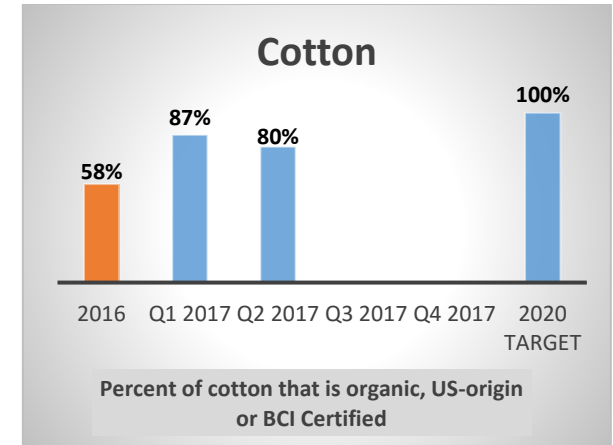
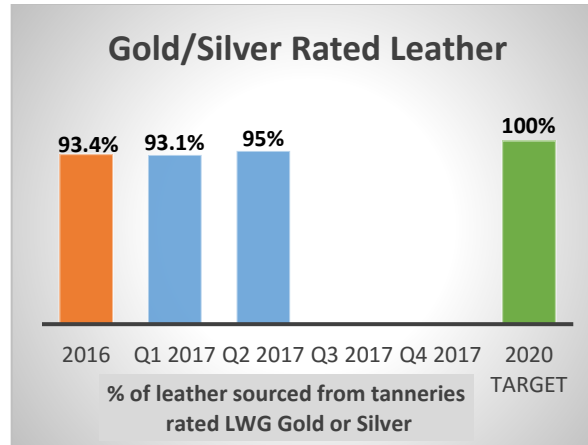
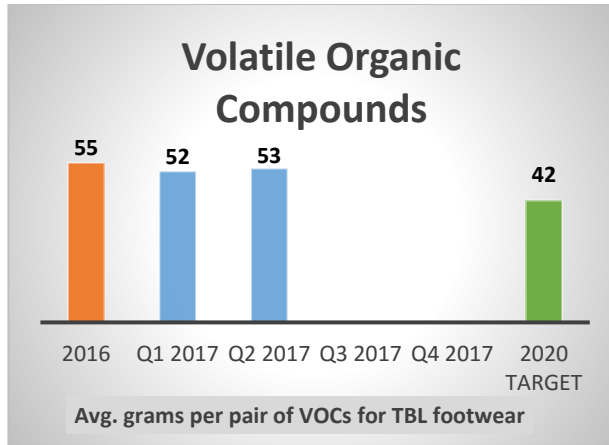


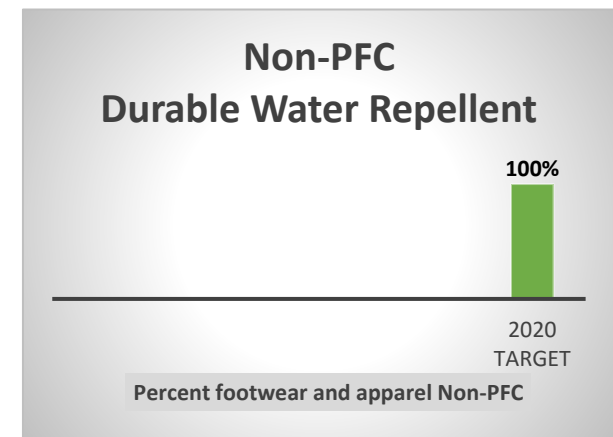
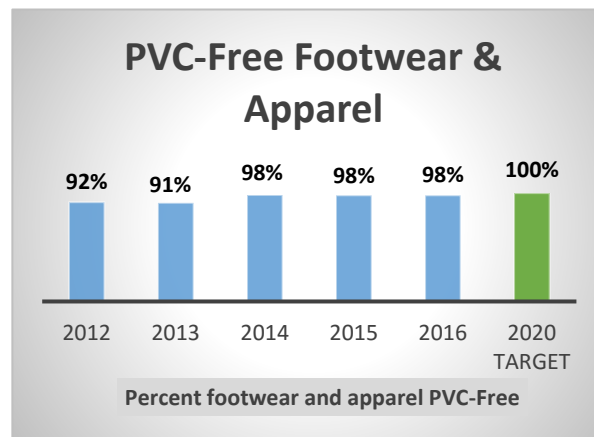
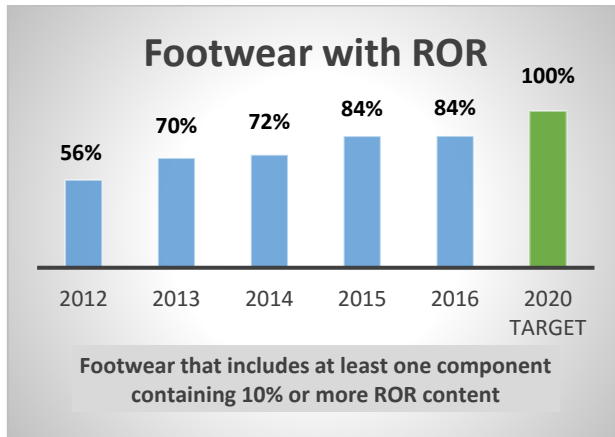


