



Timberland Quarterly CSR Reporting: Q1 2009

CSR Strategic Pillar #3: Workplaces



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

Timberland
Make it better.™

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

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

Analysis: 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).

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).

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?

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?

The graphs display trend data and future targets.

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.

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?

The graphs display trend data and future targets.

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CSR Strategic Pillar #3: Workplaces

Metric: Percentage of "High Priority" Factories

Year	High Priority
2006	51%
2007	38%
2008	38%
Q1 2009	31%
2010 Target	30%

Note to stakeholders: Data consistency

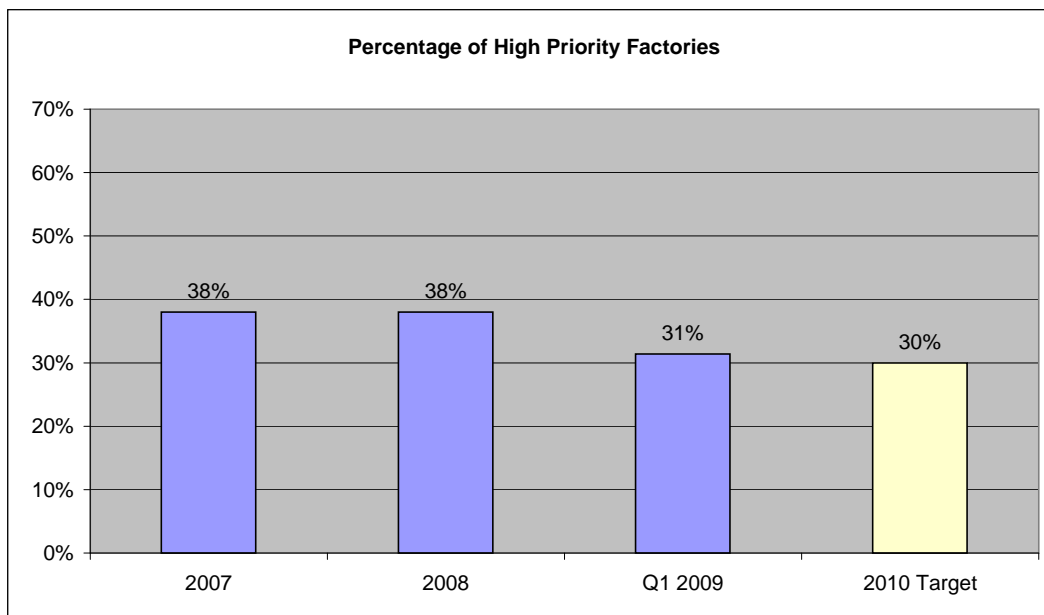
Our previously disclosed 2008 annual performance measured our current profile (see Q4 Workplace Data Qualifier). We have updated the 2008 year end performance to reflect all assessments completed during the calendar year and restated the data here.

Data Qualifier: Percent of Active factories as of end of reporting period (Current Profile) with a score of < 60 on their last assessment.

For background on Timberland's factory designation, please see our 2006 CSR report at:

www.timberland.com/csreport

Data Validation: Data is derived from Code of Conduct Assessments, conducted in accordance with internal policies and procedures, to verify factory compliance with Timberland's Code of Conduct as specified in Timberland's Workplace Quality Standards Guide. Assessment reports and scores are subsequently subject to quality control review by Code of Conduct headquarters team.



Context

Code of Conduct Scores fall into 3 categories: High Priority (scores below 60); Acceptable (60-79); and Partner (score of 80 or above). These designations are used to prioritize our efforts to assist factories with remediation. Factories that score Partner have well-developed social and environmental management systems with few, if any, actions needed. Factories that score Acceptable will have actions to complete, but have sufficient internal skills/knowledge to implement remediation steps without significant assistance from Timberland assessors. Factories that score High Priority have Immediate Action violations and/or environment, health & safety issues for which the factory lacks sufficient management systems, skills and/or knowledge to address. Timberland assessors increase their remediation assistance efforts for factories that score High Priority. Please note that High Priority does not necessarily mean high risk.

