Risk Factors Comparison 2023-05-25 to 2022-05-26 Form: 10-K

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The following risk factors should be read carefully in connection with evaluating VF' s business and the forward- looking statements contained in this Form 10- K. Any of the following risks could materially adversely affect VF' s business, its operating results and its financial condition. ECONOMIC AND INDUSTRY RISKS VF' s revenues and profits depend on the level of consumer spending for apparel and footwear, which is sensitive to global economic conditions and other factors. A decline in consumer spending could have a material adverse effect on VF. The success of VF' s business depends on consumer spending on apparel and footwear, and there are a number of factors that influence consumer spending, including actual and perceived economic conditions, disposable consumer income, interest rates, consumer credit availability, inflationary pressures **, recessions or economic slowdowns** ~~(such as current inflation related to global supply chain disruptions)~~, unemployment, stock market performance, weather conditions and natural disasters **(including potential effects from climate change)**, energy prices, public health issues (including the **coronavirus (** COVID- 19 **)** pandemic), geopolitical instability (such as the current conflict between Russia and Ukraine and related economic and other retaliatory measures taken by the United States, European Union and others **, and the current tensions between the U. S. and China**), consumer discretionary spending patterns and tax rates in the international, national, regional and local markets where VF' s products are sold. Decreased consumer spending could result in reduced demand for our products, reduced orders from customers for our products, order cancellations, lower revenues, higher discounts, increased inventories and lower gross margins. The uncertain state of the global economy continues to impact businesses around the world, most acutely in emerging markets and developing economies. If global economic and financial market conditions do not improve, adverse economic trends or other factors could negatively impact the level of consumer spending, which could have a material adverse impact on VF. The ~~coronavirus (COVID- 19) pandemic has and could continue to materially and adversely affect our business, financial condition and results of operations. Our business has been, and could continue to be, impacted by the effects of the COVID- 19 pandemic in countries and territories where we operate and our employees, suppliers, third- party service providers, consumers or customers are located. As a result of the COVID- 19 pandemic, and in response to government recommendations or mandates, as well as decisions we made to protect the health and safety of our employees, consumers and communities, our operations where our products are made, manufactured, distributed or sold were temporarily closed, or operated with limited operating hours and limited occupancy levels. Most of our operations have reopened, but there continues to be uncertainty around the extent to which operations may be closed again or experience operational restrictions if and where there is a resurgence in COVID- 19 or new variants of the virus emerge, and the duration and severity of any related restrictions. Some of the impacts of the COVID- 19 pandemic on our business have included, and could continue to include, the following: • significant reductions in demand and significant volatility in demand for our products by consumers and customers resulting in reduced orders, order cancellations, lower revenues, higher discounts, increased inventories, decreased value of inventories and lower gross margins, which continue to be caused by, among other things: the inability of consumers to purchase our products due to illness, quarantine or other restrictions or out of fear of exposure to COVID- 19, phased reopenings and reclosures of our owned stores as well as stores of our customers or reduced store hours across the Americas, Europe and Asia- Pacific regions due to a resurgence of COVID- 19, significant declines in consumer retail store traffic to stores that have reopened, or financial hardship and unemployment, shifts in demand away from consumer discretionary products and reduced options for marketing and promotion of products or other restrictions in connection with the COVID- 19 pandemic; • significant uncertainty and turmoil in global economic and financial market conditions causing, among other things: decreased consumer confidence and decreased consumer spending, now and in the mid- and long- term, inability to access financing in the credit and capital markets (including the commercial paper market) at reasonable rates (or at all) in the event we, our customers or suppliers find it desirable to do so, increased exposure to fluctuations in foreign currency exchange rates relative to the U. S. Dollar, and volatility in the availability and prices for commodities and raw materials we use for our products and in our supply chain; • inability to meet our consumers' and customers' needs for inventory production and fulfillment due to disruptions in our supply chain and increased costs associated with mitigating the effects of the pandemic caused by, among other things: reduction or loss of workforce due to illness, quarantine or other restrictions or facility closures, including vaccine mandates or return to work policies, scarcity of and / or increased prices for raw materials, scrutiny or embargoing of goods produced in infected areas, capacity constraints, vessel, container and other transportation shortages, and port congestion and increased freight and logistics costs, expenses and times; failure of third parties on which we rely, including our suppliers, customers, distributors, service providers and commercial banks, to meet their obligations to us or to timely meet those obligations, or significant disruptions in their ability to do so, which may be caused by their own financial or operational difficulties, including business failure or insolvency and collectability of existing receivables; • significant changes in the conditions in markets in which we do business, including quarantines, governmental or regulatory actions, closures or other restrictions, including voluntarily adopted practices, that limit or close operating and manufacturing facilities and restrict our employees' ability to perform necessary business functions, including operations necessary for the design, development, production, distribution, sale, marketing and support of our products and increase the likelihood of litigation; • increased costs, including increased employee costs, such as for expanded benefits and essential employee 10 VF Corporation Fiscal 2022 Form 10- Kincentives, and increased operating costs, including those associated with provision of personal protective equipment and compliance with governmental or public health organization mandates or guidance, allowances or extended payment terms for customers, and inventory write- offs, all of which have negatively impacted our profitability; • increased risk to the health,~~

~~safety and wellness, including mental and emotional health, of our employees due to the virus or the impact of related restrictions; • increased tax risk related to employees working remotely in a tax location other than their normal work location; and • amplified data security risks as a result of more employees working remotely, including increased demand on our information technology resources and systems, increased phishing and other cybersecurity attacks, and an increase in the number of points of potential attack, such as laptops and mobile devices. These impacts have placed, and could continue to place limitations on our ability to execute our business plan and materially and adversely affect our business, financial condition and results of operations. We continue to monitor the situation and may adjust our current policies and procedures as more information and guidance become available. The impact of COVID- 19 may also exacerbate other risks discussed in this " Risk Factors " section, any of which could have a material effect on us. The extent of the impact of the COVID- 19 pandemic will depend on future developments, including the duration, severity and any resurgences of COVID- 19, which are uncertain and cannot be predicted. The~~ apparel and footwear industries are highly competitive, and VF' s success depends on its ability to gauge consumer preferences and product trends, and to respond to constantly changing markets. VF competes with numerous apparel and footwear brands and manufacturers. Competition is generally based upon brand name recognition, **the** price, design, **quality and selection of** product ~~quality, selection~~ , service and purchasing convenience. Some of our competitors are larger and have more resources than VF in some product categories and regions. In addition, VF competes directly with the private label brands of its wholesale customers. VF' s ability to compete within the apparel and footwear industries depends on our ability to: • anticipate and respond to changing consumer preferences and product trends in a timely manner; • develop attractive, innovative and high quality products that meet consumer needs; • maintain strong brand recognition; • price products appropriately; • provide best- in- class marketing support and intelligence and optimize and react to available consumer data; • ensure product availability and optimize supply chain efficiencies; • obtain sufficient retail store space and effectively present our products at retail; • produce or procure quality products on a consistent basis; and • adapt to a more digitally driven consumer landscape. **In addition, our ability to compete is also dependent on our ability to reach consumers effectively and efficiently in an evolving media landscape, including digital, which is subject to evolving and increasingly restrictive privacy requirements.** Failure to compete effectively or to keep pace with rapidly changing consumer preferences, markets, technology, business model and product trends could have a material adverse effect on VF' s business, financial condition and results of operations. Moreover, there are significant shifts underway in the wholesale and retail (e- commerce and retail store) channels, which have been accelerated because of the COVID- 19 pandemic. VF may not be able to manage its brands within and across channels sufficiently, which could have a material adverse effect on VF' s business, financial condition and results of operations. The retail industry has experienced financial difficulty that could adversely affect VF' s business. Recently there have been consolidations, reorganizations, restructurings, bankruptcies and ownership changes in the retail industry. ~~In addition, the COVID- 19 pandemic has resulted, and could continue to result, in closed stores, and reduced consumer traffic and purchasing.