# PRODUCT – Materials

## Quarterly Reported Metrics – Q2 2017 Results



## Annually Reported Metrics – 2016 Results



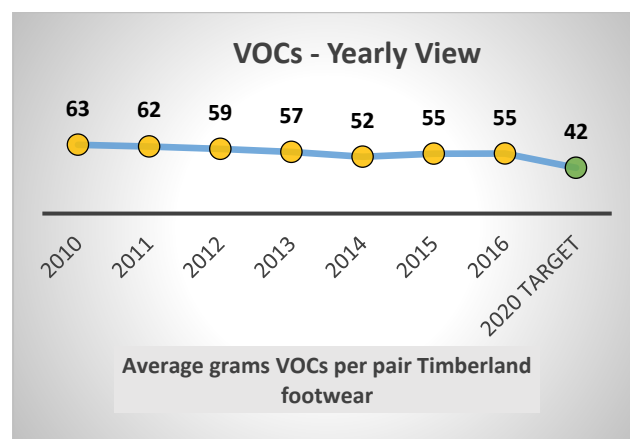
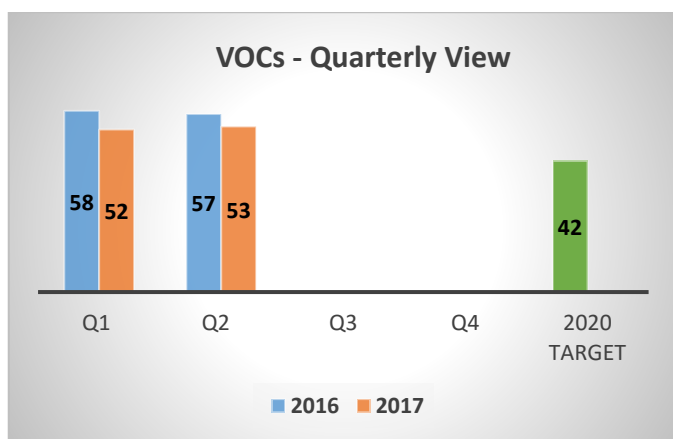
ROR = Recycled, Organic & Renewable material

New metric for 2016

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

## VOLATILE ORGANIC COMPOUNDS

Timberland is committed to using adhesives in our stockfit and assembly shoe manufacturing process that cause less harm to the environment. Traditionally, footwear manufacturers use solvent-based chemicals for gluing, cleaning or painting shoe components. Solvent-based adhesives release volatile organic compounds ("VOCs"), which can create human and environmental health hazards. VOCs are chemical compounds that evaporate easily in normal conditions. Measuring grams of VOCs allows Timberland to account for the overall quantity of VOCs used in the production of our footwear. Disclosing chemical consumption in this manner also allows us to target specific, high VOC-content materials for reduction, substitution or elimination, thereby promoting lower environmental impact and improved working conditions in factories. To facilitate ongoing reduction efforts, engineering reviews are conducted to promote the use of water-based adhesive in the construction and manufacturing of product, while also maintaining the quality and physical integrity of the shoe.

