Case: Accounting for Sustainability: How Does Timberland Do It and Why?

Sustainability reporting is about being radically transparent. That means talking about the bad just as much as the good...we want to be transparent and get feedback from others on how we’re doing, or how we could be doing better. And our hope is to have a dialogue on how we can scale good solutions for our industry and then even broader beyond that.

- Betsy Blaisdell, Timberland manager of environmental stewardship

Introduction

LEARNING OBJECTIVES

1. Discuss Timberland’s approach to sustainability.
2. Understand how corporate social responsibility relates to sustainability.
3. Discuss what it means to be a leader in sustainability and sustainability reporting and what the challenges and benefits of leadership can involve.

The purpose of this case is to introduce students to the current state of sustainability reporting in business. Timberland provides a leading example of the different ways that sustainability reporting can be performed. The case also discusses what sustainability means to Timberland and how sustainability reporting supports its environmental and social goals and progress.
11.1 Sustainability Reporting at Timberland

LEARNING OBJECTIVES

1. Understand the motivations for sustainability reporting.
2. Explain the role of different stakeholders in sustainability reporting efforts.
3. Discuss different sustainability reporting methods and reports.

How Did Timberland Get Started on Sustainability Reporting?

As a publically traded company, Timberland was required to report on its financial performance and make disclosures about the business regularly to shareholders and the general public. However, this type of reporting traditionally does little to communicate to stakeholders the sustainability actions that the company undertakes.

Through its efforts in support of employee service and on other areas related to the social responsibility, Timberland developed a strong reputation and following in the national and global corporate social responsibility (CSR) leadership communities. This attracted the attention of the NGO Ceres, which was leading a national coalition of investors, environmental organizations, and other public interest groups working with companies to address sustainability challenges. Ceres’s mission is to “integrate sustainability into business practices for the health of the planet and its people.”

Ceres was one of the first organizations to formally introduce and advocate for the concept of sustainability reporting. Ceres believed that Timberland was a good candidate for publicly disclosing sustainability-related information specifically because of their unique employee service program. In addition to reporting metrics on employee service, the “beyond the traditional reporting” for Ceres also included the compliance area. This included reporting on the Timberland workplace and at the factories of their suppliers around the world, including issues such as child labor and unfair working conditions.

In 2001, Timberland released its first annual corporate social responsibility report. The nineteen-page report focused heavily on service related activities of the organization, including City Year. The following year, a second annual corporate social responsibility report was released. This was a more comprehensive thirty-
eight-page report that included a more detailed discussion on environmental and social activities.

Starting in 2004, the annual CSR reports from Timberland began to feature the Global Reporting Initiative (GRI) sustainability reporting guidelines and featured sustainable performance indicators (SPIs). (See details on GRI and sustainability reporting in Chapter 5 "Entrepreneurship, Innovation, and Sustainable Business"). Sustainability reporting helped the company become a recognized industry leader on sustainability efforts, and this helped to strengthen the brand’s name, recognition, and value.

Beginning in 2008, Timberland started reporting on key CSR performance indicators on a quarterly basis. The main report is presented in a dashboard format, which contains SPIs in each of the four CSR strategy categories.

Sidebar

Sustainability Reporting

Sustainability reporting is a statement to stakeholders and the general public about an organization’s environmental and social impact and what the organization is doing to improve its impact. It is about being accountable for the ecological and social impacts that an entity has and also the solutions the entity develops around sustainability.

What Does Timberland’s Sustainability Reporting Include?

Timberland’s reporting and communications for sustainability includes the following:

- Full CSR reports released every other year that summarize their efforts in sustainability for the previous twenty-four months; their CSR reports are reported on their website http://responsibility.timberland.com
- Quarterly key CSR performance indicator reports and quarterly CSR dialogues

1. A network-based organization that pioneered the world’s most widely used sustainability reporting framework. The reporting framework sets out the principles and performance indicators that organizations can use to measure and report their economic, environmental, and social performance.

2. A metric that measures an economic, social, or ecological performance area in a business. See Chapter 5 "Entrepreneurship, Innovation, and Sustainable Business" for a more detailed discussion.
• Stakeholder engagement forums called Voices of Challenge on http://community.timberland.com, a web 2.0 platform that allows all types of stakeholders to interact with Timberland

Timberland also shares its social and environmental values and product attributes with consumers through retail messaging and product information. Their Green Index rating is intended to give consumers clear and easy to understand information about the impact their footwear choices have on the environment.

