

CORPORATE RESPONSIBILITY REPORT 2014

WILLIAMS-SONOMA, INC.

POTTERY BARN

POTTERY BARN KIDS

PBTEEN

WILLIAMS-SONOMA

WILLIAMS-SONOMA HOME

WEST ELM

MARK AND GRAHAM

REJUVENATION

TABLE OF CONTENTS

03

INTRODUCTION

- 03 A Letter from our CEO
- 04 Our Path to the Future
- 05 Governance
- 06 Our New Framework
- 08 Our Brands

09

OUR HOME

- 10 The People Who Make Our Products
- 12 Beyond Compliance
- 13 Energy & Carbon Emissions Update

15

YOUR HOME

- 16 Responsible Raw Material Standards
- 18 Infographic: WSI Responsible Raw Material Standard for Wood
- 19 Our Responsible Products

20

THE WORLD'S HOME

- 21 Community Giving & Volunteering
- 23 St. Jude: 10 Years in Support of Children & Families
- 25 St. Jude: Our Favorite Moments & Milestones
- 26 St. Jude: Associate Stories

27

METRICS

- 28 Responsibly Sourced Wood, Organic Cotton, Responsibly Sourced Catalog Paper & Diversion Rate
- 29 Electricity Intensity Ratio, Carbon Intensity Ratio, Giving & Volunteering

A LETTER FROM OUR CEO

ACTING RESPONSIBLY IS DEEPLY
LINKED TO BOTH THE PURPOSE
AND BUSINESS STRATEGY OF
WILLIAMS-SONOMA, INC.

Corporate responsibility is one of our core values as a company, and we believe it is essential to our future success. We operate in a world of rapid change, and we aim to be a leader in adapting to those changes. The limited supply of natural resources pushes us to find new ways to incorporate responsible materials into our products. The people who make our products are one of our greatest assets, and we seek to ensure that they work in safe, fair conditions. What we stand for holds the key to standing apart from the competition – with our customers, our associates and our communities.

Acting responsibly is deeply linked to both the purpose and business strategy of Williams-Sonoma, Inc. In 2014, we took important steps to strengthen these links (please see next page). We started with the creation of a new framework to guide our efforts. This framework connects with our mission to enhance the quality of our customers' lives at home. Williams-Sonoma, Inc. is now pursuing three main areas – Our Home, Your Home

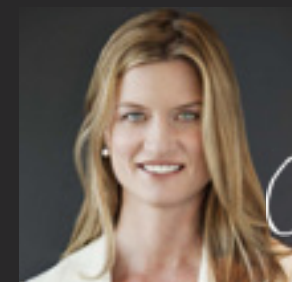
and the World's Home – that will help make corporate responsibility integral to our business.

This framework has helped to guide our thinking – and it inspires our actions. We worked in 2014 to make progress and lay the groundwork for the future. Some of our most significant work centered on creating new standards for the responsible sourcing of raw materials in our products. We also enhanced our approach to factory working conditions, shifting to a more direct role in working with suppliers to create long-term change.

We have received recognition for some of our efforts. Customers, community development experts and others welcomed the news that West Elm became the first home furnishings brand to offer products certified by Fair Trade USA. Our focus on inclusion and diversity earned us a spot on the National Association for Female Executives list of Top 50 Companies for Executive Women. CDP, a leading organization devoted to transforming business practices in support of the

environment, recognized Williams-Sonoma, Inc. for our work to prevent deforestation.

We know we have more to do. As we continue to expand globally, we will coordinate our efforts by setting company-wide goals in areas including energy and carbon reduction. We're proud that we redesigned our Corporate Responsibility Report this year to provide greater transparency. We look forward to continuing a conversation with all of our stakeholders about how Williams-Sonoma, Inc. can make further progress on our journey.



A handwritten signature in black ink that reads "Laura Alber". The signature is fluid and cursive, written over a white background.

LAURA ALBER
PRESIDENT AND CEO

OUR PATH TO THE FUTURE

MAPPING CORPORATE RESPONSIBILITY TO OUR BUSINESS STRATEGY

CORPORATE OBJECTIVES

1

STRENGTHENING OUR BRANDS

Unique strategies in each brand will drive growth and profitability.

2

CHANNEL EXCELLENCE & EFFICIENCY

We will optimize our channels and work to improve customer service through enhanced customer engagement and a focus on a “seamless service.”

3

SUPPLY CHAIN OPTIMIZATION

We will drive further efficiency in our supply chain while enhancing customer service.

4

NEW BUSINESS DEVELOPMENT

We will develop new businesses either through incubation or acquisition – leveraging our core competencies and extending our market and category reach.

5

GLOBAL GROWTH

We will leverage our strength and corporate capabilities to profitably expand globally – through design, service, quality and multi-channel presence.

6

TALENT ACQUISITION & ENGAGEMENT

We will develop leaders for the present and succession for the future. We will cultivate a culture where all associates are valued for their unique abilities and ideas, and are inspired to perform at their best.

HOW CORPORATE RESPONSIBILITY OVERLAPS

Through responsible sourcing of raw materials in our products, we will ensure we have the resources to run our business in the future; acting responsibly also spurs our brands to innovate and gives them a powerful story to tell customers.

Serving our customers means listening to what they care about and delivering on our promise in every channel, whether that means printing catalogs on 100% FSC®-certified paper or offering the choice to purchase more responsible products.

By supporting and empowering the people who make our products, we protect one of our most important assets and enhance productivity, worker loyalty and product innovation.

Through initiatives such as our investment in artisans, we can offer our customers new types of products, driving innovation that opens up new market segments and growth opportunities.

Along with global growth come higher expectations from customers, investors and other stakeholders about our corporate responsibility performance and transparency; by acting responsibly, we are positioned for further expansion in global markets.

Newer generations of talent want to work for companies that have a deeper purpose and act responsibly; in addition, great leaders of the future must connect with customers who want to shop with brands that align with their values.

GOVERNANCE

CREATING PROGRESS AT WILLIAMS-SONOMA, INC.



One of our guiding principles is that corporate responsibility should be seamlessly tied to the running of our business. Strong corporate governance is essential to realizing this vision. It starts with our senior leaders, who play a critical role in establishing, driving and executing on our strategy for creating environmental and social change. They signal to others throughout Williams-Sonoma, Inc. that becoming more responsible is a business priority, driving our success in a range of areas – from meeting customer demand to attracting and engaging talent.

Our President and CEO, Laura Alber, brings a strong commitment to driving our vision and strategy. Our board also views corporate responsibility as a business

imperative that will help us achieve our long-term goals. Board members are regularly updated on our progress, and their input helps to guide our strategy.

Our Corporate Responsibility team reports into the supply chain organization of Williams-Sonoma, Inc., which provides a key link to our suppliers as we work to source our products more responsibly around the world. This team works closely with business partners in a range of areas, from brand marketing to facilities to store management. In addition to crafting and executing strategy, the corporate responsibility team oversees our engagement with both internal and external stakeholders to shape our approach, build partnerships and communicate our progress.

“ACTING RESPONSIBLY
MEANS BOTH
COMMITMENT AND
ACTION. WE
CONTINUALLY WORK
TO RUN OUR BUSINESS
THROUGH THE LENS OF
HOW WE IMPACT THE
ENVIRONMENT, PEOPLE
AND COMMUNITIES
AROUND THE WORLD.”

**ADRIAN D.P. BELLAMY,
CHAIRMAN OF THE BOARD OF DIRECTORS**

SIDE NOTE

OUR COMMITMENTS

1. We will make long-term, incremental progress toward being a more responsible company.
2. We will provide annual updates on our achievements, challenges, and the work we still need to do.
3. We will aim to bring benefits to all of our stakeholders, from our customers, associates and investors to the people who make our products and the communities where we do business.

OUR NEW FRAMEWORK

EXPANDING OUR IMPACT

WE ARE FOCUSED ON THREE MAIN AREAS: OUR HOME, YOUR HOME AND THE WORLD'S HOME. ALL THREE PILLARS SUPPORT OUR BUSINESS STRATEGY AND WILL GUIDE OUR STRATEGY IN CORPORATE RESPONSIBILITY.

Over the past several years, Williams-Sonoma, Inc. has laid a strong foundation for creating social and environmental change. We have made a public commitment to acting responsibly and have been reporting on our progress. In addition, we have introduced a range of initiatives throughout our business, from energy reduction projects to more responsible sourcing of raw materials.

These initiatives have provided us with important insights about what we need to do to make further progress. We saw the need to create a more robust framework to clearly connect corporate responsibility to the business, as well as the core of what we do as a company.

The new framework that we created in 2014 is a key development that will enable us to make greater progress in the years to come. By focusing on the links between corporate responsibility and our business strategy, we will be able to unite Williams-Sonoma, Inc. around shared goals and targets. We will also address the larger challenge of how to better integrate corporate responsibility across our various business units.

OUR HOME, YOUR HOME AND THE WORLD'S HOME: DEFINING OUR FOCUS AREAS

Our new framework consists of three main areas: Our Home, Your Home and the World's Home. All three pillars support our business strategy and will guide our strategy in corporate responsibility. They will help us operate our company successfully in a

world of growing resource constraints, laying the foundation to build a best-in-class supply chain, attract top talent and deliver high-quality products to our customers. In addition, these pillars will support our brands to create a positive impact and advance their business goals.