~~ These events individually, and together, could have ~~(and, in the case of the COVID- 19 pandemic, have had)~~ a material, adverse effect on VF' s business. These changes could impact VF' s opportunities in the market and increase VF' s reliance on a smaller number of large customers. In the future, retailers are likely to further consolidate, undergo restructurings or reorganizations or bankruptcies, realign their affiliations or reposition their stores' target markets. In addition, consumers have continued to transition away from traditional wholesale retailers to large online retailers. These developments could result in a reduction in the number of stores that carry VF' s products, an increase in ownership concentration within the retail industry, an increase in credit exposure to VF or an increase in leverage by VF' s customers over their suppliers. Further, the global economy periodically experiences recessionary conditions with rising unemployment, reduced availability of credit, increased savings rates and declines in real estate and securities values. These recessionary conditions ~~, including as a result of the COVID- 19 pandemic,~~ could have a negative impact on retail sales of apparel, footwear and other consumer products. The lower sales volumes, along with the possibility of restrictions on access to the credit markets, could result in our customers experiencing financial difficulties including store closures, bankruptcies or liquidations. This could result in higher credit risk to VF relating to receivables from our customers who are experiencing these financial difficulties. If these developments occur, our inability to shift sales to other customers or to collect on VF' s trade accounts receivable could have a material adverse effect on VF' s financial condition and results of operations. **10 VF Corporation Fiscal 2023 Form 10-** ~~VF~~ **KVF** ' s profitability may decline as a result of increasing pressure on margins. The apparel industry is subject to significant pricing pressure caused by many factors, including intense competition, consolidation in the retail industry, rising commodity and conversion costs, inflation, rising freight costs, rising labor costs, pressure from retailers to reduce the costs of products, changes in consumer demand and shifts to online shopping and purchasing. Customers may increasingly seek markdown allowances, incentives and other forms of economic support. If these factors cause us to reduce our sales prices to retailers and consumers, and we fail to sufficiently reduce our product costs or operating expenses, VF' s profitability will decline. This could have a material adverse effect on VF' s results of operations, liquidity and financial condition. ~~VF Corporation Fiscal 2022 Form 10- K 11~~ BUSINESS AND OPERATIONAL RISKS VF' s business and the success of its products could be harmed if VF is unable to maintain the images of its brands. VF' s success to date has been due in large part to the growth of its brands' images and VF' s ~~customers~~ **consumers** ' connection to its brands. If we are unable to timely and appropriately respond to changing consumer demand, the names and images of our brands may be impaired. Even if we react appropriately to changes in consumer preferences, consumers may consider our brands' images to be outdated or associate our brands with styles that are no longer popular. In addition, brand value is based in part on consumer perceptions on a variety of qualities, including merchandise quality ~~and~~ **,** corporate integrity **, and environmental, social and governance (" ESG") practices, including with respect to human rights, diversity, equity and inclusion, and our impact on the environment** . Negative claims or publicity regarding VF, its brands or its products, including licensed products, or its culture and values, or its employees, endorsers, sponsors or suppliers could adversely affect our reputation and sales regardless of whether such claims are accurate. The rapidly changing media environment, including our increasing reliance on social media and online marketing, which accelerates the dissemination of information, can increase the challenges of responding to negative claims. In addition, we have sponsorship contracts with a number of athletes, musicians and celebrities and feature those individuals in our advertising and marketing efforts. Failure to continue to obtain or maintain high- quality sponsorships and endorsers could harm our business. In addition, actions taken by those individuals associated with our products could harm their reputations, which could adversely affect the images of our brands. Our reputation and brand image also could be damaged as a result of our support of, association with or lack of support or disapproval of certain **political or** social ~~causes~~ **issues or catastrophic events** , as well as any decisions we make to continue to conduct, or change, certain of our activities in response to such considerations. VF’ s revenues and cash requirements are affected by the seasonal nature of its business. VF’ s business is seasonal, with a higher proportion of revenues and operating cash flows generated during the second half of the calendar year, which includes the fall and holiday selling seasons. Poor sales in the second half of the calendar year would have a material adverse effect on VF’ s full year operating results and cause higher inventories. In addition, fluctuations in sales and operating income in any fiscal quarter are affected by the timing of seasonal wholesale shipments and other events affecting retail sales. We may be adversely affected by weather conditions **, including any potential effects from climate change** . Our business is adversely affected by unseasonable weather conditions **, including those resulting from climate change** . A significant portion of the sales of our products is dependent in part on the weather and is likely to decline in years in which weather conditions do not favor the use of these products. For example, periods of unseasonably warm weather in the fall or winter can lead to reduced consumer spending that negatively impacts VF' s direct- to- consumer business, and inventory accumulation by our wholesale customers, which can, in turn, negatively affect orders in future seasons. In addition, abnormally harsh or inclement weather can also negatively impact retail traffic and consumer spending **. As the effects of climate change increase, we expect the frequency and impact of weather and climate related events and conditions to increase as well** . Any and all of these risks may have a material adverse effect on our financial condition, results of operations or cash flows. VF may not succeed in its business strategy. One of VF’ s key strategic objectives is growth. ~~We seek to~~ **Currently, we are prioritizing** ~~grow~~ **growth through** ~~organically~~ ---- **organic means** and **, to a lesser extent,** through acquisitions. We seek to grow by building our lifestyle brands, expanding our share with winning customers, stretching VF’ s brands to new regions, leveraging our supply chain and information technology capabilities across VF and expanding our direct- to- consumer business, including opening new stores, remodeling and expanding our existing stores and growing our e- commerce business. However, we may not be able to grow our business. For example: • We may ~~have difficulty completing acquisitions or dispositions to reshape our portfolio, and we may~~ not be able to ~~successfully integrate a newly acquired business~~ **find and amplify consumer tailwinds by innovating within** ~~or~~ **our** ~~achieve the expected~~ **existing brand portfolio while also strategically expanding into adjacencies that complement our current brands and tap into consumer** growth **spaces** ~~, cost savings or synergies from such integration, or it may disrupt our current business~~ . • We may not be able to transform our model to be more **digitally focused** ~~consumer- and retail- centric~~ . • We may not be able to ~~transform~~ **expand our market share with winning customers,** ~~our~~ - **or** ~~model to be more digitally focused~~ **our wholesale customers may encounter financial difficulties and thus reduce their purchases of VF products** . • We may not be able to **successfully meet evolving consumer needs to unlock growth opportunities for our brands or** expand **in** ~~our market share with winning customers, or our wholesale customers may encounter financial difficulties and thus reduce their~~ - **other** ~~purchases of VF products~~ **geographies, including in Asia** . • We may not be able to ~~successfully distort~~ **effectively deploy resources and allocate capital towards** investments ~~to Asia or meet evolving consumer needs to unlock growth opportunities for our brands or expand~~ in ~~other geographies~~ **new and organic businesses and capabilities in order to drive strategic objectives** . **VF Corporation Fiscal 2023 Form 10- K 11** • We may not be able to ~~effectively deploy resources and allocate capital towards investments in new and organic businesses and capabilities in order to drive strategic objectives. • We may not be able to~~ achieve the expected results from our supply chain initiatives and establish and maintain effective supply chain systems, data, and capabilities, infrastructure, and the sourcing strategy necessary to optimally meet current and future business **needs, including direct- to- consumer** needs. • We may have difficulty recruiting, developing or retaining qualified employees. • We may not be able to achieve our direct- to- consumer expansion goals, including in e- commerce or other new channels, manage our growth effectively, successfully integrate the planned new stores into our operations, operate our new, remodeled and expanded stores profitably, adapt our business model or develop relationships with consumers for e- commerce or other new channels. • We may not be able to offset rising commodity or conversion costs in our product costs with pricing actions or efficiency improvements **. • We may have difficulty completing acquisitions or dispositions to reshape our portfolio, and we may not be able to successfully integrate a newly acquired business or achieve the expected growth, cost savings or synergies from such integration, or it may disrupt our current business** . Failure to implement our strategic objectives may have a material adverse effect on VF’ s business. ~~Moreover, VF is engaged in a business model transformation to become more consumer- minded, retail- centric and hyper- digital. Failure to successfully execute VF’ s transformation agenda at a fast enough pace with clear objectives, assignments, accountability, project management, governance and 12 VF Corporation Fiscal 2022 Form 10- K appropriate consideration for change management could result in a diminished ability to remain competitive.~~ Further, organizational effectiveness, agility and execution are important to VF’ s success. Failure to create an agile and efficient operating model and organizational structure or to effectively define, prioritize, and align on clear achievable and appropriately resourced strategic priorities could result in an inability to remain competitive in a rapidly changing marketplace and lead to increase in costs, inefficient resource allocation, reduced productivity, organizational confusion, and reduced employee morale **. Our supply chain may be disrupted due to factors such as political instability, inflationary pressures, macroeconomic conditions, and other factors including reduced freight availability and increased costs, port disruption, distribution center closures, severe weather, natural disasters, military conflicts, or labor supply shortages or stoppages. Any significant disruption in our supply chain could impair our ability to procure or distribute our products, which would**

