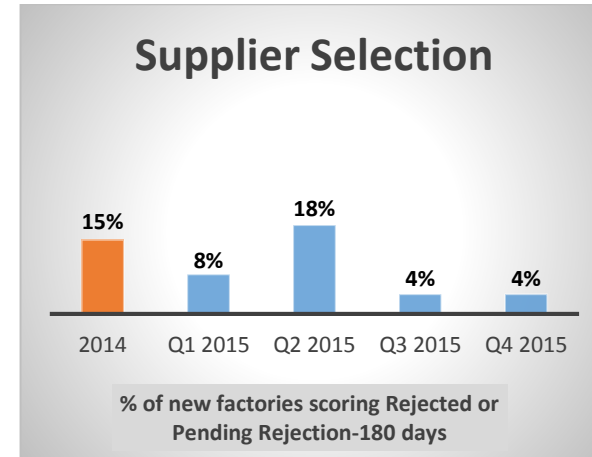
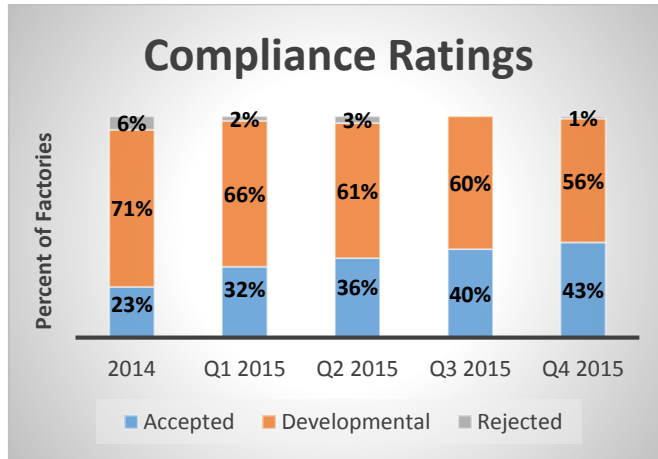


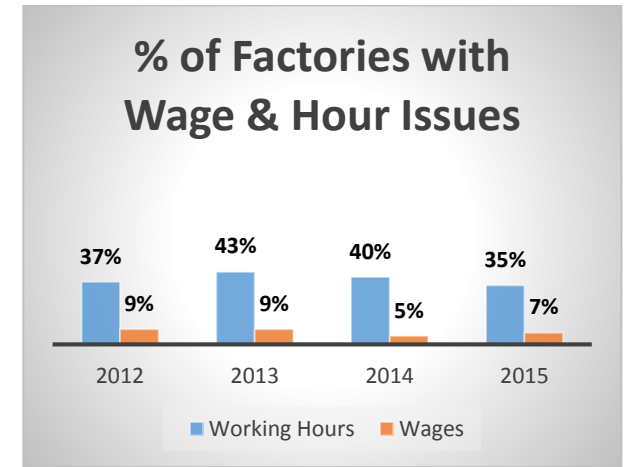
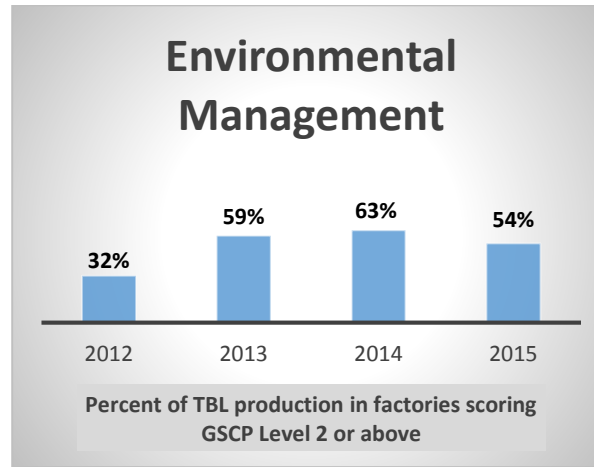
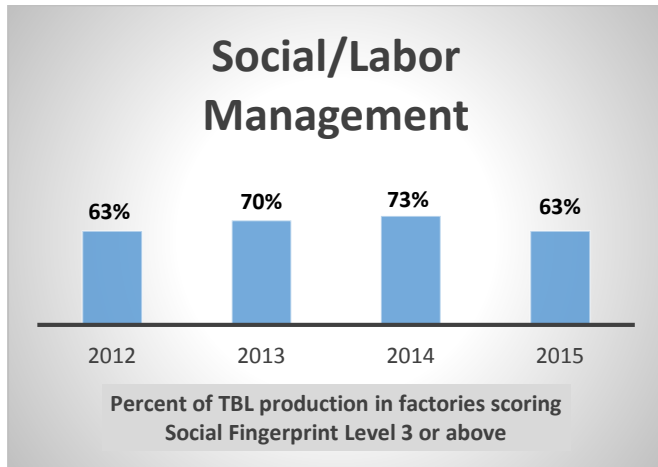


