



September 3, 2024

Laura Alber, President, Chief Executive Officer, and Director  
Scott Arnold Dahnke, Chairman of the Board  
Williams-Sonoma Inc.  
3250 Van Ness Avenue  
San Francisco, CA 94109

Dear President Alber and Chairman Dahnke,

We write to you in your respective capacities as President, Chief Executive Officer, and Director and Chairman of the Board, respectively, of Williams-Sonoma, Inc. (“Williams-Sonoma,” the “Company”).

This letter alerts you to evidence that management is violating federal and state civil rights laws prohibiting discrimination in hiring, training, compensation, and promotion. The Company’s Securities and Exchange Commission (“SEC”) filings and other public reports and statements suggest that its employment and contracting practices are unlawfully infused with inappropriate considerations of race, color, sex, and national origin. As you know, workplace anti-discrimination mandates are an essential and mission-critical regulatory compliance risk. You and the Board, among your other fiduciary obligations, have a duty of oversight and must establish a reasonable board-level system of compliance monitoring and reporting relating to these mandates.<sup>1</sup> Systemic unlawful employment practices create market and legal risks.

You and the Board have a duty to provide investors with direct and honest disclosure of the actual and apparent risk that customers and institutional investors could react increasingly negatively to both the Company’s assertive (and illegal) diversity, equity, and inclusion policies and practices, and its failure to oversee its subsidiaries that recruit, employ, and promote workers based on the same flawed principles.<sup>2</sup> However, the evidence suggests that you have failed to do this, in potential violation of federal securities laws, including Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, Section 14(a) of the Exchange Act and Rule 14a-9, Section 20(a) of the Exchange Act, and the fiduciary duties owed to the Company and its shareholders.

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<sup>1</sup> See *Marchand v. Barnhill*, 212 A.3d 805, 824 (Del. 2019); *In re Clovis Oncology, Inc. Derivative Litig.*, No. CV 2017-0222, 2019 WL 4850188, at \*12 (Del. Ch. Oct. 1, 2019).

<sup>2</sup> See, e.g., First Amended Complaint at ¶¶ 269–83, *Craig v. Target Corp.*, No. 2:23-cv-00599 (M.D. Fla. Nov. 28, 2023) (citations omitted).

## I. **Williams-Sonoma Inc. unlawfully discriminates based on race, color, sex, and national origin.**

Williams-Sonoma Inc. has affirmatively represented to its shareholders, investors, and the SEC that race, sex, and national origin are motivating factors in its employment and contracting practices.<sup>3</sup> Management has, therefore, admitted to systemically violating federal civil rights laws.<sup>4</sup>

### A. **Employment**

The Company's 2024 Annual Report, Form 10-K, filed with the Securities and Exchange Commission on March 20, 2024, lists the following discriminatory commitments:

- “We are focused on **increasing under-represented talent** at the Company through expanding our candidate pool and career development. We maintain an Equity Action Plan and an Equity Action Committee, including a diverse group of executives and associates, and in 2023 **we continued our commitment to equity** through our partnership and donation support with our non-profit partners such as the NAACP, the Jackie Robinson Foundation, the National Urban League and Asian Americans Advancing Justice—Asian Law Caucus.”<sup>5</sup>
- “We continue to foster relationships with over 180 organizations, universities, colleges, and networks to expand our reach to potential candidates. **We continue to strive to bring forward a diverse slate of candidates** for our corporate roles posted externally, which has **resulted in improvement in both overall representation and hire rate since the inception of our Equity Action Plan.** We are also a member of CEO Action for Diversity & Inclusion, in which **we pledged a goal to ‘identify and establish associate networks for underrepresented communities to promote diversity and inclusion throughout the Company.’** In furtherance of our stated goal, we have developed affinity group networks including an LGBTQIA+ Network, Black Associate Network, Veterans Appreciation Network, Hispanic/LatinX Associate Network, Asian WSI Network and a Disability, Education & Advocacy Network.”<sup>6</sup>

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<sup>3</sup> Williams-Sonoma, Inc., Annual Report (Form 10-K) (Mar. 20, 2024) (emphasis added) (available at <https://perma.cc/UDT6-FP6E>) [hereinafter Form 10-K].

