of factory workers in Cambodia fainting in various incidents."

Worker fainting is a more prevalent issue in factories in Cambodia than in other countries. The fainting incidents are often associated with inadequate nutrition, low blood sugar, low blood pressure, and mass

² While these situations are often referred to using the term *fainting* or *mass faintings*, the vast majority of individuals experience no loss of consciousness. A more accurate description of this phenomenon in Cambodia is *dizziness* or *lightheadedness*. However, VF utilizes *fainting* throughout this section to align with the public reporting of these situations.

³ <https://www.sciencedirect.com/science/article/pii/S2590113319300082>

panic, as well as potential workplace environment concerns. No different than the industry in Cambodia, VF has also seen workers at a few of our Cambodian contracted factories suffer incidences of mass fainting.

As written, many of these alleged fainting incidences do not have a direct causal factory. While at times there is an initial incident, such as an acute laceration, we are unable to explain how such situations may initiate widespread reactions. We do however often observe a number of potential factors, such as poor nutrition and hydration, high temperatures and other factors that may be confounded into individual and collective physiological reactions. However, it is also believed malnutrition was a contributing factor.

In one episode, 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 near the shocked worker fainted as a result of witnessing the event. All workers affected were treated adequately without any permanent injury. The VF Cambodian Sustainable Operations Team visited the production building, where the event occurred in the days following the incident and interviewed management and workers. VF engaged the factory in a VF-led enhanced safety program, which improved safety standards throughout the factory. The factory was required to purchase four pieces of equipment to significantly improve preventive maintenance: thermo-scanner, current leakage tools, grounding test tool, and a 3-phase imbalance test tool. VF's internal electrical engineers provided training to the factory electricians equipment use and preventative and perform regular maintenance planning. In 2017, VF conducted a multi-day electrical safety training for the electrical teams from all VF Cambodian suppliers. An electrical safety program is now fully implemented at the factory at which the faintings occurred.

In July of 2018, a VF contract factory experienced a situation where three workers fainted, and many reported feeling sick:

1. On day one, a worker injured her finger in a label-pressing machine causing the injured woman and two additional workers to faint. During our internal investigation, we interviewed factory management, union leaders, a nurse, the first two workers who fainted on day one, the supervisors, a mechanic, and other affected and non-affected workers across several buildings. The National Social Security Fund (NSSF) team determined individuals fainted when observing the initial finger injury. VF determined the root cause of the injury was the malfunction of an improperly maintained machine. The factory was required to repair and replace unsafe and unreliable machines and properly maintain maintenance logs. Required remedial training on machinery all operators.
2. The following day nearly 70 workers reported feeling ill and were sent to the medical clinic. VF interviewed factory management, union leaders, a nurse, and workers across several buildings. Medical records indicate several of the workers had low levels of blood sugar resulting from malnutrition.
3. One the third day, after being screened by doctors, nurses, NSSF officers, provincial labor departments, and others, nearly 200 people were sent to receive medical care. Medical records indicate several of the workers had low levels of blood sugar resulting from malnutrition.

Further Remediation and Prevention:

While our investigations and interviews with workers identified the cause of the mass fainting on each day, VF understands that mass fainting and poor nutrition are often linked. It became clear during our interviews that the health of the workers was likely subpar. Health care professionals also confirmed that many of the workers have gastrointestinal problems due to a poor diet. Interviews revealed that workers spent on

average US\$0.50 to US\$0.60 for lunch. Moreover, many of the workers are commuting long hours in high temperatures, which negatively impacts their health.

We believe the workplace accident, lack of nutrition, and long, difficult commutes are all factors that contributed to this troubling situation.

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. 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 Care International project improves the environment for worker well-being by improving health and nutrition through enhanced onsite choices for factory food vendors and establishing links to outside health facilities.

By March of 2020, the new program's health and nutrition awareness and training session engaged over 6,500 workers. More than 300 line leaders and 280 workers received reproductive health training. 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.

During the COVID-19 global pandemic, the health and nutrition program's efforts temporarily pivoted to prevent the risk of virus transmission in the factories and communities. The project prioritized sharing COVID-19 related information and education materials through posters, hotlines, and videos. Through the previous train-the-trainer model, all training teams were informed of WHO guidelines and provided with virtual coaching support to infirmary staff. As part of a comprehensive COVID-19 response plan, we intend to support local authorities on COVID-19 prevention meanwhile supporting workers by providing personal protective equipment, hygiene and sanitation materials, and best practices for commuting to and from factories.