We designed our new framework to align with the essence of what we do as a company. Our mission is to enhance our customers' lives at home, a statement of purpose that drives our actions every day. Home is both a place and a concept. It ties seamlessly to corporate responsibility, conveying safety, security and the care of people and future generations. Our home reflects our values, and we recognize that how we manage our home creates impacts for both people and the environment.

Together, by working at both the company-wide and brand levels, we believe we can create greater business value and play a larger role in fostering social and environmental change.

OUR HOME: ADDRESSING THE IMPACTS OF OUR OPERATIONS

Our work in corporate responsibility starts close to home. This pillar of our framework covers our operations and includes such key areas as our energy usage; the running of our facilities, stores and logistics; and our efforts to care for our associates and the people who make our products. Many of our improvements over the past several years have come in these areas, such as the

CORPORATE RESPONSIBILITY AT WILLIAMS-SONOMA, INC.

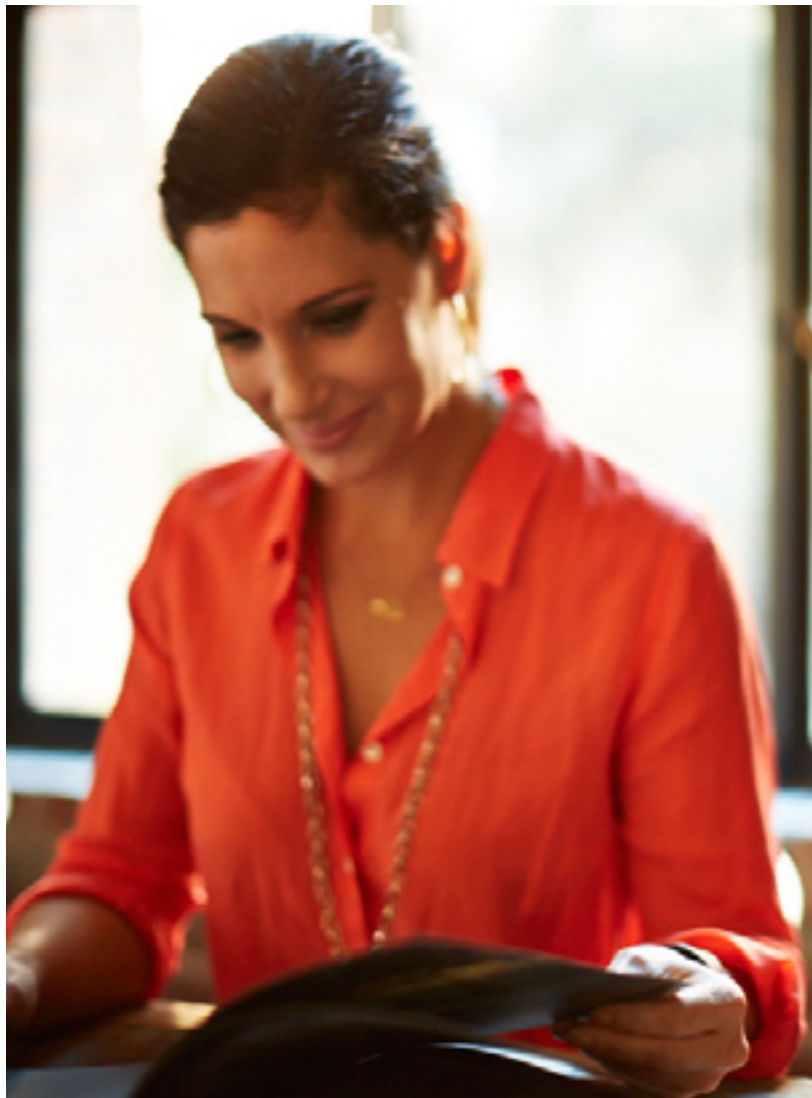
OUR HOME

YOUR HOME

THE WORLD'S HOME

“WITH ITS COMMITMENT TO RESPONSIBLE WOOD SOURCING,
WILLIAMS-SONOMA, INC. IS ENGAGING CUSTOMERS
ON THEIR SUSTAINABILITY JOURNEY AND CREATING CHANGE
IN THE HOME FURNISHINGS INDUSTRY.”

LINDA WALKER, DIRECTOR,
WORLD WILDLIFE FUND'S GLOBAL FOREST & TRADE NETWORK—NORTH AMERICA



energy and cost savings produced by lighting retrofits in our distribution centers and stores.

We will continue to focus on new ways to become more efficient, better serve our customers, support our associates and manage costs. A priority is addressing the social and environmental impacts of our supply chain. We are working to enhance our program to ensure safe and fair working conditions for the people who make our products. We are also looking to the future by partnering with our suppliers to build a long-term strategy to mitigate environmental impacts in our supply chain.

YOUR HOME: MEETING CUSTOMER DEMAND FOR RESPONSIBLE PRODUCTS

This pillar centers on our customers and how acting responsibly supports our mission to enhance the quality of their lives at home. To realize this mission, we seek to offer beautiful products, inside and out. That means marrying quality, great design and responsible practices.

Increasingly, our customers want to know what lies behind the products they buy – where they are made, who makes them and under what conditions, and the impacts they create. We are addressing these questions in several ways. For example, we have expanded our responsible sourcing of wood and cotton, which together represent almost 50 percent of the raw materials used in our products. These innovations support our brands in crafting their strategies and engaging customers in the story of what they stand for.

THE WORLD'S HOME: CREATING A POSITIVE IMPACT ON PEOPLE AND COMMUNITIES

This pillar is rooted in our recognition that as a global multi-channel retailer, we are part of a broader community and have a role to play in creating societal change. We also recognize that our business can only succeed in a world in which people and communities thrive. Creating a positive impact on those affected by our business is especially critical as we expand into additional countries.

We believe we can make a difference by leveraging our greatest strengths as a company, from our associates' design talents to our strong brand identities. Over time, we aim to make our work in communities even more strategic. This shift will build on the passions and talents of our associates, who have embraced a wide range of causes.

All three pillars of our new framework position us to make greater progress in the years ahead. In addition to helping guide our brands on their initiatives, we can more clearly align corporate responsibility with our business strategy. In turn, we aim to drive new value creation for Williams-Sonoma, Inc. while working to make a positive impact on the environment, people and communities.

OUR BRANDS

DRIVING PROGRESS THROUGH THE CREATIVE ENGINE OF OUR COMPANY

Our brands imagine and create our products, embody our vision, and connect with our customers. They play a critical role in driving innovation and progress in corporate responsibility.

Our new framework for this work – Our Home, Your Home and the World’s Home – provides our brands with support to develop their own corporate responsibility strategies. For example, we have worked at the corporate level to increase our responsible sourcing of raw materials. Because of this foundation, our brands are now positioned to offer more responsibly sourced products to their customers.

While our brands are at different stages of their evolution, each is developing a distinct vision for this work. They are also collaborating to make progress faster. Our new corporate responsibility framework helps to guide our brands and link our initiatives. In addition, our Corporate Responsibility team provides our brands with industry knowledge, helps them set goals and fosters their collaboration.

SEIZING OPPORTUNITY TO CREATE POSITIVE IMPACT – AND BUSINESS BENEFITS

We see enormous potential for our brands to help create positive social and environmental change while bringing significant returns to our business. West Elm

has built a strong connection with customers through its Consciousness initiative, a pillar of its mission that includes maintaining supply chain transparency, supporting the global artisan community and local makers, and providing workplace educational programs. One of the brand’s key initiatives is a \$35 million investment in artisans who use handcraft techniques. In 2014, West Elm also became the first home goods retailer to make rugs certified by Fair Trade USA, which is widely recognized for ensuring that workers are paid a fair wage, work in safe conditions, and receive premiums to support causes of their choice, like health care.

Pottery Barn has also developed a corporate responsibility strategy, rooted in the brand’s passion for creating great products. Its approach focuses on issues of growing importance to Pottery Barn customers, including sourcing responsibly, promoting ethical labor standards, and making a positive impact in communities. Pottery Barn has set internal targets for sourcing responsible raw materials and is pursuing a range of other initiatives.

Our other brands have also embraced an array of initiatives, and we anticipate that these will evolve further in the future. Williams-Sonoma, for example, launched its campaign in support of No Kid Hungry, an initiative to eliminate childhood hunger in the U.S., raising more than \$250,000 in 2014. Rejuvenation has

its roots in the reuse of materials, with a focus on the refurbishment of old lighting fixtures. Mark and Graham creates personal statements with its products and is positioned to engage customers in a wide range of possible causes.

We will continue to work at the corporate level to support our brands in pursuing corporate responsibility strategies. As they support their business goals, our brands will have the opportunity to collaborate, take advantage of our scale, and share their ideas and stakeholder relationships. We believe that they will help us create greater impact and ensure that corporate responsibility is a seamless part of our business.



POTTERY BARN pottery barn kids



WILLIAMS-SONOMA

WILLIAMS-SONOMA HOME

west elm

Mark AND Graham

REJUVENATION

OUR HOME

ADDRESSING THE IMPACTS OF OUR OPERATIONS

“WHEN WE BELIEVE AS A TEAM THAT THERE IS A BETTER WAY, A MORE EFFICIENT AND ENVIRONMENTALLY FRIENDLY WAY TO GET SOMETHING DONE, WE CAN BE VERY INFLUENTIAL WITH VENDORS, BUSINESS PARTNERS, AND OTHERS TO REALLY CHANGE THE WAY BUSINESS IS DONE – AT WILLIAMS-SONOMA, INC. AND ELSEWHERE.”