<sup>4</sup> See 42 U.S.C. § 2000e-2(a), (d), (j), (m); 42 U.S.C. § 1981.

<sup>5</sup> Form 10-K at 6 (emphasis added).

<sup>6</sup> *Id.* (emphasis added).

Williams-Sonoma's commitments to diversity, which date back to at least 2021<sup>7</sup> appear to have achieved their intended effect:

- “As of the end of fiscal 2023, approximately 68.1% of our total workforce identified as female and approximately 41.1% identified as an ethnic minority group.”<sup>8</sup>
- “Additionally, approximately 56.6% of our Vice Presidents and above identified as female.”<sup>9</sup>

The Company's website describes its Diversity, Equity, and Inclusion practices, including that it unlawfully uses numerical race and sex-based quotas for hiring, training, and promotion and the extraordinary steps the Company has taken to ensure such quotas are deeply embedded in its business operations. For example:

- “Our Board is comprised of individuals qualified to advise our executive team based on their skills, knowledge, experience and areas of expertise. **We believe that it is important for our Board to be diverse, and within the scope of diversity, we include gender, age, race, sexual orientation and culture,** as well as diversity of abilities, expertise and perspectives. We're proud to have above-average gender parity on our Board, **with 50%+ women Directors.**”<sup>10</sup>
- “As our company evolves, we see opportunity to further **diversify representation at all levels of leadership.** In identifying the most qualified individuals as candidates for Board membership, the Nominations, Corporate Governance and Social Responsibility Committee will seek to **attain diversity in the composition of the Board in a way that reflects our associates and communities.**”<sup>11</sup>
- In 2020, the Company created an Equity Action Committee and launched an Equity Action Plan “outlining a set of actions we've committed to in the fight for racial justice and equality,” which includes “[i]ncreasing **Black representation across our company, and**

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<sup>7</sup> Williams-Sonoma, Inc., Annual Report (Form 10-K) (Mar. 30, 2021) (available at <https://perma.cc/XE2A-F5CQ>).

<sup>8</sup> Form 10-K at 6.

<sup>9</sup> *Id.*

<sup>10</sup> *Diversity, Equity & Inclusion — Corporate Responsibility*, WILLIAMS-SONOMA, INC. <https://perma.cc/A39L-6REY> (emphasis added).

<sup>11</sup> *Id.* (emphasis added).

**among our vendors, partners and collaborators” and “[r]einforcing an internal culture of inclusion and belonging.”<sup>12</sup>**

The Company proudly promotes its discriminatory hiring practices that intentionally discriminate based on the race and sex of employees and applicants:

- **“Representation of Black talent has increased, diversifying our workforce, partners and product offerings, with clear goals established to grow representation at all levels of leadership.”<sup>13</sup>**
- **“We are proud of our progress in increasing our representation of Black talent across levels and workforces. We broadened our talent pipeline for both full-time and intern positions by partnering with over 150 organizations, including Historically Black Colleges and Universities, BRAG and blackjobs.com. All open jobs since launching our Equity Action Plan have a diverse slate of candidates, and we incorporated unconscious bias training into the hiring processes.”<sup>14</sup>**
- “Associates are expected to treat everyone with respect while learning about other cultures and traditions. We established Associate Equity Network Groups to create safe spaces for associates to share experiences, seek support and learn from each other.”<sup>15</sup> Some of these groups appear to discriminate based on race and sex. The groups include:
  - Black Associate Network
  - Veterans Appreciation Group
  - An LGBTQ+ Group Affiliation called “VOICES”
  - Hispanic Heritage Group
  - Asian American Pacific Islander Network
  - Disability, Education & Advocacy Network<sup>16</sup>

There are no associate equity networks for White, European ancestry, or heterosexual employees.

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<sup>12</sup> *Id.* (emphasis added).

<sup>13</sup> *At Williams-Sonoma, Inc., Diversity, Equity and Inclusion is an Ongoing Commitment*, WILLIAMS-SONOMA, INC. BUS. WIRE (Feb. 5, 2021), <https://perma.cc/PBA3-A6FZ>.

