Corporate Responsibility Scorecard 2017

WILLIAMS-SONOMA, INC.
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A Letter from our CEO

“As we meet and exceed our companywide goals, we reshape the industry and ourselves. At the center of everything we do, every day, is our customer.”

We believe that our company’s potential is limited only by the imagination of our associates, customers and the people we work with. Our founder, Chuck Williams, gave us a map for navigating a world of rapid change when he set forth “a shared commitment to who we are, where we are going and how we will get there.” Our customer is our North Star.

Listening to our customers, we’ve learned that they value quality, safety and sustainability. When we put those shared values at the center of our strategy, we expand corporate responsibility beyond our company operations into the products we make and the people we serve. From kitchens to kids’ rooms, our customers have told us that they want a healthy home that doesn’t sacrifice aesthetic, quality or comfort.

We have the advantage of being a multi-brand, multi-channel retailer that provides sustainable options for every room of the house. This year, we launched the Pottery Barn Modern Baby Collection, which features 100% organic cotton and 100% GREENGUARD certified bedroom and nursery furniture. It outperformed our sales expectations, because it gave customers the superior design and sustainability they’d been seeking for their children’s rooms. At Rejuvenation, our LED lighting offers unparalleled quality and energy efficiency in one beautiful package. At west elm, nearly half of the brand’s signature design-conscious assortment is handcrafted and/or Fair Trade Certified™.

Our breadth and scale expand our impact beyond our own company into the global home industry. We were the first home goods retailer to make a commitment to Fair Trade with west elm, and by 2016-17, all our brands were participating in the Fair Trade economy. Since 2015, we have partnered with HERproject to empower workers through education, health and finance programs. In 2017 we expanded our reach and partnered with VisionSpring to provide vision screenings and corrective eyewear to 20,000 workers in developing areas of India and the Philippines. By 2020, we will have provided education and empowerment for over 100,000 workers.

Through partnerships with the Global Organic Textiles Standard (GOTS) and the Better Cotton Initiative (BCI), we’re working towards a goal of 100% responsibly sourced cotton by 2021. Our achievements have earned us recognition from the Textile Exchange as a top 10 company using organic cotton and preferred fibers, the Sustainable Furnishings Council as the 2nd highest-ranking company sourcing responsible wood, and Barron’s as the 14th most sustainable company worldwide.

These rankings put us ahead of our competitors in the home industry, and alongside global leaders in the world of corporate responsibility. Looking ahead, we will continue to improve our use of natural resources through landfill waste reduction, energy efficiency and innovation within our supply chain and are exploring new ways to upcycle materials.

As we meet and exceed our companywide goals, we reshape the industry and ourselves. At the center of everything we do, every day, is our customer. Ultimately, they are the ones who drive change whenever they purchase responsible, sustainable products. Their values are our values, and we’re grateful to be on this journey with them.

Laura Alber
President and CEO
Our Strategy

Our responsibility extends to every part of our business.

Our responsibility extends to every part of our business—from our home, to your home, to the world’s home—and these are the pillars of our strategy. Examining every area of our business, we’ve identified opportunities to build positive impact into our business goals. From the design of new products to the sourcing of raw materials to how we serve our customers, we’re asking ourselves how we can act more responsibly, reduce costs and drive future success. We have also aligned our strategy to the United Nations’ Sustainable Development Goals (SDGs), a global framework for achieving a better, more sustainable future for all. We are actively contributing to nine of the SDGs.

Our Home: Operations
- Landfill Diversion
- Energy Intensity
- Carbon Intensity

Your Home: Materials & Products
- Responsible Sourcing
- Sustainable Design

The World’s Home: Community Involvement
- Supply Chain Development
- Corporate Giving
- Volunteering
Great design begins with guidelines for using sustainable, fewer or alternative materials in our products.

Our sourcing teams procure, track and document high-quality materials, including FSC®-certified wood and GOTS-certified organic cotton.

In-house and on-site teams work collaboratively with our global suppliers to improve their social and environmental performance.

We're making changes. We recycle cardboard, plastic and foam, and we're reducing packaging and EPS foam use.

By reducing fuel usage and improving efficiency at our distribution centers, we're benefiting our business and the environment.

We were the first major catalog retailer to shift to 100% FSC® certified paper, and our stores are retrofitted with LED lighting.