adversely affect our business and results of operations . VF relies significantly on information technology. Any inadequacy, interruption, integration failure or security failure of this technology could harm VF' s ability to effectively operate its business. Our ability to effectively manage and operate our business depends significantly on information technology systems. We rely heavily on information technology to track sales and inventory and manage our supply chain. We are also dependent on information technology, including the Internet, for our direct- to- consumer sales, including our e- commerce operations and retail business credit card transaction authorization. Despite our preventative efforts, our systems and those of our third- party service providers may be vulnerable to damage, failure or interruption due to viruses, data security incidents, technical malfunctions, natural disasters or other causes, or in connection with upgrades to our system or the implementation of new systems. The failure of these systems to operate effectively or remain innovative, problems with transitioning to upgraded or replacement systems, difficulty in integrating new systems or systems of acquired businesses or a breach in security of these systems could adversely impact the operations of VF' s business, including our reputation, management of inventory, ordering and replenishment of products, sourcing and distribution of products, e- commerce operations, retail business credit card transaction authorization and processing, corporate email communications and our interaction with the public on social media. Moreover, failure to provide effective digital (including **omni-** ~~omnichannel~~ ---- **channel**) capabilities and information technology infrastructure could result in an inability to meet current and future business needs and a resulting loss of brand competitiveness, leading to loss of revenue and market share and decreased business agility. VF is subject to data and information security and privacy risks that could negatively affect its business operations, results of operations or reputation. In the normal course of business, we often collect, retain and transmit certain sensitive and confidential ~~customer~~ **consumer** information, including credit card information and employee information, over public networks. There is a significant concern by consumers and employees over the security of personal information collected, retained or transmitted over the Internet, identity theft and user privacy. Data and information security breaches are increasingly sophisticated, and can be difficult to detect for long periods of time. Accordingly, if unauthorized parties gain access to our networks or databases, or those of our third- party service providers, they may be able to steal, publish, delete, hold ransom or modify our private and sensitive information, including credit card information, personal information, and confidential or other proprietary business information. We have implemented systems and processes designed to protect against unauthorized access to or use of personal information and other confidential information, and rely on encryption and authentication technology to effectively secure transmission of such information, including credit card information. Despite these security measures, there is no guarantee that they will prevent all unauthorized access to our systems and information, and our facilities and systems and those of our third- party service providers may be vulnerable and unable to anticipate or detect security breaches and data loss. In addition, **we face amplified data security risks as a result of more** employees **working remotely, including increased demand on our information technology resources and systems, increased phishing and other cybersecurity attacks, and an increase in the number of points of potential attack, such as laptops and mobile devices. Employees** may intentionally or inadvertently cause data security breaches that result in the unauthorized release of personal or confidential information. VF and its ~~customers~~ **consumers** could suffer harm if valuable business data, or employee, ~~customer~~ **consumer** and other confidential and proprietary information were corrupted, lost or accessed or misappropriated by third parties due to a security failure in VF' s systems or due to one of our third- party service providers or our employees. It could require significant expenditures to remediate any such failure or breach, severely damage our reputation, confidence in our e- commerce platforms and our relationships with ~~customers~~ **consumers** and employees, result in business disruption, unwanted and negative media attention and lost sales, and expose us to risks of litigation, liability and increased scrutiny from regulatory entities. In **12 VF Corporation Fiscal 2023 Form 10- K** addition, as a result of recent security breaches at a number of prominent retailers, the media and public scrutiny of information security and privacy has become more intense and the regulatory environment has become increasingly uncertain, rigorous and complex. As a result, we may incur significant costs to comply with laws regarding the privacy and security of personal information and we may not be able to comply with new data protection laws and regulations being adopted around the world. Any failure to comply with the laws and regulations and consumer expectations surrounding the privacy and security of personal information could subject us to legal and reputational risk, including significant fines and / or litigation for non- compliance in multiple jurisdictions, negative media coverage, diminished consumer confidence and decreased attraction to our brands, any of which could have a negative impact on revenues and profits. In addition, while we maintain cyber insurance policies, those existing insurance policies may not adequately protect VF from all of the adverse effects and damages that could be caused by a security breach. Moreover, if our associates or vendors, intentionally or inadvertently, misuse consumer data or are not transparent with consumers about how we use their data, our brands, reputation and relationships with consumers could be damaged. There are risks associated with VF' s acquisitions and portfolio management. Any acquisitions or mergers by VF will be accompanied by the risks commonly encountered in acquisitions of companies. These risks include, among other things, higher than anticipated acquisition costs and expenses, the difficulty and expense of integrating the operations, systems and personnel of the companies ~~and~~ **,** the loss of key employees and ~~customers~~ **consumers** as a result of changes in management **, and slower progress toward ESG goals given challenges with data acquisition and integration, and integration of ESG initiatives overall** . In addition, geographic distances may make integration of acquired businesses more difficult. We may not be successful in overcoming these risks or any other problems encountered in connection with any acquisitions. Moreover, failure to effectively manage VF' s portfolio of brands in line with growth targets and shareholder expectations, including acquisition choices, integration approach and divestiture timing could result in unfavorable impacts to growth and value creation. ~~VF Corporation Fiscal 2022 Form 10- K 13~~ Our acquisitions may cause large one- time expenses or create goodwill or other intangible assets that could result in significant impairment charges ~~in~~ **, such as** the ~~future~~ **recent impairment charges related to the Supreme reporting unit goodwill and indefinite- lived trademark intangible asset** . We also make certain estimates and assumptions in order to determine purchase price allocation and estimate the fair value of assets acquired and liabilities assumed. If our estimates or assumptions used to value these assets and liabilities are not accurate, we may be exposed to losses that may be material **. The Supreme ® brand employs a different business model than the rest of our brands and is subject to unique risks because of its focus on frequent, weekly and limited product drops through the direct- to- consumer channel. The Supreme business model has different characteristics from the business models which VF and its brands have historically employed. These different characteristics may include product volume requirements, product seasonality, product design and production rates, and consumer concentrations and demand. VF' s failure to make the necessary adaptations to its operations to address these different characteristics, complexities and market dynamics could adversely affect VF' s revenue, business condition and results of operations** . VF uses third- party suppliers and manufacturing facilities worldwide for its raw materials and finished products, which poses risks to VF' s business operations. During Fiscal ~~2022~~ **2023** , VF' s products were sourced from independent manufacturers primarily located in Asia. Any of the following could impact our ability to source or deliver VF products, or our cost of sourcing or delivering products and, as a result, our profitability: • political or labor instability in countries where VF' s contractors and suppliers are located; • **inflationary pressures or** changes in local economic conditions in countries where VF' s contractors and suppliers are located; • public health issues, such as the COVID- 19 pandemic, have resulted in (or could continue to result in) closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas; • political or military conflict could cause a delay in the transportation of products to VF and an increase in transportation costs; • disruption at ports of entry, could cause delays in product availability and increase transportation times and costs; • heightened terrorism security concerns could subject imported or exported goods to additional, more frequent or lengthier inspections, leading to delays in deliveries or impoundment of goods for extended periods; • **increased risk of detention by customs officials of raw materials or goods used by our suppliers in the manufacture of certain of our products, and increased risk of detention of our products; •** decreased scrutiny by customs officials for counterfeit goods, leading to more counterfeit goods and reduced sales of VF products, increased costs for VF' s anti- counterfeiting measures and damage to the reputation of its brands; • disruptions at manufacturing or distribution facilities or in shipping and transportation locations caused by natural and man- made disasters; • imposition of regulations and quotas relating to imports and our ability to adjust timely to changes in trade regulations could limit our ability to source products in cost- effective countries that have the required labor and expertise; • imposition of duties, taxes and other charges on imports; and • imposition or the repeal of laws that affect intellectual property rights. Although no single supplier and no one country is critical to VF' s production needs, if we were to lose a supplier it could result in interruption of finished goods shipments to VF, cancellation of orders by customers and termination of relationships. This, along with the damage to our reputation, could have a material adverse effect on VF' s revenues and, consequently, our results of operations. In addition, although we audit our third- party material suppliers and contracted manufacturing facilities and set strict compliance standards, actions by a third- party supplier or manufacturer that fail to comply could result in such third- party supplier failing to manufacture products that consistently meet our quality standards or engaging in unfavorable labor practices or providing unfavorable working conditions that negatively impact worker health, safety and wellness. Such noncompliance could expose VF to claims for damages, financial penalties and reputational harm, any of which could have a material adverse effect