Analysis

In Q1 2009, 35 factories were dropped due to sourcing decisions and 15 new suppliers were added to our value chain, giving Timberland an active factory count of 308 at quarter-end (43 Partners; 168 Acceptable; and 97 High Priority). We experienced a decrease in High Priority factories (97 Q1 v. 113 at year end 2008) as a result of 18 High Priority factories being dropped and only 5 of the 15 new suppliers having scored High Priority. Additionally, of the 34 continuing business vendors that were assessed in Q1, 11 moved out of the High Priority range, scoring either Acceptable or Partner with their latest assessment. We anticipate the percentage of High Priority factories to further decrease in Q2 as our value chain team works to reduce the total number of suppliers and a larger percentage of continuing business partners are assessed in Q2. This metric is also dependent upon the scores of new suppliers which have a tendency to score low on initial assessments when they are first exposed to our high standards.



CSR Strategic Pillar #3: Workplaces

Metric: Percentage of Production in "High Risk" Footwear Factories

Year	Production
2007	34%
2008	1%
Q1 2009	1%
2010 Target	0%

Note to stakeholders: Data consistency

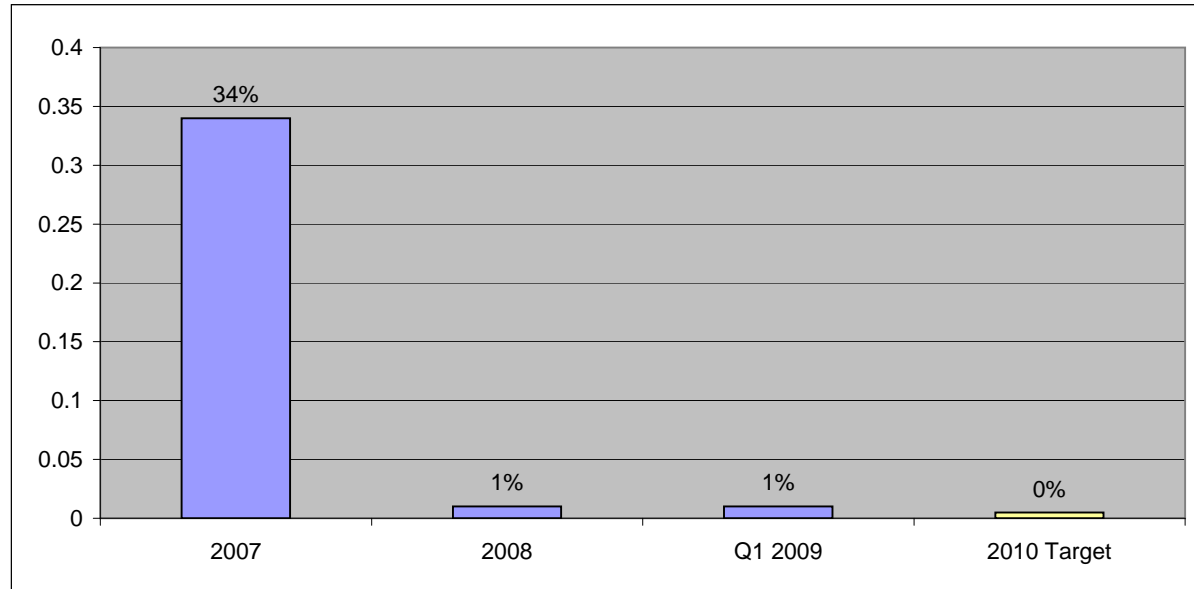
Our previously disclosed 2008 annual performance measured our current profile (see Q4 Workplace Data Qualifier). We have updated the 2008 year end performance to reflect all assessments completed during the calendar year and restated the data here.

Data Qualifier: Percent of footwear production planned for 2008 placed in factories with High Risk Ratings as of their last assessment (Current Profile).

For background on Timberland's assessment process, please see our 2006 CSR report at:

www.timberland.com/csreport

Data Validation: Data is derived from Code of Conduct assessment results and production planning figures provided by Timberland Value Chain management.