We're diverting waste from landfills, including product waste, and we're recycling and reusing materials to make new products.
Landfill Diversion & Recycling

OUR GOAL
We’re diverting 75% of our waste from landfill to recycling and composting streams across our operations by 2021.

Strategy
As a multi-channel retailer, we see an opportunity to create significant impact by keeping waste out of landfills. We’re committed to increasing recycling, diversion and composting efforts in our stores, distribution centers and offices. Doing this diverts useful materials from landfill and reduces consumption of valuable new materials while decreasing energy usage, air pollution and water pollution.

Milestones
In 2017, we focused on increasing paper-based recyclable packaging in our top production countries and transitioning our supply chain from wooden pallets to recyclable paper pallets. We partnered with non-profits to repurpose product waste and piloted a program to transform fabric scraps from our Sutter Street factory back into the upholstery padding used in sofas, like the Pottery Barn Pearce collection, among others.

<table>
<thead>
<tr>
<th>Year</th>
<th>Landfill Diversion Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>37.38%</td>
</tr>
<tr>
<td>2016</td>
<td>36.93%</td>
</tr>
<tr>
<td>2015</td>
<td>28.93%</td>
</tr>
</tbody>
</table>

2021 GOAL: 75%

CALCULATION & SCOPE: Percent of recycled and composted volume diverted from landfill in tons. Scope includes distribution centers, in-sourced hubs, corporate offices and retail stores in North America.
Carbon Intensity

OUR GOAL
We're continuing to develop a long-term emissions strategy to improve our reduction efforts.

Strategy
Greenhouse gas (GHG) emissions are increasingly the focus of public concern for the welfare of our environment. Given that carbon emissions result from our energy and fuel usage, reducing emissions directly impacts our bottom line, resulting in significant cost savings in addition to reducing emissions.

Milestones
We're working closely with our suppliers to support their energy and water reduction programs. We're also working to improve our operational efficiency wherever possible. While our revenues have increased, we've reduced our carbon intensity year-over-year since 2011.

Electricity Intensity

OUR GOAL
We're developing a broader energy strategy to increase our efficiency and cost savings.

Strategy
Electricity accounts for most of our energy usage and costs, as well as our emissions. Strategically managing electricity purchases, investing in efficiency projects and taking advantage of incentives for renewable energy mitigates risks associated with electricity volatility.

Milestones
We have completed lighting retrofits to LEDs at many of our stores, offices and distribution centers to save energy and reduce costs across the company. We are using LED bulbs in our consumer lighting products to help our customers save money at home.

<table>
<thead>
<tr>
<th>Year</th>
<th>Carbon Intensity</th>
<th>Electricity Intensity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>.021</td>
<td>13.43</td>
</tr>
<tr>
<td>2016</td>
<td>.023</td>
<td>13.56</td>
</tr>
<tr>
<td>2015</td>
<td>.026</td>
<td>15.19</td>
</tr>
</tbody>
</table>

CALCULATION & SCOPE:
- Carbon Intensity: Greenhouse gas emissions per dollars of revenue. Emissions include Scope 1 (direct GHG emissions from fuel consumption), Scope 2 (indirect GHG emissions from purchased electricity, heat and steam) and partial Scope 3 (emissions from business travel). Emissions from stores, data centers, outsourced data services, distribution centers, in-sourced hubs, call centers, corporate offices and owned and leased vehicles is included.
- Electricity Intensity: Electricity consumed per square foot of real estate annually. Consumption for stores, data centers, outsourced data services, distribution centers, in-sourced hubs, call centers, owned production facilities and corporate offices included. Real estate square footage is an annual average.
Strategy
Cotton represents the largest volume of fiber used in our textiles. We support the Global Organic Textile Standard (GOTS) as the gold standard in certifications because it ensures traceability of organic cotton fiber, eliminates harmful chemicals in production, and ensures all manufacturing stages have sound environmental and social management practices. We also promote alternative textiles with recycled content, TENCELM®, and products that support the Better Cotton Initiative.

Milestones
Many of our products have been tested for potentially harmful substances and are certified with OEKO-TEX® Standard 100. In 2017 we were one of Textile Exchange’s top 10 companies using organic cotton and recycled polyester.