PRODUCT – Manufacturing

Quarterly Reported Metrics – Q4 2015 Results



Annually Reported Metrics – 2015 Results



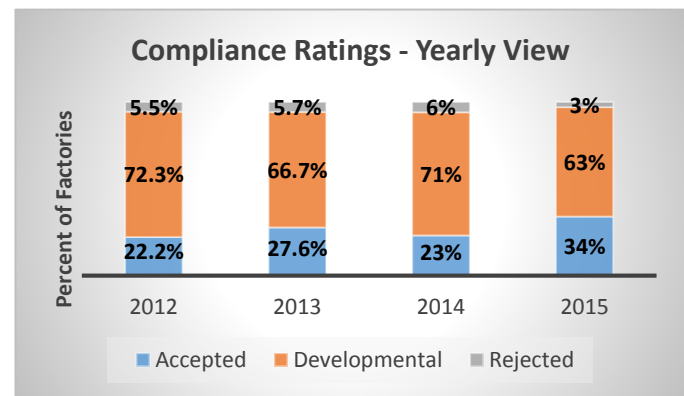
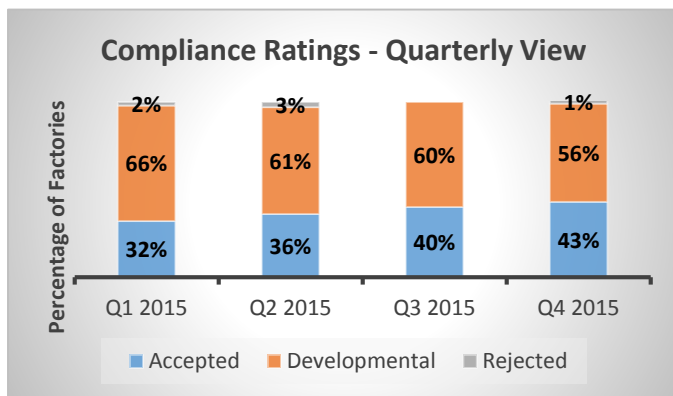
For further details, analysis, and historic data, refer to respective appendices

FACTORY CONDITIONS

Timberland's long standing commitment to ensuring fair, safe and non-discriminatory workplaces for the 250,000+ workers making Timberland product around the world dates back to 1994, with the establishment of our Code of Conduct for suppliers. After being acquired by VF Corporation ("VF") in 2011, our Code of Conduct was replaced by VF's Terms of Engagement and Global Compliance Principles. VF's policy is to monitor every facility that is involved in the manufacture of VF-branded product. This includes all cutting facilities, sewing plants, screen printers, embroiderers, laundries, and packaging locations. At the end of each VF audit, the factory receives one of the following ratings:

- **Accepted** – factory has no serious safety, health, or labor issues and is certified to produce VF products for 18 months, at which time a re-audit is necessary to maintain an 'Accepted' rating.
- **Developmental** – factory has some minor safety, health, or labor issues. The factory is authorized to produce for VF while the issues identified are corrected in a timely manner and a follow-up audit is scheduled within 6 – 9 months. If the problems are corrected as required, then the status of the factory will be elevated to 'Accepted.' If not, the factory is downgraded to '**Pending Rejection-180 days**' ("PR-180 days"), at which time they have a final 6 months to satisfactorily resolve the outstanding issues or be downgraded to '**Rejected**'.
- **Rejected** – factory has major safety, health or labor issues. Examples would include excessive working hours, incorrect overtime compensation or locked emergency exits. In this situation the factory is not authorized to produce VF products. If a factory is Rejected twice consecutively, they are banned from producing for VF for 12 months.

For more detailed information, please see [VF's audit policy](#).



Q4 2015 Result: At the end of Q4 2015, there were 339 factories actively producing for Timberland. Forty three percent (43%) were rated Accepted, 56% were rated Developmental, and 1% were rated Rejected. During Q4, VF Compliance conducted 72 audits of Timberland factories. Of these 72 factories, 27 were rated Accepted, 38 were rated Developmental, 3 were rated Pending Rejection, and 4 were rated Rejected. The factories rated Pending Rejection are working on their corrective action plans and will be re-audited within 6 months. Two of the factories rated Rejected have been dropped, the other 2 are working on corrective action plans and will be re-audited within 3-6 months.

