SERVICE

Quarterly Reported Metrics – Q2 2015 Results

An annually reported metric – 2014 Results

For further details, analysis, and historic data, refer to respective appendices.
Each year the Community Engagement Team strives to provide enhanced opportunities for increased employee engagement. Service metrics are measured on an annual basis (from January 1 - December 31) and revert to zero at the beginning of each year. Hours served reflects the total number of community service hours reported by employees.

**2014 Result:** In 2014, Timberland achieved a 10.3% increase in hours served over 2013 (72,098 hours in 2014 vs. 65,388 in 2013). Our facility in the Dominican Republic showed the highest increase in hours served (72.9%), due to their continued efforts to engage new employees in service, organizing smaller monthly service events, and increasing volunteer capacity of pillar events. While Europe had a slight increase in hours served (13,196 hours in 2014 vs. 13,104 in 2013), all other regions faced challenges such as systems migrations, office relocations, and staffing constraints, which affected their ability to find time to serve. Despite these challenges, we were still able to realize an increase in hours served in 2014.

**Q2 2015 Result:** Timberland employees served 46,509 hours in Q2 2015, a 4.5% increase over Q2 2014 (44,522 hours served). North America had the largest increase at 15.5% (16,311 hours served YTD in 2015 vs. 14,123 hours in 2014), due to increased engagement by the US Retail Team. Hours Served YTD in Europe and Asia were fairly even with last year. Given that headcount decreased over 3% in both regions, these results tell a positive story for service engagement. While Europe overall stayed flat, our International Design Center in London increased hours significantly, (up 52% from 756 hours as of Q2 2014 to 1,146 hours as of Q2 2015), UK Retail (up 55% from 719 hours as of Q2 2014 to 1,113 hours as of Q2 2015), and our new team in Nottingham which served 508 hours YTD after a successful first Earth Day event, offset decreases in service in other locations. In Asia, strong results in Hong Kong (up 62% from 684 hours as of Q2 2014 to 1,106 hours as of Q2 2015) and Zhuhai (up 37% from 666 hours as of Q2 2014 to 910 hours as of Q2 2015) offset decreased service in other locations.
APPENDIX – Hours Utilization Rate

Hours Utilization Rate ("HUR") measures the percentage of available service hours offered to Timberland employees that employees use year to date. Full-time employees are offered 40 hours annually, and part-time employees are offered 20. Each year the Community Engagement team strives to provide enhanced opportunities for increased employee engagement. Service metrics are measured on an annual basis (from January 1 - December 31) and revert to zero at the beginning of each year.

2014 Result: Timberland’s Hours Utilization Rate (HUR) for 2014 was 30.4%, which is consistent with our 2013 result. Average YTD headcount increased nearly 11.4% over 2013 (6,418 employees in 2014 vs. 5,763 in 2013), which added to the number of available service hours. Even with a larger pool of hours available, we were able to maintain consistent HUR over 2013, and continue to strive for increased engagement going forward.

Q2 2015 Result: Timberland's Hours Utilization Rate (HUR) was 18.5% in Q2 2015, which is fairly even with our Q2 2014 result (18.6%). All regions showed gains in YTD HUR except for the Dominican Republic which showed a 14.6% decrease (from 16.2% HUR as of Q2 2014 to 13.8% as of Q2 2015). While the DR’s YTD hours served is down only 1.9%, headcount increased 14.8% which drove down the overall HUR. North America, up 18.4% over Q2 2014, showed the largest increase in HUR (36.5% YTD 2015 vs. 30.8% YTD 2014).
Benefit Utilization Rate ("BUR") measures the percentage of employees that report serving at least one hour per year. Each year the Community Engagement Team strives to provide enhanced opportunities for increased employee engagement. Service metrics are measured on an annual basis (from January 1 - December 31) and revert to zero at the beginning of each year.

**2014 Result:** Timberland's Benefit Utilization Rate (BUR) for 2014 increased from 66.6% in 2013 to 77.9% in 2014. Our manufacturing facility in the Dominican Republic (which employs 42% of our global employee population) had the largest increase by engaging 88% of their workers in service. Several other regions were able to realize improved utilization rates - Timberland's headquarters in Stratham, NH increased its BUR 25%, and our team in Malaysia achieved 100% BUR for 2014 (over 48% in 2013). Despite challenges in other regions, our overall BUR increased, bringing us closer to our target for the first time since 2011.

**Q2 2015 Result:** Timberland's Benefit Utilization Rate (BUR) was 66.1% in Q2 2015, vs. 61.9% in Q2 2014, a 6.8% increase. Our Dominican Republic facility had the largest increase in BUR (80.4% YTD 2015 vs. 73.6% YTD 2014) due to an increase in employee engagement. Our new facility in Nottingham, UK had 95% of its employees engaged in service YTD, and UK Retail had a 32% BUR YTD (vs. 18% YTD 2014).
This metric communicates the impact Timberland has beyond our own employees' time. We often engage a much wider scale of people in community service events via our partners, distributors, consumers, etc. The purpose of this metric is to show how much greater that scale is.

This metric shows the number of individual service projects organized by Timberland worldwide per year.

In 2001, Timberland set out to plant 1 million trees in 10 years. We accomplished our goal in 2009 and were inspired to set a new goal of planting 5 million trees in the next 5 years. As of 2014, we have accomplished this goal, primarily based on the success of tree planting projects in Haiti and China. From 2001 through 2014, Timberland has planted 7,347,334 trees.