Responsibly Sourced Cotton

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OUR GOAL
We’re increasing our use of responsibly sourced cotton in textile products to 100% by 2021.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>GOOD</th>
<th>BETTER</th>
<th>BEST</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>33%</td>
<td>1%</td>
<td>15%</td>
<td>49%</td>
</tr>
<tr>
<td>2016</td>
<td>32%</td>
<td>1%</td>
<td>9%</td>
<td>42%</td>
</tr>
<tr>
<td>2015</td>
<td>30%</td>
<td>4%</td>
<td>11%</td>
<td>45%</td>
</tr>
</tbody>
</table>

2021 GOAL: 100%

CALCULATION & SCOPE: Percent of responsibly sourced cotton used in our textiles in pounds. Responsibly sourced cotton is categorized through a Good-Better-Best approach: Best – Global Organic Textile Standard (GOTS); Better – Organic Content Standard (OCS); Good – Better Cotton Initiative (BCI) and Standard 100 by OEKO-TEX® certified products.

Responsibly Sourced Wood

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OUR GOAL
We’re increasing both our use of Forest Stewardship Council®-certified wood and our overall percentage of responsibly sourced wood to 50% by 2021.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>GOOD</th>
<th>BETTER</th>
<th>BEST</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>19.9%</td>
<td>10.9%</td>
<td>8.1%</td>
<td>38.9%</td>
</tr>
<tr>
<td>2016</td>
<td>26%</td>
<td>9%</td>
<td>8%</td>
<td>43%</td>
</tr>
<tr>
<td>2015</td>
<td>23%</td>
<td>11%</td>
<td>7%</td>
<td>41%</td>
</tr>
</tbody>
</table>

2021 GOAL: 50%

CALCULATION & SCOPE: Percent of responsibly sourced wood used in our furniture in cubic meters. Responsibly sourced wood is categorized through a Good-Better-Best approach: Best – Forest Stewardship Council® (FSC), Better – Programmes for the Endorsement of Forest Certification (PEFC), Rediscovered wood (reclaimed/recycled and orchard wood sources); FSC® Controlled Wood, Good – verified legal and low-risk wood for legality (as defined by Global Forest Registry).
**Catalogs support each of our brands and play a fundamental role in our marketing strategy. Each year we send out 250 million catalogs, and we recognize that our paper use has an enormous impact on both our business and the environment.**

**Milestones**

Every year since 2007, we have used only responsibly sourced wood for the paper in our catalogs, and we will continue to do so.

**Strategy**

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>100%</td>
</tr>
<tr>
<td>2016</td>
<td>100%</td>
</tr>
<tr>
<td>2017</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Low-VOC Finishes**

**OUR GOAL**

We will produce 100% GREENGUARD certified bedroom and nursery furniture from our Pottery Barn Kids brand by the end of 2018.

**Strategy**

Families have increasingly focused on the safety of the products that they bring into their homes. Committed to the health and safety of our customers, we support the use of low-VOC (volatile organic compound) and water-based furniture finishes, and we abide by the highest standards when it comes to safety testing our Pottery Barn Kids’ products. GREENGUARD has created rigorous and comprehensive standards for low emissions of VOCs in indoor environments.

**Milestones**

We are rigorous about CARB compliance testing, ensuring our materials adhere to all US air emissions requirements. Pottery Barn Kids has teamed up with GREENGUARD to ensure that furniture products for our youngest customers are free from VOCs and meet the highest standards for indoor air quality, and their assortment is on track to produce 100% certified Pottery Barn Kids brand bedroom and nursery furniture.

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>2016</td>
<td>34%</td>
</tr>
<tr>
<td>2017</td>
<td>77%</td>
</tr>
<tr>
<td>2018</td>
<td>100%</td>
</tr>
</tbody>
</table>
Behind the Labels

Responsibly Sourced Products and Materials

Cotton

OCS was created by the non-profit Textile Exchange as a standard for tracking and documenting the purchase, handling, and use of certified organically farmed cotton fiber in yarns, fabrics and finished goods.

The Global Organic Textile Standard (GOTS) ensures that textiles labeled “organic” meet strict criteria. Certification tracks organic fiber, as well as social and environmental practices, from manufacturing to packaging to the finished product. GOTS also prohibits the use of heavy metals, genetically modified substances, toxins and carcinogens.

A global testing and certification system launched in the early 1990s, OEKO-TEX® 100 is a leading standard for establishing the human and ecological safety of products such as bedding and towels.

The Better Cotton Initiative is a global system for cultivating more sustainable cotton. They teach farmers to reduce the amount of synthetic fertilizers and pesticides in cotton production and train workers to increase cotton yields and reduce water usage.

