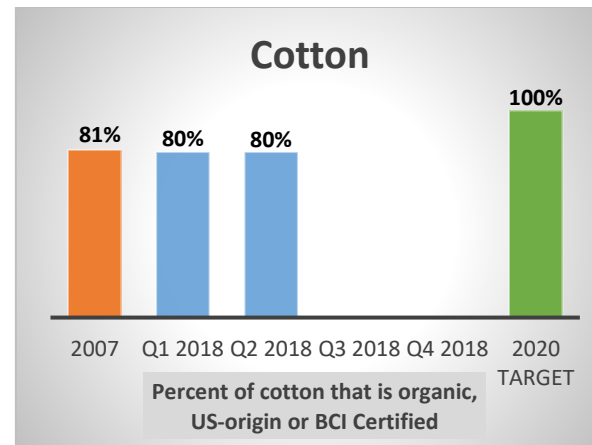
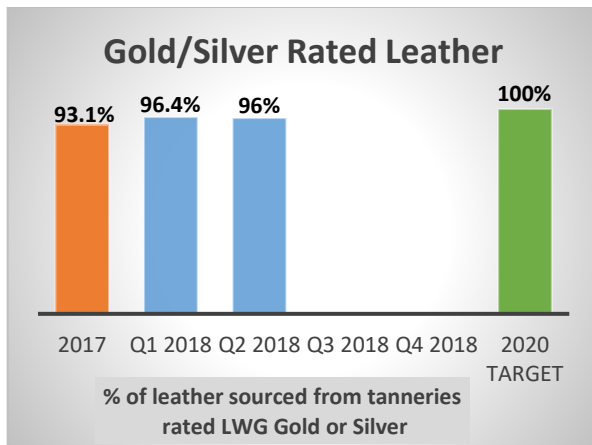
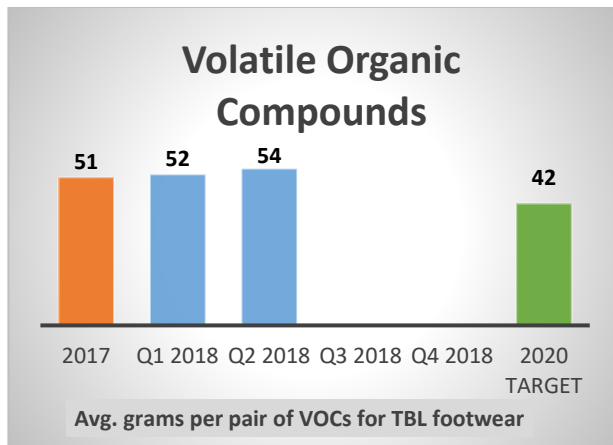


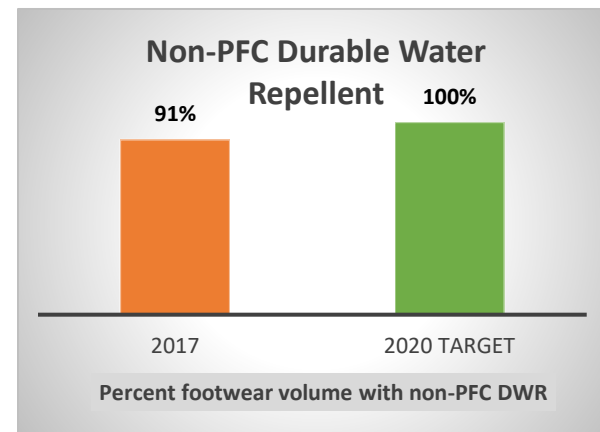
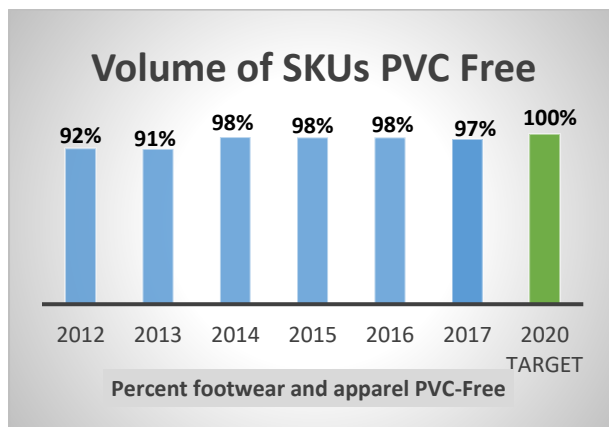
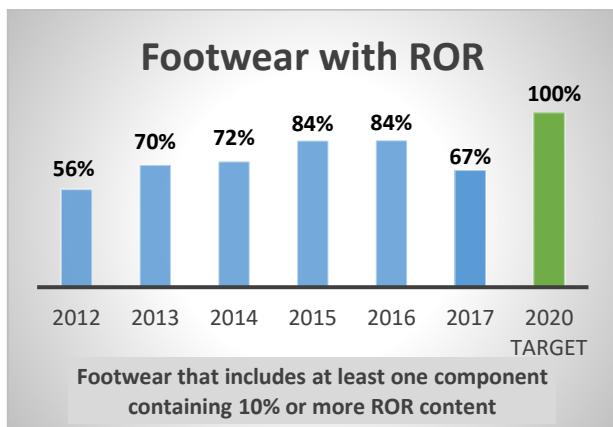


