
VF

**CORPORATION
SUBMISSION**



Clean Clothes Campaign Wage Survey

Response ID:52; Data

1. Login/Password Action

2. Introduction

1. Company name:

VF Corporation

2. Brands owned by company:

<http://www.vfc.com/brands>

3. Main contact person:

Name: : Anna Maria Rugarli

Email: : annamaria_rugarli@vfc.com

Contact phone number: : +41-91-649-1221

3. The living wage standard

4. 1.1 What is your company's position on payment of the living wage to workers in your supply chain?

Please refer to VF Corporation Global Compliance Principles:

<http://www.vfc.com/VF/corporation/resources/images/Content-Pages/Corporate-Responsibility/VFC-Global-Compliance-Principles.pdf>

Principle 4 – Wages and Benefits

VF recognizes that compensation packages vary by country. All 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 legally mandated benefits (...).

5. 1.2 Please give the link to the code of conduct which is used when monitoring conditions in your supplier factories. If it isn't publicly available, please upload a copy using the option below.

<http://www.vfc.com/VF/corporation/resources/images/Content-Pages/Corporate-Responsibility/VFC-Global-Compliance-Principles.pdf>

Upload option.

6. 1.3 Does your company agree with the definition of a living wage as given [here](#)?

No, our definition differs from the definition given.

If no, please provide details of how your definition of a living wage is different and give justification.

Please find below VF's position on Wages and Benefits:

Principle 4 – Wages and Benefits

VF recognizes that compensation packages vary by country. All 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 legally mandated benefits. Employees must be fully compensated for overtime according to local law and each employee must be provided with a clear, written accounting for each pay period.

4. Respect for freedom of association and collective bargaining, a precondition for a living wage

7. 2.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to workers in your supplier factories and subcontractors?

In order to inform workers on their right to Freedom of Association and Collective Bargaining, VF Corporation provides every factory with an explanatory poster (50x70cm) which is translated into the languages of the workers' nationalities and displayed on the bulletin board.

Percentage of supplier factories and subcontractors reached by these measures:

100%

Please supply an example of materials used:

8. 2.2 Do you support or facilitate training for workers to ensure they are aware of their right to freely associate, in conjunction with local independent trade unions or workers' rights organisations? Please supply details:

Out of VF's portfolio of brands, Timberland is the one that has looked into these topics in further details. Timberland has, when needed (e.g. where possible violations seemed evident), worked with trade unions and workers rights organizations to provide worker training on FoA. In the past five years Timberland has engaged with SAI, Verite, Workers Rights Consortium and DAI/CIMCAW regarding FoA training

Names of local unions or workers rights organisations: : SAI, Verite, Workers Rights Consortium, DAI/CIMCAW
Percentage of supplier factories reached by these measures: : %

9. 2.3 Do you provide training for management of your supplier factories and subcontractors on the right to freedom of association?

Timberland' Supplier Sustainability Team does assess the needs of supplier managements' understanding of FoA and if needed, provide training. Timberland has included the topic in multi-supplier training workshops that it organizes for its suppliers.

Percentage of supplier factories and subcontractors reached by these measures:

10. 2.4 Have your supplier factories and subcontractors issued the Right to Organise Guarantee to workers in any of your production units?

	Country:	Number of suppliers:	Details:
1:			
2:			
3:			
4:			

Please provide a sample of materials used in specific countries:

11. 2.5 Do you require supplier factories and subcontractors to sign Union Access Agreements? If yes, please supply details.

No

Number of supplier factories with agreements:

Please provide a sample of agreements signed:

12. 2.6 Does your company have an accessible, actionable and safe means by which workers can file and follow up on complaints about violations of freedom of association and collective bargaining rights? How do you monitor that this can be accessed freely by workers?:

No

13. 2.7 Have you done any work to limit the use of short term contracts in your supplier factories and subcontractors?

Please provide details of your policy and its impacts in relevant countries: : No

How has any of this work impacted on workers ability to receive seniority bonuses?: : No

14. 2.8 Is there anything else you would like to tell us about work you have done so far, or work you are planning, to promote the right to freedom of association in your supply chain?

No

5. Dialogue and negotiation with labour rights organisations

15. 3.1 Please provide details of any active collaborative work undertaken with independent trade unions or labour rights organisations in your sourcing countries:

N/A

16. 3.2 Have any of your collaborations resulted in unions or bargaining processes starting within your supplier factories?

