

APPENDIX: RECREATIONAL FOOTWEAR COMPANY FACILITY REPORT UPDATE

LOCAL ACCOUNTABILITY: REPORTING, ENGAGEMENT AND ACTION

RECREATIONAL FOOTWEAR COMPANY

In 2006, Timberland published our first “facility-level” CSR report. The facility involved was the Recreational Footwear Company (RFC), a Timberland-owned factory in Santiago, Dominican Republic. Using a framework piloted by Ceres and the Facility Reporting Project, this report provides a baseline for the facility’s performance in our core CSR target areas. Global human rights. Environmental stewardship. And community involvement.

Our goal for this report is to build on our commitment to local accountability, by measuring community engagement and ongoing performance improvements at this facility. It is also intended to facilitate analysis and collaboration among Timberland, its Dominican factory and the factory’s stakeholders. This report will serve as a model for future reporting projects with other facilities and contractors.

ENGAGEMENT

What was the response to the report? The report became an invitation for action. The RFC joined forces with a Santo Domingo-based nonprofit organization, CIPAF, to host a stakeholder dialogue in downtown Santiago. For this event, the factory opened its doors to roughly 80 community stakeholders, including employees, local and global nonprofits, government officials, universities, community-based organizations and other businesses. The conversation that followed openly discussed issues presented in the report, ranging from wages and longer break times for workers to the improvement of local green spaces.

To hear directly from two of the stakeholders at the event, see the “Voices of Challenge” (VOC) at the end of this section.

FACILITY REPORT 2006 UPDATE

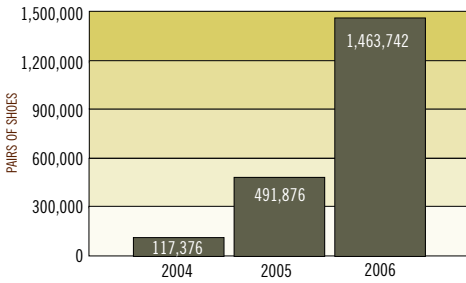
In the 2005 report, we indicated that the RFC was found to have an Immediate Action violation for surpassing the limits regarding working hours. What have we done to counteract this problem since then?



Working closely with the Timberland assessor, the RFC prepares a report on Thursday of each week that outlines the hours worked by employees in each of the departments. This report provides the information needed to plan for overtime without exceeding the 60 hour maximum limit. Plant managers and supervisors must provide an explanation for any overtime worked in excess of 60 hours and may be subject to disciplinary actions if the violations continue. In addition, the HR Manager personally follows up with the Plant Manager to ensure they are aware of any employees in the “danger area” of at least 59 hours. This process drastically reduced the number of overtime incidents to only two cases over a five-month period. And even those instances had an average of 60.3 hours. That’s two violations of approximately 20 minutes over the allowed hours with over 1,600 employees. We are encouraged by this progress.

The charts below provide some additional updates to the data in the 2005 Facility Report.

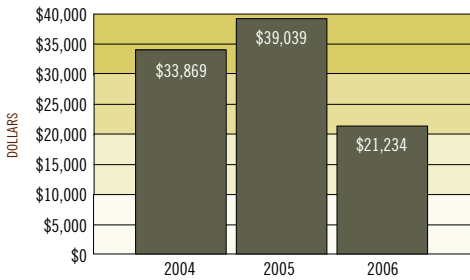
WATER-BASED ADHESIVE



EXCEEDED OUR GOAL

In 2006, we exceeded our goal of 843,000 pairs using water-based adhesives (WBAs) by 74%. The RFC continues to push toward the ultimate goal of 100% of our footwear line using WBAs.

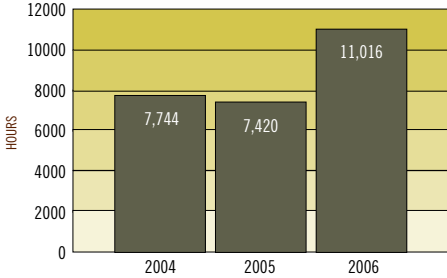
CHARITABLE DONATIONS



LOWER DONATIONS

We see year-over-year variation in charitable donations based on the starting and finishing of projects. In 2006, donations were down because several school projects finished and we were looking for new opportunities to invest. It is important to note that our community service investments do not hit this budget.

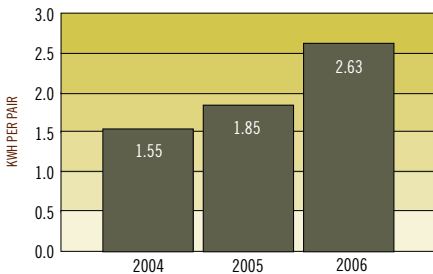
HOURS SERVED IN THE COMMUNITY



INCREASED COMMUNITY SERVICE

The RFC increased community service in 2006 by organizing monthly departmental activities and conducting service when production work was slow. (These service events are in addition to our traditional Earth Day and Serv-a-palooza activities.) As a result we saw a 48% year-over-year increase in hours served last year.

ENERGY USE PER PAIR



ENERGY USE CHANGES

In 2005, over 60% of our production at the RFC was “uppers” which were then sent to Puerto Rico to be attached to the “bottoms” produced there. With the closing of our factory in Puerto Rico, the RFC has had to take on the entire bottoming process, which significantly increases energy use per pair.

