

Williams-Sonoma, Inc. Environmental Catalog Paper Procurement Policy

Williams-Sonoma, Inc. is committed to environmental stewardship, and in particular, to responsible catalog paper procurement practices that promote the sustainability of forests and other natural resources. Our practices are grounded within a framework of sound business disciplines that ensure that we meet the commitments we have made to all of our stakeholders: employees, customers, and shareholders. We continually seek additional areas of opportunity to promote sustainability across all aspects of our business.

Our strict policy remains as follows:

No Paper Fiber from Old Growth or Endangered Forests, including the Boreal Region of Canada

First and foremost, it is Williams-Sonoma, Inc.'s policy **not** to obtain paper fiber from old growth forests, endangered forests, including the boreal region of Canada, tropical or temperate rainforests, or other forest areas and landscapes which have been formally identified as requiring special protection as a result of their ecosystem, biodiversity and/or cultural values and functions.

➤ Williams-Sonoma, Inc. will **NOT**:

- Accept paper fiber from either illegally harvested or stolen wood;
- Accept paper fiber from old growth forests;
- Accept paper fiber from formally identified endangered forests;
- Accept paper fiber from formally identified High Conservation Value Forests;
- Accept paper fiber from endangered forests of the boreal region of Canada.

➤ Williams-Sonoma, Inc. **WILL**:

- Effective immediately, give preference to catalog paper from FSC[®] (Forest Stewardship Council) certified sources.

Sustainable Forestry

Williams-Sonoma, Inc. is committed to the environment and protecting our natural resources. The paper used in all of our catalogs comes from a single source, and we take pride that our paper supplier (for over 25 years) adheres to strict forestry stewardship and clean manufacturing standards.

Forests providing wood to make our paper are predominantly second-growth trees that regenerated following harvests in the period from 1850 to 1930. These harvests were followed by destructive wildfires, which often depleted the soils, and caused insufficient natural tree regeneration. On these sites, mostly in public ownership, the Civilian

Conservation Corps and later other state and federal agencies established pine plantations from the 1930's into the 1960's. Today, these plantations are managed largely by public foresters using methods that will gradually return them to more nearly natural conditions.

Most importantly, the forests that provide the wood to our paper supplier, regardless of who owns them, are growing at a rate faster than they are being harvested. This has been true since 1935, when the United States Forest Service began conducting nationwide forest surveys to monitor growth and condition of our nation's forests. Only about fifty percent of the annual wood growth is harvested, and this situation is expected to continue into the future.

Certification

Many certification systems currently exist. After exhaustive analysis, we firmly believe that FSC[®] (Forest Stewardship Council) remains the most comprehensive and most broadly recognized and accepted forest products certification system. As a result, we are committed to supporting and giving preference to catalog paper that is certified to the FSC[®] standards.

Commencing November 6th, 2006, Williams-Sonoma, Inc. began sourcing in excess of 95% of its catalog paper from FSC[®] certified sources. Today, virtually 100% of our catalog paper is FSC certified.

Reducing Paper Usage

Over the past several years we have actively developed, and have now implemented a number of initiatives that reduce paper requirements:

- We reduced the trim size (dimensions) of all of our catalogs to sizes that are efficient without reducing the overall response or sales from these catalogs.
- We worked with our paper supplier to develop a new lighter weight paper that has the performance characteristics of heavier weight paper. We have successfully introduced this new lighter weight paper in all of our current catalogs.
- We reduced the number of pages in several of our catalogs through a technique called "versioning", whereby we use statistical techniques to mail smaller catalogs to certain customer segments.

- We continue to increase the use of the Internet for ordering and on-line marketing. Williams-Sonoma, Inc. is a leader in the use of the Internet for eCommerce and on-line marketing and customer communications. Using the Internet reduces the demand for paper both directly and indirectly. We have successfully implemented opt-in email programs to communicate with customers in place of mailed paper communications, and continue to encourage our customers to set up accounts with us to enable electronic communications.

Waste Reduction

Williams-Sonoma, Inc. continues to challenge our paper supplier and printers to reduce waste throughout the paper and catalog production cycle. Together we are looking at new processes, manufacturing configurations and technologies that allow us to be more efficient. In fact, we recently completed a major multi-year initiative to reduce paper requirements and waste at all of our printers, resulting in a 20-25% gain in paper usage efficiency. We will continue to strive for ongoing improvements.

Incorporating Recycled Content in our Catalogs

As previously reported, in 2004 Williams-Sonoma, Inc. tested and has since permanently incorporated 10% post-consumer waste (PCW) recycled content in our flagship Williams-Sonoma catalog. Notwithstanding, we are challenged in securing a regular and consistent supply of PCW fiber for our other catalogs at reasonable costs, and that meets our quality requirements.

We also continue to incorporate recycled content into virtually all paper used in our business:

- Shipping cartons – 30% PCW
- Copy paper – 30% PCW
- Gift-wrap – 30% PCW
- Store Newsletters – up to 80% PCW (and up to 20% FSC)
- In-Store Collateral – 30%-100% PCW
- Corporate stationary – up to 50% PCW
- Shopping bags – 10% PCW
- Gift boxes – up to 60% PCW

It is our goal further to increase the percentage of recycled content, in these and other company-wide paper requirements, subject to availability and competitive market conditions.

Customer Recycling Initiatives

Williams-Sonoma, Inc. has a history of proactive leadership in environmental issues. In 1992, Williams-Sonoma, Inc. responded to concerns surrounding the use of polystyrene pellets used to protect merchandise during shipment. We co-founded the “National Re-Use Program”, now called the “Peanut Hotline”. Recognizing the environmental benefits of recycling loose fill (i.e. peanuts), we partnered with loose fill manufacturers, Mail Boxes, etc. (now The UPS Store), and others to support a network of over 4,000 drop-off locations for loose fill. Williams-Sonoma, Inc.’s customers have helped contribute to what has now become one of the country’s most successful material re-use programs, which has won many environmental awards. As of mid-2008, we have virtually eliminated all loose fill in our direct-to-consumer packaging and replaced it with void-fill air pillow packaging.

While we believe that it is critical to grow the amount of recycled paper content used in all aspects of our business, we firmly believe it is equally important to encourage the recycling of our catalogs. The high quality of paper used in our catalogs is an excellent source of paper fiber for the next quality level of paper products and will reduce the need for virgin fiber and the respective pressure on our forests.

As part of our company-wide “Greening our Home” initiative, in 2003 we launched the “Recycle 100 Program”. While we know from market research that the majority of our customers recycle their catalogs, our goal is to reach 100%. We will focus on providing our customers with information about where to recycle catalogs in their area (www.williams-sonoma.com/recycle), and the impact they can have by doing so. We strongly believe encouraging our customers to recycle 100% of their catalogs represents a major area of opportunity in providing both a high quality source of recycled fiber, while simultaneously reducing the burden on our landfills.

Annual Review and Update

Williams-Sonoma, Inc. is committed to an ongoing process of developing new and additional company-wide initiatives to protect our forests and promote sustainability, and we intend to review and report on our progress to our stakeholders on an annual basis.

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