![Goals & Progress Scorecard](image)

Source: Image courtesy of the authors.

### Quarterly Reporting

**Timberland Quarterly Sustainable Performance Indicators**

The quarterly dashboard is organized around the four Timberland CSR pillar areas: energy, product, workplace, and service. For example, average grams of volatile organic compounds\(^3\) per pair of footwear is a sustainable performance indicator in their product category. In each pillar area, there are three category measures and three to six total indicators reported. All together there are fifteen indicators measured between 2007 through the present.

3. Chemicals that may have short- or long-term health effects. This includes paints, pesticides, and adhesives.
The dashboard provides a consistent and cohesive way to engage internal and external stakeholders on CSR. It enables Timberland to be accountable for progress against stated goals. Internally, it also allows for prioritization of resource allocation against key sustainability initiatives.

**Green Index**

In 2006, Timberland introduced an industry-first “nutrition label” on all of its footwear boxes in an effort to provide consumers with greater transparency about the company’s environmental and community footprint and the environmental impact of the specific Timberland products consumers are purchasing.

The Green Index program is the company’s primary mechanism for pursuing “cradle to cradle” product design. This index measures and communicates critical aspects of environmental performance in a format that allows Timberland to guide product design and help consumer choice. The Green Index measures three areas of product impact:

- Climate impact—greenhouse gases produced in making raw materials and during footwear production that contribute to climate change. Timberland’s climate impact rating measures the emissions of greenhouse gases from the production of each material through the manufacturing of the final product.
- Chemical used—chemicals used in material and footwear production.
- Resource consumption—the score decreases as Timberland uses materials that require less land and water and fewer chemicals to produce.

The data are compiled to give a product an index score from ten to zero, with ten being a high impact and zero being no impact at all.
The Timberland CSR Team

Timberland has a team of employees dedicated to CSR in the company. It consists of a vice president of CSR, four managers, a team of fourteen code-of-conduct employees, and two community service employees. The CSR team works closely with senior management, including the CEO.

In December 2006, the company created a formal CSR committee within its board of directors. This group consists of four board members who are responsible for guiding all CSR strategy development. To accomplish this task, the committee meets regularly with the CSR leadership team to help set the strategic agenda and hold the team accountable for their actions.

Two members of the current CSR team are Beth Holzman, the company’s CSR strategy and reporting manager, and Betsy Blaisdell, the manager of environmental stewardship. Beth Holzman was a manager at Ceres before joining Timberland and interacted with Timberland in that capacity. Betsy Blaisdell had previous experience working in the New Hampshire state government and performing environmental research at the University of New Hampshire.
The CSR team’s responsibilities include developing the metrics to report and standardizing the reporting. It also includes collecting information, preparing reports, communicating information to senior management, and interacting with stakeholders.

A key objective is to ensure that the sustainability reports are used and integrated into the other departments at Timberland. As Betsy Blaisdell describes it, “Everybody wants to do the right thing at Timberland. And so for us, it’s taking something that can be a really complex environmental metric, like kilograms of CO₂ for a pair of shoelaces, and translating it into: this is the best choice, this is a good choice, and we really discourage you from using this approach.”

Another key objective is to standardize the reporting method and information in order to make reporting easier and more cost effective within Timberland but also within the industry. The goal is to create standardized sustainability metrics and standardized measures of environmental performance for Timberland’s products. The goal of standardization being that instead of Timberland collecting the information through their own business systems, suppliers would provide the information into a registry that Timberland and other companies could access.

**Driving Forces behind Sustainability Reporting**

In many respects, former CEO Jeffrey Swartz was the leader on CSR reporting efforts and a driving principle of the company’s sustainability reporting efforts has been radical transparency. For Timberland, radical transparency is about talking about the bad as much as the good. It is about being provocative, sharing information with the intent of receiving a reaction and response from stakeholders. It includes communicating things that are material and important to the company.

For example, Jeffrey Swartz was the champion of Timberland’s “nutrition” labeling for shoes. His view was that if consumers could go into a supermarket and look at a couple different boxes of cereal and know what’s good or bad for them, why couldn’t they do that going into a footwear store or going into a large retailer and see similar information reported?