# PRODUCT – Materials

## Quarterly Reported Metrics – Q2 2018 Results



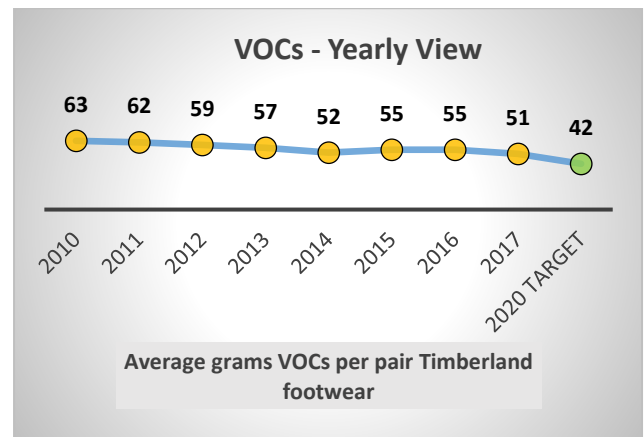
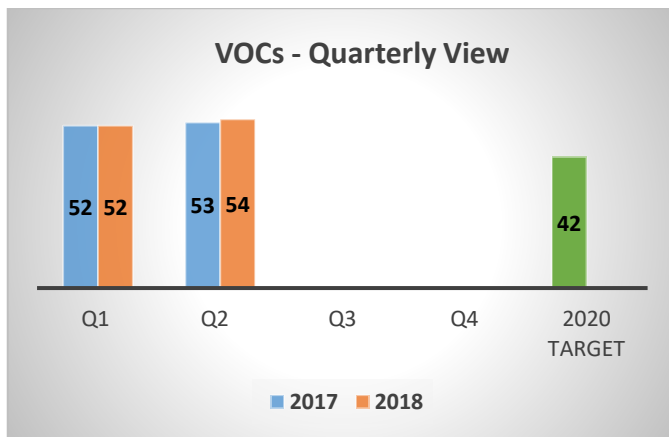
## Annually Reported Metrics – 2017 Results



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.