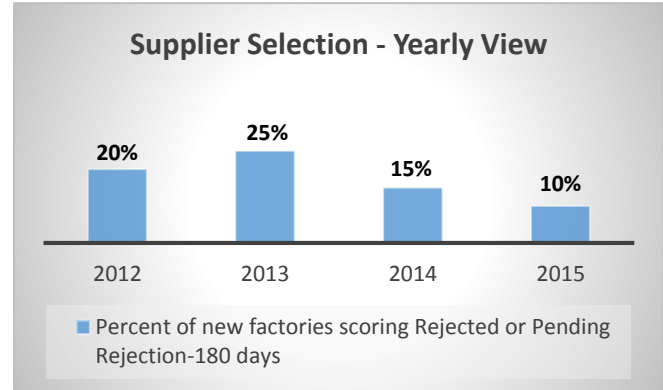
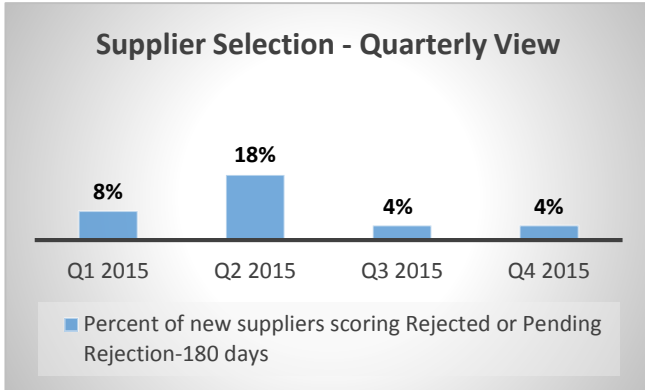
Timberland believes, along with others in our industry, that factory disclosure and collaboration can create common standards and shared solutions – helping to advance global human rights in all of our factories. For this reason, we disclose our factories on a quarterly basis. See the most recent factory list [here](#). Although our supply chain sources may change from time to time, our quarterly factory disclosure represents our best attempt to disclose all of Timberland's active factories as of that date.

Full Year 2015 Result: Overall in 2015, 364 audits were conducted by VF Compliance at 326 Timberland suppliers. The graph above shows the results of the audits physically conducted in 2015 - this does not represent our overall supply chain ratings because the data does not include the 115 factories that were not audited but approved to produce in 2015. Examples of why audits were not conducted would be factories that were covered by a 2014 audit and dropped in 2015 prior to their audit due date, or factories that are on an 18 month audit frequency.

Timberland sourced from a total of 435 suppliers in 2015. When looking at all suppliers that produced in 2015, including those not audited in 2015, and those dropped midyear, our overall supply chain risk can be summarized as follows: 38% were Accepted, 60% were Developmental, and 2% were Rejected (orders with Rejected factories were withheld until corrective actions were implemented or production was relocated).

Supplier Selection

As Timberland's sourcing managers consider new suppliers, social compliance performance is an important aspect of their vendor selection pre-screening process. Such pre-screening is accomplished by having suppliers provide evidence of their social compliance performance by way of recent audits by other brands, external monitoring firms, or social certificates, such as WRAP or SA8000. To facilitate discussions internally with our sourcing teams in regards to their commitment to select social/labor compliant factories, we track the number of new factories that receive Rejected or Pending Rejection-180 Days ratings on their initial VF Compliance Audit.

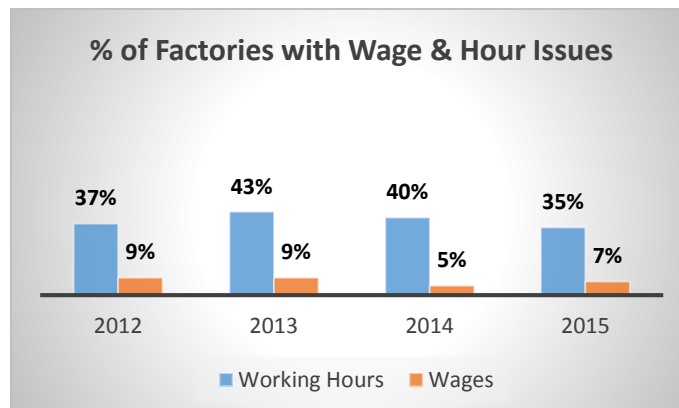


Q4 2015 Result: During Q4, 24 new suppliers were selected to produce for Timberland. Of these 24 suppliers, 9 (38%) were rated Accepted, 14 (58%) were rated Developmental, and 1 (4%) was rated Rejected. The Rejected factory is a licensee factory; they are working on corrective actions in order to be re-audited in 2016. No orders will be placed with this factory until the re-audit occurs and a favorable rating is attained.