<sup>14</sup> *Id.* (emphasis added).

<sup>15</sup> *Investing in Associates — Corporate Responsibility*, WILLIAMS-SONOMA, INC., <https://perma.cc/S765-7LSQ>.

<sup>16</sup> *Id.*

Racial and sex “balancing” in hiring, training, and promotion is patently illegal under Title VII of the Civil Rights Act of 1964. *See* 42 U.S.C. §§ 2000e-2(a), (d). Decades of case law have held that policies that seek to impose such balancing are prohibited, no matter how well-intentioned. *See, e.g., United Steelworkers of America v. Weber*, 443 U.S. 193, 208 (1979); *Johnson v. Transp. Agency*, U.S. 616, 621, 632 (1987).

Title VII targets practices that “treat[] a person worse” because of a protected trait with respect to terms or conditions of employment, a phrase that is not used in the “narrow contractual sense” but covers more than the “economic or tangible.”<sup>17</sup> Yet in the name of DE&I, management repeatedly avers that the Company’s employment, compensation, and employee “Associate Equity Network Groups” are *designed* to benefit some workers and to treat others—specifically, white, male Americans and religious Americans who are heterosexual—worse than others based on protected traits, including race and sexual orientation. In fact, in addition to tracking and setting goals for the diversity of its board and board nominees, the Company’s Equity Action Plan appears to reward executives for making race, color, sex, or national origin a motivating factor in hiring and other employment practices.<sup>18</sup>

Management’s employment practices are illegal, harmful, and immoral.<sup>19</sup> Discrimination based on immutable characteristics such as race or sex “generates a feeling of inferiority as to their status in the community that may affect their hearts and minds in a way unlikely to ever be undone.”<sup>20</sup> Favoring some workers over others because of race or sex foments contention and resentment; it is “odious and destructive.”<sup>21</sup> It truly “is a sordid business, this divvying us up” by race or sex,<sup>22</sup> and the Board’s failure to stop the Company from engaging in such conduct reflects, at a minimum, inadequate internal controls.

## B. Contracting

Since the Civil Rights Act of 1866 (codified at 42 U.S.C. § 1981), federal law has prohibited all forms of racial discrimination in private contracting. As the late Justice Ginsburg noted, Section 1981 is a “‘sweeping’ law designed to ‘break down all discrimination between black men and white men’ regarding ‘basic civil rights.’”

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<sup>17</sup> *Muldrow v. City of St. Louis*, 144 S. Ct. 967, 974 (2024) (cleaned up).

<sup>18</sup> *Id.*; *see also Diversity, Equity & Inclusion — Corporate Responsibility*, WILLIAMS-SONOMA, INC. <https://perma.cc/A39L-6REY>.

<sup>19</sup> *Griggs v. Duke Power Co.*, 401 U.S. 424, 431 (1971) (“Discriminatory preference for any group, minority or majority, is precisely and only what Congress has proscribed [in Title VII.]”); *see also, Bob Jones Univ. v. United States*, 461 U.S. 574, 593 (1983) (“racial discrimination ... violates a most fundamental national public policy, as well as rights of individuals”).

<sup>20</sup> *Brown v. Bd. of Education*, 347 U.S. 484, 494 (1954).

<sup>21</sup> *Texas v. Johnson*, 491 U.S. 397, 418 (1989).

<sup>22</sup> *League of United Latin Am. Citizens v. Perry*, 548 U.S. 399, 511 (2006) (Roberts, C.J., concurring in part).

*Comcast Corp. v. Nat'l Ass'n of Afr. Am.-Owned Media*, 589 U.S. 327, 342 (2020) (Ginsburg, J. concurring) (quoting *Jones v. Alfred H. Mayer Co.*, 392 U.S. 409, 432 (1968)).