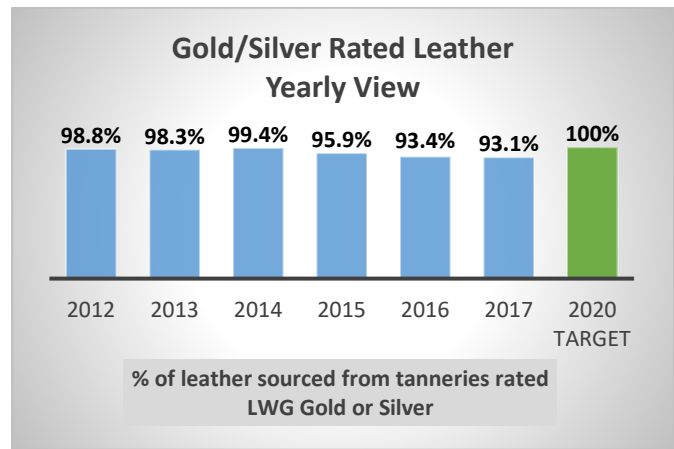
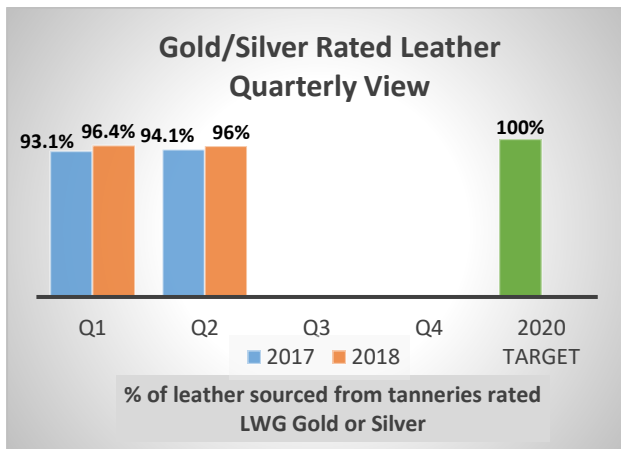


**Q2 2018 Result:** Our average use of VOCs per pair was 54 grams during Q2, which is a slight increase over our Q3 2017 result (53 grams). Strategies implemented in our owned-manufacturing facility in the Dominican Republic have enabled us to keep our VOC usage to a minimum. These strategies include 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, water and waste management to energy use and hide traceability. Tannery environmental audit performance is scored on a scale of Audited, Bronze, Silver, or Gold, with separate percentage scores awarded for the degree of hide traceability. 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.

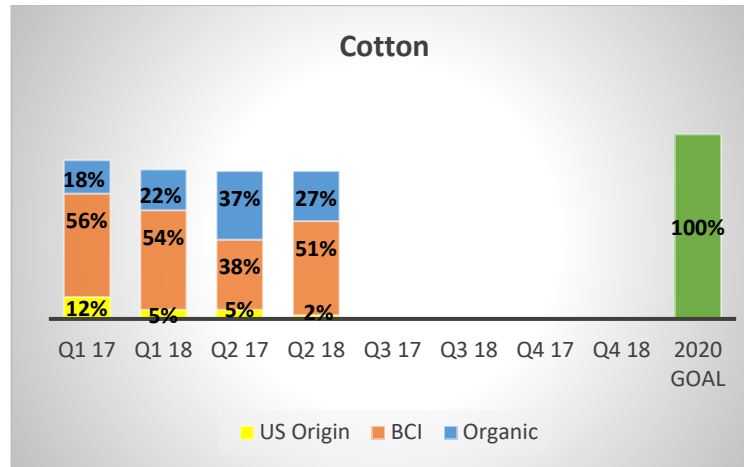


**Q2 2018 Result:** During Q2 2018, 96% of our overall leather volume used for Timberland footwear, apparel, accessories and licensed products was produced at tanneries that have a Gold or Silver LWG rating. When looking at leather used during Q2 for Timberland footwear only, 98.4% came from tanneries rated Gold or Silver.

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, accessories and licensed goods to be sourced more sustainably than conventional cotton. This includes cotton that is Certified Organic, Recycled or Fairtrade; of US-origin; or sourced as Better Cotton through the [Better Cotton Initiative](#) ("BCI").



**Q2 2018 Result:** In Q2, 80% of the cotton used in Timberland apparel, accessories and licensed goods was either organic (27%), BCI certified (51%) or US-origin (2%). Our global apparel production, which accounts for 89% of all cotton sourced, has significantly increased their use of responsible cotton. During Q2, 95% of their cotton used was either organic, BCI certified, or US origin. As always, we remain committed to our goal of 100% responsibly-sourced cotton by 2020.

