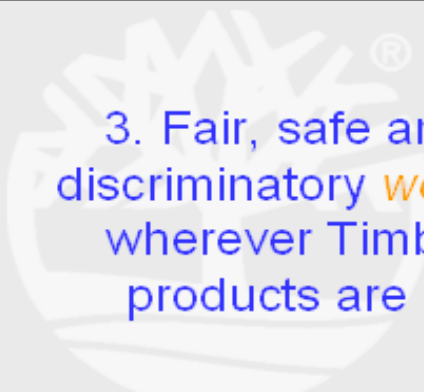


## Timberland Quarterly CSR Reporting: Q2 2009

### CSR Strategic Pillar #1: Energy



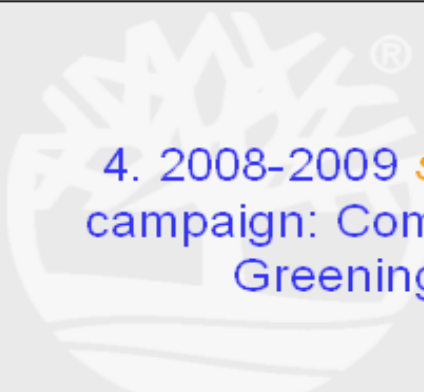
1. Become carbon neutral  
[energy].



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.

### 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/csreport](http://www.timberland.com/csreport)

**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).

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?

**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?

**CSR Strategic Pillar #1: Energy**

**Metric: Greenhouse Gas Inventory: 2006-2009**

Business Unit (emissions reported in metric tons carbon dioxide - MTE CO2)	Q2 2009			
	Scope 1 Emissions	Scope 2 Emissions	Scope 3 Emissions: Employee Air	Total
Headquarters	32	312	980	1324
Distribution Centers	16	26		43
US Retail	10	980		990
US Showrooms	0	22		22
Manufacturing (Dominican Republic factory)				
	21	701		722
International Retail	47	456		504
International Offices: Production Offices	63	26	27	115
International Offices: Subsidiary Offices	0	63	115	178
International Offices: Showrooms	0	10		10
<b>Total Emissions</b>	<b>189</b>	<b>2595</b>	<b>1122</b>	<b>3906</b>

Scope Definitions (according to the WRI/ WBCSD GHG Protocol):	
<b>Scope 1:</b>	Emissions produced from the burning of fossil fuels on Timberland property (e.g. heating buildings by burning oil or natural gas) or in Timberland owned vehicles.
<b>Scope 2:</b>	Emissions associated with the electricity that Timberland purchases from other companies. Examples include electricity purchases in our retail locations.
<b>Scope 3:</b>	Emissions that are a consequence of the company's business, but occur from sources not owned or controlled by Timberland. Examples include commercial air travel and product transportation. Currently Timberland discloses inbound transportation, which is a separate metric in our bi-annual CSR report.

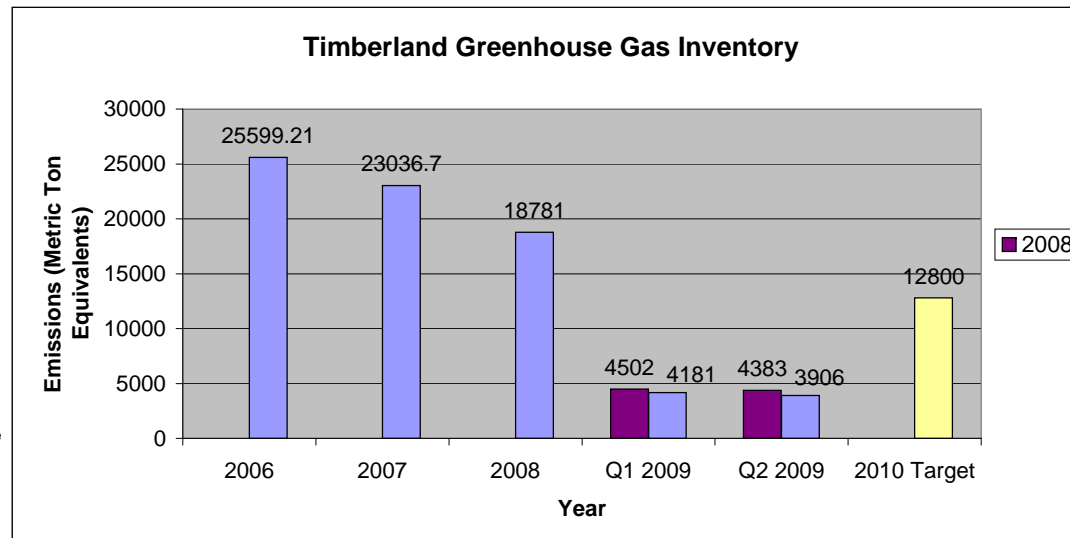
**Note to stakeholders: Data consistency**  
 In early 2009 we revised our data calculations for our global locations that report energy use by square footage rather than direct energy as measured by kWh. The new calculations attribute emissions on a quarterly basis, whereas our old process combined a year's worth of emissions for facilities that only report energy by square footage into the fourth quarter (see Q4 2008 disclosure). As a result, we are restating our Q1 2009 data and renewable energy percentage to account for the increased accuracy in these measurements.

