



Recycled Poly



Green Bond Impact Report

FEBRUARY 2021



OUR COMMITMENT TO SUSTAINABILITY

The better we perform, the more resources we'll have to activate our purpose, thereby creating added value for all our stakeholders. As one of the world's largest apparel, footwear and accessories companies, we also strive to be a leader in seamlessly uniting sustainability and business value.

Our purpose is to power movements of sustainable and active lifestyles for the betterment of people and our planet. How we deliver on our purpose is outlined in our Sustainability & Responsibility Strategy — *Made for Change*. From how we source our materials to where we manufacture our products and how we distribute them, we're committed to being a powerful force for good.

Our inaugural green bond — the first issued in the apparel and footwear industry — is an important step in the journey to implement our Made for Change strategy and fully integrate business excellence with actions that improve people's lives and protect our planet. The use of proceeds from the green bond has already enabled us to expand our work in three areas core to our business that can also deliver positive environmental impacts:



**SUSTAINABLE
PRODUCTS &
MATERIALS**



**SUSTAINABLE
OPERATIONS &
SUPPLY CHAIN**



**NATURAL
CARBON SINKS**

VF Corporation is a purpose-led, performance-driven enterprise. For us, doing business responsibly and sustainably isn't a choice between delivering financial value for our shareholders or environmental and social value for other stakeholders. We believe in making them inextricably linked.



The report covers the full allocation of the net proceeds from the green bond and the 13 projects they support. The following pages outline project examples from the use of our green bond proceeds.

At VF, we embrace accountability. It's in that spirit that we offer this report. We hope it inspires others in our industry and beyond to pursue initiatives that deliver value for all stakeholders.

VF CORPORATION'S GREEN BOND

Green bonds are used to support projects that advance sustainability initiatives and reduce environmental impacts.

VF allocated an amount equivalent to the proceeds from the bond to help fund key initiatives within Made for Change. The green bond was prepared in accordance with the **ICMA Green Bond Principles (GBP) 2018**. Our **Green Bond Framework** was reviewed by Sustainalytics, a leading global provider of sustainability research and services, which issued a **Second-Party Opinion** declaring that the framework is credible and impactful.

ELIGIBLE GREEN BOND PROJECT CATEGORIES

We performed a three-year look-back of project spend to determine our use of proceeds that are included in the three eligibility categories outlined in our Green Bond Framework.

Sustainable Products & Materials



- Purchases made directly or via our intermediary suppliers and product vendors of fabric containing at least 50% recycled-content nylon and polyester, fabric in which the cotton content consists of organic-certified cotton or cotton verified by the Better Cotton Initiative, or materials containing at least 80% recycled-content paper and corrugate for use in our products and packaging;
- Innovation expenditures and other investments that directly contribute to building the systems to create more circular product designs; and
- Investments in packaging reduction or elimination initiatives.



Sustainable Operations & Supply Chain



- Investments in projects to improve energy efficiency and/or reduce the greenhouse gas emissions footprint of our operations and supply chain, achieve zero-waste status for our distribution centers or improve the wastewater quality across our supply chain;
- Investments in or expenditures on the acquisition, development, construction and/or installation of renewable energy production units or energy storage units; and
- Investments in sustainable building design features, and in buildings that receive a third-party verified certification of LEED Platinum, LEED Gold, or BREEAM Very Good or higher.



Natural Carbon Sinks



- Investments in reforestation conservation projects;
- Investments in regenerative farming, grazing and ranching practices; and
- Investments in other projects that are designed to create and restore natural sources of carbon capture.



GREEN BOND ALLOCATION

13
PROJECTS

€493,293,525
GREEN BOND
NET PROCEEDS

SPEND BY CATEGORY



**RECYCLED
MATERIALS**

€243,527,977



**SUSTAINABLE
COTTON**

€162,817,573



**GREEN
BUILDING**

€83,298,781



**ENERGY
EFFICIENCY**

€2,534,143



REFORESTATION

€1,115,051

ENVIRONMENTAL BENEFITS



37,000 MT
preferred materials
purchased²



970,500 m³
water saved annually



15,495,389
kWh

renewable energy used
in VF EMEA facilities



2,000,000
trees planted



16,000 MT
CO₂e avoided annually
through the procurement
of preferred materials¹



180,202 ft²
LEED Platinum office
space at the Vans® brand
Costa Mesa HQ



7,735 MT
CO₂e avoided in VF EMEA
through renewable energy
purchases



9,719
farmers trained



28,000 MT
CO₂e sequestered

¹ The VF definition of preferred materials includes all cotton purchased under a sustainability scheme, recycled polyester, recycled nylon and recycled paper/corrugate.

² The CO₂e impact calculations relating to preferred materials take into account organic cotton, recycled polyester, recycled nylon and recycled paper.