in our business and operations. A significant portion of VF' s revenues and gross profit is derived from a small number of large customers. The loss of any of these customers or the inability of any of these customers to pay VF could substantially reduce VF' s revenues and profits. A few of VF' s customers account for a significant portion of revenues. Sales to VF' s ten largest customers were approximately ~~17~~ **15** % of total revenues in Fiscal ~~2022~~ **2023** , with our largest customer accounting for approximately 2 % of revenues. Sales to our customers are generally on a purchase order basis and not subject to long- term agreements. A decision by any of VF' s major customers to significantly decrease the volume of products purchased from VF could substantially reduce revenues and have a material adverse effect on VF' s financial condition and results of operations. Talent **acquisition,** management, ~~employee~~ **engagement and** retention ~~and experience~~ are important factors in VF' s success **. Turnover in VF' s leadership or other key positions may have a material adverse effect on VF** . Our future success also depends on our ability to ~~attract~~ **acquire** , develop, and retain talent ~~with the necessary knowledge, skills~~ **needed to mobilize VF against our current** and ~~experience~~ **future needs,** and ~~maintain~~ **sustain our culture as** a **performance- driven company that** ~~culture of wellbeing, empowerment and diversity and inclusion to ensure VF~~ is **committed to its purpose** ~~innovative and remains competitive in a rapidly- changing global marketplace~~ . Competition for experienced ~~and~~ **,** well- qualified **and diverse** personnel is intense and we may not be successful in attracting, developing, and retaining such personnel, which could impact VF' s ability to remain competitive **. Our ability to acquire, develop and retain personnel has been, and may continue to be impacted by, challenges and structural shifts in the labor market, which has experienced and may continue to experience wage inflation, labor shortages, increased employee turnover, changes in availability of the workforce and a shift toward remote work** . Additionally, changes to our office environments, the adoption of new work models, and our requirements and / or expectations about when or how often certain employees work on- site or remotely may not meet the expectations of our employees. As businesses increasingly operate remotely, traditional geographic competition for talent may change in ways that we cannot presently predict. If our employment proposition is not perceived as favorable compared to other companies, it could negatively impact our ability to ~~attract~~ **acquire** and retain our employees. If we are unable to retain, ~~attract~~ **acquire** , and ~~motivate~~ **engage** talented employees with the appropriate skill sets, or if changes to our organizational structure, operating results, or business model adversely affect morale or retention, we may not achieve our objectives **, our relationships with our customers, consumers or other third parties may be disrupted,** and our results of operations could be adversely impacted. VF depends on the services and management experience of its executive officers and business leaders who have substantial experience and expertise in VF' s business, and in developing and retaining employees **. This loss of experience and expertise can be mitigated through successful hiring and transition, but there can be no assurance that we will be successful in such efforts. Acquiring and**

retaining qualified senior leadership may be more challenging under adverse business conditions . The unexpected loss of services of one or more of these individuals or the inability to effectively identify a suitable successor to a key role could have a material adverse effect on VF. ~~14 VF Corporation Fiscal~~ **On December 2,** 2022 ~~Form 10- K~~ **, VF' s Board of Directors appointed Benno Dorer, a member of the Board, as Interim President and Chief Executive Officer, effective immediately following the retirement of Steve Rendle, VF' s then President and Chief Executive Officer. VF' s Board has retained a search firm to assist in identifying a permanent President and Chief Executive Officer. This recent change in our executive leadership team, along with other changes in the roles and responsibilities among our executive officers, and any future changes resulting from the hiring or departure of executive officers, could disrupt our business and negatively affect our ability to recruit and retain talent. Such leadership transitions can be inherently difficult to manage, and an inadequate transition may cause disruption to our business, including to our relationships with our associates and other third parties. Further, this change also increases our dependency on other members of our executive leadership team who remain with us, and the departure of any remaining executive officer could be particularly disruptive in light of the recent leadership transitions.** VF' s direct- to- consumer business includes risks that could have an adverse effect on its results of operations. VF sells merchandise direct to consumer through VF- operated stores and e- commerce sites. Its direct- to- consumer business is subject to numerous risks that could have a material adverse effect on its results. Risks include, but are not limited to, (i) U. S. or international resellers purchasing merchandise and reselling it overseas outside VF' s control, (ii) failure or interruption of the systems that operate the stores and websites, and their related support systems, including due to computer viruses, theft of customer information, privacy concerns, telecommunication failures, electronic break- ins and similar disruptions, technical malfunctions, and natural disasters or other causes (iii) credit card fraud, (iv) risks related to VF' s direct- to- consumer distribution centers and processes, and (v) shift in consumer preferences away from retail stores. Risks specific to VF' s e- commerce business also include (i) diversion of sales from VF stores or wholesale customers, (ii) difficulty in recreating the in- store experience through direct channels, (iii) liability for online content, (iv) changing patterns of consumer behavior, and (v) intense competition from online retailers. VF' s failure to successfully respond to these risks might adversely affect sales in its e- commerce business, as well as damage its reputation and brands. Our VF- operated stores and e- commerce business require substantial fixed investments in equipment and leasehold improvements, information systems, inventory and personnel. We have entered into substantial operating lease commitments for retail space. Due to the high fixed- cost structure associated with our direct- to- consumer operations, a decline in sales or the closure of or poor performance of individual or multiple stores could result in significant lease termination costs, write- offs of **14 VF Corporation Fiscal 2023 Form 10- K** equipment and leasehold improvements and employee- related costs. VF' s net sales depend on the volume of traffic to its stores and the availability of suitable lease space. A significant portion of our revenues are direct- to- consumer sales through VF- operated stores. In order to generate ~~customer~~ **consumer** traffic, we locate many of our stores in prominent locations within successful retail shopping centers or in fashionable shopping districts. Our stores benefit from the ability of the retail center and other attractions in an area to generate consumer traffic in the vicinity of our stores. Part of our future growth is significantly dependent on our ability to operate stores in desirable locations with capital investment and lease costs providing the opportunity to earn a reasonable return. We cannot control the development of new shopping centers or districts; the availability or cost of appropriate locations within existing or new shopping centers or districts; competition with other retailers for prominent locations; or the success of individual shopping centers or districts. Further, if we are unable to renew or replace our existing store leases or enter into leases for new stores on favorable terms, or if we violate the terms of our current leases, our growth and profitability could be harmed. All of these factors may impact our ability to meet our growth targets and could have a material adverse effect on our financial condition or results of operations. VF may be unable to protect its trademarks and other intellectual property rights. VF' s trademarks and other intellectual property rights are important to its success and its competitive position. VF is susceptible to others copying its products and infringing its intellectual property rights, especially with the shift in product mix to higher priced brands and innovative new products in recent years. Some of VF' s brands, such as Vans ®, The North Face ®, Timberland ®, Dickies ® and Supreme ® enjoy significant worldwide consumer recognition, and the higher pricing of certain of the brands' products creates additional risk of counterfeiting and infringement. VF' s trademarks, trade names, patents, trade secrets and other intellectual property are important to VF' s success. Counterfeiting of VF' s products or infringement on its intellectual property rights could diminish the value of our brands and adversely affect VF' s revenues. Actions we have taken to establish and protect VF' s intellectual property rights may not be adequate to prevent copying of its products by others or to prevent others from seeking to invalidate its trademarks or block sales of VF' s products as a violation of the trademarks and intellectual property rights of others. In addition, unilateral actions in the U. S. or other countries, including changes to or the repeal of laws recognizing trademark or other intellectual property rights, such as the Russian government' s ~~recent~~ announcements that it would not protect intellectual property rights, including patent rights and rights that could block parallel imports of gray market goods, as a result of the sanctions imposed on Russia in connection with the Russia- Ukraine conflict, could have an impact on VF' s ability to enforce those rights. The value of VF' s intellectual property could diminish if others assert rights in or ownership of trademarks and other intellectual property rights of VF, or trademarks that are similar to VF' s trademarks, or trademarks that VF licenses from others. We may be unable to successfully resolve these types of conflicts to our satisfaction. In some cases, there may be trademark owners who have prior rights to VF' s trademarks because the laws of certain foreign countries may not protect intellectual property rights to the same extent as do the laws of the U. S. In other cases, there may be holders who have prior rights to similar trademarks. There have been, and there may in the future be, opposition and cancellation proceedings from time to time with respect to some of VF' s intellectual property rights. In some cases, litigation may be necessary to protect or enforce our trademarks and other intellectual property rights. Furthermore, third parties may assert intellectual property claims against us, and we may be subject to liability, required to enter into costly license agreements, if available at all, required to rebrand our products and / or prevented from selling some of our products if third parties successfully oppose or challenge our trademarks or successfully claim that we infringe, misappropriate or otherwise violate their