Full Year 2015 Result: Of the 105 new suppliers selected in 2015, 31 (30%) were rated Accepted, 63 (60%) were rated Developmental, and 11 (10%) were rated either Pending Rejection-180 days or Rejected. Timberland's business units did not pursue 10 of these 11 factories. The remaining factory (audited in Q4) is working on corrective actions in order to be re-audited in early 2016.

High Risk Issues

2015 Result: In the 364 audits conducted by VF Compliance in 2015, working hours continues to be the most prevalent issue observed – found in 35% of our factories. That said, there was a 13% reduction of this non-compliance over 2014 audits (40% in 2014 vs. 35% in 2015). The second most commonly observed issue is related to proper wage and benefits. There was a slight increase in minimum wage issues over 2014 (7% in 2015 vs. 5% in 2014), mainly due to increases in the minimum wage of some countries and factories not revising their wages. These suppliers are required to show demonstrated improvement upon re-audit in order to remain a VF-approved vendor. For a full list of all topics included in the VF Compliance audits, please see [VF's audit policy](#).

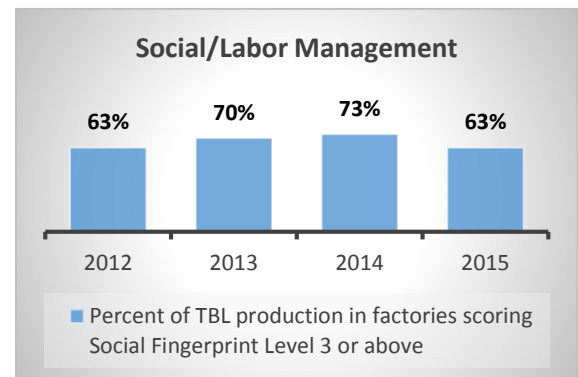
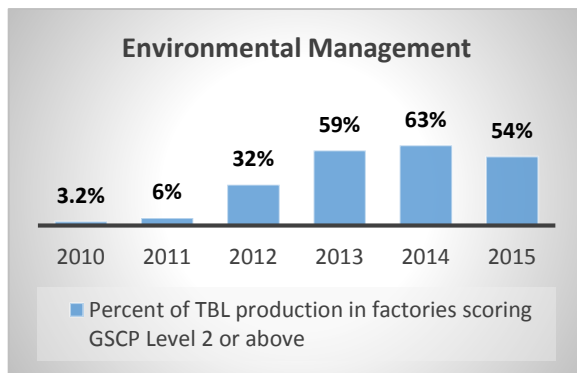


Environmental & Social/Labor Management Systems

Starting in 2010, Timberland adopted the environmental framework and scoring methodology of the [Global Social Compliance Program \(GSCP\)](#). GSCP measures how proactive a factory is with regard to reducing each of its environmental impact areas. Timberland's target of Level 2 means that factories have well-established environmental management systems and targets to reduce environmental impacts. Our goal is to achieve environmental performance improvements in our supply chain and reduce environmental hazards for the local community and worker population.

Starting in 2012, Timberland adopted the framework and scoring methodology of [Social Accountability International \("SAI"\)'s Social Fingerprint® program](#). Social Fingerprint® is an assessment tool designed to help companies measure and improve social performance of supply chain vendors. The framework focuses on management systems development and implementation in 9 categories that SAI deems instrumental in developing a solid and effective social/labor management system. Within each category, a factory is ranked from Level 1 to Level 5 (Level 5 = leading practice). Our target was set at Level 3, which indicates factories have an effective social/labor management system integrated into their operations.

Note to stakeholders: Social Fingerprint® and GSCP scores are derived from factories' self-reported data to Timberland's Supplier Sustainability Team (SST). The self-reported data was validated by the SST when onsite providing remediation and capacity building assistance. Data reported here only includes scores that have been validated by the SST, and reflects percent of Timberland production from active Tier 1 factories from all Timberland business units at the end of the reporting period based on business units' forecasted annual production.



2015 Result: At the end of 2015, 22 Tier 1 factories representing 54% of Timberland's global annual footwear and apparel production had scored GSCP Level 2 or higher in all applicable categories; and 31 Tier 1 factories representing 63% of Timberland's annual global footwear and apparel production had scored Level 3 or better on SAI's Social Fingerprint. The work of the SST to guide factories on effective social and environmental management systems has been transitioned to our parent company's (VF Corporation) Responsible Sourcing Team which leverage the Sustainable Apparel Coalition's HIGG Index as a broader means of assessing the social and environmental impacts of our products and supply chain. In 2016, VF's Responsible Sourcing Team will focus on getting more factories scored on Higg, and as such, we look forward to a more positive result going forward.