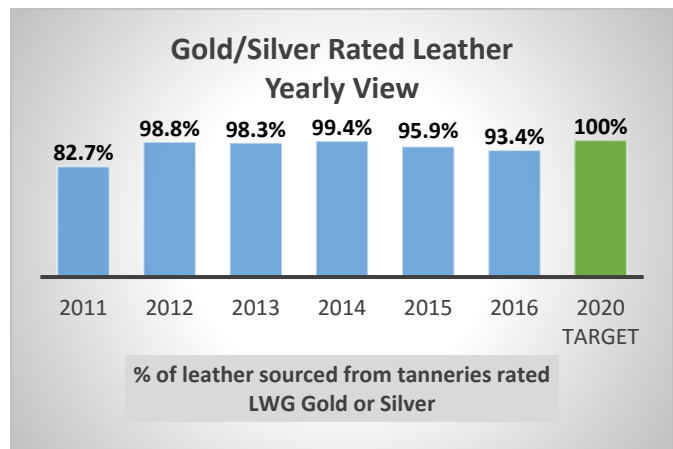


**Q2 2017 Result:** Our average use of VOCs per pair was 53 grams during Q2, which is a 7% improvement over our Q2 2016 result (57 grams/pair). Our Q2 reduction in VOCs was achieved through continued efficiency of VOC usage and can be partly attributed to strategies implemented in our owned-manufacturing facility in the Dominican Republic. These strategies include employee training, better containment of VOC adhesives to prevent evaporation, upgrading VOC application equipment, more targeted application, and increased material pre-treatment processes to minimize the VOC adhesives needed.

While progress has been made over the years, there is still work to be done with our suppliers to improve their chemical management practices further and to identify new alternatives for lower VOC adhesion methods that maintain the necessary performance attributes for our product lines. We remain committed to our goal of averaging 42 grams of VOCs per pair by 2020.

## LEATHER – GOLD/SILVER RATED TANNERIES

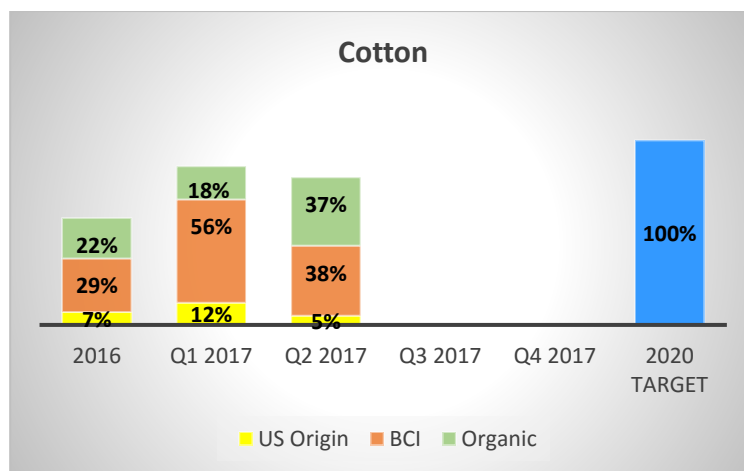
Leather processing is a chemical, water, and energy-intensive process. To ensure the leather we purchase is processed using environmental best practices, all our leather suppliers for footwear and apparel undergo an environmental audit under protocols established by the cross-brand [Leather Working Group \("LWG"\)](#). LWG certification is awarded to tanneries that demonstrate environmental best practices and performance in all areas of leather production, from chemical and water management to energy use and greenhouse gas emissions, to waste management and hide traceability. Tanneries are scored on a scale of Failure, Audited, Bronze, Silver, or Gold. In 2008, Timberland made a public commitment to only source leather for our footwear products from tanneries that have an LWG rating of Silver or Gold. In 2015, we expanded this commitment to include the leather we source for our apparel products and accessories.



**Q2 2017 Result:** At the end of Q2, 95% of our overall leather volume for Timberland footwear, apparel, accessories and licensed products was produced at tanneries that have a Gold or Silver LWG rating. The tanneries from which we source the small volume of leather that is not Gold or Silver-rated continue to work with LWG to achieve certification. We remain committed to our goal to limit production at non-certified tanneries until they achieve Gold or Silver status.