N/A

6. 4. Benchmarks for a minimum living wage

17. 4.1 Does your company have internal figures that it uses to benchmark living wages for each sourcing country or region?

Yes

If yes, please provide details of how these were developed and how they are used:

VF collects this data through audits and uses it for internal benchmarking purposes.

Currently VF Corporation is carrying out a benchmarking exercise using the SAI living wage model however we're not in a position to disclose these data publicly.

18. 4.2 Please provide information about the figures you are using to benchmark a living wage in your 3 main production countries or regions.

	Country/region	Living wage benchmark
1.		
2.		
3.		

19. 4.3 Please give details of the number of your supplier factories in Asia that are currently paying the Asia Floor Wage.

	Country/region	Number of supplier factories paying Asia Floor Wage
1.		
2.		
3.		
4.		
5.		

7. Purchasing practices that make living wages possible

20. 5.1 Is your company doing work to limit the use of subcontractors in your supply chain and/or consolidate your supplier factory list? Please provide details:

Please refer to VF Corporate Global Compliance Principles
Principle 11 – Subcontracting

VF Authorized Facilities will not utilize subcontractors in the manufacturing of VF products or components without VF’s written approval and only after the subcontractor has agreed to comply with the Terms of Engagement, including these Global Compliance Principles.

<http://www.vfc.com/VF/corporation/resources/images/Content-Pages/Corporate-Responsibility/VFC-Terms-Of-Engagement.pdf>

<http://www.vfc.com/VF/corporation/resources/images/Content-Pages/Corporate-Responsibility/VFC-Global-Compliance-Principles.pdf>

VF is currently revising its supplier base in order to consolidate production.

21. 5.2 Does your company operate a policy of buyers favouring supplier factories that consistently meet a high wage standard? How?

N/A

22.

23. 5.3 Does your company break down and calculate whether FOB prices per piece are sufficient to allow for compliance with the wage standard your company has set out in its code of conduct?

No

24. 5.4 Does your company operate a policy of buyers favouring supplier factories that support the establishment and functioning of genuine trade unions, and those with collective bargaining agreements?

No

25. 5.5 Please provide information about any other work your company has done / is planning to do on improving your purchasing practices, in relation to wages.

N/A

8. Living wage projects

26. Please provide details of any projects here. Please note you can cut and paste long pieces of text into these small boxes if necessary:

	Project 1	Project 2	Project 3	Project 4
Location:				
Number of factories and workers involved:				
Living wage benchmark used:				
Partnerships:				
Wage increase achieved:				
Details of process:				

27. Please upload any useful supporting documentation here:

9. New Page

28. 7.1 Have you publicly supported calls from civil society and unions to increase the minimum wage to a living wage standard in your production countries? Have you made this position clear towards governments and employers associations?

No

29. 7.2 As part of this work, have you issued a public statement assuring country governments that you will not relocate production as a result of minimum wage legislation that ensures a living wage?

No

10. Transparency

30. 8.1 Does your company publish a full public list of supplier factories, and sub contractors, their locations and products?

VF Corporation doesn't disclose this information as it is viewed to be commercially sensitive. However Timberland publishes its full factory list on their website and updates it quarterly as it made this commitment before VF acquired it. Please see Timberland's latest suppliers list here below:

http://responsibility.timberland.com/wp-content/uploads/2012/12/Q3_2012_factory_list.pdf

Do you have plans to publish a full list in the future?

No

31. 8.2 Does your company publish impact reports on projects related to wages?

No

11. Collaborative working

32. 9.1 Please provide details of your involvement with any multi-stakeholder initiative projects working to improve wages:

N/A

33. 9.2 Please provide details of any work you have initiated outside an MSI, directly with other companies which has improved wages:

N/A

34. Supporting documents:

12. 10. A clear route map for implementing a living wage for all workers

35. 10.1 Has your company developed a strategy for delivering a living wage in your supply chain? Is this a public commitment?

N/A

36. 10.2 Does this strategy have a time scale? If yes, please state.

N/A

37. 10.3 What consultation have you carried out on this strategy, both within and outside your company?

N/A

38. 10.4 How will you ensure that vulnerable workers, such as homeworkers or migrant workers are also included in efforts to increase wages?