FEATURED GREEN PROJECTS

The following projects demonstrate VF's net use of proceeds from our inaugural green bond and illustrate the positive impacts they're delivering.

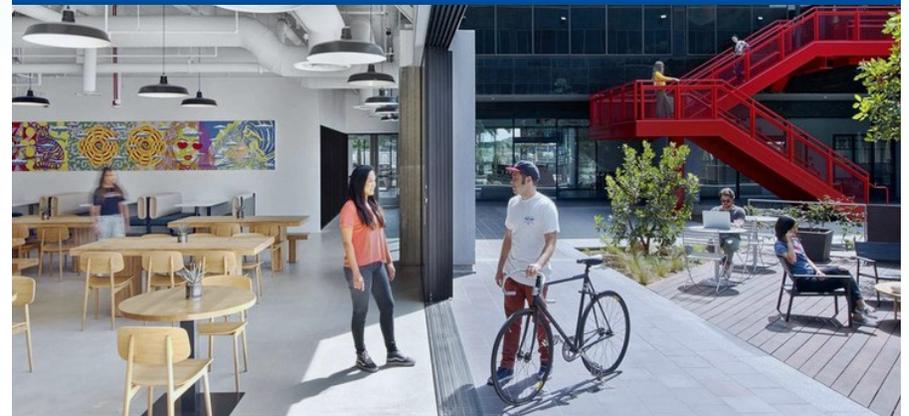
INCORPORATING GREEN DESIGN FEATURES INTO OUR BUILDINGS

VF owns and operates approximately 1,400 facilities around the world. These buildings account for more than 80% of our operational (Scope 1 & 2) greenhouse gas emissions. As such, they present a clear opportunity to reduce our environmental footprint by using innovative, efficient and financially responsible green building design strategies. Under our **Green Building Policy**, published in 2017, we require, at a minimum, that all headquarter facilities achieve LEED Platinum certification, all distribution centers achieve LEED Gold certification and all owned-manufacturing facilities meet LEED Silver building design criteria or certification. The use of proceeds from our green bond enabled us to further implement of this policy through investments in sustainable building design features.

Green buildings are a great example of how environmental sustainability and smart business go hand in hand. These facilities don't just reduce our environmental impact; they lower maintenance and utility costs and offer healthier spaces for our associates and consumers. Energy modeling and improving a building's energy efficiency bring down costs. And removing air-borne contaminants, increasing fresh air and expanding natural lighting have been shown to improve building occupants' physical and mental health, overall productivity and well-being.



The **Vans**® brand headquarters in Costa Mesa, California, showcases the many benefits of green buildings. The facility's LEED Platinum certification — the highest level available through the U.S. Green Building Council — was completed in 2017. The office includes a one-megawatt carport solar array¹ that generates approximately 50% of the facility's energy needs. We expect this clean onsite energy supply to save an estimated 60,000 metric tons of CO₂e over a lifespan of 20+ years. The facility also features electric vehicle charging stations, drought-tolerant landscaping and Forest Stewardship Council (FSC) certified wood. The building was designed to celebrate the four pillars of **Vans**® purpose — art, music, action sports, and street culture and fashion — fostering an atmosphere of collaboration and innovation.



¹The carport solar array has been temporarily removed during the construction of additional buildings at the **Vans**® brand headquarters.

USING RECYCLED MATERIALS AND CIRCULAR DESIGNS

As of fiscal year 2019, nearly 50% of VF's Scope 3 greenhouse gas emissions are associated with the extraction and processing of raw materials. By taking a circular design approach that increases the use of recycled materials and innovative solutions, we can lower our carbon footprint while creating business and consumer value. As part of Made for Change, VF has set a public goal of sourcing 50% of the nylon and polyester we use from recycled materials by 2025. As of fiscal year 2019, 17% of our nylon and polyester procurement is recycled, putting us on track to achieve our 2025 goal. This success has flowed from the implementation of our internal sustainable materials strategy and brand-specific materials goals. The use of proceeds from our green bond contributed to the procurement of recycled and sustainable materials.



In 2020, the **Napapijri**® brand launched its Circular Series, the brand's first-ever collection of 100% recyclable jackets. The product line includes three jackets — Circular Anorak, Circular Rainforest and Circular Puffer — that are all manufactured using ECONYL® regenerated nylon, which is made from such waste materials as discarded fishing nets. **Napapijri**® has gained worldwide recognition for its innovative product launch. The Cradle to Cradle Products Innovation Institute, for example, granted the brand its Cradle to Cradle Certified™ Gold recognition — the world's most advanced standard for the use of safe, circular and responsible materials.