## COTTON

Chemicals used to grow cotton can be detrimental to the health of farmers, and seep into run-off water poisoning lakes, rivers, and waterways. Conventionally grown cotton uses more insecticides and requires significantly more water than organically grown cotton. As such, Timberland has had a longstanding goal of increasing our use of organic cotton year over year. Organic cotton remains our preference; however, when organic cotton is not feasible, we commit to eliminating our use of conventionally grown cotton. Our new 2020 target is for 100% of the cotton used in our apparel products to be from sources utilizing industry-leading environmental best practices. We define such sources as being organic, US-origin or [Better Cotton Initiative](#) ("BCI") certified sources, all of which use less water and fewer insecticides than conventionally grown cotton.



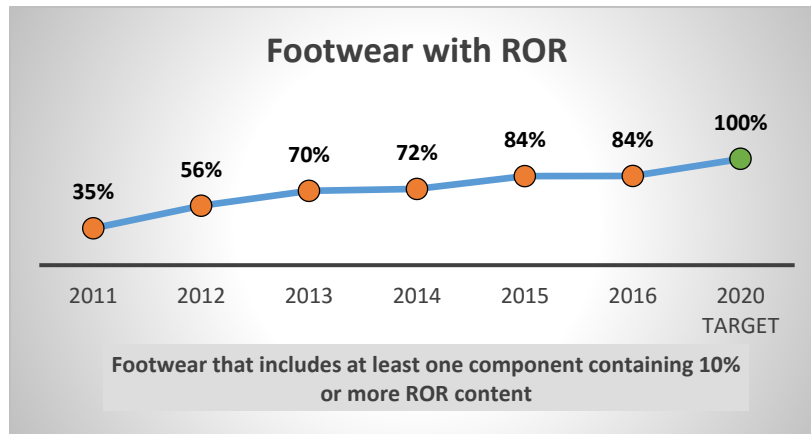
**Q2 Results:** In Q2, 80% of the cotton used in Timberland apparel was either organic (37%), BCI certified (38%) or US-origin (5%) – up from 44% in Q2 2016. Most of our cotton sourced (90%) is for our internal global apparel production. They have increased their use of responsible cotton substantially over prior years, especially their use of organic cotton. The remaining cotton is sourced by our licensees (4%) and Central America apparel operations (6%). As always, we remain committed to our goal of 100% responsibly-sourced cotton by 2020.

## FOOTWEAR WITH RECYCLED, ORGANIC OR RENEWABLE MATERIALS

Since 2008, Timberland has had product development strategies for increasing the use of recycled, organic, and renewable ("ROR") materials in our footwear and set yearly targets to increase the use of these environmentally-preferred materials year over year. Renewable material is defined by Timberland as coming from a fast-growing, plant-based material grown with the efficient use of non-renewable resources – examples of this are hemp and bamboo. Our largest use of ROR in footwear is with recycled polyester ("PET") and recycled rubber.

The chart below reflects the percent of Timberland footwear that is constructed with at least one component made from organic, renewable or recycled materials (with a minimum threshold of 10% recycled content within a component). We are pleased with our progress over the years to increase our use of recycled, organic and renewable materials. While some challenges currently exist in utilizing ROR materials over conventional materials, we are confident that by 2020 every Timberland boot, shoe, and sandal will incorporate ROR materials.

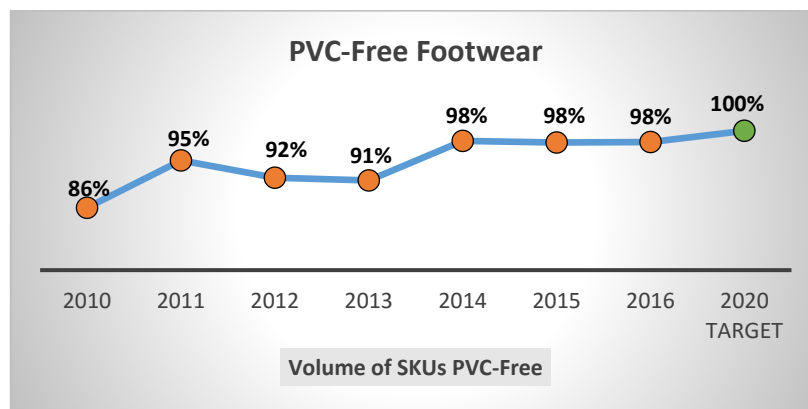
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**2016 Result:** ROR materials were utilized in 83.8% of all Timberland footwear shipped, which is consistent with our 2015 result (83.9%). In 2016, we incorporated over 820,000 pounds of recycled PET into our footwear – the equivalent of 37.7 million plastic water bottles. Since 2009, we have incorporated the equivalent of 270 million plastic water bottles.

