Our Brands
Our Purpose

WE POWER MOVEMENTS OF SUSTAINABLE AND ACTIVE LIFESTYLES FOR THE BETTERMENT OF PEOPLE AND OUR PLANET

AND

VALUE CREATION

AND

SHAREholders

AND

STAKEholders

2019 SPESA Executive Conference
Risk

Uncertainty = Risk

Surveillance

Risk Actions

Risk

Opportunity
INTEGRATING ERM INTO SMART PLAN

- ENTERPRISE RISK MANAGEMENT:
  - A deliberate and integrated process that postures VF to deliver on our TSR plan by
    - anticipating forces of change,
    - seizing emerging opportunities, and
    - mitigating hazards.
Our Strategy

Drive and Optimize Our Portfolio

Distort to Asia

Elevate Direct Channels

Accelerate Consumer-Minded, Retail-Centric, Hyper-Digital Business Model Transformation
IDENTIFYING & PRIORITIZING ENTERPRISE RISKS

ONLINE SURVEY → THINKTANK → PRIORITIZED RISK LIST
RISK OWNERSHIP

A Risk Owner is an executive sponsor responsible for risk response plan(s) related to specific risks identified during the Risk Assessment.

- **Risk Owner** Responsibilities:
  - Communicate identified risk definition & drivers
  - Identify specific risk action team members, outline responsibilities
  - Develop risk mitigation/response strategy
  - Review effectiveness of risk action plans and escalate issues

- **Risk Action Team** Responsibilities:
  - Provide in-depth cross-functional knowledge and technical expertise
  - Oversee the activation and execution of risk mitigation actions
  - Monitor, assess, and periodically update the status of their risks

Risk owners play critical roles in the ERM process
ERM INTEGRATION WITH STRATEGIC PLANNING & EXECUTION

TRANSFORMATION

ERM (Corporate Strategy)

Business Units enabled by VF Strategy Function

Risk Owners

Internal Audit/Compliance

Program Management & Enterprise Risk Assessments

Annual Long-term Strategy Review

In-Year Planning

Implementation & Assessment

Assurance

COORDINATION & FEEDBACK

PARTNERSHIP
INDUSTRY UNCERTAINTIES

Consumer Centricity
- Changing Demographics
- Rejecting Traditional Identity Norms
- Demanding Customization
- Blurring Categories
- Brand Authenticity
- Shopper Experiences

Omni-Channel Retail
- Owned Retail
- Wholesale
- Digital Titans
- Franchisees/Licensees
- Digitally Native Brands
- Channel Landscape
- Cybersecurity & Data Privacy

Sustainability
- Human Rights & Environment
- Tier 1 – Tier 3
- Materials
- Image vs Impact
- Tactical vs Strategic
- Transparency vs Response
- Secondary vsCircularity

Advanced Manufacturing
- Digital Product Creation
- Customization
- 2D Printing
- 3D Printing
- Automation/Robotics
- Artificial Intelligence
- Blockchain

Political & Economic
- US-China-Hong Kong
- US-Mexico-Canada
- US-EU
- UK-EU (Brexit)
- Global Economic Slowdown/Recession
RISK MANAGEMENT TOOLKIT

- Risk Identification & Prioritization
- Risk Assessment
- Mitigation Planning
- Contingency Planning
- Policies/Standards
- Measures
- Internal Controls
- Audits
- Consumer Education
- Partnering/Risk Sharing
- Risk Transfer/Insurance
- Training/Mentoring
- Stakeholder Engagement
- Summits/Workshops
- Surveys
- External Assessments
- Government Policy Advocacy
- Civic Engagement
APPROACHES TO ERM

Quantitative VS Qualitative
SUMMARY

ERM Cycle in Annual Mgmt. Planning

ERMMonthly Business UpdateQuarterly Business ReviewAnnual Operating PlanStrategic PlanForces of Change
“Like brakes on a car, ERM allows us to go faster!”

Mick Reed
Senior Director
Strategy & Enterprise Risk Management
VF Corporation
105 Corporate Center Blvd.
Greensboro, NC 27408
Office: (336) 424-4025
Mobile: (336) 912-0532
mick_reed@vfc.com