Annual Greenhouse Gas Inventory	Total
2006	25,599
2007	23,037
2008	18,781
Q1 2009	4,181
Q2 2009	3,906
<b>2010 Target</b>	<b>12,800</b>

**Data Qualifier:** Greenhouse gas emissions are calculated by converting consumption data (in kWh for electric bills, gallons for oil, therms for gas, and mileage for vehicles) from utility bills to tons of CO2 using the Greenhouse Gas Protocol from the World Resource Institute and World Business Council on Sustainable Development. This corporate standard is consistent with ISO 14064-1. Air travel mileage is collected and reported by our travel agency. Mileage data is then converted to emissions using emissions factors provided by the WRI/ WBCSD GHG Protocol.

Our greenhouse gas inventory covers Timberland owned and operated facilities and employee air travel. The inventory excludes transportation, third party manufacturers, licensees, and distributors.

**Data Validation:** Data is supported by utility bills or utility bill reports that are provided by country and regional representatives. An initial screen is done by the Environmental Stewardship team to make sure there are no data outliers. There is a standard range for energy consumption for Timberland's five facility types (headquarters, distribution centers, retail stores, showrooms, and country offices). A facility will get flagged and analyzed if it falls out of this range. In 2009 we will have our GHG inventory verified by a third party.



**Context**

We track our carbon emissions in order to understand our contribution to global warming from Timberland owned and operated facilities as well as employee air travel. We are also interested in understanding how our efforts to reduce our energy demand and invest in renewable energy help us reduce our impact over time. Tracking this data allows us to determine how successful we are in achieving our goal to become a carbon neutral enterprise by 2010.

**Analysis**

We continue to reduce our emissions through reductions in air travel (year to date, we have reduced our air travel 52% as compared with Q1 and Q2 in 2008) and through renewable energy procurement for our Danville, KY distribution center. Our emissions are still higher than they should be for achieving our 2010 goal. Our plan for reducing emissions further includes energy efficiency upgrades at our US Headquarters (such as installing a white roof, new HVAC systems, and lighting retrofits), additional renewable energy procurement, and potentially additional lighting retrofits for our US stores

**CSR Strategic Pillar #1: Energy**

**Metric: Renewable Energy**

Timberland Renewable Energy in kilowatt hours (kwh)

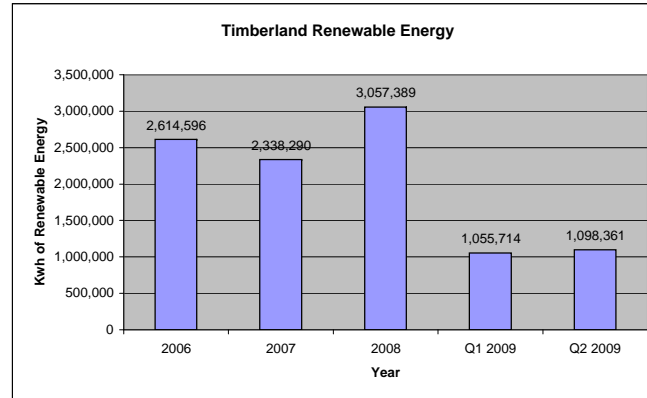
Energy source	2006	2007	2008	Q1 2009	Q2 2009
Onsite					
Wind*	727,429	30,000	28,020	5,720	2,328
Solar*	518,518	467,912	470,500	95,575	135,875
Renewable Energy	1,017,149	46,234			
Hydro*					
Grid Renewables	540,078	1,714,400	2,558,869	954,419	960,159
<b>Total</b>	<b>2,614,596</b>	<b>2,338,290</b>	<b>3,057,389</b>	<b>1,055,714</b>	<b>1,098,361</b>

\*Note to stakeholders: Timberland renewable energy purchases represent on-site generation. In previous years we reported a small percentage of the hydro energy purchased from the Grid in this category. Purchases of hydro energy are usually a mix of clean energy sources, and therefore it is more accurate to report this information as part of Grid renewables.