On their website “Voices of Challenge,” Timberland managers share very difficult challenges and concerns related to sustainability and ask for candid feedback through blogs and social media. And consumers and NGO organizations have asked challenging questions to Timberland through this resource.
As Betsy Blaisdell describes it, “I think we’re always pushed further ahead by external stakeholders. And I’d say we’re largely influenced by requests that we get externally for improving or shifting our reporting. We had a major issue with Greenpeace a couple years ago. It had to do with transparency in our leather supply chain in Brazil and it really pushed us to have an industry dialogue about how can we take our protocol for assessing the environmental performance of our tanneries, and push that further back down the supply chain. That led to more transparency. And that was purely an external push from Greenpeace that led to that.”

For Timberland consumers are always the most important stakeholder group to reach, but the reality, at least for now, is that very few consumers actually read, understand, and act on the sustainability reports.

According to Betsy Blaisdell, “There is evidence that significant numbers of consumers do read the nutrition label on the footwear. But very few probably fully understand what it means...it’s hard for them to really use it because it’s not relative to anything. It’s not like they can compare a Timberland product with a Nike product right now and say, OK, price, performance, and aesthetics alike, I’ll take this shoe over this shoe. So I think it’s nice to do for consumers, but it’s not necessarily impacting their purchasing decisions, which is where we would love to take it.”

Other stakeholder groups that are leading Timberland to expand its sustainability reporting are the investor community, peer businesses, and other companies, including stores and retail outlets that Timberland sells its product to.

Outside the United States, there is more governmental involvement around sustainability reporting. For example, in France the government is moving to pass legislation that would require the nation’s companies to begin measuring the environmental life cycle impacts of their products. France is leveraging what some industry groups in Europe have already developed. The French government recognizes that businesses have been ahead of government on sustainability reporting, and this is the case of Timberland in the United States.
KEY TAKEAWAYS

- Unlike financial reporting for publically traded companies, there are limited experience and standards for sustainability reporting.
- The key drivers of sustainability reporting are company values and desire to engage proactively with external groups, senior management personal priorities, and environmental action leadership groups, such as Ceres and Greenspace.
- Timberland’s sustainability reporting includes biannual reports, quarterly performance dashboards, and eco-labels.
- Timberland provides for stakeholder involvement in its sustainability efforts through its “Voices of Challenge” site providing the opportunity for 360-degree feedback.
- Timberland has a separate CSR department of approximately twenty employees with leadership from the board of directors and the CEO.
- Radical transparency and stakeholder engagement are the driving forces for sustainability reporting at Timberland.

EXERCISES

1. Discuss Timberland’s interpretation of radical transparency. Is radical transparency a requirement of sustainability reporting?
2. What do you think of the company using the “Voices of Challenge” as part of its sustainability reporting process? Do you think it is wise to provide the opportunities for stakeholders to have a voice in the direction of the company’s efforts?
3. Discuss Timberland’s sustainability reporting choices. Review their most recent biannual report and quarterly performance dashboard at http://responsibility.timberland.com/reporting/report-archive. What recommendations would you make to Timberland about their reporting efforts?
11.2 Business Value of Sustainability Reporting

**LEARNING OBJECTIVES**

1. Understand the key benefits of sustainability reporting.
2. Explain the difficulty of quantifying the benefits of sustainability reporting.
3. Discuss the key challenges in sustainability reporting and how they might be overcome.
4. Describe the different dimensions or perspectives of sustainability materiality and why they are important.
5. Explain the importance of materiality in determining what to report on in sustainability efforts.

**Benefits**

Timberland has a goal of being the reference brand for sustainability and sustainability reporting, and they do not limit that to within their own industry. The company wants to be a leader, the brand that’s pushing the edge on transparency and reporting.

There is evidence that the efforts on sustainability and branding around sustainability reporting are affecting Timberland profitability, market share, and customer loyalty. Timberland’s highest-margin products—contributing the most on a dollar of sales basis to profitability—are the company’s Earthkeepers products and this is suggestive that consumers are willing to pay a premium for a low environmental impact product.