### PVC-FREE FOOTWEAR

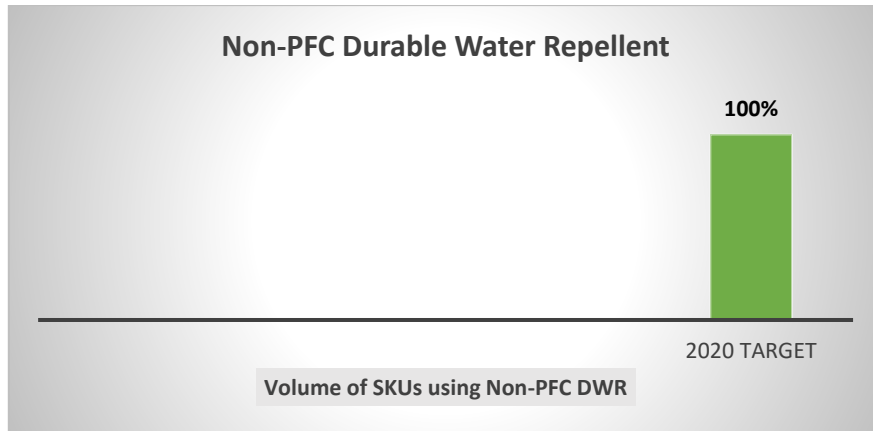
Polyvinyl chloride (PVC) is a polymer used in a wide variety of applications such as construction, plumbing, and cable insulation, and it is also used in the footwear industry. Unfortunately, the use of PVC has some negative aspects associated with its creation and its end of life. Given the human and environmental risks associated with the creation and disposal of PVC, Timberland is committed to phasing out the use of PVC in its products. We are committed to finding and utilizing PVC alternatives where feasible to decrease our use. Our goal is to be 100% PVC-Free.



**2016 Result:** Overall, 2.3% of total pairs shipped in 2016 contained PVC, vs. 2.1% in 2015. We're proud of the progress that we've made over the years to phase PVC out of our footwear. There are stringent performance expectations in certain styles in our PRO product line that cannot be met with current PVC-free alternatives. We continue to seek PVC-Free material substitutions and to review materials and manufacturing equipment updates to allow for further PVC reduction to occur. Additionally, our parent company VF Corporation's Restricted Substances List policy calls for a complete phase-out of PVC use in all products. For more details see their policy at <http://responsiblesourcing.vfc.com/policies-and-standards/>.

## NON-PFC DURABLE WATER REPELLENT

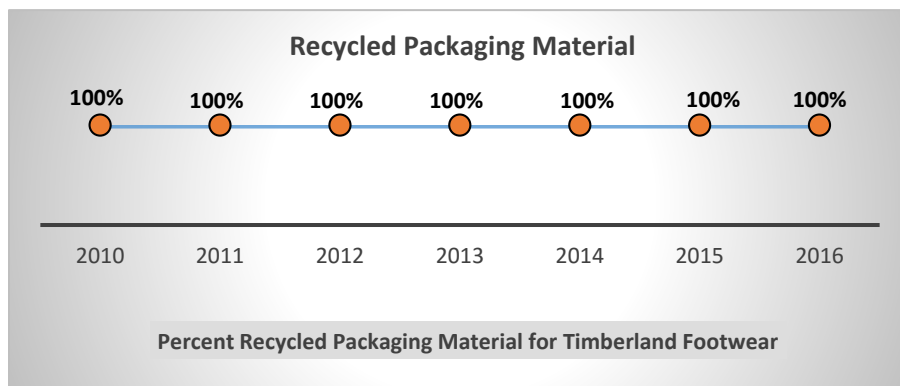
Timberland products are built to protect our consumers from the elements of nature, and waterproofing is of prime importance to outdoor enthusiasts. Durable Water Repellent (“DWR”) is a coating added to fabrics at the factory to make them water-resistant. PFCs (per-fluorinated compounds) are a class of chemical substances found in many DWRs that are potentially hazardous to humans – at the factory level where the waterproofing is applied, as well as to the end user. Timberland is committed to the elimination of all PFCs in our waterproof footwear and apparel. Our end goal is for 100% of our DWRs to be non-PFC. This is a new metric for 2016.



