



# Timberland Quarterly CSR Reporting: Q2 2009

## CSR Strategic Pillar #4: Service



1. Become carbon neutral  
*[energy]*.



3. Fair, safe and non-discriminatory *workplaces* wherever Timberland products are made.



2. Design recyclable *product*.



4. 2008-2009 *service* campaign: Community Greening



### Average Assessment Score

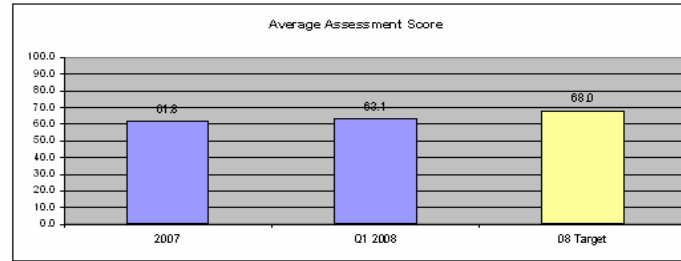
Year	Average Assessment Score
2007	61.8
Q1 2008	63.1
08 Target	68.0

**Data Qualifier:** Overall average Code of Conduct score for all active factories as of end of reporting period, based on last assessment ("Current Profile"). Includes all TBL business units.

For background on Timberland's assessment process, please see our 2006 CSR report at: [www.timberland.com/osreport](http://www.timberland.com/osreport)

**Data Validation:** Individual Green Index Scores (per shoe aka SKU) are calculated based on the design specification and

Analysis:



2008 Target for overall average Code of Conduct Assessment Score is 68. We expect continued business partners to improve their score year over year (see Progress metric), which should drive an increase in overall score year over year. However, this metric is also dependent upon supply chain's selection of new suppliers (see Initial Assessment metric).

Current Profile at end of Q1 improved from 2007 Year End due to 83% of the continued business partners assessed in Q1 showing improvement and the introduction of 6 new suppliers scoring above 70. The introduction of eight (8) new suppliers scoring below 60 and two (2) continued business partners with decreased scores prevented further advancement in overall average score (see Progress metric and Initial Assessment metric).

**Analysis:** What do the results say? Are we tracking to the annual target? What actions has this result catalyzed? How is this result compared to historical data? If we see bad results, what are we doing to correct this? If we see good results, how will we sustain this momentum?

Company: Q1 2008 Results

**Data Qualifier:** A detailed description of each indicator. How was this data captured? What does it represent? Is it an annual metric, a quarterly snapshot or a 12-month rolling metric? Do we have plans to refine/change this metric in the future?

This section provides background information on the metric.

**Data Validation:** This section provides information about our internal process for reviewing and assessing data.

The graphs display trend data and future targets.

**Context:** Puts this metric in context of Timberland's overall CSR and corporate strategy. How does it fit? How does it progress our mission? Why do we measure this? What value do we get from this metric?



**CSR Strategic Pillar #4: Service**  
**Metric: Hours Utilization Rate (HUR)**

**Q2 2009 Data**

Available Hours under Path of Service (year to date)	201,640
Hours Used for Community Service (year to date)	47,220
Hours Utilization Rate (year to date)	23.4%