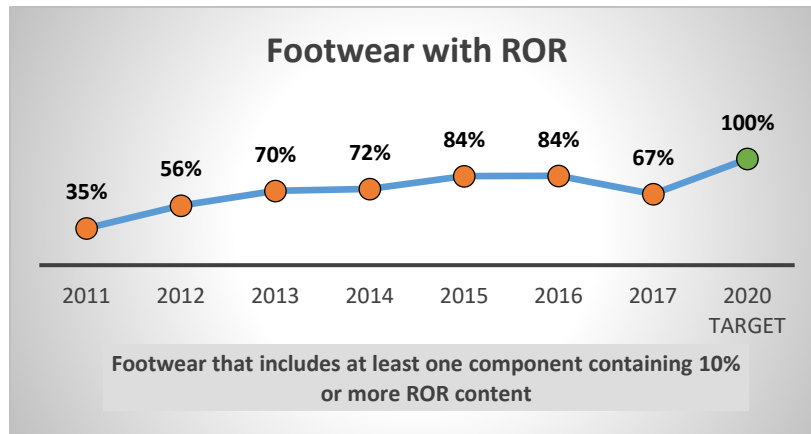
## FOOTWEAR WITH RECYCLED, ORGANIC OR RENEWABLE MATERIALS

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% ROR 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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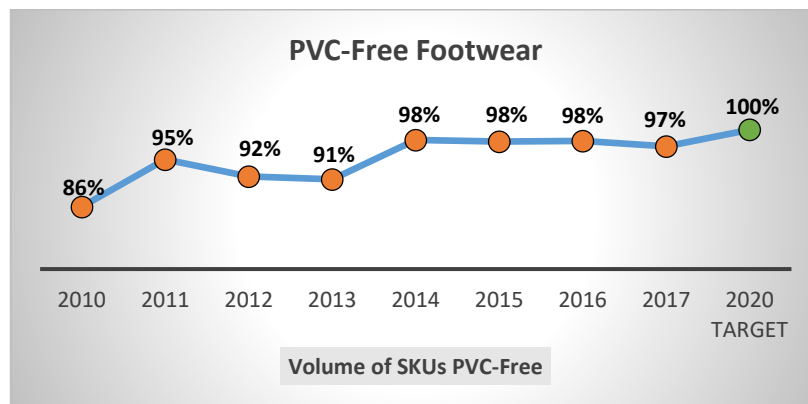


**2017 Result:** In 2017 we changed our method of reporting our use of ROR materials. From 2011 to 2016 we included all materials, including those used in minor components such as webbings, trims and labels. To drive focus toward using ROR content in more significant components of our footwear, we are no longer including these minor components. As such, significant materials with at least 10% ROR content were used in 67% of all Timberland footwear shipped. Though this appears to be a reduction in ROR usage, our use of recycled PET increased by the equivalent of 3 million plastic bottles. In 2017, we incorporated over 890,232 pounds of recycled PET into our footwear – the equivalent of 40 million plastic water bottles.

We are confident we will still be able to hit our 2020 goal with these more stringent requirements and believe this change in reporting will lead to increased overall usage of ROR content across our business.

### 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.

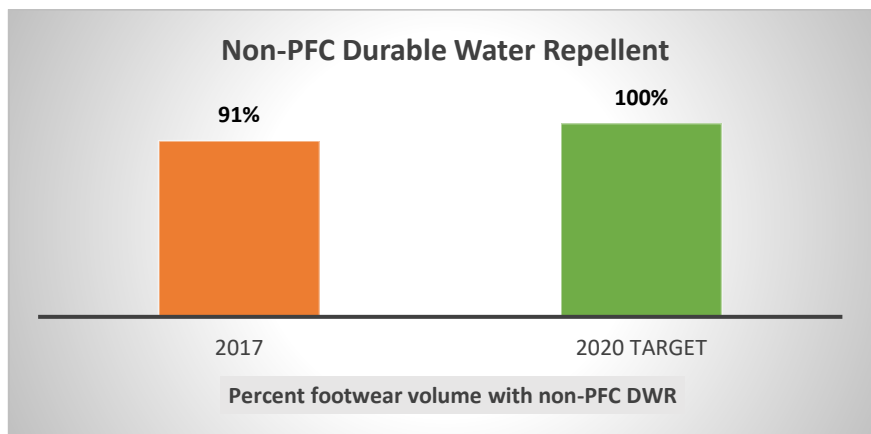


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**2017 Result:** In 2017, 3% of total footwear shipped contained PVC, vs. 2.3% in 2016. While not yet at 100%, we are proud of the progress that we've made over the years to phase PVC out of our footwear. There are stringent performance expectations 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.