SOURCING SUSTAINABLY GROWN MATERIALS

One of VF's top priorities is increasing our procurement of sustainably grown raw materials and advancing the adoption of responsible land stewardship throughout our global supply chain. As part of this effort, we engage with and support initiatives that promote sustainable growing practices in the cotton industry, and we've set an ambitious goal to source only cotton that's grown in the U.S. or Australia, or under a sustainability scheme such as the Global Organic Textile Standard. The use of proceeds from our green bond included purchases of sustainable cotton. Our brands have distinct and individual initiatives that align with VF's sustainability efforts. For example, *The North Face*® brand has launched multiple collections featuring responsibly sourced materials, such as sustainable cotton and Climate Beneficial™ wool. *The North Face*®'s Men's Arroyo Flannel Shirt was made with 100% organic cotton, and the brand's Backyard Project Cali Wool collection featured Climate Beneficial™ wool from a ranch in Northern California, where sheep are raised using responsible land practices that sequester carbon dioxide and improve soil health.





This photo is from the Smallholder Farmers Alliance, Haiti.

SUPPORTING TREE PLANTING AROUND THE WORLD

In the fight against climate change, nature itself offers some of the most powerful solutions. Forests and other natural carbon sinks draw carbon from the atmosphere and store it in the ground. Since 2001, the *Timberland*® brand has partnered with leading non-profit organizations to revitalize forests and bring jobs, cleaner air and hope to communities around the world. The use of proceeds from our green bond helped fund this work. *Timberland*® has planted more than 10 million trees to date. After achieving its 2020 goal two years early, the brand set a new target to plant an additional 50 million trees by 2025. To achieve this goal, *Timberland*® works with organizations around the world, including:

Green Network

In Inner Mongolia, the *Timberland*® brand and Japanese NGO Green Network have planted 2.85 million trees in the Horqin Desert. The trees help to stabilize the land, allow for a recovery of the grasslands and local agriculture, and reduce the impact of sandstorms blowing into other Asian regions such as Japan, Taiwan and Korea. *Timberland*® is also engaged in educating local villagers on the benefits of tree planting and how to protect newly planted shrubs from cattle grazing.

TreeAid

In Mali, the *Timberland*® brand has partnered with the NGO TreeAid to establish nurseries and reforestation initiatives. The effort in the Koulikoro Region is part of the Great Green Wall, an urgent movement to grow an 8,000-kilometer line of trees across the entire width of Africa to fight climate change, drought, famine, conflict and migration. *Timberland*® has also partnered with the United Nations Convention to Combat Desertification and Connect4Climate to help grow this new world wonder.

Las Lagunas Ecological Park

In the Dominican Republic, the *Timberland*® brand has worked with the Las Lagunas Ecological Park to grow new tree seedlings which are distributed to local communities in Santiago. The grown trees provide shade, clean the air and offer fresh fruit to community members. The brand also sends volunteers to work with Las Lagunas on greening projects throughout the year.

Second-Party Opinion

VF Corporation Green Bond Framework

Evaluation Summary

Sustainalytics is of the opinion that the VF Corporation Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Sustainable Products & Materials, Sustainable Operations & Supply Chain and Natural Carbon Sinks – are aligned with recognized categories of the Green Bond Principles 2018, namely eco-efficient and/or circular economy adapted products, production technologies and processes, renewable energy, energy efficiency, green buildings, sustainable water, pollution prevention and control, and environmentally sustainable management of living natural resources and land use. Sustainalytics considers that the eligible categories will lead to positive environmental impacts and advance key UN Sustainable Development Goals, particularly Goals 7, 9, 12, and 15.



PROJECT EVALUATION / SELECTION VF Corporation's Global Responsible Sourcing & Sustainability Team will evaluate and determine project eligibility and is responsible for recommending the allocation of proceeds to the VF Finance department. This is in line with market practice.



MANAGEMENT OF PROCEEDS

The proceeds from the Green Bond issuances will be allocated and managed by VF Corporation's Finance department. The department will track the allocation of proceeds in accordance with its internal systems. Pending allocation, net proceeds may be temporarily invested and/or held in cash or other short-term and liquid instruments, used to repay other borrowings, or other general corporate purposes until full allocation. This is in line with market practice.



REPORTING VF Corporation has committed to providing allocation reporting, including disbursements towards Eligible Projects, and impact reporting, including relevant key performance indicators where feasible; reporting will be made available on VF Corporation's website on an annual basis until full allocation. The reports will also be accompanied by management assertion regarding the amounts or percentages allocated to each Eligible Category, and a report by an external auditor on the examination of such assertion. This is in line with market practice.