trademarks, copyrights, patents or other intellectual property rights. Bringing or defending any such claim, regardless of merit, and whether successful or unsuccessful, could be expensive and time- consuming and have a negative effect on VF' s business, reputation, results of operations and financial condition. If VF encounters problems with its distribution system, VF' s ability to deliver its products to the market could be adversely affected. VF relies on owned or leased VF- operated and third party- operated distribution facilities to warehouse and ship product to VF customers. VF' s distribution system includes computer- controlled and automated equipment, which may be subject to a ~~VF Corporation Fiscal 2022 Form 10- K 15~~ number of risks related to security or computer viruses, the proper operation of software and hardware, power interruptions or other system failures. Because substantially all of VF' s products are distributed from a relatively small number of locations, VF' s operations could also be interrupted by earthquakes, floods, fires or other natural disasters or other events outside VF' s control affecting its distribution centers, including political or labor instability. We maintain business interruption insurance under our property and cyber insurance policies, but it may not adequately protect VF from the adverse effects that could be caused by significant disruptions in VF' s distribution facilities. In addition, VF' s distribution capacity is dependent on the timely performance of services by third parties, including the transportation of product to and from its distribution facilities. If we encounter problems with our distribution system, our ability to meet customer expectations, manage inventory, complete sales and achieve operating efficiencies could be materially adversely affected. VF' s business and operations could be materially and adversely affected if it fails to create systems of monitoring, prevention, response, crisis management, continuity and recovery to mitigate natural or man- made economic **, public health** , political or environmental disruptions. Business resiliency is important to VF' s success because there are a variety of risks generally associated with doing business on a global basis that may involve natural or man- made economic, **public health (including the COVID- 19 pandemic),** political or environmental disruptions. Disruptions, and government responses to any disruption, could cause, among other things, a decrease in consumer spending that would negatively impact our sales, delays in the fulfillment or cancellation of customer **VF Corporation Fiscal 2023 Form 10- K 15** orders or disruptions in the manufacture and shipment of products, increased costs and a negative impact on our reputation and long- term growth plans. The impact of disruptions may vary based on the length and severity of the disruption. VF' s failure to create and implement systems of monitoring, prevention, response, crisis management, continuity and recovery to anticipate, prepare, prevent, mitigate, and respond to potential threats impacting its business, people, processes and facilities could result in extended disruptions and unpredictability. LEGAL, REGULATORY AND COMPLIANCE RISKS VF' s operations and earnings may be affected by legal, regulatory, political and economic uncertainty and risks. Our ability to maintain the current level of operations in our existing markets and to capitalize on growth in existing and new markets is subject to legal, regulatory, political and economic uncertainty and risks. These include the burdens of complying with U. S. and international laws and regulations, and ~~unexpected~~ changes in regulatory requirements. Changes in regulatory, geopolitical policies and other factors may adversely affect VF' s business or may require us to modify our current business practices. While enactment of any such change is not certain, if such changes were adopted or if we failed to anticipate and mitigate the impact of such changes, our costs could increase, which would reduce our earnings. For example, on January 31, 2020, the United Kingdom ceased to be a member state of the European Union (commonly referred to as " Brexit "). The United Kingdom and the European Union subsequently reached a provisional post- Brexit Trade and Cooperation Agreement that contains new rules governing the relationship between the United Kingdom and Europe, including with respect to trade, travel and immigration. Brexit could adversely affect European and worldwide economic and market conditions and could contribute to instability in global financial and foreign exchange markets. Any of these effects of Brexit, and others we cannot anticipate could adversely affect our business, results of operations and financial condition. Beginning in February 2022, in response to the military conflict between Russia and Ukraine, the U. S. and other North Atlantic Treaty Organization member states, as well as non- member states, announced targeted economic sanctions on Russia, including certain Russian citizens and enterprises, and the continuation of the conflict may trigger additional economic and other sanctions. To date, we have experienced revenue impacts due to ~~cessation of~~ business **model changes** in Russia, currency devaluation, and costs associated with compliance with sanctions and other regulations. **For example, we have closed all VF- operated retail stores, terminated all leases and ceased all direct- to- consumer e- commerce operations in Russia.** In addition, as of April ~~2~~ **1** , ~~2022~~ **2023** , there was approximately $ ~~31~~ **36** . ~~0~~ **5** million of cash in Russia that, although it can be used without limits within Russia, is currently limited on movement out of Russia. Further impacts of the conflict could include macro financial impacts resulting from the exclusion of Russian financial institutions from the global banking system, volatility in foreign exchange rates and interest rates, inflationary pressures on raw materials and energy, heightened cybersecurity threats, harm to employee health and safety, reputational harm, increase in counterfeiting and intellectual property activity, nationalization of our assets, and additional costs associated with compliance with sanctions and other regulations and risks associated with failure to comply with the same. Although our operations in Russia are not significant, the conflict could escalate and result in broader economic and security concerns, including in other geographies, which could in turn adversely affect our business, financial condition or results of operations **. As a result of our global operations, we are subject to a number of risks impacting our employees working outside the U. S., including regulations that may differ from or be more stringent than analogous U. S. regulations, political or economic instability, cross- border political tensions and challenges in effectively managing employees in foreign jurisdictions. VF is subject to increased tax and regulatory risks related to employees working remotely or otherwise in a tax location other than their normal work location or residential state or country. These changes have created, and continue to create, challenges in managing our tax and regulatory compliance as well as acquiring and retaining cross- border talent, which could adversely affect our business, results of operations and financial condition** . Changes to U. S. or international trade policy, tariff and import / export regulations or our failure to comply with such regulations may have a material adverse effect on our reputation, business, financial condition and results of operations. Changes in U. S. or international social, political, regulatory and economic conditions or in laws and policies governing foreign trade, manufacturing, development and investment in the territories or countries where we currently sell our products or conduct our business, as well as any negative sentiment toward the U. S. as a result of such changes, could adversely affect our business. For example, the U. S. government has instituted changes in trade policies imposing higher tariffs on imports into the U. S. from China. Tariffs and other changes in U. S. trade policy have in the past and could continue to trigger retaliatory actions by affected countries, and certain foreign governments have instituted, considered or are considering imposing retaliatory measures on certain U. S. goods. VF, similar to many other multinational corporations, does a significant amount of business that would be impacted by changes to the trade policies of the U. S. and foreign countries (including governmental action related to tariffs, international trade agreements, or economic sanctions). Such changes have the potential to adversely impact the U. S. economy or certain sectors thereof, our industry and the global demand for our products, and as a result, could have a ~~16 VF Corporation Fiscal 2022 Form 10- K~~ material adverse effect on our business, financial condition and results of operations **. In addition, the Uyghur Forced Labor Prevention Act and other similar laws may lead to greater supply chain compliance costs and delays to us and to our suppliers and customers** . Changes in tax laws could increase our worldwide tax rate and tax liabilities and materially affect our financial position and results of operations. We are subject to taxation in the U. S. and numerous foreign jurisdictions. On December 22, 2017, the U. S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act ~~(" U. S. Tax Act ")~~ , which included a broad range of tax reform proposals affecting businesses, including a reduction in the U. S. federal corporate tax rate from 35 % to 21 %, a one- time mandatory deemed repatriation tax on earnings of certain foreign subsidiaries that were previously tax- deferred, and a **16 VF Corporation Fiscal 2023 Form 10- K** new minimum tax on certain foreign earnings. Taxes related to the one- time mandatory deemed repatriation of foreign earnings due over a period of time could be accelerated upon certain triggering events, including failure to pay such taxes when due. In addition, ~~regulatory, administrative and legislative guidance related to the U. S. Tax Act continues to be released. To the extent any future guidance differs from our interpretation of the law, or~~ the current U. S. Presidential Administration **could** ~~takes~~ - **take** further action, including through its proposal of a higher U. S. federal corporate tax rate and increased taxation of offshore income ~~,~~ **.