BUD COPE, SENIOR VICE PRESIDENT,
STORE DEVELOPMENT
WILLIAMS-SONOMA, INC.

THE PEOPLE WHO MAKE OUR PRODUCTS

EVOLVING OUR FACTORY LABOR PRACTICES



photo credit: Korin Thorig

The success of Williams-Sonoma, Inc. depends on the people who turn our vision into reality. We rely on the workers who make our products, and their safety and well-being is critical to us and our future as a company. As we continue to expand, we recognize that to be an industry leader, we must approach our global labor force as a key asset that sets us apart in the marketplace. We are committed to continually improving our practices and working to enhance the lives of workers in our supply chain. In 2014, we made some important changes to our factory labor program in response to shifts in our business landscape.

We are now managing most of our supplier relationships directly, having completed the transition away from working with external agents in our major

markets. This change positions us to chart our own course and also allows us to play a more direct role in managing our supply chain labor practices. To support this evolution, we are moving to gain more visibility into our supply chain and develop a more robust factory compliance program on the ground in the countries where we operate.

By working to empower and protect the people who make our products, we support greater productivity, increased worker loyalty and lower costs through decreased turnover. Having a robust program positions us to be a leader in the home furnishings industry, a competitive advantage as consumers – along with the talent we seek to attract – show greater interest in how products are made. As we work to make a difference in people's lives, the evolution of our program will help set us apart and tell the story of what Williams-Sonoma, Inc. stands for.

ENHANCING OUR APPROACH: SETTING CLEARER EXPECTATIONS

We began our efforts by looking at our Vendor Code of Conduct and benchmarking it against leading industry standards, including those of the International Labour Organization and Social Accountability International, which publishes the widely recognized SA8000 Standard. We then strengthened our Code, making a critical shift to focus on management systems, a more comprehensive approach to compliance.

Beyond the requirements of our Code, we now provide

SIDE NOTE

SUPPLIER ENVIRONMENTAL IMPACTS: CRAFTING OUR APPROACH

Along with the working conditions in the factories that make our products, we are also beginning to address the environmental impacts of our suppliers. Long-term, we aim to create a comprehensive environmental strategy for Williams-Sonoma, Inc. that extends beyond our own operations to include the manufacturing process. To realize this goal, we have joined a cross-industry collaboration that is establishing a common approach to assessing factory environmental impacts.

These efforts are part of a larger initiative being driven by the Sustainable Apparel Coalition (SAC), an industry group that includes many of the world's leading retailers, the Environmental Protection Agency and others. The Coalition utilizes an online tool called the Higg Index that helps measure the environmental and social impacts of a wide range of products, from sneakers to jeans to home furnishings.

In 2013, we began using the tool to assess how our suppliers approach such issues as energy, water usage, waste and chemicals. With this baseline information, we are now looking at how we can support tangible change.

In addition, we have started including some findings in our supplier scorecard, which may inform our purchasing decisions along with cost and quality. Participating in this kind of cross-industry collaboration positions Williams-Sonoma, Inc. to expand our corporate responsibility strategy throughout our supply chain.

“AS A PARTNER TO WILLIAMS-SONOMA, INC. IN DEVELOPING ITS FACTORY COMPLIANCE PROGRAM, WE HAVE SEEN THE COMPANY CONTINUE TO INVEST IN STRENGTHENING THIS WORK. IT DEMONSTRATES A STRONG COMMITMENT TO THE IMPROVEMENT OF LABOR PRACTICES IN THE SUPPLY CHAIN.”

JAMES MCMICHAEL, PARTNER, ELEVATE, LTD.

detailed guidance to our suppliers about best practices in such areas as communication, training, follow-up and the establishment of checks and balances to prevent issues from occurring. Our goal is to help our suppliers understand the meaning of our requirements and what they need to do to meet our standards. We are striving to have a best-in-class compliance program and see management systems as a key component of creating long-term, sustainable improvements in working conditions.

We have also created a new audit tool along with extensive protocols to guide our auditors. Through a standardized process, we can better understand and help address any gaps in the management systems inside factories. We also created a new factory grading system based on the severity of different violations of our Code. This performance metric allows us to benchmark factory performance, as well as measure how factories are improving over time. This data will also help in considering factory compliance in our sourcing decisions.

In addition to enhancing how we track violations of our Code, we have strengthened our approach to remediation. We are moving beyond citing violations to partnering more closely with factories to support them in making continuous improvements. We have a team in place in key markets in Southeast Asia, China and India who are building relationships with factories and providing on-the-ground support. By working more directly with factories, we are gaining new insights into the challenges faced by the people who make

our products, supporting our efforts to improve the lives of workers, their families and communities.

IMPLEMENTATION: EDUCATION AND TRAINING FOR KEY STAKEHOLDERS

After working in 2014 on the design of our program, we are shifting in 2015 to implementation. We are focused on education and training of three major constituencies – our suppliers, auditors and global sourcing teams. We expect that full implementation will take time. It requires the support of our suppliers and factories, and our efforts are occurring against the backdrop of a fast-paced industry with intense competition and price pressures. We believe in this new direction, and we expect to learn and adjust as we navigate practical realities on our way to realizing our vision.

OUR ULTIMATE GOAL: MAKING A DIFFERENCE IN PEOPLE'S LIVES

In today's business landscape, sourcing our products requires us to tackle bigger challenges in less time. To meet customer expectations, we need to deliver new product innovations along with outstanding quality and service. That means we have to be nimble, creative and highly efficient.

Ensuring high standards in our factory labor practices positions us to achieve these goals. People who work in well-managed factories tend to produce the best quality product at the best price. Factories that are well-

managed are more efficient, and their employees are more innovative and motivated. By supporting strong labor practices, our brands find powerful points of connection with both their customers and employees.

We believe that our vision to make a difference for workers, their families and communities both aligns with and supports our business strategy. Our goal is to create benefits for the full range of our stakeholders, from the people who make our products to our customers, our associates and the communities where our products are made throughout the world.

SIDE NOTE

THE PEOPLE OF WILLIAMS-SONOMA, INC.: INCLUSION AND DIVERSITY

Working Mother Media and the National Association for Female Executives ranked Williams-Sonoma, Inc. one of 2015's Top Companies for Executive Women.

“We're proving that pursuing a truly inclusive and diverse workforce – one that reflects our global customer base – is good for our business,” said Felix Carbullido, Chief Marketing Officer. “Our people are key components of our strategies for sustainable, profitable growth, and we are committed to continuous improvement of our inclusion and diversity initiatives in every area of our operation.”

BEYOND COMPLIANCE

EMBRACING FAIR TRADE

Until recently, Fair Trade certification has applied primarily to products like coffee beans and cocoa, ensuring that farmers in developing countries are justly compensated for their harvest, enjoy safe working conditions, earn a living wage and have the right to organize. As consumer demand for supply chain transparency and responsibly sourced goods increases, Fair Trade USA has expanded its mission to include a focus on workers in sectors such as apparel and textiles.

Our brands at Williams-Sonoma, Inc. are out front in bringing the Fair Trade USA program to home furnishings. In 2013, West Elm began working with a handful of suppliers to certify rugs and bedding as Fair Trade. For holiday 2014, West Elm became the first home furnishings retailer in the world to offer some of these products to customers, with more slated for release in summer 2015. Pottery Barn has also committed to invest in the Fair Trade USA program, seeing the potential to create greater impact through collaboration. It plans to offer its first Fair Trade Certified™ products to customers in 2016.

A critical element of the certification is a premium paid by the buyer – in our case, West Elm or Pottery Barn – that goes directly to workers. The supplier deposits the funds into a checking account that is managed by a worker committee whose members are elected by all workers in the factory. This committee decides how to invest these payments to create other benefits. At one Fair Trade Certified supplier in India, workers used their first premium to purchase supplemental health care for their families; others have purchased bicycles so that



"I'M VERY GRATEFUL FOR THE MEDICAL INSURANCE PLAN WE HAVE AND HOW FAIR TRADE BRINGS WORKERS TOGETHER TO CONSIDER SOLUTIONS FOR OUR PROBLEMS."

photo credit: Theodore Kaye, courtesy of Fair Trade USA

workers can travel to work more easily.

While the program requires a significant investment by suppliers, a number of them see mutual value in participating, including greater worker productivity and loyalty, as well as enhanced marketability with consumers who care about how their products are made. West Elm anticipates that demand for Fair Trade Certified home goods will eventually match that for foods like coffee, creating a potentially enormous return for workers, local communities, suppliers and global brands.

**JAFAR ALI, PITLOOM WEAVER,
BENGAL STATE,
UTTAR DINAJPUR, INDIA**

ENERGY & CARBON EMISSIONS UPDATE

WORKING TOWARD A COMPANY-WIDE REDUCTION STRATEGY AND GOALS

One of our priorities over the past several years has been to manage our energy consumption along with its related costs and carbon emissions. Such a strategy is essential as Williams-Sonoma, Inc. expands globally and seeks to maintain leadership in the home furnishings industry. We also believe we need to do our part in reducing energy consumption and global greenhouse gas emissions while enhancing our efficiency.