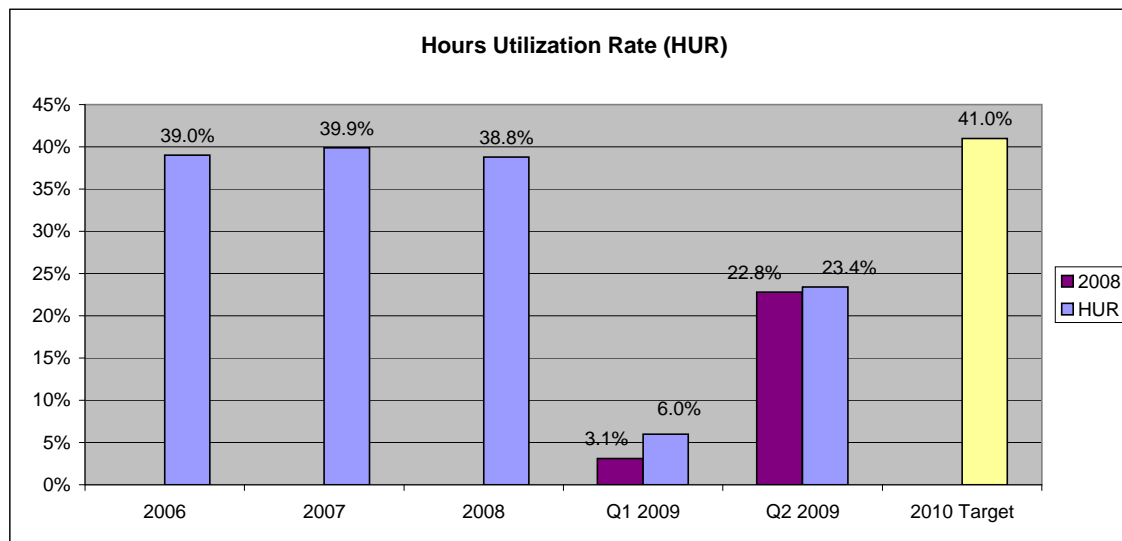
Year	HUR
2006	39.0%
2007	39.9%
2008	38.8%
Q1 2009	6.0%
Q2 2009	23.4%
2010 Target	41.0%

**Data Qualifier:** Hours Utilization Rate reflects the percentage of available service hours used each year. To calculate HUR we divide the number of employee reported service hours (year to date), by the average number of available service hours for the year (based on the average of quarterly employee headcount YTD).

**Data Validation:** All service metrics are based on self-reported service hours. To report hours, employees must report their community service time in the manner prescribed by the management of their country. A representative in each country sends the total number of hours served to Corporate HQ on a quarterly basis. At Corporate HQ, Community Engagement staff review each country's quarterly report for inconsistencies, asking for verification or revisions when necessary. Community Engagement staff also compare quarterly reports to global employee headcount provided by Human Resources.

**Note to Stakeholders: Data Comparability**

In 2008, we tracked this data on a quarterly basis. However, HUR is most relevant to our global community service performance when tracked on an annual basis. As a result, our 2009 reporting reflects year to date performance and we have restated 2008 figures to reflect accurate comparisons between quarters.



**Context**

While we know our quarterly numbers are under-reported since not all employees report their hours, we currently have no way of estimating how many hours are left unreported each year. Employees do not serve consistently throughout the year. Our two global pillar service events are Earth Day in April (Q2) and Serv-a-palooza in Fall (Q4). These two events represent the bulk of our global service activity. Our goal of 41% hours utilization rate is consistent with our goal to increase reported community service hours to 80,262 in 2010.

**Analysis**

We served 51,082 hours year to date (YTD) through the end of Q2 2009, out of 204,200 available service hours. As a result, our HUR year to date (averaged between Q1 and Q2 2009), is 25%. This represents a 2% increase in YTD HUR over Q2 2008, which is directly related to the year-over-year increase we reported in hours served. Our increase in hours served and HUR are due to the same factors. The Global Stewards have driven service in their regions more deliberately by planning events that have increased accessibility, communication, and applicability to local employee populations. Regional results also account for the global increase, including the following:

- a) 313% increase in hours served by UK Retail through Q2 09 vs. hours served through Q2 08 (2013 vs. 488 hours) - a result of increased participation in Earth Day 09 and additional service throughout the quarter.
- b) Additional and significant increases in hours served in our Italy office, London-based International Design Center, manufacturing facility in the Dominican Republic, and US Retail employees YTD Q2 2009 vs. Q2 2008.

Our Q2 2009 performance indicates that we have already achieved 61% of our HUR goal for 2009. Strong employee engagement in non-pillar service events in addition to Q4's Serv-a-palooza will help us achieve our goal of 41% HUR by the end of the year.