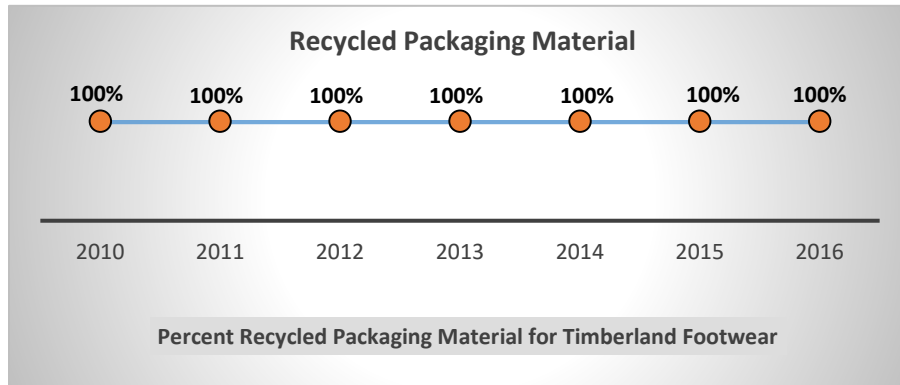


**2017 Result:** Although this is our first time reporting on our Non-PFC DWR status, it is not our first year working towards this goal. We have made significant efforts to eliminate PFC-based DWR treatments from our top volume waterproof leathers, and are excited to report our success this year. Our remaining products with PFC-based DWRs have specific performance requirements that, to-date, can only be achieved with PFC-based chemistry. We are actively researching and engaging chemical suppliers with the goal of identifying Non-PFC chemistry innovations that can achieve the required performance attributes for these products.

We are still collecting the data for non-PFC DWR in apparel fabric and will update the above chart once this has been finalized.

## RECYCLED PACKAGING

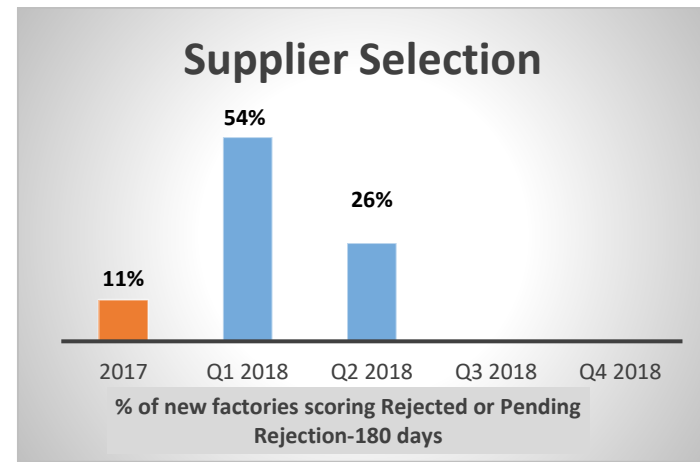
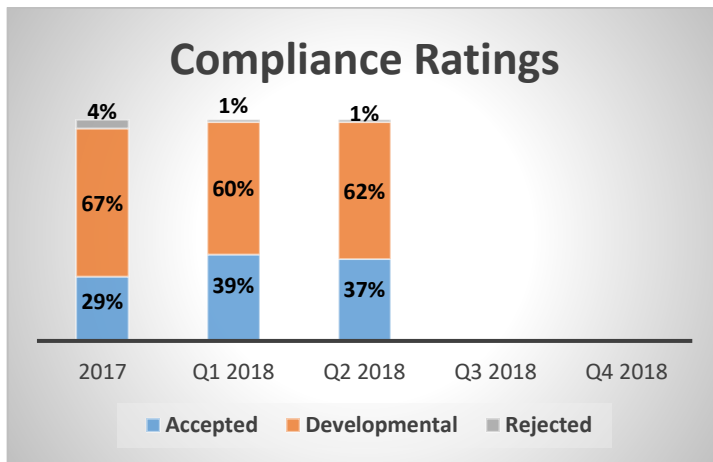
Since 2007, Timberland has been committed to providing responsible packaging for our footwear - beginning first with boxes made from 100% recycled materials (at least 80% post-consumer), using soy-based and sesame-based inks. Starting in 2012 we began using water-based inks.