There is also anecdotal evidence of sustainability reporting contributing to Timberland’s market performance; however, the company has struggled to put a hard dollar value on this. Timberland’s marketing managers and public relations professional report that sustainability efforts and the various sustainability reports Timberland have released over the last several years has resulted in an increased number of positive media impressions. Timberland receives other kinds of anecdotal evidence in market research and focus groups with consumers that sustainability initiatives generate **brand heat**. Brand heat is a marketing term to describe the positive feelings when exposed to a brand name. There is even less evidence that brand heat actually leads to a purchase. A challenge for Timberland is quantifying and linking sustainability to the financial bottom line.

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4. Positive feelings when exposed to a brand name.
Challenges

One of the hardest challenges for Timberland was determining the right metrics to report on. Timberland, in part, used the indicators from the Global Reporting Initiative (GRI) as a starting point. However, the GRI has many performance indicators and many were not relevant to Timberland’s stakeholders or material to Timberland.

For Timberland the most important areas to report on, measure, and act on are those that are material to the company. Timberland’s areas of focus for materiality are the environment, consumers, and other stakeholders, including government. Timberland prioritizes measurement and action on the areas that are at the intersection of these three dimensions of materiality.

Dimensions of materiality at Timberland.

For example, Leather and rubber use is highly material to Timberland’s business operations. These two inputs have significantly more impact on the environment than any other inputs because of the volume of leather and rubber used in the manufacturing process and by the very nature of the materials. These
manufacturing inputs are material to the environment, to customers, and to stakeholders and as a result are areas of focus and reporting for Timberland.

This strategy helps the company focus on the areas that have the greatest impact. For example, customers might think Timberland should focus on packaging, such as footwear boxes, because it is one of the aspects of the product that they most interact with. The environmental impact of their use of leather and rubber is much more material\(^5\) (significant) to the company’s ecological and social impact than its use of cardboard for shoeboxes, as the boxes come from recycled sources and also can be easily recycled.

Another major challenge for Timberland is the constant tension between measuring more metrics due to demands from different stakeholder groups and the resources required by Timberland to provide those metrics. This was a lesson learned by Timberland as the company started its sustainability reporting efforts. At the beginning, Timberland struggled with trying to provide more and more sustainable performance indicators due to stakeholder requests. The company expended significant resources to collect and report on the different disclosure requests that they received, which distracted the company from undertaking the activities necessary to lead to substantive improvements in its environmental and social impact.

**Efforts at Standardization and Integration**

Initiating sustainability reporting and developing the appropriate communication methods has been a significant undertaking for the company over the past decade. Sustainability reporting had to be done largely outside of Timberland’s regular business units and systems. A separate reporting software system was developed for storing sustainability performance indicators (SPIs), but, at the time, it was too complex for the corporate social responsibility (CSR) reporting system to be integrated with the company’s accounting and finance system tools or product design systems. They were all developed on different software platforms and did not communicate.

The other reporting and management systems were not designed to include sustainability measures, as it was not part of standard business practice. For example, in designing a new product, there was limited product design reporting system ability to take into consideration the sustainability impacts of different designs, as they were not developed for environmental reporting.

Just recently (2011), business decision software systems companies, such as SAP, and the designers of product life cycle management systems are developing systems

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\(^5\) Having a connection or knowledge of which would affect a business decision or course of action.
software that have environmental modules. This means that what were two or three separate systems before can now become more of one integrated system to include environmental and, eventually, social impact along with product design and financial analysis.

Timberland is moving toward being able to upload CSR metrics into their financial information and product design systems. Their environmental and financial information systems are starting to “talk” to one another. Timberland can take into consideration reductions in energy or material usage reductions from both an environmental and financial perspective.

The benefits include not only being able to better tie environmental efforts with bottom line considerations but also enabling the CSR team to reach and impact key decision makers in finance and product design who were outside the Timberland CSR reporting system. The sharing of information and reporting systems integration allows different business units and functional areas to begin to speak a more common language and take a more systems and full-cost and benefit perspective in their decision making about financial, product design, and sustainability actions.

Timberland is focusing its sustainability reporting efforts increasingly on this integrated systems perspective, using a core set of metrics to help identify problems and then identifying root causes and finding the best solutions. The company can then link the problem and solution to the financial performance of the firm.

As Betsy Blaisdell describes it,

The environment will be embedded in the financial statement. I think we are experiencing the merging of the two right now. I think 20 years from now, the business value will have been demonstrated and that environmental metrics will become a part of the financial statement, the links will have been created, in that CSR will be a part of everybody’s role, versus a distinct stand-alone department.