N/A

39. 10.5 Is there anything else you would like to tell us about your work on the living wage that hasn't been covered in this survey?

Timberland has engaged in several projects to help promote Sustainable Living Environments. We have seen that it is indeed possible to leverage Timberland's business influence to help create positive improvements for the lives of workers who produce our products. These projects have also helped to demonstrate that a living wage is not necessarily the best indicator of whether basic needs are being met.

Ensuring workers are paid a wage that at least allows them to meet basic needs is a complex subject, especially given the local economies in which they live. Timberland upholds all minimum wages in countries where we operate, but we also recognize that minimum wage in many places is not sufficient to meet workers' basic needs or opportunities for betterment. We also believe that higher wages alone do not necessarily create improved living conditions. It is within this context that we have defined our approach to support and facilitate sustainable living by addressing the environment (societal infrastructure) that workers live within rather than focus on wages alone.

While we recognize that in some countries or regions the legal minimum wage is insufficient to support sustainable living, what we don't know is whether simply raising wages for workers will ensure that their basic needs are met. What if the issue involves more complex questions, such as the cost and accessibility of basic human services like health care or education? In our experience, we have seen these specific limitations in the real world, from monopolistic control of basic foodstuffs in developing economies, causing food prices to be artificially high, to lack of access to kindergarten or affordable and accessible health care. These are real-life examples of problems that are simply not addressed by raising a worker's wage rate.

Timberland released the 'Responsibility Beyond Factory Walls: Engaging Factory Workers & Strengthening Communities' report in 2009 that, amongst other social compliance topics, focuses on the issue of living wage. For further details please go to and refer to Section II on 'Sustainable Living Environments':

13. Further questions about your supply base

40. 1. What are your main production countries? Please state percentage of total production per country and the number of supplier factories.

	Country	Percentage of production	Number of suppliers
1	Bangladesh	4,48%	103
2	China	25,61%	589
3	India	7,22%	166
4	Mexico	3,65%	84
5	Pakistan	1,78%	41
6	Turkey	2,17%	50
7	USA	21,09%	485
8	Vietnam	5,04%	116
9			
10			

41. 2. What kind of trade partners are part of the sourcing structure? Please indicate an approximate % of volume share of your production:

Production at factories owned by your company: : 25-30%
Orders placed directly to supplier factories: : 26%
Orders placed through agencies or intermediates: : 74%
Other: : %

42. If other, please specify.

Agents and licensees

43. 3. What is the length of time that you have been working with your current suppliers?

	% of suppliers
More than 5 years:	5%
2-5 years:	45%
Less than 2 years:	50%

44. 4. How many sites did you use to produce your goods in 2012?

First tier suppliers: : altogether 2300 including T1 and subcontractors

45. 5. How many supplier factories do you trade with where you have a regular production share of more than 25%?

Number of suppliers: : N/A

Country:	United States
Region:	NC
City:	Greensboro
Postal Code:	27408
Long & Lat:	Lat: 36.1059, Long:-79.816498

Profile: VF Corporation

Brands: 7 For All Mankind, Ella Moss, Bulwark, Lee, Rustler, Magestic, Nautica, JanSport, Wrangler, Eagle Creek, The North Face, SmartWool, Riders, Reef, Kipling, Red Kap, Horace Small, Splendid, Timberland, Lucy, Napapijri, Eastpak, Vans

Company position on the living wage:

"All 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 legally mandated benefits". [To ensure that compliance is on-going, each location must undergo a thorough on-site audit process on a regular basis to make sure that working conditions in the factories meet VF code of conduct and that workers have the right to freely associated or bargain collectively.](#)

What we say:

VF doesn't recognise the principle of a living wage as part of their responsibility or policy. Company engagement in local education and health projects is all very well, but does not solve the problem of poverty. It is embarrassing that a company this size is not engaging in this important issue.

[VF is currently undertaking a review to verify wage levels against Social Accountability International \(SAI\) SA8000 standard on the basic-need wage. The SA8000 is one of the world's first auditable social certification standards for workplaces and takes into consideration different basic needs, such as food, clean water, clothes, shelter, transport, education and a discretionary income. Our initial review process in sample factories in the regions where we have facilities has provided some positive indications, and we will continue to expand the scope of these reviews and take the necessary measures. We are choosing to not disclose this data publically until all research is complete. Once more information is gathered and we have drawn our conclusions and developed a program we will release more information.](#)

In more detail:

Has living wage benchmarks? No.