** ~~such~~ **Such** ~~guidance or~~ action could have a material effect on our financial position and results of operations. In addition, many countries in the European Union (" EU") and around the globe have adopted and / or proposed changes to current tax laws. Further, organizations such as the Organisation for Economic Co- operation and Development (" OECD") have published action plans that, if adopted by countries where we do business, could increase our tax obligations and compliance costs in these countries. More specifically, the OECD has released rules to address tax challenges arising from the digitalization of the economy **(i. e., Global Anti Base Erosion (" GloBE") model rules or" Pillar Two"). Member countries are expected to implement these rules into local law in the coming year. The new rules could be effective for companies as early as tax years beginning on or after January 1, 2024** . The ultimate outcome of these rules that are enacted into law in each country may result in a material financial impact to VF. Due to the large scale of our U. S. and international business activities, many of these enacted and proposed changes to the taxation of our activities could increase our worldwide effective tax rate and harm our financial position and results of operations. We may have additional tax liabilities from new or evolving government or judicial interpretation of existing tax laws. As a global company, we determine our income tax liability in various tax jurisdictions based on an analysis and interpretation of U. S. and international tax laws and regulations. This analysis requires a significant amount of judgment and estimation and is often based on various assumptions about the future actions of tax authorities. These determinations are the subject of periodic U. S. and international tax audits and court proceedings. In particular, tax authorities and the courts have increased their focus on income earned in no- or low- tax jurisdictions or income that is not taxed in any jurisdiction. Tax authorities have also become skeptical of special tax rulings provided to companies offering lower taxes than may be applicable in other countries. For example, VF was granted a ruling which lowered the effective income tax rate on taxable earnings for years 2010 through 2014 under Belgium' s excess profit tax regime. During 2015, the EU investigated and announced its decision that the ruling was illegal and ordered that tax benefits granted under the ruling should be collected from the affected companies, including VF Europe, BVBA, a subsidiary of VF. Requests for annulment were filed by Belgium and VF Europe BVBA, individually. During 2017 and 2018, VF Europe BVBA was assessed and paid € 35. 0 million in tax and interest, which was recorded as an income tax receivable based on the expected success of the requests for annulment. During 2019, the General Court annulled the EU decision and the EU subsequently appealed the General Court' s annulment. In September 2021, the General Court' s judgment was set aside by the Court of Justice of the EU and the case was sent back to the General Court to determine whether the excess profit tax regime amounted to illegal State aid. The case remains open and unresolved. If this matter is adversely resolved, the tax and interest amounts paid by VF will not be collected by VF. Also, as previously reported, VF petitioned the U. S. Tax Court (the" Court") to resolve an Internal Revenue Service (" IRS") dispute regarding the timing of income inclusion associated with VF' s acquisition of The Timberland Company in September 2011. While the IRS argues that all such income should have been immediately included in 2011, VF has reported periodic income inclusions in subsequent tax years. Both parties moved for summary judgment on the issue, and on January 31, 2022, the Court issued its opinion in favor of the IRS **and on July 14, 2022 issued its final decision** . VF believes the opinion of the Court was in error based on the technical merits and ~~intends to~~ **filed a notice of** appeal ~~; however~~ **on October 7** , **2022. On October 19, 2022,** VF ~~will be required~~ **paid $ 875. 7 million related** to ~~pay~~ the 2011 taxes and interest being disputed ~~or post a surety bond. It is anticipated that during Fiscal 2023, the IRS will assess, and VF will pay, the 2011 taxes and interest~~ , which **was** ~~would be~~ recorded as a tax receivable based on the technical merits of our position with regards to the case ~~. The gross amount of taxes and interest as of April 2, 2022 was estimated at approximately $ 845. 0 million~~ and will ~~continue to~~ accrue interest **income** ~~until paid~~ . VF continues to believe its timing and treatment of the income inclusion is appropriate and VF is vigorously defending its position. However, should the Court opinion ultimately be upheld on appeal, this **income** tax receivable ~~may~~ **will** not be collected by VF. If the Court opinion is upheld, VF should be entitled to a refund of taxes paid on the periodic inclusions that VF has reported. However, any such refund could be substantially reduced by potential indirect tax effects resulting from application of the Court opinion. Deferred tax liabilities, representing VF' s future tax on annual inclusions, would also be released. The net impact to tax expense **is** estimated **to** ~~as of April 2, 2022 could~~ be up to $ ~~700~~ **730** . 0 million **, plus the reversal of any interest income accrued on the payment, which was approximately $ 12. 0 million at March 2023** . Although we accrue for uncertain tax positions, our accrual may be insufficient to satisfy unfavorable findings. Unfavorable audit findings, or court interpretations (involving VF or other companies with similar tax profiles) may result in payment of taxes, fines and penalties for prior periods and higher tax rates in future periods, which may have a material adverse effect on our financial condition, results of operations or cash flows. Our business is subject to national, state and local laws and regulations for environmental, consumer protection, corporate governance, competition, employment, privacy, safety and other matters. The costs of compliance with, or the violation of, such laws and regulations by VF or by independent suppliers who manufacture products for VF could have an adverse effect on our operations and cash flows, as well as on our reputation. Our business is subject to comprehensive national, state and local laws and regulations on a wide range of environmental, ~~VF Corporation Fiscal 2022 Form 10- K 17~~ climate change, consumer protection **, social** , employment, privacy, safety and other matters. VF could be adversely affected by costs of compliance with or violations of those laws and regulations. In addition, while we do not control their business practices, we require third- party suppliers to operate in compliance with applicable laws, rules and regulations regarding working conditions, safety, employment practices and environmental compliance. The costs of products purchased by VF from independent contractors could increase due to the costs of compliance by those contractors. Failure by VF or its third- party suppliers to comply with such laws and regulations, as well as with ethical, social, product, safety, labor and environmental standards, or related political **VF Corporation Fiscal 2023 Form 10- K 17** considerations, could result **in a material adverse effect on our financial condition, results of operations or cash flows, including resulting** in interruption of finished goods shipments to VF, extensive remediation efforts, cancellation of orders by customers and termination of relationships. If VF or one of our independent contractors violates labor or other laws, implements **improper** labor or other business practices or takes other actions that are generally regarded as unethical, it could result in unwanted or negative media attention, jeopardize our reputation and potentially lead to various adverse consumer actions, including boycotts that may reduce demand for VF' s merchandise. Damage to VF' s reputation or loss of consumer confidence for any of these or other reasons could have a material adverse effect on VF' s results of operations, financial condition and cash flows, as well as require additional resources to rebuild VF' s reputation. Our ~~international~~ operations are also subject to compliance with the U. S. Foreign Corrupt Practices Act (the " FCPA ") and other anti- bribery laws applicable to our operations. Although we have policies and procedures to address compliance with the FCPA and similar laws, there can be no assurance that all of our employees, agents and other partners will not take actions in violation of our policies. Any such violation could subject us to sanctions or other penalties that could negatively affect our reputation, business and operating results. Climate change and increased focus by governmental and non- governmental organizations, customers, consumers and investors on sustainability issues, including those related to climate change and socially responsible activities, may adversely affect our business and financial results and damage our reputation. Climate change is occurring around the world and may impact our business in numerous ways. Failure to monitor, adapt, build resilience, and develop solutions against the physical and transitional impacts from climate change may lead to revenue loss, market share loss, business interruptions, **physical damage to our facilities,** and rising costs. Climate change could lead to increased volatility due to physical impacts of climate change on the supply chain, including the availability, quality and cost of raw materials. Increased frequency and severity of extreme weather events (**such as** storms and floods) could cause increased incidence of disruption to the production and distribution of our products **, increased costs for our business, including maintenance, repair, utilities and insurance costs,** and an adverse impact on consumer demand and spending. Investor advocacy groups, certain institutional investors, investment funds, other market participants, shareholders, and other stakeholders, including non- governmental organizations, employees, and consumers, have focused increasingly on ~~the environmental, social and governance ("~~ ESG ~~")~~ and related sustainability practices of companies. These parties have placed increased importance on the implications of the social cost of their investments and / or have higher expectations of corporate conduct. If our ESG practices do not meet investor or other stakeholder expectations and standards, including related to climate change, sustainability, **social impact,** and human rights, and do not meet related regulations and expectations for increased transparency, which continue to evolve, our brands, reputation and employee retention may be negatively impacted. **In addition, governmental and self- regulatory organizations, including the SEC and NYSE, promulgate rapidly changing rules and regulations addressing ESG topics. These rules and regulations continue to evolve in scope and complexity and have resulted in, and are likely to continue to result in, increased expenses and increased management time and attention spent complying with or meeting such rules and regulations. For example, collection of ESG data, developing and acting on initiatives within the scope of ESG, and collecting, measuring and reporting ESG related information and targets can be costly, difficult and time consuming and is subject to evolving reporting standards, including the SEC' s recently proposed climate- related disclosure requirements, and similar proposals and laws by other international regulatory bodies. If our ESG related data, information, processes or reporting are incomplete or inaccurate, our reputation, business, financial performance and growth could be adversely affected. For example, customer expectations with respect to our ability to meet rapidly evolving ESG reporting standards in the EU member states and other countries may impact our ability to do business with customers, or otherwise present barriers to entry, which could result in an adverse impact on our business, financial performance and growth.** It is **possible that stakeholders may oppose our ESG practices or disagree with them. It is also** possible that stakeholders may not be satisfied with our ESG practices or the speed of their adoption. While we may announce voluntary ESG targets, we may not be able to meet such targets in the manner or on such a timeline as initially contemplated, including, but not limited to as a result of unforeseen costs or technical difficulties associated with achieving such results.