Section 1981 prohibits racial preferences in contracting,<sup>23</sup> protecting the would-be contractor and imposing liability when a defendant has discriminated in a way that prevents individuals who seek to enter contractual relationships from doing so.<sup>24</sup> Yet, the Company repeatedly claims to engage in illegal race-based contracting. For example, its “Diversity, Equity & Inclusion” page represents, “[i]n June 2020, we formed an Equity Action Committee and launched an Equity Action Plan outlining a set of actions we’ve committed to in the fight for racial justice and equality [including] Increasing Black representation across our company and among our vendors, partners and collaborators.”<sup>25</sup> The Company further represents:

- “In addition to [race-based employment] initiatives, our brands are consciously increasing Black representation among our vendors, partners and collaborators.”<sup>26</sup>
- “West Elm has taken the 15% Pledge to increase its representation of Black-owned businesses and is featuring Black artists, designers and makers in its assortment, found in stores and online.”<sup>27</sup>
- “Pottery Barn has launched its partnership with the Black Artists + Designers Guild (BADG) to work with its community of creators, artists, and design professionals to bring Black Excellence in design and artistry to our customers.”<sup>28</sup>

## **II. Management’s unlawful practices create legal and reputational risk and threaten to waste corporate assets.**

As a matter of law, the Board has breached its fiduciary duty and failed to act in good faith whenever it intentionally acts with a purpose other than advancing the best interests of the corporation, with the intent to violate applicable positive law, or deliberately fails to act in the face of a known duty to act, demonstrating a conscious

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<sup>23</sup> *McDonald v. Santa Fe Trail Transp. Corp.*, 427 U.S. 273, 295 (1976) (holding that § 1981 bars discrimination against white persons, as well as discrimination against racial minorities).

<sup>24</sup> *Domino’s Pizza, Inc. v. McDonald*, 546 U.S. 470, 476 (2006); *Runyon v. McCrary*, 427 U.S. 160, 172 (1976); *Rajaram v. Meta Platforms, Inc.*, 105 F.4th 1179, 1182 (9th Cir. 2024).

<sup>25</sup> *Investing in Associates — Corporate Responsibility*, WILLIAMS-SONOMA, INC., <https://perma.cc/S765-7LSQ>.

<sup>26</sup> *At Williams-Sonoma, Inc., Diversity, Equity and Inclusion is an Ongoing Commitment*, WILLIAMS-SONOMA, INC. BUS. WIRE (Feb. 5, 2021), <https://perma.cc/PBA3-A6FZ>

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

disregard for its obligations.<sup>29</sup> Here, there is strong evidence that management has chosen to violate applicable federal civil rights laws and, through its partners and contractors, has shown a potentially culpable disregard for discrimination based on skin color and sex. The Company’s incantation of “[r]einforcing an internal culture of inclusion and belonging”<sup>30</sup> does not relieve management or the Board of their fiduciary duty to comply with the law or of their legal duty to disclose the risk of non-compliance to investors.

In its annual and quarterly filings with the SEC and proxy statement, the Board is required to provide investors with direct and honest disclosure of the actual risk—known to you and to management—that customers and investors often disfavor assertive DEI initiatives.<sup>31</sup> Publicly traded companies have increasingly faced consumer and investor backlash to the DEI mandates, such as those adopted by management and at least tacitly approved by the Board. To comply with federal securities laws, other companies that have committed to such mandates often disclose that their material risks include backlash from their customers and regulatory scrutiny.<sup>32</sup>

Yet the Company’s Form 10-K merely touts its discriminatory DE&I policies and practices, stating, “[w]e continue to strive to bring forward a diverse slate of candidates for our corporate roles posted externally, which has resulted in improvement in both overall representation and hire rate since the

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<sup>29</sup> See *Marchand*, 212 A.3d at 824; *In re Clovis Oncology, Inc. Derivative Litig.*, 2019 WL 4850188, at \*12.

<sup>30</sup> *Diversity, Equity & Inclusion — Corporate Responsibility*, WILLIAMS-SONOMA, INC. <https://perma.cc/A39L-6REY>.

<sup>31</sup> See Gitanjali Poonia, *Is Disney Going Broke After Becoming ‘Woke’?*, DESERET NEWS (Nov. 30, 2023), <https://perma.cc/JMS3-64RQ>; see also Anne D’Innocenzio, *Target to Reduce Number of Stores Carrying Pride-Themed Merchandise After Last Year’s Backlash*, BUSINESS, AP NEWS (May 11, 2024), <https://perma.cc/WEY3-CESX>.