Major weather-related events such as drought, sea

level rise and food scarcity could affect our ability to source the materials in our products, utilize a productive labor force around the world, run our distribution networks and manage a host of other areas. Increasingly, the private sector is being called on to help reduce overall carbon emissions. Federal requirements, for example, have set higher energy efficiency standards for new buildings and retrofits, and California is among the states that have adopted some of the strictest standards in the country.

Reducing our emissions by increasing our efficiency will provide us with significant cost savings as well as a competitive advantage in everything from our logistics to brand positioning to the recruitment of new talent. In 2014, we continued to pursue efficiency projects throughout Williams-Sonoma, Inc. We completed 18 lighting retrofits in our stores, as well as in two corporate offices in San Francisco and our distribution center in Olive Branch, Mississippi. One of our San Francisco offices also became Energy Star-certified.

DOCUMENTING OUR EFFICIENCY GAINS

We have calculated that our efficiency projects in 2014 cut our electricity usage by 2,123 megawatt hours (MWhs), reduced our emissions by 2,500 metric tons of CO₂ and saved \$132,000. A more significant result is the comparison between our environmental performance and growth. At the same time that our real estate square footage increased by 6 percent, our electricity usage increased by only 2 percent. Similarly, while our

SIDE NOTE

MORE SUSTAINABLE LIGHTING AT REJUVENATION



In 2014, Rejuvenation combined its authentic period reproductions with state-of-the-art technology, making its lighting fixtures better suited to the use of LED bulbs. Improvements in LED technology – which is both more

sustainable and higher quality than traditional options – are transforming the lighting arena. While an LED bulb can be used with any existing fixture, hardwiring an LED driver into the fixture helps bulbs last longer and require less maintenance. Rejuvenation designed LED drivers to fit most of its lamps with enclosed shades and plans to introduce a diffuser to work with exposed shades as well. Customers have embraced the new options, especially commercial customers who light large spaces with numerous fixtures.

PROGRESS REPORT

ELECTRICITY INTENSITY RATIO

15.85
KWH/SQFT

-3%
VS. LY

CARBON INTENSITY RATIO

.028
KG/\$

-9%
VS. LY

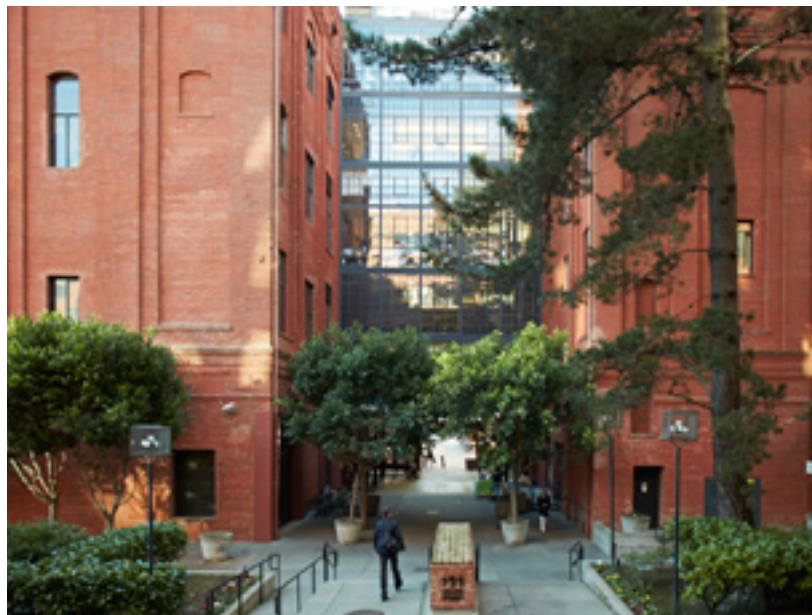
“IT’S OUR MORAL RESPONSIBILITY TO PRESERVE THE WORLD’S RESOURCES FOR OUR CUSTOMERS, EMPLOYEES, WORKERS OVERSEAS AND THEIR FAMILIES. WE WANT OUR RESOURCES TO OUTLAST US! WE HAVE THE OPPORTUNITY TO LEAD BY EXAMPLE.”

JESSICA RICHARDSON, BUYER, OUTDOOR FURNITURE AND LIGHTING, POTTERY BARN

revenues grew by 7 percent, our overall greenhouse gas emissions went down by 2.5 percent. These results demonstrate that we have increased our efficiency and are better positioned to manage our environmental impacts as we grow.

A PLAN FOR FUTURE PROGRESS

Beyond specific projects, we made broader changes to enhance our measurement and analysis of our energy



ENERGY STAR® CERTIFIED
POTTERY BARN CORPORATE, SAN FRANCISCO

consumption and resulting carbon emissions. In addition to absolute numbers, we adopted new metrics to put our results in the context of our business. We are now measuring our electricity usage per square foot of real estate space and our greenhouse gas emissions per dollar of revenue (to see our results for 2014, please go to the Metrics section on page 29).

These new metrics are helping us overcome a key challenge – setting company-wide energy and carbon reduction goals. In the past, it has been difficult to understand the relative contribution of different parts of our business. In addition, different areas of Williams-Sonoma, Inc. must understand what our goals mean to them in order to commit to a shared vision. Using a methodology that is grounded in business metrics enables us to better estimate the investment we need to make to reach specific goals, as well as the return we can expect to enjoy in the years to come.

Our focus moving forward is to build on this progress to reach internal consensus on company-wide energy and carbon reduction goals. The business case for such goals is clear, and we now have the metrics in place to guide our approach, establish key milestones on our journey and assess our performance over time. We also have a clearer sense of the questions we still must address – such as how to structure our investment in further efficiency projects or renewable energy – and we have started addressing these questions to position us for future success.

SIDE NOTE

RECYCLING: KEEPING WASTE OUT OF LANDFILLS

As a major multi-channel retailer, we see an opportunity to create significant impact by keeping waste out of landfills. In 2014, we enhanced our tracking of the materials we recycle and compost, enabling us to create a new metric on our progress (read about the diversion rate on page 28). Some of our greatest progress has been in our distribution centers, where we repair wooden pallets for reuse and utilize compactors for metals, plastic and cardboard. We continue working to enhance our recycling, such as diverting cardboard more effectively from shopping malls where we have stores.

PROGRESS REPORT

2014 (BASELINE YEAR)

27%
DIVERSION RATE

YOUR HOME

MEETING CUSTOMER DEMAND FOR
RESPONSIBLE PRODUCTS

“WE ARE COMMITTED TO GETTING A LITTLE GREENER EACH DAY. A CRITICAL PART OF THAT COMMITMENT IS USING FSC®-CERTIFIED WOOD IN OUR COLLECTIONS. WE BELIEVE THAT OUR CUSTOMERS WANT PRODUCTS THEY FEEL GOOD ABOUT PUTTING IN THEIR HOMES – NOT JUST BECAUSE THEY LOOK GREAT, BUT BECAUSE THEY HELP TO CREATE A BETTER WORLD. ALIGNING THOSE TWO DESIRES OPENS UP GREAT POSSIBILITIES FOR OUR BUSINESS.”

JIM BRETT, PRESIDENT, WEST ELM

RESPONSIBLE RAW MATERIAL STANDARDS

WORKING TO IMPROVE OUR ENVIRONMENTAL IMPACT

One of our biggest areas of focus is the responsible sourcing of our products. This encompasses a wide array of social and environmental issues, from factory working conditions to manufacturing processes to health and safety. In 2014, we made some of our greatest progress in addressing one of the most critical parts of our responsible sourcing strategy – our use of raw materials.

Because wood and cotton comprise almost 50 percent of the raw materials used in our products, they have been our primary focus to date. The production of both wood and cotton affects the environment and people, impacting forests, water supplies, carbon emissions and local communities throughout the world. At the same time, our use of wood and cotton has a direct bearing on the success of our business, shaping our ability to deliver high-quality products to our customers.

We began our journey to source wood more responsibly by joining World Wildlife Fund's Global Forest & Trade Network (GFTN) in 2008. With support from the GFTN, we developed our Wood Procurement Policy, began collecting and verifying data on our wood supply chain, and introduced wood certified to the Forest Stewardship Council® (FSC) standard. In 2014, to build on this work and to spur further progress, we developed our WSI Responsible Raw Material Standard for Wood in partnership with Rainforest Alliance. Our standard includes a tiered approach, classifying responsibly sourced wood as “good”, “better” and “best” (see page 18).

By expanding our approach in this way, we can provide

greater choice to our customers and support widespread adoption of better forestry, farming and supplier practices. We believe this approach is the best way to support our responsible sourcing efforts and allows us to make greater impact. With our new standard, we can incorporate other forms of responsibly sourced wood, while continuing to promote FSC® and raise the bar on our practices over the long term.

PARTNERING WITH RAINFOREST ALLIANCE TO CREATE A NEW CATEGORY OF WOOD

Our collaboration with Rainforest Alliance on our WSI Raw Material Standard for Wood has led us to new opportunities for sourcing wood in our furniture. One example was the creation of a new category of responsibly sourced wood. This category, known as Rediscovered Wood, falls under the “better” tier of our raw material standard. It promotes the use of wood that falls outside FSC®-certification, yet supports responsible harvesting practices. Olive trees in the Mediterranean and mango trees in Southeast Asia, for example, are routinely cut down, burned or discarded once they stop bearing fruit. Instead, their wood can be put to use in a range of products that take advantage of their positive properties.