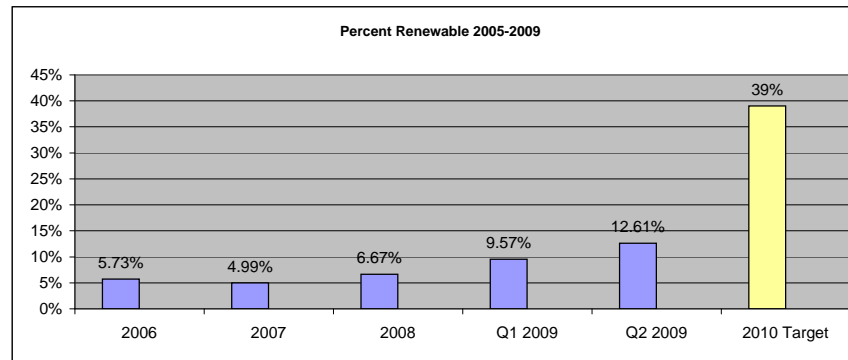
**Data Qualifier:** We measure on-site generation and grid sourced renewable energy.

Renewable energy consumption is totaled from utility bills, renewable energy procurement contracts, and direct meters on TBL-owned renewable energy systems. The total kWh consumption from renewables is then divided by the total energy calculated as part of the greenhouse gas inventory, and converted to a percent.

**Data Validation:** Data comes from meter readings of Timberland owned renewable energy systems, bills from renewable energy providers, and certificates from renewable energy credit or carbon offset providers. Country and regional representatives provide copies of each of these documents in our CSR reporting system for review by the Environmental Stewardship team.



Year	% Renewable
2006	5.73%
2007	4.99%
2008	6.67%
Q1 2009	9.57%
Q2 2009	12.61%
2010 Target	39%



**Note to stakeholders: Data consistency**

In early 2009 we revised our data calculations for our global locations that report energy use by square footage rather than direct energy as measured by kwh. The new calculations attribute emissions on a quarterly basis, whereas our old process combined a year's worth of emissions for facilities that only report energy by square footage into the fourth quarter (see Q4 2008 disclosure). As a result, we are restating our Q1 2009 data and renewable energy percentage to account for the increased accuracy in these measurements. Based on this new calculation, no quarterly data will be skewed towards heavier emissions in the future.

**Context**

This metric measures the percentage of energy we source from clean renewable energy vs. fossil-fuel based energy. Timberland has established renewable energy procurement targets to help meet its carbon neutral by 2010 goal. Our renewable energy target is second in importance to our greenhouse gas emission reduction target (see GHG inventory) because our GHG inventory shows Timberland's contribution to global warming. Energy efficiency is the least expensive way for us to achieve emission reductions. Our success with efficiency has allowed us to rely less on sourcing expensive renewable energy to meet our emissions reduction goals; this is the reason we did not meet our 2008 renewable energy procurement target (22%). We were able to meet our 2008 emission reductions target due to investments in efficiency (which provide a cost-savings to our company; see Q4 2008 Energy Dashboard) rather than additional procurement of renewables (which creates added expense).

**Analysis**

Timberland's percentage of renewable energy grew this quarter as a result of 1) a reduction in energy demand and 2) the company's Danville distribution center purchasing renewable electricity produced by the local utility. Despite the increase in our renewable energy procurement, we are still not on track for meeting our 2010 target for renewable energy procurement. We continue to explore opportunities for bulk procurement of energy so we can source from additional renewable energy sources.

As discussed in our Q1 2009 disclosure, if we continue to meet and exceed our emission reductions through efficiency, renewables will have secondary importance. This is because our carbon neutral goal seeks to reduce the absolute emissions that come from Timberland's owned and operated facilities and employee air travel. We place higher priority on reducing emissions outright, as this helps us reduce our total contribution to global warming. Because we've been able to achieve more reductions via energy efficiency, we have relied less on renewable procurement to drive down our total emissions.

