

# **WILLIAMS-SONOMA, INC.**

## **COMPENSATION COMMITTEE CHARTER**

(as amended and restated on March 28, 2013)

### **PURPOSE**

The purpose of the Compensation Committee of the Board of Directors of Williams-Sonoma, Inc. (the “Company”) is to: (i) assist the Board of Directors in discharging its responsibilities relating to oversight of the compensation of the Company’s Chief Executive Officer and other executive officers; (ii) administer the Company’s incentive compensation and other equity-based plans (the “Plans”) and make grants under them; (iii) oversee the Company’s compensation policies, plans, and benefits programs generally, and (iv) in the case of the Williams-Sonoma, Inc. 401(k) Plan (the “401(k) Plan”), which is not considered one of the Plans as defined above, the Compensation Committee’s sole responsibility shall be to amend the 401(k) Plan as provided below. In addition, the Compensation Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribes.

### **COMPOSITION**

The Compensation Committee shall consist of not less than two (2) independent members of the Company’s Board of Directors. The members of the Compensation Committee are appointed by the Board of Directors upon the recommendation of the Nominations and Corporate Governance Committee and serve at the discretion of the Board of Directors. The Board of Directors shall designate one member of the Compensation Committee to serve as the chairperson.

Members of the Compensation Committee must meet the following criteria:

- Each member will be an independent director, as defined by: (i) the rules of the New York Stock Exchange; and (ii) the rules of the Securities and Exchange Commission (“SEC”).
- Each member will be an “Outside Director” as such term is defined with respect to Section 162(m) of the Internal Revenue Code of 1986, as amended.
- Each member will be a “non-employee” director as defined under Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Determinations as to whether a particular director satisfies the requirements for membership on the Compensation Committee shall be made by the Board of Directors.

### **RESPONSIBILITIES**

The responsibilities of the Compensation Committee shall include:

- Reviewing and approving corporate goals and objectives relevant to the compensation of the Chief Executive Officer, evaluating the Chief Executive Officer's performance in light of those goals and objectives, and reviewing and approving any bonuses, equity compensation and any other benefits to be provided to the Chief Executive Officer based upon this evaluation. The Compensation Committee shall update the Board of Directors after making these determinations. The Compensation Committee shall make a recommendation to the independent members of the Board of Directors regarding any base salary adjustments for the Chief Executive Officer and the independent members the Board of Directors shall determine any such base salary adjustments. In determining the long-term incentive component of the Chief Executive Officer's compensation, the Compensation Committee shall consider such factors as the Company's performance and relative stockholder return, the value of similar incentive awards given to Chief Executive Officers of comparable companies, and the awards given to the Company's Chief Executive Officer in past years. The Compensation Committee may also solicit input from the other independent members of the Board of Directors and obtain their agreement prior to making its Chief Executive Officer compensation determinations. The Compensation Committee's (and for base salary adjustments, the independent directors') review and approval of the Chief Executive Officer's compensation shall be made without the presence of the Chief Executive Officer.
- Reviewing the performance of executive officers other than the Chief Executive Officer, and reviewing and approving their total compensation, including base salary, bonus, equity compensation and any other benefits to be provided to these executive officers. In so doing, the Compensation Committee shall seek input from the Chief Executive Officer and may also solicit input from the other independent members of the Board of Directors prior to making its determinations. Such review and approval shall be made without the presence of the executive officers for whom the compensation determinations are being made. The Compensation Committee shall update the Board of Directors after making these determinations.
- Reviewing and approving, as appropriate, general compensation goals and guidelines for the Company's other employees. The Compensation Committee shall update the Board of Directors after making these determinations.
- Approving and authorizing amendments to the 401(k) Plan, the Plans, and the Company's other benefit programs to the extent such amendment authority has been delegated to the Compensation Committee by the Board of Directors.
- Acting as the Administrator (as defined under each Plan) and administering, within the authority delegated by the Board of Directors, the Company's Plans. In its administration of the Plans, the Compensation Committee may: (i) grant equity awards to individuals eligible for such grants (including, to the extent relevant, grants to individuals subject to Section 16 of the Exchange Act in compliance with Rule 16b-3 promulgated thereunder); (ii) amend the terms of such equity awards; and (iii) take all other actions permitted under the Plans. The Compensation Committee may delegate

to two or more directors of the Company the authority to make grants and awards to any non-executive officer of the Company under such of the Plans as the Compensation Committee deems appropriate in accordance with the terms of such Plans. The Compensation Committee also shall review and make recommendations to the Board of Directors with respect to changes in the number of shares reserved for issuance under those Plans.

- Preparing a compensation committee report on executive compensation as required by the SEC to be included in the Company's annual proxy statement or annual report on Form 10-K filed with the SEC.
- Considering the view of stockholders on executive compensation matters, including stockholder proposals, advisory votes, communications with proxy advisory firms and related matters.
- Assessing on an annual basis potential material risk to the Company from its compensation programs and policies, including incentive and commission plans at all levels.
- In its sole discretion, retaining or obtaining advice and assistance from compensation consultants, legal counsel or other advisers to assist in the evaluation of Chief Executive Officer, executive officer, other officer or employee compensation.
- Appointing, setting the compensation and overseeing the work of any compensation consultant, legal counsel or other adviser retained by the Compensation Committee. The Compensation Committee shall receive from the Company appropriate funding, as determined by the Compensation Committee, for payment of reasonable compensation to a compensation consultant, legal counsel or other adviser retained by the Compensation Committee.
- Before selecting, or receiving advice from, any compensation consultant, legal counsel or other adviser, other than in-house legal counsel, the Compensation Committee must take into consideration all factors relevant to such person's independence from management, including: (i) the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser; (ii) the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser; (iii) the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest; (iv) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Compensation Committee; (v) any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and (vi) any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company; provided that the Compensation Committee is not required to conduct an independence assessment for a compensation adviser that acts in a role

limited to the following activities for which no disclosure is required under Item 407(e)(3)(iii) of Regulation S-K: (a) consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; and/or (b) providing information that either is not customized for a particular issuer or that is customized based on parameters that are not developed by the adviser, and about which the adviser does not provide advice.

- Conducting an annual evaluation of the Compensation Committee's own performance.

## **MEETINGS**

The Compensation Committee shall meet as often as it determines, but not less frequently than two (2) times each year. The members of the Compensation Committee may invite the Chief Executive Officer or any other person to attend meetings as appropriate and consistent with this charter; provided, however, that the Chief Executive Officer may not be present during the voting on or deliberations regarding the Chief Executive Officer's compensation.

## **MINUTES**

The Compensation Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

## **REPORTS**

The Compensation Committee will report to the Board of Directors on a periodic basis and make such recommendations with respect to any of the above matters as the Compensation Committee deems necessary or appropriate.

## **COMPENSATION**

Members of the Compensation Committee shall receive such fees, if any, for their service as committee members as may be determined by the Board of Directors in its sole discretion. Fees may be paid in such form of consideration as is determined by the Board of Directors.

## **DELEGATION OF AUTHORITY**

The Compensation Committee may form and delegate authority to subcommittees when appropriate.