Achieving ESG targets will require significant efforts from us and other stakeholders, such as our suppliers and other third parties, and also require capital investment, additional costs, and the development of technology that may not currently exist. In addition, we could be criticized for the scope or nature of such targets, or for any revision to those targets. We could also incur additional costs and require additional resources to monitor, report, and comply with various ESG practices and regulations. Also, our failure, or perceived failure, to manage reputational threats and meet stakeholder expectations or shifting consumer preferences with respect to **environmentally or** socially responsible activities and products and packaging and sustainability commitments and regulations could negatively impact our brand, image, reputation, credibility, employee retention, and the willingness of our customers and suppliers to do business with us. **18 VF Corporation Fiscal 2023 Form 10- K** FINANCIAL RISKS VF' s balance sheet includes a significant amount of intangible assets and goodwill. A decline in the fair value of an intangible asset or of a business unit could result in an asset impairment charge, **such** ~~which would be recorded~~ as **the recent impairment charges related to the Supreme ® reporting unit goodwill** ~~an~~ **and indefinite- lived trademark intangible asset** ~~operating expense in VF' s Consolidated Statement of Operations and could be material~~. VF' s policy is to evaluate indefinite- lived intangible assets and goodwill for possible impairment as of the beginning of the fourth quarter of each year, or whenever events or changes in circumstances indicate that the fair value of such assets may be below their carrying amount. In addition, intangible assets that are being amortized are tested for impairment whenever events or circumstances indicate that their carrying value may not be recoverable. For these impairment tests, we use various valuation methods to estimate the fair value of our business units and intangible assets. If the fair value of an asset is less than its carrying value, we would recognize an impairment charge for the difference. **During the second quarter of Fiscal 2023, due to continued increases in the federal funds rate and strengthening of the U. S. dollar relative to other currencies, VF determined that a triggering event had occurred requiring impairment testing of the Supreme reporting unit goodwill and indefinite- lived trademark intangible asset. As a result of the impairment testing performed, VF recorded impairment charges of $ 229. 0 million and $ 192. 9 million to the Supreme reporting unit goodwill and indefinite- lived trademark intangible asset, respectively. The impairment primarily related to an increase in the market- based discount rates used in the valuations and the negative impact of foreign currency exchange rate changes on financial projections. During the fourth quarter of Fiscal 2023, in connection with its annual impairment testing, VF performed a quantitative analysis of the Supreme reporting unit goodwill and indefinite- lived trademark intangible asset. As a result of the impairment testing performed, VF recorded impairment charges of $ 165. 1 million and $ 148. 0 million to the Supreme reporting unit goodwill and indefinite- lived trademark intangible asset, respectively. The impairment related to lower financial projections and increased risk of achieving management' s forecasts.** It is possible that we could have ~~an~~ **another** impairment charge for goodwill or trademark and trade name intangible assets in future periods if (i) **the businesses do not perform as projected, (ii)** overall economic conditions in Fiscal ~~2023~~ **2024** or future years vary from our current assumptions ~~,~~ (**including changes in discount rates and foreign currency exchange rates), (** ~~ii~~ **iii**) business conditions or our strategies for a specific business unit change from our current assumptions **,** (**iv** ~~including changes in discount rates), (iii~~) investors require higher rates of return on equity investments in the marketplace, or (~~iv~~ **v**) enterprise values of comparable publicly traded companies, or of actual sales transactions of comparable companies, were to decline, resulting in lower comparable multiples of revenues and earnings before interest, taxes, depreciation and amortization and, accordingly, lower implied values of goodwill and intangible ~~18 VF Corporation Fiscal 2022 Form 10- K~~ assets. ~~A~~ **Any** future impairment charge for goodwill or intangible assets could have a material effect on our consolidated financial position or results of operations. Fluctuations in wage rates and the price, availability and quality of raw materials and finished goods could increase costs. Fluctuations in the price, availability and quality of purchased finished goods or the fabrics, leather, cotton or other raw materials used therein could have a material adverse effect on VF' s cost of goods sold or its ability to meet its customers' demands. Prices of purchased finished products may depend on wage rate increases required by legal or industry standards in Asia and other geographic areas where our independent contractors are located, as well as increasing freight costs from those regions. Inflation, including as a result of inflationary pressures related to global supply chain disruptions, can also have a long- term impact on us because increasing costs of materials and labor may impact our ability to maintain satisfactory margins. For example, the cost and availability of the materials that are used in our products, such as oil- related commodity prices and other raw materials, such as cotton, dyes and chemical and other costs, such as fuel, energy and utility costs, can fluctuate significantly as a result of inflation in addition to many other factors, including general economic conditions and demand, crop yields, energy prices, weather patterns, **water supply quality and availability,** public health issues (such as the COVID- 19 pandemic) and speculation in the commodities markets. A significant portion of our products also are manufactured in other countries and declines in the values of the U. S. dollar may result in higher manufacturing costs. In the future, VF may not be able to offset cost increases with other cost reductions or efficiencies or to pass higher costs on to its customers. This could have a material adverse effect on VF' s results of operations, liquidity and financial condition. VF' s business is exposed to the risks of foreign currency exchange rate fluctuations. VF' s hedging strategies may not be effective in mitigating those risks. A growing percentage of VF' s total revenues (approximately 48 % in Fiscal ~~2022~~ **2023**) is derived from markets outside the U. S. VF' s international businesses operate in functional currencies other than the U. S. dollar. Changes in currency exchange rates affect the U. S. dollar value of the foreign currency- denominated amounts at which VF' s international businesses purchase products, incur costs or sell products. In addition, for VF' s U. S.- based businesses, the majority of products are sourced from independent contractors located in foreign countries. As a result, the costs of these products are affected by changes in the value of the relevant currencies. Furthermore, much of VF' s licensing revenue is derived from sales in foreign currencies. Changes in foreign currency exchange rates could have an adverse impact on VF' s financial condition, results of operations and cash flows. In accordance with our operating practices, we hedge a significant portion of our foreign currency transaction exposures arising in the ordinary course of business to reduce risks in our cash flows and earnings. Our hedging strategy may not be effective in reducing all risks, and no hedging strategy can completely insulate VF from foreign exchange risk. Further, our use of derivative financial instruments may expose VF to counterparty risks. Although VF only enters into hedging contracts with counterparties having investment grade credit ratings, it is possible that the credit quality of a counterparty could be downgraded or a counterparty could default on its **VF Corporation Fiscal 2023 Form 10- K 19** obligations, which could have a material adverse impact on VF' s financial condition, results of operations and cash flows. Our ability to obtain financing on favorable terms, if needed, could be adversely affected by geopolitical risk and volatility in the capital markets **, including interest rate risks** . Any disruption in the capital markets could limit the availability of funds or the ability or willingness of financial institutions to extend capital in the future. Future volatility in the financial and credit markets, including **adverse interest rates** ~~the recent volatility due, in part, to the COVID- 19 pandemic and / or the conflict in Ukraine~~ , could make it more difficult for us to obtain financing or refinance existing debt when the need arises, including upon maturity, or on terms that would be acceptable to us. This disruption or volatility could adversely affect our liquidity and funding resources or significantly increase our cost of capital. An inability to access capital and credit markets may have an adverse effect on our business, results of operations, financial condition and cash flows. **In addition** ~~Effective January 1~~ , **if** ~~2022,~~ the ~~publication of LIBOR~~ **U. S. government were to default** on **its debt obligations,** ~~a representative basis ceased for~~ the ~~one- week and two- month~~ U. S. ~~dollar LIBOR settings and all sterling, yen, euros, and Swiss franc LIBOR settings. All other remaining U. S. dollar LIBOR settings will cease July 1, 2023. In connection with the sunset of certain LIBOR reference rates occurring at the end of 2021, we amended the credit agreement for our senior unsecured revolving credit facility to include provisions for the replacement of LIBOR upon the cessation thereof that are customary for credit facilities of this nature. We continue to monitor developments related to the upcoming transition from U. S. dollar LIBOR settings to an~~ **and global capital markets would be adversely affected** ~~alternative benchmark reference rate. The Alternative Reference Rates Committee has proposed the Secured Overnight Financing Rate (" SOFR") as its recommended alternative to U. S. dollar LIBOR,~~ and ~~the Federal Reserve Bank of New York began publishing SOFR rates in April 2018. At this time, the effects of the phase out of U. S. dollar LIBOR and the adoption of alternative benchmark rates have not been fully determined, but uncertainty regarding rates may make borrowing or~~ **our liquidity and cost of capital would be adversely impacted** ~~refinancing our indebtedness more expensive or difficult to achieve on terms we consider favorable~~ . VF' s indebtedness could have a material adverse effect on its business, financial condition and results of operations and prevent VF from fulfilling its financial obligations, and VF may not be able to maintain its current credit ratings, may not continue to pay dividends or repurchase its common stock and may not remain in compliance with existing debt covenants. As of April ~~2~~ **1** , ~~2022~~ **2023** , VF had approximately $ ~~5~~ **6** . ~~4~~ **6** billion of debt outstanding. VF' s debt and interest payment requirements could have important consequences on its business, financial condition and results of operations. For example, it could: • require VF to dedicate a substantial portion of its cash flow from operations to repaying its indebtedness, which would reduce the availability of its cash flow to fund working capital requirements, capital expenditures, future acquisitions, dividends, repurchase VF' s common stock and for other general corporate purposes; • limit VF' s flexibility in planning for or reacting to general adverse economic conditions or changes in its business and the industries in which it operates; ~~VF Corporation Fiscal 2022 Form 10- K 19~~ • place VF at a competitive disadvantage compared to its competitors that have less indebtedness outstanding; and • negatively affect VF' s credit ratings and limit, along with the financial and other restrictive covenants in VF' s debt documents and its ability to borrow additional funds. **VF' s credit ratings may impact the cost and availability of future borrowings. As a result of recent downgrades by S & P Global Inc. and Moody' s Investor Services, Inc., certain of VF' s outstanding senior notes and VF' s global credit facility were subject to interest rate adjustments.