Low-VOC finishes

Products that are GREENGUARD Certified are low emitting, meaning they’re built to ensure the air you and your family breathe is cleaner. Each piece is screened for more than 10,000 chemicals and VOCs that are commonly known to pollute indoor air.

Compliant with the ISO (International Organization for Standardization), this certification allows suppliers and consumers to choose furniture, furnishings and materials that have been stringently tested and proven to meet strict standards for low-VOC emissions.

Wood

FSC® certification ensures that products come from responsibly managed forests that provide environmental, social and economic benefits. The FSC® provides a foundation for all forest management standards globally, including the FSC® US National Standard.

Alternative Fibers

TENCEL™ branded lyocell and modal fibers are produced by environmentally responsible processes from natural, sustainably sourced raw wood. Benefits include botanic origin, sustainable production, durability, breathability and biodegradability.

Made of 100% recycled plastic and produced mainly from post-consumer plastic bottles, REPREVE® fibers emit fewer greenhouse gases, offset the use of new petroleum, and conserve water and energy.
Fair Trade

**OUR GOAL**
We will pay $3 million in Fair Trade Premiums by 2020.

**Strategy**
Fair Trade is a market-based approach to creating healthy and safe working conditions, additional income for workers and high environmental standards. Working with Fair Trade USA, we have improved the lives of workers who manufacture our products by paying an additional Fair Trade Premium on top of the cost of goods.

**Milestones**
Our Fair Trade Premiums go directly into a fund managed by the workers themselves that are used for a variety of needs, such as a community infirmary and bicycles that enable workers to commute easily. In 2017, we launched Fair Trade across all our WSI brands, and you can now choose from over 5,000 Fair Trade Certified™ SKUs— from bedding at Pottery Barn to rugs at west elm, to food at Williams Sonoma.

Worker Well-being

**OUR GOAL**
We will educate and empower 100,000 workers by 2020.

**Strategy**
We believe business can be a force for good. We invest in the people who make our products, increasing economic opportunities for workers in our supply chain through programs that enhance benefits and education. We’re also committed to programs that preserve and cultivate markets for artisans and craftsman around the world.

**Milestones**
Through our partnership with HERproject, we improved health-related knowledge and built the financial capacity of over 29,000 factory workers in 2017. We’ve also partnered with VisionSpring to provide reading glasses to 20,000 workers by 2018, unlocking income earning potential, extending productive working years and boosting learning outcomes.

CALCULATION & SCOPE: Total dollars paid as Fair Trade Premiums to our vendors since 2014.

CALCULATION & SCOPE: Total number of workers enrolled since 2014 in education and empowerment programs through partnerships with HERproject, VisionSpring, as well as other health and literacy organizations.
Corporate Giving

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**OUR GOAL**
Maintain or increase our giving across a range of causes, including St. Jude and gift-in-kind product donations.

**Strategy**
We leverage our strength as a company, from our retail stores to the dedication of our associates, to make as great an impact as possible. Providing financial support to people, organizations and causes is an integral part of our community outreach.

**Milestones**
We’ve supported organizations and partners—including St. Jude Children’s Research Hospital®, NoKid Hungry, AIDS Walk and others—that promote and strengthen the development, health and well-being of children, women and families; support the LGBTQ community; provide educational opportunities; and assist those whose homes have been damaged or lost.

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Volunteering

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**OUR GOAL**
Continue to evolve our volunteering program to increase associate participation and create greater impact in our communities.

**Strategy**
Volunteering deepens our presence in the community, enhances our relationships with customers and strengthens employee engagement. We support our communities through our associates’ time and leadership, and we provide 8 hours of paid Community Involvement Time each year. We encourage our associates to volunteer for local causes.

**Milestones**
Over the past 5 years, associates have logged approximately 34,000 volunteerism hours, with over 23,000 logged in 2016 and 2017 alone. In 2017, we began our annual company-wide day of service in recognition of Martin Luther King, Jr. Day. Each year, more associates participate in this inspiring event, with activities in Brooklyn, San Francisco and Portland.

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**CALCULATION & SCOPE:** Contributions through fundraising for a variety of causes, miscellaneous community giving, associate donations, shelter grants, product proceeds, matching gifts and in-kind donations.

**CALCULATION & SCOPE:** Total of non-store associate volunteering hours.

**2017**
- $10.6M

**2016**
- $8.8M

**2015**
- $7.9M

**2017**
- 12,572

**2016**
- 11,045

**2015**
- 4,300

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