Context

Risk ratings are applied to assessment findings based on definitions for low, medium, and high risk scenarios. Risk ratings range from 0-500. High risk is defined as 400-500 risk ratings (representing situations of high hazard, high probability and potential for high impact such as regularly working all workers over 72 hours/week, 12 hours/day or 7 days consecutively; employing debt-bonded labor or child labor; intentional disregard for legally mandated wages or benefits; or lack of effective machine guarding or emergency stops on equipment where loss of life or limb is reasonably foreseeable (short list)). For factories that receive High Risk ratings, Timberland assessors revisit the factory within a 90-day period to ensure corrective actions are taken. This metric is reported quarterly based on updated assessment results.

Current metric focuses on Footwear production only. We stated in 2008 that we planned to report on additional business units in 2009. However, we are still in the process of gathering data from our other Business Units and verifying the data quality.

Analysis

The percent of footwear production placed with "high risk" factories continues to be 1% representing one high risk footwear factory in our supply chain, which is located in India. The issues at this factory pertain to the fact that overtime premium was not calculated as legally required and improper chemical waste management. Remediation updates indicate improvements are in process related to both issues. This factory will be reassessed in Q2 2009.



CSR Strategic Pillar #3: Workplaces

Metric: Average Assessment Score

Year	Average Assessment Score
2007	61.8
2008	62.0
Q1 2009	65.7
2010 Target	70.0

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

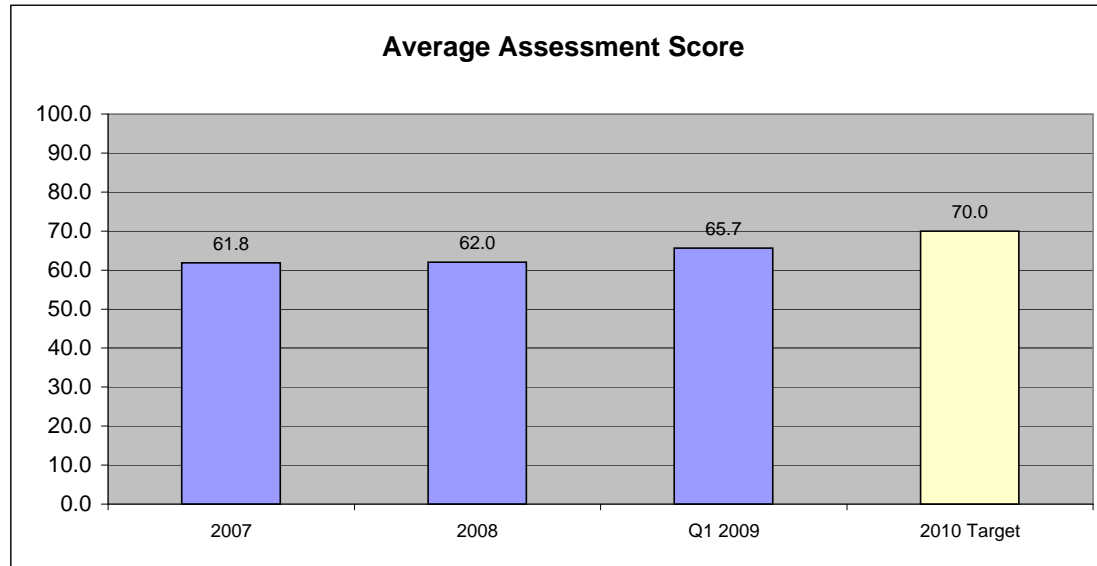
For background on Timberland's assessment process, please see our 2006 CSR report at:

www.timberland.com/csrreport

Data Validation: Data derived from Code of Conduct Assessments, conducted in accordance with internal policies and procedures, to verify factory compliance with Timberland's Code of Conduct. Assessment reports and scores are subsequently subject to quality control review by Code of Conduct headquarters team.

Note to stakeholders: Data consistency

Our previously disclosed 2008 annual performance measured our current profile (see Q4 Workplace Data Qualifier). We have updated the 2008 year end performance to reflect all assessments completed during the calendar year and restated the data here.



Context

Traditionally, new suppliers score low on their initial assessment as a result of this being their first introduction to our high standards. See High Priority Factories metric for detailed description of scoring methodology.