** In addition, VF may incur substantial additional indebtedness in the future to fund acquisitions, repurchase common stock or fund other activities for general business purposes. If VF incurs additional indebtedness, it may limit VF' s ability to access the debt capital markets or other forms of financing in the future and may result in increased borrowing costs. Although VF has historically declared and paid quarterly cash dividends on its common stock and has been authorized to repurchase its stock subject to certain limitations under its share repurchase programs, any determinations by the ~~board~~ **Board** of ~~directors~~ **Directors** to continue to declare and pay cash dividends on VF' s common stock or to repurchase VF' s common stock will be based primarily upon VF' s financial condition, results of operations and business requirements, its access to debt capital markets or other forms of financing, the price of its common stock in the case of the repurchase program and the ~~board~~ **Board** of ~~directors~~ **Directors** ' continuing determination that the repurchase programs and the declaration and payment of dividends are in the best interests of VF' s shareholders and are in compliance with all laws and agreements applicable to the repurchase and dividend programs. ~~In the event VF does not~~ **Our cash dividend payments may change from time to time, and we cannot provide assurance that we will increase our cash dividend payment or** declare ~~and pay~~ **cash dividends in any particular amount or at all. A reduction in the amount or suspension of our cash dividend payments or** a ~~quarterly dividend~~ **reduction in the level or discontinuation of** ~~or~~ **our** ~~discontinues its~~ share repurchases ~~,~~ **could have a negative effect on** VF' s stock price ~~could be adversely affected~~ **. Beginning in the fourth quarter of Fiscal 2023, we reduced the cash dividend, which is expected to support the return to VF' s target leverage ratio and provide additional financial flexibility** . VF is required to comply with certain financial and other restrictive debt covenants in its debt documents. Failure by VF to comply with these covenants could result in an event of default that, if not cured or waived, could have a material adverse effect on VF if the lenders declare any outstanding obligations to be immediately due and payable. VF is subject to the risk that its licensees may not generate expected sales or maintain the value of VF' s brands. During Fiscal ~~2022~~ **2023** , $ ~~66~~ **75** . ~~6~~ **0** million of VF' s revenues were derived from licensing royalties. Although VF generally has significant control over its licensees' products and advertising, we rely on our licensees for, among other things, operational and financial controls over their businesses. Failure of our licensees to successfully market licensed products or our inability to replace existing licensees, if necessary, could adversely affect VF' s revenues, both directly from reduced royalties received and indirectly from reduced sales of our other products. Risks are also associated with a licensee' s ability to: • obtain capital; • manage its labor relations; • maintain relationships with its suppliers; • manage its credit risk effectively; • maintain relationships with its customers; and • adhere to VF' s Global Compliance Principles. In addition, VF relies on its licensees to help preserve the value of its brands. Although we attempt to protect VF' s brands through approval rights over design, production processes, quality, packaging, merchandising, distribution, advertising and promotion of our licensed products, we cannot completely control the use of licensed VF brands by our licensees. The misuse of a brand by a licensee, including through the marketing of products under one of our brand names that do not meet our quality standards, could have a material adverse effect on that brand and on VF. **20 VF Corporation Fiscal 2023 Form 10- K** Volatility in securities markets, interest rates and other economic factors could substantially increase VF' s defined benefit pension costs. VF currently has obligations under its defined benefit pension plans. The funded status of the pension plans is dependent on many factors, including returns on investment assets and the discount rates used to determine pension obligations. Unfavorable impacts from returns on plan assets, decreases in discount rates, changes in plan demographics or revisions in the applicable laws or regulations could materially change the timing and amount of pension funding requirements, which could reduce cash available for VF' s business. VF' s operating performance also may be negatively impacted by the amount of expense recorded for its pension plans. Pension expense is calculated using actuarial valuations that incorporate assumptions and estimates about financial market, economic and demographic conditions. Differences between estimated and actual results give rise to gains and losses that are deferred and amortized as part of future pension expense, which can create volatility that adversely impacts VF' s future operating results. The spin- off of Kontoor Brands, Inc. could result in substantial tax liability to us and our shareholders. We received opinions of tax advisors substantially to the effect that, for U. S. Federal income tax purposes, the May 22, 2019 spin- off of our Jeans business, Kontoor Brands, Inc. (" Kontoor Brands") and certain related transactions qualify for tax- free treatment under certain sections of the Internal Revenue Code. However, if the factual assumptions or representations made by us in connection with the delivery of the opinions are inaccurate or incomplete in any material respect, including those relating to the past and future conduct of our business, we will not be able to rely on the opinions. Furthermore, the opinions are not binding on the IRS or the courts. If, notwithstanding receipt of the opinions, the spin- off transaction and certain related transactions are determined to be taxable, we would be subject to a substantial tax liability. In addition, if the spin- off transaction is taxable, each holder of our common stock who received shares of Kontoor Brands in connection with the spin- off would generally be treated as receiving a taxable distribution of property in an amount equal to the fair market value of the shares received. Even if the spin- off otherwise qualifies as a tax- free transaction, the distribution would be taxable to us (but not to our shareholders) in certain circumstances if future significant acquisitions of our stock or the stock of Kontoor Brands are deemed to be part of a plan or series of related transactions that included the spin- off. In this event, the resulting tax liability could be substantial. In connection with the spin- off, we entered into a tax matters agreement with Kontoor Brands, pursuant to which Kontoor Brands agreed to not enter into any transaction that could cause any portion of the spin- off to be taxable to us without our consent and to indemnify us for any tax liability resulting from any such transaction. In addition, these potential tax liabilities may discourage, delay or prevent a change of control of us. ~~20 VF~~ **GENERAL RISKS Regional epidemics or global pandemics may materially and adversely affect our business, financial condition and results of** ~~Corporation~~ - **operations** ~~Fiscal 2022~~ **. The occurrence of regional epidemics or a global pandemic may adversely affect our business, financial condition and results of operations.** ~~Form~~ **For** ~~10~~ **example, the COVID** - ~~K~~ **19 pandemic has and could continue to materially and adversely affect our business, financial condition and results of operation. Our business has been, and could continue to be, impacted by the effects of the COVID- 19 pandemic in countries and territories where we operate and where our employees, suppliers, third- party service providers, consumers or customers are located. Our operations may be closed again or experience operational restrictions if and where there is a resurgence in COVID- 19 or new variants of the virus emerge. We may continue to experience significant reductions in demand and significant volatility in demand for our products by consumers and customers, resulting in reduced orders, order cancellations, lower revenues, higher discounts, increased inventories, decreased value of inventories and lower gross margins. We may be negatively impacted by significant uncertainty and turmoil in global economic and financial market conditions causing, among other things: decreased consumer confidence and decreased consumer spending, inability to access financing in the credit and capital markets (including the commercial paper market) at reasonable rates (or at all), increased exposure to fluctuations in foreign currency exchange rates relative to the U. S. Dollar, and volatility in the availability and prices for commodities and raw materials we use for our products and in our supply chain. We may continue to fail to meet our consumers' and customers' needs for inventory production and fulfillment due to disruptions in our supply chain and increased costs associated with mitigating the effects of the pandemic. These impacts have placed, and could continue to place limitations on our ability to execute our business plan and materially and adversely affect our business, financial condition and results of operations. Measures to contain a global pandemic, including COVID- 19, may exacerbate other risks discussed in this " Risk Factors " section, any of which could have a material effect on us. The extent of the impact of the COVID- 19 pandemic will depend on future developments, including the duration, severity and any resurgences of COVID- 19, which are uncertain and cannot be predicted.**