This is an excerpt from the Sustainalytics Second-Party Opinion declaring the [VF Corporation Green Bond Framework](#) is credible and impactful. [View Sustainalytics' full report.](#)



Evaluation date	February 18, 2020
Issuer Location	Denver, CO, United States

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Report of Independent Accountants

To the Management of VF Corporation,

We have examined the accompanying management assertion of VF Corporation (“VF” or the “Company”) that an amount equal to the net proceeds of €493,293,525 from the February 18, 2020 issuance of the 0.250% Senior Notes due February 25, 2028 (the Senior Notes) was allocated to qualifying Eligible Projects in accordance with the Eligible Project Criteria in VF’s Green Bond Framework. VF’s management is responsible for its assertion. Our responsibility is to express an opinion on management’s assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management’s assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management’s assertion. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management’s assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management’s assertion that an amount equal to the net proceeds of €493,293,525 from the February 18, 2020 issuance of the 0.250% Senior Notes due February 25, 2028 (the Senior Notes) was allocated to qualifying Eligible Projects in accordance with the Eligible Project Criteria in VF’s Green Bond Framework is fairly stated, in all material respects.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

Greensboro, North Carolina
January 29, 2021

*PricewaterhouseCoopers LLP, 800 Green Valley Road, Suite 500, Greensboro, NC 27408
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Management's Assertion Regarding VF Corporation's Green Bond Use of Proceeds including Sustainable Products and Materials, Sustainable Operations and Supply Chain, and Natural Carbon Sinks

VF Corporation (VF) is responsible for the completeness, accuracy and validity of the following VF's Green Bond Use of Proceeds for Eligible Projects as of December 31, 2020. Management asserts that an amount equal to the net proceeds of €493,293,525 from the February 18, 2020 issuance of the 0.250% Senior Notes due February 25, 2028 (the Senior Notes) was allocated to qualifying Eligible Projects in accordance with the Eligible Project Criteria in VF's Green Bond Framework.

VF Green Bond Eligible Projects and Eligible Project Criteria

Eligible Projects include new, existing and prior investments made by VF during the period from three years prior to the date of issuance of the Senior Notes through the maturity date of such Notes, in the following categories: sustainable products and materials, sustainable operations and supply chain, and natural carbon sinks. As discussed in the Use of Proceeds section of the Senior Notes, the following Eligible Project Criteria were applied:

VF Green Bond Eligible Projects	VF Green Bond Eligible Project Criteria ¹
Sustainable Products and Materials	<p>Investments that contribute to the use or development of innovative and more sustainable materials and/or sustainable packaging solutions.</p> <p>For purposes of this assertion, sustainable materials and/or sustainable packaging are defined as:</p> <ul style="list-style-type: none"> • Fabric containing at least 50% recycled nylon or recycled polyester per the supplier invoice and sustainable product certification • Material containing at least 80% recycled paper and corrugate per the supplier invoice and sustainable product certification • Fabric and purchases containing Better Cotton Initiative (BCI) cotton and organic cotton per the supplier invoice and sustainable product certification
Sustainable Operations and Supply Chain	<p>Investments that enhance the sustainability of and reduce the greenhouse gas (GHG) footprint within our operations and supply chain.</p> <p>For purposes of this assertion, sustainable operations and supply chain are defined as:</p> <ul style="list-style-type: none"> • EMEA Green Energy Agreements per the supplier invoice and energy agreement • Vans HQ LEED Building per the supplier invoice and LEED certification • Energy upgrades - Santa Fe Springs DC and Corona DC per the supplier invoice and energy efficiency specifications • Lighting Control System - Taiwan and Hong Kong Offices per the supplier invoice and energy efficiency specifications • LED Lighting Upgrades - Prague DC and Calverton DC per the supplier invoice and energy efficiency specifications
Natural Carbon Sinks	<p>Funds intended to create and restore natural sources of carbon capture.</p> <p>For purposes of this assertion, natural carbon sinks are defined as:</p> <ul style="list-style-type: none"> • Recreational Footwear Company nursery contributions per the invoice and tree planting agreement • Donations to Green Network for reforestation Hoqin Desert in China per the invoice and tree planting agreement • Smallholder Farmer's Alliance Haiti Tree Planting Collaboration per the invoice and tree planting agreement • Great Green Wall Partnership per the invoice and contract • Donations to Tree Aid to establish nurseries/plant trees in Koulikoro per the invoice and tree planting agreement
<p>¹For descriptions of the VF Green Bond Framework Eligible Projects and Project Criteria per the Use of Proceeds section of the Senior Notes, reference the Senior Notes due 2028: https://sec.report/Document/0001193125-20-043556/</p>	

VF Green Bond Use of Proceeds for Eligible Projects as of December 31, 2020

Net proceeds from the issuance of VF's Green Bond	€493,293,525
Sustainable Products and Materials	406,345,550
Sustainable Operations and Supply Chain	85,832,924
Natural Carbon Sinks	1,115,051
Total Use of Net Proceeds for Eligible Projects	€493,293,525

VF CORPORATION

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