**2016 Result:** This was a new metric for 2016, and we are working to get the right systems in place to track our use of non-PFC DWR. We are aiming to capture the data needed to report on this metric in 2017. We can report, however, that we are on track for 100% non-PFC DWR for our Fall 2018 apparel; and, for much of our footwear applications, non-PFC opportunities have been identified. However, as with PVC, there are stringent performance expectations in certain styles in our PRO product line that cannot be met with current non-PFC alternatives. That said, we remain committed to our 2020 goal to fully phase out PFCs and will continue working with supplier partners, our parent company VF Corporation, and the industry to solve for these remaining challenges.

## RECYCLED PACKAGING

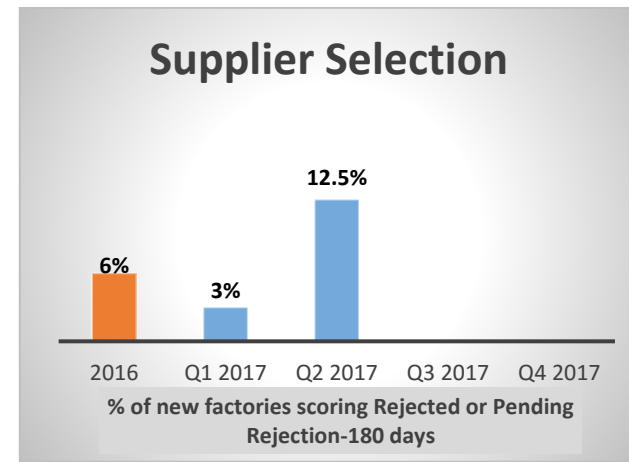
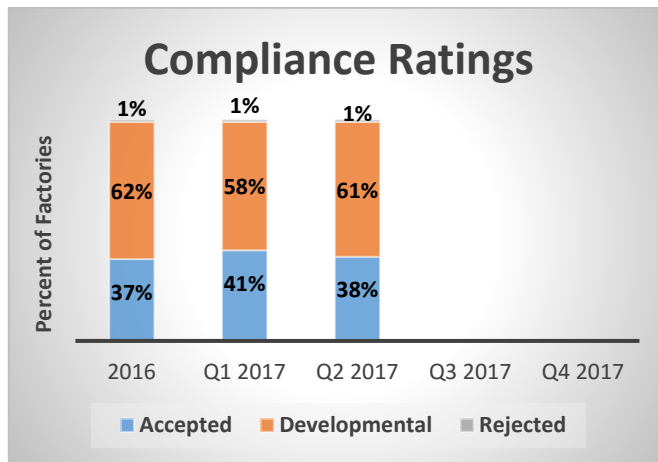
Since 2007, Timberland has been committed to providing responsible packaging for our footwear - beginning first with boxes made from 100% recycled materials (at least 80% post-consumer), using soy-based and sesame-based inks. Starting in 2012 we began using water-based inks.