**CSR Strategic Pillar #4: Service**  
**Metric: Community Service Hours**

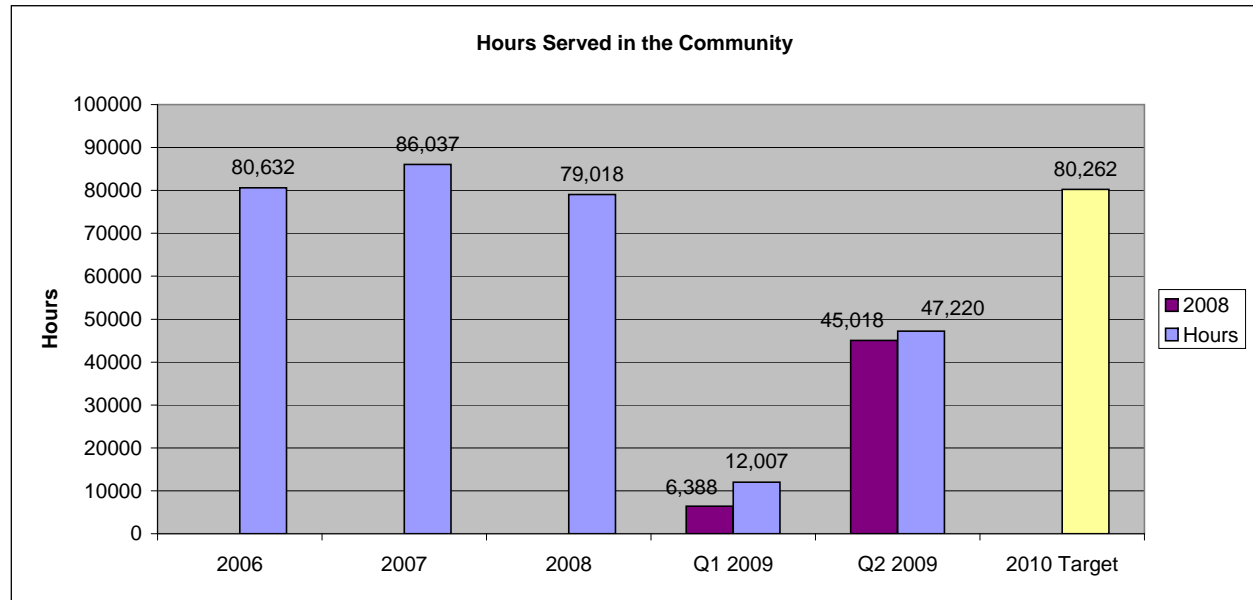
*Note to Stakeholders: Data Consistency*

Our 2009 reporting reflects cumulative, year to date hours to better track against our long term goals.

Year	Hours
2006	80,632
2007	86,037
2008	79,018
Q1 2009	12,007
Q2 2009	47,220
2010 Target	80,262

**Data Qualifier:** Hours served reflects the total number of community service hours reported by employees.

**Data Validation:** All service metrics are based on reported service hours. To report hours, employees must self-report their community service time in the manner prescribed by the management of their country. A representative in each country sends the total number of hours served to Corporate HQ on a quarterly basis. At Corporate HQ, Community Engagement staff review each country's quarterly report for inconsistencies, asking for verification or revisions when necessary.



**Context**

While we know our quarterly numbers are under-reported since not all employees report their hours, we currently have no way of estimating how many hours are left unreported each year. Employees do not serve consistently throughout the year. Our two global pillar service events are Earth Day in April (Q2) and Serv-a-palooza in Fall (Q4). These two events represent the bulk of our global service activity. Our goal of 80,262 hours is consistent with a 41% HUR assuming the amount of available hours (195,760) remains consistent between May 2009 and December 2010.

**Analysis**

Timberland employees have served a total of 51,082 hours in the community year to date in 2009, which shows a 13.5% increase over the 45,018 employee hours served year to date the end of Q2 in 2008. This increase includes a 23% increase in hours served in Europe (vs. a 10% increase in headcount mainly caused by Timberland's new ownership of stores previously owned by our Benelux Distributor). UK Retail also showed a 313% increase in hours served through Q2 09 vs. hours served through Q2 08 (2013 vs. 488 hours) due to increased participation in Earth Day 09 and additional service throughout the quarter that drove more hours. Italy, our London based International Design Center, the Dominican Republic, and US Retail also showed significant increases in hours served YTD Q2 2009 vs. Q2 2008.

Our year to date performance indicates that we have achieved 64% of our goal for the year. Strong employee engagement in non-pillar service opportunities and Q4's Serv-a-palooza will help us achieve our goal of 80,262 hours for the year.



