



VF's Factory Audit Procedure For Vendors, Factories, Buyers, and Agents

It is VF Corporation policy to monitor every facility that is involved in the manufacture of a VF branded product, and brands for which VF Corporation is licensed to produce. This will include all cutting facilities, sewing plants, screen printers, embroiderers, laundries, and packaging locations. Audits will also encompass raw material suppliers for knit and woven fabrics.

- Absolutely no production can be performed in a facility until a factory inspection has taken place. Production includes samples that are regularly produced at the same location as well as bulk orders. Violation of this policy can result in the termination of any existing contracts or licensing agreements.
- New suppliers must be identified to the VF Compliance Office at least 6 weeks prior to the anticipated start of production. On the average it takes 3-4 weeks to schedule and execute an initial factory inspection. Inquiries and requests can be made through your Coalition's Compliance Manager
- Factory inspections will be conducted by a VF Compliance Auditor or by an accredited third party audit company. The facility manager and any associated agent will be notified prior to the inspection.
- Each inspection will include a thorough audit of the facility for Health and Safety, Social Compliance, Forced Labor and Human Trafficking, and Environmental issues. Factory records involving payroll, operating licenses, employee personnel records, etc. will be reviewed for legal compliance with local laws. Plus, a random sampling of employees will be interviewed to evaluate working conditions at the facility.
- In situations where VF is producing goods under license for another brand, the VF auditor may be required to perform additional information gathering on behalf of the licensor. In certain countries, the licensor may insist that an independent monitor of their choice accompany the VF inspector on the audit. Factories producing goods for the U.S. Collegiate market may be subject to unannounced audits by the Fair Labor Association (FLA).
- A typical inspection will last between 6-8 hours, including employee interviews.
- At the end of the inspection, each facility will receive one of the following ratings:
 - ◆ **Accepted** –The factory has no serious safety, health, or labor issues and is certified to produce VF or related licensed products for 12 months, at which time an annual review is necessary to maintain an 'accepted' rating.

- ◆ **Accepted to be upgraded** – The factory has some minor safety, health, or labor issues. While the factory is authorized to produce VF or related licensed products, VF requires that the problems will be corrected in a timely manner and a follow-up inspection will be scheduled within 12 - 36 weeks depending upon the severity of the issues. If the problems are corrected to VF's satisfaction, then the status of the factory will be elevated to 'accepted'. If the factory has made no attempt to address the problems at the time of the second visit, the factory will be downgraded to a 'rejected' status.
 - ◆ **Rejected** – The factory has some major safety, health, or labor issues. This may include excessive working hours, incorrect overtime compensation, or locked emergency exits. In this situation the factory is not authorized to produce VF or related licensed products. If, at a later date, the factory feels that they have corrected these problems, a VF auditor may re-inspect the facility.
- If a rejected factory is used for VF or related licensed production, or if a factory fails to follow through on agreed facility upgrades, VF will cancel any outstanding contracts or licensing agreements.
 - At the end of the inspection the factory manager will be verbally advised which status his facility has attained. He will also be presented with a written list of action items for any irregularities that have been found during the inspection. After 7-10 working days the factory manager and any associated agent will be mailed a detailed factory evaluation report.
 - Due to political, environmental, and human rights issues there are certain countries that are deemed unacceptable for the manufacture of VF products. This is a continually changing situation, so please contact your nearest VF compliance office at U.S. # 336.424.6000 or Hong Kong 852. 2318.1268 if in doubt or when selecting a new country to do business in.

It is VF's intent to treat all suppliers in a fair and honest manner, and to build a foundation for a long-term relationship. We will assist each supplier to reach VF's manufacturing standards in any way possible.

Factory certification by WRAP or SA8000 may be accepted in lieu of a VF Compliance audit.

** SA8000 certified factories may require a C-TPAT audit.