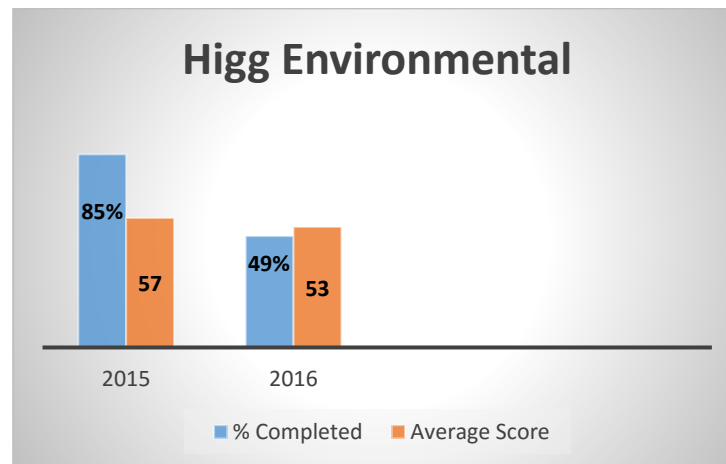


# PRODUCT – Manufacturing

## Quarterly Reported Metrics – Q2 2017 Results



## Annually Reported Metrics – 2016 Results



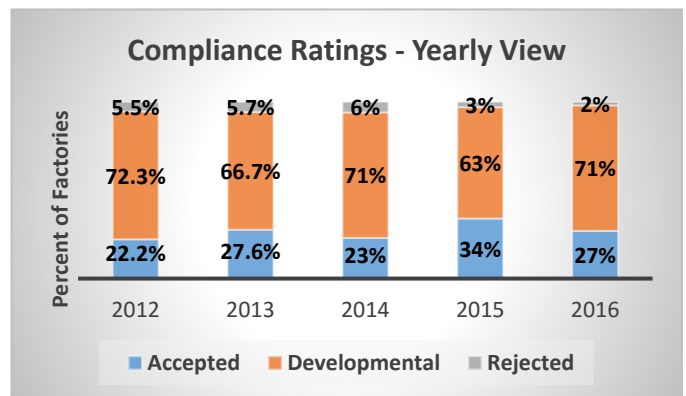
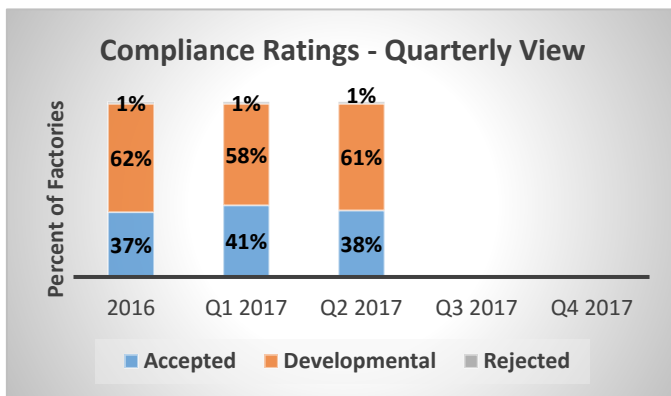
For further details, analysis, and historic data, refer to respective appendices

## FACTORY CONDITIONS – COMPLIANCE RATINGS

Timberland’s longstanding 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](#).



**Q2 2017 Result:** At the end of Q2 2017, there were 352 factories actively producing for Timberland. Broken down by business unit, we have 73 footwear factories, 127 apparel factories, 100 factories producing licensed goods and accessories, 27 tanneries, 12 fabric mills, and 13 independent distributor factories. One hundred thirty-five (38%) were rated Accepted, 213 (61%) were rated Developmental, and 4 (1%) were rated Rejected.

During Q2, VF Compliance conducted 89 audits of Timberland factories. Of these 89 factories, 16 (18%) were rated Accepted, 59 (66%) were rated Developmental, 10 (11%) were rated Pending Rejection, and 4 (5%) were rated Rejected. The factories rated Pending Rejection are working on their corrective action plans and will be re-audited within 6 months. Business with the Rejected factories will be terminated upon completion of current production.

