



## Timberland Quarterly CSR Reporting: Q2 2008

### CSR Strategic Pillar #2: Product



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

# How to Read Timberland's Quarterly CSR Dashboard Detail Pages

**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.

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**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

**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

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 #2: Product

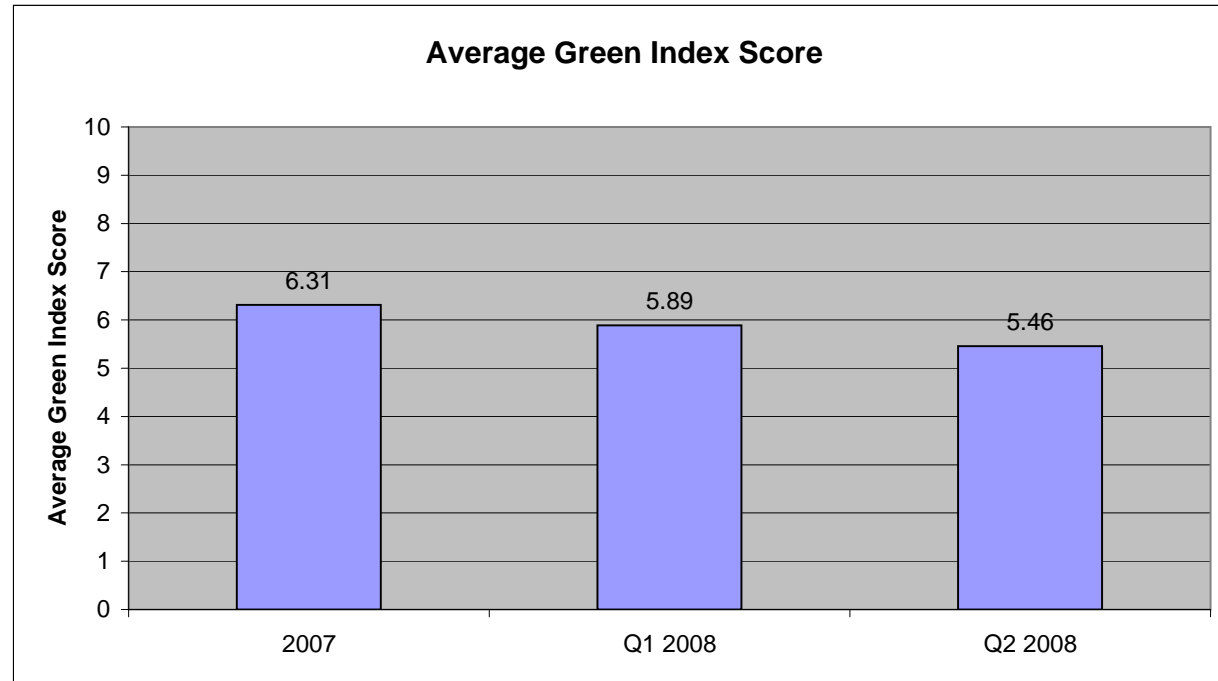
Metric: Average Green Index Score (weighted by production)

Year	Green Index Score
2007	6.31
Q1 2008	5.89
Q2 2008	5.46
08 Target	Baseline year

**Data Qualifier:** The Green Index score is weighted by the global sales of each SKU. The score reflects current scoring protocols. Any models scored prior to the current protocol have been updated for consistency.

What is the Green Index rating system? See [http://www.timberland.com/corp/index.jsp?page=csr\\_green\\_index](http://www.timberland.com/corp/index.jsp?page=csr_green_index)  
To find out more go to the Earthkeeper blog at: <http://earthkeeper.com/blog/uncategorized/the-evolution-of-timberland->

**Data Validation:** Individual Green Index Scores (per shoe, also referred to as SKU) are calculated based on the design specification and externally provided figures on environmental impact by material category.



### Context

The average Green Index (GI) score measures the average environmental impact of Timberland shoes that have been scored with the Green Index rating system. In 2007, 8 footwear models were rated and a straight average was calculated (6.31) to serve as a starting point for comparison. In 2008, approximately 150 out of over 2000 SKUs have been scored and 130 of these SKUs had sales in 2008 Q2. This metric is weighted according to Q2 2008 sales in each SKU to illustrate the impact that sales have on the overall environmental footprint of our GI-scored line. The use of a sales weighted figure is representative of both lower impact product design and its associated market penetration.

### Analysis

Total sales of GI rated shoes in Q2 was 65,000 pairs in the Outdoor Performance and Mion lines. The score represent a lower environmental impact, so the decrease from Q1 to Q2 is encouraging. The decrease in Q2 likely reflects seasonal purchasing trends, specifically increased customer purchases of lighter weight sandals and slip-ons which usually have a lower GI score. Q1 and Q2 share primarily the same footwear models so new designs are not a factor in comparing this score to Q1. The best comparison for this score will be in the same quarter next year.



## CSR Strategic Pillar #2: Product

### Revised Metric: Changing Water-Based Adhesives (WBA) to grams/pair of Volatile Organic Compounds (VOCs)

*Updated October 1, 2008*

#### Previous metric: pairs of shoes using WBAs

Since 2001, Timberland has disclosed the number of pairs of shoes that utilize water-based adhesives (WBAs) in each of our stockfit and assembly shoe manufacturing processes. WBAs have been identified as an alternative to the solvent-based adhesives (SBAs) that are traditionally used in footwear manufacturing for gluing shoe parts together. Solvent-based adhesives release volatile organic compounds (VOCs), which can create human and environmental health hazards. Timberland has been a pioneer in exploring and using water-based alternatives across its product line.