<sup>32</sup> See e.g., ADT Inc., Annual Report (Form 10-K) at 47 (Feb. 28, 2023) (available at <https://perma.cc/KRM3-VLPT>); State Street Corp., Annual Report (Form 10-K) at 42–43 (Feb. 16, 2023), <https://perma.cc/2TV3-H3M7>); Citigroup, Inc., Annual Report (Form 10-K) at 44 (Feb. 24, 2023) (available at <https://perma.cc/7K3N-L97W>) (“Citi also faces potentially conflicting anti-ESG initiatives”); Valero Energy Corp., Annual Report (Form 10-K) at 20 (Feb. 23, 2023) (available at <https://perma.cc/J6KX-B336>) (“Recently, backlash from certain governments and investors against ESG funds and investment practices has resulted in increased scrutiny and withdrawals from such funds. Such backlash has also resulted in ‘anti-ESG’ focused activism and investment funds, which may result in additional strains on company resources.”); Carlyle Grp., Inc., Annual Report (Form 10-K) at 68 (Feb. 9, 2023) (available at <https://perma.cc/Z3WF-T8VS>) (“Conversely, anti-ESG sentiment has also gained momentum”); see Andrew Ramonas, *Citi, Valero, ADT Flag New Investment Risk: the Anti-ESG Effect*, BLOOMBERG L. (Mar. 15, 2023), <https://perma.cc/3FFW-P8DN>; Emma Williams, *What Are the Risks of Social Washing?* MORNINGSTAR (Aug. 19, 2022), <https://perma.cc/TZV4-8RVL> (stating that adopting ESG goals “[i]nvariably ... means alienating certain groups while appeasing others” and “lead[s] to backlash from both sides of a debate” that can “result in social risks being poorly managed or even elevated.”).

**inception of our Equity Action Plan.”**<sup>33</sup> Management avers, without evidence, that “We firmly believe that working in a culture focused on diversity, equity and inclusion spurs innovation, creates healthy and high-performing teams, and delivers superior customer experiences.”<sup>34</sup>

Management and the Board, however, have failed to adequately disclose the reputational and market risk of those policies and practices, despite acknowledging that “[w]e must protect and maintain our brand image and reputation” and listing several additional risk factors that include “costly litigation.”<sup>35</sup> The Company is organized and carried on primarily for the profit of its shareholders, and the powers of its officers and directors are to be employed solely for that end. If the Company’s officers and directors are unable to demonstrate that the unlawful employment and contracting practices clearly and concretely create shareholder value (as they most assuredly cannot do), then they are violating their fiduciary duty to shareholders by spending the Company’s funds to advance idiosyncratic political and social views.

### **III. Compliance demands**

To prevent the waste of the Company’s assets; to repair and safeguard the Company’s brand, goodwill, and reputation among its core customers; to protect its shareholders; and in fulfillment of your fiduciary duty to ensure compliance with civil rights and labor laws, we demand that you and the Board immediately take the following steps:

1. Retain an independent counsel for a full compliance investigation and a report on the Company’s contracting and outsourcing practices to determine whether management knowingly or with reckless disregard used contractors and partners to circumvent civil rights laws. To avoid the expense and disruption of litigation enforcing Williams-Sonoma’s disclosure obligations, the investigation should include a full disclosure by the Board of Management’s contemporaneous emails and other communications on this topic and all communications to or from its General Counsel regarding this matter.
2. Compel management to immediately (a) cease all “DE&I” employment and contracting practices based on race, color, sex, sexual orientation, religion, or national origin; (b) cease and desist from making any statements or representations promoting or promising employment outcomes based on race, color, sex, sexual orientation, religion, or national origin; and (c) retain an independent counsel to conduct a compliance audit of Williams-Sonoma’s hiring, promotion, recruitment, and purchasing practices to ensure that they comply with federal civil rights laws. Again, to avoid the expense and disruption of litigation enforcing disclosure obligations under the Private

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<sup>33</sup> Form 10-K at 6 (emphasis added).

<sup>34</sup> *Id.*

<sup>35</sup> Form 10-K at 9, 13, 18.



