

Evaluating our Code of Conduct Program

<http://responsibility.timberland.com/factories/sai-evaluation/>



Timberland prides itself on a long-standing Code of Conduct program. Over the years, we've shifted our work in factories to expand beyond basic compliance, trained our Assessment team to incorporate workers' voices, and helped factory management build capacity. We include environmental and social/labor conditions in our assessments, and go beyond factory walls to assess whether workers are able to meet their basic needs. We rely on partnerships with stakeholder groups and standards bodies to vet our approach against best-in-class training programs, processes for corrective action plans, and mechanisms for worker empowerment. We don't have all the answers, but we know that giving workers a voice is critical for leveraging our business to create improved working conditions and quality of life.

So, how are we doing?

In the [Goals & Progress section](#) of this website, you can see the results of our assessments worldwide. We're targeting improvements over time and know it takes cooperation between factories, partners, and workers to get there. We've vetted our goals with outside groups to ensure we're seeking real improvements. But what about the process for getting there? Do we have the right tools, team, and structure to achieve the impacts we intend?

In 2010, Timberland commissioned [Social Accountability International \(SAI\)](#) to review whether our program is implemented in the field as designed. SAI is a non-governmental organization whose mission is to advance the rights of workers around the world. As a Corporate Member of SAI, we share their mission to improve working conditions in our or supply chain in accordance with relevant ILO conventions and national law. We asked SAI to validate our program's capability of achieving our objectives, including a review of our team's necessary skills to be effective.

Details of the Evaluation

To accomplish these objectives, SAI reviewed our vendor monitoring and development program, determined if it's operating in the field as documented, evaluated how it's integrated into the business, and assessed its impact at supplier factories.

Policy, Procedure and Record Review

SAI compared Timberland's program to practices from multiple industries by conducting a document review of our audit and vendor development program. They also conducted interviews with over 30 Timberland leaders at corporate headquarters and in the field to gain insight into current systems. The following areas were included in this evaluation: internal audit team formation and training, audit protocol and preparation, audit implementation, factory rating and reporting, corrective action policies and procedures, and post-audit improvement plan and support.

Field Assessment & Survey

For the field audit review, SAI shadowed Timberland assessors on four audits to assess competency, application of protocol guidelines and tools, and calibration across assessments and among Specialists. SAI also used this time in the field to verify the design, scope, and methodology of Timberland's Code of Conduct program and document opportunities for future training.

SAI then used its [Social Fingerprint® program](#) to analyze management systems at 30 of Timberland's vendors. Social Fingerprint® looked at development and implementation in several categories, such as overall systems, worker communication, complaint resolution, and progress on corrective actions (among others). The results of the Social Fingerprint® self-assessment allowed SAI to compare broad sets of information against Timberland's rating system to identify areas for improvement.

Finally, SAI separately issued a survey to all Timberland factories to assess the perceived value of Timberland's Code of Conduct program and the impact suppliers believe its had on the factories' social compliance.

SAI Findings

According to Craig Moss, project lead and SAI's Director of Corporate Programs and Training, "Overall, the Timberland Code of Conduct program is extremely sophisticated in its design and places Timberland among the leaders in the field.... we applaud the current inclusion of root cause analysis."

Program Implementation & Business Integration

According to SAI, suppliers that have a high level of compliance typically perform certain processes well. SAI's report found that Timberland's approach is more sophisticated than

many because of our inclusion of management systems in the assessment process. However, they also recommended improvements in the management system portion such as focusing more on underlying processes (rather than documentation alone) in order to mitigate risk and help suppliers to see a clear path to capacity building. As a result, Timberland plans to give additional training in 2012 to its Code of Conduct team to increase understanding of social and labor management systems.

Risk is also an important consideration when looking at supply bases. SAI's findings state that Timberland's program creates a positive environment for driving improvement among suppliers, especially because of our relatively stable supply chain. Like others in our industry, SAI identified Timberland's primary risks as exposure to new suppliers coming into the system, licensed products, and products sourced through agents. We continue to manage these issues by requiring a Code of Conduct assessment and approval prior to production with a new supplier, and by ensuring that production via agents and licensees is included in our assessment program.

Risk is managed collaboratively within our business, which is important when considering how our Code of Conduct is integrated with other Business Units. From their interviews, SAI states that Timberland's business units have a high degree of awareness of CSR and the Code of Conduct program, and that both are critical for our brand identity. "This is an important accomplishment and an indication of senior management commitment," reports Moss.

One final area for improvement that SAI identified was is to increase assessors' information sharing as a way to strengthen our global approach. Despite Timberland's prescriptive approach for evaluating supply chain issues, Assessors' judgment plays a role when categorizing the seriousness of issues. Because judgment is always required to evaluate situations, SAI suggested providing additional forums for Assessors to share experiences as part of an ongoing calibration process—which Timberland will add to our training next year to build a more unified context and intent behind actions observed during audits.

Perceived Supplier Value & Impact

From their survey of 142 factories, SAI's findings show that Timberland suppliers feel they've improved their performance since becoming a Timberland vendor. For example, 84% of suppliers stated their systems are "Slightly Better" or "Significantly Better." Suppliers also stated that Corrective Action systems and Worker Involvement & Communications were improved (81% and 75%, respectively) as a result of being a Timberland vendor. These findings validate Timberland assessors' feelings about their impact, as captured by one of SAI's interviews: "We're not so focused on finding problems," the Assessor said. "Factories are more open with Timberland because they feel we're sincere in wanting them to improve."

SAI's survey also found that Timberland's suppliers feel that our Assessors' attitude, skills and knowledge are better than other Code of Conduct auditors, as evidenced by 76% of suppliers stating that Timberland Assessors are "Slightly Better" or "Significantly Better" (56% said "Significantly Better"). Moss confirms this finding in SAI's own analysis: "We feel that Timberland has taken real steps to work with their vendors to drive improvement," he reports.

“Their concrete approach contrasts with many companies that talk in vague terms about ‘shifting from auditing to capacity building.’”

Validation & Next Steps

As a result of this process, we have concrete examples and recommendations for further improving our impact. As Colleen von Haden, Timberland’s Senior Manager of Code of Conduct, states: “SAI’s thoroughness and inclusion of supplier perspective enabled this process to truly validate the effectiveness and impact of our program.”

SAI’s final report also confirms this: “Timberland has created a strong Code of Conduct program that has had a positive impact on its suppliers. We agree with the direction that the program is heading. Prioritizing resource allocation will be important to balance short-term improvements with undertaking the strategic initiatives that can keep Timberland in a leadership position.”

We plan to build on this final recommendation in the coming year. Adds von Haden: “We look forward to further partnering with SAI on areas of improvement.”