My hope is that in 20 years, this is just a part of the business—the normal business school program. It’s a part of the normal business acumen. And that folks are educated and have a carve-out, or have distinct responsibilities within their regular business job to make sure that the commerce and the justice piece go hand in hand, versus living in different parts.

6. The initiating cause of a causal chain of events, which leads to an outcome or effect of interest.
KEY TAKEAWAYS

- What is most important to track and report out in sustainability reporting are activities with material impact on the environment, consumers, communities at large, and business profits.
- What is not tracked and reported on will be difficult for business managers to act on.
- It is difficult to quantify the benefits of sustainability in general and sustainability reporting in particular.
- Sustainability reporting can enhance business reputation and branding.

EXERCISES

1. Discuss some of the challenges faced by Timberland in relation to its sustainability reporting. What are some of the benefits they have experienced?
2. Do you think sustainability can generate “brand heat”? Why or why not?
   Go on Facebook and look for an example of a “green” product that is generating positive discussion. Do you see any ways that the company is commercially capturing the value of that discussion (such as a link or app that would lead to a sale of the product)?
11.3 Looking Forward: New Corporate Parent and New Corporate Social Responsibility Leader

On June 13, 2011, V. F. Corporation (http://www.vfc.com/about) announced the purchase of Timberland for over $2.2 billion. V. F. already owned and operated several well-known apparel brands such as the North Face, Wrangler, and Lee. In announcing the purchase V. F. CEO Eric Wiseman commented, “The Timberland brand is synonymous with high-quality outdoor footwear and apparel. We believe the unique rugged outdoor positioning of Timberland will perfectly complement the premium, technical positioning of The North Face brand. This acquisition will continue the transformation of VF’s portfolio, propelling VF’s outdoor and action sports businesses to 50% of total revenue.”

V. F. offered $43 for each Timberland share, a premium of 43 percent to Timberland’s closing price the day before the offer. On the announcement day, Timberland shares climbed $13.21, or 44 percent, to $43.20. Timberland stock had traded between $15.07 and $45.72 from June 10, 2010, to June 10, 2011, and was at $30 before the offer. The owners of about three quarters of Timberland’s stock, including Chairman Sidney Swartz and CEO Jeffrey Swartz, entered into a voting agreement and gave written consent for the deal on July 26.

V. F.’s shares rose by 10 percent after the deal was announced, which added about $1 billion to the V. F.’s market capitalization. This was atypical as shares in the buying company usually fall due to stockholders expectations that most acquisitions end up destroying value. V. F. says it intends to both grow Timberland’s sales and increase Timberland’s sales efficiency. In 2010, Timberland’s operating margin was 9 percent, which was considerably lower than V. F.’s operating margin of 20 percent.Marc Gunther, “Timberland’s Jeff Swartz: ‘This Is Hard,’” Marc Gunther (blog), June 14, 2011, http://www.marcgunther.com/2011/06/14/timberlands-jeff-swartz-this-is-hard.

V. F. has not been a recognized leader on corporate social responsibility (CSR) or sustainability. The company is at an early stage of addressing climate change and other issues related to climate change. According to the Climate Counts Company Scorecard on V. F. (http://www.climatecounts.org/scorecard_score.php?co=58), the corporation has started to measure its company-wide impact it has on global warming (i.e., its greenhouse gas emissions or climate footprint) and has made some efforts to reduce its impact on global warming (i.e., its greenhouse gas emissions or climate footprint) through the North Face. It has, however, shown minimal public information that it supports public policy that addresses climate
change and provides limited information on its company-wide efforts to address climate change.

On June 28, 2011, after the announcement of V. F.’s purchase of Timberland, the company hired a new vice president for corporate social responsibility, former Dell executive Mark Newton. Newton is joining Timberland following eight years with Dell, most recently as executive director of global sustainability, where he was responsible for balancing the company’s growth strategy to minimize impacts on natural and human resources across the value chain. During his tenure with Dell, he directed global policy development, stakeholder engagements, and corporate strategies on environmental and social issues. Prior to joining Dell, Newton led environmental technology programs at Apple and Motorola. He sits on the advisory boards of Clean Production Action and Carbonfund.org.