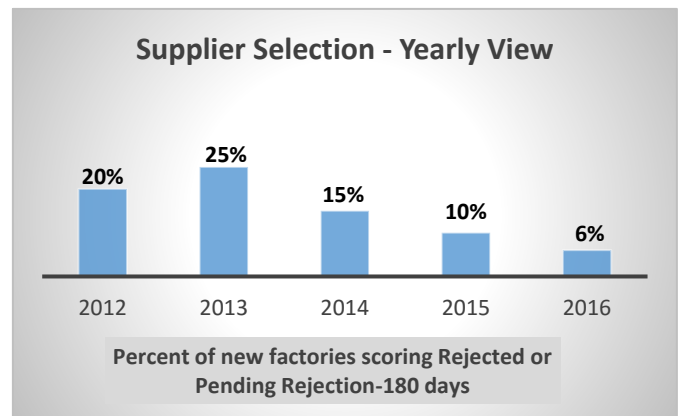
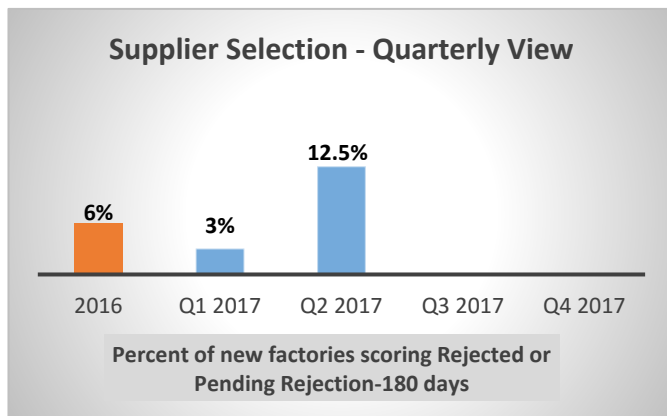
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Timberland believes, along with others in our industry, that factory disclosure and collaboration can create common standards and shared solutions – helping to advance global human rights in all our factories. For this reason, we disclose our factories 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.

## FACTORY CONDITIONS - SUPPLIER SELECTION

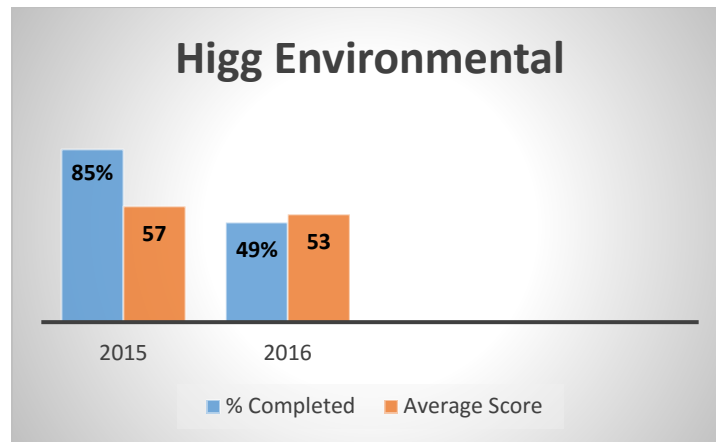
As Timberland’s sourcing managers consider new factories, social compliance performance is an important aspect of their vendor selection pre-screening process. Such pre-screening is accomplished by having factories provide evidence of their social compliance performance by way of recent audits by other 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.



**Q2 2017 Result:** During Q2, 8 new factories were selected to produce for Timberland. Of these 8 factories, 2 (25%) were rated Accepted, 5 (62.5%) were rated Developmental, and 1 (12.5%) was Rejected. The factory that was rejected is no longer being considered for Timberland production.

## HIGG FACILITY ENVIRONMENTAL MODULE

In 2015, VF's Sustainable Operations Team introduced our strategic suppliers to the Higg Facility Environmental Module. The first step is for the factory to complete an online self-assessment, answering questions on seven different components: Environmental Management Systems, Energy Use and Greenhouse Gas Emissions, Water Use, Wastewater/Effluent, Emissions to Air, Waste Management, and Chemical Use and Management. Factories receive a score of 1 to 100. The next step is to have the VF Sustainable Operations Team (or other SAC-approved verifier) verify the factories' scores, by either on-site or off-site evaluation. Scores are aggregated, allowing facilities to benchmark their results against the industry.



**2016 Result:** The Higg Environmental Module is currently being implemented with 49% of our Strategic Supplier factories. Strategic Suppliers are our top volume vendors that collectively represent 75% of Timberland's footwear and apparel production globally. In 2016, we on boarded several new Strategic Suppliers in the CASA region, none of which were able to implement Higg during 2016. In 2017, the goal is to have all Strategic Suppliers globally complete the self-assessment and to have those scores verified by VF's Sustainable Operations Team.

The Higg Facility Social and Labor Module is still in the Beta testing phase. Once completed, we will roll out to our largest manufacturers.