Securities Litigation Reform Act of 1995, the compliance audit and all relevant emails and other management communications regarding the racial balancing and other prohibited hiring and contracting practices described in Williams-Sonoma's Form 10-K should be made promptly and fully available.

3. In anticipation of litigation, direct the Company to preserve all records relevant to the issues and concerns noted above, including but not limited to paper records and electronic information, including email, electronic calendars, financial spreadsheets, PDF documents, Word documents, and all other information created and stored digitally. This list is intended to give examples of the types of records you should retain. It is not exhaustive. Thank you in advance for your cooperation.

Thank you in advance for your consideration. Please feel free to contact us if you have any questions.

Sincerely,

/s/ Julia Z. Haller

Julia Z. Haller

America First Legal Foundation

cc: Jeff Howie, Executive Vice President, Chief Financial Officer  
Andrew Campion, Director  
Bud Cope, Chief Real Estate & Development, Executive Vice President

## APPENDIX

### **Risk Factor Summary**

The following is a summary of the risks and uncertainties that could cause our business, financial condition or operating results to be harmed. We encourage you to carefully review the full risk factors contained in this report in their entirety for additional information regarding these risks and uncertainties.

#### **Risks Related to Our Business**

- *We are unable to control many of the factors affecting consumer spending, and declines in consumer spending on home furnishings and kitchen products in general could reduce demand for our products.*
- *If we are unable to identify and analyze factors affecting our business, anticipate changing consumer preferences and buying trends, and manage our inventory and marketing spend commensurate with customer demand, our sales levels and operating results may decline.*
- *Our business and operating results may be harmed if we are unable to timely and effectively deliver merchandise to our stores and customers.*
- *Our failure to successfully manage our order-taking and fulfillment operations could have a negative impact on our business and operating results.*
- ***We must protect and maintain our brand image and reputation.***
- *Our sales may be negatively impacted by increasing competition from companies with brands or products similar to ours.*
- *Our facilities and systems, as well as those of our suppliers, are vulnerable to natural disasters, adverse weather, climate change, technology issues and other unexpected events, any of which could result in an interruption in our business and harm our operating results.*
- *Our aspirations, goals and disclosures related to ESG matters expose us to numerous risks, including risks to our reputation and stock price.*
- *Our business is subject to evolving corporate governance and public disclosure regulations and expectations that could expose us to numerous risks.*
- *If we are unable to effectively manage our e-commerce business and digital marketing efforts, our reputation and operating results may be harmed.*
- *Declines in our comparable brand revenues may harm our operating results and cause a decline in the market price of our common stock.*
- *Our failure to successfully manage the costs and performance of our digital advertising might have a negative impact on our business.*
- *If we are unable to successfully manage the complexities associated with an omni-channel and multi-brand business, we may suffer declines in our existing business and our ability to attract new business.*
- *A number of factors that affect our ability to successfully open new stores or close existing stores are beyond our control.*
- *If we are unable to protect against inventory shrink, loss of other assets and fraud, our results of operations and financial condition could be adversely affected.*
- *Our inability or failure to adequately protect or enforce our intellectual property could negatively impact our business.*
- *We outsource certain aspects of our business to third-party suppliers and are in the process of insourcing certain business functions from third-party suppliers.*
- *If we fail to attract and retain key personnel, our business and operating results may be harmed.*
- *If we are unable to introduce new brands and brand extensions successfully, or to reposition or close existing brands, our business and operating results may be negatively impacted.*
- ***We may be subject to legal proceedings that could result in costly litigation, require significant amounts of management time and result in the diversion of significant operational resources.***

#### ***We must protect and maintain our brand image and reputation.***

Our brands have wide recognition, and our success has been due in large part to our ability to maintain, enhance and protect our brand image and reputation and our customers' connection to our brands. Our continued success depends in part on our ability to adapt to a rapidly changing media environment, including our reliance on social media and online advertising campaigns. Even if we react appropriately to negative posts or comments about us and/or our brands on social media and online, our customers' perception of our brand image and our reputation could be negatively impacted. In addition, customer sentiment could be shaped by our sustainability policies and related design, sourcing and operations decisions. Failure to maintain, enhance and protect our brand image could have a material adverse effect on our results of operations.