VF intends to scale the Care International health and nutrition project to 10 factories over three years in Kampong Cham, Kandal, Takeo, Kampong Speu, and Kampong Chhnang. VF believes the keys to a robust program designed to improve the health and nutrition of the workers in our contract factories consist of:

- Capacity building of infirmary staff
- Education and health awareness for workers and food vendors
- Productive engagement with factory and vendor management

When workers are knowledgeable, confident, and motivated to make healthy informed decisions with increased quality of health services provided, incidences of fainting and dizziness due to undernutrition can be mitigated and lead to a happier and healthier workforce.

E(3) Serious allegation: Global brands respond to allegations of union busting at garment factory

Description of the allegation as stated by the Business & Human Rights Resource Centre:

“Workers at Pulido Apparel Company Inc - a Philippine subsidiary of the U.S based leather gloves and fashion accessories manufacturer, Fownes Bros & Co. - allege that Pulido Apparel has engaged in union busting and has blacklisted union officers and members from its San Luis factory in Batangas. Pulido Apparel

supplies global brands including UGG (part of Deckers Brands), North Face and Timberland (both part of VF Corp) and J. Crew.

In December 2018, shortly before collective bargaining was due to take place, Pulido Apparel closed its San Luis factory, blaming financial difficulties. However, less than a month later, Pulido Apparel began to rehire workers at the same factory, while allegedly blacklisting union officers and members. The workers claim the temporary shut down was an attempt to break the workers' union.

In January 2019, workers began a strike to call for the re-instatement of all workers, including activists who have participated in the strike and picket, and for collective bargaining negotiations to take place as soon as possible.”⁴

Response:

VF is committed to respecting the fundamental human rights of anyone who engages in work or other activities connected to our business operations and supply chain. Throughout VF, we champion the rights of everyone our business touches, including those who work in our global supply chain to help manufacture materials or products.

VF requires adherence to our compliance principles, including recognizing and respecting the right of employees to associate freely. We believe in the fundamental right to freedom of association and do not tolerate discrimination against the right to associate freely. We take the allegations of the violations of our code of conduct seriously and have subsequently investigated the Pulido factory closure.

Our Responsible Sourcing Team, which comprises more than 50 professionals worldwide, works to continually elevate the social and environmental performance in our supplier factories. Our Sustainable Operations team works with factory owners to continuously improve facility management practices and working conditions. After receiving information regarding the alleged union-busting at Pulido Apparel Company, our Sustainable Operations team engaged with the factory management as well as the management of the parent company, Fownes Bros & Co.

Pulido closed three factories, San Luis, Bauan, and Lipa, in the Philippines in 2018, impacting 764 employees. Pulido has a public record of substantial financial losses since 2013 at these factories. Both the buyers and union workers were aware of the company's financial status ahead of any discussions on collective bargaining. As per labor law, Pulido gave one month's notice to the Department of Labor and the affected workers on November 7, 2018, with a close date of December 8, 2018

There were two unions in the factory before the closure, one representing 4% of employees and the other representing 81% of the total workforce. All of the six union officers were offered separation pay. Pulido attended conciliation mediation with the unions in early 2019. We understand that as of April of 2019, both sides settled outstanding issues. The details of the conciliation negotiations are bound by the Philippines Labor Code, which directs that information and statements made at conciliation proceedings are privileged communication.

As previously stated, VF's Global Compliance Principles and corresponding auditing procedures serve as the foundation for our approach to worker safety, factory performance, and worker well-being. These principles explicitly describe VF's expectations around Freedom of Association and Collective Bargaining:

⁴ Source: <https://www.business-humanrights.org/en/philippines-global-brands-respond-to-allegations-of-union-busting-at-garment-factory>

- VF Authorized Facilities shall recognize and respect the right of employees to freedom of association and collective bargaining.
- No employee shall be subject to harassment, intimidation, or retaliation in their efforts to associate or bargain collectively freely.

VF stands committed to respecting the fundamental rights of the workers in our supply chain.

Sean Cady, Vice President, Global Sustainability & Responsibility

June 19, 2020