Newton will lead the CSR global team. “Timberland Hires CSR Vice President,” Environmental Leader, [http://www.environmentalleader.com/2011/06/28/timberland-creates-role-of-csr-vice-president](http://www.environmentalleader.com/2011/06/28/timberland-creates-role-of-csr-vice-president). He will report to Timberland’s CFO Carrie Teffner and be responsible for the following:

- Overseeing Timberland’s effort to demonstrate environmental leadership and reduce the company’s environmental impact as a global brand
- Ensuring that the human rights standards set forth by the company’s code of conduct are adhered to and enforced by all Timberland vendors and suppliers worldwide
- Creating a global standard for community service through innovation, regional relevance, and employee engagement
- Executing against Timberland’s commitment to transparency and reporting by engaging a diverse set of stakeholders

Jeff Swartz’s last day as CEO of Timberland was September 13, 2011. In his final blog post he wrote the following:

Recently, I listened to the acquirer’s CEO addressing Timberland employees, in an open air town hall meeting (we take the 10 minutes of New England summer time seriously here, and so when we can meet outdoors, we do). It tore my guts out, to sit in the community gathering as a listener, watching my colleagues watching the new boss, wondering what changes are in store for our brand, our business, our community...an environmental activist in our ranks rose, way in the back, to ask the new guy, the Boss to Be, about sustainability.
“Tell us, please, why sustainability is important to you.”

And the man with whom I negotiated hard and long for the best possible deal for shareholders stood his ground, and answered, authentically and naturally. “The answer is simple—we believe that sustainability is good for the business and good for the world environmentally.”

He went on; the answer got more detailed and more concrete. But I had stopped listening.

For 30 years, we’ve been trying, fighting, struggling, to choreograph the intricate interaction between shareholder value, consumer demand, and social accountability. I have the scars, and the long list of failed efforts, incomplete outcomes, unrealized dreams and frustrated ambitions before my eyes all the time that reflect this passionate effort. And yet in this poignant moment of transition, from a business run by my family for three generations to a business to be run by relative strangers—here is the CEO of a 10B$ powerhouse, talking about sustainability simply and easily—good for business, good for the earth. And he means what he says. And it strikes me, hard, as I sit there—30 years later, a vitally important conversation has shifted. Maybe, there comes a time to say, “my job here is finished.” Jeff Swartz, “Endings and Beginnings,” The Bootmakers Blog, September 13, 2011, http://blog.timberland.com/jeff-swartz/endings-and-beginnings.

**KEY TAKEAWAYS**

- V.F. Corporation has had limited efforts in sustainability, but the acquisition of Timberland provides it with the opportunity to be a global leader in business sustainability.
- The stock acquisition of Timberland provided great value to the stockholders of V. F. Corporation.
EXERCISES

1. Prepare a memo for V. F. that summarizes Timberland’s experience with CSR and sustainability reporting. What are the benefits and difficulties of the different activities within reporting? What are the main lessons that have been learned?

2. Review V. F.’s corporate website. Prepare a two-page memo to the company’s CEO outlining whether V. F. should more broadly adopt Timberland’s CSR reporting, identifying which of its brands would most likely benefit the most from sustainability reporting.

3. Upon reviewing former CEO Jeff Swartz’s final blog post, do you agree or disagree with his finding that the business world has shifted to sustainability?

4. Review Timberland’s timeline included at the end of this chapter. Do you think including environmental and social indicators in the timeline paints a fuller picture of the history and actions of the company? Why or why not?