#### ***We may be subject to legal proceedings that could result in costly litigation, require significant amounts of management time and result in the diversion of significant operational resources.***

We are involved in lawsuits, claims and proceedings incident to the ordinary course of our business. Litigation is inherently unpredictable. Any claims against us, whether meritorious or not, could result in costly litigation, require significant amounts of management time and result in the diversion of significant operational resources. There has been a rise in the number of lawsuits against companies like us regarding consumer protection, deceptive or false advertising, data breach, and e-commerce-related patent infringement. From time to time, we have been subject to these types of lawsuits and are currently the subject of some of these types of lawsuits. The cost of defending against these types of claims or the ultimate resolution of any such claims against us, whether by settlement or adverse court decision, may harm our business and operating results. In addition, the increasingly regulated business environment may result in a greater number of enforcement actions by government agencies and private litigation. This could subject us to increased exposure to stockholder lawsuits and potential penalties related to regulatory inquiries. Additionally, in recent years there has been an increase in the number of employment claims and, in particular, discrimination and harassment claims. Coupled with social media platforms and similar devices that allow

## Corporate Responsibility

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### PEOPLE

#### Diversity, Equity & Inclusion

We firmly believe that working in a culture focused on diversity, equity and inclusion spurs innovation, creates healthy and high-performing teams, and delivers superior customer experiences. Our diversity, equity and inclusion initiatives prompt associate participation and engagement, aligning with our core vision to reflect the

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**Representation of Black talent has increased, diversifying our workforce, partners and product offerings, with clear goals established to grow representation at all levels of leadership**

**We are proud of our progress in increasing our representation of Black talent across levels and workforces.** We broadened our talent pipeline for both full-time and intern positions by partnering with over 150 organizations, including Historically Black Colleges and Universities, BRAG and blackjobs.com. All open jobs since launching our Equity Action Plan have a diverse slate of candidates, and we incorporated unconscious bias training into the hiring processes.

In addition to these talent initiatives, our brands are consciously increasing Black representation among our vendors, partners and collaborators. We are excited to share our new initiatives and continue to forge new partnerships to increase the diversity of our offerings:

- West Elm has taken the 15% Pledge to increase its representation of Black-owned businesses and is featuring Black artists, designers and makers in its assortment, found in stores and online. You can meet these innovative makers in the weekly Instagram “Meet the Maker” series.
- Pottery Barn has launched its partnership with the Black Artists + Designers Guild (BADG) to work with its community of creators, artists, and design professionals to bring Black Excellence in design and artistry to our customers.
- Pottery Barn Kids has launched a partnership with Conscious Kid to offer curated book bundles that celebrate diversity and help promote healthy racial identity development in youth.
- Williams Sonoma is highlighting the important work Black chefs are doing by featuring an online collection of cookbooks written by Black authors filled with recipes, stories and the diversity of the Black experience in the food industry and Black culture in America.

## Board Gender & Diversity

Our Board is comprised of individuals qualified to advise our executive team based on their skills, knowledge, experience and areas of expertise. We believe that it is important for our Board to be diverse, and within the scope of diversity, we include gender, age, race, sexual orientation and culture, as well as diversity of abilities, expertise and perspectives. We’re proud to have above-average gender parity on our Board, with 50%+ women Directors.

As our company evolves, we see opportunity to further diversify representation at all levels of leadership. In identifying the most qualified individuals as candidates for Board membership, the Nominations, Corporate Governance and Social Responsibility Committee will seek to attain diversity in the composition of the Board in a way that reflects our associates and communities.

## Diversity, Equity & Inclusion

In June 2020, we formed an Equity Action Committee and launched an Equity Action Plan outlining a set of actions we've committed to in the fight for racial justice and equality:

- Philanthropic support and long-term partnerships with non-profit organizations that advocate for racial justice and equity.
- Increasing Black representation across our company, and among our vendors, partners and collaborators.
- Reinforcing an internal culture of inclusion and belonging.

We're continually tracking and publishing our progress in our annual impact reports.