While we did not meet our 2008 target for overall average Code of Conduct Assessment Score (target of 68), we have raised our 2010 target to 70 as we expect continuing business partners to improve their score year over year, which should drive an increase in overall score year-over-year. This metric, however, is also dependent upon the scores of new suppliers.

Analysis

49 assessments were completed in Q1 2009: 15 new suppliers and 34 continuing business vendors. Our overall average score increased as a result of 18 High Priority factories being dropped, 10 of the 15 new suppliers scoring Acceptable or better, and 11 of the 34 continuing business vendors assessed in Q1 moving out of the High Priority range into either Acceptable or Partner. We expect the trends of 1) High Priority factories being dropped, 2) selection of new suppliers improving, and 3) continued business partners improving their score to continue as we improve our value chain selection process and remediation efforts. Our Q1 2009 results show that we are on track to meet our new target.



CSR Strategic Pillar #3: Workplaces

Metric: Average Environmental Assessment Score - Not Including Tanneries

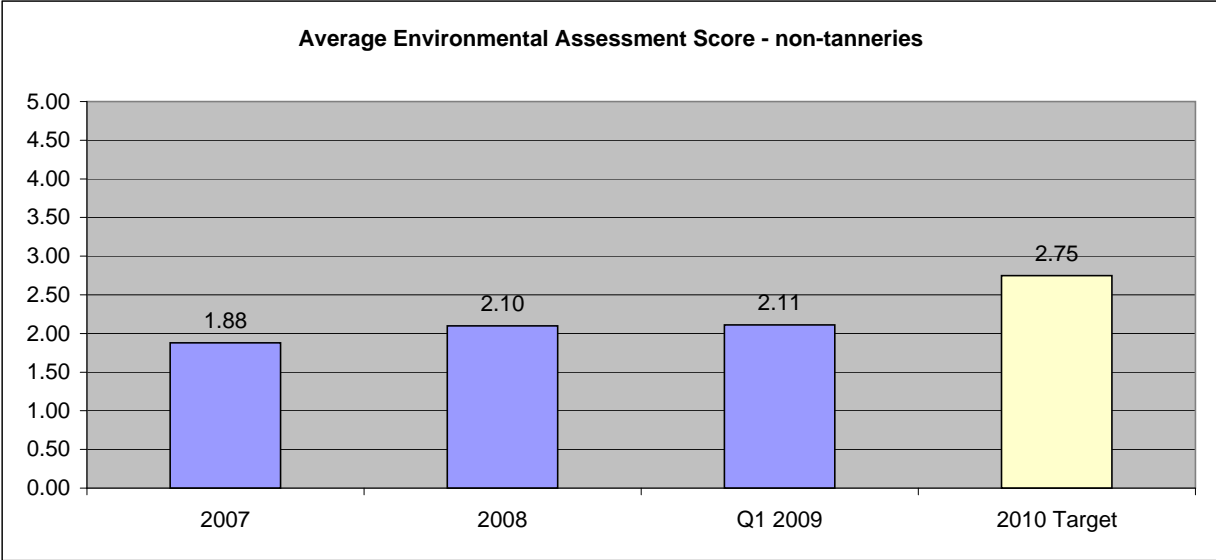
Year	Average Assessment Score
2007	1.88
2008	2.10
Q1 2009	2.11
2010 Target	2.75

Note to stakeholders: Data consistency
 Our previously disclosed 2008 annual performance measured our current profile (see Q4 Workplace Data Qualifier). We have updated the 2008 year end performance to reflect all assessments completed during the calendar year and restated the data here.

Data Qualifier: Overall average Environmental Score for all active factories as of end of reporting period based on most recent Code of Conduct assessment ("Current Profile"). Includes all Timberland business units except Tanneries. Tanneries have separate environmental audits.

For background on Timberland's assessment process, please see our 2006 CSR report at: www.timberland.com/csrreport

Data Validation: Data derived from Code of Conduct Assessments, conducted in accordance with internal policies and procedures, to verify factory compliance with Timberland's Code of Conduct. Assessment reports and scores subsequently subject to quality control review by Code of Conduct headquarters team.