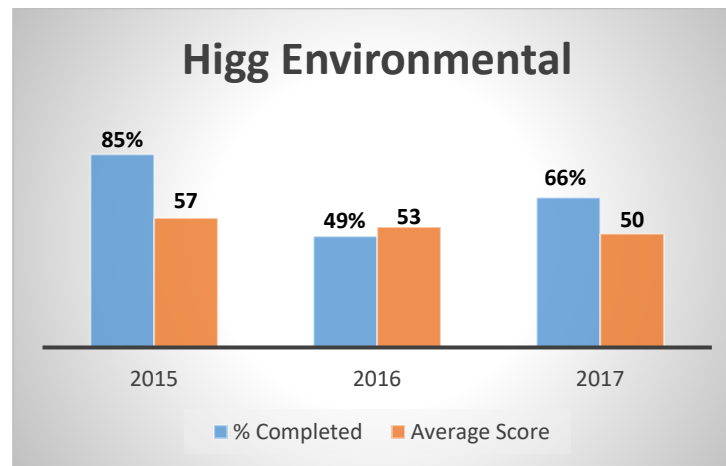


# PRODUCT – Manufacturing

## Quarterly Reported Metrics – Q2 2018 Results



## Annually Reported Metrics – 2017 Results



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



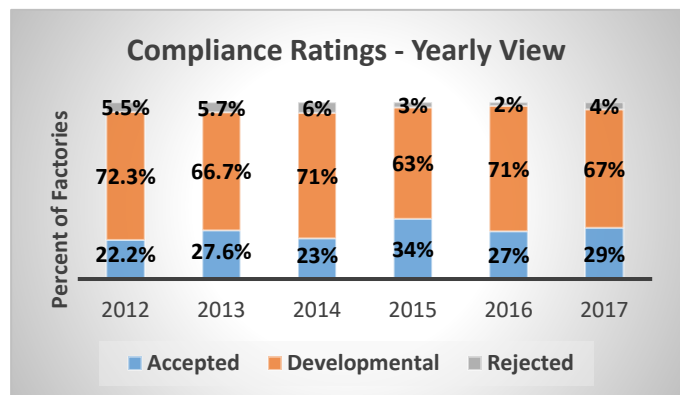
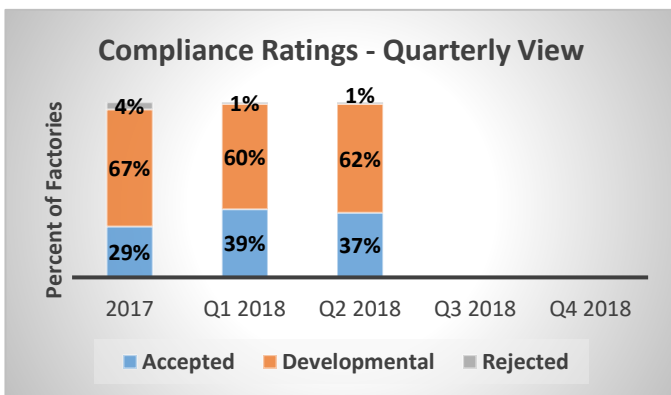
## FACTORY CONDITIONS – COMPLIANCE RATINGS

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 12 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.

In 2017, VF Compliance began auditing Tier 2 suppliers (textile mills, outsole factories, and tanneries) for life safety issues. Life Safety Audits cover Legal Business Practices, Child Labor, Forced Labor, Health and Safety, Monitoring and Compliance, Worker Residence and Environment. Metrics below include results of both standard compliance audits and life safety audits.

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



**Q2 2018 Result:** At the end of Q2 2018, there were 427 factories actively producing for Timberland. Broken down by business unit, this equates to 54 footwear factories, 156 apparel factories, 107 factories producing licensed goods and accessories, 31 tanneries, 70 fabric mills and component suppliers, and 9 independent distributor factories. One hundred sixty-two (37%) were rated Accepted, 264 (62%) were rated Developmental, and 1 (1%) was rated Rejected.

VF Compliance audited 134 Timberland factories during Q2. Of these 134 factories, 35 (26%) were rated Accepted, 72 (54%) were rated Developmental, 21 (16%) were rated Pending Rejection, and 6 (4%) were rated Rejected. The factories rated Pending Rejection are working on their corrective action plans and will be re-audited within 6 months. New orders with the Rejected factories are on hold until the factories are re-audited and a favorable rating is attained, or production is relocated to another factory.