**CSR Strategic Pillar #4: Service**

**Metric: Benefit Utilization Rate (BUR)**

**Q2 2009 Data**

Total Employees*	5381
Employees Using At Least One Hour of Service	3464
Benefit Utilization Rate	64%

\*based on average year to date employee headcount (both full- and part-time employees)

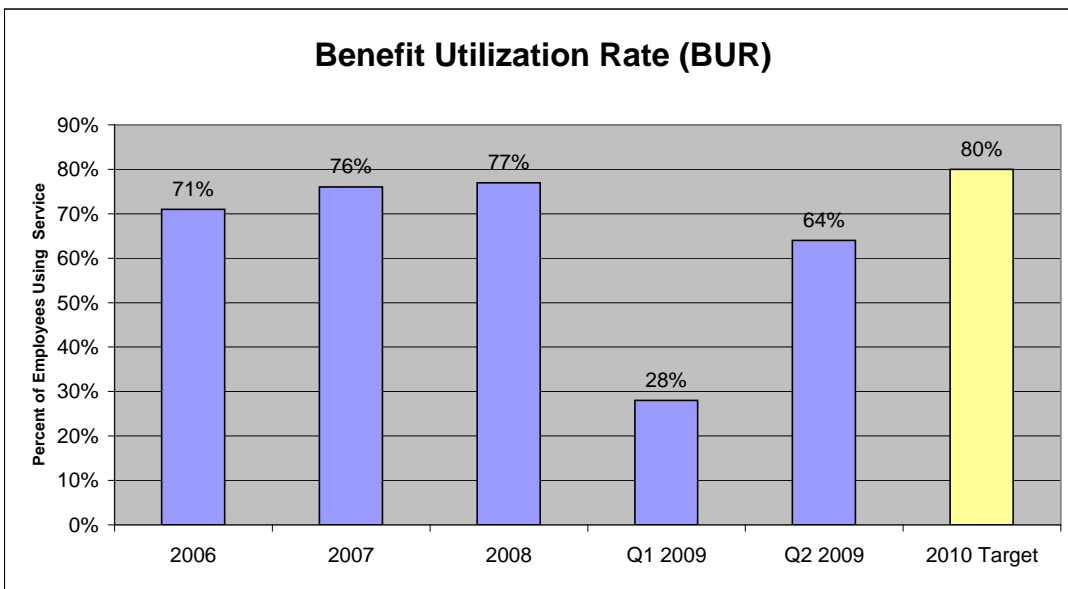
Year	BUR
2006	71%
2007	76%
2008	77%
Q1 2009	28%
Q2 2009	64%
2010 Target	80%

**Data Qualifier:** Benefit Utilization Rate reflects the percentage of employees worldwide who report using at least one community service hour per year. The data reported on a quarterly basis are year-to-date figures.

**Data Validation:** All service metrics are based on reported service hours. To report hours, employees must self-report their community service time in the manner prescribed by the management of their country. A representative in each country sends the total number of hours served to Corporate HQ on a monthly basis. At Corporate HQ, Community Engagement staff review each country's report quarterly for inconsistencies, asking for verification or revisions when necessary. Community Engagement staff also compare quarterly reports to global employee headcount provided by Human Resources.

**Note to Stakeholders: Data Comparability**

In 2008, we tracked this data on a quarterly basis. However, BUR is most relevant to our global community service performance when tracked on an annual basis. As a result, our 2009 reporting reflects year to date performance.



**Context**

We believe that if employees use the Path of Service benefit once, they will use it again. We track Benefit Utilization Rate (BUR) to measure our reach and effectiveness in engaging employees in service. While we know our numbers are under-reported since not all employees report their hours, we currently have no way of estimating how many hours are left unreported each year.

Employees do not serve consistently throughout the year. Our two global pillar service events are Earth Day in April (Q2) and Serv-a-palooza (Q4). These two events represent the bulk of our global service activity.

**Analysis**

Our 64% Benefit Utilization Rate (BUR) for Q2 2009 puts us in a good position to meet our 2010 goal of 80% BUR. In 2008 we did not gather BUR on a quarterly basis and therefore cannot compare our current performance to last year's performance during the same reporting period.

Our Q2 performance is a result of a strong Earth Day employee engagement rate of 54%, which was also a higher rate than our 2008 Earth Day engagement rate of 48%. Our YTD BUR for Q2 2009 suggests we are tracking ahead of our goal because we are half way through the 2009 and have one pillar event (representing a bulk of global service activity) left this year.