Rediscovered Wood also includes reclaimed and recycled materials, such as beams taken from dismantled buildings, pallets, scraps from sawmills or boards that are broken down for use in new products. In working with Rainforest Alliance to create this new category, we hope

SIDE NOTE

OUR GUIDING PRINCIPLES FOR RESPONSIBLY SOURCED WOOD

1. Engage our suppliers to move up the chain toward higher standards of responsible sourcing.
2. Partner with stakeholders, including the Global Forest & Trade Network and Rainforest Alliance, to create cross-sector collaboration and promote broad adoption of better forestry practices.
3. Act to preserve natural forests and support local communities.
4. Work to divert wood from landfill by finding ways to repurpose it in our products.
5. Educate our customers about the value of responsibly sourced wood.

to preserve forests by reducing the need for virgin wood. We aim to make creative use of high-quality wood that might otherwise be destroyed or go to waste. This provides value to our customers, as much of this wood has a natural beauty and durability that enhances our product offering.

Our new raw material standards will enable us to implement a stepwise approach to progress over time. Such an approach promotes responsible procurement practices given the realities of the market and our

“WILLIAMS-SONOMA, INC. HAS ESTABLISHED A FRAMEWORK THAT DRIVES INNOVATION AND PROMOTES BEST PRACTICES FOR ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE FOREST MANAGEMENT. THIS WORK LAYS THE FOUNDATION FOR REAL LEADERSHIP IN RESPONSIBLE SOURCING FOR THE HOME FURNISHINGS INDUSTRY.”

TENSIE WHELAN, PRESIDENT, RAINFOREST ALLIANCE



DERAMAKOT FOREST RESERVE, MALAYSIA

business. With support from the GFTN, we are working with our global suppliers to continually move up the tiers to shift volume to our “best” category.

SOURCING MORE RESPONSIBLE COTTON

While we focused on wood in 2014, we also laid the groundwork to finalize our WSI Responsible Raw Material Standard for Cotton. In addition to continuing our use of organic, we have partnered with Textile Exchange to evaluate a wider range of responsible options. One focus is working to incorporate another leading standard in the industry known as Better Cotton. Created by the Better Cotton Initiative (BCI), this standard helps farmers adopt best practices while allowing them greater flexibility. Organic cotton represented just one percent of the world’s

cotton production, whereas Better Cotton represented almost nine percent in 2014. And BCI has a goal to reach 30 percent by 2020.

Like organic cotton, Better Cotton brings a host of benefits to farmers, communities and consumers. Its production uses less water and fewer chemicals, helps to protect soil and natural habitats, and promotes good working conditions. Beyond supporting the environment, farmers and communities, Better Cotton will allow us to provide our customers with a greater assortment of responsibly sourced textile products. We’re looking forward to completing our membership application to BCI in 2015 and integrate it into our sourcing strategy.

As we move forward, we will assess both the wood and cotton in our products to identify opportunities to source

SIDE NOTE

OUR GUIDING PRINCIPLES FOR RESPONSIBLY-SOURCED COTTON

1. Provide our customers with a greater assortment of textile products made with responsibly sourced cotton.
2. Partner with stakeholders, including Textile Exchange and BCI, to support the broad adoption of better farming practices in the cotton industry.
3. Support the livelihoods and well-being of cotton farmers and their communities worldwide.
4. Help to reduce the use of chemicals and save water.
5. Educate our customers about the value of responsibly sourced cotton.

more responsibly. We recognize that increasing our use of responsible materials will take time, with the creation of new standards being just one critical step. Among the challenges we face is the need to shift our thinking internally away from the idea that only a few types of materials present a responsible option. Instead, we are working to build a broader strategy that enables us to make more rapid change, answers the needs of our customers and business, and allows us to make a positive impact.

WSI RESPONSIBLE RAW MATERIAL STANDARD FOR WOOD

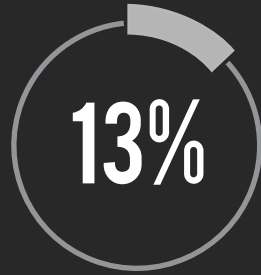
RESPONSIBLY SOURCED WOOD FOR FURNITURE

CATALOG PAPER

OUR RESULTS



BEST



BETTER



GOOD



BEST

SOURCING METHOD



FSC®-CERTIFIED WOOD

Gold standard in forest management and chain-of-custody integrity; includes conservation of biodiversity, protection of water resources, and social standards.



PEFC™-CERTIFIED WOOD

Wood certified to environmental and social standards in regions deemed low-risk across a broad range of categories such as legality, conversion and biodiversity (e.g. U.S. and Canada) according to the Global Forest Registry.

FSC® CONTROLLED WOOD

Supplier is FSC®-certified and wood is third-party audited to meet FSC® Controlled Wood Standard.

REDISCOVERED WOOD

Wood from reclaimed, recycled, or orchard sources such as mango, olive wood, and nut trees.

VERIFIED LEGAL WOOD

Wood sources verified legal by third-party site audits and/or reviews of wood documentation.

GFR LOW-RISK WOOD-LEGALITY
(Legality category according to the Global Forest Registry)

Wood from these sources has been assessed and is considered low-risk for illegality (e.g. U.S. and Canada).

Note: The remaining percentage of wood used in our furniture meets our standards as defined in the Williams-Sonoma, Inc. Wood Procurement Policy. This policy states that wood must come from known legal sources.



FSC®-CERTIFIED PAPER

Gold standard in forest management and chain-of-custody integrity; includes conservation of biodiversity, protection of water resources, and social standards.



OUR RESPONSIBLE PRODUCTS

MAKING THEM BEAUTIFUL INSIDE AND OUT

1. Bowry collection by **Pottery Barn** made with reclaimed wood 2. Mini dot organic bedding by **Pottery Barn Kids** 3. Emmerson buffet by **West Elm** made with FSC®-certified reclaimed wood 4. Pintuck duvet and shams by **West Elm** made with organic cotton 5. Chatham outdoor dining collection by **Pottery Barn** made with FSC®-certified wood 6. Kelly Slater bedroom collection by **PBteen**; wood furniture made with FSC®-certified wood and bedding made with organic cotton 7. Mid-Century Collection by **West Elm** made with FSC®-certified wood 8. Olive wood salt keeper by **Williams-Sonoma** 9. Littledeer cooking tools offered at **Williams-Sonoma** made with North American maple

THE WORLD'S HOME

CREATING A POSITIVE IMPACT
ON PEOPLE AND COMMUNITIES

“TODAY’S TOP TALENT CARES ABOUT THE SOCIAL AND ENVIRONMENTAL PERFORMANCE OF THE COMPANY THEY WORK FOR. THE TRANSPARENCY DEMONSTRATED IN OUR REPORTING AND OUR COMMITMENT TO CONTINUOUS IMPROVEMENT IN CORPORATE RESPONSIBILITY HELP US TO ATTRACT AND RETAIN GREAT PEOPLE AS WE BUILD THE STRONGEST TEAM IN GLOBAL RETAIL.”

LINDA LEWIS, EXECUTIVE VICE PRESIDENT
AND CHIEF TALENT OFFICER,
WILLIAMS-SONOMA, INC.