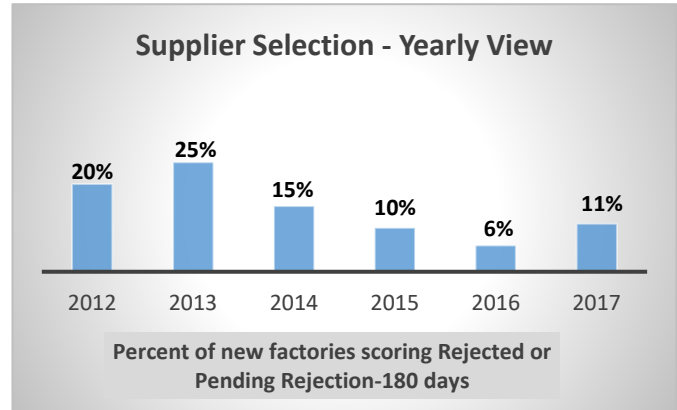
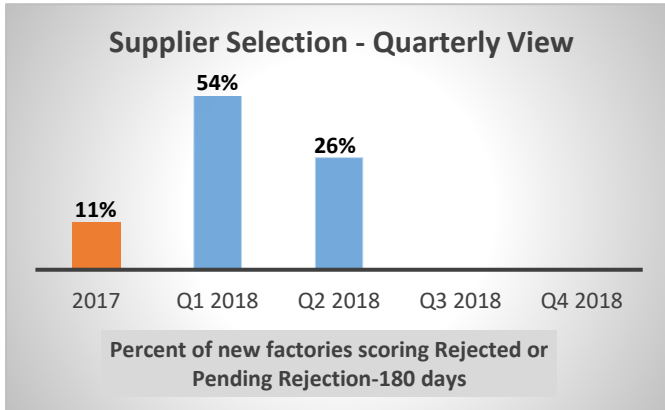
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Timberland believes, along with others in our industry, that factory disclosure and collaboration can create common standards and shared solutions – helping to advance global human rights in all our factories. For this reason, we disclose our factories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

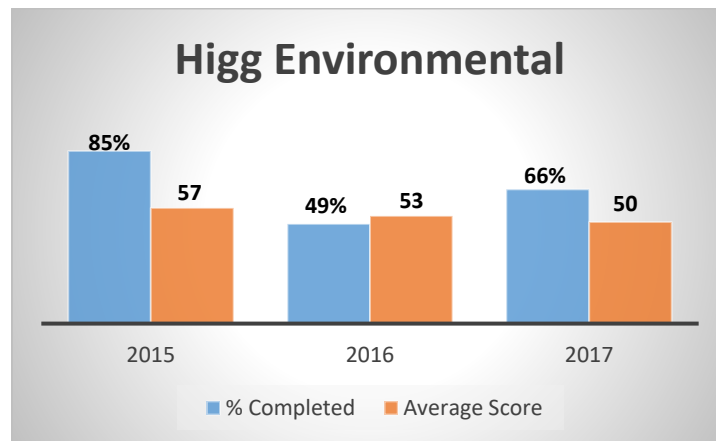


**Q2 2018 Result:** During Q2, 50 new factories were selected to produce for Timberland. Of these 50 factories, 10 (20%) were rated Accepted, 27 (54%) were rated Developmental, 9 (18%) were rated Pending Rejection-180 days, and 4 (8%) were rated Rejected. The nine factories rated Pending Rejection will be re-audited in 6 months. If sufficient improvements have not been made, they will be Rejected and no longer approved to produce for Timberland. Alternative sources will be found for the factories that were rated Rejected.

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## 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.



**2017 Result:** As of the end of 2017, 66% of Timberland Strategic Supplier factories had participated in the Higg Environmental Module. Strategic Suppliers are VF's top volume factories that collectively represent 80% of global production for footwear and apparel. The average score for Timberland Strategic Suppliers that have done the self-assessment is 50, as shown in the chart above.

Once a factory completes the self-assessment, a member of VF's Sustainable Operations Team visits the factory to verify their score. The average score of verified factories was 54.

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