Context

Average environmental score comes from the environmental portion of our Code of Conduct Assessments. The average environmental score represents the average of 7 scoring elements: Systems; Compliance; Water; Waste; WBA (Water-Based Adhesives); Chemicals; and Energy. Highest possible score is 5.0, representing environmental best practice. Our target for 2010 is an average score of 2.75, representing in general a score of 3 in Systems (formal accountability, monitoring, procedures, etc.) and Compliance (full awareness of all regulatory requirements with no high-priority violations); and a 3 for at least three of the remaining scoring elements indicating demonstrated achievements to reduce their environmental footprint. To score an average of 3.0, a factory needs to demonstrate achievements in reducing its environmental footprint in all elements. We hope to realize our 2010 target as a result of increased efforts to work with factories to implement Environmental Management Systems (which will drive improvements in all scoring elements).

Analysis

There were 43 non-tannery assessments completed in Q1: 29 continued business partners and 14 new suppliers. The current profile for average environmental score for non-tanneries improved this quarter with 23 continued business partners (or 79%) improving their score from the prior year and only one experiencing a decrease in score. The 14 new suppliers also contributed to the improved score in Q1; these 14 suppliers had an average environmental score of 2.48, with 4 new suppliers (in Sri Lanka and Pakistan) scoring above 3.0.



CSR Strategic Pillar #3: Workplaces

Metric: Average Environmental Assessment Score - Tanneries

Year	Average Assessment Score
2007	2.53
2008	3.17
Q1 2009	3.22
2010 Target	4.00

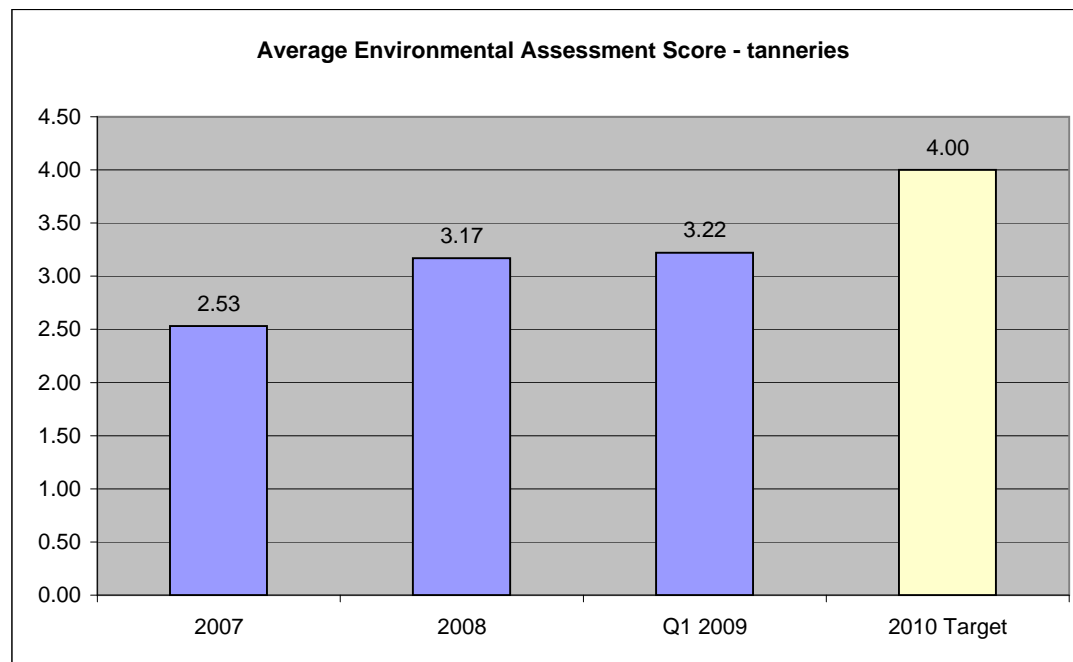
Note to stakeholders: Data consistency

Our previously disclosed 2008 annual performance measured our current profile (see Q4 Workplace Data Qualifier). We have updated the 2008 year end performance to reflect all assessments completed during the calendar year and restated the data here.