COMMUNITY GIVING & VOLUNTEERING

HARNESSING THE POWER OF OUR TALENT, PASSION, AND COMMITMENT

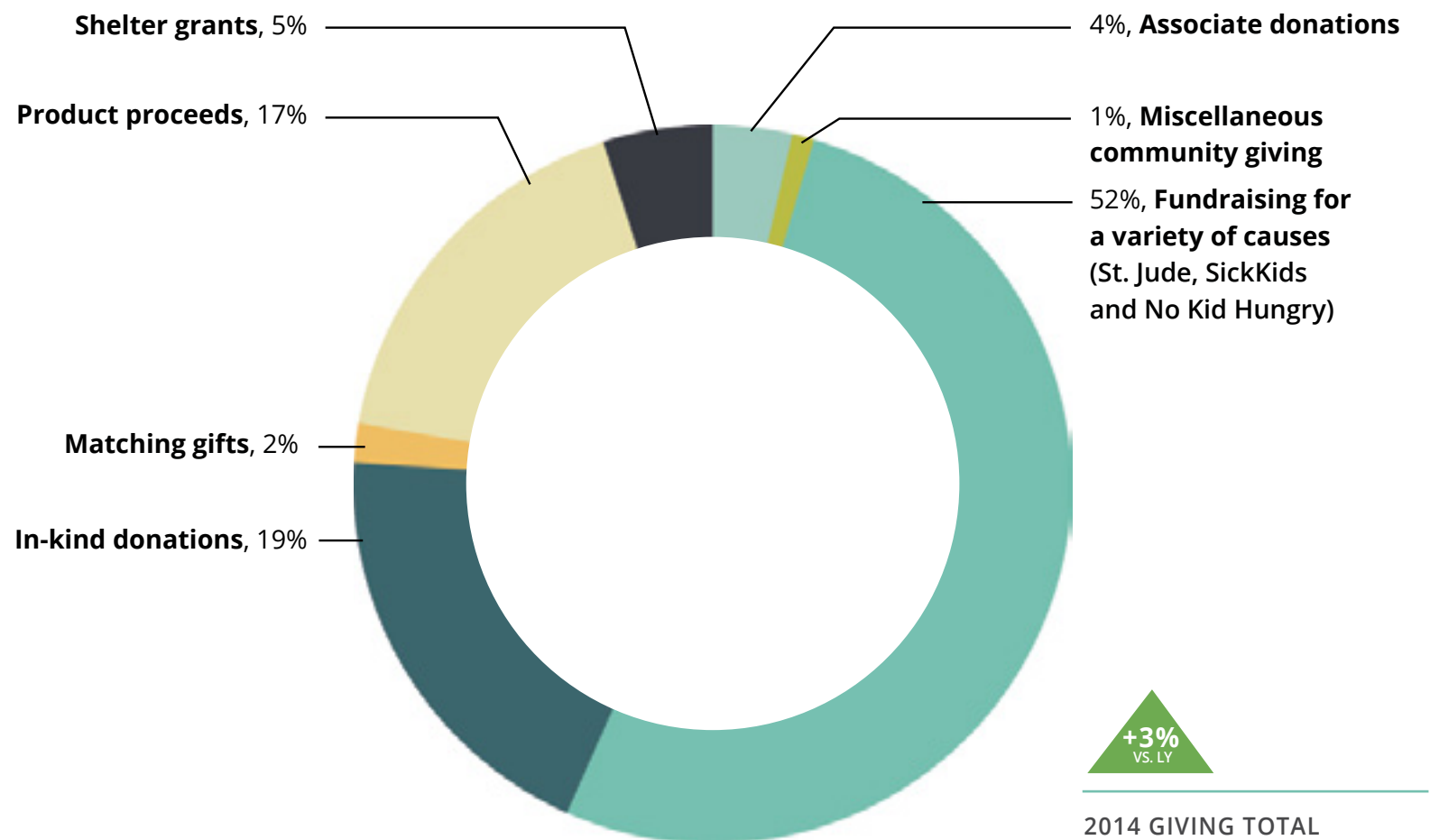
We work every day to create a sense of home in people's lives, and this mission also guides our giving and community strategy. We support a range of causes that reflect the passion and dedication of our associates. These causes also resonate with our customers, and fundraising is an important part of our strategy that builds on the power of our customer relationships.

Pottery Barn's Give a Little campaign is founded on the belief that everyone deserves a dignified and safe place to call home. This effort supports youth and families living in shelters across the United States and Canada. Over the past several years, we have donated more than \$700,000 to numerous shelters, including Larkin Street Youth Services based in San Francisco.

Pottery Barn again partnered with Larkin Street Youth Services in 2014 to adopt a local shelter and give it a complete makeover. PBteen joined the effort this year, with more than 80 associates taking part over two days to transform a transitional living facility and learning center for youth ages 18-24. Pottery Barn Kids conducted its own make over through its partnership with Bright Horizons Foundation for Children, deploying its design expertise and products to renovate a childcare center in San Francisco serving families facing extreme poverty or homelessness.

These changes are not merely cosmetic, notes Erica Kisch, Executive Director of Compass Family Services, the organization that runs the center. A child's physical surroundings convey a powerful message, she says, telling children that regardless of their circumstances, they are as

PROGRESS REPORT



+3%
VS. LY

2014 GIVING TOTAL
\$6,000,000



1



4



2



5



3



6

"VOLUNTEERING IS A POWERFUL FORCE—NOT ONLY CAN IT IMPROVE THE LIVES OF PEOPLE IN NEED, BUT IT PROVIDES A SENSE OF PURPOSE AND ENHANCES ENGAGEMENT.

GABRIELLE RABINOVITCH, VP INVESTOR RELATIONS, WILLIAMS-SONOMA, INC.

important as any other child.

Many other associates throughout Williams-Sonoma, Inc. gave their time and talent to numerous causes and communities. They turned up in significant numbers to support AIDS Walk New York and AIDS Walk San Francisco. Williams-Sonoma joined No Kid Hungry, which is working to end childhood hunger in America and aligns with the brand's mission to bring people together around food. Teaming up with leading chefs to present exclusive "Cooking for a Cause" classes in 30 stores nationwide, Williams-Sonoma also sold celebrity chef spatulas, donating nearly one-third of profits to the cause.

Associates at West Elm have acted as ambassadors to the It Gets Better Project, supporting LGBT youth by connecting them with resources in their local communities. At all of our brands, our field associates rally each year to support St. Jude Children's Research Hospital®, demonstrating how we can utilize our assets as a company – from our customer relationships to our product design – to raise money to fight devastating childhood diseases (see page 23). Whatever we take on, we bring the commitment of Williams-Sonoma, Inc., along with the power of our brands and the limitless passion, talent and dedication of our associates.

1. West Elm's partnership with **It Gets Better Project**® whose mission is to support LGBT youth by providing a welcoming space for the community.
2. Williams-Sonoma collaborated with celebrity chefs to design a series of spatulas in support of **No Kid Hungry**, fighting to end childhood hunger in America.
3. Corporate volunteers at the annual Williams-Sonoma, Inc. **Earth Day beach clean-up**
4. Pottery Barn and PBteen teamed up to make over a **Larkin Street** center for at-risk and homeless youth in San Francisco.
5. All of Williams-Sonoma, Inc. was invited to participate in **AIDS Walk New York** and **AIDS Walk San Francisco**.
6. Pottery Barn Kids renovated its second childcare center for **Bright Horizons Foundation for Children**.



10 YEARS IN SUPPORT OF CHILDREN & FAMILIES

CELEBRATING OUR PARTNERSHIP WITH ST. JUDE CHILDREN'S RESEARCH HOSPITAL®

FEW INITIATIVES AT WILLIAMS-SONOMA, INC. HAVE MEANT MORE TO SO MANY THAN OUR EFFORTS IN SUPPORT OF ST. JUDE CHILDREN'S RESEARCH HOSPITAL. OVER THE PAST 10 YEARS, WE HAVE RAISED MORE THAN \$30 MILLION FOR RESEARCH AND THE CARE OF CHILDREN AND FAMILIES FACING DEVASTATING CHILDHOOD DISEASES. OUR ASSOCIATES HAVE PUT THEIR PASSION AND COMMITMENT BEHIND EVERY DOLLAR RAISED.

ONE OF THEIR BIGGEST CHAMPIONS IS PAT CONNOLLY, WILLIAMS-SONOMA, INC.'S EXECUTIVE VICE PRESIDENT AND CHIEF STRATEGY AND BUSINESS DEVELOPMENT OFFICER. READ A Q&A HERE WITH PAT ABOUT OUR PARTNERSHIP WITH ST. JUDE.

How did we first get involved with St. Jude?

One day Marlo Thomas called and asked to speak with me. I called back, and she said in her deep voice, "I'd like to come out and talk to you." She proceeded to tell me and other executives the story of her father founding St. Jude and how no child should be lost in the dawn of life. She's an unbelievable storyteller. She told us about holding a dying child. We were all transfixed, and she had us in the palm of her hand.



WILLIAMS-SONOMA, INC. DAY AT ST. JUDE 2014

Was it difficult to get our efforts off the ground?

It may have been the fastest decision the company ever made. Howard Lester invited Marlo to our General Managers Conference, and she had 1,000 people just in tears. The whole field was instantly galvanized. And that's the amazing thing – our campaign is a totally associate-led initiative.

Can you give an example?

One of my favorites involves a Pottery Barn Kids

store in Nashville. One of the associates there had an idea that every time someone made a donation, they would ring a bell. Other customers would ask about it and learn about St. Jude and even give themselves. Within a year, every store was ringing a bell – the idea just spread.

How have our efforts evolved over the years?

We've introduced mentoring, with new store managers paired with someone from a store that has



“MY SISTER IS A THREE-TIME CANCER SURVIVOR, AND I KNOW FIRSTHAND THAT THE MENTAL AND EMOTIONAL EFFECTS ARE OVERWHELMING. WE CAN ALL GIVE A LITTLE BIT OF OURSELVES TO HELP. IT DOESN'T COST ANYTHING EXCEPT COMMITMENT.”

TIA RHODES, CALL CENTER MANAGER, WILLIAMS-SONOMA, INC.

done well and can spread what they're learned. There are a million stories. Two years ago I stopped at our Pottery Barn store in Seattle and behind the register was a photo of a St. Jude patient. The associates put a picture there each day of the person they were raising money for.

We introduced online donations in 2014 and raised more than \$400,000 that way the first year. Each year, associates in our corporate locations throughout the company run bake sales and other events – the husband of one corporate associate cooks his famous fried chicken recipe for a chicken and waffle fundraiser. And associates in our distribution center in Memphis volunteer at St. Jude.

How else do we inspire people to get involved?

Every year we take associates who have a really great job with the campaign to St. Jude to experience it for themselves. You see things that stay with you – like the fact that they don't use wheelchairs there. They use red wagons. All the art on the walls is waist-high so that it's eye-level for the kids.

Why do you feel that St. Jude is so important for our company?

Because it's important to our associates. It adds meaning to their work every day. They know they're doing something above and beyond. Customers also embrace this cause – it helps that St. Jude has unbelievable credibility and trust with the public.