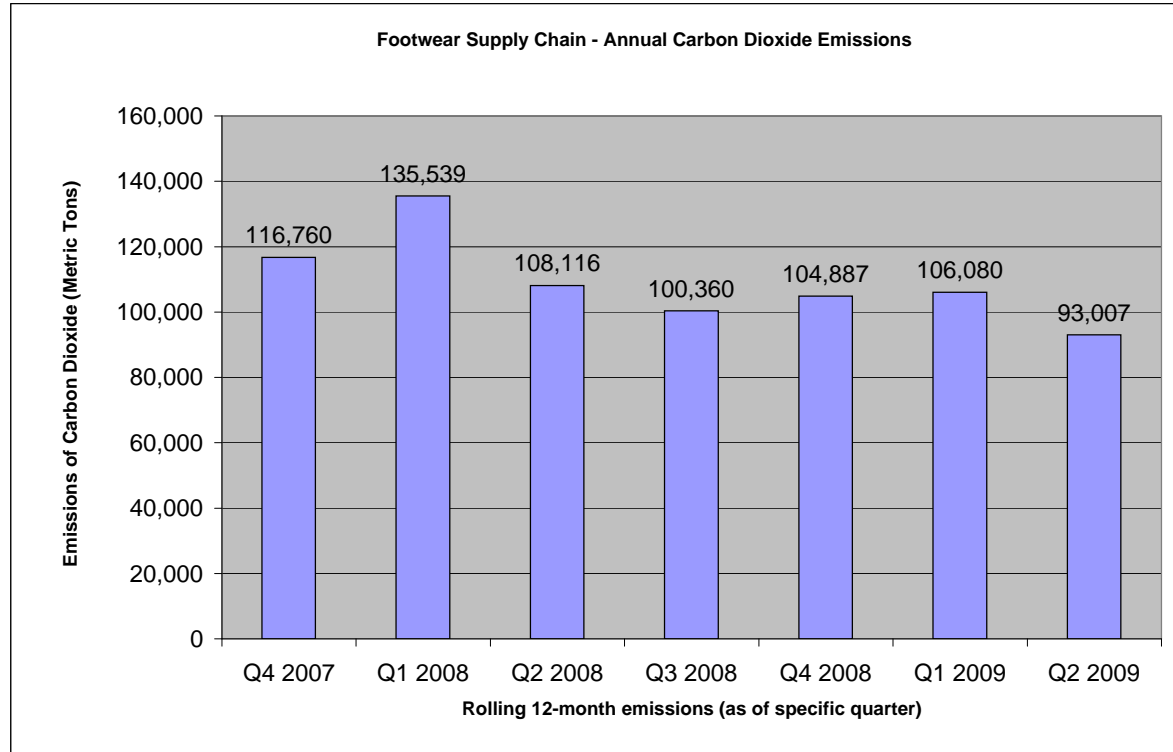
**CSR Strategic Pillar #1: Energy**  
**Metric: Supply Chain Emissions**

Year	Emissions from Supply Chain
Q4 2007	116,760
Q1 2008	135,539
Q2 2008	108,116
Q3 2008	100,360
Q4 2008	104,887
Q1 2009	106,080
Q2 2009	93,007
2010 Target	Baseline*

*\*Note to stakeholders:* In 2008, Timberland collected and disclosed data that represented total factory emissions from the manufacture of both Timberland and non-Timberland products. During this time, we worked with assessors and the factories, allowing us to obtain higher quality data. We also increased the specificity of questionnaires, so that we could track supply chain emissions specific to Timberland production in 2009. We aim to report Timberland related emissions later in 2009 when we have finished reviewing data quality. As a result, we will then use 2009 data as a baseline for emissions related to Timberland production.

**Data Qualifier:** This metric represents a 12-month rolling view of our supply chain. Every quarter, we look at electricity use for our footwear factories for the past 12 months. Eventually, we expect to expand this metric to include our entire supply chain (apparel, licensing, etc.) and all fuel sources.

**Data Validation:** Total electricity consumption is provided by factory management as a part of the Timberland Code of Conduct assessment. The energy to emissions conversion factors are obtained from the WRI/ WBSCD GHG reporting protocol.



**Context**

This metric tracks the emissions from factories that produce footwear for Timberland. The figures reported here include factory emissions from the manufacture of both Timberland and non-Timberland footwear, so it is important to note that only a portion of emissions are related to Timberland footwear. Over the course of 2008 we have increased the specificity of questionnaires, allowing us to obtain data that can account for emissions related to Timberland production. We plan to disclose supply chain emissions specific to Timberland production in Q3 2009. In order to do this we are working with factories to understand TBL production relative to the total factory production in order to calculate factory energy numbers appropriately.

Overall, this metric will help us better account for Timberland's carbon impacts in the manufacturing process. The numbers reported here are rough estimates as we are continuing to improve how we gather emissions data from our extended supply chain. Data rely on supplier-reported figures, and they should be viewed as reasonable estimates. The numbers here contain some data omissions due to turnover of factories and timing of audit schedules. Production in Timberland's own factory is not included in these figures because it is part of our Greenhouse Gas (GHG) inventory.

**Analysis**

Total emissions produced by the electricity used to manufacture Timberland and non-Timberland footwear at the factories we source from dropped in Q2 in part due to a data error we found at five factories that were reporting dormitory energy consumption as a part of their total energy consumption. We removed the dormitory energy data because not all of our factories have dormitories, and dormitory energy use does not relate directly to footwear production. Excluding this data accounts for this quarter's decrease in emissions, which otherwise would have been fairly even with the previous quarters' data.