Because of the timing of LWG audits, we sometimes receive tannery audit scores after our quarterly disclosure has been published (see Context). When this occurs, we will correct the data and update quarterly disclosure.

Data Qualifier: Overall average Environmental Score for all active tanneries as of end of reporting period based on most recent Leather Working Group environmental audit ("Current Profile").

Data Validation: Data derived from cross-brand Leather Working Group Assessments, conducted by British Leather Company (BLC) in accordance with established protocols as agreed to by participating brands. Audit reports and scores subsequently subject to quality control review by our Environmental Stewardship team.



Context

Footwear leather suppliers undergo an environmental audit by British Leather Company (BLC) under protocols established by the cross-brand Leather Working Group (LWG). Overall total score is converted to a 0-5 scale consistent with Timberland's environmental assessment scoring for all factories. Based on the total score, tanneries are rated as follows: Failure (0) = Illegal discharge or disposal; Compliant (2) = Compliant with law and minimum brand requirements; Bronze (3) = Above minimum in all subject areas; Silver (4) = Industry-Standard Best Practices employed; Gold (5) = Leading Practices employed. Our 2010 Target is Silver (4), as we intend to only source from Silver-rated tanneries by year end.

Based on the timing of LWG audits, we may receive tannery audit scores after our quarterly disclosure has been published. When this occurs, we will correct the scores reported with updated data and disclose the change.

Analysis

At end of Q1, there were 29 active tanneries, with an average environmental assessment score of 3.22. In Q1, 3 LWG audits were completed with 2 tanneries scoring Silver and one scoring Gold, bringing our total count of Silver rated tanneries to 11 and Gold to 2 (meaning that 45% of active tanneries have already scored Silver or above). Action plans are in process to bring the remaining tanneries at the Compliant or Bronze level to Silver by end of 2010. We are pleased with the progress tanneries have made in this new program and are confident that we are on track to meet our 2010 goal. The program is having a significant impact on reducing a tannery's overall environmental footprint - as evidenced by the six tanneries that have had their second LWG audit; these tanneries showed an average decrease in water consumption by approximately 20% and average decrease in greenhouse gas emissions by approximately 15%.



CSR Strategic Pillar #3: Workplaces

Metric: Progress Seen by Continued Business Partners

Year	Continued Business Partners with an Improved Score
2007	51%
2008	69%
Q1 2009	78%
2010 Target*	70%

* Our previously stated target for 2010 was 60% continued business partners with an improved score. Because we met and exceeded our 2008 target significantly, we have moved forward our 2010 target of 70% to 2010.

Data Qualifier: Percent of continued business partners assessed during the reporting period that showed an improved overall Code of Conduct score. Metric includes all business units.

For background on Timberland's assessment process, please see our 2006 CSR report at:

www.timberland.com/csrreport

Data Validation: Data is derived from Code of Conduct Assessments, conducted in accordance with internal policies and procedures, to verify factory compliance with Timberland's Code of Conduct as specified in Timberland's Workplace Quality Standards Guide. Assessment reports and scores are subsequently subject to quality control review by Code of Conduct headquarters team.



Context

This metric tracks the impact of the remediation process by comparing year-over-year Code of Conduct assessment scores of ongoing suppliers. By working with ongoing suppliers on remediation efforts, we target improved conditions (via improved scores) in our supply chain. See High Priority Factories metric for detailed description of scoring methodology.

Analysis

34 continued business partners were assessed in Q1, with 27 scoring higher than their prior assessment (on average, 15 points higher). Ten (10) factories moved from High Priority to Acceptable and one (1) moved from High Priority to Partner; 2 factories dropped from Partner to Acceptable; and 12 remained in the same scoring category. With focused, dedicated remediation efforts, the majority of our suppliers found sustainable systems to monitor continuous improvement. For those that were not successful in achieving sustained improvement, remediation plans are being revisited to identify gaps in systems and/or actions - particularly those that remained in the High Priority scoring range (these factories will be re-assessed again before year end, placed on a 6-9 month frequency).