Over the next 10 years, how will we build on our commitment?

We've made a commitment to raise another \$30 million in the next 10 years. Starting this year, we will be the presenting sponsor for the St. Jude Cure4Kids web site to support St. Jude in distributing research and information to health professionals and families around the world. It will be great for our associates to see that the money we're raising can have an impact on every community where we have a store and are procuring merchandise.

Why is our work for St. Jude so meaningful to you personally?

Because it shows the kind of associates and customers we're so fortunate to have. They're passionate, they're inspiring, they're committed. Every company has some of those people – we're just fortunate to have so many of them.

SIDE NOTE

A WORD FROM MARLO THOMAS, NATIONAL OUTREACH DIRECTOR FOR ST. JUDE

“Williams-Sonoma, Inc. has been a loyal and treasured friend of St. Jude Children's Research Hospital since 2005, when it joined our annual Thanks and Giving holiday fundraising program. WSI is a model partner, always pioneering innovative new ways to help us raise vital funds — such as adding an online donation page to its colorful website. To date, its customers and associates have raised more than \$30 million for the kids of St. Jude — enough to run the entire hospital for 15 full days!

What makes our partnership such a blessing is the way in which everyone in the Williams-Sonoma family — from their customers to their sales associates to their corporate officers — have taken the children and families of St. Jude into their own hearts. We are deeply grateful to Williams-Sonoma, Inc. for their generosity, commitment and love, and we look forward to many more years of our unique and powerful partnership.”



OUR FAVORITE MOMENTS & MILESTONES

LOOKING BACK — AND FORWARD

2005



Campaign kicks off! Marlo Thomas attends the General Managers Conference and becomes part of the Williams-Sonoma, Inc. family. We exceed our fundraising goal for the year, raising more than \$600,000.



2007

Pottery Barn is featured on *The View*, providing gift cards to every member of the studio audience so that they give to St. Jude during the holidays.

2011

Williams-Sonoma, Inc. is named St. Jude's Corporate Partner of the Year, cited for our "deep commitment to...the goal of curing children facing catastrophic illness."

"Our associates really care — they are some of the most creative, generous and compassionate people, and I look forward to our ongoing support of this wonderful organization."
—Melissa Kohlmeister, Pottery Barn Kids

2014

Pat Connolly speaks at dedication ceremony for St. Jude's new Marlo Thomas Center for Global Education and Collaboration.

We make a new \$30 million fundraising commitment to St. Jude for the next 10 years.

TOTAL GOAL: \$30,000,000

2006

"I am proud to work for a company that cares so much! I believe it is very important for a company to give back to the community, and St. Jude is a wonderful place. It's a great team-building event for a great cause."
—Jenn Pais, Williams-Sonoma, Inc.

A Pottery Barn Kids store in the Nashville starts ringing a bell when someone makes a donation, a practice that other retailers have since adopted.

TOTAL RAISED: \$2,200,000



2008

Pottery Barn Kids introduces Oatmeal the Bear, our first product for the cause.

2009

The fifth group of WSI associates visits St. Jude, continuing an annual tradition that continues to this day.

Williams-Sonoma introduces a St. Jude gift card, the first brand to do so.



Michael Yowell, Director of HR Development for Williams-Sonoma, Inc., receiving the Corporate Partner of the Year Award on behalf of the company.

"It wasn't until I attended a St. Jude fundraising banquet that I realized how very important this organization is to so many children. Hearing stories firsthand was quite impactful, and I am more than happy to help raise funds every year."
—Dori Shafer, Williams-Sonoma, Inc.

2013

Pottery Barn Kids introduces Peanut the Bear, a highly cuddly fundraiser for the cause.



2015

Williams-Sonoma Inc. becomes the presenting sponsor for the St. Jude Cure4Kids web site to support health professionals and families around the world.





ST. JUDE ASSOCIATE STORIES

“I CAN'T IMAGINE NOT HAVING THE OPPORTUNITY TO DO THIS. IT'S WHAT I WANT MY LEGACY TO BE.”

A CAUSE ONLY EXISTS BECAUSE PEOPLE CARE – AND THERE IS NO LIMIT TO THE CARE DEMONSTRATED BY OUR ASSOCIATES YEAR AFTER YEAR. TWO ASSOCIATES BELOW DESCRIBE THEIR COMMITMENT TO ST. JUDE AND WHAT IT MEANS TO THEM.



Ryan Williams, General Manager for Pottery Barn

I'm the manager of our Pottery Barn store in Bellevue, Washington, and have been with the company for 11 years. People ask me why St. Jude is near and dear to my heart. It's because it ties so well to

our mission. We enhance the quality of life at home, and we're empowered to do that every day. None of us would have a home without our loved ones. St. Jude is such a great opportunity to deliver on the mission that our company stands behind.

When I became general manager, I stood in front of my team and talked about this opportunity to make a difference. I said, "Can you imagine if someone close to you got sick, and there was nothing you could do?" I asked them to make it our Christmas gift to each other that we all stand for something bigger.

The next year, the economy changed, and one of my associates who had made a donation the year before told

me, "This year I can't donate. But I want to support this, so I could work a day and give my pay to the hospital." So we picked a day and invited other people to join us. Now we have a Work for St. Jude Day every year. This past year, we raised more than \$5,000 in a single day. It was a record for us. Our customers loved it and ended up giving more, too.

My team takes a lot of pride in what we do for St. Jude, and they're grateful to work in a place that comes together around something bigger than dollars and cents. St. Jude happens before Christmas, and by the time Christmas comes around, I feel like I've already gotten what I wanted. I work here for a lot of reasons, but I can't imagine not having the opportunity to do this. It's what I want my legacy to be.



Jeanne Dahlen, head field team champion for St. Jude

I've been with Williams-Sonoma Inc. for 13 years. I'm a district manager, overseeing stores in three states for Pottery Barn Kids and PBteen. I remember when Marlo Thomas first

walked onto the stage at our sales conference to talk about St. Jude – I got goose bumps. I just thought, "What amazing work they do." I have an eight-year-old son, Jordan, and I can't imagine him getting sick. When you think about what a family goes through and the support St. Jude offers, it's pretty powerful.

About seven years ago, my district had an amazing year. We doubled our fundraising from the year before. We had a general manger whose son was a cancer survivor, so it felt personal. I had read about how families get a meal card for \$30 to pay for meals all day at the St. Jude café – we focused on how many cards we could pay for.

WSI has sent me to visit St. Jude about eight times now, and the emotion never goes away. You see and interact with children from young babies to teenagers who are full of joyous spirit even though you know they are going through so much! The hospital is truly a place full of happiness and you can feel the creative energy and hope as you walk through it. My goal is that we won't need a St. Jude, and that we find the cures.

I think our clients, as parents, feel really connected to this organization. They're so grateful that we support St. Jude, and it creates this community in our stores. During our fundraising campaign, I say to my associates, "We're in retail. We're not brain surgeons. But right now, we are saving lives." Our associates feel that they're doing more than their job – there's a sense of pride and purpose. I want our clients to know our company is this hidden gem of amazing and passionate people who really care for our communities.

This cause is one of the many that shows our heart! I think the future of retail is about connection. We have the ability to do more every year, and I really believe that the more you give, the more joy you get back.

METRICS

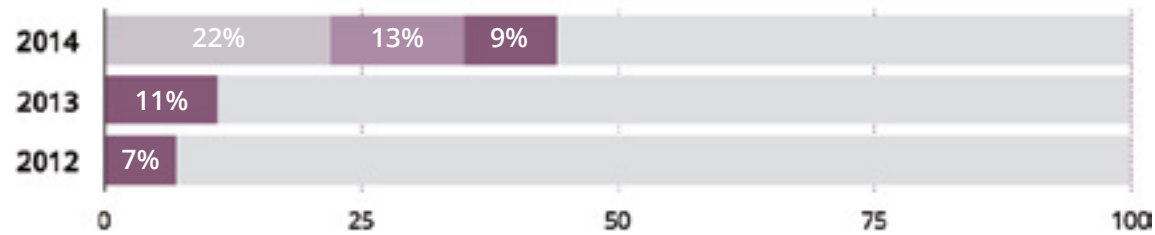
BY THE NUMBERS

REPORTING ON OUR PROGRESS

RESPONSIBLY SOURCED WOOD % (BASELINE YEAR)

Wood is the largest natural resource used in our furniture. The health of our business is tied to the health of the world's forests and availability of high-quality wood. We are committed to responsible forestry practices through the implementation of our new Responsible Raw Material Standard for Wood. Our goal is to increase our use of FSC®-certified wood and to increase our overall % of responsibly sourced wood.

Calculation: % of responsibly sourced wood in our furniture in cubic meters.¹ Responsibly sourced wood is categorized through a Good-Better-Best approach as defined in the WSI Responsible Raw Material Standard on page 18. 2014 is our first year measuring through our new approach. Only % of FSC®-certified wood was measured in 2012 and 2013.