## Executive Leadership

A UC Davis Study of California Women Business Leaders named Williams-Sonoma, Inc. California's #1 company for female leadership in their most recent study (2015), with the highest percentage reported by any company in the 11 years they have been researching women in business. Since then, we've continued to be a beacon for women leaders. More than 50% of our executive positions at the VP level and above are occupied by women and over 50% of our board members are women.

## **GOVERNANCE**

We review sustainability programs with our Board regularly and publish updates in our annual Proxy Statement and Impact Report. We strive for our Board of Directors to reflect the racial, ethnic, and gender diversity of our workforce and surrounding communities.

In FY23, 57% of our Board members identified as women and 29% identified as diverse.

### *Diversity, Equity and Inclusion*

Associate engagement and retention require an understanding of the needs of a diverse, creative and purpose-driven workforce. We firmly believe that working in a culture focused on diversity, equity and inclusion spurs innovation, creates healthy and high-performing teams, and delivers superior customer experiences. We aim to provide equal opportunity for all associates. We have several systems under which associates can report incidents or discrimination confidentially or anonymously and without fear of reprisal. As of the end of fiscal 2023, approximately 68.1% of our total workforce identified as female and approximately 41.1% identified as an ethnic minority group. Additionally, approximately 56.6% of our Vice Presidents and above identified as female. We were also ranked on Forbes' List of Best Employers for Diversity in 2023 and were included in the 2023 Bloomberg Gender-Equality Index, which tracks public companies' commitment to gender equality.

We are focused on increasing under-represented talent at the Company through expanding our candidate pool and career development. We maintain an Equity Action Plan and an Equity Action Committee, including a diverse group of executives and associates, and in 2023 we continued our commitment to equity through our partnership and donation support with our non-profit partners such as the NAACP, the Jackie Robinson Foundation, the National Urban League and Asian Americans Advancing Justice—Asian Law Caucus.

We continue to foster relationships with over 180 organizations, universities, colleges and networks to expand our reach to potential candidates. We continue to strive to bring forward a diverse slate of candidates for our corporate roles posted externally, which has resulted in improvement in both overall representation and hire rate since the inception of our Equity Action Plan. We are also a member of CEO Action for Diversity & Inclusion, in which we pledged a goal to "identify and establish associate networks for underrepresented communities to promote diversity and inclusion throughout the Company." In furtherance of our stated goal, we have developed affinity group networks including an LGBTQIA+ Network, Black Associate Network, Veterans Appreciation Network, Hispanic/LatinX Associate Network, Asian WSI Network and a Disability, Education & Advocacy Network.

As signatories of CEO Action for Diversity & Inclusion, we also continually:

- Make our workplaces trusting places to have complex, and sometimes difficult, conversations about diversity & inclusion.
- Implement and expand unconscious bias education and training.
- Share best, and unsuccessful, practices by reporting on our successes and challenges.



Pottery Barn partners with the Trevor Project to raise donations and awareness of LGBTQ+ issues. Image: [Pottery Barn](#).

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## DIVERSITY, EQUITY & INCLUSION

Our Equity Action Committee at Williams Sonoma Inc. was established in June 2020 to lead the implementation of our Equity Action Plan. The purpose of the plan is to create a set of actions that will drive positive change in the fight against racial injustice.

### WE ARE COMMITTED TO

1

SUPPORTING NON-PROFIT ORGANIZATIONS THAT ADVOCATE FOR RACIAL JUSTICE

2

INCREASING BLACK REPRESENTATION AT ALL LEVELS OF OUR COMPANY

3

REINFORCING A CULTURE OF INCLUSION THROUGH AWARENESS AND EDUCATION

### WE ARE COMMITTED TO

1

SUPPORTING NON-PROFIT ORGANIZATIONS THAT ADVOCATE FOR RACIAL JUSTICE

2

We're diversifying our workforce by partnering with Historically Black Colleges, Universities and Organizations to reach and foster Black talent. We're expanding our vendors and suppliers to include more Black-owned businesses and are collaborating with Black artists and designers.

3

REINFORCING A CULTURE OF INCLUSION THROUGH AWARENESS AND EDUCATION