[Currently VF Corporation is carrying out a benchmarking exercise using the SA8000 Basic needs wage model.](#)

Worker empowerment:

VF Corporation ensures that a poster explaining the right to Freedom of Association and Collective Bargaining is displayed in all their factories.

Some reactive training for suppliers with FOA violations was mentioned.

Commitment and practices:

VF Corporation does not support the principle of a living wage in their policy have no living wage benchmarks aside from the minimum wage and basic need wage.

[Currently VF Corporation is carrying out a benchmarking exercise using the SAI 8000 Basic needs wage model \(see above\).](#)

Collaborative approach:

No information was given on any work in this area.

[VF is working in collaboration with other brands and various NGO's, government representatives, industry associations, and trade unions to address a variety of issues related to social compliance.](#)

Strategy:

VF Corporation say: "We... believe that higher wages alone do not necessarily create improved living conditions. It is within this context that we have defined our approach to support and facilitate sustainable living by addressing the environment (societal infrastructure) that workers live within rather than focus on wages alone. While we recognize that in some countries or regions the legal

minimum wage is insufficient to support sustainable living, what we don't know is whether simply raising wages for workers will ensure that their basic needs are met. What if the issue involves more complex questions, such as the cost and accessibility of basic human services like health care or education?" As a result of this position, VF is working with some local and international partners on financial literacy courses for workers, childcare, education, and clean water projects.

VF Corporation has no strategy for delivering a living wage to workers who make their products. [VF believes in a collaborative approach to defining living wage and so we are a member of the Fair Labour Association \(FLA\). This organization is a collaborative effort of socially responsible companies, colleges and universities, and civil society organizations.](#)

Production overview:

Number of suppliers: 1830 suppliers, both first tier and subcontractors.

Main production countries listed as: China 26%, USA 21%, India 7%, Vietnam 5%, Bangladesh 4%, Mexico 4%, Turkey 2%, Pakistan 2%, Other 29%

Timberland publishes a public list of where its supplier factories are based. The rest of the VF brands do not publish a list.

Comments:

VF Corporation state in their submission that they recognise the minimum wage is not enough to cover workers basic needs, yet they are failing to take any action to increase wages to solve this.

[VF acknowledges the problem of sustainable living but questions the idea that a raise in wage levels would be directly reflected in improved living conditions and in ensuring that workers' basic needs are met.](#)

The VF policy requires payment of the minimum wage only, with no reference to a need for wages to meet basic needs (*see below*) – this falls some way behind even the most basic policy commitments that other companies featured in this report have taken.

[VF wage policies require that workers are compensated fairly and VF is currently undertaking a review to verify wage levels against Social Accountability International \(SAI\) SA8000 standards on the basic-need wage. The SA8000 is one of the world's first auditable social certification standards for workplaces and takes into consideration different basic needs, such as food, clean water, clothes, shelter, transport, education and a discretionary income. SA8000 is based on several existing human rights standards, including the UN Universal Declaration of Human Rights, the UN Convention on the Rights of the Child and the ILO Conventions.](#)

[The initial review process in sample factories in the regions where VF has facilities has provided some positive indications, and VF will continue to expand the scope of these reviews and take the necessary measures.](#)

Rather, VF (or Timberland only – no evidence was given of any other VF brand engagement) have invested effort in a programme to provide 'sustainable living environments' for some of their workers. This involves some projects to work on clean water provision and education for workers and their children, and healthcare.

To this we say that VF are getting confused as to their responsibility and role in the supply chain. It is not the responsibility of companies to provide schools and healthcare for workers, although if they want to contribute to charity to help struggling Asian communities, that is their choice. It is the primary responsibility of a brand however to ensure that the wage that is paid to the people who make their products is enough to cover basic needs.

For us, meeting basic needs is about giving people who work the liberty to choose the way those needs are met. This is done through an income that is sufficient to allow this to happen. By trying to manage the way needs are met, this liberty is removed.

[VF has chosen a solid standard \(SA8000\) to assess this issue and is verifying wage levels against](#)

SA8000 standard on basic need wage which takes into consideration different basic needs, such as food, clean water, clothes, shelter, transport, education and a discretionary income, defined by the standard itself.

We would hope to see VF engage in work to acknowledge the need for a living wage, and their role in this process, in the future.