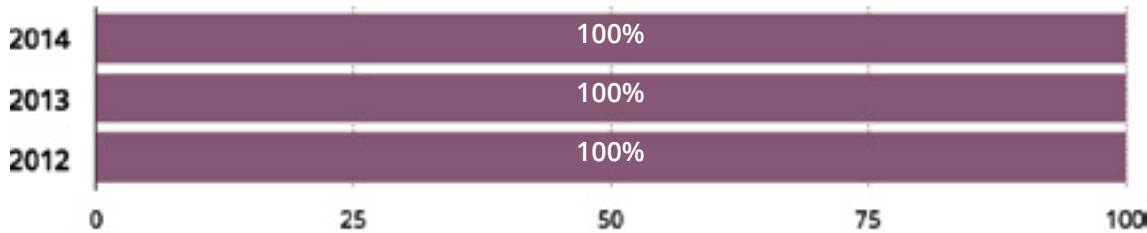
Resp. Sourced Wood/Total Wood (in cbms)

GOOD/BETTER/BEST

RESPONSIBLY SOURCED CATALOG PAPER %

Catalogs support each of our brands and play a fundamental role in our marketing strategy. We will continue to use responsibly sourced wood for the paper in our catalogs. Our goal is to use only FSC®-certified paper in our catalogs, which falls into our Best tier per our new Responsible Raw Material Standard for Wood.

Calculation: % of responsibly sourced paper in our catalogs in number of pages circulated.²

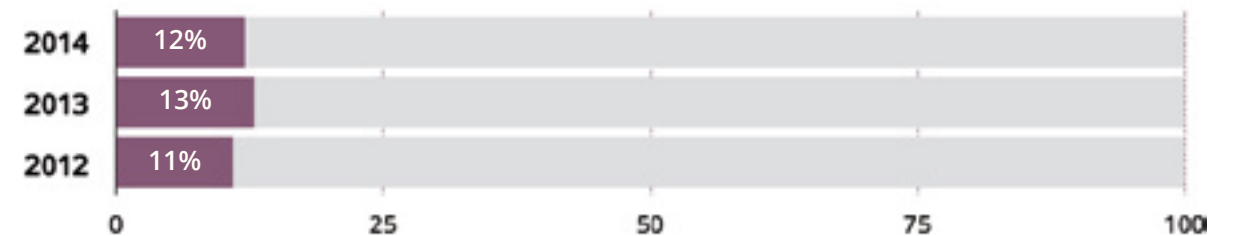


Resp. Sourced Paper/Total Pages circulated

ORGANIC COTTON %

Cotton represents the largest volume of fiber used in our textile products. Our investment in the use of organic cotton promotes healthy farming practices and answers growing demand from our customers. Our goal is to increase our use of organic cotton and to adopt responsibly sourced cotton alternatives to make continued progress.

Calculation: % of organic cotton used in our textiles in pounds.¹ Many of our textile products meet the additional requirements of the Global Organic Textile Standard (GOTS).

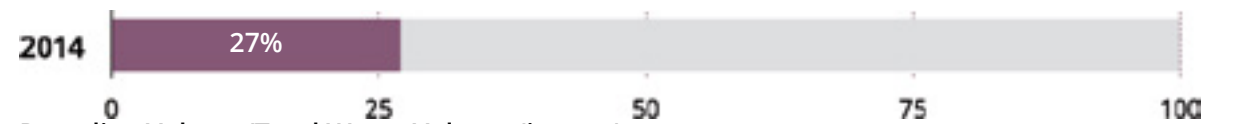


Organic Cotton/Total Cotton (in lbs.)

DIVERSION RATE % (BASELINE YEAR)

Recycling and composting prevent the waste of potentially useful materials. They also reduce consumption of new materials, along with energy usage, air pollution and water pollution. Our goal is to increase our recycling and composting efforts across all operations.

Calculation: % of recycled and composted volume diverted from landfill in tons. Scope includes distribution centers, in-sourced hubs, corporate offices, retail stores in North America.³



Recycling Volume/Total Waste Volume (in tons)

Footnotes

1. Results for Responsibly Sourced Wood and Organic Cotton are based on self-reported data by suppliers. A sample of results was verified through chain of custody document audits.
2. We are now measuring catalog paper following our new Responsible Raw Material Standard for Wood.
3. Approximately 65 locations were estimated using statistical models of locations with similar profiles.

ELECTRICITY INTENSITY RATIO

Electricity accounts for the majority of our energy usage and cost as well as our emissions. Strategically managing electricity purchases, investing in efficiency projects, and taking advantage of incentives for renewable energy mitigate risks associated with electricity volatility. Our goal is to develop a broader energy strategy to increase our efficiency and cost savings.

Calculation: Electricity consumed per square foot of real estate annually. Consumption for stores, data centers, outsourced data services, distribution centers, in-sourced hubs, call centers and corporate offices included.¹ Real estate square footage is an annual average.

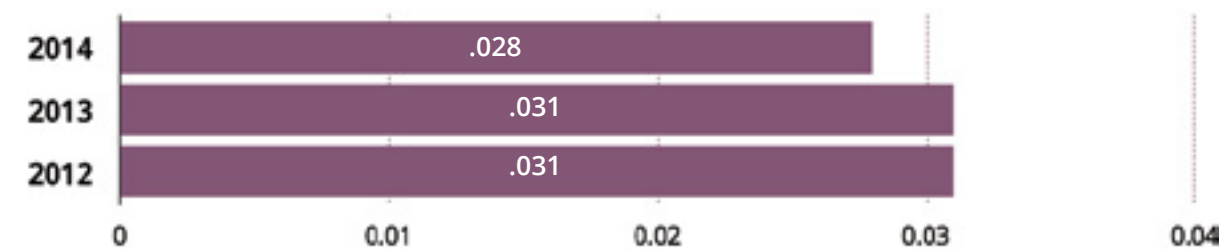


Electricity Consumption (kWh)/total square footage (sqft)²

CARBON INTENSITY RATIO

Greenhouse gases (GHG) are increasingly the focus of public policies related to the regulation of business. Because carbon is the result of our use of energy and fuel, reducing emissions will directly impact our bottom line. Our goal is to continue to develop a long-term emissions strategy to improve our reduction efforts.

Calculation: 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 or 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 included.¹

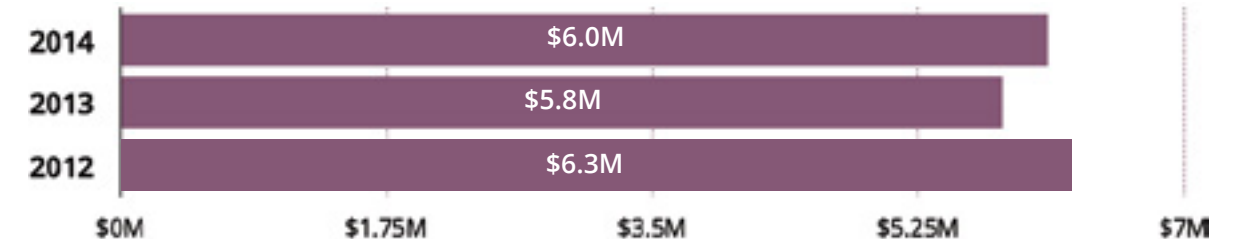


Energy Consumption (KG of CO2e)/total revenue dollars²

GIVING

Providing financial support to people, organizations and causes is an integral part of our community strategy. Our goal is to maintain or increase our giving across a range of causes, including St. Jude and gifts-in-kind product donations.

Calculation: Contributions through fundraising for a variety of causes, misc. community giving, associate donations, shelter grants, product proceeds, matching gifts, and in-kind donations.^{3,4}

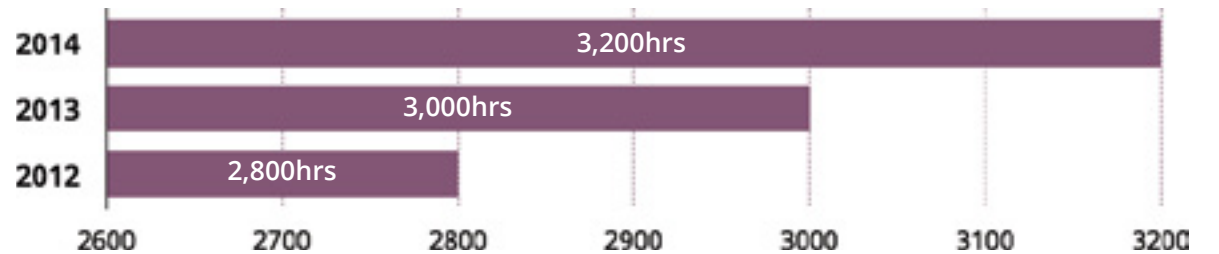


Donations in USD(\$)

VOLUNTEERING

Volunteering deepens our presence in the community, enhances our relationships with customers and strengthens engagement. We encourage associates to volunteer for local causes. Our goal is to continue to evolve our volunteering program to increase associate participation and create greater impact in our communities.

Calculation: Total of non-store associate volunteering hours.⁴



Total Associate Hours

Footnotes

1. Locations where utilities are paid as part of rent (approx. 140 locations) were estimated using statistical models of locations with similar profiles.
2. We adjusted metrics in purchased electricity and GHG emissions from absolute values to relative ratios to increase visibility of our progress relative to business growth and performance.
3. 2012–2013 giving dollars adjusted in 2014 to remove costs not directly benefiting charities such as WS Foundation funding, administrative fees, and supply costs.
4. 2014 giving calculations included donations and hours by associates in our distribution centers, call centers, and production facilities in the U.S. which were not included in previous years.