EMISSIONS

POUNDS OF CO ₂	2004	2005	2006
Transportation	282,962	282,962	317,551
Generation	689,832	265,320	363,736
Purchased	2,485,928	2,975,403	3,409,061
Total	3,458,722	3,523,685	4,090,348

POUNDS OF AIR POLLUTANTS	2004	2005	2006
NOx	19,108	7,349	7,349
SOx	1,257	483	1,257
CO	4,116	1,583	4,111
PM-10	1,343	517	1,343
MEK	–	12,400	19,400
Toluene	–	5,600	6,600
VOC	–	32,090	65,800

With the addition of more bottoming processes in the RFC, our emissions have significantly increased at the factory. The main reason is that bottoming requires many processes that are hot, including injection, back pack molding and trim spew. These processes tend to emit more pollutants than those used in the upping processes.

THE PATH AHEAD

The facility-level CSR report and stakeholder dialogue have deepened our roots as a partner, employer and community member. The information we've gained will guide a newly formed coalition of stakeholders as they address the priorities of the Santiago community and create strategies to decrease our environmental footprint. The continuous process of evaluation, dialogue, engagement, action and measurement will serve as a model in communities worldwide.

VOICES OF CHALLENGE

question: what was your general impression of the stakeholder engagement hosted by Timberland in the Dominican Republic?

LUIS FELIPE RODRÍGUEZ
CENTRO CULTURAL
EDUARDO LEÓN JIMENES

El encuentro me sorprendió gratamente por el carácter abierto y participativo que tuvo. Fue importante la presencia de diversos actores sociales y la manera integradora que la propuesta ofrece para involucrarlos.

Lo más importante es que el evento sirvió, más allá de dar a conocer la experiencia, para demostrar lo mucho que puede aportar el sector privado y empresarial en el mejoramiento de los sectores poblacionales con los que interactúa. Obviamente, Timberland reivindica la responsabilidad social que tiene el sector privado en la generación de procesos de cambio en nuestras sociedades.

Es importante significar, que esos proyectos tendrán mayores y mejores resultados y se harán sostenibles en la medida en que sean más participativos, involucrando directamente a las comunidades. Por otra parte, debe entenderse que el mejoramiento de las condiciones de vida de las comunidades depende también de la generación de procesos culturales que ayuden a transformar y mejorar la vida espiritual de las personas y los grupos sociales.

Hay que considerar la importancia del acercamiento de la cultura a la realidad cotidiana de la comunidad como, ejemplo, la posibilidad de atender el tiempo libre, desde el punto de vista socio-pedagógico y darle contenido creativo al tiempo libre.

LUIS FELIPE RODRÍGUEZ
EDUARDO LEÓN JIMENES
CULTURAL CENTER

At the meeting I was greatly surprised by its open and participatory character. The presence of diverse actors from the social arena and the integrative strategy that the proposal offers to get us involved were important.

The most important thing is that apart from sharing experiences, the event served to demonstrate how much the private business sector can contribute toward improving the segments of the population with which it interacts. Obviously, Timberland is helping to restore the social responsibility that the private sector has when it comes to generating processes of change in our societies.

It is important to note that these projects will have bigger and better results and will be made more sustainable as long as they are more participatory, directly involving communities. One must also remember that improving the living conditions of communities also depends on the generation of cultural processes that help transform and improve the spiritual life of individuals and social groups.

One must consider the importance of narrowing the gap between culture and day-to-day reality in the community such as, for example, [providing] the opportunity to attend during one's free time, from the socio-educational point of view and giving creative content to people's free time.

AMARILIS MOREL ACCIÓN CALLEJERA

La actividad fue muy participativa con un ambiente abierto y sin rigidez. La presentación del informe mostró que Timberland es una empresa con una visión clara de responsabilidad social empresarial que involucra todos los actores y de manera especial a sus empleados/as con propuestas que procuran elevar su calidad de vida y que repercuten de manera directa en su entorno comunitario.

Debe fortalecerse el trabajo para empoderar a las comunidades en los procesos que la afectan positiva o negativamente y para lograr no solo crecer el voluntariado sino también para asegurar la continuidad y sostenibilidad de los cambios promovidos.

Un aspecto importante a tomar en consideración es el trabajo en las comunidades son los procesos de sensibilización en temáticas de impacto social como la violencia y la delincuencia, la violencia contra las mujeres y los/as niñas/os, la salud física y mental, la recreación y la seguridad para la vejez. Participar en esta actividad fue una experiencia bastante gratificante.

AMARILIS MOREL ACTION IN THE STREET

The activity was very participatory, with an open environment and no rigidity. The report presentation showed that Timberland is a company with a clear vision of corporate social responsibility that involves all actors in the sector, especially its employees, with ideas that seek to elevate quality of life and have direct repercussions in the local community environment.

The work being done to empower communities to handle the processes that affect them for good or ill should be reinforced, not only to increase the volunteer corps but also to ensure the continuity and sustainability of the changes being proposed.

One important aspect to take into consideration in community work is the process of awareness-building in issues with a social impact like violence and crime, violence against women and children, physical and mental health, recreation, and safety for the elderly. Participating in this activity was a highly gratifying experience.