#### New metric: grams/pair of VOCs

Volatile Organic Compounds (VOCs) are carbon-based chemical compounds that evaporate easily in normal conditions. In footwear production, VOCs are most commonly found in the solvents used in adhesives, cleaners and paints.

Our previous metric showed Timberland's intent to move away from VOC containing cements, but it was not a holistic measure of hazardous chemical content in footwear production. Measuring grams of VOCs better reflects chemical consumption in footwear production for the following reasons:

- Allows Timberland to measure the overall quantity of VOCs used in the production of our footwear.
- Gives Timberland the ability to target specific, high VOC-content materials for reduction, substitution or elimination.
- Conforms to an industry standard metric.

Targeting a reduction in VOCs grams/pair will promote the use of lower impact raw materials, resulting in less environmental impact and improved working conditions in factories.

#### Timeline for disclosure

- Timberland will cease disclosing WBA pairs as of September 2008, when we release our Q2 2008 CSR performance data.
- Moving to the metric of VOC grams/pair has required an investment in resources, training and new processes. Throughout 2008, Timberland is working with partner factories to make necessary changes in order to report grams/pair of VOCs going forward.
- **Timberland will begin disclosing grams of VOCs in our first quarter reporting for 2009, which will be released in April 2009, after fiscal Q1 2009 has closed.**



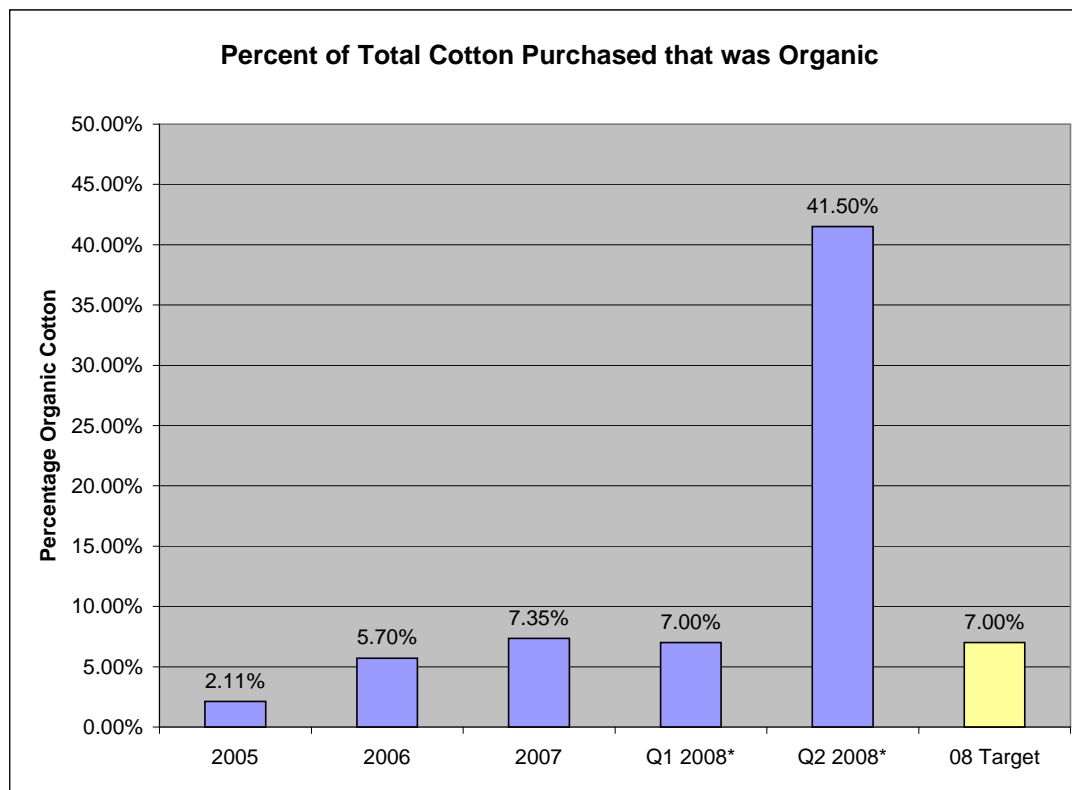
**CSR Strategic Pillar #2: Product**  
**Metric: Organic Cotton**

Year	Percent Organic Cotton
2005	2.11%
2006	5.70%
2007	7.35%
Q1 2008*	7.00%
Q2 2008*	41.50%
08 Target	7.00%

\* We licensed our NA apparel business to Phillips Van Heusen in 2008.

**Data Qualifier:** The percent of organic content of each garment is multiplied by the average weight depending on the garment type, such as sweatshirt, pant or t-shirt. Then it is multiplied by production volume. Organic Content divided by Total Weight gets us the overall percentage.

**Data Validation:** Organic cotton calculations are based on the product designs specified as contracted with production manufacturers.



**Context**

This bar graph shows the amount of organic cotton Timberland purchases as a percentage of the total cotton we purchase. We track this figure because conventional cotton is a major fiber used in our apparel line, and it represents one of the most chemical and water intensive fibers we source. Using organic cotton eliminates the chemical hazards associated with conventional cotton farming, thereby promoting human and ecosystem health.

**Analysis**

The data presented for Q2 includes organic cotton used in apparel sourced for Asia and Europe. All North American lines, for which data was unavailable, have been assumed to include zero organic content. This is likely an underestimate of organic cotton used in the region and we are working with our new North American supplier to provide this metric for future reports. European and Asian businesses, which accounts for approximately 85% of global sourcing, have made significant gains in incorporating organic cotton into their lines. The large increase in organic cotton use by our European and Asian business units combined with the omission of our North American business adds some uncertainty to the Q2 percentage. However, the directional trend is still valid because the major gains are unlikely to be offset by other smaller areas where data is not available.