Table 11.1 Timberland Timeline

<table>
<thead>
<tr>
<th>Year</th>
<th>Key Events</th>
<th>Sustainable Performance Indicators</th>
<th>Economic</th>
<th>Ecological</th>
<th>Social</th>
<th>Community Service Hours</th>
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<tr>
<td>1955</td>
<td>Nathan Swartz bought the remaining interest in Abington Shoe Company and welcomed his sons into the company, manufacturing private label shoes for</td>
<td></td>
<td>Revenue / Net Income (in Millions of Dollars)</td>
<td>Stock Price (First of Year and Adjusted for Splits)</td>
<td>GHG Emissions Inventory (Metric Tons)</td>
<td>Employees</td>
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11.3 Looking Forward: New Corporate Parent and New Corporate Social Responsibility Leader
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<th>Ecological</th>
<th>Social</th>
<th>Community Service Hours</th>
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<td>1973</td>
<td>leading brand manufacturers for almost 10 years.</td>
<td>Revenue / Net Income (in Millions of Dollars) Stock Price (First of Year and Adjusted for Splits) GHG Emissions Inventory (Metric Tons) Employees</td>
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<td></td>
<td>The Swartz family developed the “Timberland” brand name. Timberland created its first guaranteed waterproof boot under the Timberland name.</td>
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<td>1975</td>
<td>Company produces 25,000 Timberland brand boots and approaches the $1 million mark in sales.</td>
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<td></td>
<td>The Swartz family changed the name of the company to the Timberland Company.</td>
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<td>1978</td>
<td>Timberland footwear introduced into first</td>
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<td>GHG Emissions Inventory (Metric Tons)</td>
<td>Employees</td>
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<td>1987</td>
<td>Timberland went public on the American Stock Exchange.</td>
<td>$1.80 (June 30, 1987)</td>
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<td>1989</td>
<td>Timberland partnered with City Year, Inc., the Boston-based youth “urban peace corps,” to support community service. Since then, Timberland has provided over $10 million to City Year helping them to expand their service program to 13 cities across the United States.</td>
<td>$156/$6</td>
<td>$1.84</td>
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<td>1992</td>
<td>To sustain the communities in which its employees live and work, Timberland</td>
<td>$291/$13</td>
<td>$1.14</td>
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<td>Revenue / Net Income (in Millions of Dollars)</td>
<td>Stock Price (First of Year and Adjusted for Splits)</td>
<td>GHG Emissions Inventory (Metric Tons)</td>
<td>Employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>$796/$47</strong></td>
<td><strong>$4.72</strong></td>
<td>5,100</td>
<td>17,500</td>
</tr>
</tbody>
</table>

developed what later became the Path of Service program, a progressive corporate policy offering employees 16 hours paid leave to perform community service. Timberland launched its “Give Racism the Boot” awareness campaign supporting diversity and standing up against oppression internationally.

1997

Timberland increased the benefit of paid employee volunteer time to 40 hours. Timberland introduced apparel for kids.
<table>
<thead>
<tr>
<th>Year</th>
<th>Key Events</th>
<th>Sustainable Performance Indicators</th>
<th>Economic</th>
<th>Ecological</th>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
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<td>GHG Emissions Inventory (Metric Tons)</td>
<td>Employees</td>
</tr>
<tr>
<td>2000</td>
<td>The company was listed as one of the “100 Best Corporate Citizens” by Business Ethics Corporate Social Responsibility Report. Timberland issues its first annual corporate social responsibility report.</td>
<td>$1,091/$124</td>
<td>$12.47</td>
<td>5,400</td>
<td>34,200</td>
</tr>
<tr>
<td>2006</td>
<td>The company set a new standard for product transparency and increased its efforts to minimize environmental impact by introducing new, more eco-conscious packaging for its footwear products and a “nutritional label”—product information label that</td>
<td>$1,568/$106</td>
<td>$32.92</td>
<td>25,599</td>
<td>6,300</td>
</tr>
</tbody>
</table>
details aspects of the company’s environmental and community footprint. The company unveiled a solar panel installation at its distribution center in Ontario, California. At the time, the system was one of the 50 largest in the world, generated 60% of the power for the distribution facility, and reduced the facility’s greenhouse gas emissions by an estimated 218 metric tons per year.

<table>
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<tr>
<td>2009</td>
<td>Shrinks the carbon footprint of its US stores by an additional 11% by switching</td>
<td><strong>Revenue / Net Income (in Millions of Dollars)</strong></td>
<td><strong>Stock Price (First of Year and Adjusted for Splits)</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>$1,286/$57</strong></td>
<td><strong>$11.68</strong></td>
</tr>
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<tr>
<td></td>
<td></td>
<td>70% of its North American stores to LED lighting. Timberland and Soles4Souls launch nationwide in-store shoe donation program.</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>Timberland ranks #2 on Climate Counts’ list of companies making aggressive strides in fighting climate change.</td>
<td>$1,429/$97</td>
<td>$18.19</td>
</tr>
<tr>
<td>2011</td>
<td>Timberland stock reaches highest price ever at $45.72 on April 28. VF Corporation announces purchases of Timberland for $2.2 billion on June 13.</td>
<td></td>
<td>$24.79</td>
</tr>
</tbody>
</table>